

## CONSOLIDATED FINANCIAL STATEMENTS



## CONSOLIDATED GROUP

- 101 ▶ CONSOLIDATED BALANCE SHEET
- 103 ▶ CONSOLIDATED INCOME STATEMENT
- 104 ▶ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 105 ▶ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 106 ▶ CONSOLIDATED STATEMENT OF CASH FLOWS
- 108 ▶ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

| ASSETS   | 31/12/2011        | 31/12/2010        |
|--|-------------------|-------------------|
| <b>NON-CURRENT ASSETS</b>  | <b>11,074,062</b> | <b>13,393,742</b> |
| <b>Intangible assets</b> (Note 7)                                  | <b>4,317,029</b>  | <b>5,063,681</b>  |
| Concessions (Notes 7 and 11)                                       | 1,022,734         | 1,040,868         |
| Goodwill   | 2,352,312         | 2,613,750         |
| Other intangible assets  | 941,983           | 1,409,063         |
| <b>Property, plant and equipment</b> (Note 8)                      | <b>4,601,913</b>  | <b>5,833,737</b>  |
| Land and buildings   | 1,480,246         | 1,629,153         |
| Plant and other items of property, plant and equipment             | 3,121,667         | 4,204,584         |
| <b>Investment property</b> (Note 9)                                | <b>34,458</b>     | <b>259,033</b>    |
| <b>Investments accounted for using the equity method</b> (Note 12) | <b>1,115,719</b>  | <b>1,222,895</b>  |
| <b>Non-current financial assets</b> (Note 14)                      | <b>461,999</b>    | <b>415,799</b>    |
| <b>Deferred tax assets</b> (Note 25)                               | <b>542,944</b>    | <b>598,597</b>    |
| <b>CURRENT ASSETS</b>  | <b>11,373,405</b> | <b>8,585,395</b>  |
| <b>Non-current assets classified as held for sale</b> (Note 4)     | <b>1,846,971</b>  | <b>—</b>          |
| <b>Inventories</b> (Note 15)                                       | <b>1,271,355</b>  | <b>1,138,375</b>  |
| <b>Trade and other receivables</b>                                 | <b>5,496,798</b>  | <b>5,491,691</b>  |
| Trade receivables for sales and services (Note 16)                 | 4,953,813         | 4,938,574         |
| Other receivables (Note 16)  | 514,703           | 514,783           |
| Current tax assets (Note 25)                                       | 28,282            | 38,334            |
| <b>Other current financial assets</b> (Note 14)                    | <b>395,689</b>    | <b>225,763</b>    |
| <b>Other current assets</b>  | <b>59,951</b>     | <b>50,915</b>     |
| <b>Cash and cash equivalents</b> (Note 17)                         | <b>2,302,641</b>  | <b>1,678,651</b>  |
| <b>TOTAL ASSETS</b>  | <b>22,447,467</b> | <b>21,979,137</b> |

The accompanying Notes 1 to 34 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2011.

# CONSOLIDATED FINANCIAL STATEMENTS

## FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

| EQUITY AND LIABILITIES   | 31/12/2011        | 31/12/2010        |
|--|-------------------|-------------------|
| <b>EQUITY (Note 18)</b>  | <b>2,914,940</b>  | <b>3,206,301</b>  |
| <b>Equity attributable to the Parent</b>   | <b>2,378,884</b>  | <b>2,562,930</b>  |
| Shareholders' equity   | 2,813,024         | 2,840,066         |
| Share capital  | 127,303           | 127,303           |
| Retained earnings and other reserves   | 2,969,654         | 2,811,257         |
| Treasury shares  | (347,479)         | (346,915)         |
| Profit for the year attributable to the Parent   | 108,248           | 301,253           |
| Interim dividend   | (80,616)          | (88,746)          |
| Other equity instruments   | 35,914            | 35,914            |
| Valuation adjustments  | (434,140)         | (277,136)         |
| <b>Non-controlling interests</b>   | <b>536,056</b>    | <b>643,371</b>    |
| <b>NON-CURRENT LIABILITIES</b>   | <b>7,535,310</b>  | <b>10,962,527</b> |
| <b>Grants</b>  | <b>159,721</b>    | <b>104,693</b>    |
| <b>Long-term provisions (Note 20)</b>  | <b>1,083,109</b>  | <b>1,047,836</b>  |
| <b>Non-current financial liabilities (Note 21)</b>   | <b>5,160,308</b>  | <b>8,628,968</b>  |
| Debt instruments and other marketable securities   | 694,541           | 672,517           |
| Bank borrowings  | 3,587,504         | 6,889,345         |
| Other financial liabilities  | 878,263           | 1,067,106         |
| <b>Deferred tax liabilities (Note 25)</b>  | <b>995,468</b>    | <b>1,156,043</b>  |
| <b>Other non-current liabilities (Note 22)</b>   | <b>136,704</b>    | <b>24,987</b>     |
| <b>CURRENT LIABILITIES</b>   | <b>11,997,217</b> | <b>7,810,309</b>  |
| <b>Liabilities associated with non-current assets classified as held for sale (Note 4)</b> | <b>1,396,653</b>  | <b>—</b>          |
| <b>Short-term provisions (Note 20)</b>   | <b>178,887</b>    | <b>143,233</b>    |
| <b>Current financial liabilities (Note 21)</b>   | <b>4,830,637</b>  | <b>1,988,231</b>  |
| Debt instruments and other marketable securities   | 10,658            | 8,133             |
| Bank borrowings  | 4,484,565         | 1,635,476         |
| Other financial liabilities  | 335,414           | 344,622           |
| <b>Trade and other payables (Note 23)</b>  | <b>5,577,414</b>  | <b>5,662,968</b>  |
| Payable to suppliers   | 2,934,933         | 3,318,288         |
| Other payables   | 2,584,056         | 2,237,173         |
| Current tax liabilities (Note 25)  | 58,425            | 107,507           |
| <b>Other current liabilities</b>   | <b>13,626</b>     | <b>15,877</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>22,447,467</b> | <b>21,979,137</b> |

The accompanying Notes 1 to 34 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2011.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

|   | 31/12/2011        | 31/12/2010        |
|---|-------------------|-------------------|
| <b>Revenue (Note 29)</b>  | <b>11,754,765</b> | <b>11,908,088</b> |
| In-house work on non-current assets   | 53,641            | 62,752            |
| Other operating income (Note 28)  | 322,310           | 335,882           |
| Changes in inventories of finished goods and work in progress                                       | 66,897            | 13,301            |
| Procurements (Note 28)  | (5,515,387)       | (5,589,896)       |
| Staff costs (Note 28)   | (3,292,672)       | (3,258,153)       |
| Other operating expenses  | (2,137,231)       | (2,105,851)       |
| Depreciation and amortisation charge (Notes 7, 8 and 9)   | (643,516)         | (659,217)         |
| Allocation to profit or loss of grants related to non-financial non-current assets and other grants | 2,890             | 2,700             |
| Impairment and gains or losses on disposals of non-current assets (Note 28)                         | (98,693)          | 145,018           |
| Other gains or losses   | (112,208)         | (76,689)          |
| <b>PROFIT FROM OPERATIONS</b>   | <b>400,796</b>    | <b>777,935</b>    |
| Finance income (Note 28)  | 89,839            | 59,499            |
| Finance costs (Note 28)   | (501,341)         | (391,478)         |
| Changes in fair value of financial instruments (Note 28)  | 13,198            | (30,486)          |
| Exchange differences  | 8,455             | 20,864            |
| Impairment and gains or losses on disposals of financial instruments                                | 10,760            | (4,972)           |
| <b>FINANCIAL LOSS</b>   | <b>(379,089)</b>  | <b>(346,573)</b>  |
| Result of companies accounted for using the equity method (Note 28)                                 | 33,286            | 12,903            |
| <b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>   | <b>54,993</b>     | <b>444,265</b>    |
| Income tax (Note 25)  | (27,154)          | (97,761)          |
| <b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>   | <b>27,839</b>     | <b>346,504</b>    |
| Loss for the year from discontinued operations, net of tax  | (24,925)          | (32,921)          |
| <b>CONSOLIDATED PROFIT FOR THE YEAR</b>   | <b>2,914</b>      | <b>313,583</b>    |
| <b>Profit attributable to the Parent</b>  | <b>108,248</b>    | <b>301,253</b>    |
| <b>Profit (Loss) attributable to non-controlling interests (Note 18)</b>                            | <b>(105,334)</b>  | <b>12,330</b>     |
| <b>EARNINGS PER SHARE (Note 18)</b>   |                   |                   |
| Basic   | 0.94              | 2.60              |
| Diluted   | 0.94              | 2.56              |

The accompanying Notes 1 to 34 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2011.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

|   | 31/12/2011       | 31/12/2010      |
|---|------------------|-----------------|
| CONSOLIDATED PROFIT FOR THE YEAR                        | 2,914            | 313,583         |
| <b>Income and expense recognised directly in equity</b> | <b>(211,074)</b> | <b>(12,745)</b> |
| Revaluation of financial instruments                    | 78               | 1,752           |
| Cash flow hedges  | (139,528)        | (86,384)        |
| Translation differences                                 | 6,227            | 56,070          |
| Companies accounted for using the equity method         | (109,062)        | (284)           |
| Tax effect  | 31,211           | 16,101          |
| <b>Transfers to profit or loss</b>                      | <b>62,773</b>    | <b>70,104</b>   |
| Cash flow hedges  | 74,988           | 101,086         |
| Companies accounted for using the equity method         | 9,773            | 3               |
| Tax effect  | (21,988)         | (30,985)        |
| TOTAL COMPREHENSIVE INCOME                              | (145,387)        | 370,942         |
| <b>Attributable to the Parent</b>                       | <b>(37,136)</b>  | <b>342,720</b>  |
| <b>Attributable to non-controlling interests</b>        | <b>(108,251)</b> | <b>28,222</b>   |

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

|   | Share capital<br>(Note 18.a) | Share<br>premium<br>and reserves<br>(Note 18.b) | Interim<br>dividend<br>(Note 18.d) | Treasury<br>shares<br>(Note 18.c) | Profit<br>for the year<br>attributable<br>to the Parent | Other equity<br>instruments<br>(Note 18.e) | Valuation<br>adjustments<br>(Note 18.f) | Equity<br>attributable<br>to shareholders<br>of the Parent | Non-<br>controlling<br>interests<br>(Note 18.II) | Equity           |
|---|------------------------------|---|------------------------------------|-----------------------------------|---|--|---|--|--|------------------|
| Equity at 31 December 2009                      | 127,303                      | 2,670,802                                       | (88,746)                           | (270,882)                         | 296,036   | 35,914                                     | (325,535)                               | 2,444,892  | 652,682  | 3,097,574        |
| <b>Total income and expenses for the year</b>   |                              |   |                                    |                                   | <b>301,253</b>  |  | <b>41,467</b>                           | <b>342,720</b>   | <b>28,222</b>                                    | <b>370,942</b>   |
| <b>Transactions with shareholders or owners</b> |                              |   |                                    |                                   |   |  |   |  |  |                  |
| Capital increases/(reductions)                  |                              |   |                                    |                                   |   |  |   |  | 6,776  | 6,776            |
| Dividends paid                                  |                              | 131,520   |                                    |                                   | (296,036)   |  |   | (164,516)  | (22,488)   | (187,004)        |
| Treasury share transactions (net)               |                              |   |                                    | (76,033)                          |   |  |   | (76,033)   |  | (76,033)         |
| Other transactions with shareholders or owners  |                              | 4,042   |                                    |                                   |   |  |   | 4,042  | 365  | 4,407            |
| <b>Other changes in equity</b>                  |                              | <b>4,893</b>                                    |                                    |                                   |   |  | <b>6,932</b>                            | <b>11,825</b>  | <b>(22,186)</b>                                  | <b>(10,361)</b>  |
| Equity at 31 December 2010                      | 127,303                      | 2,811,257                                       | (88,746)                           | (346,915)                         | 301,253   | 35,914                                     | (277,136)                               | 2,562,930  | 643,371  | 3,206,301        |
| <b>Total income and expenses for the year</b>   |                              |   |                                    |                                   | <b>108,248</b>  |  | <b>(145,384)</b>                        | <b>(37,136)</b>  | <b>(108,251)</b>                                 | <b>(145,387)</b> |
| <b>Transactions with shareholders or owners</b> |                              |   |                                    |                                   |   |  |   |  |  |                  |
| Capital increases/(reductions)                  |                              |   |                                    |                                   |   |  |   |  | 5,643  | 5,643            |
| Dividends paid                                  |                              | 136,430   | 8,130                              |                                   | (301,253)   |  |   | (156,693)  | (6,886)  | (163,579)        |
| Treasury share transactions (net)               |                              |   |                                    | (564)                             |   |  |   | (564)  |  | (564)            |
| Other transactions with shareholders or owners  |                              |   |                                    |                                   |   |  |   |  |  |                  |
| <b>Other changes in equity</b>                  |                              | <b>21,967</b>                                   |                                    |                                   |   |  | <b>(11,620)</b>                         | <b>10,347</b>  | <b>2,179</b>                                     | <b>12,526</b>    |
| Equity at 31 December 2011                      | 127,303                      | 2,969,654                                       | (80,616)                           | (347,479)                         | 108,248   | 35,914                                     | (434,140)                               | 2,378,884  | 536,056  | 2,914,940        |

The accompanying Notes 1 to 34 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2011.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

|   | 31/12/2011       | 31/12/2010       |
|---|------------------|------------------|
| <b>Profit before tax from continuing operations</b>   | <b>54,993</b>    | <b>444,265</b>   |
| <b>Adjustments for</b>  | <b>1,231,426</b> | <b>993,436</b>   |
| Depreciation and amortisation charge (Notes 7, 8 and 9)                                     | 643,516          | 659,216          |
| Impairment of goodwill and non-current assets (Notes 7 and 8)                               | 309,942          | 21,345           |
| Other adjustments to profit (net)   | 277,968          | 312,875          |
| <b>Changes in working capital</b>   | <b>(230,572)</b> | <b>(424,550)</b> |
| <b>Other cash flows from operating activities</b>   | <b>(56,408)</b>  | <b>(45,336)</b>  |
| Dividends received  | 28,482           | 21,752           |
| Income tax recovered/(paid) (Note 25)   | (49,285)         | (30,737)         |
| Other proceeds/(payments) relating to operating activities                                  | (35,605)         | (36,351)         |
| <b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>   | <b>999,439</b>   | <b>967,815</b>   |
| <b>Payments due to investment</b>   | <b>(661,917)</b> | <b>(860,695)</b> |
| Group companies, associates and business units  | (64,295)         | (82,717)         |
| Property, plant and equipment, intangible assets and investment property (Notes 7, 8 and 9) | (528,031)        | (668,730)        |
| Other financial assets  | (69,591)         | (109,248)        |
| <b>Proceeds from disposal</b>   | <b>641,792</b>   | <b>355,588</b>   |
| Group companies, associates and business units  | 100,317          | 187,646          |
| Property, plant and equipment, intangible assets and investment property (Notes 7, 8 and 9) | 524,065          | 141,828          |
| Other financial assets  | 17,410           | 26,114           |
| <b>Other cash flows from investing activities</b>   | <b>25,347</b>    | <b>(2,253)</b>   |
| Interest received   | 35,757           | 21,533           |
| Other proceeds/(payments) relating to investing activities                                  | (10,410)         | (23,786)         |
| <b>TOTAL CASH FLOWS FROM INVESTING ACTIVITIES</b>   | <b>5,222</b>     | <b>(507,360)</b> |

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

|   | 31/12/2011       | 31/12/2010       |
|---|------------------|------------------|
| <b>Proceeds and (payments) relating to equity instruments</b> (Note 18)               | <b>(20,691)</b>  | <b>(75,972)</b>  |
| Issues/(redemptions)  | 2,365            | 4,654            |
| (Acquisitions)/disposals  | (23,056)         | (80,626)         |
| <b>Proceeds and (payments) relating to financial liability instruments</b> (Note 21)  | <b>223,883</b>   | <b>182,468</b>   |
| Issues  | 575,359          | 922,286          |
| Repayments and redemptions  | (351,476)        | (739,818)        |
| <b>Dividends and returns on equity instruments paid</b> (Note 6)                      | <b>(173,191)</b> | <b>(201,236)</b> |
| <b>Other cash flows from financing activities</b>                                     | <b>(380,905)</b> | <b>(309,490)</b> |
| Interest paid   | (379,662)        | (307,411)        |
| Other proceeds/(payments) relating to financing activities                            | (1,243)          | (2,079)          |
| <b>TOTAL CASH FLOWS FROM FINANCING ACTIVITIES</b>                                     | <b>(350,904)</b> | <b>(404,230)</b> |
| <b>Effect of foreign exchange rate changes</b>  | <b>3,494</b>     | <b>13,010</b>    |
| <b>Net cash flows from discontinued operations</b> (Note 4)                           | <b>—</b>         | <b>(45,046)</b>  |
| <b>Cash and cash equivalents of discontinued operations at 31/12/10, reclassified</b> | <b>(33,261)</b>  | <b>—</b>         |
| <b>OTHER CASH FLOWS</b>   | <b>(29,767)</b>  | <b>(32,036)</b>  |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                           | <b>623,990</b>   | <b>24,189</b>    |
| <b>Cash and cash equivalents at beginning of year</b>                                 | <b>1,678,651</b> | <b>1,654,462</b> |
| <b>Cash and cash equivalents at end of year</b>                                       | <b>2,302,641</b> | <b>1,678,651</b> |

The accompanying Notes 1 to 34 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2011.

# CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

|  |     |  |     |
|--|-----|--|-----|
| 1. ▶ Group activities  | 109 | 22. ▶ Other non-current liabilities  | 159 |
| 2. ▶ Basis of presentation of the consolidated financial statements and basis of consolidation   | 109 | 23. ▶ Trade and other payables   | 160 |
| 3. ▶ Accounting policies   | 113 | 24. ▶ Derivative financial instruments   | 161 |
| 4. ▶ Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale and discontinued operations | 123 | 25. ▶ Tax matters  | 170 |
| 5. ▶ Changes in the scope of consolidation   | 124 | 26. ▶ Pension plans and similar obligations  | 173 |
| 6. ▶ Distribution of profit  | 124 | 27. ▶ Guarantee commitments to third parties and other contingent liabilities  | 176 |
| 7. ▶ Intangible assets   | 125 | 28. ▶ Income and expenses  | 176 |
| 8. ▶ Property, plant and equipment   | 129 | 29. ▶ Segment reporting  | 179 |
| 9. ▶ Investment property   | 132 | 30. ▶ Information on the environment   | 185 |
| 10. ▶ Leases   | 133 | 31. ▶ Financial risk management policies   | 187 |
| 11. ▶ Service concession arrangements  | 134 | 32. ▶ Information on related party transactions  | 190 |
| 12. ▶ Investments accounted for using the equity method  | 135 | 33. ▶ Fees paid to auditors  | 193 |
| 13. ▶ Jointly managed contracts  | 138 | 34. ▶ Explanation added for translation to English   | 193 |
| 14. ▶ Non-current financial assets and other current financial assets  | 139 |  |     |
| 15. ▶ Inventories  | 142 | <b>Appendix I</b> – Subsidiaries (fully consolidated)  | 193 |
| 16. ▶ Trade and other receivables  | 143 | <b>Appendix II</b> – Companies controlled jointly with non-Group third parties (accounted for using the equity method)       | 206 |
| 17. ▶ Cash and cash equivalents  | 144 | <b>Appendix III</b> – Associates (accounted for using the equity method)   | 209 |
| 18. ▶ Equity   | 145 | <b>Appendix IV</b> – Changes in the scope of consolidation   | 214 |
| 19. ▶ Share-based payment transactions   | 150 | <b>Appendix V</b> – Unincorporated temporary joint ventures and other contracts managed jointly with non-Group third parties | 216 |
| 20. ▶ Non current and current provisions   | 152 |  |     |
| 21. ▶ Non-current and current financial liabilities  | 154 |  |     |

# CONSOLIDATED FINANCIAL STATEMENTS

## ▶ 1. GROUP ACTIVITIES

The FCC Group is made up of the Parent, Fomento de Construcciones y Contratas, S.A., and a number of Spanish and foreign investees which carry on various business activities that are grouped together in the following areas:

- ▶ **Services:** this area comprises the units specialising in **environmental services**, i.e. services related to urban cleaning, industrial waste treatment, waste-to-energy systems and the integral water cycle, and includes **Versia**, which provides various services such as logistics, street furniture, aircraft and passenger ground handling, street maintenance and traffic systems, etc.
- ▶ **Construction:** this area specialises in infrastructure construction projects, building construction and related activities, such as motorways, freeways and other roads, tunnels, bridges, hydraulic construction works, ports, airports, residential property developments, housing units, non-residential building construction, lighting, industrial air conditioning and heating systems, environmental restoration, etc.
- ▶ **Cement:** this area engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related pre-manufactured products and the production of concrete.

The FCC Group is also present in the **Renewable Energies** industry. At 2011 year-end it was negotiating an agreement with Mitsui & Co. Ltd. in connection with the energy business which should culminate in the formal arrangement of a joint venture in which the FCC Group will have a 50% interest. In order to reflect this situation in the accompanying financial statements, in accordance with accounting standards and as indicated in Note 4 to these financial statements, the assets and liabilities of the Energy business are presented as assets and liabilities classified as held for sale and as discontinued operations.

Similarly, the FCC Group is present in the real estate industry through its 30.18% ownership interest in Realía Business, S.A., which engages mainly in housing development and office rental, both in Spain and abroad. Until 31 December 2011, the Group developed the activity of renting the office space of the Torre Picasso building. As indicated in Note 9 to these financial statements, the Group has sold this building.

The Group also engages, mainly through its 50% ownership interest in Globalvía Infraestructuras, S.A., in infrastructure concessions (motorways, tunnels, marinas, railways, tramways and buildings for a variety of uses).

**International** operations, which represent approximately 52% of the FCC Group's revenue (46% in 2010), are carried on mainly in the European, US and Latin American markets. In 2011, for the first time in the FCC Group's history, international operations surpassed those performed in Spain.

## ▶ 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BASIS OF CONSOLIDATION

### a) Basis of presentation

The accompanying financial statements and the notes thereto, which compose these statutory consolidated financial statements, were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union at year-end, in conformity with (EC) Regulation no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, and with all the related implementing provisions and interpretations.

The 2011 consolidated financial statements of the FCC Group were formally prepared by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be submitted for approval by the shareholders at the Annual General Meeting. However, no changes are expected to be made to the consolidated financial statements as a result of compliance with this requirement. The 2010 consolidated financial statements were approved by the shareholders of Fomento de Construcciones y Contratas, S.A. at the Annual General Meeting held on 1 June 2011.

These consolidated financial statements of the FCC Group present fairly its equity and financial position at 31 December 2011 and

## CONSOLIDATED FINANCIAL STATEMENTS

2010, and the consolidated results of its operations, the changes in the consolidated equity and the consolidated cash flows in the years then ended.

The consolidated financial statements of the FCC Group were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of its investees. These records, in accordance with the Group's established operating procedures and systems, justify and support the consolidated financial statements prepared pursuant to current international accounting regulations.

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the separate financial statements of the companies included in the scope of consolidation. In general, in 2011 and 2010 the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The consolidated financial statements are expressed in thousands of euros.

### Reclassifications and changes in accounting policies

In 2011 the FCC Group put up for sale Giant Cement Holding, Inc., the company heading its cement business in the United States, and it is currently negotiating an agreement with Mitsui & Co. Ltd. for the sale of half of the Group's Energy area. The investment in this area would become a joint venture and, in accordance with the accounting regulations applicable to the Group, it would be accounted for using the equity method (see Note 4). Consequently, as established for such cases in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the two business units were classified as "Non-Current Assets Classified as Held for Sale" and "Liabilities Associated with Non-Current Assets Classified as Held for Sale" in the accompanying consolidated balance sheet and as "Loss for the Year from Discontinued Operations, Net of Tax" in the consolidated income statement. Also pursuant to the applicable standards, for comparison purposes the relevant uniformity adjustments were made to the income statement and the statement of cash flows for 2010.

In 2010 a change was made in the accounting policy applicable to operating licence contracts (located mainly in the street furniture business carried on by the Versia Area) under which the operator is obliged to make certain fixed minimum payments. The new policy led to the recognition of the present value of the committed fixed minimum outflow as an intangible asset, representing the operating right, and of a balancing entry in liabilities, representing the payment obligation incurred. As a result of application

of this policy, the Group recognises an expense for the amortisation of the intangible asset and an interest cost resulting from discounting the liability to its present value. The aforementioned change does not affect those cases in which the amount of the future payments varies on the basis of a series of parameters, since such cases therefore do not constitute, in themselves, a payment obligation.

### Standards and interpretations issued but not yet in force

At the date of preparation of these notes to the consolidated financial statements, the most significant standards and interpretations that had been published by the International Accounting Standards Board (IASB) in the year but which had not yet come into force, either because they had not yet been adopted by the European Union or because they are applicable in subsequent years, were as follows:

## CONSOLIDATED FINANCIAL STATEMENTS

|  |  | Obligatory application for the FCC Group |
|--|--|--|
| Not adopted by the European Union                  |  |  |
| IFRS 10  | Consolidated Financial Statements  | 1 January 2013                           |
| IFRS 11  | Joint Arrangements   | 1 January 2013                           |
| IFRS 12  | Disclosure of Interests in Other Entities                                | 1 January 2013                           |
| IFRS 13  | Fair Value Measurement   | 1 January 2013                           |
| Amendments to IAS 27                               | Separate Financial Statements  | 1 January 2013                           |
| Amendments to IAS 28                               | Investments in Associates and Joint Ventures                             | 1 January 2013                           |
| IFRIC 20   | Stripping Costs in the Production Phase of a Surface Mine                | 1 January 2013                           |
| Amendments to IFRS 9 and IFRS 7                    | Financial Instruments  | 1 January 2013                           |
| Amendments to IAS 12                               | Deferred Tax: Recovery of Underlying Assets                              | 1 January 2012                           |
| Amendments to IAS 1                                | Presentation of Items of Other Comprehensive Income                      | 1 January 2013                           |
| Amendment to IFRS 1                                | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters | 1 January 2012                           |
| Amendments to IAS 19                               | Employee Benefits  | 1 January 2013                           |
| Amendments to IFRS 7                               | Disclosures - Offsetting Financial Assets and Financial Liabilities      | 1 January 2013                           |
| Amendments to IAS 32                               | Offsetting Financial Assets and Financial Liabilities                    | 1 January 2014                           |
| Adopted by the European Union but not yet in force |  |  |
| Amendments to IFRS 7                               | Transfers of financial assets  | 1 January 2012                           |

After assessing the potential impact of applying these standards in the future, it was considered that their entry into force would not have a material impact on the consolidated financial statements.

### Significant standards and interpretations applied in 2011 and 2010

The FCC Group adopted all the amendments and revisions made to the texts and interpretations of the International Financial Reporting Standards applicable to it. No noteworthy impacts resulted from application of these amendments and revisions.

### b) Basis of consolidation

#### Subsidiaries

The subsidiaries listed in Appendix I, whose financial and operating policies are controlled by Fomento de Construcciones y Contratas, S.A., either directly or through other companies controlled by it, were fully consolidated.

The share of non-controlling interests of equity is presented under "Non-Controlling Interests" on the liability side of the accompanying consolidated balance sheet and their share of profit or loss is presented under "Profit (Loss) Attributable to Non-Controlling Interests" in the accompanying consolidated income statement.

Goodwill is determined as indicated in Note 3-b below.

#### Joint ventures

The Group participates in joint ventures through investments in companies controlled jointly by one or more FCC Group companies with other non-Group companies (see Note 12) and through interests in unincorporated temporary joint ventures (Spanish UTEs) and other similar entities (see Note 13).

## CONSOLIDATED FINANCIAL STATEMENTS

Based on application of the alternative included in IAS 31 “Interests in Joint Ventures”, the Group accounts for the interests in jointly controlled entities using the equity method and recognises them under “Investments Accounted for Using the Equity Method” in the accompanying consolidated balance sheet. The share in the after-tax profit or loss for the year of these companies is recognised under “Result of Companies Accounted for Using the Equity Method” in the accompanying consolidated income statement.

Contracts and businesses operated jointly, primarily in the construction and services activities through unincorporated temporary joint ventures and similar entities, were included in the accompanying consolidated financial statements in proportion to the Group's percentage interest in the assets, liabilities, income and expenses arising from the transactions performed by these entities, and reciprocal asset and liability balances and income and expenses not realised vis-à-vis third parties were eliminated.

Appendix II lists the companies controlled jointly with non-Group third parties and Appendix V lists the businesses and contracts operated jointly with non-Group third parties through unincorporated temporary joint ventures and other entities of similar legal characteristics.

### Associates

The companies listed in Appendix III, over which Fomento de Construcciones y Contratas, S.A. does not exercise control but does have significant influence, are equity-accounted and are included under “Investments Accounted for Using the Equity Method” in the accompanying consolidated balance sheet. The contribution of these companies to after-tax profit or loss for the year is recognised under “Result of Companies Accounted for Using the Equity Method” in the accompanying consolidated income statement.

### Transactions between Group companies

Gains or losses on transactions between consolidated companies are eliminated on consolidation and deferred until they are realised vis-à-vis non-Group third parties. This elimination does not apply in the case of “concession arrangements” since the related gains or losses are deemed to have been realised vis-à-vis third parties (see Note 3-a).

Group work on non-current assets is recognised at production cost, and any intra-Group results are eliminated.

Reciprocal receivables and payables and intra-Group income and expenses were eliminated from the consolidated financial statements.

### Changes in the scope of consolidation

Appendix IV shows the changes in 2011 in the fully consolidated companies and the companies accounted for using the equity method. The results of these companies are included in the consolidated income statement from the effective date of acquisition to year-end or from the beginning of the year to the effective date of disposal, as appropriate.

The effects of the inclusion of companies in the scope of consolidation or of their removal therefrom are shown in the related notes to the consolidated financial statements under “Changes in the Scope of Consolidation”. In addition, Note 5 to these consolidated financial statements (“Changes in the Scope of Consolidation”) sets forth the most significant inclusions and removals.

## CONSOLIDATED FINANCIAL STATEMENTS

### ▶ 3. ACCOUNTING POLICIES

Set forth below is a detail of the accounting policies used in preparing the FCC Group's consolidated financial statements:

#### a) Service concession arrangements

The concession contracts are arrangements between a public sector grantor and FCC Group companies to provide public services such as water distribution, wastewater filtering and treatment, management of landfills, motorways and tunnels, etc., through the operation of the related infrastructure. Revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession and required to provide the service is returned to the concession grantor, generally for no consideration. Concession contracts are required to provide for the management or operation of the infrastructure and they generally provide for the obligation to acquire or construct all the items required to provide the concession service over the contract term.

These concession contracts are recognised pursuant to IFRIC 12 "Service Concession Arrangements". In general, a distinction must be drawn between two clearly different phases: the first in which the concession operator provides construction or upgrade services which are recognised under intangible or financial assets by reference to the stage of completion pursuant to IAS 11, Construction Contracts; and a second phase in which the concession operator provides a series of maintenance or operation services of the aforementioned infrastructure, which are recognised in accordance with IAS 18 "Revenue".

An intangible asset is recognised when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

In certain mixed arrangements, the operator and the grantor may share the demand risk, although this is not common for the FCC Group.

For concessions classified as intangible assets, provisions for dismantling, removal and rehabilitation and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the adjustment for provision discounting are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Borrowing costs arising from the financing of the infrastructure are recognised in the period in which they are incurred and those accruing from the construction until the entry into service of the infrastructure are capitalised only in the intangible asset model.

These intangible assets are amortised on the basis of the pattern of consumption of the expected future economic benefits, taken to be the changes in and best estimates of the production units of each activity. The Group's most important concession business in quantitative terms is the water supply and treatment activity, in which the assets are amortised on the basis of water consumption; in general, this consumption remains constant over time due, on the one hand, to the reduction arising from water saving policies and, on the other, to the rise resulting from the increase in the population. The assets are amortised in full over the concession term, which generally ranges from 25 to 50 years.

Concessions classified as a financial asset are recognised at the fair value of the construction or upgrade services provided. In accordance with the amortised cost method, the related income is recognised as revenue in profit or loss based on the effective interest rate resulting from the expected cash inflows and outflows of the concession. The borrowing costs arising from the financing of these assets are classified under "Finance Costs" in the consolidated income statement. As explained above, the income and expenses from the provision of maintenance and operation services are recognised in profit or loss in accordance with IAS 18 "Revenue".

## CONSOLIDATED FINANCIAL STATEMENTS

### b) Business combinations and goodwill

The assets and liabilities of the acquired companies and subgroups are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with regulations, the initial measurement of the assets and liabilities and their allocation to the various asset and liability headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new information.

The date of inclusion in the scope of consolidation is the date on which effective control of the company is obtained, which normally coincides with the acquisition date.

Goodwill is recognised as the excess of (a) the aggregate of the fair value of the consideration transferred for the equity interest acquired and the acquisition-date fair value of the previously held equity interests, when control is achieved in stages, over (b) the percentage interest acquired in the fair value of the identifiable assets and liabilities.

Non-controlling interests are measured at their proportionate share of the acquiree's assets and liabilities.

In a business combination achieved in stages, the difference between the acquisition-date fair value of the previously held equity interest and the carrying amount of this equity interest is recognised as profit or loss from operations.

Once control is obtained over an investee and provided control is not lost, the difference between the amount of any additional equity interest acquired or sold and its carrying amount is accounted for in equity.

Goodwill is not amortised; however it is tested for impairment at least at the end of each reporting period in order to recognise it at the lower of its recoverable amount, estimated on the basis of expected cash flows, and acquisition cost, less any accumulated impairment losses. The accounting policies used to determine impairment are detailed in Note 3-e.

### c) Intangible assets

Except as indicated in the preceding two sections of this Note in relation to service concession arrangements and goodwill, the other intangible assets included in the accompanying

consolidated financial statements are measured at acquisition cost or, in contracts (mainly for street furniture - see Note 7-c) in which the operating licence provides for the payment of a fixed minimum fee, at the initial present value of the committed minimum cash outflows, less any accumulated amortisation and any accumulated impairment losses. These intangible assets include the investments relating to operating contracts and licences and to surface rights.

None of these intangible assets recognised were generated internally and they all have a finite useful life. Intangible assets are amortised over their useful lives (in general between 20 and 35 years), i.e. the period during which it is estimated they will generate income, using the straight-line method, except where the application of the pattern of consumption of future economic benefits more faithfully reflects their amortisation.

### d) Property, plant and equipment and investment property

Property, plant and equipment and investment property are recognised at cost (revalued, where appropriate, in accordance with various legal provisions pre-dating the transition to IFRSs), less any accumulated depreciation and any recognised impairment loss. Also, the cost of property, plant and equipment includes the estimated present value of the costs of dismantling and removing the related items and, in cases where these non-current assets have been acquired through business combinations as explained in Note 3-b, they are initially recognised at their acquisition-date fair values.

Group work on non-current assets is measured at production cost.

Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increase in the production capacity of the related assets are recognised in profit or loss as incurred.

## CONSOLIDATED FINANCIAL STATEMENTS

When the construction and start-up of non-current assets require a substantial period of time, the borrowing costs accrued over that period are capitalised.

Property, plant and equipment are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

|  |       |
|--|-------|
| Investment property                          | 75    |
| Natural resources and buildings              | 25-50 |
| Plant, machinery and transport equipment     | 5-30  |
| Furniture and tools                          | 7-12  |
| Computer hardware                            | 4     |
| Other items of property, plant and equipment | 5-10  |

However, certain contracts have terms shorter than the useful life of the related fixed assets, in which case they are depreciated over the contract term.

The residual value, useful life and depreciation method applied to the Group's assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the property, plant and equipment and investment property are consumed. This review takes the form of an in-situ assessment and technical analysis, based on the current conditions of the assets, and the remaining useful life of each asset is estimated on the basis of its capacity to continue to perform the functions for which it was designed. Subsequently, these internal analyses are confirmed by checking them with non-Group third parties, such as manufacturers, installers, etc.

The Group companies assess regularly, at least at the end of each reporting period, whether there is any indication that an item or group of items of property, plant and equipment is impaired so that, as indicated in Note 3-e, an impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use. Under no circumstances may the reversals exceed the impairment losses previously recognised.

### e) Impairment of intangible assets, property, plant and equipment and investment property

Intangible assets with finite useful lives, property, plant and equipment and investment property are tested for impairment when there is an indication that the assets might have become impaired,

in order to adjust their carrying amount to their value in use (if this is lower).

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment tests show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets is charged or credited to income under "Impairment and Gains or Losses on Disposals of Non-Current Assets".

To determine the recoverable amount of the assets tested for impairment, an estimate is made of the present value of the net cash flows arising from the cash-generating units (CGUs) to which the assets belong, except for cash inflows and outflows from financing activities and income tax payments, and the cash inflows and outflows arising from scheduled future improvements or enhancements of the assets of these cash-generating units. To discount the cash flows, a pre-tax discount rate is applied that reflects current market assessments of the time value of money and the risks specific to each cash-generating unit.

The estimated cash flows are obtained from projections prepared by management of each CGU, which in general cover periods of five years, except when the characteristics of the business advise longer periods, and include growth rates based on the various approved business plans (which are reviewed periodically), considering zero

## CONSOLIDATED FINANCIAL STATEMENTS

growth rates for the years after those covered by the business plans. In addition, it should be noted that sensitivity analyses are conducted in relation to revenue growth, operating margins and discount rates in order to forecast the impact of future changes on these variables.

Flows from CGUs located abroad are calculated in the functional currency of these cash-generating units and are discounted using discount rates that take into consideration the risk premiums relating to each currency. The present value of the net flows thus obtained is translated to euros at the year-end exchange rate applicable to each currency.

### f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

#### f.1) Finance leases

In finance leases, the Group acts solely as the lessee. In the accompanying consolidated balance sheet the Group recognises the cost of the leased assets and, simultaneously, recognises a liability for the same amount. This amount is the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the year in which it is incurred.

On expiry of the leases, the Group companies exercise the purchase option and the lease arrangements do not impose any restrictions concerning exercise of this option. Also, the lease agreements do not contain any renewal, review or escalation clauses.

Assets held under finance leases are depreciated using the criteria detailed in sections a), c) and d) of this Note.

#### f.2) Operating leases

When the Group acts as the lessee, it charges the expenses from operating leases to income on an accrual basis.

When the Group acts as the lessor, lease income and expenses from operating leases are recognised in income on an accrual basis.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

### g) Investments accounted for using the equity method

Investments in jointly controlled entities and associates are initially recognised at acquisition cost and are subsequently revalued to take into account the share of the results of these companies not distributed in the form of dividends. Also, the value of the investments is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These changes include most notably translation differences and the adjustments arising from changes in the fair value of the cash flow hedges arranged by the companies.

Whenever there are signs of impairment, the Group makes the necessary valuation adjustments.

### h) Financial assets

Financial assets are initially recognised at fair value, which generally coincides with their acquisition cost, adjusted by the transaction costs directly attributable thereto, except in the case of held-for-trading financial assets, whose transactions costs are charged to profit or loss for the year.

All acquisitions and sales of financial assets are recognised at the transaction date.

The financial assets held by the Group companies are classified as follows:

## CONSOLIDATED FINANCIAL STATEMENTS

- ▶ **Held-for-trading financial assets** are assets acquired with the intention of realising them at short term based on fluctuations in their prices. These assets, which are expected to mature within 12 months, are included under "Other Current Financial Assets" in the accompanying consolidated balance sheet.

Held-for-trading financial assets which, when arranged, mature within three months or less and whose realisation is not expected to give rise to significant costs are included under "Cash and Cash Equivalents" in the accompanying consolidated balance sheet. These assets are considered to be investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and therefore relate basically to very short-term, highly liquid investments with a high turnover.

- ▶ **Held-to-maturity investments** are financial assets with fixed or determinable payments and fixed maturity. Those maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.
- ▶ **Loans and receivables** maturing within no more than 12 months are classified as current items and those maturing within more than 12 months as non-current items. This category includes collection rights arising from the application of IFRIC 12 "Service Concession Arrangements" as detailed in Note 3-a.
- ▶ **Available-for-sale financial assets** are securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments. They are classified as non-current in the accompanying consolidated balance sheet since it is intended to hold them at long term.

The held-for-trading and available-for-sale financial assets were measured at their fair value at the reporting date. The fair value of a financial instrument is taken to be the amount for which it could be bought or sold by two knowledgeable, willing and experienced parties in an arm's length transaction.

In the case of held-for-trading financial assets, the gains or losses arising from changes in fair value are recognised in net profit or loss for the year whereas in the case of available-for-sale financial assets, they are recognised in equity until the asset is disposed of, at which time the cumulative gains previously recognised in equity are recognised in profit or loss for the year, or it is determined that it has become impaired, at which time, once the cumulative gains previously recognised in equity have been written off, the loss is recognised in the consolidated income statement.

Collection rights arising from a service concession arrangement are measured in accordance with the criteria detailed in Note 3-a.

Held-to-maturity investments, credit, loans and receivables originated by the Group are measured at the lower of amortised cost, i.e. the initial cost minus principal repayments plus the uncollected interest accrued on the basis of the effective interest rate, and market value. The effective interest rate is the rate that exactly matches the initial cost of the investment to all its estimated cash flows of all kinds through its residual life. Where appropriate, if there are signs that these financial assets have become impaired, the necessary valuation adjustments are made.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, reduced by the amounts considered to be non-recoverable.

The Group companies assign trade receivables to banks, without the possibility of recourse against them in the event of non-payment. These transactions bear interest at market rates and the Group companies continue to manage collection of the receivables.

Also, certain future collection rights arising from construction project contracts awarded under the lump-sum payment system were sold.

Through the sale and assignment of these collection rights, substantially all the risks and rewards associated with the receivables, as well as control over the receivables, were transferred, since no repurchase agreements have been entered into between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, in accordance with IFRSs, the Group derecognises the balances of receivables assigned or sold on the terms indicated above.

## CONSOLIDATED FINANCIAL STATEMENTS

### i) Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale and discontinued operations

Assets and liabilities whose carrying amount is recovered through a sale transaction rather than through continuing use are classified as non-current assets held for sale and liabilities associated with non-current assets classified as held for sale. This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Discontinued operations represent Group components that are intended to be sold or disposed of by any other means, or are classified as held for sale. These components comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group and represent separate lines of business or geographical areas of operations.

### j) Inventories

Inventories are stated at average acquisition or production cost and the necessary valuation adjustments are made to reduce the carrying amount to net realisable value, if this is lower.

Assets received in payment of loans, located mainly in the FCC Construcción subgroup (in exchange for construction work performed or to be performed), are measured at the lowest of the following three values: the amount at which the loan relating to the asset was recognised, production cost and net realisable value.

### k) Foreign currency

#### k.1) Translation differences

In general, the financial statements of foreign subsidiaries denominated in currencies other than the euro were translated to euros at the closing rates, with the exception of:

- ▶ Share capital and reserves, which were translated at historical exchange rates.
- ▶ The income statement items of foreign operations, which were translated at the average exchange rates for the period.

Translation differences arising at the consolidated foreign companies through application of the year-end exchange rate method are included, net of taxes, in equity in the accompanying consolidated balance sheet, as shown in the accompanying consolidated statement of changes in equity.

#### k.2) Exchange differences

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet, and the differences that arise are taken to income.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Also, the exchange differences arising in relation to the financing of investments in foreign companies (in which the investment and the financing are denominated in the same currency) are recognised directly in equity as translation differences that offset the effect of the difference arising from the translation to euros of the foreign investee.

### l) Equity instruments

Equity or capital instruments are recognised at the proceeds received, net of direct issue costs.

The treasury shares acquired by the Parent and the wholly-owned subsidiary Asesoría Financiera y de Gestión, S.A. are recognised at the amount of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in profit or loss.

## CONSOLIDATED FINANCIAL STATEMENTS

The Group currently has in force a remuneration scheme for its executive directors and executive personnel, linked to the value of the Parent's share. This scheme is described in Note 19 "Share-based Payment Transactions".

### m) Grants

Grants are recognised according to their nature.

#### m.1) Grants related to assets

Grants related to assets are grants which involve the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are recognised in profit or loss as the asset or assets to which they relate are depreciated.

#### m.2) Grants related to income

Grants related to income are different from those described above in that they do not relate directly to an asset or group of assets. These grants are accounted for as operating income for the amount received when awarded, unless they are received to finance specific expenses, in which case they are recognised in profit or loss as the related expenses are incurred.

### n) Provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events which the companies consider will probably require an outflow of resources embodying economic benefits to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying consolidated financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as interest cost in the consolidated income statement.

Provisions for dismantling, removal or rehabilitation and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. The impact on profit or loss arises when the asset concerned is

depreciated (as described in previous sections of this Note) and when the provisions are discounted to present value (as described in the preceding paragraph).

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

### o) Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the consolidated income statement using the effective interest method and are added to the amount of the financial instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

### p) Financial derivatives and hedge accounting

A financial derivative is a financial instrument or other contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable, which may be of a non-financial nature.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or

## CONSOLIDATED FINANCIAL STATEMENTS

interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

- ▶ Fair value hedges: in this case, the changes in fair value of the hedging instrument are recognised in profit or loss and offset the changes in fair value of the hedged item.
- ▶ Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument are recognised provisionally in equity and are taken to income when the hedged item materialises.
- ▶ Hedges of a net investment in a foreign operation: hedges of this type are aimed at covering foreign currency risk and are accounted for similarly to cash flow hedges.

Pursuant to IAS 39, "Financial Instruments: Recognition and Measurement", in order to qualify for hedge accounting, a financial derivative must meet the following requirements:

- ▶ Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- ▶ Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- ▶ Prospective (analytical) evidence of the effectiveness of the hedge.
- ▶ Objective and verifiable ex-post measurements.

In order to be classified as a hedging instrument, the derivative must undergo an effectiveness test. These effectiveness tests are adapted to the type of hedge and the nature of the instruments used:

- ▶ In cash flow hedges it is first verified that the critical terms of the hedging instrument and the hedged asset or liability – amounts, maturities, repayments, reference indices, review dates, etc. – are all the same.

In the case of interest rate swaps (IRSs) in which the FCC Group receives a floating rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test estimates the changes in these annualised costs both in the original borrowings and in the portfolio that combines these borrowings with the hedging instrument. A hedge is considered to be fully effective when it achieves a reduction of at least 80% in the original variance of flows, i.e. when the instrument used reduces the variability of the flows by

80% or more. If this is not the case, the derivative is not classified as a hedge and its changes in value are recognised in profit or loss.

For cash flow hedges in which the derivative hedging instrument is not an IRS but an interest rate cap option, the reduction in the variance of costs is taken into consideration only if the hedge is "activated", i.e. if the reference rates fall within the hedged variability range. The methodology applied once the hedge has been activated is the same as that used to test the effectiveness of IRSs.

- ▶ The effectiveness test of fair value hedges -arranged using IRSs- is based on the comparison of the changes in the fair value of the hedged position and of the hedging instrument. The assessment of the effectiveness of this type of hedge is performed by isolating the effects of the credit risk of the liability and the change in value of the variable leg of the IRS, which does not affect the ultimate objective of the hedge but may give rise to apparent ineffectiveness due to the interest accrued at each date.

Although certain hedging instruments are not recognised as hedges, this is only for accounting purposes since for financial and management purposes all the hedges arranged by the FCC Group have, at inception, an underlying financial transaction and the sole purpose of hedging such transaction.

Derivatives do not qualify for hedge accounting if the hedge fails the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the hedged risk to be offset by changes in the fair value or in the cash flows of the hedging instrument within a range of 80% to 120%. When this does not occur, the changes in value are recognised in profit or loss.

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the income statement as they arise.

## CONSOLIDATED FINANCIAL STATEMENTS

The financial derivatives are measured by experts on the subject that are independent from the Group and the entities financing it. The related values are calculated using methods and techniques defined on the basis of observable market inputs. For example:

- ▶ The IRSs were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon yield curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon yield curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black-Scholes model was used.
- ▶ In the case of a cash flow hedging derivative tied to inflation, the method used is very similar to that applied to interest rate swaps. The projected inflation is estimated on the basis of the inflation included implicitly in the ex-tobacco European inflation-indexed swaps quoted on the market and is aligned with Spanish inflation by means of a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, assuming a 50,100 and 125 basis-point increase and a 100, 75 and 50 basis-point decrease in the interest rates at year-end (see Note 31).

Note 24 to these consolidated financial statements details the financial derivatives that the Group has arranged and other matters related thereto.

### q) Income tax

The income tax expense is calculated on the basis of consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. Based on the legislation applicable to each company, the corresponding tax rate is applied to this adjusted accounting profit. Any tax relief and tax credits earned in the year are then deducted and any positive or negative differences between the tax charge estimated for the previous year's accounting close and the amount of tax subsequently paid are added to or deducted from, respectively, the resulting tax charge.

The temporary differences between the accounting profit and the taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their tax bases give rise to deferred taxes which are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably reverse, and in no circumstances are they discounted to present value.

The Group capitalises the deferred tax assets arising from temporary differences and tax loss carryforwards, except for those with respect to which there are reasonable doubts as to their future recovery.

### r) Pension obligations

The Group companies have certain specific pension plan and similar obligations, which are described in Note 26 to these consolidated financial statements.

### s) Operating income and expenses

In construction activities, the Group recognises results by reference to the stage of completion, determined by measuring the construction work performed in the year and the construction costs, which are recognised on an accrual basis. It recognises the revenue corresponding to the selling price of the completed construction work covered by a principal contract entered into with the owners, or by amendments thereto approved by the owners, or the revenue with respect to which there is reasonable certainty regarding its recovery, since construction project revenue and costs are susceptible to substantial variations during the performance period which cannot be readily foreseen or objectively quantified. Budgeted losses are recognised as an expense in the income statement for the year.

The revenue and expenses of the other activities are recognised on an accrual basis, i.e. when the actual flow of the related goods and

## CONSOLIDATED FINANCIAL STATEMENTS

services occurs, regardless of when the resulting monetary or financial flow arises.

With regard to service concession arrangements, it should be noted that the FCC Group recognises as profit from operations the interest income arising from the receivables under the financial asset model, since the value of the financial asset includes both the construction services and the upkeep and maintenance services, which from an operational standpoint are identical to those represented by the intangible asset model and, consequently, it is considered that since both models relate to the operating activity of the Group, a fair representation is better achieved by including the income from the financial asset as profit from operations (see Note 3-a).

The gains or losses arising on disposals of ownership interests in subsidiaries are also recognised as profit or loss from operations when control of the subsidiaries is lost. Also, as indicated in Note 3-b above in relation to business combinations achieved in stages, the difference between the acquisition-date fair value of the previously held equity interest and the carrying amount of this equity interest is also recognised as profit or loss from operations.

The Group receives the CO<sub>2</sub> emission allowances for its cement business free of charge under the respective national allocation plans and it recognises the related income and expense flows when it sells its surplus allowances or purchases the allowances it requires.

### t) Related party transactions

The Group performs all its transactions with related parties on an arm's length basis.

Note 32 to these consolidated financial statements details the main transactions with the significant shareholders of the Parent, its directors and senior executives and between Group companies.

### u) Use of estimates

In the Group's consolidated financial statements for 2011 and 2010, estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- ▶ The identification and the determination of the fair value of the assets and liabilities acquired in business combinations (see Note 5)
- ▶ The impairment losses on certain assets (see Notes 7, 8 and 9)
- ▶ The useful life of the intangible assets, property, plant and equipment and investment property (see Notes 7, 8 and 9)
- ▶ The measurement of goodwill (see Note 7)
- ▶ The amount of certain provisions (see Note 20)
- ▶ The assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations (see Notes 20 and 26)
- ▶ The fair value of derivatives (see Note 24)
- ▶ The recoverability of amounts to be billed for construction work performed (see Notes 3-s and 16)

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future financial statements.

## CONSOLIDATED FINANCIAL STATEMENTS

### ▶ 4. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2011 the Energy area of the FCC Group and the Japanese multinational Mitsui & Co. Ltd. entered into an alliance to cooperate in the development of combined heat and power and energy efficiency, renewable energies and the application of new waste-to-energy technologies, etc. Their union will give rise to strengths and synergies for new projects, and together they will develop and bolster the current value of the Group's activities in the energy sector. The alliance agreement will necessarily culminate in the participation of this new shareholder in a joint venture in which the FCC Group will have a 50% ownership interest.

On 10 November 2011, Cementos Portland Valderrivas announced, through a notice published by the Spanish National Securities Market Commission (CNMV), that it had put up for sale its subsidiary Giant Cement Holding, Inc., the company through which it has carried on its operations in the United States and Canada. Management of the Cementos Portland Valderrivas group is committed to a plan to sell this company and has initiated an active programme to locate a buyer.

Consequently, as established for such cases in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the two business units were classified as "Non-Current Assets Classified as Held for Sale" and "Liabilities Associated with Non-Current Assets Classified as Held for Sale" in the accompanying consolidated balance sheet and as "Loss for the Year from Discontinued Operations, Net of Tax" in the consolidated income statement. Also pursuant to the applicable standards, for comparison purposes the relevant uniformity adjustments were made to the income statement and the statement of cash flows for 2010 (these adjustments did not apply to the balance sheet at 31 December 2010).

The detail of the loss after tax from discontinued operations shown in the accompanying consolidated income statement is as follows:

|  | 2011             | 2010             |
|--|------------------|------------------|
| <b>Revenue</b>   | <b>215,800</b>   | <b>219,597</b>   |
| <b>Operating expenses</b>  | <b>(159,708)</b> | <b>(151,168)</b> |
| <b>Profit (loss) from operations</b>   | <b>21,533</b>    | <b>(4,210)</b>   |
| <b>Loss before tax</b>   | <b>(34,743)</b>  | <b>(50,634)</b>  |
| <b>Income tax</b>  | <b>9,818</b>     | <b>17,713</b>    |
| <b>Loss for the year from discontinued operations, net of tax</b>                            | <b>(24,925)</b>  | <b>(32,921)</b>  |
| <b>Loss attributable to non-controlling interests of discontinued operations, net of tax</b> | <b>(5,291)</b>   | <b>(6,357)</b>   |

The statement of cash flows relating to discontinued operations is as follows:

|   | 2011             | 2010            |
|---|------------------|-----------------|
| Loss before tax from discontinued operations                        | (34,743)         | (50,634)        |
| Adjustments to loss   | 82,111           | 114,467         |
| Changes in working capital  | (25,603)         | (23,358)        |
| Other cash flows from operating activities                          | (3,934)          | 2,775           |
| <b>Cash flows from operating activities</b>                         | <b>17,831</b>    | <b>43,250</b>   |
| Payments due to investment  | (171,043)        | (57,248)        |
| Proceeds from disposal  | 20,811           | 1,538           |
| Other cash flows from investing activities                          | 2,884            | (1,036)         |
| <b>Cash flows from investing activities</b>                         | <b>(147,348)</b> | <b>(56,746)</b> |
| Proceeds and (payments) relating to equity instruments              | 3,730            | 11,123          |
| Proceeds and (payments) relating to financial liability instruments | 113,414          | (18,689)        |
| Other cash flows from financing activities                          | (18,277)         | (23,984)        |
| <b>Cash flows from financing activities</b>                         | <b>98,867</b>    | <b>(31,550)</b> |
|   | <b>(30,650)</b>  | <b>(45,046)</b> |

Also, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", following is a detail of the various assets and liabilities reclassified as held for sale, as a result of discontinued operations, under the respective headings in the accompanying consolidated balance sheet.

## CONSOLIDATED FINANCIAL STATEMENTS

|   | 2011      |
|---|-----------|
| Property, plant and equipment   | 1,127,041 |
| Intangible assets   | 445,691   |
| Financial assets  | 8,224     |
| Deferred tax assets   | 103,695   |
| Other non-current assets  | 3,638     |
| Current assets  | 158,682   |
| Assets classified as held for sale in relation to discontinued operations                             | 1,846,971 |
| Non-current financial liabilities   | 970,734   |
| Other non-current liabilities   | 206,091   |
| Current financial liabilities   | 177,931   |
| Other current liabilities   | 41,897    |
| Liabilities associated with assets classified as held for sale in relation to discontinued operations | 1,396,653 |

In addition, it should be noted that at 31 December 2011 the Giant Cement Holding group had failed to achieve certain ratios stipulated in the financing agreements entered into with various banks and, therefore, this financing was reclassified to current liabilities. The balance outstanding of the financial debt relating to the Giant Cement Holding group at 31 December 2011, included under "Liabilities Associated with Non-Current Assets Classified as Held for Sale" as a result of discontinued operations, was EUR 238,175 thousand. Of this debt, EUR 226,227 thousand are guaranteed by Cementos Portland Valderrivas, S.A. and other companies in the cement group.

### ► 5. CHANGES IN THE SCOPE OF CONSOLIDATION

No noteworthy acquisitions took place either in 2011 or in 2010 and, consequently, there were no significant changes in the scope of consolidation of the FCC Group in this connection.

However, the most notable exclusions from the scope of consolidation were, in 2011, the sale of the regulated parking management company Estacionamientos y Servicios, S.A. for EUR 84 million (see Note 28-d) and, in 2010, the sale of the vehicle roadworthiness testing businesses owned by the Group in Spain and Argentina for approximately EUR 180 million.

### ► 6. DISTRIBUTION OF PROFIT

In 2011 the FCC Group paid dividends totalling EUR 173,191 thousand (2010: EUR 201,236 thousand), as shown in the accompanying consolidated statement of cash flows, the detail being as follows:

|  | 2011    | 2010    |
|--|---------|---------|
| Shareholders of Fomento de Construcciones y Contratas, S.A.          | 164,115 | 169,147 |
| Non-controlling interests of the Grupo Cementos Portland Valderrivas | 5,251   | 28,909  |
| Other non-controlling interests of the other companies               | 3,825   | 3,180   |
|  | 173,191 | 201,236 |

At the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. held on 1 June 2011, the shareholders approved the distribution of the profit for 2010 through a total dividend of EUR 1.43 gross per share. The shareholders of Fomento de Construcciones y Contratas, S.A. received this remuneration through the payment of an interim dividend in January 2011 equal to 71.5% gross of the par value of the shares, i.e. EUR 0,715 per share (2010: same amount per share) and the payment of a final dividend in July 2011 equal to 71.5% gross of the par value of the shares, i.e. EUR 0,715 per share (2010: same amount per share).

On 15 December 2011, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of the profit for the year equal to 65% gross of the par value of the shares, i.e. EUR 0,650 per share. The total amount of this dividend, EUR 80,616 thousand, was paid on or after 10 January 2012 on the outstanding shares carrying dividend rights (see Note 21-d).

In addition, to complete the dividend out of the profit for 2011, the Parent of the FCC Group, Fomento de Construcciones y Contratas, S.A., will propose for approval by the shareholders at the Annual General

## CONSOLIDATED FINANCIAL STATEMENTS

Meeting the distribution of a final dividend of EUR 0,650 per share which, together with the aforementioned interim dividend, gives a total dividend of EUR 1.30 per share.

### ▶ 7. INTANGIBLE ASSETS

The detail of the carrying amount of intangible assets at 31 December 2011 and 2010 is as follows:

|                         | Cost             | Accumulated amortisation | Impairment       | Carrying amount  |
|-------------------------|------------------|--------------------------|------------------|------------------|
| <b>2011</b>             |                  |                          |                  |                  |
| Concessions (Note 11)   | 1,447,171        | (420,044)                | (4,393)          | 1,022,734        |
| Goodwill                | 2,659,928        | —                        | (307,616)        | 2,352,312        |
| Other intangible assets | 1,497,625        | (552,069)                | (3,573)          | 941,983          |
|                         | <b>5,604,724</b> | <b>(972,113)</b>         | <b>(315,582)</b> | <b>4,317,029</b> |
| <b>2010</b>             |                  |                          |                  |                  |
| Concessions (Note 11)   | 1,465,354        | (421,124)                | (3,362)          | 1,040,868        |
| Goodwill                | 2,663,382        | —                        | (49,632)         | 2,613,750        |
| Other intangible assets | 1,958,450        | (547,550)                | (1,837)          | 1,409,063        |
|                         | <b>6,087,186</b> | <b>(968,674)</b>         | <b>(54,831)</b>  | <b>5,063,681</b> |

#### a) Concessions

“Concessions” includes the intangible assets relating to the service concession arrangements (see Note 11).

The changes in “Concessions” in the consolidated balance sheet in 2011 and 2010 were as follows:

|   | Concessions     | Accumulated amortisation | Impairment     |
|---|-----------------|--------------------------|----------------|
| Balance at 31/12/09   | 1,349,733       | (386,841)                | (1,137)        |
| <b>Additions or charge for the year</b>   | <b>162,350</b>  | <b>(43,410)</b>          | <b>(2,127)</b> |
| <b>Disposals or reductions</b>  | <b>(68,811)</b> | <b>13,767</b>            | <b>—</b>       |
| <b>Changes in the scope of consolidation, translation differences and other changes</b> | <b>(7,668)</b>  | <b>50</b>                | <b>(200)</b>   |
| <b>Transfers</b>  | <b>29,750</b>   | <b>(4,690)</b>           | <b>102</b>     |
| Balance at 31/12/10   | 1,465,354       | (421,124)                | (3,362)        |

|   | Concessions     | Accumulated amortisation | Impairment     |
|---|-----------------|--------------------------|----------------|
| <b>Additions or charge for the year</b>   | <b>114,067</b>  | <b>(51,924)</b>          | <b>(1,031)</b> |
| <b>Disposals or reductions</b>  | <b>(21,857)</b> | <b>6,534</b>             | <b>—</b>       |
| <b>Changes in the scope of consolidation, translation differences and other changes</b> | <b>(37,020)</b> | <b>4,524</b>             | <b>—</b>       |
| <b>Transfers</b>  | <b>(73,373)</b> | <b>41,946</b>            | <b>—</b>       |
| Balance at 31/12/11   | 1,447,171       | (420,044)                | (4,393)        |

The most significant additions in 2011 related to the companies Aqualia Gestión Integral del Agua, S.A. (EUR 22,086 thousand), Concesionaria Túnel Coatzacoalcos, S.A. (EUR 35,865 thousand) and Autovía Conquense, S.A. (EUR 23,827 thousand) and those in 2010 related to Aqualia Gestión Integral del Agua, S.A. (EUR 65,994 thousand), Cartagua Aguas do Cartaxo, S.A. (EUR 23,000 thousand) and Autovía Conquense, S.A. (EUR 22,410 thousand).

The disposals in 2011 related to Estacionamientos y Servicios, S.A. (EUR 14,061 thousand) and Aqualia Gestión Integral del Agua, S.A. (EUR 6,424 thousand). The most notable disposals in 2010 were those relating to the sale for EUR 65,752 thousand of a portion of the underground parking spaces managed by Estacionamientos y Servicios, S.A. This transaction formed part of the sale agreement entered into with an insurance company in 2010 whereby 31 car parks with a total of 10,500 parking spaces were transferred for EUR 120 million (see Note 28-d).

“Changes in the Scope of Consolidation, Translation Differences and Other Changes” in 2011 includes most notably the reduction of EUR 46,768 thousand relating to the exclusion of Estacionamientos y Servicios, S.A. from the scope of consolidation (see Note 5) and the effect of the depreciation of the Mexican peso against the euro, which gave rise to a decrease of EUR 8,485 thousand at Túnel de Coatzacoalcos. The most noteworthy changes in 2010 were the reduction of EUR 25,138 thousand relating to the change in consolidation method of Tranvía de Murcia, which was accounted for using the equity method in that year (see Note 12) and the effect of the appreciation of the Mexican peso against the euro, which gave rise to an increase of EUR 9,410 thousand at Túnel de Coatzacoalcos.

## CONSOLIDATED FINANCIAL STATEMENTS

The borrowing costs capitalised in 2011 amounted to EUR 2,248 thousand (2010: EUR 7,809 thousand) and accumulated capitalised borrowing costs amounted to EUR 21,291 thousand (2010: EUR 21,143 thousand).

### b) Goodwill

The changes in goodwill in the accompanying consolidated balance sheet in 2011 and 2010 were as follows:

|  |           |           |
|--|-----------|-----------|
| Balance at 31/12/09  |           | 2,615,300 |
| Changes in the scope of consolidation, translation differences and other changes |           |           |
| Waste Recycling Group  | 22,061    |           |
| Other  | (6,611)   | 15,450    |
| Impairment losses  |           |           |
| Flightcare Italia, SpA   | (17,000)  | (17,000)  |
| Balance at 31/12/10  |           | 2,613,750 |
| Changes in the scope of consolidation, translation differences and other changes |           |           |
| Waste Recycling Group  | 21,815    |           |
| Other  | 2,846     | 24,661    |
| Reclassifications to assets held for sale  |           |           |
| Giant Cement Holding, Inc. (Note 4)  | (26,682)  | (26,682)  |
| Impairment losses  |           |           |
| Corporación Uniland Group  | (239,026) |           |
| Cementos Lemona Group  | (14,499)  |           |
| Other  | (5,892)   | (259,417) |
| Balance at 31/12/11  |           | 2,352,312 |

The most significant change in 2011 was due to the impairment of goodwill, mainly of the cement business, including most notably that of the Corporación Uniland and Cementos Lemona groups as a result of the sharp contraction in recent years of the cement industry, whose recovery is not expected to take place in the short or medium term.

“Changes in the Scope of Consolidation, Translation Differences and Other Changes” in 2011 includes most notably the effect of the appreciation of the pound sterling against the euro, which gave rise to an

increase of EUR 21,815 thousand (2010: EUR 22,061 thousand) in the goodwill associated with the UK WRG group, the balance of which upon inclusion in the Group amounted to EUR 875,173 thousand.

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2011 and 2010 is as follows:

|  | 2011      | 2010      |
|--|-----------|-----------|
| Waste Recycling Group                            | 737,759   | 715,945   |
| Corporación Uniland Group                        | 586,831   | 825,857   |
| Alpine Bau Group                                 | 270,655   | 269,665   |
| Cementos Portland Valderrivas, S.A.              | 226,269   | 226,269   |
| A.S.A. Group                                     | 137,947   | 138,145   |
| Aqualia Gestión Integral del Agua, S.A.          | 80,410    | 80,410    |
| FCC Logística Group                              | 58,956    | 58,956    |
| Cementos Lemona Group                            | 56,230    | 70,729    |
| FCC Environmental LLC                            | 51,446    | 49,815    |
| Ekonor Group                                     | 43,141    | 43,027    |
| Giant Cement Holding, Inc.                       | —         | 26,682    |
| Marepa Group                                     | 20,247    | 20,247    |
| FCC Servicios Industriales y Energéticos, S.A.   | 21,499    | 20,228    |
| Tratamientos y Recuperaciones Industriales, S.A. | 9,860     | 9,860     |
| FCC Construcción de Centroamérica Group          | 8,460     | 8,460     |
| Flightcare Belgium Naamloze Vennootschap         | 5,503     | 5,503     |
| International Petroleum Corp, of Delaware        | 5,608     | 5,430     |
| Canteras de Aláiz, S.A.                          | 4,332     | 4,332     |
| Flightcare Italia, SpA                           | 4,220     | 4,220     |
| Gonzalo Mateo Group                              | 3,859     | 3,859     |
| Cementos Alfa, S.A.                              | 3,712     | 3,712     |
| Áridos y Premezclados, S.A. Unipersonal          | —         | 3,704     |
| Flightcare, S.L.                                 | 3,116     | 3,116     |
| Other  | 12,252    | 15,579    |
|  | 2,352,312 | 2,613,750 |

Following is a description of the main estimates and sensitivity tests performed in the impairment tests on goodwill.

## CONSOLIDATED FINANCIAL STATEMENTS

- ▶ **Corporación Uniland Group.** The production and sales assumptions were based on the volume of cement consumption in Spain for 2011 estimated by Oficemen on the date of the impairment test, i.e. approximately 20 million tonnes, and on the actual sales at that date. The projections used in the 2011 impairment test were based on a sales and production volume estimated by independent sources on the test date, similar to the actual consumption indicated by Oficemen for 2011. These estimates pointed to a continued contraction of the market in the short term, followed by a recovery in the medium and long term. Estimates for the medium and long term were made mainly by reference to the independent report entitled "World Cement to 2025. Country by Country Forecast of Cement Supply & Demand" published by Ocean Shipping Consultants Ltd, London. In view of the characteristics of the business and its cycle, a ten-year time horizon was considered, and the estimated cash flows were discounted using a discount rate of 7.77%. A zero growth rate was used to calculate perpetual return. The impairment test showed that the recoverable amount of the cash-generating unit was less than its carrying amount and, therefore, resulted in the recognition of an impairment loss of EUR 239,026 thousand.
- ▶ **Waste Recycling Group.** The assumptions used to estimate cash flows include a certain recovery in income for the coming four years. At the same time, they consider a decrease in the gross operating margin and the continuation of investments until 2014. There is also expected to be a change in the composition of revenue from waste treatment services:
  - ▶ On the one hand, a downward trend is observed in the direct landfill business, consisting mainly of the direct operation of landfills, as a result of the economic crisis and the introduction of new waste treatment technologies.
  - ▶ On the other hand, this decline is offset by the development of the aforementioned new technologies, which will generate income from, inter alia, recycling, the sale of waste by-products, waste composting, the extension of the incineration facilities and low-radioactive waste disposal, as well as an increase in the currently incipient activities for the use of the land on which the landfills are located, such as the installation of wind turbines and the expected enhanced performance of the Allington incinerator (although it is not expected to reach full operating capacity), as a direct result of the changes to its operation and maintenance procedures (since its start-up in 2008 this facility has not achieved stable full-capacity operation).

In view of the structural characteristics of this business and the long useful lives of its assets, a ten-year time horizon was considered and the estimated cash flows were discounted using a discount rate equal to the weighted average cost of capital for the industry and country. As a result of all the above

considerations, it was estimated that revenue would grow in the period from 2012 to 2015, as has already occurred in 2011. As regards the gross operating margin, a decline is observed with respect to that obtained in prior years, as a result of the commencement of new business activities. A zero growth rate was considered in calculating perpetual income. Current cash flow projections would withstand increases of around 35 basis points in the discount rate and a fall of more than 8% in the amount of the cash flows before impairment losses were incurred.

- ▶ **Alpine Bau Group.** It should be noted that the main assumptions used forecast decreases in revenue of around 3-4.5%, together with slight improvements in the gross operating margin, for the period from 2013 to 2015, as a result of the change in the business strategy, which is now focused on improving profitability through a more appropriate selection of contracts. In this case the discount rate used was 6.15%. A zero growth rate was used to calculate perpetual return. Current cash flow projections would withstand increases of around 190 basis points in the discount rate and a fall of more than 25% in the amount of the cash flows before impairment losses were incurred.
- ▶ **Cementos Portland Valderrivas, S.A.** The goodwill recognised for this group, amounting to EUR 226,269 thousand, comprises two separately identifiable items of goodwill: the goodwill of EUR 113,505 thousand recognised in the separate books of Cementos Portland Valderrivas, S.A. relating to the cash-generating unit (CGU) consisting of the Alcalá de Guadaíra plant, and the goodwill of EUR 112,764 thousand generated by the successive acquisitions by FCC, S.A. (the Parent of the Group) of additional ownership interests in Cementos Portland (in turn, the parent of the cement business) prior to the entry into force of the current version of IFRS 3, with respect to which the CGU to be considered, therefore, is the entire business activity

## CONSOLIDATED FINANCIAL STATEMENTS

of the Cementos Portland Valderrivas group, and this policy has been applied on an ongoing basis since the entry into force of IFRS 3 (2005).

The cash flows corresponding to the Alcalá de Guadaíra CGU were calculated using assumptions consistent with those employed for Uniland, which were adapted to the particular circumstances of this CGU. More specifically, the projected future revenue growth considered a future volume of cement consumption based on external third-party reports together with the best estimates of Group commercial management, while future prices were estimated on the basis of knowledge of the market in the geographic area in which the unit operates. In view of the features and cycle of the cement business, the projections considered a ten-year time horizon and a 7.77% discount rate. Also, a zero growth rate was used to calculate perpetual return. The current projections would withstand an increase of more than 250 basis points in the discount rate and a fall of more than 25% in the present value of the cash flows.

As regards the goodwill associated with the CGU consisting of the entire cement business, it should be noted that if we consider only the sum of the present values of the cash flows for the CGUs tested for impairment because goodwill had been allocated to them, discounted at a rate of 7.77%, such as Uniland, the Alcalá de Guadaíra plant, Cementos Leona, Giant, etc., this sum exceeds the carrying amount of the total cement business and, therefore, there is no impairment. If the cash flows relating to the entire cement business were taken into consideration, the excess of recoverable amount over carrying amount would be even greater.

### c) Other intangible assets

The changes in “Other Intangible Assets” in the consolidated balance sheet in 2011 and 2010 were as follows:

|   | Other intangible assets | Accumulated amortisation | Impairment     |
|---|-------------------------|--------------------------|----------------|
| Balance at 31/12/09   | 1,897,946               | (465,487)                | (237)          |
| <b>Additions or charge for the year</b>   | <b>34,862</b>           | <b>(105,186)</b>         | <b>(1,799)</b> |
| <b>Disposals or reductions</b>  | <b>(12,336)</b>         | <b>10,041</b>            | <b>—</b>       |
| <b>Changes in the scope of consolidation, translation differences and other changes</b> | <b>36,493</b>           | <b>13,810</b>            | <b>199</b>     |
| <b>Transfers</b>  | <b>1,485</b>            | <b>(728)</b>             | <b>—</b>       |
| Balance at 31/12/10   | 1,958,450               | (547,550)                | (1,837)        |
| <b>Additions or charge for the year</b>   | <b>52,272</b>           | <b>(97,451)</b>          | <b>(1,736)</b> |
| <b>Disposals or reductions</b>  | <b>(13,114)</b>         | <b>11,353</b>            | <b>—</b>       |
| <b>Reclassifications to assets held for sale (Note 4)</b>                               | <b>(507,260)</b>        | <b>78,251</b>            | <b>—</b>       |
| <b>Changes in the scope of consolidation, translation differences</b>                   | <b>12,750</b>           | <b>528</b>               | <b>—</b>       |
| <b>Transfers</b>  | <b>(5,473)</b>          | <b>2,800</b>             | <b>—</b>       |
| Balance at 31/12/11   | 1,497,625               | (552,069)                | (3,573)        |

“Other Intangible Assets” includes the operating rights of the street furniture contracts, most notably the New York contract, the net amount of which was EUR 435,344 thousand in 2011 (2010: EUR 452,082 thousand) (see Note 3-c).

“Reclassifications to Assets Held for Sale” includes the Giant Cement Holding group and the Energy area (see Note 4).

## CONSOLIDATED FINANCIAL STATEMENTS

### ▶ 8. PROPERTY, PLANT AND EQUIPMENT

The detail of the carrying amount of property, plant and equipment at 31 December 2011 and 2010 is as follows:

|   | Cost             | Accumulated depreciation | Impairment      | Carrying amount  |
|---|------------------|--------------------------|-----------------|------------------|
| <b>2011</b>   |                  |                          |                 |                  |
| <b>Land and buildings</b>                                     | <b>2,149,757</b> | <b>(634,281)</b>         | <b>(35,230)</b> | <b>1,480,246</b> |
| Land and natural resources                                    | 778,874          | (98,217)                 | (27,751)        | 652,906          |
| Buildings for own use   | 1,370,883        | (536,064)                | (7,479)         | 827,340          |
| <b>Plant and other items of property, plant and equipment</b> | <b>8,026,387</b> | <b>(4,879,365)</b>       | <b>(25,355)</b> | <b>3,121,667</b> |
| Plant   | 4,420,300        | (2,502,941)              | (16,496)        | 1,900,863        |
| Machinery and transport equipment                             | 2,668,562        | (1,801,647)              | (6,992)         | 859,923          |
| Property, plant and equipment the course of construction      | 116,056          | —                        | —               | 116,056          |
| Other property, plant and equipment                           | 821,469          | (574,777)                | (1,867)         | 244,825          |
|   | 10,176,144       | (5,513,646)              | (60,585)        | 4,601,913        |
| <b>2010</b>   |                  |                          |                 |                  |
| <b>Land and buildings</b>                                     | <b>2,322,684</b> | <b>(654,579)</b>         | <b>(38,952)</b> | <b>1,629,153</b> |
| Land and natural resources                                    | 909,499          | (91,706)                 | (37,681)        | 780,112          |
| Buildings for own use   | 1,413,185        | (562,873)                | (1,271)         | 849,041          |
| <b>Plant and other items of property, plant and equipment</b> | <b>9,030,024</b> | <b>(4,818,240)</b>       | <b>(7,200)</b>  | <b>4,204,584</b> |
| Plant   | 5,225,124        | (2,530,955)              | (4,966)         | 2,689,203        |
| Machinery and transport equipment                             | 2,727,517        | (1,664,633)              | (609)           | 1,062,275        |
| Property, plant and equipment in the course of construction   | 175,031          | —                        | —               | 175,031          |
| Other property, plant and equipment                           | 902,352          | (622,652)                | (1,625)         | 278,075          |
|   | 11,352,708       | (5,472,819)              | (46,152)        | 5,833,737        |

## CONSOLIDATED FINANCIAL STATEMENTS

The changes in 2010 and 2011 in property, plant and equipment accounts were as follows:

|  | Land and natural resources | Buildings for own use | Land and buildings | Plant     | Machinery and transport equipment | Property, plant and equipment in the course of construction | Other property, plant and equipment | Plant and other items of property, plant and equipment | Accumulated depreciation | Impairment |
|--|----------------------------|-----------------------|--------------------|-----------|-----------------------------------|---|-------------------------------------|--|--------------------------|------------|
| Balance at 31/12/09  | 875,388                    | 1,398,598             | 2,273,986          | 4,860,102 | 2,661,993                         | 344,567   | 892,974                             | 8,759,636  | (5,034,493)              | (41,651)   |
| Additions or charge for the year   | 18,050                     | 24,203                | 42,253             | 31,239    | 146,540                           | 153,902   | 45,131                              | 376,812  | (578,439)                | (4,864)    |
| Disposals or reductions  | (6,428)                    | (35,726)              | (42,154)           | (24,759)  | (142,953)                         | (4,535)   | (51,057)                            | (223,304)  | 177,793                  | 7,485      |
| Changes in the scope of consolidation, translation differences and other changes | 7,125                      | 13,887                | 21,012             | 113,006   | 11,545                            | 30,120  | 9,922                               | 164,593  | (45,038)                 | (7,122)    |
| Transfers  | 15,364                     | 12,223                | 27,587             | 245,536   | 50,392                            | (349,023)   | 5,382                               | (47,713)   | 7,358                    | —          |
| Balance at 31/12/10  | 909,499                    | 1,413,185             | 2,322,684          | 5,225,124 | 2,727,517                         | 175,031   | 902,352                             | 9,030,024  | (5,472,819)              | (46,152)   |
| Additions or charge for the year   | 2,792                      | 22,447                | 25,239             | 31,521    | 107,371                           | 102,992   | 55,755                              | 297,639  | (495,469)                | (47,756)   |
| Disposals or reductions  | (675)                      | (25,725)              | (26,400)           | (10,554)  | (164,620)                         | (2,004)   | (115,643)                           | (292,821)  | 240,934                  | 145        |
| Reclassifications to assets held for sale (Note 4)                               | (144,063)                  | (66,122)              | (210,185)          | (958,042) | (26,441)                          | (54,681)  | (33,574)                            | (1,072,738)  | 262,678                  | 29,934     |
| Changes in the scope of consolidation, translation differences and other changes | (229)                      | (11,343)              | (11,572)           | 70,919    | (36,230)                          | (1,274)   | (11,719)                            | 21,696   | 11,840                   | 1,058      |
| Transfers  | 11,550                     | 38,441                | 49,991             | 61,332    | 60,965                            | (104,008)   | 24,298                              | 42,587   | (60,810)                 | 2,186      |
| Balance at 31/12/11  | 778,874                    | 1,370,883             | 2,149,757          | 4,420,300 | 2,668,562                         | 116,056   | 821,469                             | 8,026,387  | (5,513,646)              | (60,585)   |

The most significant “additions” in 2011 were the investments made for the performance of contracts in the Services business, mainly by Fomento de Construcciones y Contratas, S.A., amounting to EUR 55,860 thousand (2010: EUR 78,849 thousand) and those made in the Construction business, primarily by the Alpine Bau group, amounting to EUR 58,426 thousand (2010: EUR 62,862 thousand).

Impairment losses in 2011 included most notably EUR 41,642 thousand recognised in the cement business on non-current assets used in aggregate, mortar and concrete production plants that were shut down or had reported losses.

“Disposals or Reductions” includes disposals and inventory reductions relating to assets which, in general, have been depreciated substantially in full since they have reached the end of their useful lives. The most notable disposals in 2011 were those of the buildings situated at Federico Salmón, 13, in Madrid, and at Balmes, 36, in Barcelona, for a total amount, net of accumulated depreciation,

of EUR 11,059 thousand. On the same date as the sale of these buildings, in which the Group's Central Services offices are located, an operating lease agreement was entered into for those offices (see Note 10).

“Reclassifications to Assets Held for Sale” in 2011 includes the assets of the Energy area and of Giant Cement Holding Inc., which were transferred because they are assets held for sale (see Note 4).

“Changes in the Scope of Consolidation, Translation Differences and Other Changes” in 2010 include most notably the effect of the appreciation of the pound sterling and the US dollar against the euro, which gave rise to an increase of EUR 82,918 thousand in the property, plant and equipment contributed by the WRG and Giant Cement groups.

## CONSOLIDATED FINANCIAL STATEMENTS

The borrowing costs capitalised in 2011 amounted to EUR 834 thousand (2010: EUR 1,842 thousand) and accumulated capitalised borrowing costs amounted to EUR 39,810 thousand (2010: EUR 60,060 thousand).

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject. At 2011 year-end, the Parent considered that the property, plant and equipment were fully insured.

Fully depreciated property, plant and equipment which, being in good working order, are used in production amounted to EUR 2,430,240 thousand at 31 December 2011 (31 December 2010: EUR 2,375,943 thousand).

Of the property, plant and equipment, net of accumulated depreciation, in the accompanying consolidated balance sheet, items located abroad, as indicated in Note 29, amounted to EUR 2,718,464 thousand at 31 December 2011 (31 December 2010: EUR 3,309,959 thousand).

### Restrictions on title to assets

Of the total property, plant and equipment in the consolidated balance sheet at 31 December 2011, there are restrictions on title to assets amounting to EUR 1,183,753 thousand (31 December 2010: EUR 1,197,543 thousand), the detail being as follows:

|  | Cost      | Accumulated depreciation | Carrying amount |
|--|-----------|--------------------------|-----------------|
| 2011   |           |                          |                 |
| Buildings, plant and equipment               | 2,383,170 | (1,326,011)              | 1,057,159       |
| Other items of property, plant and equipment | 231,533   | (104,939)                | 126,594         |
|  | 2,614,703 | (1,430,950)              | 1,183,753       |
| 2010   |           |                          |                 |
| Buildings, plant and equipment               | 2,313,516 | (1,333,041)              | 980,475         |
| Other items of property, plant and equipment | 357,737   | (140,669)                | 217,068         |
|  | 2,671,253 | (1,473,710)              | 1,197,543       |

The restrictions on title to the aforementioned assets arise from the finance lease agreements explained in Note 10 to these consolidated financial statements and also relate to the assets assigned to the operation of certain concession contracts.

### Purchase commitments

In the course of their business activities, the Group companies had formalised property, plant and equipment purchase commitments amounting to EUR 4,219 thousand at 31 December 2011 (31 December 2010: EUR 4,520 thousand), the detail being as follows:

|  | 2011  | 2010  |
|--|-------|-------|
| Buildings for own use                        | 170   | 1,182 |
| Plant  | 963   | 722   |
| Machinery and transport equipment            | 2,929 | 2,416 |
| Other items of property, plant and equipment | 157   | 200   |
|  | 4,219 | 4,520 |

## CONSOLIDATED FINANCIAL STATEMENTS

### ▶ 9. INVESTMENT PROPERTY

“Investment Property” in the accompanying consolidated balance sheet reflects the net values of the land, buildings and other structures held either to earn rentals or, as the case may be, for capital appreciation.

The detail of “Investment Property” at 31 December 2011 and 2010 is as follows:

|                            | Cost          | Accumulated depreciation | Carrying amount |
|----------------------------|---------------|--------------------------|-----------------|
| <b>2011</b>                |               |                          |                 |
| <b>Investment property</b> | <b>38,123</b> | <b>(3,665)</b>           | <b>34,458</b>   |
|                            | 38,123        | (3,665)                  | 34,458          |
| <b>2010</b>                |               |                          |                 |
| <b>Investment property</b> |               |                          |                 |
| Torre Picasso              | 296,079       | (60,636)                 | 235,443         |
| Other                      | 26,510        | (2,920)                  | 23,590          |
|                            | 322,589       | (63,556)                 | 259,033         |

The detail of the changes in 2011 and 2010 is as follows:

|  | Torre Picasso    | Other          | Total            |
|--|------------------|----------------|------------------|
| Balance at 31/12/09  | 238,197          | 25,896         | 264,093          |
| <b>Additions</b>   | <b>1,243</b>     | <b>2,862</b>   | <b>4,105</b>     |
| <b>Disposals</b>   | <b>(2)</b>       | <b>(228)</b>   | <b>(230)</b>     |
| <b>Depreciation and impairment charge</b>  | <b>(3,995)</b>   | <b>(223)</b>   | <b>(4,218)</b>   |
| Changes in the scope of consolidation, translation differences and other changes | —                | (91)           | (91)             |
| <b>Transfers</b>   | <b>—</b>         | <b>(4,626)</b> | <b>(4,626)</b>   |
| Balance at 31/12/10  | 235,443          | 23,590         | 259,033          |
| <b>Additions</b>   | <b>1,193</b>     | <b>11,343</b>  | <b>12,536</b>    |
| <b>Disposals</b>   | <b>(233,306)</b> | <b>(391)</b>   | <b>(233,697)</b> |
| <b>Depreciation and impairment charge</b>  | <b>(4,044)</b>   | <b>(805)</b>   | <b>(4,849)</b>   |
| Changes in the scope of consolidation, translation differences and other changes | 936              | 711            | 1,647            |
| <b>Transfers</b>   | <b>(222)</b>     | <b>10</b>      | <b>(212)</b>     |
| Balance at 31/12/11  | —                | 34,458         | 34,458           |

The figures included in profit or loss for 2011 and 2010 relating to the operation of the Torre Picasso building were as follows:

|                                     | 2011          | 2010          |
|-------------------------------------|---------------|---------------|
| <b>Rental income</b>                | <b>25,350</b> | <b>25,371</b> |
| <b>Transfer of costs to tenants</b> | <b>7,249</b>  | <b>7,184</b>  |
| <b>Profit net of taxes</b>          | <b>12,723</b> | <b>12,572</b> |

On 29 December 2011, the FCC Group sold the Torre Picasso building for EUR 400 million, giving rise to a gain of EUR 135,194 thousand net of costs to sell, which is recognised under “Impairment and Gains or Losses on Disposals of Non-Current Assets” in the accompanying consolidated income statement (see Note 28). As provided for in the sale agreement, the FCC Group undertook to settle the obligations assumed by it under the financing agreement entered into on 18 December 2009, amounting to EUR 250,000 thousand, and cancelled the mortgage that had been taken out on the building and the additional commitments securing the loan.

At 2011 year-end, the Group did not have any firm commitments to purchase or construct investment property.

## CONSOLIDATED FINANCIAL STATEMENTS

### ► 10. LEASES

#### a) Finance leases

The detail of the finance leases in force at the end of 2011 and 2010 and of the related cash flows is as follows:

|  | Movable property | Real estate   | Total          |
|--|------------------|---------------|----------------|
| <b>2011</b>  |                  |               |                |
| <b>Carrying amount</b>   | <b>153,635</b>   | <b>18,835</b> | <b>172,470</b> |
| Accumulated depreciation   | 79,095           | 4,337         | 83,432         |
| <b>Cost of the assets</b>  | <b>232,730</b>   | <b>23,172</b> | <b>255,902</b> |
| Finance costs  | 18,925           | 9,024         | 27,949         |
| <b>Capitalised cost of the assets</b>  | <b>251,655</b>   | <b>32,196</b> | <b>283,851</b> |
| Lease payments paid in prior years   | (109,276)        | (11,274)      | (120,550)      |
| Lease payments paid in the year  | (59,484)         | (289)         | (59,773)       |
| <b>Lease payments outstanding, including purchase option</b>                                     | <b>82,895</b>    | <b>20,633</b> | <b>103,528</b> |
| Unaccrued finance charges  | (3,495)          | (4,034)       | (7,529)        |
| <b>Present value of lease payments outstanding, including purchase option (Note 21-c and -d)</b> | <b>79,400</b>    | <b>16,599</b> | <b>95,999</b>  |
| Contract term (years)  | 2 to 5           | 10            |                |
| Value of purchase options  | 4,382            | 10,760        | 15,142         |
| <b>2010</b>  |                  |               |                |
| <b>Carrying amount</b>   | <b>195,802</b>   | <b>19,321</b> | <b>215,123</b> |
| Accumulated depreciation   | 95,281           | 3,929         | 99,210         |
| <b>Cost of the assets</b>  | <b>291,083</b>   | <b>23,250</b> | <b>314,333</b> |
| Finance costs  | 29,283           | 8,765         | 38,048         |
| <b>Capitalised cost of the assets</b>  | <b>320,366</b>   | <b>32,015</b> | <b>352,381</b> |
| Lease payments paid in prior years   | (105,655)        | (10,479)      | (116,134)      |
| Lease payments paid in the year  | (70,474)         | (522)         | (70,996)       |
| <b>Lease payments outstanding, including purchase option</b>                                     | <b>144,237</b>   | <b>21,014</b> | <b>165,251</b> |
| Unaccrued finance charges  | (6,879)          | (4,278)       | (11,157)       |
| <b>Present value of lease payments outstanding, including purchase option (Note 21-c and -d)</b> | <b>137,358</b>   | <b>16,736</b> | <b>154,094</b> |
| Contract term (years)  | 2 to 5           | 10            |                |
| Value of purchase options  | 9,466            | 10,721        | 20,187         |

The detail, by maturity, of the total amount of the lease payments and of their present value at 31 December 2011 and 2010 is as follows:

|   | Within one year | Between one and five years | After five years | Total          |
|---|-----------------|----------------------------|------------------|----------------|
| <b>2011</b>   |                 |                            |                  |                |
| <b>Lease payments outstanding, including purchase option</b>                  | <b>48,870</b>   | <b>43,796</b>              | <b>10,862</b>    | <b>103,528</b> |
| Unaccrued finance charges   | (3,554)         | (3,185)                    | (790)            | (7,529)        |
| <b>Present value of lease payments outstanding, including purchase option</b> | <b>45,316</b>   | <b>40,611</b>              | <b>10,072</b>    | <b>95,999</b>  |
| <b>2010</b>   |                 |                            |                  |                |
| <b>Lease payments outstanding, including purchase option</b>                  | <b>77,376</b>   | <b>78,415</b>              | <b>9,460</b>     | <b>165,251</b> |
| Unaccrued finance charges   | (5,224)         | (5,294)                    | (639)            | (11,157)       |
| <b>Present value of lease payments outstanding, including purchase option</b> | <b>72,152</b>   | <b>73,121</b>              | <b>8,821</b>     | <b>154,094</b> |

The finance leases arranged by the Group companies do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2011 no expense was incurred in connection with contingent rent.

#### b) Operating leases

The operating lease payments recognised as an expense by the Group as a lessee in the year ended 31 December 2011 amounted to EUR 355,818 thousand (31 December 2010: EUR 375,669 thousand). These payments relate mainly to machinery leased in the construction business and to buildings leased for use by the Group in all the activities carried on by it.

## CONSOLIDATED FINANCIAL STATEMENTS

The most noteworthy operating lease, due to its unique nature, is that entered into between the FCC Group and Hewlett Packard Servicios España, S.L. on 19 November 2010, through which the IT Infrastructure Operation Services were outsourced in order to improve efficiency and enable the Group to be more flexible and competitive on an international scale. This lease agreement, which is being applied and implemented from 2011 onwards, has a total cost of EUR 230,915 thousand and a term of seven years.

Also worthy of note is the lease agreement entered into between Fomento de Construcciones y Contratas, S.A. and the new owners of the buildings housing the offices of the FCC Group's Central Services, located at Federico Salmón 13, in Madrid and at Balmes 36, in Barcelona (see Note 8). On 29 December 2011, Fedemés, S.A., a wholly-owned investee of Fomento de Construcciones y Contratas, S.A. and owner of the aforementioned buildings, sold them for EUR 60,000 thousand. On that same date, the buyer company and Fomento de Construcciones y Contratas, S.A. entered into two operating lease agreements on the two buildings for a non-cancellable minimum term of 30 years, extendable at the Group's discretion by two five-year periods, with a combined annual rent of EUR 5,040 thousand, adjustable each year based on the CPI. The buyer, in turn, granted a purchase option to Fomento de Construcciones y Contratas, S.A., which can be exercised only at the end of the lease term at the higher of fair value and the CPI-adjusted selling price.

At 2011 year-end, the non-cancellable future payment obligations relating to operating leases for buildings, structures and IT infrastructure operation services amounted to EUR 931,748 thousand (2010: EUR 801,805 thousand). The detail, by maturity, of the non-cancellable future minimum payments at 31 December 2011 and 2010 is as follows:

|                            | 2011    | 2010    |
|----------------------------|---------|---------|
| Within one year            | 169,562 | 148,815 |
| Between one and five years | 509,470 | 472,600 |
| After five years           | 252,716 | 180,390 |
|                            | 931,748 | 801,805 |

It should be noted that substantially all the operating lease payments recognised as revenue by the Group as a lessor arose from the operation of the Torre Picasso building (see Note 9).

### ▶ 11. SERVICE CONCESSION ARRANGEMENTS

This Note presents an overview of the Group's investments in concession businesses, which are recognised in various headings on the asset side of the accompanying consolidated balance sheet.

The following table includes the total amount of the assets held by the Group companies under service concession arrangements and recognised under "Intangible Assets", "Non-Current Financial Assets", "Current Financial Assets" and "Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheet at 31 December 2011 and 2010.

|                          | Intangible assets | Financial assets | Jointly controlled entities | Associates     | Total investment |
|--------------------------|-------------------|------------------|-----------------------------|----------------|------------------|
| <b>2011</b>              |                   |                  |                             |                |                  |
| Water services           | 1,127,147         | 30,188           | 81,510                      | 34,420         | 1,273,265        |
| Motorways and tunnels    | 190,357           | —                | 424,616                     | 59,912         | 674,885          |
| Other                    | 129,667           | 72,651           | 1,922                       | 86,936         | 291,176          |
| <b>TOTAL</b>             | <b>1,447,171</b>  | <b>102,839</b>   | <b>508,048</b>              | <b>181,268</b> | <b>2,239,326</b> |
| Accumulated amortisation | (420,044)         | —                | —                           | —              | (420,044)        |
| Impairment losses        | (4,393)           | —                | —                           | —              | (4,393)          |
|                          | 1,022,734         | 102,839          | 508,048                     | 181,268        | 1,814,889        |
| <b>2010</b>              |                   |                  |                             |                |                  |
| Water services           | 1,169,343         | 20,110           | 79,283                      | 24,565         | 1,293,301        |
| Motorways and tunnels    | 139,400           | —                | 484,172                     | 40,040         | 663,612          |
| Other                    | 156,611           | 73,538           | 211                         | 103,454        | 333,814          |
| <b>TOTAL</b>             | <b>1,465,354</b>  | <b>93,648</b>    | <b>563,666</b>              | <b>168,059</b> | <b>2,290,727</b> |
| Accumulated amortisation | (421,124)         | —                | —                           | —              | (421,124)        |
| Impairment losses        | (3,362)           | —                | —                           | —              | (3,362)          |
|                          | 1,040,868         | 93,648           | 563,666                     | 168,059        | 1,866,241        |

## CONSOLIDATED FINANCIAL STATEMENTS

The core activity of the concessions belonging to the water services business is the integral water cycle, including the collection, transportation, treatment and distribution of water to urban centres -using the distribution networks and complex drinking water treatment facilities- and also the collection and treatment of waste water. This activity comprises both the construction and maintenance of water-supply and sewer networks, desalination plants and drinking water treatment and purification plants. Revenue is generally received on the basis of the customers' use of the service, although in exceptional cases, principally that of desalination plants, the concession grantor guarantees that the operator will receive a specified level of revenue. Accordingly, in most cases the cash flows depend on water consumption which, in general, remains constant over time due, on the one hand, to the reduction arising from the implementation of water saving policies and, on the other, to the increase resulting from the growth of the population. However, in order to ensure the recovery of the concession operator's investment, the contracts normally include regular price revision clauses in which future prices are established on the basis of consumption in previous periods. For the purpose of carrying on their activities, the concession operators either construct or are granted the right to use the distribution and sewer networks, as well as the complex drinking water treatment and purification facilities. Water service concessions are arranged for various different terms, up to a maximum of 75 years, and the facilities are handed over to the grantor at the end of the concession term for no consideration.

The core activity of the concessions belonging to the motorways and tunnels business is the management, promotion, development and operation of land transport infrastructure, mainly toll motorways and tunnels. This activity comprises both the construction and the subsequent upkeep and maintenance of the aforementioned infrastructure for a substantial concession term that can vary widely from 25 to 75 years. Revenue is normally received on the basis of traffic intensity through both the direct collection of tolls from drivers and a shadow toll. Accordingly, the cash flows vary in relation to traffic intensity and generally tend to increase as the concession term progresses. In certain cases, the cash receipts are fixed, either because payments are made for availability, i.e. when the operator receives a specified amount previously agreed with the grantor in exchange for making the infrastructure available, on the agreed terms, or because the concession grantor guarantees to pay the operator the shortfall between the toll revenue collected from users and a specified amount. The contracts usually encompass both the construction or upgrade of the infrastructure for which the operator receives a right of use and the provision of maintenance services, and the infrastructure is handed over to the grantor at the end of its useful life, generally for no consideration. In certain cases the contracts provide for consideration mechanisms, such as an extension of the concession term or an increase in the toll, that guarantee a minimum return for the concession operator.

It should also be noted that under the concession contracts the concession operators in which the Group holds ownership interests are obliged to purchase or construct, during the term of the related concession, property, plant and equipment items assigned to concessions amounting to EUR 219,769 thousand at 31 December 2011 (31 December 2010: EUR 111,135 thousand).

### ▶ 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

"Investments Accounted for Using the Equity Method" includes the value of the investments in companies accounted for using the equity method and the non-current loans granted to such companies which, as indicated in Note 2-b, include jointly controlled entities and associates, the detail being as follows:

|                             | 2011      | 2010      |
|-----------------------------|-----------|-----------|
| Jointly controlled entities | 777,084   | 878,712   |
| Associates                  | 338,635   | 344,183   |
|                             | 1,115,719 | 1,222,895 |

There were no impairment losses in the years ended 31 December 2011 and 2010 since the fair value of the investments accounted for using the equity method was equal to or higher than their carrying amount.

The detail, by company, of "Investments Accounted for Using the Equity Method" is included in Appendices I and II to these consolidated financial statements.

## CONSOLIDATED FINANCIAL STATEMENTS

### a) Jointly controlled entities

The changes in 2011 and 2010 were as follows:

|  | Acquisitions and disbursements | Profit (Loss) for the year | Dividends paid | Changes in fair value of financial instruments recognised in reserves | Sales   | Changes in consolidation method and transfers | Translation differences and other changes | Value of the investment | Loans granted | Total     |
|--|--------------------------------|----------------------------|----------------|---|---------|---|---|-------------------------|---------------|-----------|
| Balance at 31/12/09                            |                                |                            |                |   |         |   |   | 773,240                 | 82,378        | 855,618   |
| Realia Business Group                          | 112                            | 337                        | —              | (9,242)   | —       | —   | 279                                       | (8,514)                 | 1,877         | (6,637)   |
| Globalvía Group                                | —                              | (20,552)                   | —              | (9,183)   | —       | —   | 32,324                                    | 2,589                   | —             | 2,589     |
| Sociedad Concesionaria Tranvía de Murcia, S.A. | —                              | —                          | —              | —   | —       | 15,948  | —   | 15,948                  | 6,500         | 22,448    |
| Proactiva Group                                | —                              | 5,563                      | —              | 1,530   | —       | —   | (3,734)                                   | 3,359                   | —             | 3,359     |
| Guzmán Energía, S.A.                           | —                              | 3,751                      | —              | —   | —       | (3,751)                                       | —   | —                       | —             | —         |
| Mercia Waste Management, Ltd.                  | —                              | 1,569                      | —              | —   | —       | —   | 305                                       | 1,874                   | —             | 1,874     |
| Valenciana de Servicios I.T.V., S.A.           | —                              | 1,511                      | (1,385)        | —   | (3,289) | —   | —   | (3,163)                 | —             | (3,163)   |
| Ecoparc del Besòs, S.A.                        | —                              | 1,089                      | —              | —   | —       | —   | —   | 1,089                   | —             | 1,089     |
| Atlas Gestión Medioambiental, S.A.             | —                              | 782                        | (1,000)        | —   | —       | —   | —   | (218)                   | —             | (218)     |
| Other  | —                              | 8,173                      | (5,428)        | 512   | —       | —   | (33)                                      | 3,224                   | (1,471)       | 1,753     |
| Total 2010                                     | 112                            | 2,223                      | (7,813)        | (16,383)  | (3,289) | 12,197  | 29,141                                    | 16,188                  | 6,906         | 23,094    |
| Balance at 31/12/10                            |                                |                            |                |   |         |   |   | 789,428                 | 89,284        | 878,712   |
| Realia Business Group                          | —                              | 374                        | —              | 523   | —       | —   | (6,847)                                   | (5,950)                 | (52,531)      | (58,481)  |
| Globalvía Group                                | —                              | (14,468)                   | —              | (35,097)  | —       | —   | (9,993)                                   | (59,558)                | —             | (59,558)  |
| Sociedad Concesionaria Tranvía de Murcia, S.A. | 3,400                          | 186                        | —              | 8   | —       | —   | —   | 3,594                   | 644           | 4,238     |
| Proactiva Group                                | —                              | 5,665                      | (3,393)        | 2,360   | —       | —   | (913)                                     | 3,719                   | —             | 3,719     |
| ACE Caet XXI Construções                       | —                              | 4,539                      | (164)          | —   | —       | —   | —   | 4,375                   | —             | 4,375     |
| Mercia Waste Management, Ltd.                  | —                              | 3,093                      | (9,578)        | —   | —       | —   | 469                                       | (6,016)                 | —             | (6,016)   |
| Atlántica de Graneles y Moliendas, S.A.        | 1,250                          | (906)                      | —              | 3   | —       | —   | (77)                                      | 270                     | —             | 270       |
| Other  | 988                            | 4,152                      | (5,569)        | (561)   | (946)   | —   | 2,065                                     | 129                     | 9,696         | 9,825     |
| Total 2011                                     | 5,638                          | 2,635                      | (18,704)       | (32,764)  | (946)   | —   | (15,296)                                  | (59,437)                | (42,191)      | (101,628) |
| Balance at 31/12/11                            |                                |                            |                |   |         |   |   | 729,991                 | 47,093        | 777,084   |

The most significant changes in the foregoing table in 2011 were contributed by the Realia Business and Globalvía Infrastructures groups. Noteworthy in 2010 was the inclusion of Sociedad Concesionaria del Tranvía de Murcia, S.A., which became a jointly controlled entity in that year.

Following are the main aggregates in the financial statements of the jointly controlled entities, in proportion to the percentage of ownership held therein, at 31 December 2011 and 2010.

## CONSOLIDATED FINANCIAL STATEMENTS

|  | 2011             | 2010             |
|--|------------------|------------------|
| <b>Non-current assets</b>                | <b>2,569,146</b> | <b>2,596,336</b> |
| <b>Current assets</b>                    | <b>872,011</b>   | <b>904,191</b>   |
| <b>Non-current liabilities</b>           | <b>1,625,709</b> | <b>1,824,410</b> |
| <b>Current liabilities</b>               | <b>831,542</b>   | <b>632,494</b>   |
| Income statement                         |                  |                  |
| <b>Revenue</b>                           | <b>823,670</b>   | <b>774,960</b>   |
| <b>Profit from operations</b>            | <b>127,736</b>   | <b>117,776</b>   |
| <b>Profit before tax</b>                 | <b>11,232</b>    | <b>14,016</b>    |
| <b>Profit attributable to the Parent</b> | <b>2,635</b>     | <b>2,223</b>     |

Guarantees amounting to EUR 333,858 thousand (2010: EUR 323,136 thousand) were provided, mostly to government agencies and private customers, for businesses managed jointly with non-FCC Group third parties, as security for the performance of contracts in the Group's various business activities.

### b) Associates

The changes in 2011 and 2010 were as follows:

The jointly controlled entities engage mainly in the operation of concessions, such as motorways, tunnels and passenger transport, and in the real estate business, which consists of the property investments and residential developments of, respectively, Globalvía Infraestructura, S.A. and Realía Business, S.A.

|   | Acquisitions and disbursements | Profit (Loss) for the year | Dividends paid | Changes in fair value of financial instruments recognised in reserves | Sales | Translation differences and other changes | Value of the investment | Loans granted | Total    |
|---|--------------------------------|----------------------------|----------------|---|-------|---|-------------------------|---------------|----------|
| Balance at 31/12/09                     |                                |                            |                |   |       |   | 208,000                 | 82,136        | 290,136  |
| Shariket Miyeh Ras Djinet, SpA          | 971                            | 858                        | —              | —   | —     | 219                                       | 2,048                   | —             | 2,048    |
| Shariket Tahlya Miyah Mostaganem, SpA   | 1,489                          | 2,777                      | —              | —   | —     | 459                                       | 4,725                   | —             | 4,725    |
| Urbs Iustitia Commodo Opera, S.A.       | 2,417                          | —                          | —              | —   | —     | —   | 2,417                   | —             | 2,417    |
| Concessió Estacions Aeroport L9, S.A.   | —                              | 12,666                     | —              | 6,782   | —     | —   | 19,448                  | 11,410        | 30,858   |
| NIHG South West Health Partnership Ltd. | —                              | (1,705)                    | —              | (14,954)  | —     | 6   | (16,653)                | 3,964         | (12,689) |
| N6 (Construction) Limited               | —                              | (12,731)                   | —              | —   | —     | —   | (12,731)                | —             | (12,731) |
| M50 (D&C) Limited                       | —                              | (4,498)                    | —              | —   | —     | —   | (4,498)                 | —             | (4,498)  |
| FCC Elliot Construction Limited         | —                              | 3,639                      | (2,307)        | —   | —     | 14  | 1,346                   | —             | 1,346    |
| Urbs Iudex et Causidicus, S.A.          | —                              | 1,056                      | —              | (2,378)   | —     | —   | (1,322)                 | —             | (1,322)  |
| Cedinsa                                 | 5,576                          | (1,060)                    | —              | (2,126)   | —     | —   | 2,390                   | —             | 2,390    |
| Alpine Group companies                  | —                              | 1,148                      | —              | —   | —     | (1,222)                                   | (74)                    | 17,905        | 17,831   |
| Suministros Aguas de Queretaro, S.A.    | —                              | 2,034                      | —              | —   | —     | 1,014                                     | 3,048                   | 1,867         | 4,915    |
| Orasqualia Construction S.A.E.          | 4                              | 2,571                      | —              | —   | —     | (53)                                      | 2,522                   | 4,027         | 6,549    |
| Other                                   | 2,040                          | 1,356                      | (5,486)        | 296   | (184) | 2,304                                     | 326                     | 11,882        | 12,208   |
| Total 2010                              | 12,497                         | 8,111                      | (7,793)        | (12,380)  | (184) | 2,741                                     | 2,992                   | 51,055        | 54,047   |
| Balance at 31/12/10                     |                                |                            |                |   |       |   | 210,992                 | 133,191       | 344,183  |

## CONSOLIDATED FINANCIAL STATEMENTS

|   | Acquisitions and disbursements | Profit (Loss) for the year | Dividends paid | Changes in fair value of financial instruments recognised in reserves | Sales | Translation differences and other changes | Value of the investment | Loans granted | Total    |
|---|--------------------------------|----------------------------|----------------|---|-------|---|-------------------------|---------------|----------|
| Shariket Miyeh Ras Djinet, SpA          | 802                            | 1,361                      | —              | —   | —     | 166                                       | 2,329                   | —             | 2,329    |
| Shariket Tahlya Miyah Mostaganem, SpA   | —                              | 4,214                      | —              | —   | —     | 284                                       | 4,498                   | —             | 4,498    |
| Time Group                              | —                              | 1,196                      | (385)          | —   | —     | —   | 811                     | —             | 811      |
| Concessió Estacions Aeroport L9, S.A.   | —                              | 7,587                      | —              | (33,921)  | —     | —   | (26,334)                | —             | (26,334) |
| NIHG South West Health Partnership Ltd. | —                              | 3,064                      | —              | (12,052)  | —     | (390)                                     | (9,378)                 | —             | (9,378)  |
| N6 (Construction) Limited               | —                              | (7,763)                    | —              | —   | —     | —   | (7,763)                 | —             | (7,763)  |
| M50 (D&C) Limited                       | —                              | 868                        | —              | —   | —     | —   | 868                     | —             | 868      |
| FCC Elliot Construction Limited         | —                              | 4,309                      | —              | —   | —     | 239                                       | 4,548                   | —             | 4,548    |
| Urbs Iudex et Causidicus, S.A.          | —                              | 1,021                      | —              | (5,089)   | —     | (3,085)                                   | (7,153)                 | —             | (7,153)  |
| Cedinsa                                 | 22,700                         | 1,250                      | —              | (2,003)   | —     | (2,132)                                   | 19,815                  | —             | 19,815   |
| Alpine Group companies                  | —                              | 3,693                      | —              | —   | —     | (7,039)                                   | (3,346)                 | —             | (3,346)  |
| Nova Bocana Business, S.A.              | 2,789                          | (288)                      | —              | —   | —     | —   | 2,501                   | —             | 2,501    |
| Orasqualia Construction S.A.E.          | —                              | 4,287                      | (4,661)        | —   | —     | (188)                                     | (562)                   | —             | (562)    |
| Other                                   | 6,400                          | 5,852                      | (7,941)        | 3,500   | —     | 4,267                                     | 12,078                  | 1,540         | 13,618   |
| Total 2011                              | 32,691                         | 30,651                     | (12,987)       | (49,565)  | —     | (7,878)                                   | (7,088)                 | 1,540         | (5,548)  |
| Balance at 31/12/11                     |                                |                            |                |   |       |   | 203,904                 | 134,731       | 338,635  |

Although there were no significant changes in the valuation of the associates in 2011 or 2010, it should be noted that an investment of EUR 22,700 thousand was made in Cedinsa in 2011.

The detail of the assets, liabilities, revenue and profit or loss for 2011 and 2010 of the associates, in proportion to the percentage of ownership held in each associate, is as follows:

|                                   | 2011      | 2010      |
|-----------------------------------|-----------|-----------|
| Non-current assets                | 1,660,585 | 1,424,794 |
| Current assets                    | 463,961   | 418,658   |
| Non-current liabilities           | 1,561,327 | 1,228,387 |
| Current liabilities               | 403,767   | 411,072   |
| Revenue                           | 410,933   | 339,376   |
| Profit from operations            | 92,961    | 53,714    |
| Profit before tax                 | 41,298    | 15,856    |
| Profit attributable to the Parent | 30,986    | 8,111     |

### ▶ 13. JOINTLY MANAGED CONTRACTS

As indicated in Note 2-b, in the section entitled "Joint ventures", the Group companies undertake certain of their business activities by participating in contracts that are operated jointly with other non-Group venturers, mainly through unincorporated temporary joint ventures and other similar entities; these contracts were proportionately consolidated in the accompanying financial statements.

Following are the main aggregates of the jointly operated contracts included in the various headings in the accompanying consolidated balance sheet and consolidated income statement, in proportion to the ownership interest held therein, at 31 December 2011 and 2010.

## CONSOLIDATED FINANCIAL STATEMENTS

|                                     | 2011             | 2010             |
|-------------------------------------|------------------|------------------|
| <b>Non-current assets</b>           | <b>134,619</b>   | <b>140,654</b>   |
| <b>Current assets</b>               | <b>1,451,311</b> | <b>1,486,208</b> |
| <b>Non-current liabilities</b>      | <b>33,104</b>    | <b>23,384</b>    |
| <b>Current liabilities</b>          | <b>1,086,330</b> | <b>1,132,017</b> |
| Income statement                    |                  |                  |
| <b>Revenue</b>                      | <b>1,498,631</b> | <b>1,567,275</b> |
| <b>Gross profit from operations</b> | <b>132,274</b>   | <b>105,166</b>   |
| <b>Net profit from operations</b>   | <b>107,729</b>   | <b>72,137</b>    |

At 2011 year-end, the property, plant and equipment purchase commitments entered into directly by the jointly managed contracts amounted to EUR 17,963 thousand (2010: EUR 37,935 thousand), calculated on the basis of the percentage interest held by the Group companies.

The contracts managed through unincorporated temporary joint ventures, silent partnerships and other similar entities require the venturers to share joint and several liability for the business activity carried on.

Guarantees amounting to EUR 604,758 thousand (2010: EUR 776,595 thousand) were provided, mostly to government agencies and private customers, for contracts managed jointly with non-Group third parties, as security for the performance of construction projects and urban cleaning contracts.

### ► 14. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

The breakdown of the most significant items under “Non-Current Financial Assets” and “Other Current Financial Assets” in the accompanying consolidated balance sheet is as follows:

#### a) Non-current financial assets

The detail of the non-current financial assets at 31 December 2011 and 2010 is as follows:

|                               | Held-for-trading financial assets | Available-for-sale financial assets | Loans and receivables | Held-to-maturity investments | Hedging derivatives | Total   |
|-------------------------------|-----------------------------------|-------------------------------------|-----------------------|------------------------------|---------------------|---------|
| 2011                          |                                   |                                     |                       |                              |                     |         |
| <b>Equity instruments</b>     | —                                 | 69,741                              | —                     | —                            | —                   | 69,741  |
| <b>Debt securities</b>        | —                                 | 1,691                               | 3,166                 | 4,243                        | —                   | 9,100   |
| <b>Derivatives</b>            | 12,222                            | —                                   | —                     | —                            | 3,597               | 15,819  |
| <b>Other financial assets</b> | —                                 | —                                   | 362,801               | 4,538                        | —                   | 367,339 |
|                               | 12,222                            | 71,432                              | 365,967               | 8,781                        | 3,597               | 461,999 |
| 2010                          |                                   |                                     |                       |                              |                     |         |
| <b>Equity instruments</b>     | —                                 | 68,244                              | —                     | —                            | —                   | 68,244  |
| <b>Debt securities</b>        | —                                 | 2,053                               | 2,242                 | 3,604                        | —                   | 7,899   |
| <b>Derivatives</b>            | 11,105                            | —                                   | —                     | —                            | 8,163               | 19,268  |
| <b>Other financial assets</b> | —                                 | —                                   | 313,358               | 7,030                        | —                   | 320,388 |
|                               | 11,105                            | 70,297                              | 315,600               | 10,634                       | 8,163               | 415,799 |

## CONSOLIDATED FINANCIAL STATEMENTS

### a.1) Available-for-sale financial assets

Breakdown of the balance at 31 December 2011 and 2010:

|   | Effective percentage of ownership | Fair value    |
|---|-----------------------------------|---------------|
| <b>2011</b>                                   |                                   |               |
| <b>Ownership interests of 5% or more:</b>     |                                   |               |
| Equipamientos Urbanos de México, S.A. de C.V. | 50.00                             | 12,234        |
| World Trade Center Barcelona, S.A.            | 16.52                             | 11,422        |
| Vertederos de Residuos, S.A.                  | 16.03                             | 9,076         |
| Consorcio Traza, S.A.                         | 16.60                             | 10,290        |
| Alpine Bau Group investees                    |                                   | 17,533        |
| Other   |                                   | 7,713         |
| <b>Ownership interests of less than 5%:</b>   |                                   |               |
| Xfera Móviles, S.A.                           | 3.44                              | —             |
| Other   |                                   | 1,473         |
| <b>Debt securities</b>                        |                                   | 1,691         |
|   |                                   | <b>71,432</b> |
| <b>2010</b>                                   |                                   |               |
| <b>Ownership interests of 5% or more:</b>     |                                   |               |
| Equipamientos Urbanos de México, S.A. de C.V. | 50.00                             | 12,234        |
| World Trade Center Barcelona, S.A.            | 16.52                             | 11,422        |
| Vertederos de Residuos, S.A.                  | 16.03                             | 8,998         |
| Consorcio Traza, S.A.                         | 16.60                             | 8,925         |
| Alpine Bau Group investees                    |                                   | 16,643        |
| Other   |                                   | 6,135         |
| <b>Ownership interests of less than 5%:</b>   |                                   |               |
| Xfera Móviles, S.A.                           | 3.44                              | —             |
| Other   |                                   | 3,887         |
| <b>Debt securities</b>                        |                                   | 2,053         |
|   |                                   | <b>70,297</b> |

At 31 December 2011, the Parent, Fomento de Construcciones y Contratas, S.A., had granted loans to Xfera Móviles, S.A. totalling EUR 24,115 thousand (2010: same amount) for which an allowance of EUR 3,685 thousand had been recognised (2010: EUR 22,085 thousand). The EUR 18,400 thousand reversal of this allowance in 2011 is included under "Impairment and Gains or Losses on Disposals of Financial Instruments" in the consolidated income statement. In addition, the Parent has provided guarantees amounting to EUR 13,286 thousand for Xfera Móviles, S.A. (2010: EUR 3,995 thousand).

Also, it should be noted that the 50% ownership interest in the share capital of Equipamientos Urbanos de México, S.A. de C.V. (Eumex) is recognised as an available-for-sale financial asset because the Group does not exercise significant influence over Eumex since, in spite of the equal footing held by it from a legal standpoint, the business relations with the partner-shareholder, which manages Eumex, are neither fluid nor lawful and, consequently, no Group representative participates in any of Eumex's governing bodies.

## CONSOLIDATED FINANCIAL STATEMENTS

|                             | Cost         | Impairment   | Disposals and reductions | Changes in scope of consolidation, translation differences and other changes | Carrying amount | Changes in fair value | Fair value   |
|-----------------------------|--------------|--------------|--------------------------|--|-----------------|-----------------------|--------------|
| Balance at 31/12/09         |              |              |                          |  | 70,069          | (8,484)               | 61,585       |
| Vertedero de Residuos, S.A. | —            | —            | —                        | —  | —               | 1,947                 | 1,947        |
| Consortio Traza, S.A.       | 7,560        | —            | —                        | —  | 7,560           | —                     | 7,560        |
| Other                       | 645          | (271)        | (723)                    | (251)  | (600)           | (195)                 | (795)        |
| <b>Total 2010</b>           | <b>8,205</b> | <b>(271)</b> | <b>(723)</b>             | <b>(251)</b>   | <b>6,960</b>    | <b>1,752</b>          | <b>8,712</b> |
| Balance at 31/12/10         |              |              |                          |  | 77,029          | (6,732)               | 70,297       |
| Vertedero de Residuos, S.A. | —            | —            | —                        | —  | —               | 78                    | 78           |
| Consortio Traza, S.A.       | 1,365        | —            | —                        | —  | 1,365           | —                     | 1,365        |
| Other                       | 658          | (30)         | (47)                     | (921)  | (340)           | 32                    | (308)        |
| <b>Total 2011</b>           | <b>2,023</b> | <b>(30)</b>  | <b>(47)</b>              | <b>(921)</b>   | <b>1,025</b>    | <b>110</b>            | <b>1,135</b> |
| Balance at 31/12/11         |              |              |                          |  | 78,054          | (6,622)               | 71,432       |

### a.2) Loans and receivables

The scheduled maturities of the loans and receivables granted by the Group companies to third parties are as follows:

|   | 2013   | 2014   | 2015   | 2016   | 2017 and subsequent years | Total   |
|---|--------|--------|--------|--------|---------------------------|---------|
| Deposits and guarantees   | 8,335  | 682    | 168    | 1,202  | 26,970                    | 37,357  |
| Debt securities   | —      | —      | —      | —      | 3,166                     | 3,166   |
| Non-trade loans   | 26,380 | 18,952 | 20,615 | 16,319 | 146,938                   | 229,204 |
| Non-current collection rights - concession arrangement (Notes 3-a and 11) | 4,612  | 4,612  | 4,612  | 4,612  | 77,792                    | 96,240  |
|   | 39,327 | 24,246 | 25,395 | 22,133 | 254,866                   | 365,967 |

The non-trade loans include mainly the amounts granted to government agencies for the refinancing of debt in the water service and urban cleaning businesses, which earn interest at market rates, in addition to the loans granted to Xfera Móviles, S.A. referred to in the preceding section. In 2011 there were no events that raised doubts concerning the recovery of these loans.

The deposits and guarantees relate basically to those required legally or contractually in the course of the Group companies' activities, such as deposits for electricity connections, construction completion bonds, property lease security deposits, etc.

### a.3) Other non-current financial assets

The scheduled maturities of other non-current financial assets are as follows:

|                              | 2013  | 2014   | 2015 | 2016 | 2017 and subsequent years | Total  |
|------------------------------|-------|--------|------|------|---------------------------|--------|
| Held-to-maturity investments | 489   | —      | 13   | —    | 8,279                     | 8,781  |
| Derivatives                  | 4,831 | 10,988 | —    | —    | —                         | 15,819 |
|                              | 5,320 | 10,988 | 13   | —    | 8,279                     | 24,600 |

“Derivatives” includes EUR 11,312 thousand relating to the valuation of the call options and cash flow swaps arranged by the Parent in the framework of the share option plan for executives and executive directors (see Notes 19 and 24).

This item also includes the embedded derivative (trigger call option) associated with the convertible bond issue described in Note 18-e.

## CONSOLIDATED FINANCIAL STATEMENTS

### b) Other current financial assets

The detail of "Other Current Financial Assets" at 31 December 2011 and 2010 is as follows:

|                        | Held-for-trading financial assets | Available-for-sale financial assets | Loans and receivables | Held-to-maturity investments | Hedging derivatives | Total   |
|------------------------|-----------------------------------|-------------------------------------|-----------------------|------------------------------|---------------------|---------|
| 2011                   |                                   |                                     |                       |                              |                     |         |
| Equity instruments     | 1,083                             | —                                   | —                     | —                            | —                   | 1,083   |
| Debt securities        | —                                 | —                                   | 1,093                 | 286                          | —                   | 1,379   |
| Derivatives            | —                                 | —                                   | —                     | —                            | 1,893               | 1,893   |
| Other financial assets | —                                 | —                                   | 388,876               | 2,458                        | —                   | 391,334 |
|                        | 1,083                             | —                                   | 389,969               | 2,744                        | 1,893               | 395,689 |
| 2010                   |                                   |                                     |                       |                              |                     |         |
| Equity instruments     | 777                               | 1,212                               | —                     | —                            | —                   | 1,989   |
| Debt securities        | —                                 | 65                                  | 368                   | 5,540                        | —                   | 5,973   |
| Derivatives            | —                                 | —                                   | —                     | —                            | 1,622               | 1,622   |
| Other financial assets | —                                 | 1,208                               | 197,530               | 17,441                       | —                   | 216,179 |
|                        | 777                               | 2,485                               | 197,898               | 22,981                       | 1,622               | 225,763 |

This heading in the accompanying consolidated balance sheet includes current financial assets which, maturing at more than three months in order to cater for certain specific cash situations, are classified as held-for-trading financial assets, available-for-sale financial assets, held-to-maturity investments or loans and receivables, based on the initial nature of the investments.

These assets are unrestricted as to their use, except for "Deposits and Guarantees Given" (EUR 33,655 thousand included under "Other Financial Assets"), which relate to amounts paid to secure certain contracts which will be recovered once the contracts expire.

The average rate of return obtained in this connection is the market return according to the term of each investment.

### ▶ 15. INVENTORIES

The detail of "Inventories" at 31 December 2011 and 2010 is as follows:

|                                  | 2011      | 2010      |
|----------------------------------|-----------|-----------|
| Property assets                  | 628,020   | 522,397   |
| Raw materials and other supplies | 396,911   | 436,919   |
| Construction                     | 258,306   | 271,887   |
| Cement                           | 84,138    | 107,629   |
| Versia                           | 22,858    | 27,543    |
| Environmental services           | 31,609    | 28,262    |
| Other business activities        | —         | 1,598     |
| Finished goods                   | 37,484    | 44,091    |
| Advances                         | 208,940   | 134,968   |
|                                  | 1,271,355 | 1,138,375 |

"Property Assets" includes building lots earmarked for sale that were acquired by the FCC Construcción group mainly in exchange for outstanding or completed construction work. This heading also includes properties in the course of construction, on which there are sale commitments representing a final value on delivery to customers of EUR 91,700 thousand (2010: EUR 263,170 thousand). The advances paid by certain customers for the aforementioned "property assets" are secured by insurance contracts or bank guarantees, pursuant to the requirements of Law 57/68, of 27 July, as amended by Law 38/99, of 5 November. The detail of the main unsold real estate products is as follows:

## CONSOLIDATED FINANCIAL STATEMENTS

|  | 2011    | 2010    |
|--|---------|---------|
| Properties at Badalona (Barcelona)                                   | 46,167  | 46,167  |
| Properties at Ensanche Vallecas (Madrid)                             | 25,206  | 25,206  |
| Properties at Sant Joan Despí (Barcelona)                            | 56,453  | 56,453  |
| Properties at Tres Cantos (Madrid)                                   | 101,059 | 85,162  |
| Residential development - Pino Montano (Sevilla)                     | 38,284  | 17,520  |
| Residential development - Tres Cantos (Madrid)                       | 66,736  | 23,922  |
| Residential development - Terrenos Gran Vía - Hospitalet (Barcelona) | 25,136  | 25,136  |
| Residential development - Vitoria (Álava)                            | 22,620  | 40,712  |
| Building - Calle Barquillo (Madrid)                                  | 24,600  | —       |
| Other properties and developments                                    | 128,149 | 101,877 |
|  | 534,410 | 422,155 |

A portion of the aforementioned “property assets” have been pledged as the required security for the deferred payment of taxes and social security contributions authorised by the public authorities, as indicated in Notes 22 and 23 to these consolidated financial statements.

At 2011 year-end there were no significant property asset sale or purchase commitments.

“Raw Materials and Other Supplies” includes the installations required to execute construction work that have not yet been included in the construction projects, storable construction materials and items, materials for the assembly of street furniture, replacement parts, fuel and other materials required to carry on the business activities.

Inventory write-downs totalled EUR 15,186 thousand at 31 December 2011 (2010: EUR 13,138 thousand).

At 31 December 2011, there were no material differences between the fair value and the carrying amount of the assets recognised.

### ▶ 16. TRADE AND OTHER RECEIVABLES

#### a) Trade receivables for sales and services

“Trade Receivables for Sales and Services” in the accompanying consolidated balance sheet includes the present value of the uncollected revenue, measured as indicated in Note 3-s, contributed by the Group’s various lines of business and forming the basis of profit from operations.

The detail of the balance of accounts receivable from non-Group debtors at 31 December 2011 and 2010 is as follows:

|   | 2011        | 2010      |
|---|-------------|-----------|
| Progress billings receivable and trade receivables for sales    | 3,695,674   | 3,670,395 |
| Amounts to be billed for work performed                         | 926,689     | 875,895   |
| Retentions  | 83,205      | 103,261   |
| Production billed to associates and jointly controlled entities | 248,245     | 289,023   |
| Trade receivables for sales and services                        | 4,953,813   | 4,938,574 |
| Advances received on orders (Note 23)                           | (1,156,610) | (936,794) |
| Total net balance of trade receivables for sales and services   | 3,797,203   | 4,001,780 |

The foregoing total is the net balance of trade receivables, after considering the adjustments for the risk of doubtful debts amounting to EUR 192,904 thousand (31 December 2010: EUR 193,233 thousand) and after deducting the balance of the item “Trade and Other Payables - Advances Received on Orders” on the liability side of the accompanying consolidated balance sheet. This item also includes the amounts of progress billings in various connections, irrespective of whether or not they have been collected.

## CONSOLIDATED FINANCIAL STATEMENTS

“Progress Billings Receivable and Trade Receivables for Sales” reflects the amount of the progress billings to customers for completed work and services not yet collected at the consolidated balance sheet date.

The difference between the amount of the production recognised from inception of each project and contract in progress, measured as explained in Note 3-s, and the amount of the progress billings up to the date of the consolidated financial statements is included under “Amounts to Be Billed for Work Performed”.

At 2011 year-end, trade receivables amounting to EUR 816,570 thousand had been factored to banks without recourse against the Group companies in the event of default (31 December 2010: EUR 574,236 thousand). This amount was deducted from the balance of “Progress Billings Receivable and Trade Receivables for Sales”. Also, the Group sold EUR 251,141 thousand of future collection rights arising from construction project contracts awarded under the lump-sum payment method (31 December 2010: EUR 219,975 thousand). This amount was deducted from the balance of “Amounts to Be Billed for Work Performed”.

### b) Other receivables

The detail of “Other Receivables” at 31 December 2011 and 2010 is as follows:

|                                 | 2011    | 2010    |
|---------------------------------|---------|---------|
| VAT refundable (Note 25)        | 150,806 | 175,878 |
| Other tax receivables (Note 25) | 69,954  | 61,049  |
| Other receivables               | 290,065 | 271,942 |
| Advances and loans to employees | 3,878   | 5,914   |
| Total other receivables         | 514,703 | 514,783 |

### ▶ 17. CASH AND CASH EQUIVALENTS

The main aim of cash management at the FCC Group is to optimise the cash position, endeavouring, through the efficient management of funds, to keep the balance of the Group's bank accounts as low as possible, and to use financing facilities in the most efficient manner for the Group's interests.

The cash of the direct or indirect subsidiaries over which control is exercised is managed on a centralised basis. The liquidity positions of these investees flow towards the Parent so that they can be optimised within the framework of the Group's various financing facilities.

|                                    | 2011      | 2010      |
|------------------------------------|-----------|-----------|
| Euro                               | 1,930,208 | 1,287,553 |
| US dollar                          | 66,859    | 66,554    |
| Pound sterling                     | 132,741   | 100,886   |
| Czech koruna                       | 34,981    | 41,222    |
| Europe (other currencies)          | 82,645    | 111,842   |
| Latin America (various currencies) | 34,053    | 25,670    |
| Other                              | 21,154    | 44,924    |
| Total                              | 2,302,641 | 1,678,651 |

## CONSOLIDATED FINANCIAL STATEMENTS

### ► 18. EQUITY

The accompanying consolidated statements of changes in equity for the years ended 31 December 2011 and 2010 show the changes in equity attributable to the shareholders of the Parent and to the non-controlling interests in those years.

#### I. EQUITY ATTRIBUTABLE TO THE PARENT

##### a) Share capital

The share capital of Fomento de Construcciones y Contratas, S.A. consists of 127,303,296 ordinary bearer shares of EUR 1 par value each.

All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are included in the selective Ibex 35 index, are publicly listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are traded through the Spanish stock market interconnection system.

The only investment of 10% or more owned directly or indirectly (through subsidiaries) by other companies, according to the information provided pursuant to current legislation, is that held by B-1998, S.L., which has a direct and indirect ownership interest of 53,829% in the share capital.

The aforementioned company, B-1998, S.L., in which Esther Koplowitz Romero de Juseu, Larranza XXI, S.L. and Eurocis, S.A. have direct or indirect ownership interests of 89,653%, 5,339% and 5,008%, respectively, has certain commitments to its shareholders which are recorded and published by the Spanish National Securities Market Commission (CNMV) and in the FCC Group's Corporate Governance Report.

Esther Koplowitz Romero de Juseu also directly owns 123,313 FCC shares and indirectly holds 39,172 FCC shares through Dominum Desga, S.L. (4,132 shares) and Ejecución y Organización de Recursos, S.L. (35,040 shares), companies wholly owned by Esther Koplowitz Romero de Juseu.

##### b) Retained earnings and other reserves

The breakdown of "Retained Earnings and Other Reserves" in the accompanying consolidated balance sheet at 31 December 2011 and 2010 is as follows:

|                        | 2011      | 2010      |
|------------------------|-----------|-----------|
| Reserves of the Parent | 1,132,022 | 1,109,873 |
| Consolidation reserves | 1,837,632 | 1,701,384 |
|                        | 2,969,654 | 2,811,257 |

##### b.1) Reserves of the Parent

"Reserves of the Parent" relates to the reserves recognised by Fomento de Construcciones y Contratas S.A., the Parent of the Group, arising mainly from retained earnings and, where appropriate, from compliance with the applicable legislation.

The detail at 31 December 2011 and 2010 is as follows:

|                             | 2011      | 2010      |
|-----------------------------|-----------|-----------|
| Share premium               | 242,133   | 242,133   |
| Legal reserve               | 26,113    | 26,113    |
| Reserve for retired capital | 6,034     | 6,034     |
| Voluntary reserves          | 857,742   | 835,593   |
|                             | 1,132,022 | 1,109,873 |

##### Share premium

The Consolidated Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

##### Legal reserve

Under the Consolidated Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve

## CONSOLIDATED FINANCIAL STATEMENTS

until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2011, the Parent's legal reserve had reached the stipulated level.

### Reserve for retired capital

This reserve includes the par value of the treasury shares retired in 2002 and 2008 with a charge to unrestricted reserves, in accordance with Article 335 of the Limited Liability Companies Law. The reserve for retired shares is restricted, unless the same requirements as those stipulated for capital reductions are met.

### Voluntary reserves

There are no limitations or restrictions as to the use of these reserves, which are recognised on a voluntary basis using the Parent's profit following the distribution of dividends and the appropriations to the legal or other restricted reserves in accordance with current legislation.

### b.2) Consolidation reserves

"Consolidation Reserves" in the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the business areas since their inclusion in the Group. In accordance with IAS 27, Consolidated and Separate Financial Statements, it also includes those arising from changes in the ownership interests in Group companies, where control is maintained, at the difference between the amount of the further acquisition or sale and the carrying amount of the ownership interest. The detail of the amounts included under "Consolidation Reserves" at 31 December 2011 and 2010 is as follows:

|                        | 2011      | 2010      |
|------------------------|-----------|-----------|
| Environmental services | 280,463   | 230,477   |
| Versia                 | 69,780    | 29,698    |
| Construction           | 426,367   | 414,836   |
| Cement                 | 583,867   | 587,675   |
| Energy                 | (12,666)  | 364       |
| Corporate              | 489,821   | 438,334   |
|                        | 1,837,632 | 1,701,384 |

In addition, also in accordance with IAS 27, the Construction consolidated reserves include EUR 29,365 thousand due to the final agreement on the exercise of the purchase option for the remaining 17% of the share capital of Alpine Holding GmbH (see Note 21).

### c) Treasury shares

"Treasury Shares" includes the shares of the Parent owned by it or by other Group companies, measured at acquisition cost.

The Board of Directors and the subsidiaries were authorised by the shareholders at the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. to derivatively acquire treasury shares, with the limits and in accordance with the requirements of Article 144 et seq of the Limited Liability Companies Law.

## CONSOLIDATED FINANCIAL STATEMENTS

The changes in treasury shares in 2011 and 2010 were as follows:

|                                    |                  |
|------------------------------------|------------------|
| <b>Balance at 31 December 2009</b> | <b>(270,882)</b> |
| Sales                              | 47               |
| Acquisitions                       | (76,080)         |
| <b>Balance at 31 December 2010</b> | <b>(346,915)</b> |
| Sales                              | 2,872            |
| Acquisitions                       | (3,436)          |
| <b>Balance at 31 December 2011</b> | <b>(347,479)</b> |

The detail of treasury shares at 31 December 2011 and 2010 is as follows:

|  | 2011              |                  | 2010              |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | Number of shares  | Amount           | Number of shares  | Amount           |
| <b>Fomento de Construcciones y Contratas, S.A.</b> | <b>3,278,047</b>  | <b>(89,476)</b>  | <b>3,182,582</b>  | <b>(89,130)</b>  |
| <b>Aseoría Financiera y de Gestión, S.A.</b>       | <b>9,418,830</b>  | <b>(258,003)</b> | <b>9,432,369</b>  | <b>(257,785)</b> |
| <b>TOTAL</b>                                       | <b>12,696,877</b> | <b>(347,479)</b> | <b>12,614,951</b> | <b>(346,915)</b> |

At 31 December 2011, the shares of the Parent owned by it or by its subsidiaries represented 9.97% of the share capital (31 December 2010: 9.91%).

### d) Interim Dividend

On 15 December 2011, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of profit for 2011 equal to 65% gross of the par value of the shares, i.e. EUR 0.65 per share. The total amount of this dividend, EUR 80,616 thousand, was paid on or after 10 January 2012 on outstanding shares carrying dividend rights (see Note 21-d).

### e) Other equity instruments

In accordance with IAS 32, Financial Instruments: Presentation, "Other Equity Instruments" includes the measurement of the equity component resulting from accounting for the issue of convertible bonds into shares of the Parent, which when added to the amount expressed under "Debt Instruments and Other Marketable Securities" in the accompanying consolidated balance sheet, makes up the total amount of the issue of such bonds (see Note 21).

In October 2009 Fomento de Construcciones y Contratas, S.A. launched an issue of bonds exchangeable for shares of the Company, the main characteristics of which were as follows:

- ▶ The amount of the issue is EUR 450,000,000 with a maturity date of 30 October 2014.
- ▶ The bonds were issued at par and with a face value of EUR 50,000.
- ▶ The bonds accrue interest at a fixed annual rate of 6.5% payable every six months.
- ▶ The exchange price of the bonds for shares of the Company is EUR 39,287 per share, which means that each bond will be convertible into 1,272.68 ordinary shares.
- ▶ The bonds are convertible or redeemable at the option of the holder or at the option of Fomento de Construcciones y Contratas, S.A., and the terms and conditions for the exercise of the option are included in the "Issue Agreement". Both newly issued shares and old shares held by the Parent may be delivered.
- ▶ This issue is backed by the Company's equity and there are no other special third-party guarantees.
- ▶ The issue is underwritten by financial institutions and is intended for qualified international investors.

The shareholders at the Extraordinary General Meeting of Fomento de Construcciones y Contratas, S.A. held on 30 November 2009 to approve the convertibility of the bonds into shares of the Company passed the following resolutions:

- 1) Pursuant to Article 414 of the Consolidated Spanish Limited Liability Companies Law, to increase share capital by the amount required to attend to requests by the holders of the bonds to convert them, up to an initially envisaged maximum of EUR 12 million, but subject to possible amendments in accordance with the provisions of the "Issue Agreement".

## CONSOLIDATED FINANCIAL STATEMENTS

- II) To approve a buy back programme of the Company's treasury shares for the sole purpose of meeting the obligations to deliver treasury shares resulting from the bond issue and capital reduction of the Company mentioned in the following paragraph.
- III) To reduce the share capital by means of the redemption of the shares purchased under the buy back programme mentioned above or of the treasury shares already held, including for such purposes the treasury shares made available through a loan to the underwriters of the transaction. This capital reduction may be for a maximum nominal amount equivalent to the number of new shares issued by the Company to meet the requests to exchange the bonds.

In relation to the Company's treasury share buy back programme, it should be noted that, due to the existing treasury share position and the number of shares required to cover the possible conversion or exchange of the bonds, equivalent to 9.11% of the share capital, there is no dilution risk for the current shareholders arising from the bond issue.

At 31 December 2011 the number of loaned securities was 1,144,605 (2010: 1,313,322 shares).

It should also be noted in relation to this transaction that the Group has a trigger call option that allows it to call the bonds under certain circumstances (see Note 14).

### f) Valuation adjustments

The detail of "Valuation Adjustments" at 31 December 2011 and 2010 is as follows:

|  | 2011      | 2010      |
|--|-----------|-----------|
| Changes in fair value of financial instruments | (317,523) | (178,385) |
| Translation differences                        | (116,617) | (98,751)  |
|  | (434,140) | (277,136) |

## CONSOLIDATED FINANCIAL STATEMENTS

### f.1) Changes in fair value of financial instruments

"Changes in Fair Value of Financial Instruments" includes the changes, net of taxes, in the fair value of available-for-sale financial assets (see Note 14) and of cash flow hedging derivatives (see Note 24).

The detail of the adjustments due to changes in the fair value of financial instruments at 31 December 2011 and 2010 is as follows:

|   | 2011             | 2010             |
|---|------------------|------------------|
| <b>Available-for-sale financial assets</b>  | <b>(2,415)</b>   | <b>(2,467)</b>   |
| World Trade Center Barcelona, S.A.          | 3,363            | 3,363            |
| Vertederos de Residuos, S.A.                | 7,968            | 7,890            |
| SCL Terminal Aéreo de Santiago, S.A.        | 1,165            | 1,165            |
| Xfera Móviles, S.A.                         | (14,900)         | (14,900)         |
| Other                                       | (11)             | 15               |
| <b>Financial derivatives</b>                | <b>(315,108)</b> | <b>(175,918)</b> |
| Fomento de Construcciones y Contratas, S.A. | (43,099)         | (33,248)         |
| Azincourt Investment, S.L.                  | (19,463)         | (25,218)         |
| Urbs Iudex et Causidicus, S.A.              | (26,203)         | (18,029)         |
| Realía Business Group                       | (16,874)         | (17,396)         |
| NIHG South West Health Partnership          | (27,006)         | (14,954)         |
| Globalvía Group                             | (54,248)         | (12,438)         |
| WRG Group                                   | (23,400)         | (10,616)         |
| Portland, S.L.                              | (4,031)          | (8,548)          |
| Cementos Portland Valderrivas Group         | (1,785)          | (5,865)          |
| Concessió Estacions Aeroport L9, S.A.       | (34,798)         | (903)            |
| Energy Group                                | (36,373)         | (4,688)          |
| Other                                       | (27,828)         | (24,015)         |
|   | <b>(317,523)</b> | <b>(178,385)</b> |

### f.2) Translation differences

The detail of the amounts included under "Translation Differences" for each of the most significant companies at 31 December 2011 and 2010 is as follows:

|   | 2011             | 2010             |
|---|------------------|------------------|
| <b>European Union:</b>                  |                  |                  |
| Waste Recycling Group                   | (106,497)        | (126,298)        |
| Dragon Alfa Cement Limited              | (2,178)          | (2,382)          |
| Other                                   | (3,065)          | (5,704)          |
|   | <b>(111,740)</b> | <b>(134,384)</b> |
| <b>USA:</b>                             |                  |                  |
| Giant Cement Holding, Inc.              | (4,024)          | (7,401)          |
| Cemusa Group                            | (4,910)          | (4,652)          |
| Other                                   | 1,417            | 135              |
|   | <b>(7,517)</b>   | <b>(11,918)</b>  |
| <b>Latin America:</b>                   |                  |                  |
| Globalvía Group                         | 34,523           | 46,259           |
| FCC Construcción de Centroamérica, S.A. | (1,927)          | (2,277)          |
| Proactiva Group                         | (8,114)          | (7,475)          |
| Cemusa Group                            | 2,042            | 2,544            |
| Other                                   | (720)            | 1,626            |
|   | <b>25,804</b>    | <b>40,677</b>    |
| <b>Alpine Bau Group companies</b>       | <b>(20,626)</b>  | <b>1,814</b>     |
| <b>Other currencies</b>                 | <b>(2,538)</b>   | <b>5,060</b>     |
|   | <b>(116,617)</b> | <b>(98,751)</b>  |

The changes in 2011 were due mainly to the depreciation of various Latin American currencies against the euro, which was offset in part by the appreciation of sterling and the dollar against the euro.

Net investment abroad in currencies other than the euro represented approximately 56.9% of the FCC Group's equity (2010: 50.1%).

## CONSOLIDATED FINANCIAL STATEMENTS

The detail, by geographical market, of this net investment, after translation to euros as described in Note 3-k, is as follows:

|                | 2011      | 2010      |
|----------------|-----------|-----------|
| UK             | 942,542   | 853,086   |
| USA            | 366,987   | 312,353   |
| Latin America  | 228,427   | 217,876   |
| Czech Republic | 120,558   | 92,304    |
| Other          | 148,785   | 131,809   |
|                | 1,807,299 | 1,607,428 |

### g) Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the Parent by the weighted average number of ordinary shares outstanding in 2011, resulting in earnings per share of EUR 0.94 (2010: EUR 2.60).

In relation to the bond issue described in paragraph e) above, it should be noted that dilutive effects could exist if the bondholders were to exercise the conversion option under certain conditions. Under IAS 33, Earnings per Share, diluted earnings per share shall be calculated by adjusting the weighted average number of shares outstanding under the assumption that all the bonds have been converted into ordinary shares. In addition, the profit attributable to the Parent shall be adjusted by increasing it by the amount of the interest, net of the tax effect, relating to the bonds recognised in the accompanying consolidated income statement. In accordance with the resulting calculations, in 2011 there was no dilution of the earnings per share, whereas in 2010 the diluted earnings per share were EUR 2.56.

## II. NON-CONTROLLING INTERESTS

"Non-Controlling Interests" in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of the companies in which the Group's non-controlling interests have ownership interests.

The detail of "Non-Controlling Interests" at 31 December 2011 and 2010 in relation to the main companies is as follows:

|                                     | Equity        |          |                |         |
|-------------------------------------|---------------|----------|----------------|---------|
|                                     | Share capital | Reserves | Profit or loss | Total   |
| 2011                                |               |          |                |         |
| Cementos Portland Valderrivas Group | 15,802        | 586,233  | (102,482)      | 499,553 |
| Alpine Bau Group                    | 15            | 6,872    | (4,703)        | 2,184   |
| Other                               | 23,103        | 9,365    | 1,851          | 34,319  |
|                                     | 38,920        | 602,470  | (105,334)      | 536,056 |
| 2010                                |               |          |                |         |
| Cementos Portland Valderrivas Group | 15,843        | 573,253  | 10,101         | 599,197 |
| Alpine Bau Group                    | 19            | 6,030    | (1,454)        | 4,595   |
| Other                               | 18,123        | 17,773   | 3,683          | 39,579  |
|                                     | 33,985        | 597,056  | 12,330         | 643,371 |

## ▶ 19. SHARE-BASED PAYMENT TRANSACTIONS

In accordance with a decision by the Board of Directors of 29 July 2008, the Group has a remuneration plan in force for the executive directors and executives which is linked to the value of the Parent's shares. The participants in the plan receive a cash amount equivalent to the difference between the value of the shares at the date of exercise and at the reference date set in the plan.

The main features of the Plan, which is divided into two tranches, are as follows:

### First tranche

- ▶ Commencement date: 1 October 2008.
- ▶ Exercise period: from 1 October 2011 to 1 October 2013.

## CONSOLIDATED FINANCIAL STATEMENTS

- ▶ Number of shares: 1,800,000 shares, of which 700,000 correspond to executive directors and senior executives (12 persons) and the remaining 1,100,000 to other executives (43 persons).
- ▶ The option exercise price is EUR 34.22 per share.

### Second tranche

- ▶ Commencement date: 06 February 2009.
- ▶ Exercise period: from 06 February 2012 to 05 February 2014.
- ▶ Number of shares: 1,500,000 shares, of which 147,500 correspond to executive directors and senior executives (12 persons) and the remaining 1,352,500 to other executives (225 persons).
- ▶ The option exercise price is EUR 24.71 per share.

In accordance with applicable regulations, the Group calculates the present value of the amount to be settled at the end of the plan, and recognises the corresponding provision on a systematic basis with a charge to "Staff Costs" throughout the term of the plan. At each reporting date, the present value of the obligation is re-estimated and any difference with respect to the carrying amount recognised previously is taken to the consolidated income statement for the year.

At 31 December 2011, EUR 2,323 thousand in staff costs (the same amount as in 2010) (see Note 28-c), net of the hedges indicated in the following paragraph, had accrued in relation to the obligations to employees, while the provision recognised in the accompanying consolidated financial statements amounted to EUR 2,054 thousand (2010: EUR 1,439 thousand).

In order to hedge the risk of a rise in the share price, the Group has arranged with financial institutions a call option and a put option for each of the tranches described above, together with an interest rate/dividend swap with the same exercise price, nominal amount and maturity as the plan. The treasury shares linked to this hedge were delivered to the aforementioned financial institutions.

With respect to hedge effectiveness, only the call option qualifies as a cash-flow hedge and, accordingly, the changes in the fair value thereof are recognised in equity under "Valuation Adjustments" in the accompanying consolidated balance sheet, while the put option and the interest rate/dividend swap do not qualify for hedge accounting and, therefore, the changes in their fair value are taken to the consolidated income statement (see Note 24).

The change in the fair value of the financial derivatives that do not qualify for hedge accounting represented a gain in 2011 of EUR 14,400 thousand (2010: a loss of EUR 24,286 thousand). For information on the fair value of the financial derivatives see Notes 24 and 28-g to these consolidated financial statements.

Lastly, it should be noted in relation to the first tranche that no options were exercised within the exercise period relating to 2011 and, accordingly, no amounts were settled.

## CONSOLIDATED FINANCIAL STATEMENTS

### ► 20. NON CURRENT AND CURRENT PROVISIONS

The detail of the provisions at 31 December 2011 and 2010 is as follows:

|  | 2011             | 2010             |
|--|------------------|------------------|
| <b>Non current</b>   | <b>1,083,109</b> | <b>1,047,836</b> |
| Non current employee benefit obligations                   | 88,342           | 108,814          |
| Dismantling, removal and restoration of non-current assets | 132,356          | 187,683          |
| Environmental activities                                   | 217,850          | 199,282          |
| Litigation   | 194,496          | 171,703          |
| Contractual and legal guarantees and obligations           | 113,931          | 116,746          |
| Other non current provisions                               | 336,134          | 263,608          |
| <b>Current</b>   | <b>178,887</b>   | <b>143,233</b>   |
| Construction contract settlement and project losses        | 163,605          | 130,369          |
| Other current provisions                                   | 15,282           | 12,864           |

The changes in "Non current Provisions" and "Current Provisions" in 2011 and 2010 were as follows:

|  | Non current provisions | Current provisions |
|--|------------------------|--------------------|
| <b>Balance at 31/12/2009</b>   | <b>906,535</b>         | <b>110,773</b>     |
| Environmental expenses for the removal or dismantling of assets                          | 36,633                 | —                  |
| Provisions recognised/(reversed)   | 142,907                | 33,735             |
| Amounts used   | (49,844)               | (131)              |
| Changes in the scope of consolidation, translation differences and other changes         | 11,605                 | (1,144)            |
| <b>Balance at 31/12/2010</b>   | <b>1,047,836</b>       | <b>143,233</b>     |
| Environmental expenses for the removal or dismantling of assets                          | 38,682                 | —                  |
| Provisions recognised/(reversed)   | 106,655                | 41,032             |
| Amounts used   | (70,574)               | (37)               |
| Transfer to "Liabilities Associated with Non-Current Assets Classified as Held for Sale" | (41,906)               | —                  |
| Changes in the scope of consolidation, translation differences and other changes         | 2,416                  | (5,341)            |
| <b>Balance at 31/12/2011</b>   | <b>1,083,109</b>       | <b>178,887</b>     |

The provisions recognised in 2011 include EUR 26,128 thousand (2010: EUR 17,732 thousand) relating to the adjustment for provision discounting.

"Environmental Expenses for the Removal or Dismantling of Assets" includes the balancing item for the increased asset value relating to the discounted present value of the expenses that will be incurred when operation of the asset ceases.

The transfer to "Liabilities Associated with Non-Current Assets Classified as Held for Sale" relates to EUR 29,791 thousand of Giant Cement Holding, Inc. and EUR 12,115 thousand of the Energy business.

The provisions included in the accompanying consolidated balance sheet are considered to cover the inherent liability that may arise in the course of the Group's various business activities.

The timing of the expected outflows of economic benefits at 31 December 2011 arising from the obligations covered by non-current provisions is as follows:

## CONSOLIDATED FINANCIAL STATEMENTS

|  | Within five<br>years | After five<br>years | Total     |
|--|----------------------|---------------------|-----------|
| Long-term employee benefit obligations                     | 7,169                | 81,173              | 88,342    |
| Dismantling, removal and restoration of non-current assets | 78,259               | 54,097              | 132,356   |
| Environmental activities                                   | 63,541               | 154,309             | 217,850   |
| Litigation   | 64,934               | 129,562             | 194,496   |
| Contractual and legal guarantees and obligations           | 87,581               | 26,350              | 113,931   |
| Other provisions   | 105,703              | 230,431             | 336,134   |
|  | 407,187              | 675,922             | 1,083,109 |

### Long-term employee benefit obligations

"Non current Provisions" in the accompanying consolidated balance sheet includes the provisions covering the Group companies' obligations in respect of pensions and similar obligations such as medical and life insurance, as indicated in Note 26.

### Environmental provisions

The FCC Group's environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities carried on by the Group.

FCC Group management considers that the Group companies' contingencies relating to environmental protection and improvement at 31 December 2011 would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover any probable environmental risks that might arise.

Note 30 to these consolidated financial statements ("Information on the Environment") supplements the information set forth with respect to environmental provisions.

### Provisions for litigation

Provisions for litigation cover the contingencies of the FCC Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. The lawsuits, although numerous, are not expected to have an impact on the Group's equity according to estimates regarding their final outcomes.

### Contractual and legal guarantees and obligations

"Contractual and Legal Guarantees and Obligations" includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

### Provisions for construction contract settlements and project losses

These provisions are recognised for losses budgeted for in construction projects in accordance with the measurement bases set forth in Note 3-s, and for the expenses arising from such projects from the date of their completion to the date of their definitive settlement, which are determined systematically as a percentage of the value of production over the term of the project based on experience in the construction business.

### Provisions for other contingencies and charges

"Provisions for Other Contingencies and Charges" includes the items not classified in the foregoing accounts, comprising most notably the provisions to cover contingencies arising from international business.

This heading also includes the Group's obligations relating to share-based payments. Note 19, "Share-based Payment Transactions" includes details on the characteristics of these obligations.

## CONSOLIDATED FINANCIAL STATEMENTS

### ▶ 21. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The FCC Group's general policy is to provide all the Group companies with the financing that is best suited to the normal conduct of their business activities. In this connection, the Group companies are furnished with the credit facilities required to cater for their budgetary plans, which are monitored on a monthly basis. Also, risk is generally spread over various banks and the Group companies currently have credit facilities with more than 130 financial institutions.

Should the financial transaction so require, following a hedging policy for accounting purposes, the Group arranges interest-rate hedging transactions on the basis of the type and structure of each transaction (see Note 24).

In certain types of financing, particularly non-recourse structured financing, the financing agreement requires the arrangement of some kind of interest-rate hedge and the Group assesses the best hedging instrument based on the project's cash flow profile and the debt repayment schedule.

#### a) Non-current and current debt instruments and other marketable securities

On 1 June 2011 the Alpine Group made a EUR 90,000 thousand bond placement on the corporate fixed-rate markets. The issue was for a term of five years with a single repayment at the end of that term and an annual coupon of 5.25%. The funds were used to cover corporate needs of the Alpine Group.

The main characteristics of the non-current and current debt instruments arranged by the Group in prior years and maintained in 2011 are as follows:

The new issue launched in 2011 by the Alpine Group as described in the previous paragraph joined the issue launched in July 2010 for a total amount of EUR 100,000 thousand. The issue was for a term of five years with a single repayment at the end of that term and an annual coupon of 5.25%.

On 30 October 2009, the Parent launched an issue of subordinated convertible bonds amounting to EUR 450,000 thousand. This issue was intended for international institutional investors. The purpose of the issue was to strengthen the balance sheet equity structure due to the fact that the bonds are convertible and subordinate to the corporate loans arranged by the Parent, and to diversify the Group's financing base, by supplementing the bank financing.

In accordance with applicable accounting regulations, in addition to their financial component, the convertible bonds have another component that is recognised in equity as described in Note 18-e to these consolidated financial statements. Note 18-e also describes the terms of the convertible bond issue. The balance recognised in this connection at 31 December 2011 under "Debt Instruments and Other Marketable Securities" in the accompanying consolidated balance sheet amounts to EUR 433,436 thousand. These bonds traded at 87.45% of par at 31 December 2011 according to Bloomberg.

Also, in 2005 Severomoravské Vodovody a Kanalizace Ostrava, A.S. (SmVaK) issued non-convertible bonds amounting to CSK 2,000,000 thousand (EUR 77,594 thousand) at 31 December 2011. These bonds, which were traded on the Prague Stock Exchange, mature in 2015 and bear nominal interest of 5%. As security for this issue, the Czech company is obliged not to grant additional pledges on its assets to third parties, not to sell assets above a certain cumulative value and not to incur indebtedness over a certain amount.

## CONSOLIDATED FINANCIAL STATEMENTS

### b) Non-current and current bank borrowings

The detail at 31 December 2011 and 2010 is as follows:

|   | Non-current      | Current          | Total            |
|---|------------------|------------------|------------------|
| <b>2011</b>   |                  |                  |                  |
| Credit facilities and loans   | 2,743,522        | 3,530,437        | 6,273,959        |
| Limited recourse project financing loans  | 843,982          | 954,128          | 1,798,110        |
| Waste Recycling Group   | 668,974          | 62,170           | 731,144          |
| Uniland Group   | —                | 647,171          | 647,171          |
| Other   | 175,008          | 244,787          | 419,795          |
|   | <b>3,587,504</b> | <b>4,484,565</b> | <b>8,072,069</b> |
| <b>2010</b>   |                  |                  |                  |
| Credit facilities and loans   | 4,499,894        | 1,394,259        | 5,894,153        |
| Limited recourse project financing loans  | 1,759,456        | 132,276          | 1,891,732        |
| Waste Recycling Group   | 714,595          | 48,459           | 763,054          |
| Uniland Group   | 632,919          | 56,009           | 688,928          |
| Other   | 411,942          | 27,808           | 439,750          |
| Liabilities associated with non-current assets classified as held for sale (see Note 4) | 629,995          | 108,941          | 738,936          |
|   | <b>6,889,345</b> | <b>1,635,476</b> | <b>8,524,821</b> |

The main characteristics of the most significant non-current and current bank borrowings arranged by the Group in 2011 are as follows:

- ▶ On 11 August 2011 the Parent entered into a syndicated loan to finance part of the 2011 investment plan for EUR 120,000 thousand which matures in three years (11 August 2014). The participating banks are ICO, BBVA and Santander. The first repayment of 20% falls due in 2013 and the rest upon maturity.
- ▶ To optimise the Group's treasury share position, on 15 April 2011 the Parent executed a transaction with Société Générale on 6,165,000 treasury shares of FCC, S.A. without losing control thereof, in order to obtain EUR 127,920 thousand in liquidity. This transaction, with an initial maturity date of 14 October 2011, was renewed and the original terms and conditions were amended. EUR 32,930 thousand of the debt was repaid and at 31 December

2011, the outstanding debt in relation to this transaction amounted to EUR 95,036 thousand. On 16 January 2012 it was renewed once again with a maturity date of 16 April 2012 under the same terms and conditions as those in force at the end of 2011.

The credit facilities and loans arranged by the Group in prior years and maintained in 2011 notably include the following:

- ▶ On 30 July 2010, the Parent refinanced the syndicated loan for EUR 1,225 million that matured on 8 May 2011, under a forward start arrangement. This loan matures in three years (8 May 2014) with repayment of 50% in 2013. It consists of three tranches: the first, a EUR 735 million loan, the second, a EUR 490 million credit facility and the third, a new money tranche of EUR 62 million available from 1 January 2011. Therefore, the amount of the new transaction totals EUR 1,287 million. This loan had been drawn down in full at 31 December 2011.
- ▶ On 22 December 2010, the Alpine Group signed a syndicated financing facility amounting to EUR 160,000 thousand and maturing on 22 December 2013. The agreement consists of two tranches:
  - a) One tranche, 50% of which is backed by the Austrian government under the Austrian Enterprise Liquidity Support Law ("ULSG"), approved in August 2009 to strengthen the liquidity of Austrian companies, whereby the Austrian government provides access to liquidity to encourage investment and growth through a programme of government guarantees. The cost of this tranche is fixed. This is the second financing facility under this structure executed by the Alpine Group.
  - b) Another commercial tranche, the cost of which is determined on the basis of the net debt/EBITDA ratio.

## CONSOLIDATED FINANCIAL STATEMENTS

This financing was paid out in full in January 2011, thereby enabling Alpine to make repayments relating to 2011 early.

- ▶ On 29 April 2009, the Parent arranged a syndicated loan of EUR 375,000 thousand which was extended on 4 and 27 May to a total of EUR 451,000 thousand, divided into two tranches: the first, a long-term loan of EUR 225,500 thousand and the second, a long-term credit facility of EUR 225,500 thousand. The syndicated loan has a term of three years, a single maturity, 28 April 2012, and bears interest at Euribor plus a spread established on the basis of the FCC Group's debt ratio as per the financial statements for each year.
- ▶ On 23 October 2009 the Parent arranged a long-term credit facility of EUR 175,000 thousand with the European Investment Bank (EIB) which matures on 6 November 2012 and may be extended to 2015. The stipulated price is 3-month Euribor plus a fixed spread.

The loan was granted to finance and develop the following environmental investments:

- a) the acquisition of a fleet of 1,900 vehicles equipped with the latest technology to provide urban cleaning services in 130 municipalities in Spain.
  - b) financing of related investments (acquisition of filling stations, vehicle cleaning devices and wastewater treatment plants) and
  - c) the development of hybrid electric vehicles for intensive use, which are more energy efficient and use harmless fuels, thereby reducing the emission of polluting gases.
- ▶ On 9 December 2009, the Alpine Group arranged a syndicated financing facility amounting to EUR 200,000 thousand and maturing on 31 October 2014. The agreement has the same characteristics as the agreement executed on 22 December 2010 which is described above.
  - ▶ On 9 December 2009, Aqualia Gestión Integral del Agua, S.A. (wholly owned by the FCC Group) refinanced a corporate loan signed in 2006 of CSK 4,800,000 thousand (approximately EUR 190 million) for the acquisition of the company Severomoravské Vodovody a Kanalizace Ostrava, A.S.(SmVaK). The refinancing is structured in two tranches: one corporate tranche at Aqualia Gestión Integral del Agua, S.A. and a limited recourse loan signed by the newly created company Aqualia Chech, S.L. (wholly owned by the FCC Group), which holds 98.68% of the share capital of SmVaK.

The characteristics of the two tranches are as follows:

- a) A multi-currency euro and Czech Republic koruna corporate loan of EUR 71,750 thousand and CSK 967,220 thousand which matures in 2012.
- b) A limited resource loan of CSK 2,000,000 thousand maturing in 2015.

The stipulated price consists of the reference index (Euribor or Pribor) plus a fixed spread in the case of the corporate financing and another calculated on the basis of the debt service coverage ratio for the limited resource financing.

- ▶ On 18 December 2009, the FCC Group arranged long-term limited recourse financing of EUR 250,000 thousand which matures in 2024 and bears interest at Euribor plus a spread stipulated in the agreement. This loan is secured by a mortgage on the Torre Picasso building under the terms and conditions indicated in Note 9 to these consolidated financial statements and had been repaid prior to the formal preparation of these consolidated financial statements.
- ▶ On 10 July 2008, the Parent and Dédalo Patrimonial S.L. (wholly owned by Fomento de Construcciones y Contratas, S.A.) arranged a long-term credit facility for USD 186,900 thousand, maturing on 10 October 2013. The purpose of this loan was to finance the acquisition of Hydrocarbon Recovery Services Inc. and International Petroleum Corp of Delaware. The agreement consists of three tranches:
  - a) The first, a long-term loan of USD 40,000 thousand granted to the Parent. USD 8,000 thousand were repaid on 10 October 2011.
  - b) The second, a long-term credit facility of USD 58,900 thousand granted to Dédalo Patrimonial S.L. USD 11,780 thousand were repaid on 10 October 2011.

## CONSOLIDATED FINANCIAL STATEMENTS

- c) The third, a long-term loan of USD 88,000 thousand granted to Dédalo Patrimonial S.L. USD 17,600 thousand were repaid on 10 October 2011.

The established price comprises the reference rate (Libor) plus a spread based on the variation in the consolidated net debt/consolidated EBITDA ratio.

- ▶ Syndicated loan arranged on 25 January 2007. This loan replaced the bridge loan of EUR 1,030,000 thousand arranged in 2006 as part of the structured recourse financing for the acquisition of the UK company Waste Recycling Group Ltd and its corporate group. The loan is structured in two tranches: the first for an initial amount of EUR 819,700 thousand and the second for GBP 200,000 thousand. Both tranches mature in December 2013, with half-yearly settlements of 4,615% of the total initial amount of the loan and a final payment of 40,005% of the loan. The interest rate on the euro tranche is Euribor plus a spread calculated on the basis of the variation in the net financial debt/EBITDA ratio. The spread established for the euro tranche is also applicable to the tranche denominated in pounds sterling. Various financial derivatives associated with the syndicated loan have been arranged.

In addition, Azincourt Investment, S.L. obtained a syndicated loan of a maximum of GBP 625,000 thousand (approximately EUR 726 million) which had been drawn down in full at year-end. The loan is repayable in half-yearly instalments until 2013. The interest rate is Libor plus a 1.05% annual spread payable in an interest period of one, three or six months at the borrower's discretion.

- ▶ A long-term syndicated financing facility of EUR 800,000 thousand arranged by the Parent, maturing on 19 July 2012 with the possibility of an extension until 2014. The agreement is divided into two tranches: the first is a long-term loan of EUR 280,000 thousand, 50% of which had been repaid at 31 December 2011 and the second is a long-term loan of EUR 520,000 thousand. The established price comprises the reference rate (Euribor) plus a spread based on the variation in the consolidated net debt/consolidated EBITDA ratio.
- ▶ Senior management of the FCC Group expects to bring the refinancing processes of the financial debt maturing in 2012 which are described in the preceding paragraphs to a successful conclusion.
- ▶ In August 2010 Cementos Portland Valderrivas arranged the refinancing of a loan of EUR 150,000 thousand. This loan is repayable in half-yearly instalments of EUR 15,000 thousand each from August 2011 until the final instalment of EUR 75,000 thousand in February 2014. The loan bears interest at Euribor plus a spread of 2.95%. There are two interest rate hedges on this financing, one

with a fixed rate of 2.20% for a notional amount of EUR 81 million and another with 1,618% for a notional amount of EUR 27 million which expire in February 2012.

- ▶ In August 2006 Cementos Portland Valderrivas arranged a long-term syndicated loan of a maximum of EUR 780,000 thousand to finance in part the purchase of shares of Corporación Uniland through the Group company Portland S.L. This loan is repayable in half-yearly instalments from 15 January 2007 and matures in 2012. The interest rate is Euribor plus a spread calculated on the basis of the variation in the net financial debt/EBITDA ratio. At 31 December 2011, a total of EUR 354,545 thousand had been drawn down.

In addition, Portland, S.L. obtained a syndicated loan for a maximum amount of EUR 800,000 thousand, EUR 635,633 thousand of which had been drawn down at the end of 2011. This loan is repayable in half-yearly instalments until 2013, with a final payment of 70% of the capital drawn down. The shares of Corporación Uniland, S.A. were pledged to secure this loan and there is no possibility of recourse to the Parent. This loan is subject to the achievement of certain ratios relating to the coverage of the financial burden and to levels of net financial debt in relation to the gross profit from operations in the consolidated financial statements of Portland, S.L. and the Corporación Uniland Group.

The accompanying consolidated balance sheet at 31 December 2011 discloses a working capital deficiency of EUR 623 million, EUR 463 million of which are contributed by the Cementos Portland Valderrivas Group due to the classification under "Current Liabilities" of the syndicated loans arranged in 2006 to finance the purchase of shares of Corporación Uniland, S.A. for an outstanding amount of EUR 988,550 thousand, because certain ratios had not been achieved at 31 December 2011. This financing is guaranteed by various companies in the aforementioned Group.

## CONSOLIDATED FINANCIAL STATEMENTS

This Group is also involved in a process to refinance its main loans which is expected to be concluded successfully in the first half of 2012 in order to align its debt servicing requirements with the funds that the Group is expected to generate in the current economic context. In this connection, the Group is finalising the preparation of a business plan for the 2012-2016 period to be submitted to the creditor banks as part of the aforementioned refinancing process. The sale of the subsidiary Giant Cement Holding, Inc. (see Note 4) that Group management and the directors expect to complete in the coming months will help the Group to face the refinancing process with greater guarantees of success.

The detail of the bank borrowings, by currency and amounts drawn down at 31 December 2011 and 2010, is as follows:

|  | Euros            | US dollar      | Pound sterling | Czech koruna  | Brazilian real | Other         | Total            |
|--|------------------|----------------|----------------|---------------|----------------|---------------|------------------|
| <b>2011</b>                              |                  |                |                |               |                |               |                  |
| Credit facilities and loans              | 5,875,967        | 165,734        | 127,670        | 30,116        | 13,489         | 60,983        | 6,273,959        |
| Limited recourse project financing loans | 1,045,881        | —              | 731,145        | —             | —              | 21,084        | 1,798,110        |
|  | <b>6,921,848</b> | <b>165,734</b> | <b>858,815</b> | <b>30,116</b> | <b>13,489</b>  | <b>82,067</b> | <b>8,072,069</b> |
| <b>2010</b>                              |                  |                |                |               |                |               |                  |
| Credit facilities and loans              | 5,498,862        | 343,916        | 148,340        | 33,488        | 7,064          | 52,045        | 6,083,715        |
| Limited recourse project financing loans | 1,644,593        | —              | 763,053        | —             | —              | 33,460        | 2,441,106        |
|  | <b>7,143,455</b> | <b>343,916</b> | <b>911,393</b> | <b>33,488</b> | <b>7,064</b>   | <b>85,505</b> | <b>8,524,821</b> |

The credit facilities and loans denominated in US dollars are being used mainly to finance assets in the Services area, such as the purchase of FCC Environmental LLC in 2008, in the Construction area in companies in Central America and in the Versia Group in the United States; those arranged in pounds sterling relate to the financing of the assets of the WRG Group (Waste Recycling Group Ltd) in the United Kingdom; and those arranged in Czech koruna are being used to finance the operations of SmVaK (Severomoravské Vodovody a Kanalizace Ostrava, A.S.) and the assets of the Alpine Bau Group in the Czech Republic.

The credit facilities and loans denominated in Brazilian reals and other currencies are being used to finance the assets of Cemusa in Brazil, the positions of the Alpine Bau Group and A.S.A. in currencies other than the euro in Eastern Europe and the operations of the Uniland Group in Tunisia.

With regard to the FCC Group's financing, besides the financing mentioned above of the Cementos Portland Valderrivas Group, it should be noted that certain ratios must be met concerning coverage of financial expenses and levels of net debt in relation to EBITDA. The ratios established were being met at year-end.

### c) Other non-current financial liabilities

|   | 2011           | 2010             |
|---|----------------|------------------|
| <b>Non-current</b>                            |                |                  |
| Obligations under finance leases              | 50,683         | 81,942           |
| Borrowings - non-Group third parties          | 35,146         | 162,446          |
| Liabilities relating to financial derivatives | 200,174        | 212,709          |
| Guarantees and deposits received              | 29,846         | 29,745           |
| Street furniture contract financing           | 556,569        | 563,589          |
| Other   | 5,845          | 16,675           |
|   | <b>878,263</b> | <b>1,067,106</b> |

Until 2010 "Borrowings - Non-Group Third Parties" in the above table included the purchase option granted by FCC Construcción, S.A. to a non-controlling interest in Alpine Holding GmbH. on 17% of its investment therein. In 2011 the non-controlling interest exercised part of the sale option which resulted in the FCC Group holding 86.5% of that Group. In parallel, also in 2011 it was resolved to exercise the remaining 13.5% in January 2012 and the amount was reclassified to "Other Current Liabilities" (see Note 21-d).

As regards "Liabilities Relating to Financial Derivatives", the detail of which is provided in Note 24 "Derivative Financial Instruments", the following is noteworthy: on the one hand, the EUR 42,789 thousand (2010: EUR 56,399 thousand) relating to the fair value of the put option on FCC treasury shares associated with the share option plan for executives and executive directors indicated in Note 19 and, on the other hand, the financial derivatives designated as hedging instruments, mainly interest rate swaps.

## CONSOLIDATED FINANCIAL STATEMENTS

"Street Furniture Contract Financing" includes the payment obligations acquired by the FCC Group due to the operating rights arising from the street furniture operating contracts (see Notes 2 and 7).

### d) Other current financial liabilities

|  | 2011           | 2010           |
|--|----------------|----------------|
| <b>Current</b>   |                |                |
| Obligations under finance leases                         | 45,316         | 72,152         |
| Interim dividend payable                                 | 80,820         | 89,950         |
| Borrowings - non-Group third parties                     | 59,504         | 19,706         |
| Payable to non-current asset suppliers and notes payable | 40,543         | 56,888         |
| Payable to associates and joint ventures                 | 27,127         | 17,483         |
| Liabilities relating to financial derivatives            | 14,055         | 13,378         |
| Guarantees and deposits received                         | 5,475          | 13,232         |
| Street furniture contract financing                      | 59,721         | 59,405         |
| Other  | 2,853          | 2,428          |
|  | <b>335,414</b> | <b>344,622</b> |

"Other Current Financial Liabilities" includes various payables, notably the Parent's interim dividends payable amounting to EUR 80,616 thousand in 2011 (2010: EUR 88,746 thousand) and EUR 52,560 thousand relating to the settlement agreed in relation to the sale option with a non-controlling interest in Alpine Holding GmbH, whereby that Group became wholly owned by the FCC Group. The aforementioned sale option was settled after the reporting period.

### e) Repayment schedule

The repayment schedule for the bank borrowings, debt instruments and other marketable securities and other non-current financial liabilities is as follows:

|  | 2013             | 2014             | 2015           | 2016           | 2017 and sub-sequent years | Total            |
|--|------------------|------------------|----------------|----------------|----------------------------|------------------|
| <b>2011</b>                                      |                  |                  |                |                |                            |                  |
| Debt instruments and other marketable securities | —                | 428,548          | 176,575        | 89,418         | —                          | 694,541          |
| Non-current bank borrowings                      | 2,146,998        | 1,023,975        | 102,463        | 48,674         | 265,394                    | 3,587,504        |
| Other financial liabilities                      | 201,756          | 115,992          | 60,776         | 61,936         | 437,803                    | 878,263          |
|  | <b>2,348,754</b> | <b>1,568,515</b> | <b>339,814</b> | <b>200,028</b> | <b>703,197</b>             | <b>5,160,308</b> |

### ▶ 22. OTHER NON-CURRENT LIABILITIES

The detail at 31 December 2011 and 2010 is as follows:

|   | 2011           | 2010          |
|---|----------------|---------------|
| Payable to public authorities - long-term deferrals | 111,332        | —             |
| Other non-current liabilities                       | 25,372         | 24,987        |
|   | <b>136,704</b> | <b>24,987</b> |

In 2011 the Large Taxpayers Central Office of the State Tax Agency and the Social Security General Treasury authorised deferral of the payment of certain taxes and social security contributions due to the delay in collection from public customers. The deferred amount is payable monthly up to a maximum of four years at an interest rate of 5% (see Note 15).

## CONSOLIDATED FINANCIAL STATEMENTS

### ▶ 23. TRADE AND OTHER PAYABLES

The detail of "Trade and Other Payables" in the consolidated balance sheet at 31 December 2011 and 2010 is as follows:

|   | 2011      | 2010      |
|---|-----------|-----------|
| Payable to suppliers                                      | 2,934,933 | 3,318,288 |
| Current tax liabilities                                   | 58,425    | 107,507   |
| Deferred payables to public authorities (Notes 15 and 22) | 71,503    | —         |
| Other accounts payable to public authorities              | 575,002   | 558,440   |
| Customer advances (Note 16)                               | 1,156,610 | 936,794   |
| Remuneration payable                                      | 193,761   | 193,613   |
| Other payables  | 587,180   | 548,326   |
|   | 5,577,414 | 5,662,968 |

In relation to the resolution issued by the Spanish Accounting and Audit Institute (ICAC) on 29 December 2010 implementing Law 15/2010, of 5 July, on combating late payment in commercial transactions, it should be noted with respect to 2011 that in Spain the Group operates mainly with public customers such as the state, autonomous communities, local corporations and other public bodies which take considerably longer to settle their payment obligations than the periods established in public sector contract legislation and in Law 3/2004, of 29 December, on combating late payment. The resulting effects can be seen under "Changes in Working Capital" in the accompanying consolidated statement of cash flows.

Due to this situation, in order to adapt the Group's financial policy to reasonable levels of efficiency, the usual payment periods to the suppliers in the sectors in which the Group operates were maintained throughout 2011, which has offset in part the negative change in working capital mentioned above. In accordance with the resolutions issued by the ICAC and Transitional Provisions Two and Three of Law 15/2010, of 5 July, which establish an applicable schedule of maximum payment periods at 31 December 2011, it should be noted that the average payment period to suppliers which is within the maximum period under the law is between 85 and 120 days, depending on whether suppliers and subcontractors related to construction agreements or other commercial transactions are involved.

The Group's supplier payment policy described above is also supported by the provisions of Article 9 of Law 3/2004, which does not consider "deferral due to objective reasons" to be abusive (which is the

serious delay in payment by the public authorities described above), taking into consideration deferrals arranged by mutual agreement with the suppliers of the usual payment period in the business sectors in which the Group operates. In any case, the Group acknowledges and pays suppliers, always by mutual agreement, the late-payment interest agreed in the agreements and provides those suppliers who request them, negotiable payment methods associated with actions for collection of a bill of exchange, and the discount costs, if any, are borne by the Group. Such agreements are also allowed under Directive 2011/7/EU of the European Parliament and of the Council of 16 February and are expressly provided for in the recent Consolidated Public Sector Contracts Law.

In compliance with the aforementioned ICAC resolution, the following table shows the payments made and the outstanding payments to suppliers of the companies exclusively resident in Spain.

| Payments made and outstanding payments at the reporting date         |                  |            |
|--|------------------|------------|
| 2011   |                  |            |
|  | Amount           | %          |
| Within the maximum payment period                                    | 1,459,587        | 43         |
| Other  | 1,918,694        | 57         |
| <b>Total payments of the year</b>                                    | <b>3,378,281</b> | <b>100</b> |
| <b>Weighted average period of late payment</b>                       | <b>89 days</b>   |            |
| Balance past due by more than the maximum payment period at year-end | 820,414          |            |

In 2010, in compliance with Transitional Provision Two of the aforementioned resolution, it was disclosed that the balance payable to suppliers at the end of that year, exclusively by the companies located in Spain, totalled EUR 2,056,041 thousand. It was also indicated that the aforementioned Law 15/2010 entered into force on 5 July 2010 and, accordingly, applied to the agreements signed after that date and because of the period of time that normally elapses

## CONSOLIDATED FINANCIAL STATEMENTS

between the signing, the delivery of the goods or service and the maximum payment periods valid during the transitional period of application of the law, there were no balances past due to highlight in the Group that exceeded the maximum limits established in the legislation in force.

### ► 24. DERIVATIVE FINANCIAL INSTRUMENTS

In general, the financial derivatives arranged by the FCC Group are treated, for accounting purposes, in accordance with the regulations on hedge accounting described in Note 3-p to these consolidated financial statements, i.e. they are transactions that hedge actual positions.

The main financial risk hedged by the FCC Group using derivatives relates to fluctuations in the floating interest rates to which the Group companies' financing is tied.

At 31 December 2011, the FCC Group had arranged interest rate hedging transactions totalling EUR 6,400,778 thousand (31 December 2010: EUR 6,249,680 thousand) mainly in the form of IRSs in which the Group companies, associates and joint ventures pay fixed interest rates and receive floating interest rates.

The detail of the cash flow hedges and the fair value thereof is as follows:

## CONSOLIDATED FINANCIAL STATEMENTS

|   | Type of derivative | Type of hedge | % hedged | Notional amount at 31/12/10 | Notional amount at 31/12/11 | Value at 31/12/10 | Value at 31/12/11 | Maturity   |
|---|--------------------|---------------|----------|-----------------------------|-----------------------------|-------------------|-------------------|------------|
| <b>Fully consolidated companies</b>                   |                    |               |          |                             |                             |                   |                   |            |
| Fomento de Construcciones y Contratas, S.A.           | IRS                | CF            | 100%     | 148,023                     | 129,113                     | (12,710)          | (9,248)           | 30/12/2013 |
|   | IRS                | CF            | 2%       | 13,539                      | 11,693                      | (786)             | (608)             | 30/12/2013 |
|   | IRS                | CF            | 20%      | 113,389                     | 97,929                      | (7,093)           | (5,408)           | 30/12/2013 |
|   | IRS                | CF            | 31%      | 172,622                     | 149,086                     | (11,155)          | (8,454)           | 30/12/2013 |
|   | IRS                | CF            | 17%      | 96,465                      | 83,313                      | (5,996)           | (4,577)           | 30/12/2013 |
|   | BASIS SWAP         | CF            |          | 105,000                     | —                           | 11                | —                 | 30/06/2011 |
|   | BASIS SWAP         | CF            |          | 245,000                     | —                           | 43                | —                 | 30/06/2011 |
|   | BASIS SWAP         | CF            |          | 26,998                      | —                           | 1                 | —                 | 30/06/2011 |
|   | BASIS SWAP         | CF            |          | 46,016                      | —                           | 8                 | —                 | 30/06/2011 |
|   | BASIS SWAP         | CF            |          | —                           | 200,000                     | —                 | (994)             | 29/06/2012 |
|   | BASIS SWAP         | CF            |          | —                           | 50,000                      | —                 | (238)             | 29/06/2012 |
|   | BASIS SWAP         | CF            |          | —                           | 92,020                      | —                 | (454)             | 29/06/2012 |
|   | IRS                | CF            | 100%     | —                           | 24,733                      | —                 | 70                | 10/10/2013 |
|   | IRS                | CF            | 95%      | —                           | 1,225,000                   | —                 | (28,541)          | 08/05/2014 |
|   | IRS                | CF            | 38%      | 9,918                       | 6,037                       | 166               | (693)             | 02/04/2024 |
|   | IRS                | CF            | 19%      | 4,959                       | 3,019                       | 83                | (347)             | 02/04/2024 |
|   | IRS                | CF            | 12%      | 3,178                       | 1,934                       | 53                | (222)             | 02/04/2024 |
|   | IRS                | CF            | 12%      | 2,799                       | 1,704                       | 47                | (196)             | 02/04/2024 |
| Azincourt Investment, S.L.                            | IRS                | CF            | 15%      | 99,630                      | 94,234                      | (9,291)           | (7,170)           | 31/12/2013 |
|   | IRS                | CF            | 15%      | 99,630                      | 94,234                      | (9,291)           | (7,170)           | 31/12/2013 |
|   | IRS                | CF            | 15%      | 99,630                      | 94,234                      | (9,291)           | (7,170)           | 31/12/2013 |
|   | IRS                | CF            | 14%      | 87,441                      | 82,705                      | (8,154)           | (6,293)           | 31/12/2013 |
| WRG -RE3  | IRS                | CF            | 82%      | 36,748                      | 35,882                      | (2,628)           | (8,057)           | 30/09/2029 |
| Kent  | IRS                | CF            | 37%      | 52,797                      | 51,177                      | (7,497)           | (11,700)          | 31/03/2027 |
|   | IRS                | CF            | 16%      | 22,627                      | 21,933                      | (3,213)           | (5,014)           | 31/03/2027 |
|   | IRS                | CF            | 27%      | 38,760                      | 36,555                      | (5,355)           | (8,357)           | 31/03/2027 |
| WRG - Lincolnshire                                    | Currency forward   | CF            | 100%     | —                           | 63,077                      | —                 | (2,376)           | 21/03/2014 |
| WRG – WREXHAM   | IRS                | CF            | 100%     | 27,657                      | 27,465                      | (6,128)           | (8,471)           | 30/09/2032 |
| Depurplan 11, S.A.                                    | IRS                | CF            | 65%      | 8,280                       | 7,825                       | (901)             | (1,305)           | 01/12/2025 |
| Ecodeal-Gestao Integral de Residuos Industriais, S.A. | IRS                | CF            | 80%      | 11,337                      | 9,912                       | (769)             | (835)             | 15/12/2017 |
| Autovía Conquense, S.A.                               | IRS                | CF            | 100%     | 43,246                      | 42,111                      | (4,447)           | (3,085)           | 30/06/2024 |
|   | IRS                | CF            | 100%     | 21,623                      | 21,055                      | (2,224)           | (3,085)           | 28/06/2024 |

## CONSOLIDATED FINANCIAL STATEMENTS

|   | Type of derivative | Type of hedge | % hedged | Notional amount at 31/12/10 | Notional amount at 31/12/11 | Value at a 31/12/10 | Value at a 31/12/11 | Maturity   |
|---|--------------------|---------------|----------|-----------------------------|-----------------------------|---------------------|---------------------|------------|
| Aqualia Czech, S.L.   | Forward IRS        | CF            | 17%      | 13,036                      | 11,136                      | (869)               | (467)               | 15/05/2015 |
|   | Forward IRS        | CF            | 12%      | 8,691                       | 7,424                       | (205)               | (312)               | 15/05/2015 |
|   | Forward IRS        | CF            | 11%      | 8,147                       | 6,960                       | (192)               | (292)               | 15/05/2015 |
|   | Forward IRS        | CF            | 7%       | 5,432                       | 4,640                       | (128)               | (195)               | 15/05/2015 |
|   | Forward IRS        | CF            | 3%       | 2,067                       | 29                          | (3)                 | (3)                 | 15/05/2015 |
|   | Forward IRS        | CF            | —        | —                           | 859                         | —                   | (109)               | 15/05/2015 |
| Alpine  | IRS                | CF            | 43%      | 85,714                      | 85,714                      | 1,834               | (681)               | 31/12/2014 |
|   | IRS                | CF            | 29%      | —                           | 57,143                      | —                   | (490)               | 31/05/2013 |
|   | IRS                | CF            | 13%      | —                           | 20,000                      | —                   | (366)               | 29/11/2013 |
|   | IRS                | CF            | 25%      | —                           | 40,000                      | —                   | (687)               | 29/11/2013 |
|   | IRS                | CF            | 25%      | —                           | 40,000                      | —                   | (659)               | 29/11/2013 |
|   | IRS                | CF            | 38%      | —                           | 60,000                      | —                   | (1,094)             | 29/11/2013 |
|   | Currency forward   | CF            | 100%     | 1,664                       | —                           | (11)                | —                   | 31/03/2011 |
|   | Currency forward   | CF            | 100%     | —                           | 39,720                      | —                   | (66)                | 14/02/2012 |
|   | Currency forward   | CF            | 100%     | —                           | 40,932                      | —                   | 239                 | 09/07/2012 |
|   | Currency forward   | CF            | 100%     | —                           | 6,488                       | —                   | (113)               | 08/03/2012 |
|   | Currency forward   | CF            | 100%     | —                           | 1,623                       | —                   | (6)                 | 29/02/2012 |
| Sociedad Concesionaria del Túnel de Coatzacoalcos, S.A. de C.V. | IRS                | CF            | 100%     | 42,724                      | 37,685                      | (3,464)             | (2,922)             | 10/06/2014 |
| Integraciones Ambientales de Cantabria, S.A.                    | IRS                | CF            | 67%      | —                           | 8,329                       | —                   | (1,027)             | 21/12/2022 |
| Dédalo Patrimonial  | IRS                | CF            | 69%      | —                           | 54,412                      | —                   | 122                 | 10/10/2013 |
| Cementos Portland Valderrivas, S.A.                             | IRS                | CF            | 14%      | 15,000                      | 11,667                      | (129)               | (32)                | 15/07/2012 |
|   | IRS                | CF            | 14%      | 15,000                      | 11,667                      | (129)               | (32)                | 15/07/2012 |
|   | IRS                | CF            | 14%      | 15,000                      | 11,667                      | (129)               | (32)                | 15/07/2012 |
|   | IRS                | CF            | 100%     | 150,000                     | —                           | (656)               | —                   | 22/02/2011 |
|   | IRS                | CF            | 60%      | 337,527                     | —                           | (4,084)             | —                   | 15/07/2011 |
|   | BASIS SWAP         | CF            | —        | 439,636                     | —                           | (6)                 | —                   | 15/07/2011 |
|   | IRS                | CFF           | —        | 57,109                      | —                           | 50                  | —                   | 15/07/2011 |
|   | BASIS SWAP         | CF            | —        | 150,000                     | —                           | (124)               | —                   | 22/02/2011 |
|   | IRS                | CF            | 60%      | —                           | 81,000                      | —                   | (1,049)             | 22/02/2014 |
|   | BASIS SWAP         | CF            | 60%      | —                           | 81,000                      | —                   | (98)                | 22/02/2012 |
| BASIS SWAP  | CF                 | 60%           | —        | 27,000                      | —                           | (24)                | 22/02/2012          |            |
| IRS   | CF                 | 60%           | —        | 27,000                      | —                           | (99)                | 24/02/2014          |            |
| Portland, S.L.  | IRS                | CF            | 12%      | 84,473                      | 79,173                      | (2,826)             | (933)               | 15/07/2012 |
|   | IRS                | CF            | 6%       | 45,485                      | 42,632                      | (1,535)             | (507)               | 15/07/2012 |
|   | IRS                | CF            | 12%      | 84,473                      | 79,173                      | (2,826)             | (933)               | 15/07/2012 |
|   | IRS                | CF            | 6%       | 45,485                      | 42,632                      | (1,535)             | (507)               | 15/07/2012 |
|   | IRS                | CF            | 12%      | 84,473                      | 79,173                      | (2,826)             | (933)               | 15/07/2012 |
|   | IRS                | CF            | 6%       | 45,485                      | 42,632                      | (1,535)             | (507)               | 15/07/2012 |

## CONSOLIDATED FINANCIAL STATEMENTS

|   | Type of derivative | Type of hedge | % hedged | Notional amount at 31/12/10 | Notional amount at 31/12/11 | Value at a 31/12/10 | Value at a 31/12/11 | Maturity   |
|---|--------------------|---------------|----------|-----------------------------|-----------------------------|---------------------|---------------------|------------|
|   | IRS                | CF            | 6%       | 42,236                      | 39,587                      | (1,413)             | (466)               | 15/07/2012 |
|   | IRS                | CF            | 3%       | 22,743                      | 21,316                      | (767)               | (253)               | 15/07/2012 |
|   | IRS                | CF            | 6%       | 42,236                      | 39,587                      | (1,413)             | (466)               | 15/07/2012 |
|   | IRS                | CF            | 3%       | 22,743                      | 21,316                      | (767)               | (253)               | 15/07/2012 |
| Cementos Lemona, S.A.                                     | IRS                | CF            | 50%      | 2,400                       | 800                         | (60)                | (7)                 | 01/06/2012 |
|   | IRS                | CF            | 50%      | 2,475                       | 825                         | (68)                | (9)                 | 14/06/2012 |
|   | IRS                | CF            | 70%      | 1,313                       | 3,150                       | (34)                | (132)               | 15/04/2016 |
| Uniland Cementera, S.A.                                   | Currency forward   | CF            |          | —                           | 3,955                       | —                   | (151)               | 10/10/2013 |
| Olivento  | IRS                | CF            | 7%       | 32,081                      | 30,275                      | (945)               | (2,591)             | 31/12/2024 |
|   | IRS                | CF            | 9%       | 39,600                      | 37,371                      | (1,167)             | (3,199)             | 31/12/2024 |
|   | IRS                | CF            | 16%      | 69,283                      | 65,383                      | (2,048)             | (5,596)             | 31/12/2024 |
|   | IRS                | CF            | 6%       | 27,569                      | 26,017                      | (815)               | (2,227)             | 31/12/2024 |
|   | IRS                | CF            | 7%       | 32,081                      | 30,275                      | (948)               | (2,591)             | 31/12/2024 |
|   | IRS                | CF            | 9%       | 37,202                      | 35,108                      | (1,100)             | (3,005)             | 31/12/2024 |
|   | IRS                | CF            | 6%       | 25,798                      | 24,346                      | (760)               | (2,084)             | 31/12/2024 |
|   | IRS                | CF            | 7%       | 32,081                      | 30,275                      | (948)               | (2,591)             | 31/12/2024 |
|   | IRS                | CF            | 9%       | 37,202                      | 35,108                      | (1,096)             | (3,005)             | 31/12/2024 |
| Torre Picasso   | IRS                | CF            | 89%      | 200,000                     | —                           | (5,218)             | —                   | 18/12/2014 |
| Helios Patrimonial 1, S.L. and Helios Patrimonial 2, S.L. | IRS                | CF            | 13%      | 14,900                      | —                           | 495                 | —                   | 22/12/2023 |
|   | IRS                | CF            | 13%      | 14,900                      | —                           | 526                 | —                   | 22/12/2023 |
|   | IRS                | CF            | 27%      | 29,832                      | —                           | 1,022               | —                   | 22/12/2023 |
|   | IRS                | CF            | 27%      | 29,832                      | —                           | 1,053               | —                   | 22/12/2023 |
| Guzmán Energía, S.L.                                      | IRS                | CF            | 85%      | —                           | 38,972                      | —                   | (9,335)             | 01/04/2031 |
|   | IRS                | CF            | 85%      | —                           | 64,954                      | —                   | (15,521)            | 31/03/2031 |
|   | IRS                | CF            | 85%      | —                           | 25,981                      | —                   | (6,224)             | 01/04/2031 |
| Giant Cement Holding, Inc.                                | IRS                | CF            | 100%     | 72,156                      | 73,310                      | (7,793)             | (4,460)             | 22/05/2013 |
|   | IRS                | CF            | 26%      | 33,886                      | 28,984                      | (2,937)             | (2,438)             | 05/10/2014 |
|   | IRS                | CF            | 26%      | 33,886                      | 28,984                      | (2,937)             | (2,438)             | 05/10/2014 |
| <b>Total fully consolidated companies</b>                 |                    |               |          | <b>4,272,368</b>            | <b>4,603,369</b>            | <b>(157,983)</b>    | <b>(223,854)</b>    |            |
| <b>Companies accounted for using the equity method</b>    |                    |               |          |                             |                             |                     |                     |            |
| Tramvia Metropolitana, S.A.                               | IRS                | CF            | 56%      | 8,341                       | 8,044                       | (1,649)             | (2,018)             | 31/10/2023 |
|   | IRS                | CF            | 24%      | 3,575                       | 3,447                       | (706)               | (863)               | 31/10/2023 |

## CONSOLIDATED FINANCIAL STATEMENTS

|   | Type of derivative | Type of hedge | % hedged | Notional amount at 31/12/10 | Notional amount at 31/12/11 | Value at 31/12/10 | Value at 31/12/11 | Maturity   |
|---|--------------------|---------------|----------|-----------------------------|-----------------------------|-------------------|-------------------|------------|
| Tramvia Metropolità del Besòs, S.A.               | IRS                | CF            | 64%      | 10,544                      | 10,031                      | (1,535)           | (1,983)           | 30/06/2023 |
|   | IRS                | CF            | 16%      | 2,636                       | 2,508                       | (384)             | (496)             | 30/06/2023 |
| Cedinsa Eix del Llobregat, S.A.                   | IRS                | CF            | 70%      | 40,898                      | 50,288                      | (2,002)           | (8,291)           | 01/05/2033 |
| Urbs Iudex et Causidicus, S.A.                    | IRS                | CF            | 100%     | 75,811                      | 74,901                      | (30,161)          | (41,135)          | 30/12/2033 |
| Cedinsa d'Aro, S.A.                               | IRS                | CF            | 100%     | 8,351                       | 10,183                      | (913)             | (2,310)           | 03/01/2033 |
| Ibisan Sociedad Concesionaria, S.A.               | IRS                | CF            |          | 28,136                      | 27,428                      | (1,782)           | (4,252)           | 31/12/2027 |
| Suministro de Aguas de Querétaro, S.A. de C.V.    | CAP                | CF            | 100%     | 30,066                      | —                           | —                 | —                 | 20/01/2011 |
| Nova Bocana Barcelona, S.A.                       | IRS                | CF            | 17%      | 5,491                       | 5,355                       | (621)             | (985)             | 30/06/2025 |
|   | IRS                | CF            | 33%      | 10,983                      | 10,710                      | (1,240)           | (1,970)           | 30/06/2025 |
| Betearte, S.A.U.                                  | IRS                | CF            | 33%      | 1,826                       | 1,621                       | (173)             | (178)             | 06/02/2018 |
| Nihg South West Health Partnership Limited        | IRS                | CF            | 33%      | 28,443                      | 35,690                      | (1,947)           | (6,301)           | 19/05/2039 |
|   | IRS                | CF            | 33%      | 28,443                      | 35,690                      | (1,947)           | (6,301)           | 19/05/2039 |
|   | IRS                | CF            | 33%      | 28,443                      | 35,690                      | (1,947)           | (6,301)           | 19/05/2039 |
|   | CAP                | CF            | 18%      | 20,571                      | 21,018                      | —                 | —                 | 31/03/2014 |
|   | CAP                | CF            | 18%      | 20,571                      | 21,018                      | —                 | —                 | 31/03/2014 |
|   | Swap de Inflación  | CF            | 50%      | 866                         | 883                         | (2,781)           | (3,069)           | 31/03/2039 |
| Swap de Inflación                                 | CF                 | 50%           | 866      | 883                         | (2,781)                     | (3,069)           | 31/03/2039        |            |
| Cedinsa Ter Concesionaria de la Generalitat, S.A. | IRS                | CF            | 32%      | 22,613                      | 28,267                      | (658)             | (1,573)           | 31/12/2014 |
|   | IRS                | CF            | 7%       | 4,947                       | 6,183                       | (144)             | (344)             | 31/12/2014 |
|   | IRS                | CF            | 14%      | 9,611                       | 12,013                      | (280)             | (668)             | 31/12/2014 |
|   | IRS                | CF            | 7%       | 4,947                       | 6,183                       | (144)             | (344)             | 31/12/2014 |
|   | IRS                | CF            | 14%      | 9,921                       | 12,402                      | (289)             | (690)             | 31/12/2014 |
| Concessió Estacions Aeroport L9                   | IRS                | CF            | 9%       | 42,475                      | 42,436                      | (75)              | (145)             | 23/09/2012 |
|   | IRS                | CF            | 3%       | 13,521                      | 13,508                      | (24)              | (46)              | 23/09/2012 |
|   | IRS                | CF            | 3%       | 14,674                      | 14,660                      | (26)              | (50)              | 23/09/2012 |
|   | IRS                | CF            | 3%       | 13,746                      | 13,733                      | (24)              | (47)              | 23/09/2012 |
|   | IRS                | CF            | 3%       | 5,757                       | 5,752                       | (10)              | (20)              | 23/09/2012 |
|   | IRS                | CF            | 3%       | 5,757                       | 3,588                       | (6)               | (12)              | 23/09/2012 |
|   | IRS                | CF            | 36%      | 169,899                     | 169,743                     | 1,140             | (21,966)          | 23/12/2033 |
|   | IRS                | CF            | 12%      | 54,083                      | 54,033                      | 363               | (6,992)           | 23/12/2033 |
|   | IRS                | CF            | 13%      | 58,696                      | 58,642                      | 394               | (7,589)           | 23/12/2033 |
|   | IRS                | CF            | 12%      | 54,983                      | 54,932                      | 369               | (7,109)           | 23/12/2033 |

## CONSOLIDATED FINANCIAL STATEMENTS

|  | Type of derivative | Type of hedge | % hedged | Notional amount at 31/12/10 | Notional amount at 31/12/11 | Value at a 31/12/10 | Value at a 31/12/11 | Maturity   |
|--|--------------------|---------------|----------|-----------------------------|-----------------------------|---------------------|---------------------|------------|
|  | IRS                | CF            | 12%      | 23,028                      | 23,007                      | 154                 | (2,977)             | 23/12/2033 |
|  | IRS                | CF            | 13%      | 23,028                      | 14,351                      | 96                  | (1,857)             | 23/12/2033 |
| Sociedad Concesionaria Tranvía de Murcia, S.A.                             | IRS                | CF            | 34%      | 19,856                      | —                           | (4)                 | —                   | 31/03/2011 |
|  | IRS                | CF            | 25%      | 14,894                      | —                           | (3)                 | —                   | 31/03/2011 |
|  | IRS                | CF            | 42%      | 24,825                      | —                           | (5)                 | —                   | 31/03/2011 |
| Concesionaria Atención Primaria, S.A.                                      | IRS                | CF            | 75%      | 3,767                       | 3,767                       | (7)                 | (140)               | 20/12/2018 |
| Atlántica de Graneles y Moliendas, S.A.                                    | IRS                | CF            | 100%     | 219                         | —                           | (2)                 | —                   | 02/06/2011 |
|  | IRS                | CF            | 100%     | 219                         | —                           | (2)                 | —                   | 02/06/2011 |
|  | IRS                | CF            | 100%     | 219                         | —                           | (2)                 | —                   | 02/06/2011 |
|  | IRS                | CF            | 100%     | 219                         | —                           | (2)                 | —                   | 02/06/2011 |
| Autopista Central Galega Sociedad Concesionaria Española, S.A. Unipersonal | IRS                | CF            |          | 42,187                      | 42,187                      | (3,203)             | (2,440)             | 31/07/2013 |
|  | IRS                | CF            |          | 25,312                      | 25,312                      | (1,922)             | (1,464)             | 31/07/2013 |
| Phunciona Gestión Hospitalaria, S.A. (Hospital del Sureste, S.A.)          | IRS                | CF            |          | 14,225                      | 13,836                      | (597)               | (2,027)             | 31/12/2032 |
|  | IRS                | CF            |          | 13,738                      | 1,883                       | (299)               | (316)               | 31/12/2032 |
| Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra               | COLLAR             | CF            |          | 8,865                       | 6,542                       | (637)               | (1,048)             | 20/07/2022 |
| Tranvía de Parla, S.A.   | IRS                | CF            |          | 26,010                      | 24,397                      | (2,739)             | (4,285)             | 30/12/2022 |
| Concesiones de Madrid, S.A.  | IRS                | CF            |          | 33,555                      | 32,521                      | (1,976)             | (1,697)             | 15/12/2013 |
| Terminal Polivalente de Castellón, S.A.                                    | IRS                | CF            |          | 6,537                       | 6,436                       | (676)               | (894)               | 15/01/2018 |
|  | IRS                | CF            |          | 3,268                       | 3,218                       | (338)               | (447)               | 15/01/2018 |
| Compañía Concesionaria del Túnel de Sóller, S.A.                           | IRS                | CF            |          | 5,173                       | 4,773                       | (167)               | (305)               | 30/06/2018 |
|  | IRS                | CF            |          | 5,173                       | 4,773                       | (168)               | (305)               | 30/06/2018 |
| Metro Barajas Sociedad Concesionaria, S.A.                                 | IRS                | CF            |          | 7,595                       | 7,483                       | (93)                | (717)               | 24/06/2024 |
| Autopista de la Costa Cálida Concesionaria Española de Autopistas, S.A.    | IRS                | CF            |          | 20,109                      | 20,109                      | (889)               | (508)               | 15/12/2012 |
|  | IRS                | CF            |          | 20,109                      | 20,109                      | (889)               | (508)               | 15/12/2012 |
| Madrid 407 Sociedad Concesionaria, S.A.                                    | IRS                | CF            |          | 11,589                      | 11,586                      | (1,700)             | (3,255)             | 10/07/2033 |
| N6 (Concession) Limited  | IRS                | CF            |          | 6,405                       | 2,486                       | (249)               | (67)                | 30/06/2013 |
|  | IRS                | CF            |          | 4,257                       | 3,963                       | (364)               | (593)               | 30/06/2034 |

## CONSOLIDATED FINANCIAL STATEMENTS

|   | Type of derivative | Type of hedge | % hedged | Notional amount at 31/12/10 | Notional amount at 31/12/11 | Value at a 31/12/10 | Value at a 31/12/11 | Maturity   |
|---|--------------------|---------------|----------|-----------------------------|-----------------------------|---------------------|---------------------|------------|
|   | IRS                | CF            |          | 373                         | 347                         | (33)                | (53)                | 30/06/2034 |
|   | IRS                | CF            |          | 4,805                       | 1,865                       | (195)               | (55)                | 28/06/2013 |
|   | IRS                | CF            |          | 3,193                       | 2,973                       | (270)               | (447)               | 30/06/2034 |
|   | IRS                | CF            |          | 280                         | 260                         | (24)                | (40)                | 30/06/2034 |
|   | IRS                | CF            |          | 6,407                       | 2,487                       | (261)               | (74)                | 28/06/2013 |
|   | IRS                | CF            |          | 4,258                       | 3,964                       | (359)               | (596)               | 30/06/2034 |
|   | IRS                | CF            |          | 373                         | 347                         | (31)                | (52)                | 30/06/2034 |
|   | IRS                | CF            |          | 6,407                       | 2,487                       | (247)               | (67)                | 28/06/2013 |
|   | IRS                | CF            |          | 4,258                       | 3,964                       | (350)               | (584)               | 30/06/2034 |
|   | IRS                | CF            |          | 373                         | 347                         | (31)                | (52)                | 30/06/2034 |
| Ruta de los Pantanos, S.A.                              | IRS                | CF            |          | 17,137                      | —                           | (2,267)             | —                   | 02/01/2018 |
| Autovía del Camino, S.A.                                | SWAP INFLACIÓN     | CF            |          | 5,487                       | —                           | 9,131               | —                   | 15/12/2027 |
|   | IRS                | CF            |          | 27,838                      | —                           | (5,076)             | —                   | 15/12/2027 |
|   | IRS                | CF            |          | 17,118                      | —                           | (2,863)             | —                   | 15/12/2024 |
|   | IRS                | CF            |          | 17,003                      | —                           | (186)               | —                   | 16/12/2030 |
| Portsur Castellón, S.A.                                 | IRS                | CF            |          | 4,466                       | —                           | (538)               | —                   | 31/10/2011 |
| M50 (Concession) Limited                                | IRS                | CF            |          | 6,109                       | 6,107                       | (1,135)             | (2,130)             | 28/03/2040 |
|   | IRS                | CF            |          | 6,109                       | 6,107                       | (1,196)             | (2,194)             | 28/03/2040 |
|   | IRS                | CF            |          | 6,109                       | 6,107                       | (1,195)             | (2,195)             | 28/03/2040 |
|   | IRS                | CF            |          | 6,109                       | 6,107                       | (1,195)             | (2,195)             | 28/03/2040 |
| Autopistas del Sol, S.A.                                | IRS                | CF            |          | 33,734                      | 34,248                      | (4,865)             | (8,260)             | 30/11/2023 |
| Concesionaria Hospital Son Dureta, S.A.                 | IRS                | CF            |          | 16,108                      | 16,108                      | (2,399)             | (4,408)             | 25/07/2029 |
|   | IRS                | CF            |          | 16,108                      | 16,108                      | (2,392)             | (4,408)             | 25/07/2029 |
| Autovía Necaxa - Tihuatlan, S.A. de C.V.                | IRS                | CF            |          | 28,907                      | 25,934                      | (4,688)             | (4,909)             | 06/12/2027 |
|   | IRS                | CF            |          | 28,454                      | 25,171                      | (4,550)             | (4,765)             | 06/12/2027 |
|   | IRS                | CF            |          | 28,057                      | 25,171                      | (4,550)             | (4,765)             | 06/12/2027 |
| Scutvias-Autoestradas da Beira Interior, S.A.           | IRS                | CF            |          | 12,140                      | 10,977                      | (1,934)             | (1,914)             | 04/10/2018 |
|   | IRS                | CF            |          | 7,587                       | 6,861                       | (1,208)             | (1,195)             | 04/10/2018 |
|   | IRS                | CF            |          | 7,587                       | 6,861                       | (1,208)             | (1,195)             | 04/10/2018 |
|   | IRS                | CF            |          | 3,035                       | 2,744                       | (486)               | (480)               | 04/10/2018 |
| Aeropuerto de Castellón                                 | IRS                | CF            |          | 5,605                       | 5,431                       | (498)               | (742)               | 30/09/2019 |
| Auto-Estradas XXI - Subconcesionaria Transmontana, S.A. | IRS                | CF            |          | 23,769                      | 21,276                      | (1,528)             | (3,745)             | 31/12/2029 |
|   | IRS                | CF            |          | 8,665                       | 7,747                       | (556)               | (1,364)             | 31/12/2029 |

## CONSOLIDATED FINANCIAL STATEMENTS

|   | Type of derivative | Type of hedge | % hedged | Notional amount at 31/12/10 | Notional amount at 31/12/11 | Value at a 31/12/10 | Value at a 31/12/11 | Maturity   |
|---|--------------------|---------------|----------|-----------------------------|-----------------------------|---------------------|---------------------|------------|
|   | IRS                | CF            |          | 15,340                      | 13,731                      | (986)               | (2,417)             | 31/12/2029 |
|   | IRS                | CF            |          | 23,769                      | 21,276                      | (1,528)             | (3,745)             | 31/12/2029 |
|   | IRS                | CF            |          | 23,769                      | 21,276                      | (1,528)             | (3,745)             | 31/12/2029 |
|   | IRS                | CF            |          | 22,601                      | 20,231                      | (1,452)             | (3,561)             | 31/12/2029 |
|   | IRS                | CF            |          | 12,875                      | 11,525                      | (827)               | (2,029)             | 31/12/2029 |
| Ciralsa Sociedad Anónima Concesionaria del Estado           | IRS                | CF            |          | 7,083                       | 7,083                       | (331)               | (1,122)             | 30/12/2024 |
|   | IRS                | CF            |          | 7,083                       | 7,083                       | (331)               | (1,122)             | 30/12/2024 |
|   | IRS                | CF            |          | 7,083                       | 7,083                       | (333)               | (1,122)             | 30/12/2024 |
| Metros Ligeros de Madrid                                    | IRS                | CF            |          | —                           | 17,830                      | —                   | (5,086)             | 30/06/2034 |
|   | IRS                | CF            |          | —                           | 18,454                      | —                   | (4,145)             | 31/12/2026 |
|   | IRS                | CF            |          | —                           | 2,664                       | —                   | (760)               | 30/06/2034 |
| Realia Patrimonio, S.L.U.                                   | IRS                | CF            |          | 8,064                       | 15,568                      | (734)               | (1,356)             | 30/06/2014 |
|   | IRS                | CF            |          | 8,064                       | 15,568                      | (732)               | (1,356)             | 30/06/2014 |
|   | IRS                | CF            |          | 16,128                      | 15,568                      | (1,403)             | (1,421)             | 30/06/2014 |
|   | IRS                | CF            |          | 16,128                      | 15,568                      | (1,495)             | (1,421)             | 30/06/2014 |
|   | IRS                | CF            |          | 16,128                      | 15,568                      | (1,495)             | (1,421)             | 30/06/2014 |
|   | IRS                | CF            |          | 16,128                      | 15,568                      | (1,463)             | (1,421)             | 30/06/2014 |
|   | IRS                | CF            |          | 8,064                       | 15,568                      | (748)               | (1,398)             | 30/06/2014 |
|   | IRS                | CF            |          | 8,064                       | 15,568                      | (734)               | (1,398)             | 30/06/2014 |
|   | IRS                | CF            |          | 16,128                      | 7,784                       | (1,403)             | (710)               | 30/06/2014 |
|   | IRS                | CF            |          | 16,128                      | 7,784                       | (1,495)             | (710)               | 30/06/2014 |
|   | IRS                | CF            |          | 16,128                      | 7,784                       | (1,495)             | (701)               | 30/06/2014 |
|   | IRS                | CF            |          | 16,128                      | 7,784                       | (1,463)             | (701)               | 30/06/2014 |
|   | IRS                | CF            |          | 8,064                       | 7,784                       | (748)               | (701)               | 30/06/2014 |
|   | IRS                | CF            |          | 8,064                       | 7,784                       | (734)               | (701)               | 30/06/2014 |
|   | IRS                | CF            |          | 8,064                       | 7,784                       | (734)               | (699)               | 30/06/2014 |
|   | IRS                | CF            |          | 8,064                       | 7,784                       | (732)               | (699)               | 30/06/2014 |
| Société d'Investissements Immobiliers Cotée (SIIC) de Paris | IRS                | CF            |          | 7,798                       | 14,929                      | (718)               | (1,301)             | 30/06/2014 |
|   | IRS                | CF            |          | 7,798                       | 14,929                      | (705)               | (1,301)             | 30/06/2014 |
|   | IRS                | CF            |          | 15,595                      | 14,929                      | (1,436)             | (1,363)             | 30/06/2014 |
|   | IRS                | CF            |          | 15,595                      | 14,929                      | (1,348)             | (1,363)             | 30/06/2014 |
|   | IRS                | CF            |          | 15,595                      | 7,465                       | (1,348)             | (681)               | 30/06/2014 |
|   | IRS                | CF            |          | 15,595                      | 7,465                       | (1,436)             | (681)               | 30/06/2014 |
|   | IRS                | CF            |          | 7,798                       | 7,465                       | (718)               | (672)               | 30/06/2014 |
|   | IRS                | CF            |          | 7,798                       | 7,465                       | (705)               | (672)               | 30/06/2014 |
| Hermanos Revilla, S.A.                                      | IRS                | CF            |          | 1,761                       | 473                         | (41)                | (3)                 | 16/01/2012 |
| Total equity method   |                    |               |          | 1,977,312                   | 1,797,409                   | (141,228)           | (269,556)           |            |

## CONSOLIDATED FINANCIAL STATEMENTS

The detail, by maturity, of the notional amount of the hedging transactions arranged at 31 December 2011 is as follows:

|  | 2012             | Notional maturity<br>2013 | 2014           | 2015          | 2016 and<br>subsequent years |
|--|------------------|---------------------------|----------------|---------------|------------------------------|
| <b>Fully consolidated companies</b>                        | <b>1,348,915</b> | <b>1,786,849</b>          | <b>857,591</b> | <b>56,540</b> | <b>553,474</b>               |
| <b>Companies accounted for<br/>using the equity method</b> | <b>214,488</b>   | <b>169,906</b>            | <b>395,428</b> | <b>25,665</b> | <b>991,922</b>               |

The detail of the financial derivatives arranged by the Company for hedging purposes, but which do not qualify for hedge accounting, is as follows:

|  | Type of<br>derivative | Type of<br>hedge | Notional<br>amount<br>at 31/12/10 | Notional<br>amount<br>at 31/12/11 | Value at<br>31/12/10 | Value at<br>31/12/11 | Maturity   |
|--|-----------------------|------------------|-----------------------------------|-----------------------------------|----------------------|----------------------|------------|
| <b>Fully consolidated companies</b>                    |                       |                  |                                   |                                   |                      |                      |            |
| A.S.A. Abfall Service Zistersdorf GmbH                 | COLLAR                | SP               | 70,667                            | 65,333                            | (6,426)              | (8,631)              | 28/03/2024 |
| Autovía Conquense, S.A.                                | IRS                   | SP               | —                                 | 42,111                            | —                    | (2,395)              | 30/06/2024 |
|  | IRS                   | SP               | —                                 | 21,055                            | —                    | (2,395)              | 28/06/2024 |
| Hermeriel, S.A.  | IRS                   | SP               | —                                 | 1,500                             | —                    | (101)                | 01/03/2014 |
|  | IRS                   | SP               | —                                 | 200                               | —                    | 2                    | 10/05/2012 |
| Total fully consolidated companies                     |                       |                  | 70,667                            | 130,199                           | (6,426)              | (13,520)             |            |
| <b>Companies accounted for using the equity method</b> |                       |                  |                                   |                                   |                      |                      |            |
| Zabalgardi, S.A.                                       | BARRIER SWAP          | SP               | 3,000                             | 3,000                             | (263)                | (226)                | 26/01/2014 |
|  | COLLAR                | SP               | 4,500                             | 4,500                             | (428)                | (355)                | 27/01/2014 |
| Suministro de Aguas de Querétaro, S.A. de C.V.         | CAP                   | SP               | 473                               | —                                 | —                    | —                    | 20/01/2011 |
| Nihg South West Health Partnership Limited             | CAP                   | SP               | 20,571                            | 21,018                            | 55                   | 1                    | 31/03/2014 |
|  | CAP                   | SP               | 20,571                            | 21,018                            | 56                   | 1                    | 31/03/2014 |
| Total equity method                                    |                       |                  | 49,115                            | 49,536                            | (580)                | (579)                |            |

## CONSOLIDATED FINANCIAL STATEMENTS

Following is a detail, by maturity, of the notional amount hedged by derivatives that do not qualify for hedge accounting:

|  | Notional maturity |              |               |              |                           |
|--|-------------------|--------------|---------------|--------------|---------------------------|
|  | 2012              | 2013         | 2014          | 2015         | 2016 and subsequent years |
| <b>Fully consolidated companies</b>                    | <b>5,347</b>      | <b>7,281</b> | <b>6,864</b>  | <b>6,656</b> | <b>104,051</b>            |
| <b>Companies accounted for using the equity method</b> | <b>—</b>          | <b>—</b>     | <b>49,536</b> | <b>—</b>     | <b>—</b>                  |

The following table relates to the fair value of the put options on treasury shares associated with the share option plan for executives and executive directors indicated in Note 19:

| Type of derivative    | Classification          | Amount arranged | Maturity   | Fair value 2010 |             | Fair value 2011 |             |
|-----------------------|-------------------------|-----------------|------------|-----------------|-------------|-----------------|-------------|
|                       |                         |                 |            | Assets          | Liabilities | Assets          | Liabilities |
| <b>First tranche</b>  |                         |                 |            |                 |             |                 |             |
| CALL                  | Hedge                   | 61,596          | 30/09/2013 | 1,065           | —           | 904             | —           |
| PUT                   | Non-hedging instruments | 61,596          | 30/09/2013 | —               | 37,910      | —               | 29,560      |
| Swap                  | Non-hedging instruments | 61,596          | 30/09/2013 | 4,336           | —           | 3,747           | —           |
|                       |                         |                 |            | 5,401           | 37,910      | 4,651           | 29,560      |
| <b>Second tranche</b> |                         |                 |            |                 |             |                 |             |
| CALL                  | Cobertura               | 37,065          | 10/02/2014 | 2,505           | —           | 2,513           | —           |
| PUT                   | Non-hedging instruments | 37,065          | 10/02/2014 | —               | 18,489      | —               | 13,229      |
| Swap                  | Non-hedging instruments | 37,065          | 10/02/2014 | 5,014           | —           | 4,148           | —           |
|                       |                         |                 |            | 7,519           | 18,489      | 6,661           | 13,229      |

### ▶ 25. TAX MATTERS

This Note describes the headings in the accompanying consolidated balance sheet and consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the income tax expense.

Under authorisation 18/89, the Parent of the FCC Group files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation. The subsidiaries Cementos Portland Valderrivas, S.A. and Corporación Uniland, S.A. also file consolidated income tax returns and make up their own consolidated tax groups.

Fomento de Construcciones y Contratas, S.A., the subsidiaries composing the FCC Group and the joint ventures have all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to them. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the FCC Group's senior executives consider that the resulting liabilities relating to the years open for review will not significantly affect the Group's equity.

With respect to the years audited, it should be noted that in relation to the companies resident in Spain, the Group has been issued tax assessments in the last four years relating mainly to income tax and has filed the corresponding appeals, unless it has signed assessments on an uncontested basis. The income tax deficiency relating to the appealed assessments amounts to EUR 59.2 million, EUR 25.2 million of which relate to the tax assessments for 1991 to 1994. A judgment has not yet been handed down by the Supreme Court on the corresponding appeal filed by the Group. All of the tax assessments have been provided for.

## CONSOLIDATED FINANCIAL STATEMENTS

### a) Deferred tax assets and liabilities

The deferred tax assets arise mainly as a result of the differences between the depreciation and amortisation charges and impairment losses that will become deductible from the income tax base in future years. In general, each year the Group companies take the tax credits provided for under tax legislation and, therefore, the deferred tax assets do not include any material tax credit carryforwards.

The tax losses of the subsidiaries were generally offset by deducting from the income tax the investment valuation allowances recognised by the Group companies owning the holding, or by deducting these losses from the consolidated tax base in the case of subsidiaries that file consolidated tax returns. However, certain companies recognised deferred tax assets relating to tax losses amounting to EUR 21,669 thousand, since they considered that there are no doubts as to their recoverability (31 December 2010: EUR 51,817 thousand). Of the changes in the year, EUR 34,054 thousand relate to the reclassification to "Non-Current Assets Classified as Held for Sale" of the subsidiary Giant Cement Holding (see Note 4).

Deferred tax liabilities arose mainly as a result of:

- ▶ The differences between the tax base and the carrying amount resulting from the recognition of assets at fair value in connection with the corporate acquisitions in the FCC Group's various business segments, as indicated in Notes 3-b and 5. In general, these liabilities do not represent future cash outflows since they reverse at the same rate as that of the depreciation taken on the revalued assets.
- ▶ The depreciation for tax purposes of leased assets and of certain items of property, plant and equipment qualifying for accelerated depreciation for tax purposes, and the accelerated depreciation of the investments made, enabling them to be depreciated in full provided that certain requirements are met.
- ▶ The profit of joint ventures that will be included in the income tax base for the following year.
- ▶ The deductibility for tax purposes of the goodwill arising on the acquisition of non-resident companies prior to 2008.

In 2011 an increase of EUR 30,092 thousand (31 December 2010: a decrease of EUR 14,437 thousand) was recognised in equity under "Valuation Adjustments" and "Non-Controlling Interests" arising from the tax effect of translation differences and the adjustment of the fair value of financial instruments, with a balancing entry in the related deferred taxes.

Following is a detail of the expected reversal dates of the deferred tax assets and liabilities:

|             | 2012    | 2013   | 2014   | 2015   | 2016 and subsequent years | Total   |
|-------------|---------|--------|--------|--------|---------------------------|---------|
| Assets      | 142,470 | 37,438 | 25,371 | 11,216 | 326,449                   | 542,944 |
| Liabilities | 120,539 | 37,052 | 27,291 | 23,208 | 787,378                   | 995,468 |

### b) Tax receivables and payables

The detail at 31 December 2011 and 2010 of "Current Tax Assets" and "Current Tax Liabilities" is as follows:

#### Current assets

|                             | 2011    | 2010    |
|-----------------------------|---------|---------|
| VAT refundable (Note 16)    | 150,806 | 175,878 |
| Current tax                 | 28,282  | 38,334  |
| Other taxes, etc. (Note 16) | 69,954  | 61,049  |
|                             | 249,042 | 275,261 |

#### Current liabilities

|   | 2011    | 2010    |
|---|---------|---------|
| VAT payable (Note 23)                                     | 258,454 | 255,560 |
| Current tax   | 58,425  | 107,507 |
| Accrued social security and other taxes payable (Note 23) | 316,548 | 302,880 |
|   | 633,427 | 665,947 |

## CONSOLIDATED FINANCIAL STATEMENTS

### c) Income tax expense

The income tax expense incurred in 2011 amounts to EUR 27,154 thousand (2010: EUR 97,761 thousand), as shown in the accompanying consolidated income statement. Following is the reconciliation of the expense to the tax charge payable:

|  | 2011            |                 | 2010           |                 |                 |         |
|--|-----------------|-----------------|----------------|-----------------|-----------------|---------|
| <b>Consolidated profit before tax from continuing operations</b> |                 |                 | <b>54,993</b>  |                 | <b>444,265</b>  |         |
|  | <u>Increase</u> | <u>Decrease</u> |                | <u>Increase</u> | <u>Decrease</u> |         |
| Consolidation adjustments and eliminations                       | 204,852         | —               | 204,852        | —               | (6,940)         | (6,940) |
| Permanent differences  | 45,182          | (99,603)        | (54,421)       | 42,706          | (29,795)        | 12,911  |
| <b>Adjusted consolidated accounting profit</b>                   |                 |                 | <b>205,424</b> |                 | <b>450,236</b>  |         |
| Permanent differences with an impact on reserves (*)             |                 |                 | —              |                 | (2,703)         |         |
| Temporary differences  |                 |                 |                |                 |                 |         |
| - Arising in the year  | 262,887         | (317,175)       | (54,288)       | 226,605         | (222,208)       | 4,397   |
| - Arising in prior years   | 300,243         | (116,731)       | 183,512        | 346,387         | (184,194)       | 162,193 |
| Changes in the scope of consolidation (Note 5)                   |                 |                 | (12,331)       |                 | —               |         |
| <b>Consolidated taxable profit</b>                               |                 |                 | <b>322,317</b> |                 | <b>614,123</b>  |         |

(\*) Deductible expenses and allocable income which, in accordance with accounting standards, are recognised directly in reserves.

## CONSOLIDATED FINANCIAL STATEMENTS

Noteworthy in 2011 with respect to the table above was the increase in "Consolidation Adjustments and Eliminations" arising from the impairment loss on goodwill recognised due to the cement business (see Notes 7-b and 28-d) and the decrease due to permanent differences arising from the monetary adjustment to determine the tax relief on the gains arising on the sale of the Torre Picasso and Federico Salmón buildings in Madrid and the Balmes building in Barcelona (see Notes 8 and 9).

|  | 2011           | 2010           |
|--|----------------|----------------|
| <b>Adjusted consolidated accounting profit</b> | <b>205,424</b> | <b>450,236</b> |
| Income tax charge                              | 56,741         | 131,434        |
| Tax credits and tax relief                     | (17,616)       | (35,058)       |
| Adjustments due to change in tax rate (*)      | (22,403)       | (50)           |
| Other adjustments                              | 10,432         | 1,435          |
| <b>Income tax expense</b>                      | <b>27,154</b>  | <b>97,761</b>  |

(\*) Due mainly to the reduction of the tax rate in the UK, mainly in the WRG Group.

### ▶ 26. PENSION PLANS AND SIMILAR OBLIGATIONS

In general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the Consolidated Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalise their pension and other similar obligations to employees.

In addition, following authorisation by the Executive Committee, in the past the Parent arranged an insurance policy and paid the premium to cover the payment of benefits relating to death, permanent disability, retirement bonuses and pensions and other situations for, among other employees, certain executive directors and executives. In particular, the contingencies giving rise to benefits are those which entail the extinguishment of the employment relationship for any of the following reasons:

- a) Unilateral decision of the Company.
- b) Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
- c) Death or permanent disability.

- d) Other causes of physical or legal incapacity.
- e) Substantial change in professional terms and conditions.
- f) Resignation of the executive on reaching 60 years of age, at the request of the executive and with the consent of the Company.
- g) Resignation of the executive on reaching 65 years of age, by unilateral decision of the executive.

The accompanying consolidated income statement does not include any premium payments in 2011 or 2010 in relation to this insurance policy and there was no income from rebates on the premiums paid previously. At 31 December 2011, the fair value of the contributed premiums covers all of the actuarial obligations assumed.

The liability side of the accompanying consolidated balance sheet for 2011 includes the present value, totalling EUR 2,973 thousand (2010: EUR 3,029 thousand), of the amounts payable in relation to the Spanish Group companies' post-employment benefit obligations to former executives. Also, remuneration amounting to EUR 221 thousand in both 2011 and 2010 was paid with a charge to this provision.

Certain of the Group's foreign subsidiaries have undertaken to supplement the retirement benefits and other similar obligations accruing to their employees. The accrued obligations and, where appropriate, the related plan assets were measured by independent actuarial experts using generally accepted actuarial methods and techniques and the related amounts are recognised under "Non Current Provisions – Long-Term Employee Benefit Obligations" in the accompanying consolidated balance sheet, in accordance with IFRSs (see Note 20).

## CONSOLIDATED FINANCIAL STATEMENTS

The main benefits referred to in the preceding paragraph are as follows:

- ▶ The accompanying consolidated balance sheet at 31 December 2011 includes the employee benefit obligations of the Waste Recycling Group companies, resident in the UK. These obligations are represented by certain assets assigned to the plans funding the benefits, the fair value of which amounted to EUR 36,658 thousand (31 December 2010: EUR 35,888 thousand), and the actuarial value of the accrued obligations amounted to EUR 43,880 thousand (31 December 2010: EUR 40,927 thousand). The net difference, representing a liability of EUR 7,222 thousand (31 December 2010: EUR 5,039 thousand), was recognised under “Long-Term Provisions” in the accompanying consolidated balance sheet. “Staff Costs” in the accompanying consolidated income statement includes a cost of EUR 643 thousand (31 December 2010: EUR 713 thousand) relating to the net difference between the service cost and the return on the plan assets. The average actuarial rate applied was 4.7% (2010: 5.4%).
- ▶ At 31 December 2011, the Alpine Bau Group companies contributed EUR 61,386 thousand (31 December 2010: EUR 59,444 thousand) relating to the actuarial value of their accrued pension and termination benefit obligations. This amount is recognised under “Non Current Provisions” in the accompanying consolidated balance sheet. A cost of EUR 6,527 thousand (31 December 2010: EUR 4,836 thousand) is included in the accompanying consolidated income statement in respect of the aforementioned items. The average actuarial rate applied was 4.7% (2010: 4.5%).
- ▶ Lastly, Flightcare Italia, SpA also contributed EUR 10,071 thousand (31 December 2010: EUR 11,237 thousand) to “Non Current Provisions - Long-Term Employee Benefit Obligations” in the accompanying consolidated balance sheet at 31 December 2011. This amount relates to the actuarial value of the accrued obligations, to which no assets have been assigned. “Staff Costs” in the accompanying consolidated income statement includes a cost of EUR 746 thousand (31 December 2010: EUR 532 thousand) relating to the net difference between the service cost and the discounted present value. The average actuarial rate applied was 0.86% (2010: 0.96%).

The detail of the changes in 2011 in the obligations and assets associated with the pension plans is as follows:

2011

### Actual evolution of the present value of the obligation

|  | Waste<br>Recycling<br>Group | Alpine        | Flightcare    |
|--|-----------------------------|---------------|---------------|
| <b>Balance of obligations at beginning of year</b> | <b>40,927</b>               | <b>79,693</b> | <b>11,000</b> |
| Current service cost                               | 627                         | 7,276         | —             |
| Interest cost                                      | 2,264                       | 2,989         | 47            |
| Contributions by participants                      | 46                          | 1,419         | 699           |
| Actuarial gains/losses                             | (70)                        | (1,724)       | (658)         |
| Changes due to exchange rate                       | 1,247                       | 1,071         | —             |
| Benefits paid in 2011                              | (1,269)                     | (8,206)       | (1,912)       |
| Past service cost                                  | 108                         | —             | —             |
| <b>Balance of obligations at end of year</b>       | <b>43,880</b>               | <b>82,518</b> | <b>9,176</b>  |

### Actual evolution of the fair value of the plan assets

|  | Waste<br>Recycling<br>Group | Alpine        | Flightcare |
|--|-----------------------------|---------------|------------|
| <b>Balance of plan assets at beginning of year</b> | <b>35,888</b>               | <b>16,813</b> | <b>—</b>   |
| Expected return on assets                          | 2,355                       | 416           | —          |
| Actuarial gains/losses                             | (3,000)                     | 213           | —          |
| Changes due to exchange rate                       | 1,094                       | 627           | —          |
| Contributions by the employer                      | 1,544                       | 1,038         | —          |
| Contributions by participants                      | 46                          | 1,420         | —          |
| Benefits paid                                      | (1,269)                     | (935)         | —          |
| <b>Balance of plan assets at end of year</b>       | <b>36,658</b>               | <b>19,592</b> | <b>—</b>   |

## CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of the actual evolution of the obligation less the plan assets to the balance effectively recognised in the balance sheet

|   | Waste Recycling Group | Alpine        | Flightcare    |
|---|-----------------------|---------------|---------------|
| <b>Net balance of obligations less plan assets at end of year</b>                               | <b>7,222</b>          | <b>62,926</b> | <b>9,176</b>  |
| Actuarial gains/losses not recognised in the balance sheet (within the 10% limit)               | —                     | (1,540)       | 895           |
| Actuarial gains/losses not recognised in the balance sheet to be recognised in subsequent years |                       |               |               |
| Past service cost not recognised in the balance sheet (IAS 19.58 (b))                           |                       |               |               |
| <b>Net balance (liabilities-assets) recognised at end of year</b>                               | <b>7,222</b>          | <b>61,386</b> | <b>10,071</b> |

2010

Actual evolution of the present value of the obligation

|  | Giant (*)     | Waste Recycling Group | Alpine        | Flightcare    |
|--|---------------|-----------------------|---------------|---------------|
| <b>Balance of obligations at beginning of year</b> | <b>74,294</b> | <b>36,195</b>         | <b>71,034</b> | <b>11,796</b> |
| Current service cost                               | 1,426         | 678                   | 4,934         | —             |
| Interest cost                                      | 4,520         | 2,108                 | 2,553         | 108           |
| Contributions by participants                      | —             | 50                    | —             | 424           |
| Actuarial gains/losses                             | 6,519         | 2,207                 | 2,597         | 137           |
| Changes due to exchange rate                       | 6,382         | 1,151                 | 3,781         | —             |
| Benefits paid in the year                          | (4,891)       | (1,496)               | (7,247)       | (1,465)       |
| Past service cost                                  | —             | 34                    | —             | —             |
| Business contingencies                             | —             | —                     | 2,041         | —             |
| <b>Balance of obligations at end of year</b>       | <b>88,250</b> | <b>40,927</b>         | <b>79,693</b> | <b>11,000</b> |

(\*) In 2011 the Giant Group is included in the accompanying consolidated financial statements as a discontinued operation.

Actual evolution of the fair value of the plan assets

|  | Giant (*)     | Waste Recycling Group | Alpine        | Flightcare |
|--|---------------|-----------------------|---------------|------------|
| <b>Balance of plan assets at beginning of year</b> | <b>36,987</b> | <b>31,661</b>         | <b>12,895</b> | <b>—</b>   |
| Expected return on assets                          | 3,676         | 2,128                 | 324           | —          |
| Actuarial gains/losses                             | —             | 1,922                 | 254           | —          |
| Changes due to exchange rate                       | 2,888         | 1,006                 | 2,216         | —          |
| Contributions by the employer                      | 78            | 617                   | 2,733         | —          |
| Contributions by participants                      | —             | 50                    | —             | —          |
| Benefits paid                                      | (3,350)       | (1,496)               | (1,609)       | —          |
| <b>Balance of plan assets at end of year</b>       | <b>40,279</b> | <b>35,888</b>         | <b>16,813</b> | <b>—</b>   |

(\*) In 2011 the Giant Group is included in the accompanying consolidated financial statements as a discontinued operation.

## CONSOLIDATED FINANCIAL STATEMENTS

### Reconciliation of the actual evolution of the obligation less the plan assets to the balance effectively recognised in the balance sheet

|   | Giant (*)     | Waste Recycling Group | Alpine        | Flightcare    |
|---|---------------|-----------------------|---------------|---------------|
| <b>Net balance of obligations less plan assets at end of year</b>                               | <b>47,971</b> | <b>5,039</b>          | <b>62,880</b> | <b>11,000</b> |
| Actuarial gains/losses not recognised in the balance sheet (within the 10% limit)               | —             | —                     | (3,436)       | 237           |
| Actuarial gains/losses not recognised in the balance sheet to be recognised in subsequent years | (23,559)      | —                     | —             | —             |
| Past service cost not recognised in the balance sheet (IAS 19.58 (b))                           | —             | —                     | —             | —             |
| <b>Net balance (liabilities-assets) recognised at end of year</b>                               | <b>24,412</b> | <b>5,039</b>          | <b>59,444</b> | <b>11,237</b> |

(\*) In 2011 the Giant Group is included in the accompanying consolidated financial statements as a discontinued operation.

### ▶ 27. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2011, the Group had provided EUR 4,907,229 thousand (31 December 2010: EUR 5,372,792 thousand) of guarantees to third parties, mostly consisting of completion bonds provided to government agencies and private-sector customers as security for the performance of construction projects and urban cleaning contracts.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are acting as defendants in certain lawsuits in relation to the liability inherent to the various business activities carried on by the Group in the performance of the contracts awarded, for which the related provisions have been recognised (see Note 20). The lawsuits, although numerous, represent scanty material amounts when considered individually. Accordingly, on the basis of past experience and the existing provisions, the resulting liabilities would not have a significant effect on the Group's equity.

In relation to the Group companies' interests in businesses managed jointly through unincorporated joint ventures, joint property entities, silent participation agreements and other entities of a similar nature, the venturers share joint and several liabilities with respect to the activity carried on (see Note 13).

### ▶ 28. INCOME AND EXPENSES

#### a) Operating income

The Group classifies operating income under "Revenue", except for that arising from Group work on non-current assets, grants related to income and expenses chargeable to tenants in the property business, which is recognised as "Other Operating Income" in the accompanying consolidated income statement.

Note 29, "Segment Reporting" shows the contribution of the business lines to consolidated revenue.

## CONSOLIDATED FINANCIAL STATEMENTS

The detail of "Other Operating Income" in 2011 and 2010 is as follows:

|  | 2011    | 2010    |
|--|---------|---------|
| Income from sundry services                    | 180,337 | 193,535 |
| CO <sub>2</sub> emission allowances (Note 30)  | 43,502  | 62,784  |
| Compensation received from insurance companies | 20,001  | 15,221  |
| Grants related to income                       | 23,290  | 22,575  |
| Other income                                   | 20,449  | 17,382  |
| Excessive provisions                           | 34,731  | 24,385  |
|  | 322,310 | 335,882 |

### b) Procurements

The detail of the balance of "Procurements" at 31 December 2011 and 2010 is as follows:

|  | 2011      | 2010      |
|--|-----------|-----------|
| Work performed by subcontractors and other companies | 3,395,751 | 3,430,666 |
| Purchases and procurements                           | 2,119,324 | 2,158,939 |
| Other external expenses                              | 312       | 291       |
|  | 5,515,387 | 5,589,896 |

### c) Staff costs

The detail of "Staff Costs" in 2011 and 2010 is as follows:

|                       | 2011      | 2010      |
|-----------------------|-----------|-----------|
| Wages and salaries    | 2,599,465 | 2,562,649 |
| Social security costs | 640,066   | 640,569   |
| Other staff costs     | 53,141    | 54,935    |
|                       | 3,292,672 | 3,258,153 |

"Staff Costs" at 31 December 2011 includes EUR 2,323 thousand (the same amount as in 2010) relating to the share option plan (see Note 19).

The average number of employees at the Group, by professional category, in 2011 and 2010 was as follows:

|   | 2011   | 2010   |
|---|--------|--------|
| Managers and university graduates                         | 4,136  | 4,255  |
| Line personnel (holding further education qualifications) | 7,815  | 7,679  |
| Clerical and similar staff                                | 9,971  | 10,246 |
| Other salaried employees                                  | 69,369 | 70,113 |
|   | 91,291 | 92,293 |

The average number of employees at the Group, by gender, in 2011 and 2010 was as follows:

|       | 2011   | 2010   |
|-------|--------|--------|
| Men   | 71,910 | 72,656 |
| Women | 19,381 | 19,637 |
|       | 91,291 | 92,293 |

### d) Impairment and gains or losses on disposals of non-current assets

The detail of "Impairment and Gains or Losses on Disposals of Non-Current Assets" in 2011 and 2010 is as follows:

|   | 2011      | 2010     |
|---|-----------|----------|
| Gain on disposal of Estacionamientos y Servicios, S.A. (Note 5),  | 15,665    | —        |
| Gain on disposal of the General Servicios I.T.V. Group  | —         | 163,385  |
| Sale of the Federico Salmón and Balmes buildings (Notes 8 and 10)   | 44,437    | —        |
| Sale of Torre Picasso (Note 9)  | 135,194   | —        |
| Gains or losses on disposals of other items of property plant and equipment and intangible assets                       | 15,529    | 6,657    |
| Impairment of goodwill (Note 7)   | (259,417) | (17,000) |
| Impairment of other items of property, plant and equipment and intangible assets: (Recognition) Reversal (Note 7 and 8) | (50,417)  | (4,345)  |
| Other   | 316       | (3,679)  |
|   | (98,693)  | 145,018  |

## CONSOLIDATED FINANCIAL STATEMENTS

The impairment losses recognised for goodwill in 2011 include notably the impairment loss of EUR 239,026 thousand relating to the Uniland Group, while in 2010 impairment losses of EUR 17,000 thousand were recognised for the goodwill of Flightcare Italia S.p.A. (see Note 7).

### e) Other gains or losses

"Other Gains or Losses" in the accompanying consolidated income statement includes notably the provisions of EUR 69,800 thousand (2010: EUR 61,400 thousand) recognised by the Parent in relation to litigation, guarantees, environmental risks and other items under "Non current Provisions" in the consolidated balance sheet (see Note 20).

In addition, the Cementos Portland Group recognised EUR 33,473 thousand in relation to, inter alia, adjustments to the Group's structure to adapt it to current demand in the cement market.

### f) Finance income and costs

The detail of the finance income in 2011 and 2010, based on the assets giving rise thereto, is as follows:

|  | 2011   | 2010   |
|--|--------|--------|
| Held-for-trading financial assets        | 5,753  | 5,730  |
| Available-for-sale financial assets      | 1,749  | 3,801  |
| Held-to-maturity investments             | 9,592  | 11,003 |
| Non-current and current loans            | 41,994 | 17,283 |
| "Lump-sum payment" construction projects | 16,758 | 7,618  |
| Cash and cash equivalents                | 13,993 | 14,064 |
|  | 89,839 | 59,499 |

The detail of the finance costs in 2011 and 2010 is as follows:

|  | 2011    | 2010    |
|--|---------|---------|
| Credit facilities and loans  | 307,747 | 230,082 |
| Limited recourse project financing loans                                       | 88,721  | 84,645  |
| Obligations under finance leases   | 3,717   | 4,498   |
| Other payables to third parties  | 32,778  | 38,909  |
| Assignment of accounts receivable and "lump-sum payment" construction projects | 31,539  | 15,877  |
| Other finance costs  | 36,839  | 17,467  |
|  | 501,341 | 391,478 |

### g) Changes in fair value of financial instruments

"Changes in Fair Value of Financial Instruments" notably includes the positive change in fair value of the derivatives that do not qualify for hedge accounting associated with the share option plan that amounts to EUR 14,400 thousand (2010: loss of EUR 24,286 thousand) (see Note 19).

### h) Result of companies accounted for using the equity method

The detail of "Result of Companies Accounted for Using the Equity Method" is as follows:

|                                      | 2011   | 2010    |
|--------------------------------------|--------|---------|
| Profit (Loss) for the year (Note 12) | 33,286 | 6,398   |
| Joint ventures                       | 2,635  | (1,741) |
| Associates                           | 30,651 | 8,139   |
| Gains or losses on disposals         | —      | 6,505   |
|                                      | 33,286 | 12,903  |

## CONSOLIDATED FINANCIAL STATEMENTS

### ► 29. SEGMENT REPORTING

#### a) Business segments

The business segments presented coincide with the business areas, as described in Note 1. The segment information shown in the following tables was prepared in accordance with the management criteria established internally by Group management, which coincide with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporate" column includes the financial activity relating to the Group's centralised cash management, operation of the Torre Picasso building and the companies that do not belong to any of the Group's business areas mentioned above.

#### Income statement by segment

In particular, the information shown in the following tables includes the following items as the segment result for 2011 and 2010:

- All operating income and expenses of the subsidiaries and jointly managed contracts relating to the business carried on by the segment.
- Interest income and expenses arising from segment assets and liabilities, dividends and gains and losses on sales of the financial assets of the segment.
- Share of the result of companies accounted for using the equity method.
- The income tax expense relating to the transactions performed by each segment.
- The "Corporate" column includes, in addition to the aforementioned items, the eliminations due to financial or other transactions between Group segments.
- The contribution of each area to the equity attributable to the shareholders of Fomento de Construcciones y Contratas, S.A. is shown under "Contribution to FCC Group Profit".

|  | Total Group    | Services               |               |                | Cement           | Energy   | Corporate     |
|--|----------------|------------------------|---------------|----------------|------------------|----------|---------------|
|  |                | Environmental services | Versia        | Construction   |                  |          |               |
| <b>2011</b>  |                |                        |               |                |                  |          |               |
| Revenue  | 11,754,765     | 3,735,415              | 767,330       | 6,686,208      | 609,078          | —        | (43,266)      |
| Other income   | 375,951        | 87,485                 | 27,653        | 151,345        | 81,146           | —        | 28,322        |
| Operating expenses   | (10,878,393)   | (3,124,979)            | (680,058)     | (6,533,605)    | (540,126)        | —        | 375           |
| Depreciation and amortisation charge                       | (643,516)      | (334,377)              | (94,632)      | (104,709)      | (101,565)        | —        | (8,233)       |
| Other gains or losses                                      | (208,011)      | 2,680                  | 15,912        | 13,099         | (341,638)        | —        | 101,936       |
| <b>Profit (loss) from operations</b>                       | <b>400,796</b> | <b>366,224</b>         | <b>36,205</b> | <b>212,338</b> | <b>(293,105)</b> | <b>—</b> | <b>79,134</b> |
| Percentage of revenue                                      | 3.41%          | 9.80%                  | 4.72%         | 3.18%          | (48.12%)         | —        | (182.90%)     |
| Finance income and costs                                   | (411,502)      | (234,902)              | (32,641)      | (81,619)       | (53,308)         | —        | (9,032)       |
| Other financial profit (loss)                              | 32,413         | (1,349)                | (676)         | (3,727)        | 2,794            | —        | 35,371        |
| Result of companies accounted for using the equity method  | 33,286         | 28,834                 | 1,659         | 16,112         | (1,840)          | —        | (11,479)      |
| <b>Profit before tax from continuing operations</b>        | <b>54,993</b>  | <b>158,807</b>         | <b>4,547</b>  | <b>143,104</b> | <b>(345,459)</b> | <b>—</b> | <b>93,994</b> |
| Income tax   | (27,154)       | (16,346)               | 2,579         | (33,928)       | 19,681           | —        | 860           |
| <b>Profit for the year from continuing operations</b>      | <b>27,839</b>  | <b>142,461</b>         | <b>7,126</b>  | <b>109,176</b> | <b>(325,778)</b> | <b>—</b> | <b>94,854</b> |
| Loss for the year from discontinued operations, net of tax | (24,925)       | —                      | —             | —              | (10,929)         | (13,996) | —             |

## CONSOLIDATED FINANCIAL STATEMENTS

|   | Total Group    | Services               |              |                | Cement           | Energy          | Corporate      |
|---|----------------|------------------------|--------------|----------------|------------------|-----------------|----------------|
|   |                | Environmental services | Versia       | Construction   |                  |                 |                |
| <b>Consolidated profit (loss) for the year</b>          | <b>2,914</b>   | <b>142,461</b>         | <b>7,126</b> | <b>109,176</b> | <b>(336,707)</b> | <b>(13,996)</b> | <b>94,854</b>  |
| Profit (Loss) attributable to non-controlling interests | 105,334        | (2,670)                | 226          | 5,175          | 9,270            | 120             | 93,213         |
| <b>Profit attributable to the Parent</b>                | <b>108,248</b> | <b>139,791</b>         | <b>7,352</b> | <b>114,351</b> | <b>(327,437)</b> | <b>(13,876)</b> | <b>188,067</b> |
| <b>Contribution to FCC Group profit</b>                 | <b>108,248</b> | <b>139,791</b>         | <b>7,352</b> | <b>114,351</b> | <b>(234,224)</b> | <b>(13,876)</b> | <b>94,854</b>  |

|  | Total Group    | Services               |                |                | Cement        | Energy          | Corporate        |
|--|----------------|------------------------|----------------|----------------|---------------|-----------------|------------------|
|  |                | Environmental services | Versia         | Construction   |               |                 |                  |
| <b>2010</b>  |                |                        |                |                |               |                 |                  |
| Revenue  | 11,908,088     | 3,672,222              | 846,347        | 6,693,575      | 753,335       | —               | (57,391)         |
| Other income   | 398,634        | 81,592                 | 35,733         | 173,085        | 94,216        | —               | 14,008           |
| Operating expenses   | (10,940,599)   | (3,096,162)            | (743,092)      | (6,511,175)    | (630,804)     | —               | 40,634           |
| Depreciation and amortisation charge                         | (659,217)      | (333,246)              | (96,400)       | (115,100)      | (106,548)     | —               | (7,923)          |
| Other gains or losses  | 71,029         | (895)                  | 150,350        | 1,215          | (19,241)      | —               | (60,400)         |
| <b>Profit (loss) from operations</b>                         | <b>777,935</b> | <b>323,511</b>         | <b>192,938</b> | <b>241,600</b> | <b>90,958</b> | <b>—</b>        | <b>(71,072)</b>  |
| Percentage of revenue  | 6.53%          | 8.81%                  | 22.80%         | 3.61%          | 12.07%        | —               | 123.84%          |
| Finance income and costs                                     | (331,979)      | (183,864)              | (33,149)       | (59,355)       | (54,495)      | —               | (1,116)          |
| Other financial profit (loss)                                | (14,594)       | 3,688                  | 3,123          | 6,800          | 2,272         | —               | (30,477)         |
| Result of companies accounted for using the equity method    | 12,903         | 26,740                 | 3,270          | (1,920)        | (1,499)       | —               | (13,688)         |
| <b>Profit before tax from continuing operations</b>          | <b>444,265</b> | <b>170,075</b>         | <b>166,182</b> | <b>187,125</b> | <b>37,236</b> | <b>—</b>        | <b>(116,353)</b> |
| Income tax   | (97,761)       | (32,657)               | (31,078)       | (31,321)       | (4,294)       | —               | 1,589            |
| <b>Profit (loss) for the year from continuing operations</b> | <b>346,504</b> | <b>137,418</b>         | <b>135,104</b> | <b>155,804</b> | <b>32,942</b> | <b>—</b>        | <b>(114,764)</b> |
| Loss for the year from discontinued operations, net of tax   | (32,921)       | —                      | —              | —              | (21,982)      | (10,939)        | —                |
| <b>Consolidated profit (loss) for the year</b>               | <b>313,583</b> | <b>137,418</b>         | <b>135,104</b> | <b>155,804</b> | <b>10,960</b> | <b>(10,939)</b> | <b>(114,764)</b> |
| Profit (Loss) attributable to non-controlling interests      | (12,330)       | (2,985)                | 64             | 637            | (9,757)       | 55              | (344)            |
| <b>Profit attributable to the Parent</b>                     | <b>301,253</b> | <b>134,433</b>         | <b>135,168</b> | <b>156,441</b> | <b>1,203</b>  | <b>(10,884)</b> | <b>(115,108)</b> |
| <b>Contribution to FCC Group profit</b>                      | <b>301,253</b> | <b>134,433</b>         | <b>135,168</b> | <b>156,441</b> | <b>859</b>    | <b>(10,884)</b> | <b>(114,764)</b> |

With regard to "Corporation" in the tables above, the following items are particularly worthy of note in 2011 and 2010:

### Revenue

|   | 2011     | 2010     |
|---|----------|----------|
| Torre Picasso                             | 25,350   | 25,371   |
| Elimination of inter-segment transactions | (72,468) | (87,242) |
| Other                                     | 3,852    | 4,480    |
|   | (43,266) | (57,391) |

# CONSOLIDATED FINANCIAL STATEMENTS

## Contribution to FCC Group profit (Net of tax)

|   | 2011     | 2010      |
|---|----------|-----------|
| Gain on the sale of the Federico Salmón and Balmes buildings          | 36,676   | —         |
| Gain on the sale of the Torre Picasso building (Note 9)               | 121,340  | —         |
| Results of the Realía Business accounted for using the equity method  | 374      | 335       |
| Results of the Global Vía Group accounted for using the equity method | (14,469) | (20,552)  |
| Share option derivatives and other                                    | 11,881   | (21,350)  |
| Operation of Torre Picasso (Note 9)                                   | 12,723   | 12,572    |
| Sundry provisions   | (48,860) | (42,280)  |
| Non-recurring staff costs   | (12,952) | (14,423)  |
| Other   | (11,859) | (29,066)  |
|   | 94,854   | (114,764) |

## Balance sheet by segment

|   | Total Group       | Environmental services | Services<br>Versia | Construction     | Cement           | Corporate        |
|---|-------------------|------------------------|--------------------|------------------|------------------|------------------|
| 2011  |                   |                        |                    |                  |                  |                  |
| <b>ASSETS</b>                                     |                   |                        |                    |                  |                  |                  |
| <b>Non-current assets</b>                         | <b>11,074,062</b> | <b>5,536,070</b>       | <b>992,273</b>     | <b>1,668,499</b> | <b>1,994,774</b> | <b>882,446</b>   |
| Intangible assets                                 | 4,317,029         | 2,082,217              | 689,280            | 559,592          | 800,295          | 185,645          |
| Property, plant and equipment                     | 4,601,913         | 2,714,247              | 222,531            | 603,393          | 1,081,638        | (19,896)         |
| Investment property                               | 34,458            | 6,461                  | —                  | 34,459           | —                | (6,462)          |
| Investments accounted for using the equity method | 1,115,719         | 245,442                | 25,369             | —                | 42,564           | 578,959          |
| Non-current financial assets                      | 461,999           | 315,811                | 30,493             | 76,497           | 7,172            | 32,026           |
| Deferred tax assets                               | 542,944           | 171,892                | 24,600             | 171,173          | 63,105           | 112,174          |
| <b>Current assets</b>                             | <b>11,373,405</b> | <b>2,132,230</b>       | <b>485,975</b>     | <b>5,884,545</b> | <b>1,287,690</b> | <b>1,582,965</b> |
| Non-current assets classified as held for sale    | 1,846,971         | —                      | —                  | —                | 684,519          | 1,162,452        |
| Inventories                                       | 1,271,355         | 85,906                 | 25,316             | 1,043,195        | 110,441          | 6,497            |
| Trade and other receivables                       | 5,496,798         | 1,590,407              | 210,042            | 3,591,808        | 139,141          | (34,600)         |
| Other current financial assets                    | 395,689           | 167,635                | 235,240            | 132,506          | 99,444           | (239,136)        |
| Other current assets                              | 59,951            | 28,111                 | 2,894              | 24,825           | 2,023            | 2,098            |
| Cash and cash equivalents                         | 2,302,641         | 260,171                | 12,483             | 1,092,211        | 252,122          | 685,654          |
| <b>Total assets</b>                               | <b>22,447,467</b> | <b>7,668,300</b>       | <b>1,478,248</b>   | <b>7,553,044</b> | <b>3,282,464</b> | <b>2,465,411</b> |

## CONSOLIDATED FINANCIAL STATEMENTS

|  | Total Group       | Environmental services | Services<br>Versia | Construction     | Cement           | Corporate        |                  |
|--|-------------------|------------------------|--------------------|------------------|------------------|------------------|------------------|
| 2011   |                   |                        |                    |                  |                  |                  |                  |
| EQUITY AND LIABILITIES   |                   |                        |                    |                  |                  |                  |                  |
| <b>Equity</b>  | <b>2,914,940</b>  | <b>669,677</b>         | <b>135,381</b>     | <b>861,726</b>   | <b>1,149,550</b> | <b>98,606</b>    |                  |
| <b>Non-current liabilities</b>   | <b>7,535,310</b>  | <b>2,476,494</b>       | <b>677,710</b>     | <b>1,499,934</b> | <b>382,329</b>   | <b>2,498,843</b> |                  |
| Grants   | 159,721           | 33,771                 | 376                | 122,168          | 3,406            | —                |                  |
| Non current provisions   | 1,083,109         | 486,091                | 52,250             | 191,763          | 37,494           | 315,511          |                  |
| Non-current financial liabilities  | 5,160,308         | 1,426,845              | 582,173            | 1,058,083        | 132,017          | 1,961,190        |                  |
| Deferred tax liabilities   | 995,468           | 491,798                | 36,410             | 103,305          | 209,412          | 154,543          |                  |
| Other non-current liabilities  | 136,704           | 37,989                 | 6,501              | 24,615           | —                | 67,599           |                  |
| <b>Current liabilities</b>   | <b>11,997,217</b> | <b>4,522,129</b>       | <b>665,157</b>     | <b>5,191,384</b> | <b>1,750,585</b> | <b>(132,038)</b> |                  |
| Liabilities associated with non-current assets classified as held for sale | 1,396,653         | —                      | —                  | —                | 464,751          | 931,902          |                  |
| Current provisions   | 178,887           | 13,299                 | 544                | 165,003          | 41               | —                |                  |
| Current financial liabilities  | 4,830,637         | 936,519                | 291,238            | 846,994          | 1,177,779        | 1,578,107        |                  |
| Trade and other payables   | 5,577,414         | 1,023,430              | 208,347            | 4,119,980        | 101,810          | 123,847          |                  |
| Other current liabilities  | 13,626            | 1,579                  | 14                 | 5,732            | 6,204            | 97               |                  |
| Intra-Group transactions   | —                 | 2,547,302              | 165,014            | 53,675           | —                | (2,765,991)      |                  |
| Total equity and liabilities   | 22,447,467        | 7,668,300              | 1,478,248          | 7,553,044        | 3,282,464        | 2,465,411        |                  |
|  | Total Group       | Environmental services | Services<br>Versia | Construction     | Cement           | Energy           | Corporate        |
| 2010   |                   |                        |                    |                  |                  |                  |                  |
| ASSETS   |                   |                        |                    |                  |                  |                  |                  |
| <b>Non-current assets</b>  | <b>13,393,742</b> | <b>5,531,277</b>       | <b>1,093,382</b>   | <b>1,701,173</b> | <b>2,948,299</b> | <b>1,038,847</b> | <b>1,080,764</b> |
| Intangible assets  | 5,063,681         | 2,081,316              | 763,147            | 515,487          | 1,104,295        | 530,749          | 68,687           |
| Property, plant and equipment  | 5,833,737         | 2,735,409              | 253,817            | 669,093          | 1,686,434        | 498,482          | (9,498)          |
| Investment property  | 259,033           | 6,461                  | —                  | 23,590           | —                | —                | 228,982          |
| Investments accounted for using the equity method                          | 1,222,895         | 226,334                | 23,890             | 242,090          | 39,122           | 967              | 690,492          |
| Non-current financial assets   | 415,799           | 301,298                | 20,626             | 68,208           | 9,371            | 3,243            | 13,053           |
| Deferred tax assets  | 598,597           | 180,459                | 31,902             | 182,705          | 109,077          | 5,406            | 89,048           |
| <b>Current assets</b>  | <b>8,585,395</b>  | <b>1,966,588</b>       | <b>426,142</b>     | <b>5,396,214</b> | <b>796,888</b>   | <b>55,500</b>    | <b>(55,937)</b>  |
| Inventories  | 1,138,375         | 56,623                 | 28,853             | 904,899          | 136,173          | 761              | 11,066           |
| Trade and other receivables  | 5,491,691         | 1,521,680              | 253,218            | 3,521,899        | 219,315          | 17,761           | (42,182)         |
| Other current financial assets   | 225,763           | 100,682                | 120,852            | 117,108          | 13,115           | 5,702            | (131,696)        |
| Other current assets   | 50,915            | 24,743                 | 2,720              | 14,538           | 4,325            | 235              | 4,354            |
| Cash and cash equivalents  | 1,678,651         | 262,860                | 20,499             | 837,770          | 423,960          | 31,041           | 102,521          |
| Total assets   | 21,979,137        | 7,497,865              | 1,519,524          | 7,097,387        | 3,745,187        | 1,094,347        | 1,024,827        |

## CONSOLIDATED FINANCIAL STATEMENTS

|                                     | Total Group       | Environmental services | Services Versia  | Construction     | Cement           | Energy           | Corporate          |
|-------------------------------------|-------------------|------------------------|------------------|------------------|------------------|------------------|--------------------|
| <b>EQUITY AND LIABILITIES</b>       |                   |                        |                  |                  |                  |                  |                    |
| <b>Equity</b>                       | <b>3,206,301</b>  | <b>617,203</b>         | <b>133,086</b>   | <b>878,994</b>   | <b>1,472,091</b> | <b>(7,526)</b>   | <b>112,453</b>     |
| <b>Non-current liabilities</b>      | <b>10,962,527</b> | <b>2,680,823</b>       | <b>719,796</b>   | <b>1,312,167</b> | <b>1,829,277</b> | <b>642,214</b>   | <b>3,778,250</b>   |
| Grants                              | 104,693           | 20,932                 | 386              | 80,902           | 2,473            | —                | —                  |
| Non current provisions              | 1,047,836         | 474,913                | 57,005           | 186,163          | 75,221           | 12,115           | 242,419            |
| Non-current financial liabilities   | 8,628,968         | 1,639,458              | 634,506          | 949,206          | 1,456,681        | 530,018          | 3,419,099          |
| Deferred tax liabilities            | 1,156,043         | 520,533                | 27,899           | 95,896           | 294,902          | 100,081          | 116,732            |
| Other non-current liabilities       | 24,987            | 24,987                 | —                | —                | —                | —                | —                  |
| <b>Current liabilities</b>          | <b>7,810,309</b>  | <b>4,199,839</b>       | <b>666,642</b>   | <b>4,906,226</b> | <b>443,819</b>   | <b>459,659</b>   | <b>(2,865,876)</b> |
| Current provisions                  | 143,233           | 14,730                 | 2,801            | 125,655          | 47               | —                | —                  |
| Current financial liabilities       | 1,988,231         | 784,381                | 266,841          | 621,726          | 272,455          | 441,676          | (398,848)          |
| Trade and other payables            | 5,662,968         | 1,032,167              | 221,334          | 4,151,898        | 167,776          | 17,983           | 71,810             |
| Other current liabilities           | 15,877            | 5,202                  | 34               | 6,947            | 3,541            | —                | 153                |
| Intra-Group transactions            | —                 | 2,363,359              | 175,632          | —                | —                | —                | (2,538,991)        |
| <b>Total equity and liabilities</b> | <b>21,979,137</b> | <b>7,497,865</b>       | <b>1,519,524</b> | <b>7,097,387</b> | <b>3,745,187</b> | <b>1,094,347</b> | <b>1,024,827</b>   |

NOTE: In 2011 the Energy area was included in the accompanying consolidated financial statements under "Non-Current Assets Classified as Held for Sale" and "Liabilities Associated with Non-Current Assets Classified as Held for Sale" in the "Corporate" column due to the fact that it is a discontinued operation (see Note 4).

### Cash flows by segment

|                                | Total Group    | Environmental services | Services Versia | Construction    | Cement           | Corporate      |
|--------------------------------|----------------|------------------------|-----------------|-----------------|------------------|----------------|
| <b>2011</b>                    |                |                        |                 |                 |                  |                |
| From operating activities      | 999,439        | 540,124                | 102,735         | 59,448          | 97,553           | 199,579        |
| From investing activities      | 5,222          | (316,992)              | (115,410)       | (73,486)        | (35,439)         | 546,549        |
| From financing activities:     | (350,904)      | (229,086)              | 4,921           | 271,551         | (187,318)        | (210,972)      |
| Other cash flows               | (29,767)       | 3,264                  | (260)           | (3,071)         | (46,633)         | 16,933         |
| <b>Cash flows for the year</b> | <b>623,990</b> | <b>(2,690)</b>         | <b>(8,014)</b>  | <b>254,442</b>  | <b>(171,837)</b> | <b>552,089</b> |
| <b>2010</b>                    |                |                        |                 |                 |                  |                |
| From operating activities      | 967,815        | 489,641                | 156,231         | 37,318          | 260,189          | 24,436         |
| From investing activities      | (507,360)      | (356,175)              | 31,879          | (288,534)       | (7,115)          | 112,585        |
| From financing activities      | (404,230)      | (145,749)              | (193,632)       | 220,601         | (235,323)        | (50,127)       |
| Other cash flows               | (32,036)       | 4,301                  | 4,362           | 3,676           | (44,204)         | (171)          |
| <b>Cash flows for the year</b> | <b>24,189</b>  | <b>(7,982)</b>         | <b>(1,160)</b>  | <b>(26,939)</b> | <b>(26,453)</b>  | <b>86,723</b>  |

## CONSOLIDATED FINANCIAL STATEMENTS

### b) Activities and investments by geographical market

Approximately 52% of the Group's business is conducted abroad (2010: 46%).

The breakdown, by market, of the revenue earned abroad by the Group companies in 2011 and 2010 is as follows:

|                | Total            | Services               |                |                  | Cement         |
|----------------|------------------|------------------------|----------------|------------------|----------------|
|                |                  | Environmental services | Versia         | Construction     |                |
| <b>2011</b>    |                  |                        |                |                  |                |
| European Union | 4,740,506        | 1,224,364              | 204,685        | 3,268,218        | 43,239         |
| USA            | 183,291          | 137,713                | 39,350         | 41               | 6,187          |
| Latin America  | 467,561          | 26,351                 | 18,484         | 422,726          | —              |
| Other          | 771,876          | 25,860                 | 738            | 673,850          | 71,428         |
|                | <b>6,163,234</b> | <b>1,414,288</b>       | <b>263,257</b> | <b>4,364,835</b> | <b>120,854</b> |
| <b>2010</b>    |                  |                        |                |                  |                |
| European Union | 4,443,696        | 1,145,077              | 216,503        | 3,033,846        | 48,270         |
| USA            | 155,531          | 106,072                | 35,801         | 11,033           | 2,625          |
| Latin America  | 226,057          | 3,133                  | 28,817         | 193,244          | 863            |
| Other          | 599,676          | 56,978                 | 598            | 433,162          | 108,938        |
|                | <b>5,424,960</b> | <b>1,311,260</b>       | <b>281,719</b> | <b>3,671,285</b> | <b>160,696</b> |

In accordance with IFRS 8, Segment Reporting, the following information, by geographical area, included in the accompanying consolidated financial statements is shown below:

|                               | Total Group | Spain     | UK        | Czech Republic | Other European Union countries | USA     | Latin America | Other  |
|-------------------------------|-------------|-----------|-----------|----------------|--------------------------------|---------|---------------|--------|
| <b>2011</b>                   |             |           |           |                |                                |         |               |        |
| <b>ASSETS</b>                 |             |           |           |                |                                |         |               |        |
| Intangible assets             | 4,317,029   | 2,308,335 | 741,749   | 1,014          | 609,691                        | 527,344 | 128,888       | 8      |
| Property, plant and equipment | 4,601,913   | 1,883,448 | 1,456,173 | 294,328        | 753,185                        | 103,665 | 31,537        | 79,577 |
| Investment property           | 34,458      | —         | —         | —              | 27,344                         | —       | —             | 7,114  |
| Deferred tax assets           | 542,944     | 373,282   | 119,661   | 1,772          | 27,696                         | 15,013  | 5,995         | (475)  |
| <b>2010</b>                   |             |           |           |                |                                |         |               |        |
| <b>ASSETS</b>                 |             |           |           |                |                                |         |               |        |
| Intangible assets             | 5,063,681   | 3,055,770 | 725,336   | 897            | 597,440                        | 582,028 | 102,210       | —      |
| Property, plant and equipment | 5,833,737   | 2,523,778 | 1,467,515 | 302,958        | 813,801                        | 590,726 | 43,584        | 91,375 |
| Investment property           | 259,033     | 235,443   | —         | —              | 23,590                         | —       | —             | —      |
| Deferred tax assets           | 598,597     | 357,782   | 135,052   | 1,787          | 21,889                         | 76,192  | 5,873         | 22     |

## CONSOLIDATED FINANCIAL STATEMENTS

### c) Headcount

The average number of employees in 2011 and 2010, by business area, was as follows:

|                        | 2011          | 2010          |
|------------------------|---------------|---------------|
| <b>Services</b>        |               |               |
| Environmental services | 49,345        | 49,513        |
| Versia                 | 10,384        | 11,201        |
| <b>Construction</b>    | <b>27,811</b> | <b>27,583</b> |
| <b>Cement</b>          | <b>3,245</b>  | <b>3,529</b>  |
| <b>Corporate</b>       | <b>506</b>    | <b>467</b>    |
|                        | 91,291        | 92,293        |

### ▶ 30. INFORMATION ON THE ENVIRONMENT

At a meeting held on 3 June 2009, the Board of Directors of FCC approved the FCC Group's environmental policy which responded to the initial objectives of the 2009-2010 Corporate Responsibility Master Plan, thereby reinforcing the Group's social responsibility commitment as part of its strategy, and reflecting its considerable involvement in environmental services.

The FCC Group carries on its activities based on commitment and corporate responsibility, compliance with applicable legal requirements, respect for the relationship with its interest groups and its desire to generate wealth and social wellbeing.

Aware of the importance for the FCC Group of the preservation of the environment and the responsible use of available resources and in line with its vocation for service represented by activities with a clear environmental focus, the FCC Group fosters and encourages the following principles throughout the organisation, which form the basis of its contribution to sustainable development:

#### On-going improvement

To promote environmental excellence through the setting of targets to achieve on-going improvements in the performance of activities, while minimising the negative impacts of the FCC Group's processes, products and services and strengthening the positive impacts.

#### Control and monitoring

To establish environmental indicator management systems for the operational control of processes, which provide the necessary information for monitoring, assessing, taking decisions on and communicating the FCC Group's environmental efforts, and ensure compliance with the commitments acquired.

#### Climate change and prevention of pollution

To lead the battle against climate change by implementing processes involving reduced emission of greenhouse gases and by promoting energy efficiency and the use of renewable energies.

To prevent pollution and protect the natural environment through responsible management and consumption of natural resources and by minimising the impact of the emissions, discharges and waste generated and managed as a result of the FCC Group's activities.

#### Observation of the environment and innovation

To identify the risks and opportunities of the activities with respect to the changing natural environment in order to promote innovation and the use of new technologies, and to generate synergies between the FCC Group's various activities.

#### Life cycle of the products and services

To intensify environmental considerations in the planning of activities, purchase of materials and equipment and in relationships with suppliers and contractors.

#### Everyone's participation is needed

To promote awareness and application of the environmental principles among employees and other interest groups.

To share experience of the most excellent practices with the various stakeholders to promote alternative solutions to those already

## CONSOLIDATED FINANCIAL STATEMENTS

established to help achieve a sustainable environment.

This environmental policy is implemented using quality and environmental management systems and follow-up audits which evidence the measures taken by the FCC Group in this area. With regard to environmental risk management, the Group has implemented environmental management systems certified under ISO 14001 standards in the various business areas, which focus on:

- a) Compliance with the applicable regulations and achievement of environmental objectives that go beyond external requirements.
- b) Decrease in environmental impact through adequate planning.
- c) On-going risks analysis and possible improvements.

The basic risk prevention tool is the environmental plan which must be prepared by each operating unit and which consists of:

- a) Identification of environmental issues and of applicable legislation.
- b) Impact evaluation criteria.
- c) Measures to be adopted.
- d) A system for measuring the objectives achieved.

By their very nature, the activities of the Environmental Services business line are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, wastewater treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact, on occasions surpassing the requirements stipulated in the regulations governing this area.

The performance of production activities in the Environmental Services area requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2011, the acquisition cost of the non-current assets assigned to production in the Services area, net of depreciation and amortisation, totalled EUR 4,796,463 thousand (31 December 2010: EUR 4,816,724 thousand). The environmental provisions, mainly

for landfill sealing and shutdown expenses, totalled EUR 356,556 thousand (31 December 2010: EUR 353,556 thousand).

The Group's cement companies have non-current assets designed to filter atmospheric gas emissions, honour their commitments relating to the environmental restoration of depleted quarries and apply technologies that contribute to environmentally-efficient process management.

At 31 December 2011, Cementos Portland Valderrivas Group had made environmental investments amounting to EUR 176,909 thousand (2010: EUR 192,856 thousand), which were recognised under "Intangible Assets" and "Property, Plant and Equipment". The related accumulated depreciation and amortisation charge amounted to EUR 76,506 thousand (2010: EUR 88,251 thousand).

Due to the cement business the Group receives CO<sub>2</sub> emission allowances for no consideration in accordance with the corresponding national allocation plans. In this respect, it should be noted that in 2011 and 2010 the Group received for no consideration emission allowances equivalent to 7,763 thousand tonnes per annum relating to Cementos Portland Valderrivas, S.A., Cementos Alfa, S.A., Lemona Industrial, S.A. and Uniland Cementera, S.A.

In 2010 the aforementioned companies reached an agreement with a financial institution to exchange, during the term of the 2008-2012 National Allocation Plan (NAP), emission allowances received under this Plan (EUAs), for allowances acquired due to investments made in projects in developing countries (CERs). The financial institution guaranteed the Group a premium per tonne traded.

"Other Operating Income" in the accompanying consolidated income

## CONSOLIDATED FINANCIAL STATEMENTS

statement includes the income from sales transactions relating to greenhouse gas emission allowances in 2011 amounting to EUR 43,502 thousand (2010: EUR 62,784 thousand) (see Note 28-a).

The Construction area adopts environmental practices which make it possible to respect the environment in the performance of construction projects, and minimises its environmental impact through the following measures: reduction of atmospheric dust emissions; noise and vibration control; control of water discharges, with special emphasis on the treatment of effluents generated by construction projects; maximum reduction of waste generation; safeguarding of the biological diversity of animals and plants; protection of urban surroundings due to the occupation, pollution or loss of land, and the development of specific training programs for line personnel involved in the environmental decision-making process. It has also implemented an "Environmental Behaviour Code" which establishes the environmental conservation and protection requirements for subcontractors and suppliers.

Also, it is considered that there were no significant contingencies in relation to the protection and improvement of the environment at 31 December 2011 that might have a material impact on the accompanying consolidated financial statements.

For further information on the matters discussed in this Note, please refer to the Group's Corporate Social Responsibility report, which is published annually on FCC's website, [www.fcc.es](http://www.fcc.es), among other channels.

### ► 31. FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements.

The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner.

In line with this risk policy, the FCC Group arranges hedges initially to hedge the underlying transaction and not for speculative purposes.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

#### Capital risk management

The Group manages its capital to ensure that the Group companies are able to continue operating as profitable businesses whilst maximising shareholders' returns.

The strategy of the Group as a whole continues to focus on geographical diversification, namely the development and expansion of its activity in Europe, North and Central America and North Africa.

The cost of capital and the associated risks of each investment project are analysed by the Operational Areas and the Finance Division and are subsequently approved or rejected by the corresponding committee or by the Board of Directors. Other functional areas of the Group may also provide reports if so required.

One of the objectives of this investment analysis, in addition to the habitual objectives (profitability, return period, risk assumed, strategic and market valuation), is to maintain the net debt/EBITDA ratio at a reasonable level and within the range negotiated with banks.

## CONSOLIDATED FINANCIAL STATEMENTS

Financial management, which is responsible for the management of financial risks, periodically reviews the debt-equity ratio and compliance with the financing covenants and the capital structure of the subsidiaries.

### Interest rate risk

In order to ensure a position that is in the FCC Group's best interest, an interest rate risk management policy is actively implemented based on the on-going monitoring of markets and assuming different positions based primarily on the asset financed.

Given the nature of the Group's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group's debt are partially tied to floating interest rates.

Even so, the FCC Group performed interest rate hedging transactions in 2011, ending the year with various hedging instruments of varying maturities on 65.7% of the Group's total net debt, including project structured financing hedges.

Complying with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly swaps (IRSs) in which the Group companies pay a fixed rate and receive a floating rate.

### Foreign currency risk

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency.

The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of

origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in the currency of the consolidated group or in the most closely correlated foreign currency.

Foreign currency risk is expressed as the portion of the Group's equity denominated in currencies other than the euro, as indicated in Note 18-f, "Equity", the most noteworthy currency being the pound sterling.

### Solvency risk

At 31 December 2011, the FCC Group's net financial debt amounted to EUR 6,277,570 thousand, as shown in the following table:

|   | 2011               | 2010               |
|---|--------------------|--------------------|
| <b>Bank borrowings</b>                                  | <b>8,072,069</b>   | <b>8,524,821</b>   |
| <b>Debt instruments and other marketable securities</b> | <b>705,199</b>     | <b>680,650</b>     |
| <b>Other interest-bearing financial debt</b>            | <b>195,328</b>     | <b>447,675</b>     |
| <b>Current financial assets</b>                         | <b>(392,766)</b>   | <b>(225,763)</b>   |
| <b>Cash and cash equivalents</b>                        | <b>(2,302,641)</b> | <b>(1,678,651)</b> |
| Net financial debt                                      | 6,277,189          | 7,748,732          |
| Net limited recourse debt                               | (2,052,298)        | (2,760,615)        |
| Net borrowings with recourse                            | 4,224,891          | 4,988,117          |

The most relevant ratio for the purposes of measuring solvency and debt repayment capacity is net debt/EBITDA. The Group's ratios are reasonable and fulfil the conditions negotiated with banks.

### Liquidity risk

This risk results from the timing mismatches between the funds generated by the activities and the funds needed for the payment of debts, working capital etc.

## CONSOLIDATED FINANCIAL STATEMENTS

The FCC Group is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk.

Despite the adverse situation that affected the financial markets throughout 2011, the FCC Group has remained adequately positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

To ensure adequate management of this risk, the FCC Group closely monitors the maturities of all the credit lines and financing so that they can be renewed in sufficient time and on the best terms offered by the market, analyses the suitability of the financing on a case-by-case basis and studies alternatives with more favourable terms, where necessary.

In order to diversify its liquidity risk, the FCC Group operates with over 130 Spanish and international financial institutions.

The detail of the credit lines granted at consolidated level at 31 December 2011, taking into account only current and non-current bank borrowings and excluding the items accounted for as non-recourse borrowings, amounts payable under finance leases and accrued interest payable, is as follows:

|              | Amount granted | Undrawn balance | Balance drawn down |
|--------------|----------------|-----------------|--------------------|
| Consolidated | 7,062,840      | 827,311         | 6,235,529          |

### Credit risk

The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Group, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position could result in the risk of non-payment of the amounts owed.

The Group requests commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in on-going monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Group follows the policy of not accepting projects without an allocated budget and financial approval.

The following risks arose in 2011:

1. Delay in investment in the construction of infrastructures for certain Spanish public customers, due to restrictions applied to investments as a result of the current economic and financial crisis, which led to the rescheduling of certain construction work over a longer period of time. This situation was mitigated by an increase in the presence abroad and the obtainment of new contracts with new customers, the success of which is reflected in the foreign business in the Construction area and in the significant growth in the overseas backlog.
2. Delay in collection from certain public customers for the provision of urban environmental services due to the economic crisis which has affected the financial equilibrium of public customers. Permanent monitoring and control committees have been established to minimise the volume of assets generated and thereby reduce the financial cost assumed and prevent it from increasing in the future. Credit risk can also be due to counterparty breach of a financial asset, equivalents or derivatives contract. To manage this risk, the FCC Group restricts the use of these contracts to cases where the counterparties are credit institutions with proven creditworthiness and solvency. These contracts are also arranged with a large number of institutions, thereby diversifying the risk.

### Concentration risk

This risk arises from the concentration of financing transactions with common features such as:

- ▶ Sources of financing: the FCC Group obtains financing from over 130 Spanish and international banks.
- ▶ Markets/geographical area (Spanish, foreign): the FCC Group operates in a wide variety of Spanish and international markets and 87% of the Group's debt is concentrated in euros and 13% in various currencies in several international markets.

## CONSOLIDATED FINANCIAL STATEMENTS

- ▶ **Products:** the FCC Group arranges a broad spectrum of financial products, including loans, credit facilities, debt instruments, syndicated transactions and discounting facilities.
- ▶ **Currency:** the FCC Group finances its operations in a wide variety of currencies. Although there is a significant concentration of investments in euros, US dollars and pounds sterling, investments tends to be financed in the local currency provided this is possible in the country of origin.

### Sensitivity analysis

In relation to the sensitivity test on hedging derivatives and net debt, the amounts obtained in relation to the derivatives in force at year-end with an impact on equity and in the income statement after applying, where applicable, the related percentage of ownership, are shown below (in thousands of euros): In this respect, in view of the possible instability of the financial markets, the sensitivity test was performed using, on the one hand, three upward scenarios of the interest rate curve at 31 December 2011, assuming an increase in the curve of 50 bp, 100 bp and 125 bp and, on the other hand, a downwards scenario of the interest rate curve of 100 bp, 75 bp and 50 bp.

|                                       | Hedging derivatives |          |          |          |           |           |
|---------------------------------------|---------------------|----------|----------|----------|-----------|-----------|
|                                       | -100 b.p.           | -75 b.p. | -50 b.p. | +50 b.p. | +100 b.p. | +125 b.p. |
| Impact on equity (full consolidation) | (47,873)            | (38,904) | (26,832) | 25,922   | 51,724    | 64,231    |
| Impact on equity (equity method)      | (114,247)           | (84,049) | (54,973) | 52,039   | 102,513   | 125,662   |

With regard to derivatives that do not qualify for hedge accounting it should be noted that the impact on the income statement of application of the sensitivity test on the same terms indicated above would be irrelevant.

As in the case of derivatives, a table is shown below summarising the effect that the aforementioned upwards and downwards changes in the interest rate curve (+50 bp, +100 bp, +125 bp, and -100 bp, -75 bp and -50 bp, respectively) and in the interest rates on the net debt, after excluding any hedged debt, would have on the FCC Group's consolidated income statement:

|                                | Net debt  |          |          |          |           |           |
|--------------------------------|-----------|----------|----------|----------|-----------|-----------|
|                                | -100 b.p. | -75 b.p. | -50 b.p. | +50 b.p. | +100 b.p. | +125 b.p. |
| Impact on the income statement | (32,901)  | (24,675) | (16,450) | 16,450   | 32,901    | 41,126    |

### ▶ 32. INFORMATION ON RELATED PARTY TRANSACTIONS

#### a) Transactions with directors of the Parent and senior executives of the Group

The amounts accrued in 2011 in relation to bylaw stipulated emoluments for members of the Board of Directors of Fomento de Construcciones y Contratas, S.A. to be paid by the Company or any of the Group companies, joint ventures or associates, totalled EUR 1,974 thousand (2010: EUR 1,937 thousand).

The detail of the fixed and variable remuneration earned by the executive directors of Fomento de Construcciones y Contratas, S.A. in 2011 and 2010 and payable to them by the Company or by any of the Group companies, joint ventures or associates is as follows:

## CONSOLIDATED FINANCIAL STATEMENTS

|                       | 2011  | 2010  |
|-----------------------|-------|-------|
| Fixed remuneration    | 3,778 | 3,724 |
| Variable remuneration | 939   | 1,639 |
|                       | 4,717 | 5,363 |

The senior executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 6,951 thousand in 2011 (2010: EUR 6,668 thousand).

| 2011 and 2010                 |   |
|-------------------------------|---|
| José Luis de la Torre Sánchez | Chairman of FCC Servicios                                   |
| Miguel Hernanz Sanjuan        | General Internal Audit Manager                              |
| Dieter Kiefer                 | Chairman and CEO of Cementos Portland Valderrivas.          |
| José Mayor Oreja              | Chairman of FCC Construcción, S.A.                          |
| Victor Pastor Fernández       | General Finance Manager                                     |
| Antonio Gómez Ciria           | General Administration and Information Technologies Manager |
| Eduardo González Gómez        | General Innovation and Sustainability Manager               |
| José Manuel Velasco Guardado  | General Communication and Corporate Responsibility Manager  |
| Francisco Martín Montegudo    | General Human Resources Manager                             |

The payments made by the Group in relation to the insurance policy taken out for, among others, certain executive directors and executives of Fomento de Construcciones y Contratas, S.A. or the Group are disclosed in Note 26, "Pension plans and similar obligations".

Except as indicated in Note 26, no other remuneration, advances, loans or guarantees were granted to the Board members.

In relation to the investments held by the directors of Fomento de Construcciones y Contratas, S.A., or persons related to them, in the share capital of companies outside the FCC Group; or in relation to whether they, as independent professionals or as employees, engage in a similar or complementary activity to that which constitutes the company object of the Group; or in relation to whether they themselves or a person acting on their behalf have performed, with the Company or with any company of the same Group, other transactions outside the course of the Company's ordinary business operations or in conditions that were not on an arms-length basis; it should be mentioned that the aforementioned directors have stated that they or persons related to them:

- ▶ Do not carry on, as independent professionals or as employees, any activity that is identical, similar or complementary to the activity that constitutes the Company's object.
- ▶ Do not own any investments in the share capital of companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.
- ▶ Had not performed, with the Company or any company of the same Group, other transactions outside the course of the Company's ordinary business operations, or in conditions that were not on an arm's length basis.

The foregoing does not include the director B-1998, S.L. which has notified that its representative, Esther Koplowitz Romero de Juseu is also a member of the Board of Directors of Veolia Environnement, S.A. Henri Proglío is also a member of the Board of Directors of Veolia Environnement, S.A. and Chairman of Electricité de France (EDF).

The detail of the directors who hold positions at companies in which Fomento de Construcciones y Contratas, S.A. holds a direct or indirect ownership interest is as follows:

## CONSOLIDATED FINANCIAL STATEMENTS

| Name or company name of director        | Group company name  | Position |
|---|---|----------|
| CARTERA DEVA, S.A.                      | CEMENTOS PORTLAND VALDERRIVAS, S.A.                               | DIRECTOR |
|   | REALIA BUSINESS, S.A.   | DIRECTOR |
| EAC INVERSIONES CORPORATIVAS, S.L.      | CEMENTOS PORTLAND VALDERRIVAS, S.A.                               | DIRECTOR |
|   | FCC CONSTRUCCIÓN, S.A.  | DIRECTOR |
|   | REALIA BUSINESS, S.A.   | DIRECTOR |
| DON FERNANDO FALCÓ FERNÁNDEZ DE CÓRDOVA | FCC CONSTRUCCIÓN, S.A.  | DIRECTOR |
|   | WASTE RECYCLING GROUP LIMITED                                     | DIRECTOR |
|   | REALIA BUSINESS, S.A.   | DIRECTOR |
| DON RAFAEL MONTES SÁNCHEZ               | FCC CONSTRUCCIÓN, S.A.  | DIRECTOR |
|   | CEMENTOS PORTLAND VALDERRIVAS, S.A.                               | DIRECTOR |
|   | ALPINE HOLDING GMBH   | DIRECTOR |
|   | REALIA BUSINESS, S.A.   | DIRECTOR |
| DON JUAN CASTELLS MASANA                | WASTE RECYCLING GROUP LIMITED                                     | DIRECTOR |
|   | CEMENTOS PORTLAND VALDERRIVAS, S.A.                               | DIRECTOR |
|   | ALPINE HOLDING GMBH   | DIRECTOR |
| DON BALDOMERO FALCONES JAQUOTOT         | FCC ENERGÍA, S.A. Unipersonal (Sole-Shareholder Company)          | CHAIRMAN |
|   | FCC POWER GENERATION, S.L. Unipersonal (Sole-Shareholder Company) | CHAIRMAN |
| DON FELIPE B. GARCÍA PÉREZ              | FCC ENERGÍA, S.A. Unipersonal (Sole-Shareholder Company)          | DIRECTOR |
|   | FCC ENVIRONMENTAL LLC.  | DIRECTOR |
|   | FCC POWER GENERATION, S.L. Unipersonal (Sole-Shareholder Company) | DIRECTOR |
| DON JAVIER RIBAS                        | FCC ENVIRONMENTAL LLC.  | DIRECTOR |
|   | ALPINE HOLDING GMBH   | DIRECTOR |

These directors hold positions or discharge functions and/or hold ownership interests of less than 0.01% in all cases in other FCC Group companies in which Fomento de Construcciones y Contratas, S.A. directly or indirectly holds a majority of the voting power.

Following is a detail of the significant transactions giving rise to a transfer of resources or obligations between Group companies and their executives or directors:

| Name or company name of the directors or executives | Name or company name of the Group company or entity | Type of transaction | Type of relationship | Amount |
|---|---|---------------------|----------------------|--------|
| Dominum Desga, S.A.                                 | Servicios Especiales de Limpieza, S.A.              | Contractual         | Cleaning services    | 3,772  |
| B-1998, S.L.  | FCC Medio Ambiente, S.A.                            | Contractual         | Cleaning services    | 1,801  |

### b) Transactions between Group companies or entities

Numerous transactions take place between the Group companies as part of the Group's normal business activities which, in any event, are eliminated in the preparation of the consolidated financial statements.

The revenue recognised in the accompanying consolidated income statement includes EUR 313,909 thousand (2010: EUR 340,623 thousand) relating to Group company billings to associates and joint ventures.

The Group's consolidated financial statements also include purchases from associates and joint ventures amounting to EUR 105,291 thousand (2010: EUR 72,760 thousand).

## CONSOLIDATED FINANCIAL STATEMENTS

### c) Mechanisms established to detect, determine and resolve possible conflicts of interests between the Parent and/or its Group and its directors, executives or significant shareholders

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interests between the Group companies and their directors, executives and significant shareholders, as indicated in Article 25 of the Board's Regulations.

### ▶ 33. FEES PAID TO AUDITORS

The 2011 and 2010 fees for financial audit services and for other professional services provided to the various Group companies and joint ventures composing the FCC Group by the principal auditor and by other auditors participating in the audit of the various Group companies, and by entities related to them, both in Spain and abroad, are shown in the following table:

|  | 2011          | 2010          |
|--|---------------|---------------|
| <b>Fees for financial audit services</b> | <b>6,361</b>  | <b>6,331</b>  |
| Principal auditor                        | 3,810         | 3,755         |
| Other auditors                           | 2,551         | 2,576         |
| <b>Fees for other services</b>           | <b>5,166</b>  | <b>7,541</b>  |
| Principal auditor                        | 584           | 444           |
| Other auditors                           | 4,582         | 7,097         |
|  | <b>11,527</b> | <b>13,872</b> |

### ▶ 34. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.1). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform to other generally accepted accounting principles and rules.

## APPENDIX I SUBSIDIARIES (FULLY CONSOLIDATED)

| Company  | Registered office                          | Effective percentage of ownership | Auditor                   |
|--|--|-----------------------------------|---------------------------|
| <b>ENVIRONMENTAL SERVICES</b>  |  |                                   |                           |
| Abastecimientos y Saneamientos del Norte, S.A. Unipersonal                   | Uruguay, 11 - Vigo (Pontevedra)            | 100.00                            |                           |
| Abrantaqua-Serviço de Aguas Residuais Urbanas do Município de Abrantes, S.A. | Portugal                                   | 60.00                             | Ernst & Young             |
| Acque di Caltanissetta, S.p.A.   | Italy                                      | 89.28                             | Ernst & Young             |
| Adobs Orgànics, S.L.   | Sant Benet, 21 - Manresa (Barcelona)       | 60.00                             |                           |
| AEBA, Ambiente y Ecología de Buenos Aires, S.A.                              | Argentina                                  | 52.50                             | Estudio Torrent Auditores |
| Aguas Torrelavega, S.A.  | La Viña, 4 - Torrelavega (Cantabria)       | 51.00                             | Audinfor                  |
| Aigües de l'Alt Empordà, S.A. - in liquidation-                              | Lluís Companys, 43 - Roses (Girona)        | 51.40                             |                           |
| Aigües de Vallirana, S.A. Unipersonal  | Conca de Tremp, 14 - Vallirana (Barcelona) | 100.00                            |                           |
| Alfonso Benítez, S.A.  | Federico Salmón, 13 - Madrid               | 100.00                            | PriceWaterhouseCoopers    |
| Apex/FCC Llc.  | USA  | 51.00                             |                           |
| Aqua Campiña, S.A.   | Avda. Blas Infante, 6 - Écija (Sevilla)    | 90.00                             | Audinfor                  |
| Aquaelvas - Aguas de Elvas, S.A.   | Portugal                                   | 100.00                            | Ernst & Young             |
| Aquafundalia-Agua do fundao, S.A.  | Portugal                                   | 100.00                            |                           |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company   | Registered office  | Effective percentage of ownership | Auditor                |
|---|--|-----------------------------------|------------------------|
| Aqualia Czech, S.L.   | Ulises, 18 - Madrid  | 100.00                            | Ernst & Young          |
| Aqualia Gestión Integral del Agua, S.A.   | Federico Salmón, 13 - Madrid                                   | 100.00                            | Ernst & Young          |
| Aqualia Infraestructures Inzenyring s.r.o.  | Czech Republic   | 100.00                            | Ing. Ladislav Balaz    |
| Aqualia Infraestructures de México, S.A. de C.V.  | Mexico   | 100.00                            | Ernst & Young          |
| Aqualia Infraestructures, S.A.  | Ulises, 18 - Madrid  | 100.00                            | Ernst & Young          |
| Aqualia Infraestructures Montenegro (AIM) DOO Niksic  | Montenegro   | 100.00                            |                        |
| Aqualia New Europe B.V.   | Netherlands  | 51.00                             | Ernst & Young          |
| Aquamaior-Aguas de Campo Maior, S.A.  | Portugal   | 100.00                            | Ernst & Young          |
| Armigesa, S.A.  | Plaza de la Constitución, 1 - Armilla (Granada)                | 51.00                             |                        |
| Augas Municipais de Arteixo, S.A.   | Plaza Alcalde Ramón Dopico - Arteixo (La Coruña)               | 51.00                             | PriceWaterhouseCoopers |
| Azincourt Investment, S.L. Unipersonal  | Federico Salmón, 13 - Madrid                                   | 100.00                            | Deloitte               |
| Baltecma, Gestión de Residuos Industriales, S.L.  | Conradors, parcela 34 Pl. Marratxi - Marratxi (Islas Baleares) | 70.00                             |                        |
| Cartagua, Aguas do Cartaxo, S.A.  | Portugal   | 60.00                             | Ernst & Young          |
| Castellana de Servicios, S.A.   | Federico Salmón, 13 - Madrid                                   | 100.00                            | PriceWaterhouseCoopers |
| Chemipur Químicos, S.L. Unipersonal   | Pincel, 25 - Sevilla   | 100.00                            |                        |
| Colaboración, Gestión y Asistencia, S.A.  | Federico Salmón, 13 - Madrid                                   | 100.00                            |                        |
| Compañía Catalana de Servicios, S.A.  | Balmes, 36 - Barcelona   | 100.00                            | PriceWaterhouseCoopers |
| Compañía de Control de Residuos, S.L.   | Peña Redonda, 27 - Pl. Silvota - Llanera (Asturias)            | 64.00                             |                        |
| Compañía Onubense de Aguas, S.A.  | Avda. Martín Alonso Pinzón, 8 - Huelva                         | 60.00                             |                        |
| Corporación Inmobiliaria Ibérica, S.A.  | Ulises, 18 - Madrid  | 100.00                            |                        |
| Cristales Molidos, S.L.   | Partida San Gregorio - Cadrete (Zaragoza)                      | 100.00                            |                        |
| Dédalo Patrimonial, S.L. Unipersonal  | Federico Salmón, 13 - Madrid                                   | 100.00                            |                        |
| Depurplan 11, S.A.  | San Miguel, 4 3ºB - Zaragoza                                   | 100.00                            | Audifor                |
| Depurtebo, S.A.   | San Pedro, 57 - Zuera (Zaragoza)                               | 100.00                            |                        |
| Ecoactiva de Medio Ambiente, S.A.   | Ctra. Puebla Albortón a Zaragoza Km. 25                        | 60.00                             |                        |
| Ecodeal-Gestao Integral de Residuos Industriais, S.A.   | Portugal   | 53.62                             | PriceWaterhouseCoopers |
| Ecogenesis Societé Anonime Rendering of Cleansing and Waste Management Services               | Greece   | 51.00                             |                        |
| Ecoparque Mancomunidad del Este, S.A.   | Federico Salmón, 13 - Madrid                                   | 100.00                            | Audifor                |
| Egypt Environmental Services, S.A.E.  | Egypt  | 100.00                            | PriceWaterhouseCoopers |
| Ekonor, S.A.  | Larras de San Juan - Iruña de Oca (Álava)                      | 100.00                            | PriceWaterhouseCoopers |
| Ekostone Áridos Siderúrgicos, S.L.  | Trinidad, 9 - Getxo (Vizcaya)                                  | 51.00                             |                        |
| Empresa Comarcal de Serveis Mediambientals del Baix Penedés - ECOBP, S.L.                     | Plaza del Centre, 3 - El Vendrell (Tarragona)                  | 66.60                             | Audifor                |
| Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A. | Princesa, 3 - Madrid   | 70.00                             |                        |
| Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L.                           | Plaza Vázquez de Molina, s/n -Úbeda (Jaén)                     | 90.00                             | Audifor                |
| Entemanser, S.A.  | Castillo, 13 - Adeje (Santa Cruz de Tenerife)                  | 97.00                             | Ernst & Young          |
| Enviropower Investments Limited   | UK   | 100.00                            | Deloitte               |
| F.S. Colaboración y Asistencia, S.A.  | Ulises, 18 - Madrid  | 65.00                             | Audifor                |
| FCC Ámbito, S.A.  | Federico Salmón, 13 - Madrid                                   | 100.00                            | PriceWaterhouseCoopers |
| FCC Environmental Llc.  | USA  | 100.00                            |                        |
| FCC Lubricants Llc.   | USA  | 51.00                             |                        |
| FCC Medio Ambiente, S.A.  | Federico Salmón, 13 - Madrid                                   | 100.00                            | PriceWaterhouseCoopers |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company  | Registered office  | Effective percentage of ownership | Auditor                       |
|--|--|-----------------------------------|-------------------------------|
| <b>Focsa Services, U.K. Ltd.</b>                             | <b>UK</b>  | <b>100.00</b>                     | <b>Deloitte</b>               |
| <b>Focsa Serviços de Saneamento Urbano de Portugal, S.A.</b> | <b>Portugal</b>  | <b>100.00</b>                     | <b>PriceWaterhouseCoopers</b> |
| <b>Gamasur Campo de Gibraltar, S.L.</b>                      | <b>Antigua Ctra. de Jimena de la Frontera, s/n - Los Barrios (Cádiz)</b> | <b>85.00</b>                      | <b>PriceWaterhouseCoopers</b> |
| <b>Gandia Serveis Urbans, S.A.</b>                           | <b>LLanterners, 6 - Gandia (Valencia)</b>                                | <b>65.00</b>                      |                               |
| <b>GEMECAN, Gestora Medioambiental y de Residuos, S.L.</b>   | <b>Josefina Mayor, 12 - Telde (Las Palmas)</b>                           | <b>100.00</b>                     |                               |
| <b>Geneus Canarias, S.L. Unipersonal</b>                     | <b>Electricista, 2. U. I. de Salinetas - Telde (Las Palmas)</b>          | <b>100.00</b>                     |                               |
| <b>Gestió i Recuperació de Terrenys, S.A.</b>                | <b>Rambla Catalunya, 2-4 - Barcelona</b>                                 | <b>80.00</b>                      | <b>Audifor</b>                |
| <b>Gonzalo Mateo, S.L.</b>                                   | <b>Partida San Gregorio - Cadrete (Zaragoza)</b>                         | <b>100.00</b>                     | <b>PriceWaterhouseCoopers</b> |
| <b>Graver Española, S.A. Unipersonal</b>                     | <b>Epalza, 8 - Bilbao (Vizcaya)</b>                                      | <b>100.00</b>                     | <b>Audifor</b>                |
| <b>A.S.A. Group</b>  | <b>Austria</b>   |                                   |                               |
| 1. Polabská  | Czech Republic   | 100.00                            |                               |
| .A.S.A. Abfall Service AG                                    | Austria  | 100.00                            | PriceWaterhouseCoopers        |
| .A.S.A. Abfall Service Betriebs GmbH                         | Austria  | 100.00                            |                               |
| .A.S.A. Abfall Service Halbenrain GmbH                       | Austria  | 99.80                             |                               |
| .A.S.A. Abfall Service Industrieviertel Betriebs GmbH        | Austria  | 100.00                            |                               |
| .A.S.A. Abfall Service Neunkirchen GmbH                      | Austria  | 100.00                            |                               |
| .A.S.A. Abfall Service Zistersdorf GmbH                      | Austria  | 100.00                            | PriceWaterhouseCoopers        |
| .A.S.A. AbfallService Halbenrain GmbH & Co Nfg KG            | Austria  | 100.00                            | PriceWaterhouseCoopers        |
| .A.S.A. AbfallService Industrieviertel GmbH & Co Nfg KG      | Austria  | 100.00                            |                               |
| .A.S.A. AbfallService Wiener Neustadt GmbH                   | Austria  | 100.00                            |                               |
| .A.S.A. Bulgaria E.O.O.D.                                    | Bulgaria   | 100.00                            | PriceWaterhouseCoopers        |
| .A.S.A. Ceské Budějovice s.r.o                               | Czech Republic   | 75.00                             | PriceWaterhouseCoopers        |
| .A.S.A. Dacice s.r.o   | Czech Republic   | 60.00                             |                               |
| .A.S.A. EKO d.o.o  | Serbia   | 100.00                            | PriceWaterhouseCoopers        |
| .A.S.A. EKO Polska sp. z.o.o.                                | Poland   | 100.00                            | PriceWaterhouseCoopers        |
| .A.S.A. EKO s.r.o.   | Slovakia   | 100.00                            |                               |
| .A.S.A. EKO Znojmo s.r.o                                     | Czech Republic   | 49.72                             | PriceWaterhouseCoopers        |
| .A.S.A. Es Únanov s.r.o.                                     | Czech Republic   | 60.41                             |                               |
| .A.S.A. Finanzdienstleistungen GmbH                          | Austria  | 100.00                            |                               |
| .A.S.A. Hódmezővásárhely y Köztisztasági Kft                 | Hungary  | 61.83                             | PriceWaterhouseCoopers        |
| .A.S.A. Hp Spol. s.r.o.                                      | Czech Republic   | 100.00                            | PriceWaterhouseCoopers        |
| .A.S.A. International Environmental Services GmbH            | Austria  | 100.00                            |                               |
| .A.S.A. Kikinda d.o.o.                                       | Serbia   | 80.00                             | PriceWaterhouseCoopers        |
| .A.S.A. Kisalföld Szállító Környezetvédelmi És H Kft         | Hungary  | 100.00                            |                               |
| .A.S.A. Liberec s.r.o.                                       | Czech Republic   | 55.00                             | PriceWaterhouseCoopers        |
| .A.S.A. Lubliniec sp. z.o.o.                                 | Poland   | 61.97                             |                               |
| .A.S.A. Magyarország Környezetvédelem És H Kft               | Hungary  | 100.00                            | PriceWaterhouseCoopers        |
| .A.S.A. Odpady Litovel s.r.o.                                | Czech Republic   | 49.00                             |                               |
| .A.S.A. Olsava spol. s.r.o.                                  | Slovakia   | 100.00                            |                               |
| .A.S.A. Slovensko spol. s.r.o.                               | Slovakia   | 100.00                            | PriceWaterhouseCoopers        |
| .A.S.A. Sluzby Zabovresky s.r.o.                             | Czech Republic   | 89.00                             |                               |
| .A.S.A. spol. s.r.o.   | Czech Republic   | 100.00                            | PriceWaterhouseCoopers        |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company  | Registered office | Effective percentage of ownership | Auditor                |
|--|-------------------|-----------------------------------|------------------------|
| .A.S.A. Tarnobrzeg sp. z.o.o.                                    | Poland            | 60.00                             |                        |
| .A.S.A. TRNAVA spol. s.r.o.                                      | Slovakia          | 50.00                             | PriceWaterhouseCoopers |
| .A.S.A. TS Prostějov s.r.o.                                      | Czech Republic    | 49.00                             | PriceWaterhouseCoopers |
| .A.S.A. V.O.D.S. Sanacie s.r.o.                                  | Slovakia          | 51.00                             |                        |
| .A.S.A. Vilnius UAB  | Lithuania         | 100.00                            |                        |
| .A.S.A. Vrbak d.o.o.   | Serbia            | 51.02                             |                        |
| .A.S.A. Zabcice spol. s.r.o.                                     | Czech Republic    | 80.00                             | PriceWaterhouseCoopers |
| .A.S.A. Zohor spol. s.r.o.                                       | Slovakia          | 85.00                             | PriceWaterhouseCoopers |
| Abfallwirtschaftszentrum Mostviertel GmbH                        | Austria           | 100.00                            |                        |
| Bec Odpady s.r.o.  | Czech Republic    | 100.00                            | PriceWaterhouseCoopers |
| EKO-Radomsko sp. z.o.o.  | Poland            | 100.00                            |                        |
| Entsorga Entsorgungs GmbH Nfg KG                                 | Austria           | 100.00                            |                        |
| EnviCon G s.r.o.   | Czech Republic    | 100.00                            | PriceWaterhouseCoopers |
| Erd-Kom Érdi Kommunális Hulladékkezelő                           | Hungary           | 90.00                             | PriceWaterhouseCoopers |
| Inerta Abfallbehandlungs GmbH                                    | Austria           | 100.00                            |                        |
| Kreindl GmbH   | Austria           | 100.00                            |                        |
| Miejska Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o. Zabrze | Poland            | 80.00                             | PriceWaterhouseCoopers |
| Obsed a.s.   | Czech Republic    | 100.00                            |                        |
| Quail spol. s.r.o.   | Czech Republic    | 100.00                            | PriceWaterhouseCoopers |
| Regios AS  | Czech Republic    | 99.00                             | PriceWaterhouseCoopers |
| S.C. A.S.A. Servicii Ecologice SRL                               | Romania           | 100.00                            | PriceWaterhouseCoopers |
| SC Valmax Impex SRL  | Romania           | 60.00                             | PriceWaterhouseCoopers |
| Siewierskie Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o.    | Poland            | 60.00                             |                        |
| Skladka Uhy spol. s.r.o.   | Czech Republic    | 100.00                            | PriceWaterhouseCoopers |
| Technické Služby - A S A s.r.o.                                  | Slovakia          | 100.00                            | PriceWaterhouseCoopers |
| Textil Verwertung GmbH   | Austria           | 100.00                            |                        |
| Waste City spol. s.r.o. -in liquidation-                         | Slovakia          | 100.00                            |                        |
| <b>Waste Recycling Group:</b>                                    | <b>UK</b>         |                                   |                        |
| 3C Holdings Limited  | UK                | 100.00                            | Deloitte               |
| 3C Waste Limited   | UK                | 100.00                            | Deloitte               |
| Airdriehill Quarries Limited                                     | UK                | 100.00                            |                        |
| Allington O & M Services Limited                                 | UK                | 100.00                            | Deloitte               |
| Allington Waste Company Limited                                  | UK                | 100.00                            | Deloitte               |
| Anti-Waste (Restoration) Limited                                 | UK                | 100.00                            | Deloitte               |
| Anti-Waste Limited   | UK                | 100.00                            | Deloitte               |
| Arnold Waste Disposal Limited                                    | UK                | 100.00                            | Deloitte               |
| BDR Property Limited   | UK                | 80.00                             | Deloitte               |
| BDR Waste Disposal Limited                                       | UK                | 100.00                            | Deloitte               |
| Darrington Quarries Limited                                      | UK                | 100.00                            | Deloitte               |
| Derbyshire Waste Limited   | UK                | 100.00                            | Deloitte               |
| East Waste Limited   | UK                | 100.00                            | Deloitte               |
| Enviropower Investments Ltd.                                     | UK                | 100.00                            | Deloitte               |
| FCC Energy Limited   | UK                | 100.00                            |                        |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company   | Registered office  | Effective percentage of ownership | Auditor                       |
|---|--|-----------------------------------|-------------------------------|
| FCC Environmental Services Limited                    | UK   | 100.00                            |                               |
| FCC Environmental Services UK Limited                 | UK   | 100.00                            |                               |
| Finstop Limited                                       | UK   | 100.00                            |                               |
| Herrington Limited                                    | UK   | 100.00                            |                               |
| Integrated Waste Management Limited                   | UK   | 100.00                            | Deloitte                      |
| Kent Conservation & Management Limited                | UK   | 100.00                            |                               |
| Kent Energy Limited                                   | UK   | 100.00                            | Deloitte                      |
| Kent Enviropower Limited                              | UK   | 100.00                            | Deloitte                      |
| Landfill Management Limited                           | UK   | 100.00                            | Deloitte                      |
| Lincwaste Limited                                     | UK   | 100.00                            | Deloitte                      |
| Norfolk Waste Limited                                 | UK   | 100.00                            | Deloitte                      |
| Oxfordshire Waste Limited                             | UK   | 100.00                            |                               |
| Pennine Waste Management Limited                      | UK   | 100.00                            | Deloitte                      |
| RE3 Holding Limited                                   | UK   | 100.00                            | Deloitte                      |
| RE3 Limited   | UK   | 100.00                            | Deloitte                      |
| Site&Field Equipment Limited                          | UK   | 100.00                            |                               |
| T Shooter Limited                                     | UK   | 100.00                            | Deloitte                      |
| Waste Recovery Limited                                | UK   | 100.00                            | Deloitte                      |
| Waste Recycling Group (Central) Limited               | UK   | 100.00                            | Deloitte                      |
| Waste Recycling Group (Scotland) Limited              | UK   | 100.00                            | Deloitte                      |
| Waste Recycling Group (Yorkshire) Limited             | UK   | 100.00                            | Deloitte                      |
| Waste Recycling Group Limited                         | UK   | 100.00                            | Deloitte                      |
| Waste Recycling Limited                               | UK   | 100.00                            | Deloitte                      |
| Wastenotts (Reclamation) Limited                      | UK   | 100.00                            | Deloitte                      |
| Wastenotts O & M Services Limited                     | UK   | 100.00                            | Deloitte                      |
| Welbeck Waste Management Limited                      | UK   | 100.00                            | Deloitte                      |
| Winterton Power Limited                               | UK   | 100.00                            |                               |
| WRG (Lincolnshire) Limited                            | UK   | 100.00                            | Deloitte                      |
| WRG (Management) Limited                              | UK   | 100.00                            | Deloitte                      |
| WRG (Midlands) Limited                                | UK   | 100.00                            | Deloitte                      |
| WRG (Northern) Limited                                | UK   | 100.00                            | Deloitte                      |
| WRG Acquisitions 2 Limited                            | UK   | 100.00                            | Deloitte                      |
| WRG Berkshire Limited                                 | UK   | 100.00                            | Deloitte                      |
| WRG Environmental Limited                             | UK   | 100.00                            | Deloitte                      |
| WRG PFI Holdings Limited                              | UK   | 100.00                            | Deloitte                      |
| WRG Properties Limited                                | UK   | 100.00                            |                               |
| WRG Waste Services Limited                            | UK   | 100.00                            | Deloitte                      |
| WRG Wrexham PFI Holdings Limited                      | UK   | 65.00                             | Deloitte                      |
| WRG Wrexham PFI Limited                               | UK   | 65.00                             | Deloitte                      |
| <b>Hidrotec Tecnología del Agua, S.L. Unipersonal</b> | <b>Píncel, 25 - Sevilla</b>  | <b>100.00</b>                     |                               |
| <b>Instugasa, S.L. Unipersonal</b>                    | <b>La Presa , 14 - Adeje (Santa Cruz de Tenerife)</b>                | <b>100.00</b>                     | <b>Ernst &amp; Young</b>      |
| <b>Integraciones Ambientales de Cantabria, S.A.</b>   | <b>Barrio la Barquera, 13 - Torres - Reocin - Cartes (Cantabria)</b> | <b>70.00</b>                      | <b>PriceWaterhouseCoopers</b> |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company   | Registered office   | Effective percentage of ownership | Auditor                     |
|---|---|-----------------------------------|-----------------------------|
| International Petroleum Corp. of Delaware               | USA   | 100.00                            |                             |
| International Services Inc., S.A. Unipersonal           | Arquitecto Gaudí, 4 - Madrid  | 100.00                            |                             |
| Inversora Riutort, S.L.                                 | Berlín, 38-43 - Barcelona   | 100.00                            |                             |
| Jaime Franquesa, S.A.                                   | Pl. Zona Franca Sector B calle D49 - Barcelona                      | 100.00                            |                             |
| Jaume Oro, S.L.   | Avda. de Les Garrigues, 15 - Bellpuig (Lleida)                      | 100.00                            |                             |
| Limpieza e Higiene de Cartagena, S.A.                   | Luis Pasteur, 6 - Cartagena (Murcia)                                | 90.00                             | PriceWaterhouseCoopers      |
| Limpiezas Urbanas de Mallorca, S.A.                     | Ctra. San Margalida-Can Picafort - Santa Margalida (Islas Baleares) | 100.00                            | Audifor                     |
| Manipulación y Recuperación MAREPA, S.A.                | Av. San Martín de Valdeiglesias, 22 - Alcorcón (Madrid)             | 100.00                            | PriceWaterhouseCoopers      |
| Municipal de Serveis, S.A.                              | Joan Torrà i Cabrosa, 7 - Girona                                    | 80.00                             | Cataudit Auditors Associats |
| Nilo Medioambiente, S.L. Unipersonal                    | Pincel, 25 - Sevilla  | 100.00                            | Audifor                     |
| Onyx Gibraltar, Ltd.                                    | UK  | 100.00                            |                             |
| Ovod spol. s.r.o.                                       | Czech Republic  | 100.00                            | Ing. Ladislav Balaz         |
| Recuperació de Pedreres, S.L.                           | Rambla de Catalunya, 2 - Barcelona                                  | 80.00                             | PriceWaterhouseCoopers      |
| Saneamiento y Servicios, S.A.                           | Federico Salmón, 13 - Madrid  | 100.00                            | PriceWaterhouseCoopers      |
| Serveis d'Escombreries i Neteja, S.A.                   | Coure, s/n - Pl. Riu Clar - Tarragona                               | 100.00                            |                             |
| Servicios de Levante, S.A.                              | Ctra. de Valencia Km. 3 - Castellón de la Plana (Castellón)         | 100.00                            | PriceWaterhouseCoopers      |
| Servicios Especiales de Limpieza, S.A.                  | Federico Salmón, 13 - Madrid  | 100.00                            | PriceWaterhouseCoopers      |
| Serveis Municipals de Neteja de Girona, S.A.            | Pl. del Vi, 1 - Girona  | 75.00                             |                             |
| Severomoravské Vodovody a Kanalizace Ostrava A.S.       | Czech Republic  | 98.68                             | Ernst & Young               |
| Sociedad Española de Aguas Filtradas, S.A.              | Ulises, 18 - Madrid   | 100.00                            | Ernst & Young               |
| Sociedad Ibérica del Agua, S.I.A., S.A. Unipersonal     | Federico Salmón, 13 - Madrid  | 100.00                            |                             |
| Societat Municipal Medioambiental d'Igualada            | Pl. del Ajuntament, 1 - Igualada (Barcelona)                        | 65.91                             |                             |
| Telford & Wrekin Services, Ltd.                         | UK  | 100.00                            | Deloitte                    |
| Tratamiento Industrial de Aguas, S.A.                   | Federico Salmón, 13 - Madrid  | 100.00                            | Audifor                     |
| Tratamiento y Reciclado Integral de Ocaña, S.A.         | Federico Salmón, 13 - Madrid  | 100.00                            |                             |
| Tratamientos y Recuperaciones Industriales, S.A.        | Rambla de Catalunya, 2-4, P.5 - Barcelona                           | 75.00                             | PriceWaterhouseCoopers      |
| Valoración y Tratamiento de Residuos Urbanos, S.A.      | Riu Magre, 6 - Pl. Patada del Cid - Quart de Poblet (Valencia)      | 80.00                             |                             |
| Valorización y Tratamiento de Residuos, S.A.            | Alameda de Mazarredo, 15-4º A - Bilbao (Vizcaya)                    | 100.00                            | Audifor                     |
| <b>VERSIA</b>   |   |                                   |                             |
| Aparcamientos Concertados, S.A.                         | Arquitecto Gaudí, 4 - Madrid  | 100.00                            | PriceWaterhouseCoopers      |
| Beta de Administración, S.A.                            | Federico Salmón, 13 - Madrid  | 100.00                            | Centium                     |
| C.G.T. Corporación General de Transportes, S.A.         | Federico Salmón, 13 - Madrid  | 100.00                            |                             |
| Camusa Corporación Americana de Mobiliario Urbano, S.A. | Argentina   | 100.00                            |                             |
| Cemusa Amazonia, S.A.                                   | Brazil  | 100.00                            | PriceWaterhouseCoopers      |
| Cemusa Boston, Llc.                                     | USA   | 100.00                            |                             |
| Cemusa Brasilia, S.A.                                   | Brazil  | 100.00                            | PriceWaterhouseCoopers      |
| Cemusa do Brasil Ltda.                                  | Brazil  | 100.00                            | PriceWaterhouseCoopers      |
| Cemusa, Corporación Europea de Mobiliario Urbano, S.A.  | Francisco Sancha, 24 - Madrid                                       | 100.00                            | PriceWaterhouseCoopers      |
| Cemusa Inc.   | USA   | 100.00                            | PriceWaterhouseCoopers      |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company   | Registered office   | Effective percentage of ownership | Auditor                |
|---|---|-----------------------------------|------------------------|
| Cemusa Italia, S.R.L.   | Italy   | 100.00                            |                        |
| Cemusa Miami, Llc.  | USA   | 100.00                            |                        |
| Cemusa Miami, Ltd.  | USA   | 100.00                            |                        |
| Cemusa NY, Llc.   | USA   | 100.00                            |                        |
| Cemusa Portugal, Companhia de Mobiliario Urbano e Publicidade, S.A. | Portugal  | 100.00                            | PriceWaterhouseCoopers |
| Cemusa Rio, S.A.  | Brazil  | 100.00                            | PriceWaterhouseCoopers |
| Cemusa Salvador, S.A.   | Brazil  | 65.00                             | PriceWaterhouseCoopers |
| Conservación y Sistemas, S.A.                                       | Federico Salmón, 13 - Madrid                                  | 100.00                            | PriceWaterhouseCoopers |
| Equipos y Procesos, S.A.  | Conde de Peñalver, 45 - Madrid                                | 80.73                             |                        |
| Estacionamientos y Servicios, S.A.                                  | Federico Salmón, 13 - Madrid                                  | 100.00                            |                        |
| FCC Logística Portugal, S.A.  | Portugal  | 100.00                            | PriceWaterhouseCoopers |
| FCC Logística, S.A. Unipersonal                                     | Buenos Aires, 10 Pl. Camporroso - Alcalá de Henares (Madrid)  | 100.00                            | PriceWaterhouseCoopers |
| FCC Versia, S.A.  | Federico Salmón, 13 - Madrid                                  | 100.00                            | PriceWaterhouseCoopers |
| Flightcare Belgium, Naamloze Vennootschap                           | Belgium   | 100.00                            | PriceWaterhouseCoopers |
| Flightcare Cyprus Limited   | Cyprus  | 75.00                             |                        |
| Flightcare Italia, S.p.A.   | Italy   | 100.00                            | PriceWaterhouseCoopers |
| Flightcare, S.L.  | Federico Salmón, 13 - Madrid                                  | 100.00                            | PriceWaterhouseCoopers |
| Geral I.S.V. Brasil Ltda.   | Brazil  | 100.00                            |                        |
| Navegación y Servicios Aeroportuarios, S.A. Unipersonal             | Federico Salmón, 13 - Madrid                                  | 100.00                            |                        |
| Sistemas y Vehículos de Alta Tecnología, S.A.                       | Conde de Peñalver, 45 - Madrid                                | 100.00                            | PriceWaterhouseCoopers |
| Zona Verde-Promoção e Marketing Limitada                            | Portugal  | 100.00                            | PriceWaterhouseCoopers |
| <b>CONSTRUCTION</b>   |   |                                   |                        |
| Alpetrol, S.A.  | Avda. General Perón, 36 - Madrid                              | 100.00                            |                        |
| Alpine Consulting d.o.o.  | Slovenia  | 100.00                            |                        |
| Áridos de Melo, S.L.  | Finca la Barca y el Ballestar, s/n - Barajas de Melo (Cuenca) | 100.00                            | Centium                |
| Autovía Conquense, S.A.   | Pedro Texeira, 8 - Madrid                                     | 100.00                            | Deloitte               |
| BBR Pretensados y Técnicas Especiales, S.L.                         | Retama, 5 - Madrid  | 100.00                            | Centium                |
| Binattec Al Maghreb, S.A.   | Morocco   | 100.00                            |                        |
| Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.                  | Mexico  | 85.59                             | Deloitte               |
| Concesiones Viales de Costa Rica, S.A.                              | Costa Rica  | 100.00                            |                        |
| Concesiones Viales S. de R.L. de C.V.                               | Mexico  | 99.97                             | Deloitte               |
| Conservial, S.L.  | Manuel Lasala, 36 - Zaragoza                                  | 100.00                            |                        |
| Construction y Filiales Mexicanas, S.A. de C.V.                     | Mexico  | 100.00                            | Deloitte               |
| Constructora Túnel de Coatzacoalcos, S.A. de C.V.                   | Mexico  | 55.60                             | Deloitte               |
| Contratas y Ventas, S.A.  | Asturias, 41 - Oviedo (Asturias)                              | 100.00                            | Deloitte               |
| Desarrollo y Construction DEYCO CRCA, S.A.                          | Costa Rica  | 100.00                            |                        |
| Dezvoltare Infrastructura, S.A.                                     | Romania   | 51.03                             |                        |
| Dizara Inversión, S.L.  | Avda. General Perón, 36 - Madrid                              | 100.00                            |                        |
| EHST - European High-Speed Trains SGPS, S.A.                        | Portugal  | 85.71                             | Deloitte               |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company  | Registered office            | Effective percentage of ownership | Auditor  |
|--|------------------------------|-----------------------------------|--|
| FCC Actividades de Construction Industrial (1)                     | Federico Salmón, 12 - Madrid | 100.00                            | Deloitte                                       |
| FCC Canadá Ltd.  | Canada                       | 100.00                            |  |
| FCC Colombia, S.A.S.   | Colombia                     | 100.00                            |  |
| FCC Construcción, S.A.   | Balmes, 36 - Barcelona       | 100.00                            | Deloitte                                       |
| FCC Construcción de Centroamérica, S.A.                            | Costa Rica                   | 100.00                            | Deloitte                                       |
| FCC Construcción Chile, SPA  | Chile                        | 100.00                            |  |
| FCC Construcción Perú, S.A.C.                                      | Peru                         | 100.00                            |  |
| FCC Construction Polska SP Z.o.o.                                  | Poland                       | 100.00                            |  |
| FCC Constructii Romania, S.A.                                      | Romania                      | 100.00                            |  |
| FCC Construction Hungary Kft                                       | Hungary                      | 100.00                            | Deloitte                                       |
| FCC Construction I-95 Llc.   | USA                          | 100.00                            | Deloitte                                       |
| FCC Construction Inc.  | USA                          | 100.00                            | Deloitte                                       |
| FCC Construction International B.V.                                | Netherlands                  | 100.00                            |  |
| FCC Construction Northern Ireland Limited                          | Ireland                      | 100.00                            | Deloitte                                       |
| FCC Construções do Brasil, Ltd.                                    | Brazil                       | 100.00                            |  |
| FCC Elliot UK Limited  | UK                           | 50.10                             |  |
| FCC Industriale SRL  | Italy                        | 100.00                            |  |
| FCC Servicios Industriales y Energéticos, S.A.                     | Acanto, 22 - Madrid          | 100.00                            | Deloitte                                       |
| FCC Servicios Industriales y Energéticos México, S.A.C.V.          | Mexico                       | 100.00                            |  |
| Fomento de Construcciones y Contratas Construction Ireland Limited | Ireland                      | 100.00                            | Deloitte                                       |
| Gavisa Portugal Montagens Eléctricas Lda.                          | Portugal                     | 97.00                             |  |
| <b>Alpine Group:</b>   |                              |                                   |  |
| Acoton Projektmanagement & Bauträger GmbH                          | Austria                      | 79.10                             |  |
| Ad Grundbesitzverwaltung GmbH                                      | Germany                      | 80.54                             | Deloitte                                       |
| Ajs Acoton Projektmanagement & Bauträger GmbH Co KG                | Austria                      | 88.76                             |  |
| Alpine Aleksandar d.o.o.   | Macedonia                    | 86.07                             |  |
| Alpine Bau CZ s.r.o.   | Czech Republic               | 89.65                             | Deloitte                                       |
| Alpine Bau Deutschland AG  | Germany                      | 89.47                             | Deloitte                                       |
| Alpine Bau GmbH  | Austria                      | 89.65                             | Deloitte                                       |
| Alpine Bau GmbH A-1 sp.j   | Poland                       | 89.65                             |  |
| Alpine Bau GmbH Schweiz  | Switzerland                  | 89.65                             | Deloitte                                       |
| Alpine Bau India Private Limited                                   | India                        | 89.65                             | Thingna & Contractor,<br>Chertered Accountants |
| Alpine BeMo Tunnelling GmbH  | Austria                      | 89.75                             | Deloitte                                       |
| Alpine Building Services GmbH                                      | Germany                      | 89.46                             |  |
| Alpine Bulgaria AD   | Bulgaria                     | 45.72                             |  |
| Alpine Construction Polska sp z.o.o.                               | Poland                       | 89.46                             | Deloitte                                       |
| Alpine d.o.o. Banja Luka   | Bosnia Herzegovina           | 89.65                             |  |
| Alpine d.o.o. Beograd  | Serbia                       | 89.65                             |  |
| Alpine Energie Cesko spol. s.r.o.                                  | Czech Republic               | 89.65                             | Deloitte                                       |
| Alpine Energie Deutschland GmbH                                    | Germany                      | 89.65                             | Deloitte                                       |
| Alpine Energie Holding AG (Austria)                                | Austria                      | 89.65                             |  |
| Alpine Energie Holding AG (Germany)                                | Germany                      | 89.65                             |  |

(1) Change of name. Formerly Ibérica de Servicios y Obras, S.A.

# CONSOLIDATED FINANCIAL STATEMENTS

| Company   | Registered office  | Effective percentage of ownership | Auditor  |
|---|--------------------|-----------------------------------|--|
| Alpine Energie Luxembourg SARL                                | Luxembourg         | 89.65                             | Deloitte   |
| Alpine Energie Magyarország KFT                               | Hungary            | 89.65                             | Deloitte   |
| Alpine Energie Österreich GmbH                                | Austria            | 89.65                             | Deloitte   |
| Alpine Energie Schweiz AG                                     | Switzerland        | 89.65                             | Deloitte   |
| Alpine Energie Solar Italia GmbH                              | Austria            | 89.65                             |  |
| Alpine Green Energia sp. z.o.o.                               | Poland             | 67.12                             |  |
| Alpine Green Energy Italy SRL                                 | Italy              | 89.65                             |  |
| Alpine Holding GmbH   | Austria            | 86.50                             | Deloitte   |
| Alpine Hungaria Bau GmbH                                      | Hungary            | 89.65                             |  |
| Alpine Investment d.o.o.                                      | Bosnia Herzegovina | 45.72                             |  |
| Alpine Liegenschaftsverwertungs GmbH                          | Austria            | 89.65                             |  |
| Alpine Mayreder Construction Co Ltd. AMCC                     | China              | 67.24                             | Beijing Tongdaoxing Certified Public Accountants |
| Alpine Podgorica d.o.o.                                       | Montenegro         | 89.65                             |  |
| Alpine Project Finance and Consulting GmbH                    | Germany            | 89.65                             |  |
| Alpine Rudnik Krecnjaka Lapisnica d.o.o.                      | Bosnia Herzegovina | 45.72                             |  |
| Alpine Skopje DOOEL   | Macedonia          | 89.65                             |  |
| Alpine - Slask Budowa sp. z.o.o.                              | Poland             | 89.65                             |  |
| Alpine Slovakia spol s.r.o.                                   | Slovakia           | 89.65                             | Deloitte   |
| Alpine Untertagebau GmbH                                      | Germany            | 89.76                             | Deloitte   |
| Alpine, S.A.  | Romania            | 89.65                             | Deloitte   |
| Andezit Stanceni SRL  | Romania            | 89.65                             |  |
| Arb Holding GmbH (2)  | Austria            | 89.65                             |  |
| Bautechnische Prüf und Versuchsanstalt GmbH                   | Austria            | 89.65                             |  |
| Bewehrungszentrum Linz GmbH                                   | Austria            | 89.65                             | Grant Thornton                                   |
| Bürozentrum U3 Projekt GmbH                                   | Austria            | 89.65                             |  |
| CSS - City Service Solution GmbH                              | Germany            | 89.65                             |  |
| E Gottschall & Co GmbH  | Germany            | 86.50                             |  |
| Ecoenergetika d.o.o.  | Slovenia           | 89.65                             |  |
| Fröhlich Bau und Zimmereiunternehmen GmbH                     | Austria            | 89.65                             |  |
| Geotechnik Systems GmbH                                       | Austria            | 89.65                             | Grant Thornton                                   |
| GmbH Alpine (3)   | Russia             | 89.65                             |  |
| Grados d.o.o. Novi Sad  | Serbia             | 62.46                             | Deloitte   |
| Grund Pfahl und Sonderbau GmbH                                | Austria            | 89.65                             |  |
| Grund und Sonderbau GmbH                                      | Austria            | 89.65                             | Deloitte   |
| Grund und Sonderbau GmbH ZNL Berlin                           | Austria            | 89.65                             |  |
| Hazet Bauunternehmung GmbH                                    | Austria            | 89.65                             | Deloitte   |
| Hoch & Tief Bau Beteiligungs GmbH                             | Austria            | 87.31                             |  |
| Ing Arnulf Haderer GmbH                                       | Austria            | 89.65                             |  |
| Ingenieurbüro Für Energie - Und Haustechnik Andreas Duba GmbH | Germany            | 80.52                             | Deloitte   |
| Kai Center Errichtungs und Vermietungs GmbH                   | Austria            | 88.76                             |  |
| KAPPA d.o.o.  | Croatia            | 62.46                             | Deloitte   |
| Klöcher Bau GmbH  | Austria            | 89.65                             | Deloitte   |

(2) Change of name. Formerly Gregorich GmbH

(3) Change of name. Formerly GmbH Alpine Mayreder.

## CONSOLIDATED FINANCIAL STATEMENTS

| Company  | Registered office  | Effective percentage of ownership | Auditor         |
|--|--|-----------------------------------|-----------------|
| Konrad Beyer & Co Spezialbau GmbH                    | Austria  | 89.65                             | Deloitte        |
| MLA Beteiligungen GmbH                               | Austria  | 89.65                             |                 |
| Oekotechna Entsorgung und Umwelttechnik GmbH         | Austria  | 89.65                             | Unitreu/Agitas  |
| OKTAL Plus d.o.o.                                    | Croatia  | 62.46                             |                 |
| Osijek - Koteks d.d.                                 | Croatia  | 62.46                             | Deloitte        |
| PRO - PART AG  | Switzerland  | 89.65                             |                 |
| PRO-PART Energie GmbH                                | Switzerland  | 89.65                             |                 |
| PRO - PART in Austria Handels GmbH                   | Austria  | 89.65                             |                 |
| Project Development GmbH                             | Austria  | 89.65                             |                 |
| RMG d.o.o.   | Bosnia Herzegovina   | 45.72                             |                 |
| Salzburger Lieferasphalt GmbH & Co OG                | Austria  | 35.86                             |                 |
| Schauer Eisenbahnbau GmbH                            | Austria  | 89.65                             |                 |
| Solar Park Serena SRL                                | Italy  | 62.76                             |                 |
| Strazevica Kamenolom d.o.o.                          | Serbia   | 89.65                             |                 |
| Stump - Geospol s.r.o. Prag                          | Czech Republic   | 89.65                             | Novak & Martin  |
| Stump Hydrobudowa sp. z.o.o. Warschau                | Poland   | 89.65                             |                 |
| Stump Spezial Tiefbau GmbH                           | Czech Republic   | 89.65                             | Deloitte        |
| Thalia Errichtungs und Vermietungs GmbH              | Austria  | 79.10                             |                 |
| Universale Bau GmbH                                  | Austria  | 89.65                             | Deloitte        |
| Velicki Kamen d.o.o.                                 | Croatia  | 62.46                             | Deloitte        |
| Walter Hamann Hoch Tief und Stahlbetonbau GmbH       | Germany  | 89.46                             |                 |
| Weinfried Bauträger GmbH                             | Austria  | 89.65                             |                 |
| Wellnesshotel Épito Kft                              | Hungary  | 89.65                             |                 |
| <b>Hermeriel, S.A.</b>                               | <b>Ferrocarril, 10 - Palencia</b>                              | <b>100.00</b>                     | <b>Deloitte</b> |
| <b>Ibervia Construcciones y Contratas, S.L.</b>      | <b>Avda. General Perón, 36 - Madrid</b>                        | <b>100.00</b>                     |                 |
| <b>Impulsa Infraestructura, S.A. de C.V.</b>         | <b>Mexico</b>  | <b>52.00</b>                      | <b>Deloitte</b> |
| <b>Impulsora de Proyectos PROSERME, S.A. de C.V.</b> | <b>Mexico</b>  | <b>100.00</b>                     |                 |
| <b>M&amp;S Concesiones, S.A.</b>                     | <b>Costa Rica</b>  | <b>100.00</b>                     |                 |
| <b>Mantenimiento de Infraestructuras, S.A.</b>       | <b>Avda. General Perón, 36 - Madrid</b>                        | <b>100.00</b>                     | <b>Deloitte</b> |
| <b>Megaplás Italia, S.p.A.</b>                       | <b>Italy</b>   | <b>100.00</b>                     |                 |
| <b>Megaplás, S.A.</b>                                | <b>Hilanderas, 4-14 - La Poveda - Arganda del Rey (Madrid)</b> | <b>100.00</b>                     | <b>Deloitte</b> |
| <b>Motre, S.L.</b>                                   | <b>Bonastruc de Porta, 20 - Girona</b>                         | <b>100.00</b>                     |                 |
| <b>Moviterra, S.A.</b>                               | <b>Bonastruc de Porta, 20 - Girona</b>                         | <b>100.00</b>                     | <b>Deloitte</b> |
| <b>MWG Wohnbau GmbH</b>                              | <b>Austria</b>   | <b>94.83</b>                      |                 |
| <b>Naturaleza, Urbanismo y Medio Ambiente, S.A.</b>  | <b>Galena, 11 - Entreplanta - Valladolid</b>                   | <b>100.00</b>                     |                 |
| <b>Nevasa Inversión, S.L.</b>                        | <b>Avda. General Perón, 36 - Madrid</b>                        | <b>100.00</b>                     |                 |
| <b>Norseñal, S.L.</b>                                | <b>Juan Flórez, 64 - La Coruña</b>                             | <b>100.00</b>                     |                 |
| <b>Participaciones Teide, S.A.</b>                   | <b>Avda. General Perón, 36 - Madrid</b>                        | <b>100.00</b>                     |                 |
| <b>Pedrería Les Gavarres, S.L.</b>                   | <b>Bonastruc de Porta, 20 - Girona</b>                         | <b>100.00</b>                     |                 |
| <b>Pinturas Jaque, S.L.</b>                          | <b>Avda. General Perón, 36 - Madrid</b>                        | <b>100.00</b>                     |                 |
| <b>Prefabricados Delta, S.A.</b>                     | <b>Retama, 7 - Madrid</b>                                      | <b>100.00</b>                     | <b>Deloitte</b> |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company  | Registered office  | Effective percentage of ownership | Auditor  |
|--|--|-----------------------------------|----------|
| Proyectos y Servicios, S.A.                                      | Torregalindo, 1 - Madrid                                   | 100.00                            | Centium  |
| Ramalho Rosa Cobetar Sociedade de Construções, S.A.              | Portugal   | 100.00                            | Deloitte |
| Señalizaciones de Vías Públicas, S.L.                            | Avda. de Barber, 2 - Toledo                                | 100.00                            |          |
| Servià Cantó, S.A.   | Bonastruc de Porta, 20 - Girona                            | 100.00                            | Deloitte |
| Sincler, S.A. Unipersonal  | Federico Salmón, 13 - Madrid                               | 100.00                            |          |
| Tema Concesionaria, S.A.   | Porto Pi, 8 - Palma de Mallorca (Islas Baleares)           | 100.00                            |          |
| Tulsa Inversión, S.L.  | Avda. General Perón, 36 - Madrid                           | 100.00                            |          |
| Vela Borovica Koncem d.o.o.                                      | Croatia  | 99.48                             |          |
| Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L. | Avda. General Perón, 36 - Madrid                           | 100.00                            | Deloitte |
| <b>CEMENT</b>  |  |                                   |          |
| Áridos de Navarra, S.A.  | Estella, 6 - Pamplona (Navarra)                            | 47.21                             |          |
| Áridos Uniland, S.A. Unipersonal                                 | Torrenteres, 20 Pl. Sur - El Papiol (Barcelona)            | 52.58                             | Deloitte |
| Áridos y Canteras del Norte, S.A.U.                              | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                  | 70.83                             | Deloitte |
| Áridos y Premezclados, S.A. Unipersonal                          | José Abascal, 59 - Madrid                                  | 71.53                             | Deloitte |
| Arriberry, S.L. Unipersonal                                      | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                  | 70.83                             | Deloitte |
| Atracem, S.A. Unipersonal  | José Abascal, 59 - Madrid                                  | 71.53                             | Deloitte |
| Cántabra Industrial y Minera, S.A. Unipersonal                   | Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria) | 62.87                             |          |
| Cantera Zeanuri, S.L.  | Uribitarte, 10 - Bilbao (Vizcaya)                          | 70.68                             |          |
| Canteras de Aláiz, S.A.  | Estella, 6 - Pamplona (Navarra)                            | 50.08                             | Deloitte |
| Canteras Villallano, S.L.  | Poblado de Villallano - Villallano (Palencia)              | 62.87                             |          |
| Cemensilos, S.A.   | Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria) | 62.87                             | Deloitte |
| Cementos Alfa, S.A.  | Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria) | 62.87                             | Deloitte |
| Cementos Lemona, S.A.  | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                  | 70.83                             | Deloitte |
| Cementos Portland Valderrivas, S.A.                              | Estella, 6 - Pamplona (Navarra)                            | 71.53                             | Deloitte |
| Cementos Villaverde, S.L. Unipersonal                            | Almagro, 26 - Madrid                                       | 71.53                             | Deloitte |
| Coastal Cement Corporation                                       | USA  | 71.41                             |          |
| Compañía Auxiliar de Bombeo de Hormigón, S.A. Unipersonal        | José Abascal, 59 - Madrid                                  | 71.53                             |          |
| Corporación Uniland, S.A.  | Córcega, 299 - Barcelona                                   | 52.69                             | Deloitte |
| Dragon Alfa Cement Limited                                       | UK   | 62.87                             | Deloitte |
| Dragon Energy Llc.   | USA  | 71.41                             |          |
| Dragon Products Company Inc.                                     | USA  | 71.41                             |          |
| Egur Birziklatu Bi Mila, S.L.                                    | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                  | 70.83                             |          |
| Explotaciones San Antonio, S.L. Unipersonal                      | Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria) | 62.87                             |          |
| Giant Cement Company   | USA  | 71.41                             |          |
| Giant Cement Holding, Inc.                                       | USA  | 71.41                             | Deloitte |
| Giant Cement NC Inc.   | USA  | 71.41                             |          |
| Giant Cement Virginia Inc.                                       | USA  | 71.41                             |          |
| Giant Resource Recovery Inc.                                     | USA  | 71.41                             |          |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company  | Registered office   | Effective percentage of ownership | Auditor  |
|--|---|-----------------------------------|--|
| Giant Resource Recovery - Arvonía Inc.             | USA   | 71.41                             |  |
| Giant Resource Recovery - Attalla Inc.             | USA   | 71.41                             |  |
| Giant Resource Recovery - Harleyville Inc.         | USA   | 71.41                             |  |
| Giant Resource Recovery - Sumter Inc.              | USA   | 71.41                             |  |
| Hormigones de la Jacetania, S.A.                   | Llano de la Victoria - Jaca (Huesca)                          | 44.71                             | KPMG   |
| Hormigones Premezclados del Norte, S.A.            | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                     | 70.83                             | Deloitte   |
| Hormigones Reinosá, S.A. Unipersonal               | Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)    | 62.87                             |  |
| Hormigones Uniland, S.L. Unipersonal               | Ctra. Vilafranca del P. a Moja Km. 1 - Olérdola (Barcelona)   | 52.58                             | Deloitte   |
| Hormigones y Morteros Preparados, S.A. Unipersonal | José Abascal, 59 - Madrid                                     | 71.53                             | Deloitte   |
| Horminal, S.L. Unipersonal                         | José Abascal, 59 - Madrid                                     | 71.53                             |  |
| Keystone Cement Company                            | USA   | 71.41                             |  |
| Morteros Bizkor, S.L.                              | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                     | 37.98                             | Deloitte   |
| Morteros Valderrivas, S.L. Unipersonal             | José Abascal, 59 - Madrid                                     | 71.53                             | Deloitte   |
| Participaciones Estella 6, S.L. Unipersonal        | Estella, 6 - Pamplona (Navarra)                               | 71.53                             |  |
| Portland, S.L. Unipersonal                         | José Abascal, 59 - Madrid                                     | 71.53                             | Deloitte   |
| Prebesec Mallorca, S.A.                            | Conradors, 48 - Marratxi - Palma de Mallorca (Islas Baleares) | 35.99                             |  |
| Prebesec, S.A. Unipersonal                         | Torrenteres, 20 Pl. Sur - El Papiol (Barcelona)               | 52.58                             | Deloitte   |
| Prefabricados Uniland, S.A. Unipersonal            | Córcega, 299 - Barcelona                                      | 52.58                             |  |
| Santursaba, S.L. Unipersonal                       | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                     | 70.83                             |  |
| Sechem Inc.  | USA   | 71.41                             |  |
| Select Béton, S.A.                                 | Tunisia   | 46.29                             | Consulting Management & Governance                                   |
| Société des Ciments d'Enfida                       | Tunisia   | 46.29                             | Consulting Management & Governance - Ahmed Mansour & Associates, RSM |
| Southern Cement Limited                            | UK  | 52.69                             | Deloitte   |
| Telsa, S.A.  | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                     | 70.83                             | Deloitte   |
| Telsa, S.A. y Compañía Sociedad Regular Colectiva  | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                     | 70.83                             | Deloitte   |
| Transportes Gorozteta, S.L. Unipersonal            | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                     | 52.93                             |  |
| Transportes Lemona, S.A.                           | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                     | 70.83                             |  |
| Tratamiento Escombros Almoquera, S.L.              | José Abascal, 59 - Madrid                                     | 36.51                             |  |
| Uniland Acquisition Corporation                    | USA   | 70.67                             |  |
| Uniland Cementera, S.A.                            | Córcega, 299 - Barcelona                                      | 52.58                             | Deloitte   |
| Uniland International B.V.                         | Netherlands   | 52.69                             |  |
| Uniland Trading B.V.                               | Netherlands   | 52.69                             |  |
| Utonka, S.A. Unipersonal                           | Torrenteres, 20 Pl. Sur - El Papiol (Barcelona)               | 52.58                             |  |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company  | Registered office                          | Effective percentage of ownership | Auditor  |
|--|--|-----------------------------------|----------|
| <b>ENERGY</b>  |  |                                   |          |
| Enerstar Villena, S.A.   | San Vicente Ferrer, 16 - Gandía (Valencia) | 100.00                            | Deloitte |
| FCC Energía, S.A.  | Federico Salmón, 13 - Madrid               | 100.00                            | Deloitte |
| FCC Energía Catalunya, S.L.                                    | Balmes, 36 - Barcelona                     | 80.04                             |          |
| Fomento Internacional Focsa, S.A. Unipersonal                  | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| <b>Olivento Group:</b>   |  |                                   |          |
| Olivento, S.L. Unipersonal                                     | Federico Salmón, 13 - Madrid               | 100.00                            | Deloitte |
| Sistemas Energéticos Abadía, S.A.                              | Albareda, 1 - Zaragoza                     | 96.57                             | Deloitte |
| Guzmán Energía, S.L. Unipersonal                               | Portada, 11 - Palma del Río (Córdoba)      | 70.00                             | Deloitte |
| Guzmán Energy O&M, S.L.  | Federico Salmón, 13 - Madrid               | 70.00                             |          |
| Helios Patrimonial 1, S.L. Unipersonal                         | Federico Salmón, 13 - Madrid               | 100.00                            | Deloitte |
| Helios Patrimonial 2, S.L. Unipersonal                         | Federico Salmón, 13 - Madrid               | 100.00                            | Deloitte |
| Saisei Renovable, S.L. Unipersonal                             | Federico Salmón, 13 - Madrid               | 100.00                            | Deloitte |
| <b>OTHER ACTIVITIES</b>  |  |                                   |          |
| Asesoría Financiera y de Gestión, S.A.                         | Federico Salmón, 13 - Madrid               | 100.00                            | Deloitte |
| Compañía Auxiliar de Agencia y Mediación, S.A. Unipersonal     | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| Compañía General de Servicios Empresariales, S.A. Unipersonal  | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| Corporación Española de Servicios, S.A.                        | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| Corporación Financiera Hispánica, S.A.                         | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| Europea de Gestión, S.A. Unipersonal                           | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| Eusko Lanak, S.A.  | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| F-C y C, S.L. Unipersonal                                      | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| FCC T, S.L. Unipersonal  | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| FCC Construcciones y Contratas Internacional, S.L. Unipersonal | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| FCC Finance, B.V.  | Netherlands                                | 100.00                            |          |
| FCC Fomento de Obras y Construcciones, S.L. Unipersonal        | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| FCC Inmobiliaria Conycon, S.L. Unipersonal                     | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| FCC International, B.V.  | Netherlands                                | 100.00                            |          |
| Fedemes, S.L.  | Federico Salmón, 13 - Madrid               | 100.00                            |          |
| Per Gestora Inmobiliaria, S.L.                                 | Plaza Pablo Ruiz Picasso - Madrid          | 100.00                            | Centium  |
| Puerto Cala Merced, S.A.                                       | Arquitecto Gaudi, 4 - Madrid               | 100.00                            |          |

# CONSOLIDATED FINANCIAL STATEMENTS

## APPENDIX II COMPANIES CONTROLLED JOINTLY WITH NON-GROUP THIRD PARTIES (ACCOUNTED FOR USING THE EQUITY METHOD)

| Company  | Registered office  | Carrying amount of the investment |        | % Effective percentage of ownership | Auditor                        |
|--|--|-----------------------------------|--------|-------------------------------------|--------------------------------|
|  |  | 2011                              | 2010   |                                     |                                |
| <b>ENVIRONMENTAL SERVICES</b>                                  |  |                                   |        |                                     |                                |
| Aguas de Langreo, S.L.   | Alonso del Riesgo, 3 - Sama de Langreo (Asturias)                      | 646                               | 861    | 49.00                               | Audifor                        |
| Aguas de Ubrique, S.A.   | Málaga, 11 - Oviedo (Málaga)   | 71                                | 298    | 50.00                               | Audifor                        |
| Aguas y Servicios de la Costa Tropical de Granada, A.I.E.      | Plaza de la Aurora - Motril (Granada)                                  | 805                               | 805    | 51.00                               | Attest Servicios Empresariales |
| Aigües de Girona, Salt i Sarrià de Ter, S.A.                   | Ciudadans, 11 - Girona   | 183                               | 201    | 26.89                               | Cataudit Auditors Associats    |
| Aquagest Medioambiente Aqualia, A.I.E.                         | Condado de Jaruco, s/n - Lloret de Mar (Barcelona)                     | 50                                | 59     | 37.50                               |                                |
| Atlas Gestión Medioambiental, S.A.                             | Roma, 25 - Barcelona   | 13,765                            | 14,482 | 50.00                               | Deloitte                       |
| Beacon Waste Limited   | UK   | 1,564                             | 1,559  | 50.00                               | Deloitte                       |
| Compañía de Servicios Medioambientales Do Atlántico, S.A.      | Ctra. de Cedeira Km. 1 - Narón (La Coruña)                             | 298                               | 292    | 49.00                               | Audifor                        |
| Costa Brava Abastament Aqualia-Sorea, A.I.E.                   | Sector Carlit, s/n - Empuriabrava (Girona)                             | —                                 | —      | 50.00                               |                                |
| Ecoparc del Besòs, S.A.  | Rambla Cataluña, 91-93 - Barcelona                                     | 5,335                             | 4,040  | 49.00                               | Castellà Auditors Consultors   |
| Ecoserveis Urbans de Figueres, S.L.                            | Av. de les Alegries, s/n - Lloret de Mar (Girona)                      | 292                               | 260    | 50.00                               |                                |
| Electrorecycling, S.A.   | Ctra. BV - 1224 Km. 6,750 - El Pont de Vilomara i Rocafort (Barcelona) | 1,647                             | 1,735  | 33.33                               | KPMG                           |
| Empresa Mixta d'Aigües de la Costa Brava, S.A.                 | Plaza Josep Pla, 4 - Girona  | 194                               | 327    | 25.00                               | Ernst & Young                  |
| Empresa Mixta de Aguas y Servicios, S.A.                       | Elisa Cendreros, 14 - Ciudad Real                                      | 68                                | 75     | 41.25                               | Centium                        |
| Empresa Mixta de Limpieza de la Villa de Torrox, S.A.          | Plaza de la Constitución, 1 - Torrox (Málaga)                          | 440                               | 414    | 50.00                               | Audifor                        |
| Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. | Avda. Zorreras, 8 - Rincón de la Victoria (Málaga)                     | 344                               | 388    | 50.00                               | Audifor                        |
| Empresa Municipal de Aguas de Benalmádena, EMABESA, S.A.       | Av. Juan Luis Peralta, s/n - Benalmádena (Málaga)                      | 2,047                             | 1,907  | 50.00                               | Audifor                        |
| Fisera Ecoserveis, S.A.  | Alemania, 5 - Figueres (Girona)  | 256                               | 266    | 36.36                               | Cataudit Auditors Associats    |
| FTS 2010 Societa Consortile a Resp. Lim                        | Italy  | 6                                 | —      | 60.00                               |                                |
| Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.        | Ramírez de Arellano - Madrid   | (56)                              | (61)   | 75.00                               |                                |
| Girona, S.A.   | Travessera del Carril, 2 - Girona                                      | 1,448                             | 1,382  | 33.61                               | Cataudit                       |
| Proactiva Group  | Cardenal Marcelo Spinola, 8 - Madrid                                   | 47,776                            | 44,058 | 50.00                               | Deloitte                       |
| Hades Soluciones Medioambientales, S.L.                        | Mayor, 3 - Cartagena (Murcia)  | 60                                | 60     | 50.00                               |                                |
| Inalia Water Solutions, S.L.                                   | Ulises, 18 - Madrid  | —                                 | 5      | 50.00                               |                                |
| Ingeniería Urbana, S.A.  | Calle 1 esquina calle 3, Pl. Pla de la Vallonga - Alicante             | 4,901                             | 5,105  | 35.00                               | Deloitte                       |
| ITAM Delta de la Tordera, A.I.E.                               | Berlín, 38-48 - Barcelona  | —                                 | —      | 50.00                               |                                |
| Mediaciones Comerciales Ambientales, S.L.                      | Roma, 25 - Barcelona   | 197                               | 248    | 50.00                               |                                |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company  | Registered office  | Carrying amount of the investment |         | % Effective percentage of ownership | Auditor                      |
|--|--|-----------------------------------|---------|-------------------------------------|------------------------------|
|  |  | 2011                              | 2010    |                                     |                              |
| Mercia Waste Management, Ltd.                                      | UK   | 5,761                             | 11,777  | 50.00                               | Deloitte                     |
| Palacio de exposiciones y congresos de Granada                     | Ps del Violón, s/n - Granada   | 255                               | —       | 50.00                               |                              |
| PB El Caracol S de RL de CV  | Mexico   | 134                               | —       | 50.00                               | Grant Thornton               |
| Pilagest, S.L.   | Ctra. BV - 1224 Km. 6,750 - El Pont de Vilomara i Rocafort (Barcelona)   | 718                               | 824     | 50.00                               |                              |
| Reciclado de Componentes Electrónicos, S.A.                        | E - Pol. Actividades Medioambientales - Aznalcóllar (Sevilla)            | 2,988                             | 2,256   | 37.50                               | KPMG                         |
| Senblen, S.A.  | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                                | (149)                             | (149)   | 85.23                               |                              |
| Servicios de Limpieza Integral de Málaga III, S.A.                 | Camino de la Térmica, 83 - Málaga  | 1,878                             | 1,856   | 26.01                               | PriceWaterhouseCoopers       |
| Servicios Urbanos de Málaga, S.A.                                  | Ulises, 18 - Madrid  | 572                               | 525     | 51.00                               |                              |
| Severn Waste Services Limited                                      | UK   | 197                               | 184     | 50.00                               | Deloitte                     |
| Tratamiento Industrial de Residuos Sólidos, S.A.                   | Rambla Cataluña, 91 - Barcelona  | 43                                | 694     | 33.33                               | Castellà Auditors Consultors |
| Zabalgardi, S.A.   | Camino de Artigas, 10 - Bilbao (Vizcaya)                                 | 15,583                            | 13,999  | 30.00                               | KPMG                         |
| <b>VERSA</b>   |  |                                   |         |                                     |                              |
| Convery Service, S.A.  | Camino de los Afligidos Pl. La Esgaravita, 1 -Alcalá de Henares (Madrid) | 5,420                             | 5,657   | 50.00                               | Pérez y Asociados Auditores  |
| Corporación Jerezana de Transportes Urbanos, S.A., Unipersonal     | Pl. Pl. El Portal - Jerez de la Frontera (Cádiz)                         | 3,111                             | 2,757   | 50.00                               |                              |
| Detren Compañía General de Servicios Ferroviarios, S.L.            | Serrano, 93 - Madrid   | 1,924                             | 1,517   | 50.00                               | KPMG                         |
| FCC-CONNEX Corporación, S.L.                                       | Serrano, 93 - Madrid   | 12,983                            | 12,319  | 50.00                               |                              |
| Infofer Estacionamientos, A.I.E.                                   | Manuel Silvela, 8 - Madrid   | —                                 | 120     | 33.33                               |                              |
| Tranvía de Parla, S.A.   | Camino de la Cantuela, 2 - Parla (Madrid)                                | 109                               | 211     | 5.00                                | Deloitte                     |
| Versia Holding GmbH  | Austria  | 7                                 | 7       | 100.00                              |                              |
| <b>CONSTRUCTION</b>  |  |                                   |         |                                     |                              |
| ACE Acestrada Construção de Estradas                               | Portugal   | —                                 | 1       | 13.33                               |                              |
| ACE CAET XXI Construções   | Portugal   | 4,539                             | 164     | 50.00                               | Horwath & Associados         |
| ACE Edifer Construções Ramalho R.C. E.C.                           | Portugal   | 1                                 | 93      | 33.33                               |                              |
| ACE Infrastructures das Antas - Construção e Obras Publicas        | Portugal   | —                                 | 77      | 33.33                               |                              |
| ACE Metrexpo   | Portugal   | 17                                | 156     | 44.90                               |                              |
| ACE Ribeiradio-Ermida  | Portugal   | (350)                             | (119)   | 55.00                               |                              |
| ACE SPIE, Ramalho Rosa Cobetar, Eterman                            | Portugal   | —                                 | (1)     | 35.00                               |                              |
| ACE Túnel Rua de Ceuta, Construção e Obras Publicas                | Portugal   | 13                                | 90      | 49.50                               |                              |
| Construcciones Olabarri, S.L.                                      | Ripa, 1 - Bilbao (Vizcaya)   | 4,943                             | 4,916   | 49.00                               | Charman                      |
| Constructora de Infraestructura de Agua de Queretaro, S.A. de C.V. | Mexico   | (290)                             | 2,500   | 49.00                               | Deloitte                     |
| Constructora Durango-Mazatlan, S.A. de C.V.                        | Mexico   | (2,971)                           | (2,741) | 51.00                               | Deloitte                     |
| Constructora Nuevo Necaxa Tihuatlan, S.A.C.V.                      | Mexico   | 1,825                             | 2,703   | 40.00                               | Deloitte                     |
| Dragados FCC, Canada Inc.  | Canada   | (1,151)                           | (1,624) | 50.00                               |                              |
| EFI Túneles Necaxa S.A. de C.V.                                    | Mexico   | (1)                               | —       | 45.00                               |                              |
| Peri 3 Gestión, S.L.   | General Álava, 26 - Vitoria Gasteiz (Álava)                              | 2                                 | 2       | 50.00                               |                              |
| Servicios Empresariales Durango-Mazatlan, S.A. de C.V.             | Mexico   | 39                                | 11      | 51.00                               |                              |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company  | Registered office  | Carrying amount of the investment |                | % Effective percentage of ownership | Auditor  |
|--|--|-----------------------------------|----------------|-------------------------------------|--|
|  |  | 2011                              | 2010           |                                     |  |
| <b>Sociedad Concesionaria Tranvía de Murcia, S.A.</b>                                  | <b>Olof Palmer, s/n - Murcia</b>   | <b>19,542</b>                     | <b>15,948</b>  | <b>50.00</b>                        | <b>Deloitte</b>                                    |
| <b>CEMENT</b>  |  |                                   |                |                                     |  |
| <b>Atlántica de Graneles y Moliendas, S.A.</b>   | <b>Muelle de Punta Sollana, s/n - Zierbena (Vizcaya)</b>                 | <b>2,042</b>                      | <b>1,772</b>   | <b>35.26</b>                        | <b>KPMG</b>  |
| <b>Carbocem, S.A.</b>  | <b>Paseo de la Castellana, 45 - Madrid</b>                               | <b>73</b>                         | <b>73</b>      | <b>57.24</b>                        | <b>Deloitte</b>                                    |
| <b>Corporación Uniland, S.A.</b>   | <b>Córcega, 299 - Barcelona</b>  | <b>(7)</b>                        | <b>(7)</b>     | <b>52.69</b>                        | <b>Deloitte</b>                                    |
| <b>Pedreira de l'Ordal, S.L.</b>   | <b>Ctra. N 340 km. 1229.5 La Creu del L'Ordal - Subirats (Barcelona)</b> | <b>3,885</b>                      | <b>4,250</b>   | <b>26.29</b>                        | <b>Busquet Economistes Auditors Estudi Juridic</b> |
| <b>ENERGY</b>  |  |                                   |                |                                     |  |
| <b>Olivento Group:</b>   |  |                                   |                |                                     |  |
| <b>Integral Management Future Renewables, S.L.</b>                                     | <b>A Condomiña, s/n - Ortoño (La Coruña)</b>                             | <b>—</b>                          | <b>974</b>     | <b>50.00</b>                        | <b>Deloitte</b>                                    |
| <b>Sigenera, S.L.</b>  | <b>Orzán, 124 - La Coruña</b>  | <b>—</b>                          | <b>(6)</b>     | <b>50.00</b>                        | <b>Deloitte</b>                                    |
| <b>OTHER ACTIVITIES</b>  |  |                                   |                |                                     |  |
| <b>Globalvía Group</b>   | <b>Paseo de la Castellana, 141 Edificio Cuzco IV - Madrid</b>            | <b>424,616</b>                    | <b>481,572</b> | <b>50.00</b>                        | <b>Deloitte</b>                                    |
| <b>Realía Business Group</b>   | <b>Paseo de la Castellana, 216 - Madrid</b>                              | <b>139,353</b>                    | <b>145,304</b> | <b>30.14</b>                        | <b>Deloitte</b>                                    |
| <b>TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (JOINT VENTURES)</b> |  | <b>729,991</b>                    | <b>789,428</b> |                                     |  |

## CONSOLIDATED FINANCIAL STATEMENTS

## APPENDIX III ASSOCIATES (ACCOUNTED FOR USING THE EQUITY METHOD)

| Company   | Registered office   | Carrying amount of the investment |       | % Effective percentage of ownership | Auditor                        |
|---|---|-----------------------------------|-------|-------------------------------------|--------------------------------|
|   |   | 2011                              | 2010  |                                     |                                |
| <b>ENVIRONMENTAL SERVICES</b>                                     |   |                                   |       |                                     |                                |
| Abastament en Alta Costa Brava Empresa Mixta, S.A.                | Plaza Josep Pla Casadevall, 4 3º 1ª - Girona              | 108                               | 115   | 26.00                               |                                |
| Aguas de Archidona, S.L.  | Plaza Ochavada, 1 - Archidona (Málaga)                    | 58                                | —     | 48.00                               | Centium                        |
| Aguas de Denia, S.A.  | Pare Pere, 17 - Denia (Alicante)                          | 404                               | 423   | 33.00                               |                                |
| Aguas de Priego, S.L.   | Plaza de la Constitución, 3 - Priego de Córdoba (Córdoba) | 152                               | 246   | 49.00                               | Audinform                      |
| Aguas de Ubrique, S.A.  | Avda. España, 9 - Ubrique (Cádiz)                         | (13)                              | (88)  | 49.00                               |                                |
| Aigües de Blanes, S.A.  | Canigó, 5 - Blanes (Girona)                               | 43                                | 47    | 16.47                               |                                |
| Aigües del Tomoví, S.A.   | Plaza Vella, 1 - El Vendrell (Tarragona)                  | 426                               | 466   | 49.00                               | GM Auditors                    |
| Aprochim Getesarp Rymoil, S.A.                                    | P.I. Logrenzana La Granda - Carreño (Asturias)            | 1,410                             | 1,554 | 23.49                               | Menéndez Auditores             |
| Aquos El Realito, S.A. de CV                                      | Mexico  | 272                               | 17    | 49.00                               | Deloitte                       |
| Aragonesa de Gestión de Residuos, S.A.                            | Paseo María Agustín, 36 - Zaragoza                        | 10                                | 10    | 18.60                               | Laes Nexia & Castellero        |
| Aragonesa de Tratamientos Medioambientales XXI, S.A.              | Ctra. Castellón Km. 58 - Zaragoza                         | 681                               | 693   | 33.00                               |                                |
| Betearie, S.A.U.  | Colón de Larreátegui, 26 - Bilbao (Vizcaya)               | 993                               | 583   | 33.33                               | Attest Servicios Empresariales |
| Clavegueram de Barcelona, S.A.                                    | Acer, 16 - Barcelona                                      | 814                               | 841   | 20.33                               | Bove Montero y Asociados       |
| Concesionaria de Desalación de Ibiza, S.A.                        | Rotonda de Santa Eulalia, s/n - Ibiza                     | 619                               | 281   | 32.00                               |                                |
| Conducció del Ter, S.L.   | Bourg de Peage, 89 - Sant Feliu de Guíxols (Girona)       | 5                                 | 13    | 48.00                               |                                |
| Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V. | Mexico  | 39                                | 2     | 49.00                               |                                |
| Ecogestión Ambiental, S.L.  | Juan Ramón Jiménez, 12 - Madrid                           | —                                 | 104   | 50.00                               |                                |
| EMANAGUA Empresa Mixta Municipal de Aguas de Níjar, S.A.          | Plaza de la Goleta, 1 - Níjar (Almería)                   | 223                               | 223   | 49.00                               | Audinform                      |
| Empresa Municipal de Aguas de Algeciras, S.A.                     | Avda. Virgen del Carmen - Algeciras (Cádiz)               | 61                                | (197) | 49.00                               |                                |
| Empresa Municipal de Aguas de Jodar, S.A.                         | Plaza España, 1 - Jodar (Jaén)                            | 1                                 | 79    | 49.00                               | Centium                        |
| Empresa Municipal de Aguas de Linares, S.A.                       | Cid Campeador, 7 - Linares (Jaén)                         | 31                                | 111   | 49.00                               | Centium                        |
| Empresa Municipal de Aguas de Toxiria, S.A.                       | Cristóbal Colón, 104 - Torredonjimeno (Jaén)              | 5                                 | 15    | 49.00                               | Centium                        |
| Generavila, S.A.  | Plaza de la Catedral, 11 - Ávila                          | 155                               | 292   | 36.00                               | Audinform                      |
| Gestión Integral de Residuos Sólidos, S.A.                        | Profesor Beltrán Baquena, 4 - Valencia                    | 1,124                             | 1,171 | 49.00                               | BDO                            |
| Gestión y Valoración integral del Centro, S.L.                    | Tecnología, 2. P.I. Los Olivos - Getafe (Madrid)          | 2                                 | —     | 50.00                               |                                |
| .A.S.A. Group:  | Austria   | 5,274                             | 5469  |                                     |                                |
| A S A + AVE Környezetvédelmi H Kft                                | Hungary   | —                                 | —     | 50.00                               | PriceWaterhouseCoopers         |
| .A.S.A. Hlohovec s.r.o.   | Slovakia  | —                                 | —     | 50.00                               |                                |
| A.K.S.D. Városgazdálkodási Koriátolt FT                           | Hungary   | —                                 | —     | 25.50                               | PriceWaterhouseCoopers         |
| ASTV s.r.o.   | Czech Republic  | —                                 | —     | 49.00                               |                                |
| Huber Abfallservice Verwaltungs GmbH                              | Austria   | —                                 | —     | 49.00                               |                                |
| Huber Entsorgung GmbH Nfg KG                                      | Austria   | —                                 | —     | 49.00                               |                                |
| Killer GmbH   | Austria   | —                                 | —     | 50.00                               |                                |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company   | Registered office   | Carrying amount of the investment |               | % Effective percentage of ownership | Auditor                                  |
|---|---|-----------------------------------|---------------|-------------------------------------|--|
|   |   | 2011                              | 2010          |                                     |  |
| Killer GmbH & Co KG   | Austria   | —                                 | —             | 50.00                               |  |
| Recopap s.r.o.  | Slovakia  | —                                 | —             | 50.00                               | PriceWaterhouseCoopers                   |
| Repap Czech spol. s.r.o.  | Czech Republic  | —                                 | —             | 50.00                               |  |
| Technické a Stavební Služby AS  | Czech Republic  | —                                 | —             | 50.00                               |  |
| <b>Tirme Group</b>  | <b>Ctra. Sóller Km. 8.2 Camino de Son Reus - Palma de Mallorca (Islas Baleares)</b> | <b>10,254</b>                     | <b>9,587</b>  | <b>20.00</b>                        | <b>KPMG</b>                              |
| <b>Waste Recycling Group</b>  | <b>UK</b>   | <b>—</b>                          | <b>—</b>      | <b>—</b>                            | <b>—</b>                                 |
| Energylinc Limited  | UK  | —                                 | —             | 50.00                               |  |
| Shelford Composting Limited   | UK  | —                                 | —             | 50.00                               | KPMG                                     |
| <b>La Unión Servicios Municipales, S.A.</b>                                     | <b>Salvador Pascual, 7 - La Unión (Murcia)</b>                                      | <b>127</b>                        | <b>113</b>    | <b>49.00</b>                        | <b>Audinfo</b>                           |
| <b>Nueva Sociedad de Aguas de Ibiza, S.A.</b>                                   | <b>Avda. Bartolomé de Rosselló, 18 - Ibiza (Islas Baleares)</b>                     | <b>76</b>                         | <b>102</b>    | <b>40.00</b>                        | <b>—</b>                                 |
| <b>Orasqualia Construction, S.A.E.</b>  | <b>Egypt</b>  | <b>1,959</b>                      | <b>2,522</b>  | <b>50.00</b>                        | <b>KPMG</b>                              |
| <b>Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.</b> | <b>Egypt</b>  | <b>14,049</b>                     | <b>379</b>    | <b>50.00</b>                        | <b>KPMG</b>                              |
| <b>Orasqualia Operation and Maintenance SAE</b>                                 | <b>Egypt</b>  | <b>1,541</b>                      | <b>—</b>      | <b>50.00</b>                        | <b>KPMG</b>                              |
| <b>Pallars Jussà Neteja i Serveis, S.A.</b>                                     | <b>Pau Casals, 14 - Tremp (Lleida)</b>  | <b>43</b>                         | <b>33</b>     | <b>40.80</b>                        | <b>—</b>                                 |
| <b>Proveïments d'Aigua, S.A.</b>  | <b>Asturies, 13 - Girona</b>  | <b>288</b>                        | <b>269</b>    | <b>15.12</b>                        | <b>Antoni Riera Economistes Auditors</b> |
| <b>Sera Q A Duitama E.S.P., S.A.</b>  | <b>Colombia</b>   | <b>31</b>                         | <b>31</b>     | <b>30.60</b>                        | <b>—</b>                                 |
| <b>Shariket Miyeh Ras Djinet, S.p.A.</b>  | <b>Algeria</b>  | <b>7,576</b>                      | <b>5,247</b>  | <b>25.50</b>                        | <b>Cooperative Mohamed Boudiaf</b>       |
| <b>Shariket Tahlya Miyah Mostaganem, S.p.A.</b>                                 | <b>Algeria</b>  | <b>16,018</b>                     | <b>11,520</b> | <b>25.50</b>                        | <b>Cooperative Mohamed Boudiaf</b>       |
| <b>Sogecar, S.A.</b>  | <b>Polígono Torrelarragoiti - Zamudio (Vizcaya)</b>                                 | <b>499</b>                        | <b>468</b>    | <b>30.00</b>                        | <b>—</b>                                 |
| <b>Suministro de Agua de Queretaro, S.A. de C.V.</b>                            | <b>Mexico</b>   | <b>9,237</b>                      | <b>9,982</b>  | <b>28.81</b>                        | <b>Deloitte</b>                          |
| <b>CONSTRUCTION</b>   |   |                                   |               |                                     |  |
| <b>Ablocade, S.L.</b>   | <b>Rafael López, 1 - Huelva</b>   | <b>—</b>                          | <b>741</b>    | <b>20.00</b>                        | <b>—</b>                                 |
| <b>Administración y Servicios Grupo Zapotillo, S.A. de C.V.</b>                 | <b>Mexico</b>   | <b>19</b>                         | <b>3</b>      | <b>50.00</b>                        | <b>—</b>                                 |
| <b>Aigües del Segarra Garrigues, S.A.</b>                                       | <b>Avenida de Tarragona, 6 - Tárrega (Lleida)</b>                                   | <b>4,819</b>                      | <b>4,445</b>  | <b>25.00</b>                        | <b>Deloitte</b>                          |
| <b>Altos del Javier, S.A.</b>   | <b>Panama</b>   | <b>—</b>                          | <b>—</b>      | <b>50.00</b>                        | <b>—</b>                                 |
| <b>Auto-Estradas XXI - Subconcessionaria Transmontana, S.A.</b>                 | <b>Portugal</b>   | <b>1,639</b>                      | <b>—</b>      | <b>26.52</b>                        | <b>—</b>                                 |
| <b>Autopistas del Valle, S.A.</b>   | <b>Costa Rica</b>   | <b>6,427</b>                      | <b>5,900</b>  | <b>48.00</b>                        | <b>Deloitte</b>                          |
| <b>Baross Ter Ingtatlanprojekt-Fejlesztó Kft</b>                                | <b>Hungary</b>  | <b>405</b>                        | <b>456</b>    | <b>20.00</b>                        | <b>Sölch Ágostonné</b>                   |
| <b>BBR VT International Ltd.</b>  | <b>Switzerland</b>  | <b>1,597</b>                      | <b>1,467</b>  | <b>22.50</b>                        | <b>Trewitax Zürich AG</b>                |
| <b>Cleon, S.A.</b>  | <b>Avda. General Perón, 36 - Madrid</b>   | <b>24,889</b>                     | <b>24,874</b> | <b>25.00</b>                        | <b>KPMG</b>                              |
| <b>Concesionaria Atención Primaria, S.A.</b>                                    | <b>Plaza Es Fortí, 4 - Palma de Mallorca</b>  | <b>1,434</b>                      | <b>1,003</b>  | <b>33.00</b>                        | <b>Deloitte</b>                          |
| <b>Concessió Estacions Aeroport L9, S.A.</b>                                    | <b>Córcega, 270 - Barcelona</b>   | <b>(6,380)</b>                    | <b>19,954</b> | <b>49.00</b>                        | <b>—</b>                                 |
| <b>Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.</b>        | <b>Mexico</b>   | <b>39</b>                         | <b>2</b>      | <b>24.50</b>                        | <b>—</b>                                 |
| <b>Constructora San José - Caldera CSJC, S.A.</b>                               | <b>Costa Rica</b>   | <b>3,446</b>                      | <b>4,168</b>  | <b>50.00</b>                        | <b>Deloitte</b>                          |
| <b>Constructora San José-San Ramón SJSR, S.A.</b>                               | <b>Costa Rica</b>   | <b>78</b>                         | <b>77</b>     | <b>50.00</b>                        | <b>—</b>                                 |
| <b>Constructores del Zapotillo, S.A. de C.V.</b>                                | <b>Mexico</b>   | <b>566</b>                        | <b>726</b>    | <b>50.00</b>                        | <b>—</b>                                 |
| <b>Desarrollo Cuajimalpa, S.A. de C.V.</b>                                      | <b>Mexico</b>   | <b>1,840</b>                      | <b>2,023</b>  | <b>25.00</b>                        | <b>—</b>                                 |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company   | Registered office                                 | Carrying amount of the investment |               | % Effective percentage of ownership | Auditor                        |
|---|---|-----------------------------------|---------------|-------------------------------------|--------------------------------|
|   |   | 2011                              | 2010          |                                     |                                |
| <b>Desarrollos y Promociones Costa Cálida, S.A.</b>               | <b>Saturno, 1 - Pozuelo de Alarcón (Madrid)</b>   | <b>261</b>                        | <b>263</b>    | <b>35.75</b>                        |                                |
| <b>Elaboración de Cajones Pretensados, S.L.</b>                   | <b>Avda. General Perón, 36 - Madrid</b>           | <b>2</b>                          | <b>2</b>      | <b>50.00</b>                        |                                |
| <b>FCC Construction Kipszer Kft</b>                               | <b>Hungary</b>                                    | <b>1</b>                          | <b>(3)</b>    | <b>50.00</b>                        | <b>PriceWaterhouseCoopers</b>  |
| <b>FCC Elliot Construction Limited</b>                            | <b>Ireland</b>                                    | <b>6,928</b>                      | <b>2,381</b>  | <b>50.00</b>                        | <b>Deloitte</b>                |
| <b>Gesi -9, S.A.</b>  | <b>Sorolla, 27 - Alcalá de Guadaíra (Sevilla)</b> | <b>12,997</b>                     | <b>13,008</b> | <b>74.90</b>                        | <b>Antonio Moreno Campillo</b> |
| <b>Alpine Group:</b>  | <b>Austria</b>                                    | <b>11,905</b>                     | <b>15,251</b> |                                     |                                |
| ABO Asphalt-Bau Oeynhausen GmbH                                   | Austria   | —                                 | —             | 26.89                               | KPMG                           |
| AMW Asphaltwerk GmbH  | Austria   | —                                 | —             | 19.72                               |                                |
| Asphaltnischwerk Betriebs GmbH & Co KG                            | Austria   | —                                 | —             | 17.93                               |                                |
| Asphaltnischwerk Greinsfurth GmbH & Co OHG                        | Austria   | —                                 | —             | 22.41                               |                                |
| Asphaltnischwerk Leopoldau-Teerag-Asdag Mayreder Bau GmbH         | Austria   | —                                 | —             | 44.83                               |                                |
| Asphaltnischwerk Leopoldau-Teerag-Asdag Mayreder Bau GmbH & Co KG | Austria   | —                                 | —             | 17.93                               |                                |
| Asphaltnischwerk Steyregg GmbH & Co KG                            | Austria   | —                                 | —             | 17.93                               |                                |
| Asphaltwerk Sierning GmbH   | Austria   | —                                 | —             | 35.86                               |                                |
| AWT Asphaltwerk GmbH  | Austria   | —                                 | —             | 29.58                               |                                |
| AWW Asphaltmischwerk Wölbiling GmbH                               | Austria   | —                                 | —             | 44.83                               |                                |
| Bonaventura Strassenerhaltungs GmbH                               | Austria   | —                                 | —             | 22.41                               | Agitas/Unitreu                 |
| Bonaventura Strassenerrichtungs GmbH                              | Austria   | —                                 | —             | 39.72                               | Agitas/Unitreu                 |
| Dolomit-Beton Lieferbetonwerk GmbH                                | Austria   | —                                 | —             | 43.03                               |                                |
| Draubeton GmbH  | Austria   | —                                 | —             | 31.38                               |                                |
| FMA Asphaltwerk GmbH & Co KG                                      | Austria   | —                                 | —             | 8.96                                |                                |
| Hemmelmair Frästechnik GmbH                                       | Austria   | —                                 | —             | 22.41                               |                                |
| Kieswerk-Betriebs GmbH & Co KG                                    | Austria   | —                                 | —             | 20.17                               |                                |
| Intergeo Umweltmanagement CmbH                                    | Austria   | —                                 | —             | 44.83                               |                                |
| Lieferasphaltgesellschaft JAUNTAL GmbH                            | Austria   | —                                 | —             | 21.52                               |                                |
| MSO Mischanlagen Süd-Ost Betriebs GmbH und Co KG                  | Austria   | —                                 | —             | 9.86                                |                                |
| Paltentaler Beton Erzeugungs GmbH                                 | Austria   | —                                 | —             | 21.52                               |                                |
| Porr Alpine Austriarail GmbH                                      | Austria   | —                                 | —             | 44.83                               |                                |
| PPE Malzenice s.r.o.  | Slovakia  | —                                 | —             | 44.83                               | Ing.Miriam Lehocká             |
| Rastätten Betriebs GmbH   | Austria   | —                                 | —             | 44.83                               | Agitas/Unitreu                 |
| RBA Recycling und Betonanlagen GmbH & Co Nfg KG                   | Austria   | —                                 | —             | 22.86                               |                                |
| RFM Asphaltmischwerk GmbH & Co KG                                 | Austria   | —                                 | —             | 29.88                               |                                |
| Schaberreiter GmbH  | Austria   | —                                 | —             | 9.86                                |                                |
| Silasfalt s.r.o.  | Czech Republic                                    | —                                 | —             | 44.83                               | Deloitte                       |
| Straka Bau GmbH   | Austria   | —                                 | —             | 45.72                               |                                |
| Transportbeton und Asphalt GmbH                                   | Austria   | —                                 | —             | 44.83                               |                                |
| Transportbeton und Asphalt GmbH & Co KG                           | Austria   | —                                 | —             | 44.82                               |                                |
| Waldviertler Lieferasphalt GmbH & Co KG                           | Austria   | —                                 | —             | 44.83                               |                                |
| <b>Cedinsa Concesionaria Group</b>                                | <b>Tarragona, 141 - Barcelona</b>                 | <b>46,939</b>                     | <b>27,124</b> | <b>34.00</b>                        | <b>Deloitte</b>                |
| <b>Foment de Construccions i Consulting Group</b>                 | <b>Andorra</b>                                    | <b>12</b>                         | <b>12</b>     | <b>33.30</b>                        |                                |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company  | Registered office  | Carrying amount of the investment |          | % Effective percentage of ownership | Auditor   |
|--|--|-----------------------------------|----------|-------------------------------------|---|
|  |  | 2011                              | 2010     |                                     |   |
| Ibisan Sociedad Concesionaria, S.A.  | Porto Pi, 8 - Palma de Mallorca (Islas Baleares)   | 6,758                             | 7,315    | 50.00                               | Deloitte  |
| Integral Management Future Renewables, S.L.                                | A Condomiña, S7N - Ortoño (La Coruña)  | 1,102                             | —        | 50.00                               | Deloitte  |
| Las Palmeras de Garrucha, S.L. - en liquidación - M50 (D&C) Limited        | Mayor, 19 - Garrucha (Almería)   | 1,079                             | 1,081    | 20.00                               |   |
| Marina de Laredo, S.A.   | Ireland  | (3,717)                           | (4,586)  | 42.50                               | Deloitte  |
| MDM-Teide, S.A.  | Pasaje de Puntida, 1 - Santander (Cantabria)   | 1,444                             | 1,192    | 50.00                               | PriceWaterhouseCoopers                                      |
| Metro de Málaga, S.A.  | Panamá   | 1,166                             | 1,129    | 50.00                               | P&A Palacios y Asociados<br>Contadores Públicos Autorizados |
| N6 (Construction) Limited  | Martínez, 11 - Málaga  | 12,534                            | 10,258   | 17.67                               | Ernst & Young   |
| Nihg Limited   | Ireland  | (28,998)                          | (21,235) | 42.50                               | Deloitte  |
| Nihg South West Health Partnership Limited                                 | Ireland  | —                                 | —        | 39.00                               | Deloitte  |
| Nova Bocana Barcelona, S.A.  | Ireland  | (26,031)                          | (16,653) | 39.00                               | Deloitte  |
| Nova Bocana Business, S.A.   | Avda. Josep Tarradellas, 123 - Barcelona   | 8,882                             | 9,121    | 25.00                               | Deloitte  |
| OHL-FCC-Dibco North Tunnels Canada Inc                                     | Avda. Josep Tarradellas, 123 - Barcelona   | 3,433                             | 992      | 25.00                               |   |
| OHL-FCC GP Canadá Inc  | Canada   | 74                                | —        | 37.50                               |   |
| Omszki-Tó Part Ingatlanfejlesztő És Befektető Kft                          | Canada   | —                                 | —        | 50.00                               |   |
| Operaciones y Servicios para la Industria de la Construction, S.A. de C.V. | Hungary  | (35)                              | (39)     | 20.00                               | Sölch Ágostonné   |
| Port Premià, S.A. -in liquidation-   | Mexico   | (36)                              | (22)     | 50.00                               | Deloitte  |
| Promvias XXI, S.A.   | Balmes, 36 - Barcelona   | (555)                             | (555)    | 39.72                               |   |
| Proyecto Front Marítim, S.L.   | Vía Augusta, 255 Local 4 - Barcelona   | (404)                             | (293)    | 25.00                               |   |
| Teide Gestión del Sur, S.L.  | Paseo de Gracia, 120 - Barcelona   | (6,119)                           | (5,556)  | 50.00                               |   |
| Teide-MDM Quadrat, S.A.  | José Luis Casso, 68 - Sevilla  | 3,732                             | 4,474    | 49.94                               |   |
| Terminal Polivalente de Huelva, S.A.                                       | Panamá   | 203                               | 197      | 50.00                               | P&A Palacios Asociados<br>Contadores Públicos Autorizados   |
| Torres Porta Fira, S.A.  | La Marina, 29 - Huelva   | (263)                             | (263)    | 31.50                               |   |
| Tramvia Metropolità, S.A.  | Mestre Nicolau, 19 - Barcelona   | 5                                 | 8,529    | 40.00                               | BDO   |
| Tramvia Metropolità del Besòs, S.A.  | Córcega, 270 - Barcelona   | 6,024                             | 4,528    | 18.07                               | KPMG  |
| Urbs Iudex et Causidicus, S.A.   | Córcega, 270 - Barcelona   | 6,207                             | 3,786    | 19.29                               | KPMG  |
| Urbs Iustitia Commodo Opera, S.A.  | Tarragona, 161 - Barcelona   | (9,400)                           | (2,247)  | 29.00                               | Deloitte  |
| Vivero del Río Razón, S.L.   | Avda. Carrilet, 3, planta 11ª,<br>Ciutat de la Justícia de Barcelona i<br>l'Hospitalet de Llobregat -<br>l'Hospitalet de Llobregat (Barcelona) | 2,417                             | 2,417    | 35.00                               |   |
| Western Carpathians Motorway Investors Company GmbH                        | Camino del Guardatillo -<br>Valdeavellano de Tera (Soria)  | —                                 | 1        | 48.00                               |   |
| Zilinská Dialnica s.r.o.   | Austria  | 13                                | 13       | 48.97                               |   |
|  | Slovakia   | (211)                             | (299)    | 48.97                               |   |

## CONSOLIDATED FINANCIAL STATEMENTS

| Company   | Registered office   | Carrying amount of the investment |         | % Effective percentage of ownership | Auditor                    |
|---|---|-----------------------------------|---------|-------------------------------------|----------------------------|
|   |   | 2011                              | 2010    |                                     |                            |
| <b>CEMENT</b>   |   |                                   |         |                                     |                            |
| Aplicaciones Minerales, S.A.  | Camino Fuente Herrero - Cueva Cardiel (Burgos)                    | 480                               | 563     | 33.19                               |                            |
| Áridos Unidos, S.A.   | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                         | 19                                | 13      | 26.78                               |                            |
| Canteras y Hormigones Quintana, S.A.  | Ctra. Santander-Bilbao, Km. 184 - Barcena de Cicero (Cantabria)   | 4,177                             | 4,416   | 18.86                               | Enrique Campos & Auditores |
| Canteras y Hormigones VRE, S.A.   | Arieta, 13 - Estella (Navarra)                                    | 692                               | 1,223   | 35.76                               | KPMG                       |
| Comercial de Prefabricados Lemona, S.A.                                     | Barrio Inzunza, 1 - Lemona (Vizcaya)                              | 19                                | 19      | 67.11                               |                            |
| Hormigones Calahorra, S.A.  | Brebicio, 25 - Calahorra (La Rioja)                               | (181)                             | 111     | 35.77                               |                            |
| Hormigones Castro, S.A.   | Ctra. Irún-La Coruña, Km. 153 - Islares (Cantabria)               | 367                               | 374     | 25.14                               |                            |
| Hormigones del Baztán, S.L.   | Suspeltxiki, 25 - Vera de Bidasoa (Navarra)                       | 931                               | 1,016   | 35.76                               |                            |
| Hormigones Delfín, S.A.   | Venta Blanca - Peralta (Navarra)                                  | 696                               | 856     | 35.76                               |                            |
| Hormigones en Masa de Valtierra, S.A.                                       | Ctra. Cadreita Km. 0 - Valtierra (Navarra)                        | 1,603                             | 1,602   | 35.76                               |                            |
| Hormigones Galizano, S.A.   | Ctra. Irún-La Coruña, Km. 184 - Gama (Cantabria)                  | 208                               | 242     | 31.44                               |                            |
| Hormigones Reinares, S.A.   | Praje Murillo de Calahorra, s/n - Calahorra (La Rioja)            | 712                               | 854     | 35.76                               |                            |
| Hormigones y Áridos del Pirineo Aragonés, S.A.                              | Ctra. Biescas - Sabiñanigo (Huesca)                               | 6,876                             | 6,719   | 35.76                               | KPMG                       |
| Lázaro Echevarría, S.A.   | Isidoro Melero - Alsasua (Navarra)                                | 10,372                            | 9,924   | 20.03                               | KPMG                       |
| Navarra de Transportes, S.A.  | Ctra. Pamplona-Vitoria, km. 52 - Olazagutía (Navarra)             | 1,167                             | 1,130   | 23.84                               | KPMG                       |
| Neuciclaje, S.A.  | Alameda de Urquijo, 10 - Bilbao                                   | 540                               | 499     | 21.16                               |                            |
| Novhorvi, S.A.  | Portal de Gamarra, 25 - Vitoria Gasteiz (Álava)                   | 219                               | 212     | 17.76                               | KPMG                       |
| Portcemen, S.A.   | Muelle Contradique Sur-Puerto Barcelona - Barcelona               | 902                               | 925     | 13.15                               |                            |
| Quinsa Prefabricados de Hormigón, S.L. Unipersonal                          | Ctra. S. Sebastián-Coruña Km. 184 - Barcena de Cicero (Cantabria) | (34)                              | (15)    | 18.87                               |                            |
| Silos y Morteros, S.L.  | Ctra. de Pamplona Km. 1 - Logroño (La Rioja)                      | 161                               | 210     | 23.84                               | Expertos Auditores         |
| Terminal Cimentier de Gabes-Gie   | Tunisia   | 103                               | 104     | 15.43                               | Ernst & Young              |
| Terrenos Molins   | Llobregat - Molins de Rei (Barcelona)                             | 4                                 | 4       | 13.14                               |                            |
| Transportes Cántabros de Cement Portland, S.L.                              | Ctra. S. Sebastián-Coruña Km. 184 - Barcena de Cicero (Cantabria) | 37                                | 42      | 18.87                               |                            |
| Vescem-LID, S.L.  | Valencia, 245 - Barcelona   | 72                                | 64      | 13.14                               |                            |
| TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES) |   | 203,904                           | 210,992 |                                     |                            |

# CONSOLIDATED FINANCIAL STATEMENTS

## APPENDIX IV CHANGES IN THE SCOPE OF CONSOLIDATION

| ADDITIONS  | Registered office                              |
|--|--|
| <b>Fully consolidated companies</b>                    |  |
| ALPINE ENERGIE MAGYARORSZÁG KFT.                       | Hungary  |
| AQUAFUNDALIA - AGUA DO FUNDAO, S.A.                    | Portugal                                       |
| CANERA ZEANURI, S.L.                                   | Uribitarte, 10 - Bilbao (Vizcaya)              |
| FCC CANADA LTD   | Canada   |
| FCC COLOMBIA, S.A.S.                                   | Colombia                                       |
| FCC CONSTRUCCION CHILE SPA                             | Chile  |
| FCC CONSTRUCCION POLSKA SP Z.O.O.                      | Poland   |
| FCC CONSTRUCCION PERÚ S.A.C.                           | Peru   |
| FCC CONSTRUÇÕES DO BRASIL LTDA.                        | Brazil   |
| FCC ELLIOTT UK LIMITED                                 | UK   |
| FCC LUBRICANTS LLC                                     | USA  |
| FCC SERV. INDUS. ENERG- MÉXICO, S.A.C.V.               | Mexico   |
| GANDIA SERVEIS URBANS, S.A.                            | Lanterners, 6 - Gandia (Valencia)              |
| GUZMAN ENERGY O&M, S.L.                                | Federico Salmón, 13 - Madrid                   |
| HERMERIEL, S.A.  | Ferrocarril, 10 - Palencia                     |
| SAISEI RENOVABLE, S.L.                                 | Federico Salmón, 13 - Madrid                   |
| SERVEIS MUNICIPALS DE NETEJA DE GIRONA, S.A.           | Pl. del Vi, 1 - Girona                         |
| SOCIETAT MUNICIPAL MEDIOAMBIENTAL D'IGUALADA           | Pl. del Ajuntament, 1 - Igualada (Barcelona)   |
| UNILAND ADQUISITION CORPORATION                        | USA  |
| <b>Companies accounted for using the equity method</b> |  |
| <b>JOINT VENTURES</b>                                  |  |
| EFI TUNELES NECAXA, S.A. DE C.V.                       | Mexico   |
| FTS 2010 SOCIETA CONSORTILE A RESPONSABILITA LIMITATA  | Italy  |
| PALACIO DE EXPOSICIONES Y CONGRESOS DE GRANADA         | Ps delViolón, s/n - Granada                    |
| PB EL CARACOL S DE RL DE CV                            | Mexico   |
| <b>ADDITIONS</b>                                       | <b>Registered office</b>                       |
| <b>ASSOCIATES</b>                                      |  |
| ALTOS DEL JAVIER, S.A.                                 | Panama   |
| GESTION Y VALORIZACION INTEGRAL DEL CENTRO             | Tecnología, 2 Pl. Los Olivos - Getafe (Madrid) |
| INTERGEO UMWELTMANAGEMENT GMBH                         | Austria  |
| INTEGRAL MANAGEMENT FUTURE RENEWABLES, S.L.            | Federico Salmón, 13 - Madrid                   |
| OHL-FCC-DIBCO NORTH TUNNELS CANADA INC                 | Canada   |
| OHL-FCC GP CANADA INC                                  | Canada   |
| ORASQUALIA OPERATION AND MAINTENANCE SAE.              | Egypt  |

| REMOVALS  | Registered office                                 |
|---|---|
| <b>Fully consolidated companies</b>                   |   |
| AFIGESA INVERSIÓN, S.L., UNIPERSONAL (14)             | Federico Salmón, 13 - Madrid                      |
| ALPINE DOLOMIT D.O.O. (10)                            | Serbia  |
| ALPINE GRANIT D.O.O. (10)                             | Serbia  |
| ALPINE PZPB D.O.O.(15)                                | Serbia  |
| ALTEC UMWELTECHNIK GMBH (4)                           | Austria   |
| AREMI TECAIR (8)                                      | Valle de Laguar, 7 - Valencia                     |
| ASFALNA CESTA D.O.O. (5)                              | Croatia   |
| AVERMANN-HUNGÁRIA KFT (6)                             | Hungary   |
| CLWR MANAGEMENT 2001 LIMITED (1)                      | UK  |
| ELECTRIC GENERATION INVESTMENTS LIMITED (1)           | UK  |
| ENEFI ENERGIA, S.A., UNIPERSONAL (1)                  | Federico Salmón, 13 - Madrid                      |
| EMBERGER & ESSL GMBH (7)                              | Austria   |
| EMBERGER & HEUBERGER BAU GMBH (7)                     | Austria   |
| EMPRESA MIXTA DE TRAFICO DE GIJON (2)                 | W-6, 23 Pl. Pramosa - El Plano - Tremañes (Gijón) |
| ESTACIONAMIENTOS Y SERVICIOS, S.A. (2)                | Federico Salmón, 13 - Madrid                      |
| GENERACION ELÉCTRICA EUROPEA, S.A.R.L. (3)            | Federico Salmón, 13 - Madrid                      |
| GENERACION ELÉCTRICA HISPANA, S.A.R.L. (3)            | Federico Salmón, 13 - Madrid                      |
| GESTION DE AGUAS DEL NORTE (16)                       | Cuarta del Agua, 9 - Galdar (Las Palmas)          |
| GREEN WASTE SERVICES LIMITED (1)                      | UK  |
| GWS (HOLDINGS) LIMITED (1)                            | UK  |
| INTERNACIONAL TECAIR, S.A. (8)                        | Valentin Beato, 24-26 - Madrid                    |
| LEMONA INDUSTRIA, S.A., UNIPERSONAL (9)               | Alameda de Urquijo, 10 - Bilbao (Vizcaya)         |
| MAQUINARIA PARA HORMIGONES, A.I.E. (1)                | Maestro García Rivero, 7 - Bilbao (Vizcaya)       |
| MEADSHORES LIMITED (1)                                | UK  |
| MÖRTINGER-GROHMANN TIEF HOCH UND STRASSENBAU GMBH (7) | Austria   |
| OSIJEK - KOTEKS D.O.O. (5)                            | Croatia   |
| PAPER PRODUCT DEVELOPMENTS LIMITED (1)                | UK  |
| REMAT JIHLAVA S.R.O. (12)                             | Czech Republic                                    |
| SANTOS RENTING, S.L., UNIPERSONAL (1)                 | Francisco Medina y Mendoza - Guadalajara          |
| SARRETTI KÖZTERÜLET-FENNTATÓ KFT (1)                  | Hungary   |
| TEROBET AS (13)                                       | Czech Republic                                    |
| TIEFBAU DEUTSCHLANDSBERG GMBH & CO KG (11)            | Germany   |

## CONSOLIDATED FINANCIAL STATEMENTS

| REMOVALS  | Registered office                                      |
|---|--|
| TORES - TECHNICKÉ, OBCHODNÍ A REKREACNÍ SLUŽBY AS (1) | Czech Republic   |
| UNILAND MARÍTIMA, S.L.                                |  |
| SOLE-SHAREHOLDER COMPANY (1)                          | Córcega, 299 - Barcelona                               |
| UNILAND USA LLC. (1)                                  | USA  |
| WASTEWISE LIMITED (1)                                 | UK   |
| WASTEWISE POWER LIMITED (1)                           | UK   |
| WASTEWISE TRUSTEES LIMITED (1)                        | UK   |
| Companies accounted for using the equity method       |  |
| <b>JOINT VENTURES</b>                                 |  |
| ACE ACESTRADA CONSTRUÇÃO DE ESTRADAS (1)              | Portugal   |
| ACE SPIE, RAMALHO ROSA COBETAR, ETERMAN (1)           | Portugal   |
| ACE RAMALHO ROSA COBETAR A EDIFER (1)                 | Portugal   |
| ACE RAMALHO ROSA COBETAR GRAVINER E NOVOCPA (1)       | Portugal   |
| ACE TUNEL RAMELA (1)                                  | Portugal   |
| INALIA MOSTAGANEM, S.L. (1)                           | Gobelas, 47-49 - Madrid                                |
| INALIA WATER SOLUTIONS, S.L. (1)                      | Ulises, 18 - Madrid                                    |
| <b>ASSOCIATES</b>                                     |  |
| ABLOCADE, S.L. (1)                                    | Rafael López, 1 - Huelva                               |
| AE STADTLAND GMBH (2)                                 | Germany  |
| ECOGESTION AMBIENTAL, S.L. (1)                        | Juan Ramón Jimenez, 12 - Madrid                        |
| EXPONOR, S.A. (1)                                     | Alameda de Urquijo, 10 - Bilbao (Vizcaya)              |
| VIVEROS DEL RIO RAZON (1)                             | Camino del Guardatillo - Valdeavellano de Tera (Soria) |
| ZIEGELWERK FRENTAL EDER GMBH (2)                      | Germany  |

- (1) Exclusion due to liquidation
- (2) Exclusion due to sale
- (3) Exclusion due to merger
- (4) Exclusion due to merger by absorption of Oekotechna Entsorgungs and Umwelttechnik GmbH
- (5) Exclusion due to merger by absorption of Osijek Koteks, d.d.
- (6) Exclusion due to merger by absorption of A.S.A. Magyarország Környezetvédelem És H Kft
- (7) Exclusion due to merger by absorption of Alpine Bau GmbH
- (8) Exclusion due to absorption of FCC Servicios Industriales y Energéticos, S.A.
- (9) Exclusion due to merger by absorption of Cementos Leona, S.A.U.
- (10) Exclusion due to absorption of Strazevica Kamenolom d.o.o.
- (11) Exclusion due to absorption of Tiefbau Deutschlandsberg GmbH
- (12) Exclusion due to absorption of Envicon-Gas
- (13) Exclusion due to absorption of Skladka Uhy spol. S.r.o.
- (14) Exclusion due to merger by absorption of Asesoría Financiera y de Gestión, S.A.
- (15) Exclusion due to merger by absorption of Alpine d.o.o. Beograd
- (16) Exclusion due to merger by absorption of Aqualia Gestión Integral del Agua, S.A.

## CONSOLIDATED FINANCIAL STATEMENTS

### APPENDIX V UNINCORPORATED TEMPORARY JOINT VENTURES (UTES), ECONOMIC INTEREST GROUPINGS (AIES) AND OTHER BUSINESSES MANAGED JOINTLY WITH NON-GROUP THIRD PARTIES

|   | Percentage of ownership<br>at 31 December 2011 |
|---|--|
| ENVIRONMENTAL SERVICES                  |  |
| PASAIA UTE                              | 70.00  |
| PUERTO UTE                              | 50.00  |
| UTE A GUARDA                            | 50.00  |
| UTE A GUARDA SANEAMIENTO                | 50.00  |
| UTE ABASTECIMIENTO EXTREMADURA          | 20.00  |
| UTE ABASTECIMIENTO ZARAGOZA             | 70.00  |
| UTE ABSA - PERICA                       | 60.00  |
| UTE ABSA - PERICA I                     | 60.00  |
| UTE ACTUACIÓN 11 TERUEL                 | 50.00  |
| UTE AEROPUERTO II                       | 50.00  |
| UTE AEROPUERTO V                        | 50.00  |
| UTE AEROPUERTO VI                       | 50.00  |
| UTE AEROPUERTO GALERIAS                 | 50.00  |
| UTE AEROPUERTO GALERIAS II              | 50.00  |
| UTE AGNITA-EPTISA-AISA                  | 50.00  |
| UTE AGUAS ALCALÁ                        | 37.50  |
| UTE AGUAS DEL DORAMÁS                   | 50.00  |
| UTE AIGÜES ELS POBLETS                  | 95.00  |
| UTE ALMEDA                              | 51.00  |
| UTE AMPLIACIÓ LIXIVITATS                | 40.00  |
| UTE AMPLIACIÓN IDAM SANT ANTONI         | 50.00  |
| UTE AMPLIACIÓN ITAM DELTA DE LA TORDERA | 66.67  |
| UTE AQUALIA - FCC - MYASA               | 94.00  |
| UTE ARGJ GUEÑES                         | 70.00  |
| UTE ARUCAS II                           | 70.00  |
| UTE BILBOKO LORATEGIAK                  | 60.00  |
| UTE BILBOKO SANEAMENDU                  | 50.00  |
| UTE BILBOKO SANEAMENDU BI               | 50.00  |
| UTE BIOCOMPOST DE ÁLAVA                 | 50.00  |
| UTE BOADILLA                            | 50.00  |
| UTE CÁDIZ                               | 50.00  |
| UTE CANA PUTXA                          | 20.00  |
| UTE CAP DJINET                          | 50.00  |
| UTE CARMA                               | 50.00  |
| UTE CARPA - FCC PAMPLONA                | 50.00  |
| UTE CASTELLANA - PO                     | 50.00  |
| UTE CASTELLAR DEL VALLÈS                | 50.00  |
| UTE CASTELLAR POLÍGONOS                 | 50.00  |

|                                      | Percentage of ownership<br>at 31 December 2011 |
|--------------------------------------|--|
| UTE CEMENTERIOS PERIFÉRICOS II       | 50.00  |
| UTE CENTRO DEPORTIVO VILLENA         | 80.00  |
| UTE CHIPIONA                         | 50.00  |
| UTE CIUTAT VELLA                     | 50.00  |
| UTE CGR GUIPUZCOA                    | 35.14  |
| UTE COLECTOR MAGRANERS               | 50.00  |
| UTE COLECTORES A GUARDA              | 50.00  |
| UTE COLEGIOS SANT QUIRZE             | 50.00  |
| UTE CONDUCCIÓN A EL VISO Y DEPÓSITOS | 70.00  |
| UTE CTR. DE L'ALT EMPORDÀ            | 45.00  |
| UTE CTR - VALLÈS                     | 20.00  |
| UTE DEPURACIÓN PONIENTE ALMERIENSE   | 75.00  |
| UTE DEPURADORA A GUARDA              | 50.00  |
| UTE DOS AGUAS                        | 35.00  |
| UTE ECOPARQUE CACERES                | 50.00  |
| UTE ECOURENSE                        | 50.00  |
| UTE DEPURADORA A GUARDA              | 50.00  |
| UTE EDAR ÁVILA                       | 55.00  |
| UTE EDAR BAEZA                       | 50.00  |
| UTE EDAR CULEBRO EQUIPOS             | 50.00  |
| UTE EDAR DE KRISPIJANA               | 70.00  |
| UTE EKO FERRO                        | 85.00  |
| UTE EDAR GIJON                       | 60.00  |
| UTE ENERGÍA SOLAR ONDA               | 25.00  |
| UTE EPTISA - AISA (ZIMNICEA)         | 50.00  |
| UTE EPTISA - ENTEMANSER              | 48.50  |
| UTE ETAP LAS ERAS                    | 50.00  |
| UTE EXPLOTACIÓN ITAM TORDERA         | 50.00  |
| UTE EXPLOTACIÓN PISCINAS VIGO        | 50.00  |
| UTE EXPLOTACIÓN PRESAS DEL SEGURA    | 60.00  |
| UTE F.L.F. LA PLANA                  | 47.00  |
| UTE FCC - ANPE                       | 80.00  |
| UTE FCC - ERS LOS PALACIOS           | 50.00  |
| UTE FCC - HIJOS DE MORENO, S.A.      | 50.00  |
| UTE FCC - PAS SALAMANCA              | 70.00  |
| UTE FCC - PERICA                     | 60.00  |
| UTE FCC - RAGA MAJADAHONDA           | 75.00  |
| UTE FCC - SUFI MAJADAHONDA           | 50.00  |
| UTE FCC - SUFI PESA                  | 50.00  |

## CONSOLIDATED FINANCIAL STATEMENTS

|   | Percentage of ownership<br>at 31 December 2011 |
|---|--|
| UTE FCC - SYF PLAYAS                        | 40.00  |
| UTE FCC - TEGNER                            | 50.00  |
| UTE FCCMA - RUBATEC STO. MOLLET             | 50.00  |
| UTE FCCSA - GIRSA                           | 89.80  |
| UTE FCCSA - VIVERS CENTRE VERD, S.A.        | 50.00  |
| UTE FS BADAJOZ                              | 79.00  |
| UTE FS MUNGEST                              | 33.15  |
| UTE FS MUNGEST II                           | 33.15  |
| UTE FS PARLA                                | 72.00  |
| UTE FS PARLA II                             | 72.00  |
| UTE GALERÍAS III                            | 50.00  |
| UTE GESTIÓ INTEGRAL DE RUNES DEL PAPIOL     | 40.00  |
| UTE GESTIÓN FANGOS MENORCA                  | 55.00  |
| UTE GESTIÓN INSTALACIÓN III                 | 34.99  |
| UTE GESTIÓN LODOS CYII                      | 20.00  |
| UTE GESTIÓN SERVICIOS DEPORTES CATARROJA    | 99.50  |
| UTE GIREF                                   | 20.00  |
| UTE GIRSA - FCC                             | 59.20  |
| UTE HIDC-HIR-IND. DO CENTR. ACE             | 50.00  |
| UTE HIDRANTES                               | 50.00  |
| UTE IBIZA - PORTMANY EPC                    | 32.00  |
| UTE IDAM IBIZA                              | 50.00  |
| UTE IDAM IBIZA II                           | 50.00  |
| UTE IDAM IBIZA III                          | 50.00  |
| UTE IDAM SANT ANTONI                        | 50.00  |
| UTE IDAM SANT ANTONI II                     | 50.00  |
| UTE INFILCO                                 | 50.00  |
| UTE INTAGUA                                 | 50.00  |
| UTE INTERIORES BILBAO                       | 80.00  |
| UTE JARDINES CÁDIZ                          | 51.00  |
| UTE JUNDIZ                                  | 51.00  |
| UTE KABIEZESKO KIROLDEGIA                   | 60.00  |
| UTE KAIAGARBI                               | 51.00  |
| UTE LA LLOMA DEL BIRLET                     | 80.00  |
| UTE LEA - ARTIBAI                           | 60.00  |
| UTE LEGIO VII                               | 50.00  |
| UTE LEKEITIOKO MANTENIMENDUA                | 60.00  |
| UTE LIMPIEZA COLEGIOS PÚBLICOS DE ALCORA    | 50.00  |
| UTE LIMPIEZA COLEGIOS PÚBLICOS DE BURRIANA  | 50.00  |
| UTE LIMPIEZA COLEGIOS PÚBLICOS DE CASTELLÓN | 50.00  |
| UTE LIMPIEZA BENICASSIM                     | 35.00  |
| UTE LIMPIEZA SANTA COLOMA                   | 50.00  |
| UTE LIMPIEZA Y RSU LEZO                     | 55.00  |

|  | Percentage of ownership<br>at 31 December 2011 |
|--|--|
| UTE LOCALES JUSTICIA LOTE II                 | 50.00  |
| UTE LOCALES JUSTICIA LOTE V                  | 50.00  |
| UTE LOGROÑO LIMPIO                           | 50.00  |
| UTE LOURO                                    | 65.00  |
| UTE LV Y RSU ARUCAS                          | 70.00  |
| UTE MANTENIMIENTO REG CORNELLÁ               | 60.00  |
| UTE MANTENIMIENTO COLEGIOS BILBAO            | 60.00  |
| UTE MANTENIMIENTO COLEGIOS II                | 60.00  |
| UTE MANTENIMIENTO DE EDIFICIOS               | 60.00  |
| UTE MANTENIMIENTO PRESAS DEL SEGURA          | 80.00  |
| UTE MEJORA ABASTECIMIENTO SESEÑA             | 50.00  |
| UTE MOLLERUSSA                               | 60.00  |
| UTE MONTCADA                                 | 50.00  |
| UTE MOSTAGANEM                               | 50.00  |
| UTE MUSKIZ III                               | 70.00  |
| UTE NAVE JUNDIZ                              | 51.00  |
| UTE OBRA AMPLIACIÓN IDAM SAN ANTONIO         | 50.00  |
| UTE OBRA EDAR IBIZA                          | 50.00  |
| UTE OBRAS AGUAS ALCALÁ                       | 55.00  |
| UTE ONDA EXPLOTACIÓN                         | 33.33  |
| UTE OYM CAP DJINET                           | 50.00  |
| UTE OYM MOSTAGANEM                           | 50.00  |
| UTE PAMPLONA                                 | 80.00  |
| UTE PARQUES SINGULARES MÓSTOLES              | 50.00  |
| UTE PISCINA CUBIERTA BENICARLÓ               | 65.00  |
| UTE PISCINA CUBIERTA MUNICIPAL ALBATERA      | 93.00  |
| UTE PISCINA CUBIERTA MUNICIPAL L'ELIANA      | 99.50  |
| UTE PISCINA CUBIERTA CLUB DEPORTIVO ALBORAYA | 99.00  |
| UTE PISCINA CUBIERTA MANISES                 | 99.50  |
| UTE PISCINA CUBIERTA PAIPORTA                | 90.00  |
| UTE PLAN RESIDUOS                            | 47.50  |
| UTE PLANTA RSI TUDELA                        | 60.00  |
| UTE PLANTA TRATAMIENTO VALLADOLID            | 60.00  |
| UTE PLAYAS                                   | 50.00  |
| UTE PLAYAS GUIPUZKOA                         | 55.00  |
| UTE PONIENTE ALMERIENSE                      | 50.00  |
| UTE PORTUGARBI                               | 51.00  |
| UTE PORTUGARBI - BI                          | 51.00  |
| UTE POSU - FCC VILLALBA                      | 50.00  |
| UTE POTABILIZADORA ELS POBLET                | 70.00  |
| UTE PUERTO II                                | 70.00  |
| UTE QUINTO CONTENEDOR                        | 50.00  |
| UTE R.S. UTE PONIENTE ALMERIENSE             | 50.00  |

## CONSOLIDATED FINANCIAL STATEMENTS

|                                     | Percentage of ownership<br>at 31 December 2011 |
|-------------------------------------|--|
| UTE RBU VILLA-REAL                  | 47.00  |
| UTE RESIDENCIA                      | 50.00  |
| UTE RSU TOLOSALDEA                  | 60.00  |
| UTE S.U. BENICASSIM                 | 35.00  |
| UTE S.U. BILBAO                     | 70.00  |
| UTE SALTO DEL NEGRO                 | 50.00  |
| UTE SAN MATEO                       | 70.00  |
| UTE SANEAMIENTO URBANO CASTELLÓN    | 65.00  |
| UTE SANT QUIRZE                     | 50.00  |
| UTE SANT QUIRZE DEL VALLÉS          | 50.00  |
| UTE SANTA COLOMA DE GRAMANET        | 61.00  |
| UTE SANTURTZIKO GARBIKETA           | 60.00  |
| UTE SANTURTZIKO GARBIKETA II        | 60.00  |
| UTE SASIETA                         | 75.00  |
| UTE SAV - FCC TRATAMIENTOS          | 35.00  |
| UTE SEAFSA LANZAROTE                | 60.00  |
| UTE SELECTIVA LAS PALMAS            | 55.00  |
| UTE SELECTIVA SAN MARCOS            | 65.00  |
| UTE SELECTIVA UROLA KOSTA           | 60.00  |
| UTE SELLADO VERTEDERO LOGROÑO       | 50.00  |
| UTE SON ESPASES                     | 50.00  |
| UTE SENTINAS                        | 50.00  |
| UTE TANATORIO DE PATERNA            | 50.00  |
| UTE TIRVA FCC - FCCMA RUBÍ          | 51.00  |
| UTE TORRIBERA IV                    | 50.00  |
| UTE TOSSA DE MAR                    | 13.00  |
| UTE TRANSPORTE SAN MARCOS           | 80.00  |
| UTE TRANSPORTE DEBABARRENA TXINGUDI | 60.00  |
| UTE TREMP                           | 51.00  |
| UTE TXINGUDI                        | 75.00  |
| UTE TXINGUDIKO GARBIKETA            | 73.00  |
| UTE UROLA ERDIA                     | 60.00  |
| UTE URRETXU Y ZUMARRAGA             | 65.00  |
| UTE VERTEDERO ARTIGAS               | 50.00  |
| UTE VERTEDERO GARDALEGUI II         | 70.00  |
| UTE VERTRESA                        | 10.00  |
| UTE VIGO RECICLA                    | 70.00  |
| UTE VILOMARA                        | 33.33  |
| UTE VINAROS                         | 50.00  |
| UTE VIVIENDAS MARGEN DERECHA        | 60.00  |
| UTE WTC - ZARAGOZA                  | 51.00  |
| UTE ZARAGOZA DELICIAS               | 51.00  |
| UTE ZARAUZKO GARBIKETA              | 60.00  |

|                                       | Percentage of ownership<br>at 31 December 2011 |
|---------------------------------------|--|
| UTE ZONZAMAS FASE II                  | 30.00  |
| UTE ZURITA                            | 50.00  |
| VERSIA                                |  |
| CLEAR CHANNEL - CEMUSA UTE            | 50.00  |
| CYCSA - ISOLUX INGENIERÍA UTE         | 50.00  |
| CYS - IKUSI - GMV UTE                 | 43.50  |
| EYSSA-AUPLASA ALICANTE UTE            | 65.00  |
| SISTEMAS TRANVÍA DE MURCIA UTE        | 32.00  |
| TRAMBESÓS UTE                         | 33.00  |
| TÚNELES DE BARAJAS UTE                | 50.00  |
| UTE APARCAMIENTO HOSPITAL SON ESPASES | 36.00  |
| UTE BYPASS SUR                        | 50.00  |
| UTE C-17 SERVEI                       | 50.00  |
| UTE CC CLOT ARAGÓ                     | 60.00  |
| UTE CN III                            | 45.00  |
| UTE EIX LLOBREGAT                     | 50.00  |
| UTE EUROHANDLING                      | 50.00  |
| UTE EUROHANDLING BARCELONA            | 50.00  |
| UTE EUROHANDLING MÁLAGA               | 50.00  |
| UTE FCC ACISA AUDING                  | 45.00  |
| UTE MENDIZULOA                        | 30.00  |
| UTE SCC SICE                          | 50.00  |
| UTE S.G.V.V.                          | 50.00  |
| UTE TRAMBAIX                          | 33.00  |
| CONSTRUCTION                          |  |
| ACP DU PORT DE LA CONDAMINE           | 45.00  |
| ARGE A4                               | 50.00  |
| ARGE ACHRAIN                          | 50.00  |
| ARGE ALPTRANSIT BRENNER               | 50.00  |
| ARGE ARLBERG                          | 45.00  |
| ARGE ATAC                             | 50.00  |
| ARGE BEG H4 STANS                     | 50.00  |
| ARGE BEG LOS O1                       | 50.00  |
| ARGE BETON BHF. ST. PÖLTEN            | 45.00  |
| ARGE BETON DOPPL 2                    | 50.00  |
| ARGE BETON NEUBAU                     | 40.00  |
| ARGE BETONBAU ÖBB YBBS AMSTETTEN      | 50.00  |
| ARGE BETR. GEB. HEIDKOF               | 50.00  |
| ARGE CONTIWEG                         | 60.00  |
| ARGE EGGETUNNEL                       | 50.00  |
| ARGE ERDB. A8 PICHL - MEGG            | 50.00  |
| ARGE ERDB. MATZLEINSDORF              | 50.00  |
| ARGE ERDBAU AMSTETTEN BL3             | 60.00  |

## CONSOLIDATED FINANCIAL STATEMENTS

|                                       | Percentage of ownership<br>at 31 December 2011 |
|---------------------------------------|--|
| ARGE ERDBAU BHF ST. PÖLTEN            | 33.33  |
| ARGE ERDBAU DOPPL II                  | 50.00  |
| ARGE ERDBAU NEUBAU                    | 50.00  |
| ARGE EURO 2008 AUSB. STAD. INNSBRUCK  | 33.33  |
| ARGE EURO 2008 AUSB. STAD. KLAGENFURT | 55.00  |
| ARGE EURO 2008 AUSB. STAD. SALZBURG   | 51.00  |
| ARGE GALERIEN KÜHTAI                  | 25.00  |
| ARGE GEBÖS NORDBAHNHOF                | 33.34  |
| ARGE GK RECHTE ALTSTADT 2             | 50.00  |
| ARGE GOTTHARD TUNNEL                  | 66.66  |
| ARGE HABERKORN ULMER                  | 50.00  |
| ARGE HEIDKOPFTUNNEL                   | 33.34  |
| ARGE HOCHBAU HBF ST. PÖLTEN           | 25.35  |
| ARGE HWS MACHLAND                     | 50.00  |
| ARGE INGENIEURBAU PPP OSTREGION       | 50.00  |
| ARGE JURIDICUM                        | 50.00  |
| ARGE KATSCHBERG                       | 30.96  |
| ARGE KDD                              | 33.34  |
| ARGE KH RIED BR 2 + 3                 | 23.78  |
| ARGE KH RIED BR 4/4A                  | 33.33  |
| ARGE KINGSCROSS                       | 50.00  |
| ARGE KLOSTERNEUBURG                   | 28.10  |
| ARGE KOPS                             | 80.00  |
| ARGE KRANKENHAUS BR A + F             | 50.00  |
| ARGE LAINZERTUNNEL 31                 | 50.00  |
| ARGE LICHTENFELS                      | 33.34  |
| ARGE MISCHGUT PPP OSTREGION           | 50.00  |
| ARGE MVA ZISTERSDORF                  | 50.00  |
| ARGE NBS LOS B                        | 33.34  |
| ARGE NUSSDORF - ZAGLING               | 50.00  |
| ARGE PARKDECK STOCKERAU               | 33.00  |
| ARGE PRO MENTE WELS                   | 50.00  |
| ARGE RASTSTÄTTE PPP OSTREGION         | 50.00  |
| ARGE SCHMIEDETECHNIK - ERW            | 33.33  |
| ARGE SCHWEDEN                         | 50.00  |
| ARGE SENIORENWOHNHEIM KREMS           | 66.66  |
| ARGE SINGAPORE 855                    | 50.00  |
| ARGE SPERRE BAECHENTAL                | 15.00  |
| ARGE STRENGEN                         | 70.00  |
| ARGE TERMINAL TOWER LINZ              | 50.00  |
| ARGE THERAPIEZENTRUM BAD HALL         | 82.70  |
| ARGE TSCHAMBREU                       | 66.66  |
| ARGE TULLNERFELD 4.1                  | 66.66  |

|  | Percentage of ownership<br>at 31 December 2011 |
|--|--|
| ARGE TUNNEL - U. ING. BAU. LEIPZIG LOS B   | 5.70   |
| ARGE TURBOLADERWERK                        | 50.00  |
| ARGE TWL LEHEN - LIEFERING                 | 40.00  |
| ARGE UMFABHRUNG BRIXEN B13                 | 48.80  |
| ARGE UW YBBSFELD                           | 50.00  |
| ARGE VEZ                                   | 50.00  |
| ARGE VKA TERNITZ                           | 1.00   |
| ARGE WIESING H4 - 3                        | 75.00  |
| ERD - UN STRASSENB. PPP                    | 19.00  |
| ASTALDI - FCC J.V.                         | 50.00  |
| CONCORCIO ICA - FCC - MECO PAC-4           | 43.00  |
| CONSORCIO LÍNEA UNO                        | 45.00  |
| FCC ELLIOT CONSTRUCTION PARTNERSHIP        | 50.00  |
| J.V. ARAD-TIMISOARA FCC-ASTALDI            | 50.00  |
| J.V. ASOCIAREA ARAD-TIMISOARA              | 50.00  |
| J.V. BBR PTE SL - TENSACCAI SPA            | 51.00  |
| J.V. BYPASS CONSTATA                       | 50.00  |
| J.V. CENTURE OTOPENI OVERPASS              | 91.90  |
| J.V. ESTENSION OF LINE 2 TO ANTOHOUPOLI    | 50.01  |
| J.V. FCC-ASTALDI                           | 50.00  |
| J.V. FCC CO-MCM                            | 95.00  |
| J.V. METRO DEHLI C1                        | 51.00  |
| OHL CO. CANADA & FCC CANADA LTD.           | 50.00  |
| UTE 2º FASE EIQUE DE LA ESFINGE            | 35.00  |
| UTE 57 VIVIENDAS PC-6 CERRO DE REYES       | 90.00  |
| UTE 77 VIVIENDAS EN ELCHE                  | 55.00  |
| UTE ACCESO NORTE A VIGO NUEVA ESTACIÓN     | 50.00  |
| UTE ACCESO ZAMORA                          | 65.00  |
| UTE ACCESOS A LA ESTACIÓN DE LA SAGRERA    | 37.50  |
| UTE ACON. Y PEATON. SAN BARTOLOMÉ TIRAJANA | 70.00  |
| UTE ACONDICIONAMIENTO BASE ALMUSSAFES      | 50.00  |
| UTE ACTUACIONES AEROPUERTO DE LOGROÑO      | 80.00  |
| UTE ADAMUZ                                 | 33.33  |
| UTE AEROPUERTO DE CASTELLÓN                | 50.00  |
| UTE AL - DEL OURENSE                       | 50.00  |
| UTE AL - DEL PALENCIA                      | 50.00  |
| UTE AL - DEL POLIVALENTES                  | 50.00  |
| UTE AL - DEL SANTIAGO                      | 50.00  |
| UTE AL - DEL XÁTIVA                        | 50.00  |
| UTE ALARCÓN                                | 55.00  |
| UTE ALBACETE - ALMANSA                     | 50.00  |
| UTE ALBUERA                                | 50.00  |
| UTE ALCAR                                  | 45.00  |

## CONSOLIDATED FINANCIAL STATEMENTS

|   | Percentage of ownership<br>at 31 December 2011 |
|---|--|
| UTE ALMENDRALEJO II                         | 50.00  |
| UTE ALQUERÍA                                | 50.00  |
| UTE AMOREBIETA                              | 66.66  |
| UTE AMPLIACIÓN EDAR GIRONA                  | 67.00  |
| UTE AMP. PLAT COSTERA REC. GUINIGUADA       | 50.00  |
| UTE AMPLIACIÓN SAIH                         | 50.00  |
| UTE AMPLIACIÓN SUPERFICIE DIQUE             | 50.00  |
| UTE ANAGA                                   | 33.33  |
| UTE APARCAMIENTO TERM. ACT. AEROPUERTO G.C. | 70.00  |
| UTE ARENAL                                  | 16.17  |
| UTE ARINAGA III                             | 50.00  |
| UTE ARMILLA INSTALACIONES                   | 50.00  |
| UTE ARRIXACA GASES                          | 26.00  |
| UTE ARROYO DE LA ENCOMIENDA                 | 50.00  |
| UTE ARROYO DEL FRESNO                       | 50.00  |
| UTE AUCOSTA CONSERVACIÓN                    | 50.00  |
| UTE AUDITORIO DE BURGOS                     | 65.00  |
| UTE AUDITORIO DE LUGO                       | 50.00  |
| UTE AUTOPISTA CARTAGENA - VERA              | 50.00  |
| UTE AUTOVÍA COSTA BRAVA                     | 65.00  |
| UTE AUTOVÍA DE LA SAGRA                     | 50.00  |
| UTE AUTOVÍA EL BATAN - CORIA                | 50.00  |
| UTE AVE ALCÁNTARA-GARROVILLAS               | 85.00  |
| UTE AVE GIRONA                              | 40.00  |
| UTE AVE MASIDE                              | 67.00  |
| UTE AVE MONTBLANC                           | 75.00  |
| UTE AVE TÚNEL DE SERRANO                    | 42.00  |
| UTE ÁVILA 6                                 | 35.00  |
| UTE BALLONTI ARDANZA                        | 9.80   |
| UTE BARBADOS                                | 50.00  |
| UTE BENTA AUNDI                             | 50.00  |
| UTE BERGARA ANTZUOLA                        | 50.00  |
| UTE BIBLIOTECA DE NAVARRA                   | 65.00  |
| UTE BILBAO MANTENDU                         | 24.50  |
| UTE BIMENES                                 | 70.00  |
| UTE BIMENES III                             | 70.00  |
| UTE BOETTICHER                              | 50.00  |
| UTE BOETTICHER ELECTRICIDAD                 | 50.00  |
| UTE BOQUILLA SUR TÚNEL VIGO - DAS MACEIRAS  | 50.00  |
| UTE BULEVAR PINTO RESINA                    | 50.00  |
| UTE BUÑEL - CORTES                          | 80.00  |
| UTE BUSINESS                                | 25.00  |
| UTE BUSINESS ELECTRICIDAD                   | 57.00  |

|   | Percentage of ownership<br>at 31 December 2011 |
|---|--|
| UTE BUSINESS MECÁNICAS                    | 40.00  |
| UTE C31-ACCESOS MATARÓ                    | 50.00  |
| UTE C&F JAMAICA                           | 50.00  |
| UTE C.A.R.E. CÓRDOBA                      | 75.00  |
| UTE CÁCERES II                            | 50.00  |
| UTE CAMPO GIBRALTAR                       | 80.00  |
| UTE CAMPO DE GIBRALTAR                    | 50.00  |
| UTE CAMPUS CLIMA                          | 50.00  |
| UTE CAN TUNIS                             | 70.00  |
| UTE CANAL PRINCIPAL DE ORBIGO             | 50.00  |
| UTE CANALES DEL JÚCAR                     | 60.00  |
| UTE CANONADA SANT JUST                    | 60.00  |
| UTE CÁRCEL MARCOS PAZ                     | 35.00  |
| UTE CARCHUNA - CASTELL                    | 75.00  |
| UTE CARIÑENA                              | 50.00  |
| UTE CARRETERA HORNACHOS - LLERA           | 65.00  |
| UTE CARRETERA IBIZA - SAN ANTONIO         | 50.00  |
| UTE CASON II                              | 50.00  |
| UTE CASTELLÓ D'AMPÚRIES                   | 50.00  |
| UTE CASTIÑEIRIÑO                          | 65.00  |
| UTE CATENARIA - CERRO NEGRO               | 50.00  |
| UTE CATLANTICO                            | 25.00  |
| UTE CECEOX                                | 20.00  |
| UTE CENTRO COMERCIAL ARANJUEZ             | 50.00  |
| UTE CENTRO COMERCIAL ARANJUEZ PLAZA F. II | 50.00  |
| UTE CENTRO COMERCIAL LA GRELA             | 50.00  |
| UTE CENTRO COMERCIAL MESOIRO              | 50.00  |
| UTE CENTRO CONTINGENCIAS GAVÀ             | 70.00  |
| UTE CERRO GORDO                           | 75.00  |
| UTE CHUAC                                 | 50.00  |
| UTE CIBELES                               | 50.00  |
| UTE CIBELES ELECTRICIDAD                  | 50.00  |
| UTE CINE AVENIDA                          | 50.00  |
| UTE CIRCUITO                              | 70.00  |
| UTE CIRCUITO F-1 VALENCIA                 | 38.00  |
| UTE CIUDAD DE LAS COMUNICACIONES          | 50.00  |
| UTE CIUDAD DEPORTIVA VALDEBEBAS II        | 50.00  |
| UTE CIUTAT DE LA JUSTÍCIA                 | 30.00  |
| UTE CLIMA "LA FE"                         | 38.00  |
| UTE CLIMATIZACIÓN ALCÁZAR DE SAN JUAN     | 60.00  |
| UTE CLIMATIZACIÓN BARAJAS                 | 42.50  |
| UTE CLIMATIZACIÓN CIBELES                 | 50.00  |
| UTE CLIMATIZACIÓN SON DURETA              | 42.00  |

## CONSOLIDATED FINANCIAL STATEMENTS

|  | Percentage of ownership<br>at 31 December 2011 |
|--|--|
| UTE CLIMATIZACIÓN W.T.C.                       | 50.00  |
| UTE CLUB NÁUTICO CASTELLÓN                     | 50.00  |
| UTE COALVI - CONVENSA                          | 25.00  |
| UTE COIMA, S.A. - T.P. D ARMENGOLS C.P.        | 15.28  |
| UTE COLADA                                     | 63.00  |
| UTE COLECTOR ABOÑO II                          | 80.00  |
| UTE COLECTOR NAVIA                             | 80.00  |
| UTE CONEXIÓN CORREDOR MEDITERRÁNEO             | 40.00  |
| UTE CONSEJERÍA AGRICULTURA                     | 85.00  |
| UTE CONSERVACION ANTEQUERA                     | 50.00  |
| UTE CONSERVACION MALPARTIDA                    | 50.00  |
| UTE CONSERVACION BADAJOZ                       | 50.00  |
| UTE CONSTRUCCIÓN HOSPITAL SURESTE              | 50.00  |
| UTE CONSTRUCCIÓN HOSPITAL TORREJÓN             | 66.70  |
| UTE CONSTRUCCIÓN TRANVÍA ZARAGOZA              | 50.00  |
| UTE CONSTRUCTORA ATENCIÓN PRIMARIA             | 33.00  |
| UTE COORDINACIÓN                               | 34.00  |
| UTE COPERÓ                                     | 70.00  |
| UTE CORNELLÀ WTC                               | 36.00  |
| UTE CORREDOR                                   | 55.00  |
| UTE COSTA DEL SOL                              | 50.00  |
| UTE COSTERA NORTE 1º                           | 70.00  |
| UTE CP NORTE I                                 | 50.00  |
| UTE CREA                                       | 50.00  |
| UTE CARRETERAS ACCESO PUERTO CASTELLÓN         | 50.00  |
| UTE CYM - ESPELSA INSTALACIONES                | 50.00  |
| UTE DE SUMINISTROS PUENTE RÍO OZAMA            | 50.00  |
| UTE DESALADORA BAJO ALMANZORA                  | 60.00  |
| UTE DESDOBLAMIENTO CV - 309 EN SAGUNTO         | 50.00  |
| UTE DESARROLLO PUERTO DE AVILES FASE I         | 80.00  |
| UTE DESDOBLAMIENTO DE LA AS-17 I               | 70.00  |
| UTE DESDOBLAMIENTO EX-100 BADAJOZ              | 50.00  |
| UTE DESVÍOS II                                 | 60.00  |
| UTE DESVÍOS LÉRIDA-BARCELONA                   | 50.00  |
| UTE DIQUE DE LA ESFINGE 2º FASE                | 70.00  |
| UTE DIQUE ESTE                                 | 35.00  |
| UTE DIQUE ESTE FASE II                         | 50.00  |
| UTE DIQUE ESTE DÁRSENA SUR PUERTO DE CASTELLÓN | 50.00  |
| UTE DIQUE TORRES                               | 27.00  |
| UTE DIQUE TORRES II                            | 27.00  |
| UTE DISTRIBUCIÓN L-2 Y VARIAS                  | 50.00  |
| UTE DOCENCIA HOSPITAL SON DURETA               | 33.00  |
| UTE DOZÓN                                      | 29.60  |

|   | Percentage of ownership<br>at 31 December 2011 |
|---|--|
| UTE DRAGADO CANAL ENTRADA Y DÁRSENA SUR       | 50.00  |
| UTE DRAGADO MUELLE COMERCIAL VILAGARCÍA       | 50.00  |
| UTE DRENAJES ADAMUZ                           | 33.33  |
| UTE EBRACONS                                  | 68.00  |
| UTE EDAM OESTE                                | 70.00  |
| UTE EDAR LOIOLA                               | 89.80  |
| UTE EDAR NAVIA                                | 80.00  |
| UTE EDIFICIO 4 WTC                            | 56.25  |
| UTE EDIFICIO 6-7-8 WTC                        | 36.00  |
| UTE EDIFICIO C. CULT. POLIV., F. II-V. D'UIXO | 60.00  |
| UTE EDIFICIO DE LAS CORTES                    | 65.00  |
| UTE EDIFICIO IDI 5 TERCERA FASE CPI           | 75.00  |
| UTE EDIFICIO IMETISA                          | 70.00  |
| UTE EDIFICIO TERMINAL                         | 40.00  |
| UTE EDIFICIOS TÉCNICOS CIUDEN                 | 80.00  |
| UTE EIX BERGUEDÀ                              | 34.00  |
| UTE EL CONDADO                                | 40.00  |
| UTE ELECTRICIDAD BY PASS SUR CALLE 30         | 33.33  |
| UTE ELECTRICIDAD CIBEK                        | 50.00  |
| UTE ELECTRICIDAD CIUDAD COMUNICACIONES        | 50.00  |
| UTE ELECTRICIDAD SON DURETA                   | 50.00  |
| UTE ELECTRIFICACION ARRIONDAS                 | 60.00  |
| UTE ELECTRIFICACIÓN BURGOS                    | 33.33  |
| UTE ELECTRIFICACIÓN GRANOLLERS                | 20.00  |
| UTE ELECTRIFICACIÓN TRANVÍA DE MURCIA         | 55.00  |
| UTE EMISARIO MOMPAS                           | 89.80  |
| UTE ENCAUZAMIENTO BARRANCO DE FRAGA           | 60.00  |
| UTE ENLACE CURRO                              | 60.00  |
| UTE EQUIPAMIENTO AUDITORIO BURGOS             | 65.00  |
| UTE ERRETERIA                                 | 24.50  |
| UTE ESCLUSA SEVILLA                           | 70.00  |
| UTE ESCUELA DE ARTES Y DISEÑOS                | 70.00  |
| UTE ESPELSA - CYMI INSTALACIONES NORTE        | 50.00  |
| UTE ESPELSA - OCESA                           | 50.00  |
| UTE ESTACIÓN AVE ZARAGOZA                     | 50.00  |
| UTE ESTACIÓN FGV MERCADO - ALICANTE           | 60.00  |
| UTE ESTACIÓN LUCERO ALICANTE                  | 33.33  |
| UTE ESTACIÓN METRO SERRERÍA                   | 50.00  |
| UTE ESTACIONES AEROPORT L9                    | 49.00  |
| UTE ESTACIONES LÍNEA 9                        | 33.00  |
| UTE ESTACIONES TERRASSA                       | 36.00  |
| UTE ESTEPONA                                  | 25.00  |
| UTE EZKIO ITSASO                              | 40.00  |

## CONSOLIDATED FINANCIAL STATEMENTS

|  | Percentage of ownership<br>at 31 December 2011 |
|--|--|
| UTE F.I.F. GNL FB 301/2                  | 35.96  |
| UTE F.I.F. GNL TK-3,002/3                | 39.06  |
| UTE FASE II C.I.C.C.M.                   | 60.00  |
| UTE FASE II HOSPITAL DE MÉRIDA           | 50.00  |
| UTE FASE II PABELLÓN REYNO DE NAVARRA    | 50.00  |
| UTE FCC - SCENIC LIGHT                   | 80.00  |
| UTE FCC - TECYSU                         | 80.00  |
| UTE FGV ALICANTE TRAMO 2                 | 60.00  |
| UTE FGV VARIANTE TRAMO FINCA ADOC        | 55.00  |
| UTE FUENTE LUCHA                         | 77.00  |
| UTE GANGUREN                             | 11.03  |
| UTE GASODUCTO MAGREB - EUROPA            | 50.00  |
| UTE GASODUCTOS ENAGAS GD                 | 50.00  |
| UTE GC - 1 PUERTO DE RICO - MOGÁN        | 40.00  |
| UTE GEDERIAGA                            | 24.50  |
| UTE GIRONA NORTE                         | 70.00  |
| UTE GIRONA NORTE II                      | 70.00  |
| UTE GOIAN                                | 70.00  |
| UTE GOIERRIALDEA                         | 55.00  |
| UTE GOIERRIALDEA 2010                    | 55.00  |
| UTE GRAN VÍA HOSPITALET                  | 50.00  |
| UTE GRAU DE LA SABATA                    | 90.00  |
| UTE GUADARRAMA 3                         | 33.33  |
| UTE GUADARRAMA 4                         | 33.33  |
| UTE GUICYCSA TORDESILLAS                 | 60.00  |
| UTE HABILITACIÓN ED. C. COMUNICACIONES   | 50.00  |
| UTE HORCHE                               | 65.00  |
| UTE HORKASITAS                           | 24.50  |
| UTE HOSPITAL ALCÁZAR                     | 60.00  |
| UTE HOSPITAL CAMPUS DE LA SALUD          | 80.00  |
| UTE HOSPITAL DE CARTAGENA                | 70.00  |
| UTE HOSPITAL DE MIRANDA                  | 65.00  |
| UTE HOSPITAL DE SALAMANCA                | 40.00  |
| UTE HOSPITAL DEL SUR                     | 80.00  |
| UTE HOSPITAL DEL SUR, SEGUNDA FASE       | 40.00  |
| UTE HOSPITAL FCC - VVO                   | 80.00  |
| UTE HOSPITAL MARQUÉS VALDECILLA FASE III | 33.33  |
| UTE HOSPITAL NORTE TENERIFE              | 80.00  |
| UTE HOSPITAL SON DURETA                  | 33.00  |
| UTE HOSPITAL UNIVERSITARIO DE MURCIA     | 50.00  |
| UTE HUELVA NORTE II                      | 55.00  |
| UTE HUELVA SUDESTE                       | 40.00  |
| UTE HUESNA CONSTRUCCIÓN                  | 33.33  |

|  | Percentage of ownership<br>at 31 December 2011 |
|--|--|
| UTE IBAI EDER                          | 24.50  |
| UTE IBARRETA                           | 24.50  |
| UTE IFEVI                              | 50.00  |
| UTE IMPERMEABILIZACION TUNEL PAJARES   | 50.00  |
| UTE INSTALACIONES                      | 50.00  |
| UTE INSTALACIONES C - 17 VIC - RIPOLL  | 33.30  |
| UTE INSTALACIONES METRO MÁLAGA         | 54.00  |
| UTE INSTALACIONES PLATAFORMA SUR       | 50.00  |
| UTE INSTALACIONES TÚNELES MUROS-DUEÑAS | 50.00  |
| UTE INSTITUTO DE SUANCES               | 70.00  |
| UTE IRO                                | 80.00  |
| UTE JAÉN - MANCHA REAL                 | 80.00  |
| UTE JEREZ - LA BARCA                   | 80.00  |
| JUTE JONCADELLA                        | 34.00  |
| UTE JUAN DE LA COSA                    | 80.00  |
| UTE JUAN GRANDE                        | 50.00  |
| UTE L9 HOSPITALET                      | 50.00  |
| UTE LA ALDEA                           | 35.00  |
| UTE LA LOTETA                          | 80.00  |
| UTE LADERA ENCISO                      | 50.00  |
| UTE LAKUA 796                          | 24.50  |
| UTE LAS ROSAS I - 7                    | 33.33  |
| UTE LASGARRE                           | 50.00  |
| UTE LAUDIO                             | 24.50  |
| UTE LINEA 1 TRANVÍA DE MURCIA          | 60.00  |
| UTE LÍNEA 2                            | 50.00  |
| UTE LÍNEA 5                            | 40.00  |
| UTE LÍNEA 9                            | 33.00  |
| UTE LLAGOSTERA                         | 50.00  |
| UTE LUKO                               | 45.00  |
| UTE M-407                              | 50.00  |
| UTE M-30 TÚNEL SUR                     | 50.00  |
| UTE MÁLAGA COCHERAS                    | 50.00  |
| UTE MALLABIA                           | 14.70  |
| UTE MANTENIMENT RONDES II              | 70.00  |
| UTE MANTENIMENT RONDES 2012            | 70.00  |
| UTE MANTENIMIENTO ARANJUEZ II          | 76.00  |
| UTE MANTENIMIENTO CÓRDOBA              | 49.00  |
| UTE MANTENIMIENTO TDM                  | 50.00  |
| UTE MANTENIMIENTO TRANVÍA ZARAGOZA     | 50.00  |
| UTE MANTENIMIENTO VÍA ARANJUEZ         | 50.00  |
| UTE MANTENIMIENTO VÍA SEVILLA          | 50.00  |
| UTE MANZANAL                           | 50.00  |

## CONSOLIDATED FINANCIAL STATEMENTS

|   | Percentage of ownership<br>at 31 December 2011 |
|---|--|
| UTE MAQUINARIA PESADA INFOMA            | 50.00  |
| UTE MATADERO                            | 57.50  |
| UTE MEDINACELI                          | 22.40  |
| UTE MEJORA VIADUCTOS LORCA              | 50.00  |
| UTE MEL9                                | 49.00  |
| UTE MONTAJE VIA MOLLET - GIRONA         | 50.00  |
| UTE MONTAJE VIA O IRIXO - SANTIAGO      | 50.00  |
| UTE MONTAJE VIA SIETE AGUAS - VALENCIA  | 50.00  |
| UTE MONT-RAS                            | 50.00  |
| UTE MONTSERRAT                          | 35.00  |
| UTE MORA                                | 30.00  |
| UTE MORALEDA                            | 66.00  |
| UTE MUELLE BOUZAS                       | 70.00  |
| UTE MUELLE COMERCIAL VILAGARCÍA         | 70.00  |
| UTE MUELLES COMERCIALES                 | 60.00  |
| UTE MUELE DE LA QUÍMICA                 | 70.00  |
| UTE MUNGUÍA                             | 13.72  |
| UTE MURCIA                              | 40.00  |
| UTE MUSEO NACIONAL DE LA ENERGÍA        | 45.00  |
| UTE N.O.M.                              | 63.00  |
| UTE NACIMIENTO                          | 54.00  |
| UTE NANCLARES                           | 95.00  |
| UTE NOU PONT DE FUSTA                   | 50.00  |
| UTE NTC CÁDIZ                           | 50.00  |
| UTE NUDO DE MOLLET                      | 50.00  |
| UTE NUEVA SEDE JUDICIAL LAS PALMAS G.C. | 70.00  |
| UTE NUEVO ESTADIO VCF                   | 49.00  |
| UTE NUEVO HOSPITAL DE CÁCERES           | 33.33  |
| UTE NUEVO PUERTO DE IGOUENITZA          | 50.00  |
| UTE OFICINAS HOSPITALET                 | 50.00  |
| UTE OLAVETAN                            | 14.70  |
| UTE OLOT MONTAGUT                       | 45.00  |
| UTE OPERACIÓN TRANYÍA DE MURCIA         | 50.00  |
| UTE OPERADORA TERMOSOLAR                | 67.50  |
| UTE ORDIZIA                             | 90.00  |
| UTE ORENSE - MELÓN                      | 50.00  |
| UTE PABELLÓN REYNO DE NAVARRA           | 50.00  |
| UTE PAGO DE EN MEDIO                    | 80.00  |
| UTE PALACIO DE CONGRESOS DE LEÓN        | 50.00  |
| UTE PALACIO DE LOS DEPORTES             | 50.00  |
| UTE PANADELLA                           | 50.00  |
| UTE PARADOR DE EL SALER                 | 75.00  |
| UTE PARANINFO ZARAGOZA                  | 60.00  |

|   | Percentage of ownership<br>at 31 December 2011 |
|---|--|
| UTE PARQUE MÁLAGA                           | 60.00  |
| UTE PARQUE MAYORDOMÍA                       | 50.00  |
| UTE PARQUE TECNOLÓGICO                      | 60.00  |
| UTE PASAIA BERRI                            | 50.00  |
| UTE PASEO PARQUE RIBALTA CASTELLÓN          | 65.00  |
| UTE PAU MONTE CARMELO                       | 50.00  |
| UTE PAVONES VIVIENDAS                       | 50.00  |
| UTE PCI METRO DE MÁLAGA                     | 40.00  |
| UTE PERI AR.8 LA MADRAZA                    | 99.00  |
| UTE PIEDRAFITA                              | 66.67  |
| UTE PINO MONTANO P 5                        | 50.00  |
| UTE PLANTA BARAJAS MELO                     | 50.00  |
| UTE PLANTA DE RESIDUOS                      | 50.00  |
| UTE PLASENCIA                               | 50.00  |
| UTE PLATAFORMA TPTE PBCO CASTELLÓN          | 55.00  |
| UTE PLATAFORMA TRANSPORTE UJI DE CASTELL    | 65.00  |
| UTE PLATAFORMA TTE.PUB. TRAMO I COLUMBRETES | 55.00  |
| UTE POBLA TORNESA                           | 50.00  |
| UTE POLÍGONO BOBES                          | 50.00  |
| UTE POLÍGONO DE TANOS                       | 50.00  |
| UTE POLÍGONO LLOREDA                        | 70.00  |
| UTE POLÍGONO VICÁLVARO                      | 80.00  |
| UTE PONT DEL CANDI                          | 75.00  |
| UTE PORT DE LLANÇÀ                          | 60.00  |
| UTE PREFABRICADOS POLA                      | 50.00  |
| UTE PRESA ENCISO                            | 50.00  |
| UTE PRESAS ITOIZ                            | 33.00  |
| UTE PRESAS EBRO                             | 50.00  |
| UTE PRESAS JÚCAR                            | 53.00  |
| UTE PREVENCIÓN DE INCENDIOS NORESTE         | 50.00  |
| UTE PROLONGACIÓN DIQUE REINA SOFÍA          | 40.00  |
| UTE PROSER - GEOCONTROL                     | 60.00  |
| UTE PROSER - GEOCONTROL II                  | 62.00  |
| UTE PROSER - NORCONTROL                     | 50.00  |
| UTE PROSER - NORCONTROL II                  | 50.00  |
| UTE PROSER - PAYMACOTAS IV                  | 50.00  |
| UTE PROSER - UG 21                          | 70.00  |
| UTE PROSER - LA ROCHE TF5 III               | 50.00  |
| UTE PROSER - BATLLE I ROIG                  | 50.00  |
| UTE PSIR CASTRO URDIALES                    | 50.00  |
| UTE PT ADRIÁTICO                            | 30.00  |
| UTE PUENTE RIO OZAMA (DFC-COCIMAR)          | 35.00  |
| UTE PUENTE DE PONFERRADA                    | 55.00  |

## CONSOLIDATED FINANCIAL STATEMENTS

|  | Percentage of ownership<br>at 31 December 2011 |
|--|--|
| UTE PUENTE DEL REY                       | 33.33  |
| UTE PUENTE Mg - 1110                     | 33.00  |
| UTE PUENTE PISUERGA                      | 50.00  |
| UTE PUENTE SERRERÍA                      | 60.00  |
| UTE PUERTO DE GRANADILLA                 | 40.00  |
| UTE PUERTO DE LAREDO                     | 50.00  |
| UTE PUERTO DEL ROSARIO                   | 90.00  |
| UTE PUIG-REIG                            | 50.00  |
| UTE RADIALES                             | 35.00  |
| UTE RANILLA CONSTRUCCIÓN                 | 85.00  |
| UTE RECINTOS FERIALES                    | 50.00  |
| UTE RED ARTERIAL PALENCIA FASE I         | 80.00  |
| UTE REFORÇ C-25                          | 40.00  |
| UTE REFORMA HOSPITAL Y SALUD (TOLEDO)    | 60.00  |
| UTE RELLENO UBE CHEMICAL PTO.            | 50.00  |
| UTE REVLON                               | 60.00  |
| UTE RÍO LLOBREGAT                        | 55.00  |
| UTE ROCKÓDROMO                           | 50.00  |
| UTE ROCKÓDROMO 2                         | 40.00  |
| UTE ROCKÓDROMO FASE 3                    | 40.00  |
| UTE RONDA HISPANIDAD                     | 45.00  |
| UTE RUTA NACIONAL HAITÍ                  | 55.00  |
| UTE S.A.I.H. CHJ                         | 50.00  |
| UTE S.A.I.H. SUR                         | 40.00  |
| UTE S.A.I.H. VALENCIA                    | 50.00  |
| UTE SAGUNTO                              | 60.00  |
| UTE SAGUNTO PARCELA M17-3                | 50.00  |
| UTE SAJA                                 | 50.00  |
| UTE SAN PEDRO                            | 24.50  |
| UTE SAN VICENTE                          | 43.00  |
| UTE SANEAMIENTO ARCO SUR                 | 56.50  |
| UTE SANEAMIENTO PAS-PISUEÑA              | 60.00  |
| UTE SANEAMIENTO DE VILLAVICIOSA          | 80.00  |
| UTE SANTA BRÍGIDA                        | 50.00  |
| UTE SANTA COLOMA DE FARNERS              | 50.00  |
| UTE SANTA MARÍA D'OLO-GURB               | 60.00  |
| UTE SANTO DOMINGO                        | 70.00  |
| UTE SEGUNDA FASE DELICIAS ZARAGOZA       | 50.00  |
| UTE SEMINARIO P3-2                       | 99.00  |
| UTE SERVEIS AFECTATS CASTELLÓ D'AMPÚRIES | 50.00  |
| UTE SEVILLA SUR                          | 65.00  |
| UTE SIETE AGUAS - BUÑOL                  | 66.66  |
| UTE SISTEMA INTEGRAL ALICANTI SUR        | 66.67  |

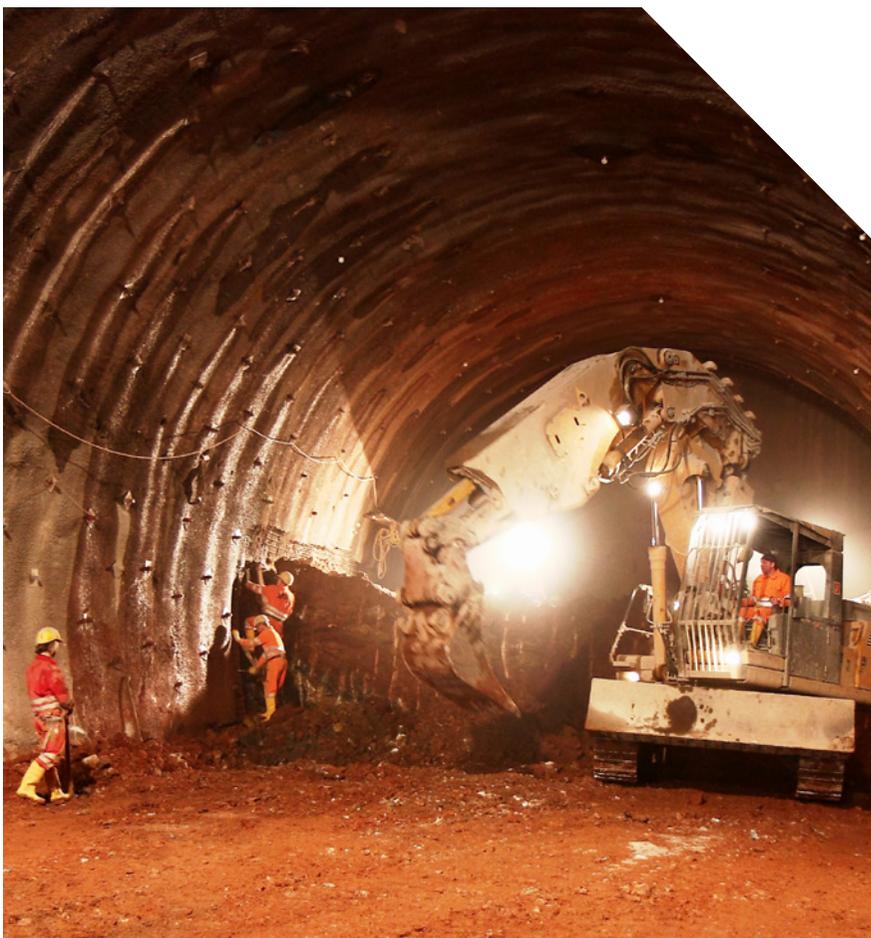
|  | Percentage of ownership<br>at 31 December 2011 |
|--|--|
| UTE SISTEMAS METRO MALAGA                      | 25.00  |
| UTE SOMOSAGUAS                                 | 50.00  |
| UTE SOTIELLO                                   | 50.00  |
| UTE SOTO DE HENARES                            | 70.00  |
| UTE SSAA AP - 7                                | 50.00  |
| UTE STA Mº DEL CAMÍ                            | 45.00  |
| UTE STADIUM                                    | 70.00  |
| UTE SUBESTACIÓN SERANTES                       | 50.00  |
| UTE TALLERES METRO                             | 80.00  |
| UTE TARRAGONA LITORAL                          | 70.00  |
| UTE TARRAGONA SUR                              | 70.00  |
| UTE TECSACON                                   | 20.00  |
| UTE TELENEO                                    | 50.00  |
| UTE TEMPLO Y C. ECUM. EL SALVADOR F1           | 65.00  |
| UTE TERMINAL SUR MUELLE LEÓN Y CASTILLO        | 35.00  |
| UTE TERMOSOLAR GUZMÁN                          | 67.50  |
| UTE TF-5 2º FASE                               | 70.00  |
| UTE TINDAYA                                    | 50.00  |
| UTE TORQUEMADA                                 | 50.00  |
| UTE TORRE DON JIMENO                           | 50.00  |
| UTE TORREBLANCA                                | 50.00  |
| UTE TORRE ISLA CARTUJA                         | 80.00  |
| UTE TRAGSA - FCC A.P.                          | 50.00  |
| UTE TRAMBESÓS                                  | 50.00  |
| UTE TRAMMET                                    | 50.00  |
| UTE TRAMO DE NUEVA CONSTRUCCIÓN JÚCAR-VINALOPO | 70.00  |
| UTE TRANVÍA DE PARLA                           | 50.00  |
| UTE TRANVÍA L-2 PARQUE ALICANTE                | 55.00  |
| UTE TRANVÍA LUCEROS-MERCADO ALICANTE           | 60.00  |
| UTE TRASVASE JÚCAR VINALOPÓ                    | 50.00  |
| UTE TREN TRAM I                                | 50.00  |
| UTE TRES CANTOS GESTIÓN                        | 50.00  |
| UTE TRIANGLE LÍNEA 9                           | 33.00  |
| UTE TS VILLENA                                 | 88.00  |
| UTE TÚNEL AEROPORT                             | 33.00  |
| UTE TÚNEL AEROPORT II                          | 33.00  |
| UTE TÚNEL C.E.L.A.                             | 50.00  |
| UTE TÚNEL AVE CHAMARTÍN - ATOCHA               | 42.00  |
| UTE TÚNEL DE BRACONS                           | 75.00  |
| UTE TÚNEL DE PAJARES I                         | 50.00  |
| UTE TÚNEL FIRA                                 | 33.00  |
| UTE TÚNEL PROVISIONAL ESTACIÓN ATOCHA          | 42.00  |
| UTE TÚNEL PASANTE ESTACION DE ATOCHA           | 42.00  |

## CONSOLIDATED FINANCIAL STATEMENTS

|  | Percentage of ownership<br>at 31 December 2011 |
|--|--|
| UTE TÚNEL SANT JUST                              | 60.00  |
| UTE TÚNEL TERRASSA                               | 36.00  |
| UTE TUNELADORA METRO                             | 36.00  |
| UTE TÚNELES DE GUADARRAMA                        | 33.33  |
| UTE TÚNELES DE SORBES                            | 67.00  |
| UTE TÚNELES DELICIAS                             | 65.00  |
| UTE UE 1 ARROYO DEL FRESNO                       | 50.00  |
| UTE UE 2 ARROYO DEL FRESNO                       | 50.00  |
| UTE UE 2 VALLECAS                                | 25.00  |
| UTE UE 5 VALLECAS                                | 33.33  |
| UTE UE 6 VALLECAS                                | 33.33  |
| UTE UNIVERSIDAD DE MÁLAGA                        | 65.00  |
| UTE UNQUERA - PENDUELES                          | 80.00  |
| UTE URBANIZACIÓN PARC SAGUNT                     | 50.00  |
| UTE URBANIZACIÓN SOMOSAGUAS                      | 50.00  |
| UTE URBANIZACIÓN VIA PARQUE TRAMO A.V.L. CARB.-P | 60.00  |
| UTE VALDEVIVIENDAS II                            | 33.33  |
| UTE VALLE INFERIOR                               | 80.00  |
| UTE VARIANTE DE MONZÓN                           | 70.00  |
| UTE VARIANTE MACHA REAL                          | 67.00  |
| UTE VELA BCN                                     | 33.33  |
| UTE VELÓDROMO                                    | 60.00  |
| UTE VERTEDERO CASTAÑEDA                          | 62.50  |
| UTE VÍA ACCESOS SANTIAGO                         | 50.00  |
| UTE VÍAS COLECTORAS LA CARPETANIA                | 50.00  |
| UTE VIC - RIPOLL                                 | 34.00  |
| UTE VIDRERES                                     | 34.00  |
| UTE VIGO-DAS MACEIRAS                            | 50.00  |
| UTE VILLAR - PLASENCIA                           | 70.00  |
| UTE VULLPALLERES                                 | 65.00  |
| UTE WTC ELECTRICIDAD                             | 50.00  |
| UTE YELTES                                       | 75.00  |
| UTE YESA   | 33.33  |
| UTE ZONAS VERDES ENSANCHE DE VALLECAS            | 33.33  |
| UTE ZUBALBURU XXI                                | 16.66  |

|                          | Percentage of ownership<br>at 31 December 2011 |
|--------------------------|--|
| CEMENT                   |  |
| UTE A-27 VALLS-MONTBLANC | 26.29  |
| UTE AVE GIRONA           | 26.29  |
| UTE BCN SUD              | 7.89   |
| UTE GROUPEMENT EUROBETON | 23.15  |
| UTE LAV SAGRERA          | 17.52  |
| UTE NUEVA ÁREA TERMINAL  | 26.29  |
| UTE OLÉRDOLA             | 31.55  |
| UTE ULLÁ                 | 26.29  |

## MANAGEMENT REPORT



### DIRECTOR'S REPORT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AND SUBSIDIARIES (CONSOLIDATED GROUP)

- 227 ▶ 1. HIGHLIGHTS
- 228 ▶ 2. EXECUTIVE SUMMARY
- 229 ▶ 3. SUMMARY BY BUSINESS AREA
- 229 ▶ 4. INCOME STATEMENT
- 232 ▶ 5. BALANCE SHEET
- 234 ▶ 6. CASH FLOW
- 235 ▶ 7. BUSINESS PERFORMANCE
- 242 ▶ 8. TREASURY SHARE TRANSACTIONS
- 243 ▶ 9. RESEARCH AND DEVELOPMENT ACTIVITIES
- 251 ▶ 10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
- 252 ▶ 11. OUTLOOK FOR 2012

## MANAGEMENT REPORT

### ► 1. HIGHLIGHTS

#### **FCC strengthens its presence in municipal and industrial waste treatment**

The company obtained major contracts in Spain in 2011, including the construction of a municipal waste treatment complex in Guipúzcoa and its management for 5 years with the possibility of 5-year extensions, for 322 million euro. The contract includes mechanical-biologic treatment and energy-from-waste plants together with ancillary facilities.

In the UK, the company commenced construction of an end-to-end municipal waste treatment and incineration plant in Lincolnshire. The facilities, which are financed by the local government and will have the capacity to treat up to 150,000 tonnes/year and generate 12 MW of electric power, will be managed by WRG for 25 years, representing a backlog of 329 million pounds.

In 2011, FCC Ambito started up one of the first refuse-derived fuel (RDF) plants in Spain (Castellbisbal), which will produce up to 30,000 tonnes of alternative fuel per year. The company has also commenced construction of the first plant on the east coast of the US (Baltimore) for the recovery and reuse of base lube; the estimated cost is 35 million euro. The raw materials for both projects will come from Group-managed plants and waste collection networks.

#### **FCC's backlog of international infrastructure projects increased by 9.7% (accounting for more than 50% of the total infrastructure backlog), and amounts to 9.5 billion euro**

FCC expanded its international backlog by 436 million euro in 2011; those projects account for 52% of the total. The company's strong share in several local markets together with the adjudication of important contracts in certain activities where the Group has extensive experience increased the total backlog to 9.5 billion euro.

Major contracts include a railway line in northern Algeria (407 million euro), and metros in Panama (483 million euro), Toronto (134 million euro) and Bucharest (close to 100 million euro).

#### **FCC advanced its policy to strengthen its financial position by divesting non-core assets worth 575 million euro**

In December, FCC sold Torre Picasso for 400 million euro and completed the reorganisation of its real estate assets with the sale of two buildings, in Madrid and Barcelona, for 60 million euro. Also in December, it completed the sale of Eyssa (Estacionamientos y Servicios, S.A.), which was part of Versia,

for 115 million euro. Eyssa manages a total of 160,000 on-street parking spaces in 60 Spanish cities.

These operations pursue FCC's goal of strengthening its financial position and focusing on the development of core activities.

#### **Globalvia commences a new phase with the support of large international funds**

Globalvia, owned 50% by FCC, successfully included new financial partners for its future projects by issuing a 5-year 400 million euro convertible bond, with the possibility of a 350 million euro tap. This operation commences a new phase of growth for the company, which will focus on managing road and railway concessions and expanding its portfolio in OECD countries.

#### **FCC signs several agreements to develop electric mobility infrastructure**

FCC has signed a strategic agreement with Siemens to develop electric mobility technologies. FCC will participate in research projects and will implement the necessary infrastructure in the future. FCC also signed an agreement with Citroën Spain and BlueMobility to build the electrical installations for the charging points at Citroën vehicle dealerships and provide battery charging equipment for Citroën's own fleet of electric and hybrid vehicles.

#### **Bond placement by Alpine, which heads the Group's international infrastructure business**

In June, FCC's Austrian subsidiary, Alpine, completed a 90 million euro 5.25% bond issue. Strong demand led the company to increase the issue from the initial 75 million euro. This is FCC Group's third bond issue in the last two years, and Alpine's second, after having successfully raised 100 million euro in June 2010.

## MANAGEMENT REPORT

### ▶ 2. EXECUTIVE SUMMARY

- ▶ Revenues from **outside Spain** expanded by **13.6%** and accounted for 52.4% of the total.
- ▶ The **international backlog** expanded by **8.5%**, providing a total backlog of 35,238 million euro.
- ▶ Ebitda from **Services increased 5.3%** in like-for-like terms, representing 64.9% of the total.
- ▶ **Net attributable profit** amounted to **108.2 million euro**.
- ▶ **Net interest-bearing debt declined 19.0%** to 6,277.2 million euro.

Earnings in 2011 reflect progress with internationalisation, as revenues from outside Spain expanded by 13.6% and the international backlog by 8.5%, broadly offsetting the decline in infrastructure-related demand in Spain. Services reported solid recurring performance, with EBITDA up 5.3% like-for-like (adjusted for Versia divestments), accounting for 64.9% of the Group total.

Strong capital gains on the sale of several real estate assets and Eyssa offset goodwill and certain fixed assets write down in the Cement area by a total of 300.8 million euro, in line with projected demand in Spain. Following that adjustment, which did not impact cash flow, net attributable profit was 108.2 million euro.

The free cash flow from operations, together with the divestment of non-core assets, reduced net interest-bearing debt by 1,471.5 million euro (19%) year-on-year.

#### ACTIVITIES DESIGNATED AS DISCONTINUED OPERATIONS:

The assets and liabilities corresponding to certain business lines and geographic areas (FCC Energía, and Cement in the US) have been designated as "discontinued operations" in the 2011 consolidated financial statements and are classified under assets and liabilities available for sale (see note 5.2). For this reason, to enable comparison, the income statement and cash flow statement for 2010 have been restated.

|  | KEY FIGURES      |                  |                |
|--|------------------|------------------|----------------|
| (million euro)   | Dec. 11          | Dec. 10          | Chg. (%)       |
| <b>Net sales</b>   | <b>11,754.8</b>  | <b>11,908.1</b>  | <b>-1.3%</b>   |
| <b>Ebitda*</b>   | <b>1,252.3</b>   | <b>1,366.1</b>   | <b>-8.3%</b>   |
| Ebitda margin  | 10.7%            | 11.5%            | -0.8 p.p       |
| <b>Ebit</b>  | <b>400.8</b>     | <b>777.9</b>     | <b>-48.5%</b>  |
| Ebit margin  | 3.4%             | 6.5%             | -3.1 p.p       |
| <b>Income attributable to equity holders of the parent company</b> | <b>108.2</b>     | <b>301.3</b>     | <b>-64.1%</b>  |
| <b>Operating cash flow</b>   | <b>999.4</b>     | <b>967.8</b>     | <b>3.3%</b>    |
| <b>Investment cash flow</b>  | <b>5.2</b>       | <b>(507.4)</b>   | <b>-101.0%</b> |
| * In like-for-like terms, the change is -6.6%                      |                  |                  |                |
| (million euro)   | Dec. 11          | Dec. 10          | Chg. (%)       |
| <b>Equity (excl. non-controlling interests)</b>                    | <b>2,378.9</b>   | <b>2,562.9</b>   | <b>-7.2%</b>   |
| <b>Net interest-bearing debt</b>                                   | <b>(6,277.2)</b> | <b>(7,748.7)</b> | <b>-19.0%</b>  |
| <b>Backlog</b>   | <b>35,237.6</b>  | <b>35,309.0</b>  | <b>-0.2%</b>   |

## MANAGEMENT REPORT

### ► 3. SUMMARY BY BUSINESS AREA

| Area                               | Dec. 11         | Dec. 10         | Chg. (%)      | % of 2011 total | % of 2010 total |
|------------------------------------|-----------------|-----------------|---------------|-----------------|-----------------|
| <b>(million euro)</b>              |                 |                 |               |                 |                 |
| <b>REVENUES BY BUSINESS AREA</b>   |                 |                 |               |                 |                 |
| Environmental services             | 3,735.4         | 3,672.2         | 1.7%          | 31.8%           | 30.8%           |
| Construction                       | 6,686.2         | 6,693.6         | -0.1%         | 56.9%           | 56.2%           |
| Cement                             | 609.1           | 753.3           | -19.1%        | 5.2%            | 6.3%            |
| Versia                             | 767.3           | 846.3           | -9.3%         | 6.5%            | 7.1%            |
| Parent company and other*          | (43.2)          | (57.3)          | -24.6%        | -0.4%           | -0.5%           |
| <b>Total</b>                       | <b>11,754.8</b> | <b>11,908.1</b> | <b>-1.3%</b>  | <b>100.0%</b>   | <b>100.0%</b>   |
| <b>REVENUES BY GEOGRAPHIC AREA</b> |                 |                 |               |                 |                 |
| Spain                              | 5,591.5         | 6,483.1         | -13.8%        | 47.6%           | 54.4%           |
| Austria and Germany                | 2,446.9         | 2,327.2         | 5.1%          | 20.8%           | 19.5%           |
| Eastern Europe                     | 1,299.3         | 1,115.9         | 16.4%         | 11.1%           | 9.4%            |
| United Kingdom                     | 770.4           | 705.8           | 9.2%          | 6.6%            | 5.9%            |
| Rest of Europe                     | 657.1           | 607.8           | 8.1%          | 5.6%            | 5.1%            |
| America and others                 | 989.7           | 668.3           | 48.1%         | 8.4%            | 5.6%            |
| <b>Total</b>                       | <b>11,754.8</b> | <b>11,908.1</b> | <b>-1.3%</b>  | <b>100.0%</b>   | <b>100.0%</b>   |
| <b>EBITDA</b>                      |                 |                 |               |                 |                 |
| Environmental services             | 697.9           | 657.7           | 6.1%          | 55.7%           | 48.1%           |
| Construction                       | 303.9           | 355.5           | -14.5%        | 24.3%           | 26.0%           |
| Cement                             | 150.1           | 216.7           | -30.7%        | 12.0%           | 15.9%           |
| Versia                             | 114.9           | 139.0           | -17.3%        | 9.2%            | 10.2%           |
| Parent company and other*          | (14.5)          | (2.8)           | N.A.          | -1.2%           | -0.2%           |
| <b>Total</b>                       | <b>1,252.3</b>  | <b>1,366.1</b>  | <b>-8.3%</b>  | <b>100.0%</b>   | <b>100.0%</b>   |
| <b>EBIT</b>                        |                 |                 |               |                 |                 |
| Environmental services             | 366.2           | 323.5           | 13.2%         | 91.4%           | 41.6%           |
| Construction                       | 212.3           | 241.6           | -12.1%        | 53.0%           | 31.1%           |
| Cement                             | (293.1)         | 91.0            | N.A.          | -73.1%          | 11.7%           |
| Versia                             | 36.2            | 192.9           | -81.2%        | 9.0%            | 24.8%           |
| Parent company and other*          | 79.2            | (71.1)          | N.A.          | 19.8%           | -9.1%           |
| <b>Total</b>                       | <b>400.8</b>    | <b>777.9</b>    | <b>-48.5%</b> | <b>100.0%</b>   | <b>100.0%</b>   |

\* Other includes Torre Picasso, restructuring costs and consolidation adjustments

| Area                   | Dec. 11         | Dec. 10         | Chg. (%)      | % of 2011 total | % of 2010 total |
|------------------------|-----------------|-----------------|---------------|-----------------|-----------------|
| <b>(million euro)</b>  |                 |                 |               |                 |                 |
| <b>NET DEBT</b>        |                 |                 |               |                 |                 |
| Environmental services | 4,303.9         | 4,352.6         | -1.1%         | 68.6%           | 56.2%           |
| Construction           | 656.0           | 519.6           | 26.3%         | 10.4%           | 6.7%            |
| Cement                 | 942.5           | 1,287.5         | -26.8%        | 15.0%           | 16.6%           |
| Versia                 | 189.6           | 290.8           | -34.8%        | 3.0%            | 3.8%            |
| Parent company**       | 185.2           | 1,298.2         | -85.7%        | 3.0%            | 16.8%           |
| <b>Total</b>           | <b>6,277.2</b>  | <b>7,748.7</b>  | <b>-19.0%</b> | <b>100.0%</b>   | <b>100.0%</b>   |
| <b>BACKLOG</b>         |                 |                 |               |                 |                 |
| Environmental services | 25,719.4        | 25,325.0        | 1.6%          | 73.0%           | 71.7%           |
| Construction           | 9,518.2         | 9,984.0         | -4.7%         | 27.0%           | 28.3%           |
| <b>Total</b>           | <b>35,237.6</b> | <b>35,309.0</b> | <b>-0.2%</b>  | <b>100.0%</b>   | <b>100.0%</b>   |

\*\* In 2011, "Parent company" includes funding of equity-accounted affiliates (with a book value of 1,115.7 million euro at 31 December). In 2010, it also includes debt linked to Torre Picasso.

### ► 4. INCOME STATEMENT

| (million euro)                | Dec. 11         | Dec. 10         | Chg. (%)      |
|-------------------------------|-----------------|-----------------|---------------|
| <b>Net sales</b>              | <b>11,754.8</b> | <b>11,908.1</b> | <b>-1.3%</b>  |
| <b>Ebitda</b>                 | <b>1,252.3</b>  | <b>1,366.1</b>  | <b>-8.3%</b>  |
| Ebitda margin                 | 10.7%           | 11.5%           | -0.8 p.p      |
| Depreciation and amortisation | (643.5)         | (659.2)         | -2.4%         |
| Other operating income        | (208.0)         | 71.0            | N.A.          |
| <b>Ebit</b>                   | <b>400.8</b>    | <b>777.9</b>    | <b>-48.5%</b> |
| Ebit margin                   | 3.4%            | 6.5%            | -3.1 p.p      |
| Financial income              | (411.5)         | (332.0)         | 23.9%         |
| Other financial results       | 32.4            | (14.6)          | N.A.          |
| Equity-accounted companies    | 33.3            | 12.9            | 158.1%        |

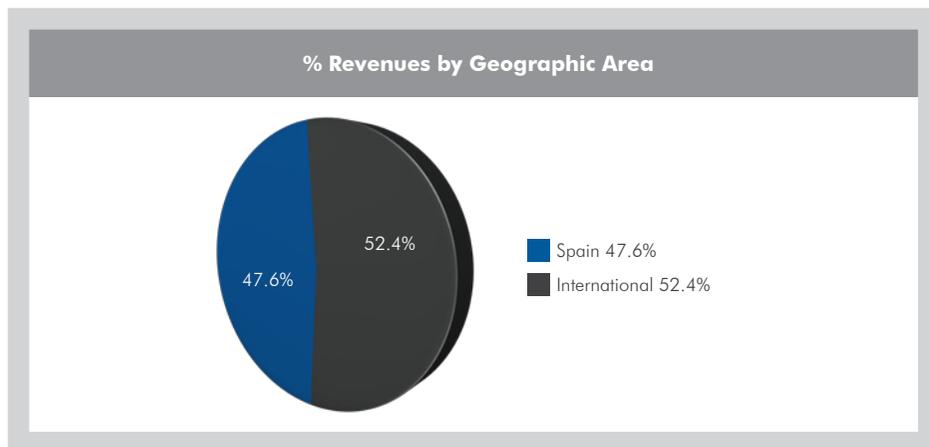
# MANAGEMENT REPORT

| (million euro)   | Dec. 11      | Dec. 10      | Chg. (%)      |
|--|--------------|--------------|---------------|
| <b>Earnings before taxes (EBT) from continuing activities</b>      | <b>55.0</b>  | <b>444.3</b> | <b>-87.6%</b> |
| Corporate income tax expense                                       | (27.2)       | (97.8)       | -72.2%        |
| <b>Income from continuing operations</b>                           | <b>27.8</b>  | <b>346.5</b> | <b>-92.0%</b> |
| Income from discontinued operations                                | (24.9)       | (32.9)       | -24.3%        |
| <b>Net profit</b>  | <b>2.9</b>   | <b>313.6</b> | <b>-99.1%</b> |
| Non-controlling interests  | 105.3        | (12.3)       | N.A.          |
| <b>Income attributable to equity holders of the parent company</b> | <b>108.2</b> | <b>301.3</b> | <b>-64.1%</b> |

## 4.1 Revenues

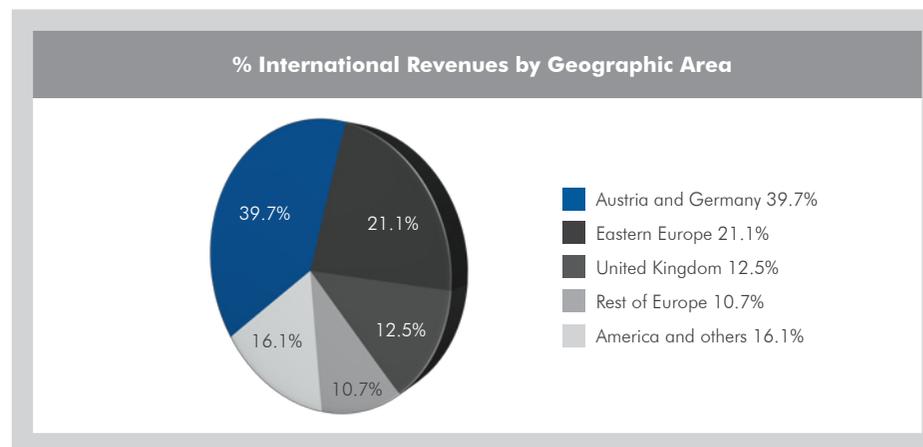
Revenues amounted to 11,754.8 million euro in 2011, a decline of 1.3% year-on-year. That decline (-0.8% in like-for-like terms) is very small considering the effect of the sale of Versia assets in 2010.

The company registered solid growth in international markets in 2011, with revenues expanding by 13.6%, driven by Construction and Environmental Services, which almost entirely offset the 13.8% decline in revenues in Spain due to the poor performance by Construction and Cement.



Notably, for the first time in the history of FCC Group, international revenues exceeded revenues from Spain and accounted for 52.4% of the total in 2011.

| (million euro)      | International revenue breakdown |                |              |
|---------------------|---------------------------------|----------------|--------------|
|                     | Dec. 11                         | Dec. 10        | Chg. (%)     |
| Austria and Germany | 2,446.9                         | 2,327.2        | 5.1%         |
| Eastern Europe      | 1,299.3                         | 1,115.9        | 16.4%        |
| United Kingdom      | 770.4                           | 705.8          | 9.2%         |
| Rest of Europe      | 657.1                           | 607.8          | 8.1%         |
| America and others  | 989.6                           | 668.3          | 48.1%        |
| <b>Total</b>        | <b>6,163.2</b>                  | <b>5,425.0</b> | <b>13.6%</b> |

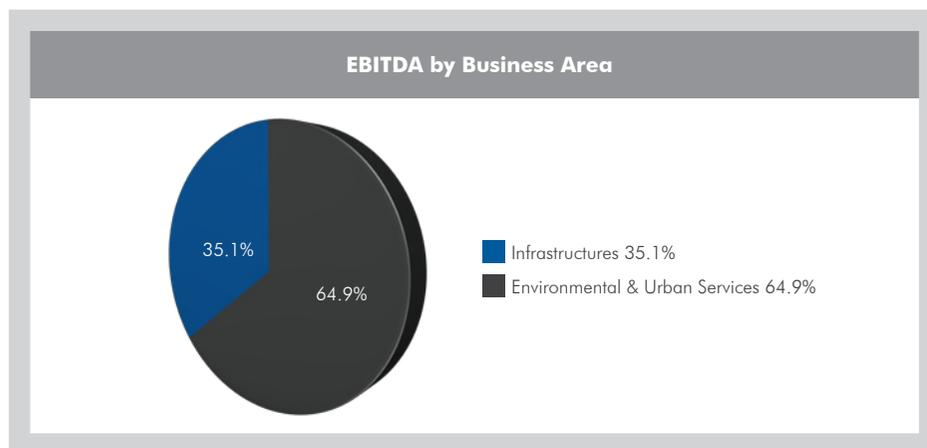


## MANAGEMENT REPORT

### 4.2 EBITDA

Ebitda amounted to 1,252.3 million euro in the year, i.e. an 8.3% decline compared with 2010 (6.6% in like-for-like terms), due primarily to reduced activity in the infrastructure divisions in Spain (Construction and Cement).

Ebitda expanded notably in Services (+5.3% in like-for-like terms), and accounts for 64.9% of the Group total, offsetting the deterioration in infrastructure activity.



EBITDA also includes smaller components, such as restructuring costs (18.5 million euro) and the contribution from Torre Picasso (22.2 million euro).

### 4.3 EBIT

The depreciation and amortisation charge in 2011 decreased by 2.4% with respect to 2010, to 643.5 million euro. That figure includes 77.9 million euro for the depreciation of assets that were stepped up on consolidation in the FCC Group.

Other operating income reflects two items:

First, the capital gains booked on the sale of Eyssa (on-street parking management, under Versia), Torre Picasso, and other real estate assets in the fourth quarter of 2011, providing a total of 195.2 million euro. In 2010, that item reflected the capital gains booked on the sale of the vehicle testing businesses and 19 underground car parks.

And second, the adjustment in goodwill at some companies in the Cement area (mainly Grupo Unliand) and other productive fixed assets, for a total of 300.8 million euro. This adjustment is attributable to demand performance in the Spanish market in 2011 and that projected in the future.

As a result, EBIT amounted to 400.8 million euro in 2011, i.e. a decline of 48.5% with respect to 2010.

### 4.4 Earnings before taxes (EBT) from continuing activities

EBT from continuing activities amounted to 55 million euro after including the following items in EBIT:

#### 4.4.1. Financial income

A net financial expense and other financial results amounting to 379.1 million euro, up 9.4% with respect to 2010.

The Other financial income item primarily reflects the effect of fair value changes in financial instruments and of exchange rate fluctuations.

#### 4.4.2. Equity-accounted affiliates

The contribution from equity-accounted affiliates increased notably, to 33.3 million euro; of special note is the contribution from companies in the Environmental Services area.

## MANAGEMENT REPORT

### 4.5 Profit attributable to equity holders of the parent company

Net attributable profit in 2011 amounted to 108.2 million euro, i.e. 64.1% less than in 2010. This variation is completely due to the mentioned value adjustment in certain assets from the cement area, and:

#### 4.5.1. Income tax expense

The income tax expense amounted to 27.2 million euro, which accrued tax rate, adjusted for the contribution of the results by the equity method, is lower than in the previous year due to the contribution of credit tax from the Cement area.

#### 4.5.2. Minority interests

A loss of 105.3 million euro corresponds to the minority shareholders, almost entirely due to the significant reduction in the contribution of the cement area, which concentrates the loss.

## ► 5. BALANCE SHEET

| (million euro)                                   | Dec. 11         | Dec. 10         | Chg. (M€)        |
|--|-----------------|-----------------|------------------|
| Intangible assets                                | 4,317.0         | 5,063.7         | (746.7)          |
| Property, plant and equipment                    | 4,636.4         | 6,092.8         | (1,456.4)        |
| Equity-accounted affiliates                      | 1,115.7         | 1,222.9         | (107.2)          |
| Non-current financial assets                     | 462.0           | 415.8           | 46.2             |
| Deferred tax assets and other non-current assets | 542.9           | 598.6           | (55.7)           |
| <b>Non-current assets</b>                        | <b>11,074.1</b> | <b>13,393.7</b> | <b>(2,319.6)</b> |
| Non-current assets available for sale            | 1,847.0         | 0.0             | 1,847.0          |
| Inventories                                      | 1,271.4         | 1,138.4         | 133.0            |
| Trade and other accounts receivable              | 5,556.7         | 5,542.6         | 14.1             |
| Other current financial assets                   | 395.7           | 225.8           | 169.9            |
| Cash and cash equivalents                        | 2,302.6         | 1,678.7         | 623.9            |
| <b>Current assets</b>                            | <b>11,373.4</b> | <b>8,585.4</b>  | <b>2,788.0</b>   |
| <b>TOTAL ASSETS</b>                              | <b>22,447.5</b> | <b>21,979.1</b> | <b>468.4</b>     |

| (million euro)  | Dec. 11         | Dec. 10         | Chg. (M€)        |
|---|-----------------|-----------------|------------------|
| Equity attributable to equity holders of parent company     | 2,378.9         | 2,562.9         | (184.0)          |
| Non-controlling interests                                   | 536.1           | 643.4           | (107.3)          |
| <b>Equity</b>   | <b>2,914.9</b>  | <b>3,206.3</b>  | <b>(291.4)</b>   |
| Grants  | 159.7           | 104.7           | 55.0             |
| Long-term provisions  | 1,083.1         | 1,047.8         | 35.3             |
| Long-term interest-bearing debt                             | 4,365.4         | 7,140.4         | (2,775.0)        |
| Other non-current financial liabilities                     | 794.9           | 1,488.6         | (693.7)          |
| Deferred tax liabilities and other non-current liabilities  | 1,132.2         | 1,181.0         | (48.8)           |
| <b>Non-current liabilities</b>                              | <b>7,535.3</b>  | <b>10,962.5</b> | <b>(3,427.2)</b> |
| Liabilities linked to non-current assets available for sale | 1,396.7         | 0.0             | 1,396.7          |
| Current provisions  | 178.9           | 143.2           | 35.7             |
| Short-term interest-bearing debt                            | 4,607.2         | 1,588.9         | 3,018.3          |
| Other current financial liabilities                         | 223.4           | 399.3           | (175.9)          |
| Trade and other accounts payable                            | 5,591.0         | 5,678.8         | (87.8)           |
| <b>Current liabilities</b>                                  | <b>11,997.2</b> | <b>7,810.3</b>  | <b>4,186.9</b>   |
| <b>TOTAL LIABILITIES</b>                                    | <b>22,447.5</b> | <b>21,979.1</b> | <b>468.4</b>     |

### 5.1 Equity-accounted affiliates

The investment in equity-accounted companies (1,115.7 million euro) comprised mainly the following at the end of the year:

- a. 424.6 million euro corresponding to the 50% stake in Globalvia Infraestructuras (GVI).
- b. 139.4 million euro corresponding to the 30% stake in Realia.
- c. 78.7 million euro corresponding to concession companies not contributed to GVI.
- d. 47.8 million euro corresponding to the 50% stake in the Proactiva group (Environmental Services).
- e. 425.2 million euro corresponding to all other equity-accounted companies.

The carrying value of FCC's holdings in infrastructure concessions amounted to 543.1 million euro at the end of 2011. That figure includes the value attributable to FCC for its 50% stake in GVI (424.6 million euro) and the value of its holdings in other concession companies, both equity-accounted (78.7 million euro) and fully consolidated (39.8 million euro).

## MANAGEMENT REPORT

### 5.2 Non-current assets and liabilities held for sale

Of the 1,847 million euro in non-current assets available for sale at 31 December 2011, 1,162.4 million euro correspond to FCC Energía and 684.5 million euro to Giant Cement (the cement business activity in the US).

Those assets had liabilities amounting to 1,396.7 million euro; of which 931.9 million euro correspond to FCC Energía and 464.8 million euro to Giant Cement.

### 5.3 Equity

Equity attributable to the parent company amounted to 2,378.9 million euro, down 184 million euro with respect to 2010. This is due primarily to the allocation of consolidated income for the period (108.2 million euro), dividend distribution to shareholders of FCC, S.A. and minority interests in the FCC Group (173.2 million euro), and other items, including changes in the fair value of hedging instruments.

### 5.4 Net interest-bearing debt

At the end of December 2011, net interest-bearing debt amounted to 6,277.2 million euro, down 1,471.5 million euro (-19%) year-on-year.

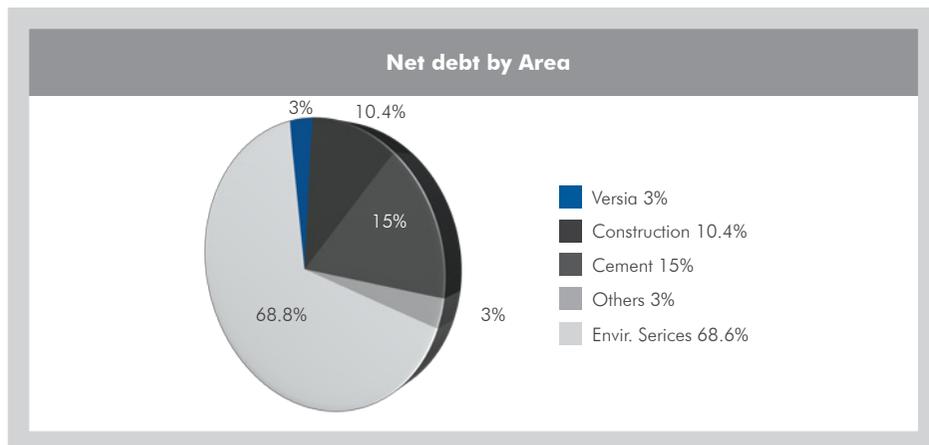
| (million euro)                           | Dec. 11        | Dec. 10        | Chg. (M€)        |
|--|----------------|----------------|------------------|
| Bank debt                                | 8,072.1        | 8,524.8        | (452.7)          |
| Debt instruments and other loans         | 705.2          | 680.6          | 24.6             |
| Accounts payable due to financial leases | 96.0           | 154.1          | (58.1)           |
| Other financial liabilities              | 99.3           | 293.6          | (194.3)          |
| <b>Gross interest-bearing debt</b>       | <b>8,972.6</b> | <b>9,653.1</b> | <b>(680.5)</b>   |
| Cash and other financial assets          | (2,695.4)      | (1,904.4)      | (791.0)          |
| <b>Net interest-bearing debt</b>         | <b>6,277.2</b> | <b>7,748.7</b> | <b>(1,471.5)</b> |
| With recourse                            | 4,224.9        | 4,988.2        | (763.3)          |
| Without recourse                         | 2,052.3        | 2,760.5        | (708.2)          |

Interest-bearing debt was reduced through a combination of factors—free cash flow from operations during the year, together with divestments of non-core assets—which together amounted to 623.8 million euro. Moreover, exchange rate fluctuations

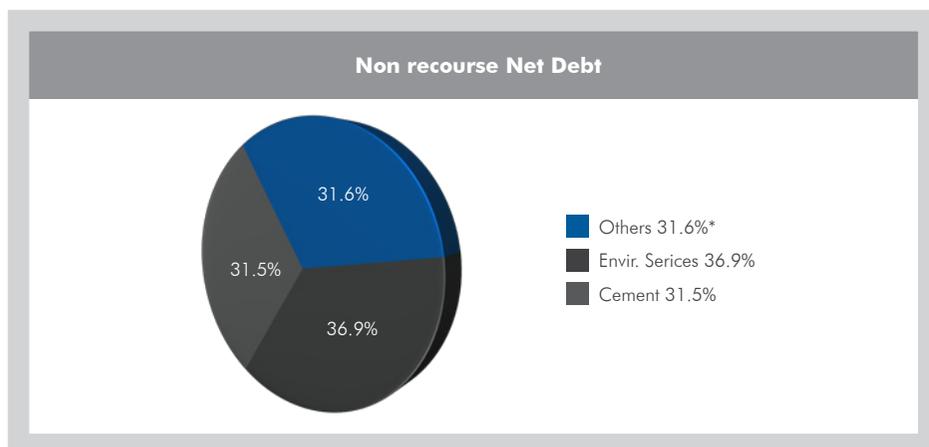
and the change in value of derivatives reduced the debt by 157.3 million euro. Net interest-bearing debt at FCC Energía and Giant Cement, classified as non-current assets available for sale, amounted to 572.5 million euro and 311.9 million euro, respectively, at 31 December 2010.

The breakdown of debt by business area is in line with their nature, cash flow, and asset volume. Environmental Services accounted for 68.6% of net debt, connected to stable, regulated long-term public utility contracts. Cement, a business which accounts for a large proportion of fixed assets on the balance sheet, accounts for 15.0% of total net debt. Construction accounts for 10.4%, Versia for 3.0% and the Corporate area for just 3.0%.

## MANAGEMENT REPORT



Moreover, 2,052.3 million euro of net debt, i.e. 32.7% of the total, is without recourse. The reduction with respect to December 2010 corresponds in large part to the debt of the Energy area, which is classified as an asset available for sale. The breakdown of debt without recourse by activity is as follows:



\* other includes convertibles bonds of FCC S.A.

### 5.5 Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities amounted to 1,018.3 million euro and includes other financial liabilities not classified as interest-bearing debt, such as those linked to suppliers of property, plant and equipment (operation permits for urban furniture at Versia), deposits and guarantees received, and stock options.

## 6. CASH FLOW

| (million euro)  | From continuing activities |               |               |
|---|----------------------------|---------------|---------------|
|   | Dec. 11                    | Dec. 10       | Chg. (%)      |
| Funds from operations   | 1,286.4                    | 1,437.7       | -10.5%        |
| (Increase)/decrease in working capital                                      | (230.6)                    | (424.5)       | -45.7%        |
| Other items (taxes, dividends, etc.)  | (56.4)                     | (45.4)        | 24.2%         |
| <b>Operating cash flow</b>  | <b>999.4</b>               | <b>967.8</b>  | <b>3.3%</b>   |
| Investing cash flow   | 5.2                        | (507.4)       | -101.0%       |
| <b>Cash flow from business operations</b>                                   | <b>1,004.6</b>             | <b>460.4</b>  | <b>118.2%</b> |
| Financing cash flow   | (574.8)                    | (586.7)       | -2.0%         |
| Other cash flow (exchange differences, change in consolidation scope, etc.) | 157.3                      | 98.2          | 60.2%         |
| <b>(Increase) / decrease in net interest-bearing debt</b>                   | <b>587.1</b>               | <b>(28.1)</b> | <b>N.A.</b>   |
| <b>Decline in net interest-bearing debt due to discontinued activities</b>  | <b>884.4</b>               | <b>(65.4)</b> | <b>N.S.</b>   |
| <b>(Increase) / decrease in net interest-bearing debt</b>                   | <b>1,471.5</b>             | <b>(93.6)</b> | <b>N.A.</b>   |

### 6.1 Operating cash flow

Operating cash flow amounted to 999.4 million euro in 2011, i.e. 3.3% more than in 2010. The decline in funds from operations, in line with the reduction in EBITDA, was amply offset by the reduction in working capital (-193.9 million euro year-on-year).

## MANAGEMENT REPORT

### 6.2 Investing cash flow

|                                 | Dec. 11        | Dec. 10        | Chg. (%)       |
|---------------------------------|----------------|----------------|----------------|
| <b>Environmental services</b>   | <b>(317.0)</b> | <b>(356.2)</b> | <b>-11.0%</b>  |
| <b>Construction</b>             | <b>(73.5)</b>  | <b>(288.5)</b> | <b>-74.5%</b>  |
| <b>Cement</b>                   | <b>(35.4)</b>  | <b>(7.1)</b>   | <b>N.A.</b>    |
| <b>Versia</b>                   | <b>(7.0)</b>   | <b>31.9</b>    | <b>N.A.</b>    |
| <b>Parent company and other</b> | <b>438.1</b>   | <b>112.5</b>   | <b>N.A.</b>    |
| <b>Total</b>                    | <b>5.2</b>     | <b>(507.4)</b> | <b>-101.0%</b> |

The divestment of Eyssa, Torre Picasso and other real estate assets for a total of 575 million euro, results in a positive 5.2 million euro Investing cash flow in 2011. Torre Picasso and other real estate are included under Parent company and other consolidation adjustments. In 2010, investing cash flow reflected the sale of the vehicle inspection business and 19 underground car parks, for a total of 252 million euro.

This item also includes 64.3 million euro of capital expenditure at several companies and business units in the environmental services and construction divisions.

### 6.3 Financing cash flow

Financing cash flow decreased by 2% with respect to 2010. In addition to debt servicing, this item includes 173.2 million euro in dividend payments by the Group's consolidated companies, and 20.7 million euro for the net variation of equity instruments, compared with 76.0 million euro in 2010.

### 6.4 Other

This item primarily reflects the currency effect on foreign currency debt and changes in the value of financial instruments.

## 7. BUSINESS PERFORMANCE

### 7.1 Environmental services

#### 7.1.1 Results

| (million euro)  | Dec. 11        | Dec. 10        | Chg. (%)     |
|-----------------|----------------|----------------|--------------|
| <b>Revenues</b> | <b>3,735.4</b> | <b>3,672.2</b> | <b>1.7%</b>  |
| Spain           | 2,321.1        | 2,361.0        | -1.7%        |
| International   | 1,414.3        | 1,311.2        | 7.9%         |
| <b>Ebitda</b>   | <b>697.9</b>   | <b>657.7</b>   | <b>6.1%</b>  |
| Ebitda margin   | 18.7%          | 17.9%          | 0.8 p.p      |
| <b>Ebit</b>     | <b>366.2</b>   | <b>323.5</b>   | <b>13.2%</b> |
| Ebit margin     | 9.8%           | 8.8%           | 1.0 p.p      |

Environmental Services performed well in 2011, with revenues increasing 1.7%, to 3,735.4 million euro. Revenues expanded in international markets, by 7.9%, but fell slightly in Spain, by 1.7%.

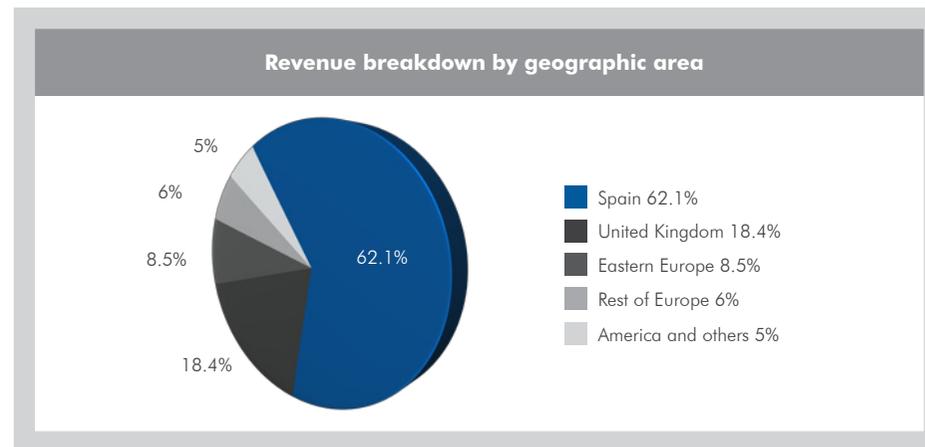
| (million euro)                  | Dec. 11        | Dec. 10        | Chg. (%)     |
|---------------------------------|----------------|----------------|--------------|
| <b>Revenues – Spain</b>         | <b>2,321.2</b> | <b>2,361.0</b> | <b>-1.7%</b> |
| Environment                     | 1,493.4        | 1,501.1        | -0.5%        |
| Water                           | 668.4          | 694.8          | -3.8%        |
| Industrial Waste                | 159.4          | 165.1          | -3.5%        |
| <b>Revenues – International</b> | <b>1,414.3</b> | <b>1,311.2</b> | <b>7.9%</b>  |
| Environment                     | 1,078.4        | 1,022.2        | 5.5%         |
| Water                           | 176.6          | 173.2          | 2.0%         |
| Industrial Waste                | 159.3          | 115.9          | 37.4%        |

## MANAGEMENT REPORT

Revenues in the International Environment area rose by a notable 5.5%, driven by the start of construction of a new waste treatment plant in Lincolnshire (UK) and by increased activity at ASA, where a soil decontamination project in the Czech Republic made a significant contribution. Industrial Waste revenues maintained a notable pace of growth, rising 13.4% due to the larger volume of waste treated in the US and Portugal and to appreciation by petroleum-based products. The 2.7% decline in revenues in the Water division is due primarily to a decline in the execution of water infrastructure in Spain and to the baseline effect of the construction of two desalination plants in Algeria in 2010.

| International Revenues Breakdown |                |                |             |
|----------------------------------|----------------|----------------|-------------|
| (million euro)                   | Dec. 11        | Dec. 10        | Chg. (%)    |
| United Kingdom                   | 688.3          | 648.6          | 6.1%        |
| Eastern Europe                   | 317.5          | 297.8          | 6.6%        |
| Rest of Europe                   | 222.4          | 201.5          | 10.4%       |
| America and others               | 186.1          | 163.4          | 13.9%       |
| <b>Total</b>                     | <b>1,414.3</b> | <b>1,311.2</b> | <b>7.9%</b> |

The most important international markets are the UK (accounting for 18.4% of revenues), for municipal solid waste treatment and elimination; Central and Eastern Europe (14.5%), primarily the Czech Republic and Austria, for municipal solid waste and end-to-end water management; and the US (3.7%), for industrial waste management.



Ebitda increased by 6.1% in 2011, to 697.9 million euro, and the Ebitda margin was 18.7%, compared with 17.9% in 2010. This significant improvement in the Ebitda margin is essentially due to the commitment by all areas to improving efficiency and cutting costs, to operational improvements in the international waste treatment businesses, and to the impact of several non-recurring items amounting to 12 million euro.

The division's backlog performed well, expanding 1.6% with respect to 31 December 2010. In Spain, the MSW management contract in Tarragona was renewed until 2023 and FCC obtained contracts to build and manage an end-to-end treatment plant in Guipúzcoa province and a wastewater treatment plant in Cádiz. Outside Spain, FCC obtained a 30-year contract for water treatment and supply in Fundao (Portugal) and a 25-year contract for the operation and maintenance of the desalination plant it built in Algeria.

## MANAGEMENT REPORT

| Backlog breakdown by geographic area |                 |                 |             |
|--------------------------------------|-----------------|-----------------|-------------|
| (million euro)                       | Dec. 11         | Dec. 10         | Chg. (%)    |
| Spain                                | 17,092.6        | 17,324.7        | -1.3%       |
| International                        | 8,626.8         | 8,000.3         | 7.8%        |
| <b>Total</b>                         | <b>25,719.4</b> | <b>25,325.0</b> | <b>1.6%</b> |

### 7.1.2 Proactiva

Proactiva, the leading municipal waste and end-to-end water management company in Latin America, operates in the main countries in that region (Brazil, Argentina, Chile, Mexico, Colombia, etc.). The group is owned 50% by FCC and is equity-accounted, in line with FCC accounting policy.

Proactiva's revenues totalled 470.1 million euro in 2011, i.e. growth of 12.0% year-on-year. Ebitda amounted to 98.9 million euro (+25.8% year-on-year), and the Ebitda margin was 21%. Net interest-bearing debt amounted to 97.9 million euro at 31 December.

### 7.1.3 Cash flow

| (million euro)  | Dec. 11      | Dec. 10        | Chg. (%)       |
|---|--------------|----------------|----------------|
| <b>Funds from operations</b>  | <b>714.4</b> | <b>695.6</b>   | <b>2.7%</b>    |
| (Increase) / decrease in working capital                                    | (130.9)      | (155.2)        | -15.7%         |
| Other items (taxes, dividends, etc.)  | (43.4)       | (50.8)         | -14.6%         |
| <b>Operating cash flow</b>  | <b>540.1</b> | <b>489.6</b>   | <b>10.3%</b>   |
| Investing cash flow   | (317.0)      | (356.2)        | -11.0%         |
| <b>Cash flow from business operations</b>                                   | <b>223.1</b> | <b>133.4</b>   | <b>67.2%</b>   |
| Financing cash flow   | (318.5)      | (232.4)        | 37.0%          |
| Other cash flow (exchange differences, change in consolidation scope, etc.) | 144.1        | (61.4)         | -334.7%        |
| <b>(Increase) / decrease in net interest-bearing debt</b>                   | <b>48.7</b>  | <b>(160.4)</b> | <b>-130.4%</b> |

| (million euro)                   | Dec. 11        | Dec. 10        | Chg. (M€)     |
|----------------------------------|----------------|----------------|---------------|
| <b>Net interest-bearing debt</b> | <b>4,303.9</b> | <b>4,352.6</b> | <b>(48.7)</b> |
| With recourse                    | 3,545.8        | 3,464.9        | 80.9          |
| Without recourse                 | 758.1          | 887.7          | (129.6)       |

Operating cash flow in the year totalled 540.1 million euro, up 10.3% with respect to 2010. In addition to the increase in funds from operations, working capital declined by 24.3 million euro.

Net investments declined by 11.0%, to 317 million euro, primarily for maintenance capex and fulfilment of operating contracts. Of that amount, 15.3 million euro correspond to new projects, most of which were water concessions outside Spain.

After financing cash flow and other changes (primarily fair value changes in hedging instruments), net debt fell by 1.1% in 2011, to 4,303.9 million euro.

## 7.2 Construction

### 7.2.1 Results

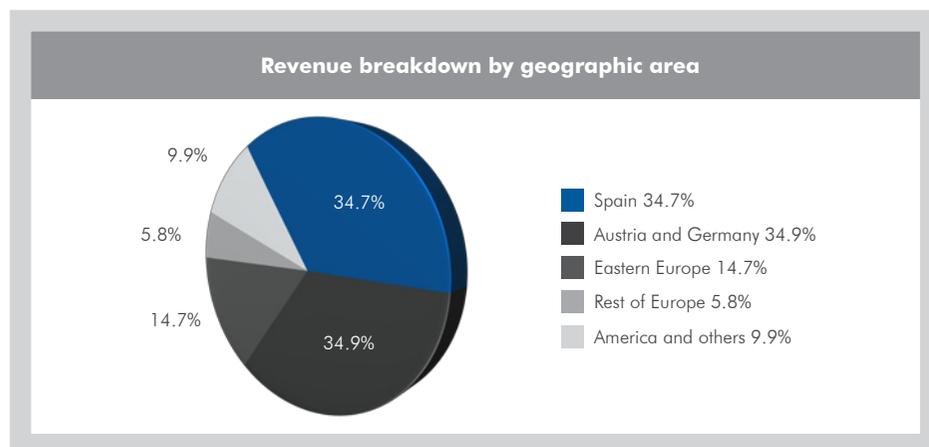
| (million euro)  | Dec. 11        | Dec. 10        | Chg. (%)      |
|-----------------|----------------|----------------|---------------|
| <b>Revenues</b> | <b>6,686.2</b> | <b>6,693.6</b> | <b>-0.1%</b>  |
| Spain           | 2,320.4        | 3,022.3        | -23.2%        |
| International   | 4,365.8        | 3,671.3        | 18.9%         |
| <b>Ebitda</b>   | <b>303.9</b>   | <b>355.5</b>   | <b>-14.5%</b> |
| Ebitda margin   | 4.5%           | 5.3%           | -0.8 p.p      |
| <b>Ebit</b>     | <b>212.3</b>   | <b>241.6</b>   | <b>-12.1%</b> |
| Ebit margin     | 3.2%           | 3.6%           | -0.4 p.p      |

Revenues in the Construction area amounted to 6,686.2 million euro, in line with 2010, due to notable 18.9% growth in international revenues, which offset the decline in activity in Spain.

## MANAGEMENT REPORT

| International Revenue Breakdown |                |                |              |
|---------------------------------|----------------|----------------|--------------|
| (million euro)                  | Dec. 11        | Dec. 10        | Chg. (%)     |
| Austria and Germany             | 2,335.4        | 2,216.9        | 5.3%         |
| Eastern Europe                  | 981.7          | 818.1          | 20.0%        |
| Rest of Europe                  | 386.5          | 308.1          | 25.4%        |
| America and others              | 662.2          | 328.2          | 101.8%       |
| <b>Total</b>                    | <b>4,365.8</b> | <b>3,671.3</b> | <b>18.9%</b> |

By geographic area, revenues in Austria and Germany expanded by 5.3%, driven by the execution of major contracts, such as the Karlsruhe tunnel in Germany. Revenues increased in Eastern Europe by 20% due to the development of projects such as the A-1 and S-5 toll roads in Poland, and revenues expanded in the rest of Europe by 25.4%, notably including construction of the Enniskillen Hospital in Northern Ireland. Activity in America and other countries doubled compared with 2010, due primarily to the progress of major contracts in Panama (the metro and other infrastructure).



Civil engineering projects account for 57.4% of revenues, non-residential building for 20.7%, industrial services for 13.2% and residential building for 8.7%.

| Revenue breakdown by segment |                |                |              |
|------------------------------|----------------|----------------|--------------|
| (million euro)               | Dec. 11        | Dec. 10        | Chg. (%)     |
| Civil engineering            | 3,840.2        | 4,080.6        | -5.9%        |
| Non-residential building     | 1,386.5        | 1,153.3        | 20.2%        |
| Industrial services          | 880.0          | 693.0          | 27.0%        |
| Residential building         | 579.5          | 766.7          | 24.4%        |
| <b>Total</b>                 | <b>6,686.2</b> | <b>6,693.6</b> | <b>-0.1%</b> |

This year FCC has included a new business area, industrial services and facilities, which includes the activities performed by Alpine Energy (100% subsidiary of Alpine) in various countries of the EU, and other subsidiaries in Spain in the area of network construction and maintenance (energy, electricity, telecommunications and railways), as well as construction and maintenance of electromechanical facilities.

EBITDA totalled 303.9 million euro in 2011, and the EBITDA margin was 4.5% (5.3% in 2010). This decline is attributable to lower exposure to civil engineering and the fact that several large international projects are still in the initial phases.

The international backlog expanded by 9.7%, due to large contracts such as the railway line in northern Algeria (407 million euro), and the metros in Panama (483 million euro), Toronto (134 million euro) and Bucharest (close to 100 million euro).

The backlog does not reflect recent contracts, such as a second railway line in Algeria (66 kilometres; 628 million euro), a hospital complex in Panama (445 million euro), and road network reorganisation in Panama City (284 million euro).

## MANAGEMENT REPORT

| Backlog breakdown by geographic area |                |                |              |
|--------------------------------------|----------------|----------------|--------------|
| (million euro)                       | Dec. 11        | Dec. 10        | Chg. (%)     |
| Spain                                | 4,610.2        | 5,512.0        | -16.4%       |
| International                        | 4,908.0        | 4,472.0        | 9.7%         |
| <b>Total</b>                         | <b>9,518.2</b> | <b>9,984.0</b> | <b>-4.7%</b> |

At the end of 2011, civil engineering and industrial services continued to account for the bulk of the backlog, i.e. 76.2% of the total, while non-residential building accounted for 20.1% and residential building for 3.7%.

| Backlog breakdown by segment |                |                |              |
|------------------------------|----------------|----------------|--------------|
| (million euro)               | Dec. 11        | Dec. 10        | Chg. (%)     |
| Civil engineering            | 6,601.2        | 6,920.0        | -4.6%        |
| Non-residential building     | 1,913.0        | 2,143.0        | -10.7%       |
| Industrial services          | 653.0          | 604.0          | 8.1%         |
| Residential building         | 351.0          | 317.0          | 10.7%        |
| <b>Total</b>                 | <b>9,518.2</b> | <b>9,984.0</b> | <b>-4.7%</b> |

### 7.2.2 Cash flow

| (million euro)  | Dec. 11        | Dec. 10        | Chg. (%)      |
|---|----------------|----------------|---------------|
| <b>Funds from operations</b>  | <b>361.5</b>   | <b>380.2</b>   | <b>-4.9%</b>  |
| (Increase) / decrease in working capital                                    | (243.9)        | (362.3)        | -32.7%        |
| Other items (taxes, dividends, etc.)  | (58.2)         | 19.4           | -400.0%       |
| <b>Operating cash flow</b>  | <b>59.4</b>    | <b>37.3</b>    | <b>59.2%</b>  |
| Investing cash flow   | (73.5)         | (288.5)        | -74.5%        |
| <b>Cash flow from business operations</b>                                   | <b>(14.1)</b>  | <b>(251.2)</b> | <b>-94.4%</b> |
| Financing cash flow   | (175.2)        | 62.1           | -382.1%       |
| Other cash flow (exchange differences, change in consolidation scope, etc.) | 52.8           | 83.2           | -36.5%        |
| <b>(Increase) / decrease in net interest-bearing debt</b>                   | <b>(136.5)</b> | <b>(105.9)</b> | <b>28.9%</b>  |
| (million euro)  | Dec. 11        | Dec. 10        | Chg. (M€)     |
| <b>Net interest-bearing debt</b>  | <b>656.0</b>   | <b>519.6</b>   | <b>136.4</b>  |
| With recourse   | 670.0          | 513.1          | 156.9         |
| Without recourse  | (14.0)         | 6.5            | (20.5)        |

Operating cash flow amounted to 59.4 million euro, with an increase of 22.1 million euro respect of the previous year, due primarily to the decrease in working capital, which offset lower funds from operations.

Investing cash flow fell by 74.5%, to 73.5 million euro (in contrast with 288.5 million euro in 2010, which included capex of 175 million euro in several infrastructure concessions).

After applying financing cash flow and other changes (mainly in the value of hedging instruments), the area's net debt amounted to 656 million euro.

### 7.3 Cement

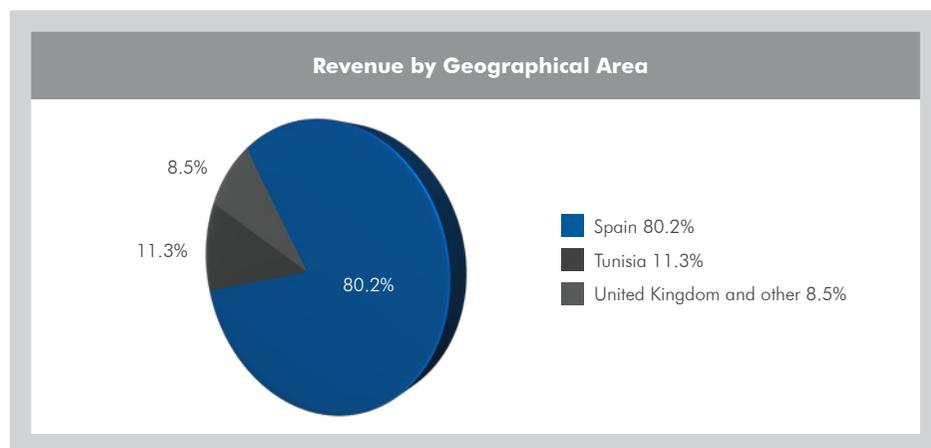
#### 7.3.1 Results

| (million euro)  | Dec. 11        | Dec. 10      | Chg. (%)      |
|-----------------|----------------|--------------|---------------|
| <b>Revenues</b> | <b>609.1</b>   | <b>753.3</b> | <b>-19.1%</b> |
| Spain           | 488.2          | 592.6        | -17.6%        |
| International   | 120.9          | 160.7        | -24.8%        |
| <b>Ebitda</b>   | <b>150.1</b>   | <b>216.7</b> | <b>-30.7%</b> |
| Ebitda margin   | 24.6%          | 28.8%        | -4.1 p.p      |
| <b>Ebit</b>     | <b>(293.1)</b> | <b>91.0</b>  | <b>N.A.</b>   |
| Ebit margin     | -48.1%         | 12.1%        | -60.2 p.p     |

Revenues in the Cement area totalled 609.1 million euro in 2011, a decline of 19.1% year-on-year. The decline in revenues in Spain is attributable to the 17.2% reduction in cement consumption in Spain, to 20.2 million tonnes, while international revenues were affected by the socio-political tensions in Tunisia from the first quarter until November of 2011.

## MANAGEMENT REPORT

| International Revenues Breakdown |              |              |               |
|----------------------------------|--------------|--------------|---------------|
| (million euro)                   | Dec. 11      | Dec. 10      | Chg. (%)      |
| Tunisia                          | 68.8         | 92.4         | -25.5%        |
| United Kingdom and other         | 52.0         | 68.3         | -23.8%        |
| <b>Total</b>                     | <b>120.9</b> | <b>160.7</b> | <b>-24.8%</b> |



Ebitda declined by 30.7% to 150.1 million euro and the EBITDA margin fell by 4.1 percentage points, to 24.6%. This is due primarily to the situation in Tunisia (where Ebitda declined by 16.5 million euro in 2011) and to the lower utilisation rate of Spanish cement plants, due to the decline in demand.

Of special note is the increase in alternative fuel use; the company replaced 13.4% of its fossil fuel usage (compared with 7% in 2010), which cushioned the impact of lower revenues on Ebitda.

Ebit reflects the impact of value adjustments to the goodwill in the Uniland subgroup and other companies (259.3 million euro) and to certain property, plant & equipment (41.5 million euro), for a total of 300.8 million euro. The decline in their book value did not impact the area's debt or cash flow, and is attributable to the performance of revenues in Spain in 2011 together with lower demand projections this year.

This section also includes 23.8 million euro in the year for restructuring costs to align production capacity in Spain with current demand.

### 7.3.2 Cash Flow

| From continuing Activities  |              |                |                |
|---|--------------|----------------|----------------|
| (million euro)  | Dec. 11      | Dec. 10        | Chg. (%)       |
| <b>Funds from operations</b>  | <b>117.1</b> | <b>220.5</b>   | <b>-46.9%</b>  |
| (Increase) / decrease in working capital                                    | 0.0          | 68.9           | N.A.           |
| Other items (taxes, dividends, etc.)  | (19.5)       | (29.2)         | -33.2%         |
| <b>Operating cash flow</b>  | <b>97.6</b>  | <b>260.2</b>   | <b>-62.5%</b>  |
| Investing cash flow   | (35.4)       | (7.1)          | N.A.           |
| <b>Cash flow from business operations</b>                                   | <b>62.2</b>  | <b>253.1</b>   | <b>-75.4%</b>  |
| Financing cash flow   | (59.8)       | (104.2)        | -42.6%         |
| Other cash flow (exchange differences, change in consolidation scope, etc.) | 30.8         | 26.3           | 17.1%          |
| <b>(Increase) / decrease in net interest-bearing debt</b>                   | <b>33.1</b>  | <b>175.1</b>   | <b>-81.1%</b>  |
| Decline in net interest-bearing debt due to discontinued activities         | 311.9        | (43.2)         | N.S.           |
| <b>(Increase) / decrease in net interest-bearing debt</b>                   | <b>345.0</b> | <b>131.8</b>   | <b>N.A.</b>    |
| (million euro)  | Dec. 11      | Dec. 10        | Chg. (M€)      |
| <b>Net interest-bearing debt</b>  | <b>942.5</b> | <b>1,287.5</b> | <b>(345.0)</b> |
| With recourse   | 295.8        | 606.5          | (310.7)        |
| Without recourse  | 646.7        | 681.0          | (34.3)         |

Operating cash flow in the area in 2011 totalled 97.6 million euro, down 62.5% year-on-year due primarily to lower funds from operations in the year and to lower recovery of working capital.

## MANAGEMENT REPORT

Investing cash flow amounted to 35.4 million euro. The 28.3 million euro change with respect to 2010 is attributable to greater capex for new projects with a view to progressively increasing the use of alternative fuels, and to the comparative effects of divesting 19.3 million euro of idle assets in 2010.

After applying financing cash flow (which reduced debt by 33.1 million euro) and reclassifying cement assets in the US as discontinued operations, net debt declined to 942.5 million euro.

## 7.4 Versia

### 7.4.1 Results

| (million euro)  | Dec. 11      | Dec. 10      | Chg. (%)      |
|-----------------|--------------|--------------|---------------|
| <b>Revenues</b> | <b>767.3</b> | <b>846.3</b> | <b>-9.3%</b>  |
| Spain           | 504.1        | 564.7        | -10.7%        |
| International   | 263.3        | 281.6        | -6.5%         |
| <b>Ebitda</b>   | <b>114.9</b> | <b>139.0</b> | <b>-17.3%</b> |
| Ebitda margin   | 15.0%        | 16.4%        | -1.4 p.p      |
| <b>Ebit</b>     | <b>36.2</b>  | <b>192.9</b> | <b>-81.2%</b> |
| Ebit margin     | 4.7%         | 22.8%        | -18.1 p.p     |

Revenues from urban services (Versia) declined by 9.3% to 767.3 million euro due to the divestment of the vehicle testing business and 19 underground car parks at the end of 2010. Excluding that effect, revenues would have declined by just 2.0% in like-for-like terms.

| (million euro)  | Breakdown of revenues by business |              |              |
|-----------------|-----------------------------------|--------------|--------------|
|                 | Dec. 11                           | Dec. 10      | Chg. (%)     |
| Logistics       | 270.8                             | 284.9        | -4.9%        |
| Handling        | 239.1                             | 244.4        | -2.2%        |
| Urban Furniture | 135.9                             | 129.4        | 5.0%         |
| Car Parks*      | 65.0                              | 76.8         | -15.3%       |
| Vehicle testing | 0.0                               | 55.8         | N.A.         |
| Others**        | 56.5                              | 54.9         | 2.9%         |
| <b>Total</b>    | <b>767.3</b>                      | <b>846.3</b> | <b>-9.3%</b> |

\*Partially divested in 2010.

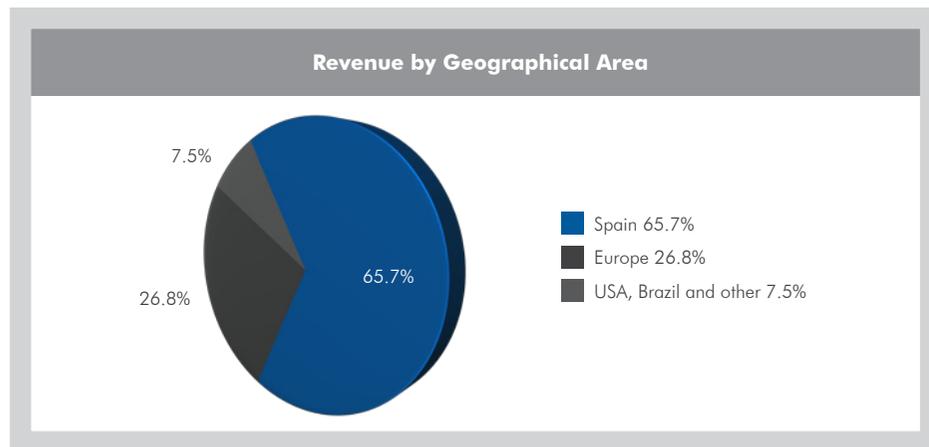
\*\*Other include SVAT and Maintenance-Systems

The division reported sustained growth in the urban furniture business, and a recovery in Maintenance & Systems activities (under "Others"). Revenues were lower in car parks and zero in vehicle testing due to the above-mentioned divestments.

| (million euro)        | International Revenue Breakdown |              |              |
|-----------------------|---------------------------------|--------------|--------------|
|                       | Dec. 11                         | Dec. 10      | Chg. (%)     |
| Europe                | 205.3                           | 217.0        | -5.4%        |
| US, Brazil and others | 57.9                            | 64.7         | -10.5%       |
| <b>Total</b>          | <b>263.2</b>                    | <b>281.7</b> | <b>-6.6%</b> |

Revenues in Spain accounted for 65.7% of the total. The international component is particularly important in Handling (66.1% of revenues; mainly in Belgium and Italy) and Urban Furniture (55.1%; mainly USA, Portugal and Brazil). The 10.5% decline in international revenues is due to the sale of the vehicle testing business in Argentina in 2010.

## MANAGEMENT REPORT



Ebitda totalled 114.9 million euro in 2011, a 17.3% decrease. Excluding the effect of the sale of the vehicle testing business and underground car parks in 2010, Ebitda would have increased by 0.7% in like-for-like terms. The Urban Furniture division performed especially well, which provided for an increase in operating profitability in like-for-like terms (from 14.6% in 2010 to 15% in 2011).

### 7.4.2 Cash flow

| (million euro)  | Dec. 11       | Dec. 10      | Chg. (%)       |
|---|---------------|--------------|----------------|
| <b>Funds from operations</b>  | <b>115.9</b>  | <b>146.4</b> | <b>-20.8%</b>  |
| (Increase) / decrease in working capital                                    | 7.4           | 18.3         | -59.6%         |
| Other items (taxes, dividends, etc.)  | (20.6)        | (8.5)        | 142.4%         |
| <b>Operating cash flow</b>  | <b>102.7</b>  | <b>156.2</b> | <b>-34.3%</b>  |
| Investing cash flow   | (115.4)       | 31.9         | -461.8%        |
| <b>Cash flow from business operations</b>                                   | <b>(12.7)</b> | <b>188.1</b> | <b>-106.8%</b> |
| Financing cash flow   | (27.6)        | (110.8)      | -75.1%         |
| Other cash flow (exchange differences, change in consolidation scope, etc.) | 141.5         | 91.3         | 55.0%          |
| (Increase) / decrease in net interest-bearing debt                          | 101.2         | 168.6        | -40.0%         |

| (million euro)                   | Dec. 11      | Dec. 10      | Chg. (M€)      |
|----------------------------------|--------------|--------------|----------------|
| <b>Net interest-bearing debt</b> | <b>189.6</b> | <b>290.8</b> | <b>(101.2)</b> |
| With recourse                    | 189.6        | 290.8        | (101.2)        |
| Without recourse                 | 0.0          | 0.0          | 0.0            |

Operating cash flow amounted to 102.7 million euro in 2011, down 34.3% year-on-year, due primarily to the effects of divesting the vehicle testing business and car parks.

Investing cash flow increased by 147.3 million euro year-on-year, attributable mainly to the difference in divestments between years. In 2010, this item included the sale of the vehicle testing business and 19 underground car parks for a total of 252.7 million euro, while in 2011 it included the sale of Eyssa for 115 million euro. Moreover, the sale of the underground car parks agreed at the end of 2010 was completed in 2011, yielding 14.3 million euro.

After applying financing cash flow and other changes, net interest-bearing debt declined considerably, by 34.8%, to 189.6 million euro.

## ▶ 8. TREASURY SHARE TRANSACTIONS

At 2011 year-end Fomento de Construcciones y Contratas, S.A. held 3,278,047 treasury shares, representing 2.57% of share capital, valued at EUR 90,975 thousand.

Also, at year-end Asesoría Financiera y de Gestión, S.A. (Afigesa), a company wholly-owned by the Parent Fomento de Construcciones y Contratas, S.A. held 9,418,830 shares of Fomento de Construcciones y Contratas, S.A., representing 7.4% of its share capital, with a carrying amount of EUR 255,048 thousand.

## MANAGEMENT REPORT

In accordance with Article 148-d of the Consolidated Spanish Limited Liability Companies Law, the changes in the number of shares during the year are detailed in the table below:

|                                    | FCC, S.A.        | Asesoría Financiera y de Gestión, S.A. | FCC Group         |
|------------------------------------|------------------|--|-------------------|
| <b>At 31 December 2010</b>         | <b>3,182,582</b> | <b>9,432,369</b>                       | <b>12,614,951</b> |
| Intra-Group acquisitions and sales | 95,465           | (95,465)                               | -                 |
| Acquisitions or additions          | 2,373,358        | 181,926                                | 2,555,284         |
| Sales or disposals                 | (2,373,358)      | (100,000)                              | (2,473,358)       |
| <b>At 31 December 2011</b>         | <b>3,278,047</b> | <b>9,418,830</b>                       | <b>12,696,877</b> |

### ► 9. RESEARCH AND DEVELOPMENT ACTIVITIES

With the aim of promoting a Group R&D&I strategy, an Innovation Committee was formed, to coordinate innovation within the FCC Group. Its main mission is to make the innovation activities compatible with the Company's strategy and to establish the lines of research. It enables seamless, ongoing communication among all the business areas, establishes the Group's general guidelines and objectives and pushes for the conversion of innovative ideas into end projects and developments which can set the FCC Group apart from its competitors.

In 2011, the **Department of Innovation Management**, which was created in 2010, continued to promote and coordinate the R&D&I activity at Group level, with the aim of achieving results that would hone the Group's competitive edge, achieve more sustainable development and maintain its vanguard position in services to the community.

In 2011 an **Innovation Portal** was started up for the FCC Group's internal communication. This portal is fed with information of general interest and details

of the R&D&I projects being developed in the Group's various areas. The Group also prepared the documentation required to organise the Innvierte Economía Sostenible-2011 programme of the Spanish Centre for the Development of Industrial Technology (CDTI), which aims to encourage private industrial capital initiatives in the energy and environment industry, involving joint investment with public funds in SMEs engaged in technological and innovative businesses with a high potential for economic growth. With the approval of the CDTI, the necessary documentation was prepared to create a venture capital company to manage forthcoming investments in the framework of the project. An investment of EUR 21 million is expected within five years: FCC will contribute a maximum of EUR 12 million and CDTI will contribute EUR 9 million.

In order to implement an **R&D&I management system** at FCC S.A. in accordance with the UNE 166002:2006 standard, the Group prepared a management handbook and various procedures and forms to establish the basic guidelines and to systematize the R&D&I activity, and also began preparation of the FCC Group's **biennial R&D&I report**.

Among the **Corporate R&D&I** projects, the following must be highlighted:

#### ► **ISIS Project – Integrated Research on Sustainable Islands**

The ISIS project, prepared to fit into the CDTI's Innpronta 2011 programme, was one of seven selected from among over 40 proposals. It is led by FCC S.A. through the Environment and Energy areas, with the participation of other Group areas such as Aqualia, FCC Construcción and Cementos Portland Valderrivas, together with various outside companies (Acerinox, Prainsa, etc.). It has a total budget of EUR 15,007,823 and its objective is to conduct advanced and ambitious research into sustainable property developments for the future, including:

- Elements, materials, technologies and systems required to develop the building in a marine environment, without constituting a threat to the environment
- Self-sufficiency in every respect, achieved through all kinds of integrated facilities
- Advanced transport logistics and intelligent management and control systems.

## MANAGEMENT REPORT

- ▶ **Integrated HR Management Platform (INCORPORA):** The project consists of embarking on an action plan to implement advanced personnel management processes which encourage and promote development, communication and a healthy work environment, through the efficient management of specialised HR services, in the context of diversity and internationalisation.
- ▶ **International Project Management Model:** The FCC Construcción IT department, assisted by the corporate IT department, led the design and development of a new international business management model which re-utilises the technological platform for the economic, financial and management processes. This platform, which was developed over the past few years at national level, integrates the management processes specific to the Company's international subsidiary's business.
- ▶ **Intelligent Multisourcing System (SIM):** The working framework is defined for the design and development of an innovative IT service provision system based on the new capabilities and advantages offered by the concept of outsourcing and the corresponding transformation required.
- ▶ **New Integrated Corporate Management Capabilities (CAPACIDADES):** This is an IT department project of a transversal nature in which the support tools required for new processes defined within the platform were developed to expedite the work flow, thus reducing costs and improving the Company's overall performance.

In 2011 the business areas performed the following R&D&I activities:

### ENVIRONMENTAL SERVICES

Work continued on the different research projects launched in prior years, mainly:

- ▶ **BIO+ Project:** With a view to making the urban waste treatment process more eco-efficient, a model is being developed to enable process monitoring on an industrial scale of the various biomethanation technologies. In conjunction with Aqualia, a pilot project was executed involving thermal hydrolysis prior to anaerobic digestion, to enhance biogas production, and to reduce and improve the quality of end waste.

The following projects were started up:

- ▶ **Plug-in electric hybrid flusher truck project** (in the machinery section): It consists of a 5 m<sup>3</sup> polyester flusher tank with a reduced width of 2.2 m mounted on an electric-hybrid chassis, rechargeable from the grid and capable of providing the service in solely electric mode. While in operation, the vehicle emits no polluting gases and a minimum level of noise.
- ▶ **Project involving the drying of treatment plant refuse** (in the waste treatment section)
- ▶ **Integrated service management software project:** Combination of the existing day-to-day service management programmes into a single integrated global tool.
- ▶ **System for inspecting and improving recyclable waste in household collections:** The company carries out periodic inspections of household waste collections on pre-established routes, using mobile devices to ascertain whether the municipal regulations are followed and waste is correctly separated. By analysing the results, the volume of recycled waste can be increased, privileged rates can be offered to citizens who recycle and plans can be mapped out to organise awareness campaigns and reduce the cost of waste treatment.
- ▶ **Tools for communication management between service agents:** To improve the channel of communication between the various service agents, a tool has been designed to manage service requests and the capture of incidents, which reduces response time, eliminates administrative formalities and simplifies follow-up of the jobs. This development enables information to be captured through smart phones, and provides access to web-based management from anywhere, georeferencing of all the information and a state-of-the-art analytical platform.
- ▶ **Machinery activity monitoring platform:** Based on the possibilities of obtaining data on vehicle activity through sensors, control centre readings, individual signals, etc., work is being done on capture, telemetry, geopositioning, transmission, storage and standardisation, so that a more detailed analysis can be made of the machinery to optimise its use.
- ▶ **Built-in global communications management device:** Development of a built-in device for vehicles which combines the functions of voice communication, geopositioning, telemetry, data capture from sensors, control centre readings and

## MANAGEMENT REPORT

introduction of service data. Its standard use in the Environmental Services area enables all the service information to be managed uniformly, regardless of the type of vehicle in which it is installed.

- ▶ **Service activity monitoring and geopositioning system:** Processes aimed at characterising the geographical scope of the services (inventories of containers, black spots, special action areas, proposed routes of action, etc.) and analysing the activity performed (locating vehicles, collections made, localised incidents, etc.).

### WATER

R&D&I activities in this business area included notably the following:

1. UNE 166002:2006 certification. The "R&D&I Project Management System" certification, approved in December 2010, was audited by AENOR in November 2011, leading to the annual renewal of the certificate.
2. R&D&I Aqualia Forum. The purpose of this event, organised by the Department of Marketing and Communication, is to bring together the Company's various stakeholders and to incorporate their views into the corporate strategy. The next meeting, which will be held in 2012, will discuss the use of waste water as a source of bioenergy production. This forum will be attended by members of the industry's employers' organisation, government agency representatives and researchers in this area, in addition to Aqualia's representatives.
3. In 2011, in accordance with the company's strategic plan, the R&D activity for the obtainment of sustainable technologies was geared towards achieving the following objectives:
  - a. **Quality** (supply of drinking water, re-utilisation of waste water, desalination and measurement)
  - b. **Sustainability** (reduction of energy consumption, use of sludge as a resource and alternative treatments)
  - c. **Integrated management** (management systems, capture of resources and communication)

Since the creation of the R&D&I department in 2008, 14 public-funded projects have been awarded, with an approved budget for Aqualia valued at EUR 14 million.

In 2011 the following projects were completed:

- ▶ **Rehabilitation technology for the elimination of nutrients (Ávila):** In this joint project with Bluewater Bio, the objective of complying with European waste discharge standards was achieved with an improvement in the operating cost.
- ▶ **Advanced sludge digestion (Loyola-San Sebastián):** In this joint project with local entities and Aguas del Añarbe, a new automatic digester control system was demonstrated.

In the meanwhile, work continued on the following projects:

- ▶ **Membrane bioreactor (MBR) technology (Vigo):** Joint project with the Universidad de Santiago de Compostela, with the objective of developing an energy-efficient water re-utilisation system using self-cleaning membranes.
- ▶ **ELAN technology – autotrophic nitrogen removal (Vigo):** Joint project being executed with the Universidades de Vigo and Santiago de Compostela, to install a return load treatment system in the purifiers, reducing energy costs.
- ▶ **Microalgae pilot plant (Arcos de la Frontera):** Joint project being executed with the Universidad de Cádiz, Iberdrola and Bio-Oil, to evaluate innovative bioreactors for photopurification and the production of energy from biomass.
- ▶ **Sustainable recovery of sludge (Salamanca):** Joint project with the Universidad de Salamanca, to develop a new digestion line to optimise the production of biogas and improve the end quality of the sludge, thus obtaining a very dry hygienic product. A part of the project is shared with FF MA (Bio+).
- ▶ **Customer management tools** to improve the capture and evaluation of the technical and economic processes of operation of the services, coordinated from Madrid with the participation of various areas of implementation:
  - ▶ Balanced Score Card
  - ▶ Customer Relationship Management

## MANAGEMENT REPORT

Also, in 2011 progress was made on the two large projects relating to bioenergy production through microalgae cultures used as waste water purification processes:

- ▶ **ALL-GAS Project**, included in the “Algae to Biofuel” initiative of the EU’s Seventh Framework Programme. It began in May and is being implemented in Chiclana, with a final objective of 10 ha of cultures.
- ▶ **CENIT VIDA Project** presented within the CDTI’s Strategic National Consortia for Technical Research programme, regarding the integrated recovery of algae. The first milestone was presented in September and the first pilot plants were built in Arcos.

In 2011 new funding was obtained for five projects:

- ▶ **“Sustainable biofuel production from the advanced co-digestion of industrial waste and urban sludge” project**, subsidised by the Basque Country’s GAITEK programme.
- ▶ **“Research into treatment, re-utilisation and control technologies for the future sustainability of water purification (ITACA)” project**, integrated into the CDTI’s INNPRONTA programme, to develop more sustainable technologies for the re-utilisation of energy and resources in urban effluents.
- ▶ **“Optimisation of production and development of drying and storage of microalgae on a pre-industrial scale” project**, within the Spanish Ministry for Science and Innovation’s INNPACTO programme for the recovery of purification by-products.

## INDUSTRIAL WASTE

1. **Development of options for energy recovery from waste:** A new project was launched to develop processes to optimise particle size and reduce moisture in waste scraps from paper mill pulpers. The purpose of the tests conducted is to manufacture a solid alternative fuel for use in cement factories.
2. **Participation in the CDTI raw materials forum** prior to the Coordination and Support Action which is to take place in 2012 and will cover the substitution of critical raw materials (CRW).
3. **Participation in European consortia in 2011.** In 2011 the Group participated in two European consortia in response to calls for strategic development projects within the **EU’s Seventh R&D Framework Programme**; however the projects were ultimately not selected.
  - ▶ **REACSOIL**-Reactive nanoparticles for soil and groundwater remediation.
  - ▶ **REBLADE**-Recycling of wind turbine generator blades.

The following project was completed in 2011:

- ▶ **MARINEFUEL Project:** Its objective was to develop a new high value-added alternative fuel manufactured by regenerating used engine oil waste, intended for use in fishing fleet marine diesel engines. The results of the project were favourable, and no major differences were detected between marine fuel and traditional fossil fuels.

## MANAGEMENT REPORT

### CONSTRUCTION

Noteworthy R&D&I activities in this area were as follows:

1. FCC Construcción participates in the European Construction Technology Platform (ECTP), in the E2BA Association (Energy Efficient Buildings Association), in the **ENCORD Group** (European Network of Construction Companies for Research and Development), in **reFINE** (Research for Future Infrastructure Networks in Europe) and in the **Spanish Construction Technology Platform (PTEC)**. The aim of these organisations is to combine the efforts of research centres, industries and universities in all areas relating to research, development and technological innovation:

Among the projects carried out in 2011, the following should be highlighted:

On the one hand, work continued on the projects launched in prior years, such as:

- ▶ **RS Project:** Sustainable refurbishing of buildings.
- ▶ **OLIN Project:** Study of improved embankment and subgrade qualities and treatments to enable the construction of sustainable linear structures.
- ▶ **DAÑOS EN PUENTES Project:** Low-cost dynamic tests for the maintenance of bridges subjected to uncontrolled environmental loads, using wireless sensors.
- ▶ **BALI Project:** Acoustically efficient and healthy systems and buildings.
- ▶ **DEPOSITOS Project:** Design of a bitumen storage system modified with powdered end-of-life tyres (ELT) for plants manufacturing hot mix asphalts.
- ▶ **ECORASA Project:** Integrated use of construction and demolition waste arising from property development works inside the urban area and at the construction site itself, as a fill material for drainage ditches.
- ▶ **VITRASO Project:** Diagnosis and prediction of building construction noise transmission routes.
- ▶ **CEMESFERAS Project:** Research into the manufacture of glass microspheres with cementing properties.

On the other hand, the following new projects were launched in 2011:

- ▶ **SPIA Project:** New high visibility signage systems including a personal stand-alone luminous system.
- ▶ **PRECOIL Project:** New intelligent collective prevention systems in dynamic linear infrastructure environments.
- ▶ **NANOMICRO Project:** Based on nanomicrocements and their application in concrete wind towers.

### VERSA

1. Urban Furniture

Work continued on projects launched in prior years:

- ▶ **TEC-MUSA (sustainable and accessible urban mobility technologies):** Development, through a multidisciplinary consortium formed by companies, associations and research groups, of a range of technologies and their integration into vehicles for passenger and goods urban transport services, with zero or low emissions and advanced customer access and communication features.
- ▶ **EPISOL (electric vehicle powered by fuel cells and solar energy):** Development of a light urban vehicle featuring hybrid electric propulsion with two motorisation versions: a heat engine in a first phase and a fuel cell in a more advanced phase, using solar panels in both cases. Each model of the vehicle has a system that enables the batteries to be charged from the electricity mains, so that they are fully charged at the start of each journey, greatly reducing the demands placed on the heat engine and/or fuel cell. In 2011 CEMUSA continued to work in conjunction with INSIA (the University Institute for Automotive Research of the Universidad Politécnica de Madrid) to develop this vehicle.
- ▶ **C-CYCLES:** Development of a complete unattended bicycle hire system which functions with smart cards, enables payment by credit card and incorporates an

## MANAGEMENT REPORT

Internet point. The project responds to the need for sustainable urban mobility promoting multi-modal transport. There are plans to continue developing other features: electric bicycles, solar power.

- ▶ **LED Lighting Projects:** The company is working on a LED lighting project which aims to reduce energy consumption and, therefore, greenhouse gas emissions. Studies are being performed simultaneously in relation to the reduction of light pollution. Tests carried out in 2011 showed an average illumination of 700 lux and 85% savings in consumption versus fluorescent lighting. The company will continue to test the product to achieve surface illumination of 800 lux.
- ▶ **Solar PV Projects:** Development of a solar PV project which, together with LED lighting, will eliminate greenhouse gas emissions and in certain cases reduce network connection costs.
- ▶ **Digital Advertising Projects:** Implementation of digital advertising systems incorporating LCD screens and LED screens and, in both cases, the technology required for them to be viewed properly outdoors.
- ▶ **WiFi EN PARADAS Project:** Development of a bus stop WiFi system compatible with the system that could be built into the buses so that the user does not lose his connection and can continue his session when moving from bus stop to bus or vice versa.

The following project was started up in 2011:

- ▶ **PUNTO DE RECARGA Project:** Development of an electric vehicle recharge system.

### 2. Logistics

The projects in this area are as follows:

- ▶ **CSLOG (SGA):** In 2011 various modules were developed based on the SGA (warehouse management) system owned by FCC Logística, implementing the customers' different logistics requirements.
- ▶ **C+D Project:** A functionality was implemented in CSLOG for cross-docking with customers' stores. In 2011 the basic line was fully developed, a billing interface was added, as were enhanced goods distribution processes and a web layer for inquiries from customer stores regarding logistics information.

- ▶ **"DIRECTOS" Project:** Software developed with a view to optimising goods loading and shipment to the delivery point using geopositioning.
- ▶ **CITA PREVIA:** This is customised software for the management of the new customs activity "Puesto Inspección Fronteriza" (border control kiosk). It consists of providing support to the customs authorities during the container inspection process. An improvement made in 2011 connects the system to the automated gate at the Port of Valencia, allowing the free flow of vehicles.

### 3. Maintenance and Systems

This project in this area is as follows:

- ▶ **PLATAFORMA TECNOLÓGICA AVANZA:** This project, which is based on smart traffic monitoring mechanisms which can manage road control devices, offering users all the information obtained for their specific study and analysis, was expanded with various services required for the tunnel and shadow toll freeway projects. The major milestones reached in 2011 consisted of certain enhancements implemented in the VR1 Vialitoral and Autoestrada Tramontana roads in Portugal and in the Monrepós tunnels in Huesca. New processes are continuously being incorporated, which will significantly enhance the platform's efficiency and operations.

### 4. Airport Handling

The project in this area is as follows:

- ▶ Development of the **Groundstar tool** to optimise the planning and control of aeronautical processes. During a first stage of implementation at the Flightcare bases in Spain in 2011, the tool replaced the "handelnet" system and entailed a change in the billing tool in use. This new system, which is much more versatile than its predecessor, enables communications with other systems and incorporates resource management tools.

## MANAGEMENT REPORT

### CEMENTOS PORTLAND VALDERRIVAS

In 2011 the R&D&I department was consolidated. In the meanwhile, the company continued to work on the three links of the same chain: research, development, and applications and innovation.

The Cementos Portland Valderrivas Group has continued to promote research into new higher value-added products and/or new markets. Over the past two years these efforts have borne fruit, culminating in the development of 11 new special cements with very competitive advantages in terms of faster setting time, resistance to harsh outdoor conditions, the much lower environmental impact of their manufacturing process and their ability to inertise certain pollutants. These products, due to their very specific qualities, could occupy new market niches because of their competitive nature. Many of the original developments were carried out at the Group's R&D&I laboratory at the Olazagutía factory.

In 2011 the R&D&I Department obtained government grants for the development of various cutting edge research projects, mainly in the area of new materials, which involved about 140 of the organization's employees (80 of them belonging to Cementos Portland Valderrivas, S.A., which leads many of the projects approved).

The applications of the new products and technical assistance in various projects in which they have been trialled formed another focus for the Group's activities in 2011 – mainly in relation to the use of microcements in the Pajares tunnels and Ultraval in the Ordicia tunnels, tests performed jointly with AENA and various preliminary studies conducted on contaminated soil conglomerates in Flix (Tarragona).

The Group also began work on the technological assessment of its new products and its forthcoming positioning for marketing its current product portfolio. To this end, it joined forces with a company which provides management, strategic consultancy and interim management services, and specialises in incorporating disruptive innovation into business models. The first stage began with the preparation of the technological packages of these products, the corresponding market studies and action plans.

All the foregoing initiatives have had significant indirect benefits, such as contacts with numerous companies in different business areas, universities, research centres and public agencies, which have positioned the Group as an R&D&I benchmark for the development and application of cement-based materials, enabling it to enter into agreements with other entities.

Other noteworthy initiatives carried out in 2011 were the **publication of the first R&D&I monographic document**, the organisation of the **"International Conference on Cement Chemistry"** and the **protection of intellectual property**, in connection with which the Group actively engaged in applying for possible patents.

Ultimately, the Group is aware that a commitment to innovation and radical change is the path to be followed; accordingly, in 2011 it began to develop an ambitious project, the objective of which is to convert the company into a dynamo of innovation at all levels (**"Promoting Innovation"**).

Within the framework of this project and with the participation of over 70 executives, an initial diagnosis was made of the company's vision for innovation, and the required **Action Plan** was subsequently prepared to transform the organisation. This Plan consists of 23 projects which cover all the spheres of innovation, starting from vision and governance and going on to customer management and required resources, and will involve over 80 employees from all the areas. All these projects should be finalised in February so that they can be trialled and validated during the first half of 2012.

**Knowledge management** is the management of the intangible assets which generate value for the organisation, and is most essential in these times of crisis. This initiative, closely linked to innovation, was launched in 2011 with the performance of an initial diagnosis of the Group's perception of this area.

For this purpose a 40-hour **workshop** was held, attended by 14 employees of various corporate divisions, mostly representing all the organisation's businesses and areas. The workshop provided training on all the facets of knowledge management and an analysis was made of the Group's situation with regard to all these reference points. A detailed list was prepared of all the Group's strengths and weaknesses, which

## MANAGEMENT REPORT

were prioritized by all the participants and subsequently evaluated by the Steering Committee to establish measures for improvement.

**New Products and Markets** were selected as a **pilot area** to create the first **Community of Practice**, since they constitute one of the Group's strategic pillars which can most rapidly generate value. Once implemented, the experience will be replicated in other areas of the organisation, creating new Communities of Practice until all the components of the organisation are involved within the medium term.

The salient projects which were under development or launched in 2011 were as follows:

- ▶ **HORMIGÓN ULTRARRÁPIDO Project:** The aim of this project is to develop a concrete which, immediately after being spread, acquires certain mechanical service properties. It could then be offered to the international community for use in repairs and construction in civil emergency/protection services, for example prior to imminent catastrophes, for civil and industrial repairs which have high added value due to their urgency, and for military applications.
- ▶ **ESCOMBRERAS Project:** The aim of this project is to remove a historical waste disposal facility, restoring the environment to its initial state and re-utilising all the recovered materials.
- ▶ **HORMIGONES POROSOS Project:** The main objective is to develop a new range of multifunctional porous concretes which have high mechanical strength and greater resistance to surface wear and tear, are longer lasting and self-maintaining in terms of their porosity level and have better acoustic and heat insulation, with a view to obtaining new energy-efficient applications in the construction industry.
- ▶ **MICROCEMENTOS Project:** The objective is to develop a new range of microcements (TP-1) and biomicrocements with a maximum particle size of one micron. These microcements need to be developed for use in microinjections and as a microaddition in cements and concretes to improve their properties.
- ▶ **CEMESFERAS Project:** The objective is to develop and manufacture new products with cementing properties based on glass microspheres, so that they can be used as cement manufacturing components and significantly reduce greenhouse gas emissions. As and when the project is being executed the bases for standardisation of these products will have to be set.

- ▶ **NANOMICRO Project:** Led by Cementos Portland Valderrivas, with the participation of FCC Construcción. The main objective of this project is to develop a range of microcements which have a particle size of less than one micron and can withstand extreme weather conditions.
- ▶ **FLOTTEK Project:** It consists of studying the viability and development of a floating concrete structure to support a deep-water wind turbine, where seabed foundations are no longer viable. The platform must be sufficiently capable of floating and remaining stable to enable the wind turbine to function properly in the climate conditions of its location. This calls for concretes which are highly durable and physically very permeable and have a strong chemical resistance to chlorides and sulphates.
- ▶ **MUGIELEC Project:** The objective is to develop all the systems and equipment required to optimise power supply from various points of the grid for charging electric vehicles.
- ▶ **SIGERAPI Project:** The purpose of this project is to find a solution for noise management in the manufacturing industry, providing a tool which enables the production process to be integrated with prediction modules and which does not require the users to have an advanced knowledge of acoustics to use it or to interpret the results.
- ▶ **SAGER Project:** The project concerns bulk storage of electric power and its use. Its material objective is the design and manufacture of artificial concrete caverns with advanced mechanical characteristics obtained by developing new cements. The bulk storage energy system will be based on the development of two technologies designed to respond to the needs detected: Electrochemical storage system and CAES (compressed air energy storage in an artificial cavern).

In 2011 the technology departments of FCC Construcción and the Cementos Portland Valderrivas Group collaborated on projects aimed at modernising and updating concrete paving technologies. In this connection, in 2011 a Manual of Recommendations was jointly published with the assistance of the Catalanian Department of Public Works and the Spanish Institute for Cement and its Applications (IECA), for the design and construction of double-layered road surfaces. Research was also conducted on the laying of compacted concrete paving, using traditional machinery to place the aggregate.

## MANAGEMENT REPORT

### ► 10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements. The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner. In line with this risk policy, the FCC Group arranges hedges initially to hedge the underlying transaction and not for speculative purposes.

In order to ensure a position that is in the FCC Group's best interest, an interest rate risk management policy is actively implemented based on the on-going monitoring of markets and assuming different positions based primarily on the asset financed. Given the nature of the Group's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group's debt are partially tied to floating interest rates. Even so, the FCC Group performed interest rate hedging transactions using various hedging instruments of varying maturities. Complying with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly swaps (IRSs) in which the Group companies pay a fixed rate and receive a floating rate.

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in the currency of the consolidated group or in the most closely correlated foreign currency.

The FCC Group is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk. This risk results from the timing mismatches between the funds generated by the activities and the funds needed for the payment of debts, working capital etc. Despite the adverse situation that affected the financial markets throughout 2011, the FCC Group has remained adequately positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

The Group also strives to reduce credit risk as far as possible, is careful to ask for commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in on-going monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Group follows the policy of not accepting projects without an allocated budget and financial approval. The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Group, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position could result in the risk of non-payment of the amounts owed.

## MANAGEMENT REPORT

### ▶ 11. OUTLOOK FOR 2012

Set forth below are the prospects for 2012 for the various business areas composing the FCC Group. The construction and services backlog at 2011 year-end, which amounted to EUR 35,237.6 million, guarantees the continuation of a high level of activity over the coming years.

In the **Services** area, broadly speaking, business in Spain is likely to continue to suffer from the impact of the general economic crisis; however, current activities abroad are expected to be consolidated and to grow significantly.

The **Environmental Services** area reflects a general economic situation which has a direct effect on budgets and the financial situation of local municipal corporations, which has led city councils to request service reductions.

Also, the debt was arranged with maturity close to the year of provision of the services and the outlook for 2012 appears promising which, together with a foreseeable rise in interest rates, could affect finance costs.

However, the main contracts are expected to be maintained and other minor contracts to be renewed or extended.

Mention should be made of the positive effect expected for 2012 of the launch of the activity of certain waste treatment plants, such as those located in Valencia and Guipúzcoa.

In the **International** area, the slight upswing in 2011 in all the activities is expected to be consolidated. Among these is notably the improved functioning of the Allington incinerator in the UK, the soil decontamination project in the Czech Republic and new contracts in Bulgaria.

Also in the UK a significant investment plan was prepared, mainly in the area of new PFI projects, the recovery of materials and obtainment of energy from waste, which will contribute in the coming years to boosting revenue.

Business within the ASA Group is expected to expand, especially in Poland where the level of activity is expected to double in 2013, due to a legislative change which obliges all the municipalities to issue invitations to tender for refuse collection from 2012, and we therefore expect to provide this service to over 800,000 inhabitants.

In the **Industrial Waste** area in Spain, the last quarter of 2011 witnessed a slump in the prices of certain recovered materials (paper, cardboard, etc.), which sometimes dropped to 30% of their value in the preceding months. Also, due to the decline in Spanish manufacturing, the volume of waste being treated is falling steeply, a trend which is expected to continue in 2012 and which could affect the industry's revenue. With regard to the Flix (Tarragona) reservoir decontamination project which was begun in 2010, the decontamination tasks as such are expected to begin around the third quarter, once the preparatory work is completed.

In the first quarter of 2012 the Group is expected to start up the plant for the recovery of foundry waste and its conversion into an iron and steel aggregate for Arcelor Mittal in Guipúzcoa. Also scheduled is the inauguration of the new controlled non-hazardous industrial waste depot in Castañeda (Cantabria) through the subsidiary IACAN, with an estimated annual intake of 170,000 tonnes of waste.

Additionally, the new end-of-life tyre recovery plants are fully operational in the Canary Islands, as is the plant that recovers waste for conversion into an alternative fuel for the cement industry in Castellbisbal (Cataluña).

With regard to foreign projects in the Industrial Waste area, in Italy a total of 150,000 tonnes of contaminated sludge is expected to be treated in Syracuse (Sicily). In Portugal, after a brilliant 2011, in which more than 160,000 tonnes of waste were treated at the Chamusca plant belonging to the subsidiary Ecodeal, new tenders are expected to be put out by the Portuguese Government, such as that for the remediation of various contaminated industrial sites in the Barreiros area.

In the US, the subsidiaries FCC Environmental and International Petroleum Corp. will foreseeably continue to expand their presence in the used oil collection and re-utilisation market. Also, in the third quarter an oil refinery plant construction project

## MANAGEMENT REPORT

for Baltimore (Maryland) will be presented to the authorities concerned for approval. With regard to the subsidiary Apex/FCC, it should be mentioned that its presence in the gas- and oil-field waste business will increase. At 2011 year-end a mobile fracture water treatment plant was also incorporated and authorisation was requested for the construction of a new plant in South Texas.

In the **Water Management** area, the Group maintains its leadership position in the Spanish market as the first integrated cycle operator funded by Spanish capital. At the same time, it has continued to bolster its international presence, promoting the geographical diversification strategy initiated five years ago.

In 2012, with an economic crisis prevailing in Spain, household and industrial consumption is expected to remain flat, with very little activity in new property developments which would enable the scope of contracts to be expanded to new customers in areas already being served; however, tenders are expected to be put out by large municipalities which previously did not consider indirect management and which, in view of their financial situation, seek to balance their budgets with the award of their water services. At the same time, our presence in various regions already consolidated in the international market has mitigated the impact of the Spanish crisis and will continue to do so, since we will take advantage of our presence in regulated markets which are gradually opening up to expert companies to resolve their historical problems of managing this resource.

In 2011 significant new contracts were obtained in the international market. Noteworthy among these is the network leak detection and repair contract for the city of Riyadh (Saudi Arabia); the water supply and treatment management contract for the city of Fundão (Portugal), which addresses an infrastructure renewal plan, the aim of which is to modernise the water distribution and treatment system in the Portuguese municipality, which is located near Serra da Estrela in the centre of the country and has a population of 32,177 inhabitants; the desalination plant engineering, supply, erection and start-up contract for La Minera Candelaria in Chile (80% owned by the US company Freeport and 20% by the Japanese company Sumitomo), which will supply drinking water to a population of approximately

175,000 inhabitants in the Northern region of Copiapó, near the Atacama desert; the waste water treatment plant construction contract for the Cutzamala municipality (Mexico); the pump station construction contract for Mexico City (Mexico); the contract for the construction of the country's largest water treatment plant in Niksic (Montenegro). Also mentionable is the start-up of the contracts for the exploitation, operation and maintenance of the Mostaganem and Cap d'Jinet desalination plants in Algeria.

In Spain, numerous contracts have been arranged, renewed and extended in various municipalities, among which the following are highlighted:

- ▶ Renewal of the integrated water cycle management contract in Ávila where Aqualia has been the operator since December 1988, providing service to 58,245 inhabitants
- ▶ Operation, upkeep and maintenance contract for 11 purification plants of the Baix Ebre regional council (Tarragona)
- ▶ Extension of the integrated water cycle management contract for the Adeje municipality (Santa Cruz de Tenerife)
- ▶ Renewal of the management contract in the Iscar municipality (Valladolid)
- ▶ Management of the supply and treatment service and the construction of a regulating reservoir for the Llagostera municipality (Gerona)
- ▶ Renewal of the purification and sewerage service for the Puerto de Santamaría municipality (Cádiz)
- ▶ Supply and treatment service contract for the Caspe municipality (Zaragoza), and upgrade of its drinking water plant
- ▶ Supply and treatment service contract for the Fraga municipality (Zaragoza)
- ▶ Supply and treatment contract for the Arico municipality (Tenerife)
- ▶ Algeciras waste water treatment plant management contract
- ▶ Integrated water management contract for the Baena municipality (Córdoba)
- ▶ Supply and treatment management contract for the Yepes municipality (Toledo)
- ▶ Supply and treatment management contract for the Islantilla municipality (Huelva)
- ▶ Renewal of the supply management contract for Guía de Isora (Tenerife)
- ▶ Supply and treatment management contract for the Yuncler municipality (Toledo)
- ▶ Purification service management contract for the Chipiona municipality (Cádiz)

## MANAGEMENT REPORT

At the beginning of 2012 the Services area backlog amounted to EUR 25,719 million, representing nearly seven years of production.

For 2012, the **Versia** area plans to divest itself of Airport Handling assets which, together with the sale in December 2011 of companies belonging to the Parking Lot section, would push revenue down as a result of the change in the scope of consolidation caused by these two measures, which are in keeping with the FCC Group's asset rotation policy.

By area, there are hopes that the New York **Urban Furniture** contract will be further consolidated and this, together with the obtainment of new contracts, will boost the volume of business in this area. Also, the launch of new **Logistics** contracts will lift sales slightly, softening the impact of the steady fall in consumer spending since the start of the crisis. The Maintenance and Systems area will suffer from the public sector investment containment policy.

In the **Construction** area, 2012 revenue in Spain is expected to be lower than that recognised in 2011, since there is a lull in residential building construction caused by the property market crisis and public sector budget restrictions which will affect the execution of civil engineering works.

To offset the weakness of the Spanish market, the companies composing the area are making a strong effort to expand their activities abroad. This measure will foreseeably drive foreign sales upwards in 2012 compared to 2011 levels.

The business abroad is carried on primarily in numerous Central and East European countries (through the Alpine group) and is rounded off by activities in the American market, where the Group is present through investees operating mainly in Central America and Mexico; FCC Construcción will also continue to develop the foreign business directly in Europe, Algeria and certain areas of the Middle East.

In the **Energy** area, in 2011 contacts were made and negotiations initiated to admit a shareholder of recognised prestige, interested in investing in the renewable energy section. An agreement was entered into with the Japanese multinational Mitsui &

Co. Ltd., which will culminate in the formulation of a joint venture in which the FCC Group will hold a maximum ownership interest of 50% and be able to embark on the international expansion of this business area.

Given the direction of the activities underway, it is hoped that the area will be better placed financially to undertake new renewable energy projects. In this respect, it is of utmost interest to explore all the growth opportunities likely to arise in the energy area, either by acquiring ownership interests in new projects or by bidding for public-sector contracts for new power not only in Spain, but also in East European EU member countries and the US, since all these areas share the characteristic of the legal certainty required for medium-term investment commitments and their respective governments have expressed the wish to boost the development and promotion of renewable energies.

In the **Cement** area, it should be mentioned that at global level it has been unexpectedly difficult for the International Monetary Fund to remedy the structural problems faced by the advanced economies struck by the crisis, and even more complicated to formulate and execute reforms. While these economies are expected to expand steadily, growth will be weak and fitful. The outlook of emerging economies appears to be even more uncertain, although growth is more likely to be vigorous, especially in the economies which can counter the effect of a flagging foreign demand for the product by softening their policies. In the euro zone, leaving aside the major problems caused by financial turbulence, the situation is more diverse. Households in general appear to have fewer concerns than in the US, and there has been a much lower level of job destruction, except in the peripheral economies hit by the crisis, such as Spain. These economies face a major structural challenge which consists of adopting reforms which will enable them to recover and maintain their competitive edge more easily.

Against this backdrop, the macroeconomic projections of the Banco de España (January 2012) point to a substantial drop in Spanish GDP in 2012 (-1.5 %) and a modest recovery in 2013 (0.2 %), with positive rates from the first quarter of 2013, bringing the Spanish economy closer to its potential growth rate. This macroeconomic scenario is the result of a significant contraction in domestic demand, partially offset by a high contribution of the net foreign balance. In turn, the decline in domestic

## MANAGEMENT REPORT

demand is the result of the combined effect of a steep fall in its public- and private-sector components, in a context in which household spending will be restricted due to the impact of tax consolidation on these agents' incomes, and by lower employment levels. Residential investment will continue to fall in 2012 and 2013, although not as sharply as in recent years, after overcoming its hardest phase of adjustment. Weak demand, poorer economic prospects and austere financial conditions will determine further decreases, albeit moderate, in private-sector spending on production over the next two years. Bearing in mind this panorama for 2012, the Company's sales forecasts are conditioned by the timetable for recovery in Spain. The Spanish market continues at historically low levels with a downward trend. Oficemen views very favourably the measures adopted by the Government to extend the VAT reduction for another year and to restore the first-time home buyer's tax credit. It is also confident that measures will shortly be put in place which will re-energise public works, the current situation of which is extremely worrying. In view of these prospects, a new plan is being worked out to adapt the Cement Group's structures to this reality.

# AUDIT REPORT



Deloitte, S.L.  
 Plaza Pablo Ruiz Picasso, 1  
 Torre Picasso  
 28020 Madrid  
 España  
 Tel: +34 915 14 50 00  
 Fax: +34 915 14 51 80  
 www.deloitte.es

*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 34). In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES ("the Group"), which comprise the consolidated balance sheet at 31 December 2011 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2-a to the accompanying consolidated financial statements, the directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.
2. In our opinion, the accompanying consolidated financial statements for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2011, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.
3. Without qualifying our audit opinion, we draw attention to Note 21-b to the accompanying consolidated financial statements and to the uncertainty relating to the refinancing of the bank borrowings of the Cementos Portland Valderrivas Group, which could have an impact on the accompanying consolidated financial statements. The directors expect the aforementioned refinancing process to be completed successfully in the first half of 2012, thereby allowing the debt servicing to be brought into line with its cement division's cash flow generation projections.
4. The accompanying consolidated directors' report for 2011 contains the explanations which the directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2011. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES.

DELOITTE, S.L.  
 Registered in ROAC under no. S0692

Miguel Laserna Niño  
 27 February 2012

Deloitte, S.L. inscrita en el Registro Mercantil de Madrid, tomo 13.610, sección Bº, folio 188, hoja M-54414, inscripción 96ª. C.I.F. B-79194489.  
 Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

## FINANCIAL STATEMENTS



### FOMENTO DE CONSTRUCCIONES Y CONTRATAS S.A.

- 258 ▶ BALANCE SHEET
- 262 ▶ INCOME STATEMENT
- 264 ▶ STATEMENT OF CHANGES IN EQUITY
- 265 ▶ STATEMENT OF CASH FLOWS
- 267 ▶ NOTES TO THE FINANCIAL STATEMENTS

# FINANCIAL STATEMENTS

## BALANCE SHEET AT 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

| ASSETS   | 31/12/2011       | 31/12/2010       |
|--|------------------|------------------|
| <b>NON-CURRENT ASSETS</b>  | <b>5,004,313</b> | <b>5,169,058</b> |
| <b>Intangible assets</b> (Notes 2 & 5)   | <b>134,001</b>   | <b>35,707</b>    |
| Concessions  | 6,706            | 7,367            |
| Computer software  | 15,350           | 13,426           |
| Concession arrangements, regulated assets  | 68,943           | —                |
| Concession arrangements, capitalised borrowing costs                                 | 2,741            | 3,317            |
| Advances on concession arrangements, regulated assets                                | 30,414           | —                |
| Other intangible assets  | 9,847            | 11,597           |
| <b>Property, plant and Equipment</b> (Notes 2 and 6)                                 | <b>451,846</b>   | <b>552,922</b>   |
| Land and buildings   | 69,973           | 85,481           |
| Plant and other items of property, plant and equipment                               | 365,057          | 414,658          |
| Property, plant and equipment in the course of construction and advances             | 16,816           | 52,783           |
| <b>Investment property</b> (Note 7)  | <b>—</b>         | <b>226,964</b>   |
| <b>Non-current investments in Group companies and associates</b> (Notes 10-a & 22-b) | <b>4,207,490</b> | <b>4,184,580</b> |
| Equity instruments   | 2,291,908        | 2,247,074        |
| Loans to companies   | 1,913,206        | 1,937,506        |
| Derivatives (Note 12)  | 2,376            | —                |
| <b>Non-current financial assets</b> (Note 9-a)                                       | <b>98,365</b>    | <b>76,012</b>    |
| Equity instruments   | 9,344            | 9,268            |
| Loans to third parties   | 37,806           | 27,609           |
| Derivatives (Note 12)  | 15,697           | 15,024           |
| Other financial assets   | 35,518           | 24,111           |
| <b>Deferred tax assets</b> (Note 19)   | <b>112,611</b>   | <b>92,873</b>    |

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

## FINANCIAL STATEMENTS

## BALANCE SHEET AT 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

| ASSETS   | 31/12/2011       | 31/12/2010       |
|--|------------------|------------------|
| <b>CURRENT ASSETS</b>  | <b>3,014,131</b> | <b>2,102,598</b> |
| <b>Inventories</b>   | <b>49,738</b>    | <b>22,570</b>    |
| Goods held for resale  | 16,282           | 16,281           |
| Raw materials and other supplies                             | 5,630            | 5,794            |
| Advances to suppliers  | 27,826           | 495              |
| <b>Trade and other receivables</b>                           | <b>769,820</b>   | <b>727,274</b>   |
| Trade receivables for sales and services (Note 11)           | 697,489          | 652,289          |
| Receivable from Group companies and associates (Note 22-b)   | 47,485           | 57,743           |
| Sundry accounts receivable                                   | 13,279           | 11,520           |
| Employee receivables   | 1,427            | 945              |
| Current tax assets (Note 19)                                 | 78               | 747              |
| Other accounts receivable from public authorities (Note 19)  | 10,062           | 4,030            |
| <b>Current investments in Group companies and associates</b> | <b>1,399,671</b> | <b>1,168,062</b> |
| Loans to companies (Notes 10-b & 22-b)                       | 1,388,204        | 1,137,417        |
| Other financial assets                                       | 11,467           | 30,645           |
| <b>Current financial assets (Note 9-b)</b>                   | <b>26,263</b>    | <b>12,018</b>    |
| Loans to companies   | 18,887           | 6,622            |
| Debt securities  | 62               | 2,887            |
| Derivatives (Note 12)  | 888              | —                |
| Other financial assets                                       | 6,426            | 2,509            |
| <b>Current prepayments and accrued income</b>                | <b>6,513</b>     | <b>2,584</b>     |
| <b>Cash and cash equivalents</b>                             | <b>762,126</b>   | <b>170,090</b>   |
| Cash   | 361,047          | 170,090          |
| Cash equivalents   | 401,079          | —                |
| <b>TOTAL ASSETS</b>  | <b>8,018,444</b> | <b>7,271,656</b> |

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

# FINANCIAL STATEMENTS

AT 31 DECEMBER 2011 (IN THOUSAND OF EUROS)

| EQUITY AND LIABILITIES                                | 31/12/2011       | 31/12/2010       |
|---|------------------|------------------|
| <b>EQUITY (Note 13)</b>                               | <b>1,325,297</b> | <b>1,272,436</b> |
| <b>Shareholders' equity</b>                           | <b>1,359,472</b> | <b>1,295,249</b> |
| <b>Share capital</b>                                  | <b>127,303</b>   | <b>127,303</b>   |
| Registered share capital                              | 127,303          | 127,303          |
| <b>Share premium</b>                                  | <b>242,133</b>   | <b>242,133</b>   |
| <b>Reserves</b>                                       | <b>889,889</b>   | <b>867,741</b>   |
| Legal and by-law reserves                             | 26,114           | 26,114           |
| Other reserves  | 863,775          | 841,627          |
| <b>Treasury shares</b>                                | <b>(90,975)</b>  | <b>(89,130)</b>  |
| <b>Profit for the year</b>                            | <b>235,824</b>   | <b>200,034</b>   |
| <b>Interim dividend</b>                               | <b>(80,616)</b>  | <b>(88,746)</b>  |
| <b>Other Equity instruments</b>                       | <b>35,914</b>    | <b>35,914</b>    |
| <b>Valuation adjustments</b>                          | <b>(36,073)</b>  | <b>(25,072)</b>  |
| Available-for-sale financial assets                   | 8,007            | 7,932            |
| Hedges (Note 12)                                      | (44,080)         | (33,004)         |
| <b>Grants, donations and legacies received</b>        | <b>1,898</b>     | <b>2,259</b>     |
| <b>NON-CURRENT LIABILITIES</b>                        | <b>3,149,927</b> | <b>4,469,114</b> |
| <b>Long-term provisions (Note 15)</b>                 | <b>394,768</b>   | <b>314,455</b>   |
| Provisions for third-party liability                  | 148,477          | 118,994          |
| Other provisions                                      | 246,291          | 195,461          |
| <b>Non-current payables (Note 16)</b>                 | <b>2,557,050</b> | <b>4,027,085</b> |
| Debt instruments and other marketable securities      | 428,548          | 422,204          |
| Bank borrowings                                       | 2,001,670        | 3,470,167        |
| Obligations under finance leases                      | 14,163           | 27,936           |
| Derivatives (Note 12)                                 | 105,146          | 99,293           |
| Other financial liabilities                           | 7,523            | 7,485            |
| <b>Deferred tax liabilities (Note 19)</b>             | <b>130,509</b>   | <b>127,574</b>   |
| <b>Trade and other non-current payables (Note 17)</b> | <b>67,600</b>    | <b>—</b>         |

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

## FINANCIAL STATEMENTS

AT 31 DECEMBER 2011 (IN THOUSAND OF EUROS)

| EQUITY AND LIABILITIES  | 31/12/2011       | 31/12/2010       |
|---|------------------|------------------|
| <b>CURRENT LIABILITIES</b>  | <b>3,543,220</b> | <b>1,530,106</b> |
| <b>Short-term provisions</b>  | <b>976</b>       | <b>1,517</b>     |
| <b>Current payables (Note 16)</b>   | <b>2,263,567</b> | <b>610,420</b>   |
| Debt instruments and other marketable securities                                | 4,888            | 4,888            |
| Bank borrowings   | 2,151,426        | 456,425          |
| Obligations under finance leases  | 25,637           | 38,697           |
| Derivatives (Note 12)   | 888              | —                |
| Other financial liabilities   | 80,728           | 110,410          |
| <b>Current payables to Group companies and associates (Notes 10-c and 22-b)</b> | <b>748,530</b>   | <b>498,357</b>   |
| <b>Trade and other payables (Note 17)</b>                                       | <b>529,969</b>   | <b>419,529</b>   |
| Payable to suppliers  | 127,429          | 89,571           |
| Payable to suppliers - Group companies and associates (Note 22-b)               | 19,677           | 17,388           |
| Sundry accounts payable (Note 17)   | 145,359          | 89,150           |
| Remuneration payable  | 39,312           | 43,305           |
| Current tax liabilities (Note 19)   | 22,195           | 80,042           |
| Other accounts payable to public authorities (Note 19)                          | 67,372           | 40,198           |
| Customer advances (Note 11)   | 108,625          | 59,875           |
| <b>Current accruals and deferred income</b>                                     | <b>178</b>       | <b>283</b>       |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>8,018,444</b> | <b>7,271,656</b> |

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

# FINANCIAL STATEMENTS

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(IN THOUSANDS OF EUROS)

|   | 31/12/2011       | 31/12/2010       |
|---|------------------|------------------|
| <b>CONTINUING OPERATIONS</b>  |                  |                  |
| <b>Revenue (Note 21)</b>  | <b>1,691,470</b> | <b>1,680,978</b> |
| Sales and services  | 1,454,468        | 1,325,333        |
| Income from investments in Group companies and associates (Notes 21 & 22-a)   | 120,800          | 256,984          |
| Finance income from marketable securities and other financial instruments of Group companies and associates (Notes 10, 21 & 22-a) | 116,202          | 98,661           |
| <b>In-house work on non-current assets</b>  | <b>893</b>       | <b>2,126</b>     |
| <b>Procurements</b>   | <b>(291,072)</b> | <b>(197,720)</b> |
| Cost of goods held for resale sold  | (1,436)          | (2,163)          |
| Cost of raw materials and other consumables used  | (133,117)        | (101,688)        |
| Work performed by other companies   | (156,519)        | (93,869)         |
| <b>Other operating income</b>   | <b>62,100</b>    | <b>74,143</b>    |
| Non-core and other current operating income   | 53,108           | 71,990           |
| Income-related grants transferred to profit or loss   | 8,992            | 2,153            |
| <b>Staff costs</b>  | <b>(823,899)</b> | <b>(823,240)</b> |
| Wages, salaries and similar expenses  | (621,548)        | (624,912)        |
| Employee benefit costs  | (202,351)        | (198,328)        |
| <b>Other operating expenses</b>   | <b>(263,236)</b> | <b>(240,096)</b> |
| Outside services  | (171,247)        | (158,521)        |
| Taxes other than income tax   | (8,686)          | (7,321)          |
| Losses on, impairment of and changes in provisions for trade receivables  | 373              | (685)            |
| Other current operating expenses (Note 21)  | (83,676)         | (73,569)         |
| <b>Depreciation and amortisation charge (Notes 5, 6 &amp; 7)</b>  | <b>(88,964)</b>  | <b>(89,594)</b>  |
| <b>Allocation to profit or loss of grants related to non-financial non-current assets and other grants (Note 13-h)</b>            | <b>549</b>       | <b>512</b>       |
| <b>Non current provisions (Note 15)</b>   | <b>15,538</b>    | <b>1,380</b>     |
| <b>Impairment and gains or losses on disposals of non-current assets</b>  | <b>140,673</b>   | <b>946</b>       |
| Gains or losses on disposals and other (Note 7)   | 140,673          | 946              |
| <b>PROFIT FROM OPERATIONS</b>   | <b>444,052</b>   | <b>409,435</b>   |

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

## FINANCIAL STATEMENTS

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(IN THOUSANDS OF EUROS)

|   | 31/12/2011       | 31/12/2010       |
|---|------------------|------------------|
| <b>Financial income</b>   | <b>3,846</b>     | <b>2,519</b>     |
| From marketable securities and other financial instruments of non-Group third parties | 3,846            | 2,519            |
| <b>Financial expenses</b>   | <b>(233,899)</b> | <b>(160,962)</b> |
| On debts to Group companies and associates (Note 22-a)                                | (17,050)         | (7,255)          |
| On debts to third parties   | (213,081)        | (149,705)        |
| Interest cost relating to provisions  | (3,768)          | (4,002)          |
| <b>Changes in fair value of financial instruments</b> (Note 12)                       | <b>16,973</b>    | <b>(30,500)</b>  |
| Held-for-trading financial assets/liabilities and other                               | 16,973           | (30,500)         |
| <b>Exchange differences</b>   | <b>(928)</b>     | <b>(5,993)</b>   |
| <b>Impairment and gains or losses on disposals of financial instruments</b>           | <b>18,279</b>    | <b>(3,454)</b>   |
| Impairment and other losses (Note 9)  | 18,319           | 3,658            |
| Gains or losses on disposals and other (Note 10-a)                                    | (40)             | (7,112)          |
| FINANCIAL LOSS  | (195,729)        | (198,390)        |
| PROFIT BEFORE TAX   | 248,323          | 211,045          |
| INCOME TAX (Note 19)  | (12,499)         | (11,011)         |
| PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS  | 235,824          | 200,034          |
| PROFIT FOR THE YEAR   | 235,824          | 200,034          |

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

# FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

### A) STATEMENT OF RECOGNISED INCOME AND EXPENSE (in thousands of euros)

|   | 31/12/2011     | 31/12/2010     |
|---|----------------|----------------|
| Profit per income statement                             | 235,824        | 200,034        |
| <b>Income and expense recognised directly in equity</b> |                |                |
| Arising available-for-sale financial assets             | 76             | 1,940          |
| Arising from cash flow hedges                           | (34,440)       | (34,977)       |
| Grants, donations and legacies received                 | 51             | 40             |
| Tax effect  | 10,313         | 10,486         |
| Income and expense recognised directly in equity        | (24,000)       | (22,511)       |
| <b>Transfers to profit or loss</b>                      |                |                |
| Arising from cash flow hedges                           | 18,617         | 27,422         |
| Grants, donations and legacies received                 | (549)          | (512)          |
| Tax effect  | (5,430)        | (8,090)        |
| Total transfers to profit or loss                       | 12,638         | 18,820         |
| <b>TOTAL RECOGNISED INCOME AND EXPENSE</b>              | <b>224,462</b> | <b>196,343</b> |

### B) STATEMENT OF CHANGES IN TOTAL EQUITY (in thousands of euros)

|  | Share capital<br>(Note 13-a) | Share premium<br>(Note 13-b) | Reserves<br>(Notes 13-c,<br>-d & -e) | Treasury shares<br>(Note 13-e) | Profit (Loss)<br>for the year | Interim<br>dividend<br>(Note 3) | Other equity<br>instruments<br>(Note 13-f) | Valuation<br>adjustments<br>(Notes 9-a<br>& 13-g) | Grants<br>(Note 13-h) | Equity           |
|--|------------------------------|------------------------------|--------------------------------------|--------------------------------|-------------------------------|---------------------------------|--|---|-----------------------|------------------|
| <b>Equity at 31 December 2009</b>                | <b>127,303</b>               | <b>242,133</b>               | <b>790,355</b>                       | <b>(89,130)</b>                | <b>254,878</b>                | <b>(88,746)</b>                 | <b>35,914</b>                              | <b>(21,724)</b>                                   | <b>2,602</b>          | <b>1,253,585</b> |
| <b>Total income and expense in the year</b>      |                              |                              |                                      |                                | <b>200,034</b>                |                                 |  | <b>(3,348)</b>                                    | <b>(343)</b>          | <b>196,343</b>   |
| <b>Transactions with shareholders and owners</b> |                              |                              | <b>77,386</b>                        |                                | <b>(254,878)</b>              |                                 |  |   |                       | <b>(177,492)</b> |
| Dividends paid                                   |                              |                              | 77,386                               |                                | (254,878)                     |                                 |  |   |                       | (177,492)        |
| <b>Equity at 31 December 2010</b>                | <b>127,303</b>               | <b>242,133</b>               | <b>867,741</b>                       | <b>(89,130)</b>                | <b>200,034</b>                | <b>(88,746)</b>                 | <b>35,914</b>                              | <b>(25,072)</b>                                   | <b>2,259</b>          | <b>1,272,436</b> |
| <b>Total recognised income and expense</b>       |                              |                              |                                      |                                | <b>235,824</b>                |                                 |  | <b>(11,001)</b>                                   | <b>(361)</b>          | <b>224,462</b>   |
| <b>Transactions with shareholders and owners</b> |                              |                              | <b>22,148</b>                        | <b>(1,845)</b>                 | <b>(200,034)</b>              | <b>8,130</b>                    |  |   |                       | <b>(171,601)</b> |
| Dividends paid                                   |                              |                              | 22,541                               |                                | (200,034)                     | 8,130                           |  |   |                       | (169,363)        |
| Treasury share<br>transactions (net)             |                              |                              | (393)                                | (1,845)                        |                               |                                 |  |   |                       | (2,238)          |
| <b>Equity at 31 December 2011</b>                | <b>127,303</b>               | <b>242,133</b>               | <b>889,889</b>                       | <b>(90,975)</b>                | <b>235,824</b>                | <b>(80,616)</b>                 | <b>35,914</b>                              | <b>(36,073)</b>                                   | <b>1,898</b>          | <b>1,325,297</b> |

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011. In particular, Note 13 "Equity" explains this statement.

## FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

(IN THOUSANDS OF EUROS)

|  | 31/12/2011      | 31/12/2010      |  |
|--|-----------------|-----------------|--|
| <b>Profit for the year before tax</b>                                  | <b>248,323</b>  | <b>211,045</b>  |  |
| <b>Adjustments</b>   | <b>(23,002)</b> | <b>10,041</b>   |  |
| Depreciation and amortisation charge (Notes 5, 6 & 7)                  | 88,964          | 89,594          |  |
| Impairment losses  | (18,934)        | (3,664)         |  |
| Changes in provisions (Note 15)  | 72,060          | 79,161          |  |
| Recognition of grants in profit or loss                                | (558)           | (512)           |  |
| Losses on derecognition and disposal of non-current assets (Note 7)    | (140,697)       | (940)           |  |
| Gains on derecognition and disposal of financial instruments (Note 10) | 40              | 7,112           |  |
| Financial income (Note 21)   | (240,848)       | (358,164)       |  |
| Financial expenses   | 233,899         | 160,961         |  |
| Exchange differences   | 928             | 5,993           |  |
| Changes in fair value of financial instruments (Note 12)               | (16,973)        | 30,500          |  |
| Other income and expenses  | (883)           | —               |  |
| <b>Changes in working capital</b>                                      | <b>72,233</b>   | <b>(28,246)</b> |  |
| Inventories  | (28,092)        | (200)           |  |
| Trade and other receivables  | (57,125)        | (20,357)        |  |
| Other current assets   | (3,929)         | (757)           |  |
| Trade and other payables   | 163,388         | (4,639)         |  |
| Other current liabilities  | (2,009)         | (2,293)         |  |
| <b>Other cash flows from operating activities</b>                      | <b>11,593</b>   | <b>195,026</b>  |  |
| Interest paid  | (195,684)       | (109,301)       |  |
| Dividends received   | 140,314         | 233,960         |  |
| Interest received  | 77,031          | 64,966          |  |
| Income tax recovered (paid)  | (4,734)         | 8,611           |  |
| Other amounts received (paid)  | (5,334)         | (3,210)         |  |
| <b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>                      | <b>309,147</b>  | <b>387,866</b>  |  |

## FINANCIAL STATEMENTS

|   | 31/12/2011       | 31/12/2010       |
|---|------------------|------------------|
| <b>Payments due to investment</b>   | <b>(322,307)</b> | <b>(425,856)</b> |
| Group companies and associates (Note 10-a)  | (210,896)        | (296,390)        |
| Intangible assets (Note 5)  | (16,852)         | (6,521)          |
| Property, plant and equipment (Note 6)  | (65,162)         | (102,510)        |
| Investment property (Note 7)  | (1,191)          | (1,287)          |
| Other financial assets  | (28,206)         | (19,148)         |
| <b>Collections from disposal</b>  | <b>384,218</b>   | <b>216,763</b>   |
| Group companies and associates (Note 9-b)   | 332              | 205,199          |
| Intangible assets (Note 5)  | 144              | 210              |
| Property, plant and equipment (Note 6)  | 8,597            | 2,933            |
| Investment property (Note 7)  | 364,824          | —                |
| Other financial assets  | 10,321           | 8,421            |
| <b>TOTAL CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     | <b>61,911</b>    | <b>(209,093)</b> |
| <b>Collections and payments relating to equity instruments</b>                        | <b>(2,187)</b>   | <b>40</b>        |
| Disposal of treasury shares   | 43,129           | —                |
| Purchase of treasury shares   | (45,367)         | —                |
| Grants, donations and legacies received   | 51               | 40               |
| <b>Collections and payments relating to financial liability instruments</b> (Note 16) | <b>400,569</b>   | <b>122,576</b>   |
| <b>Issue of:</b>  |                  |                  |
| Bank borrowings   | 509,620          | 202,142          |
| Borrowings from Group companies and associates  | 216,543          | 29,360           |
| Other borrowings  | 4,649            | 2,910            |
| <b>Repayment of:</b>  |                  |                  |
| Bank borrowings   | (311,530)        | (108,695)        |
| Borrowings from Group companies and associates  | (8,704)          | (2,931)          |
| Other borrowings  | (10,009)         | (210)            |
| <b>Dividends and returns on other equity instruments paid</b>                         | <b>(177,404)</b> | <b>(177,493)</b> |
| <b>TOTAL CASH FLOWS FROM FINANCING ACTIVITIES</b>                                     | <b>220,978</b>   | <b>(54,877)</b>  |
| <b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>                             | <b>592,036</b>   | <b>123,896</b>   |
| <b>Cash and cash equivalents at beginning of year</b>                                 | <b>170,090</b>   | <b>46,194</b>    |
| <b>Cash and cash equivalents at end of year</b>                                       | <b>762,126</b>   | <b>170,090</b>   |

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

## FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AT 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

|       |   |     |              |  |     |
|-------|---|-----|--------------|--|-----|
| 1. ▶  | Company activities  | 268 | 18. ▶        | Information on the nature and risks of financial instruments   | 298 |
| 2. ▶  | Basis of presentation of the financial statements             | 268 | 19. ▶        | Deferred taxes and tax matters   | 300 |
| 3. ▶  | Distribution of profit  | 270 | 20. ▶        | Guarantee commitments to third parties and other contingent liabilities  | 303 |
| 4. ▶  | Accounting policies   | 270 | 21. ▶        | Income and expenses  | 303 |
| 5. ▶  | Intangible assets   | 278 | 22. ▶        | Related party transactions and balances  | 304 |
| 6. ▶  | Property, plant and equipment                                 | 279 | 23. ▶        | Information on the environment   | 307 |
| 7. ▶  | Investment property   | 281 | 24. ▶        | Other disclosures  | 307 |
| 8. ▶  | Leases  | 282 | 25. ▶        | Explanation added for translation to English   | 307 |
| 9. ▶  | Non-current and current financial assets                      | 283 |              |  |     |
| 10. ▶ | Investments in and payables to Group companies and associates | 284 | Appendix I   | – Group companies  | 308 |
| 11. ▶ | Trade receivables for sales and services                      | 288 | Appendix II  | – Joint ventures   | 311 |
| 12. ▶ | Derivative financial instruments                              | 288 | Appendix III | – Associates and jointly controlled entities   | 313 |
| 13. ▶ | Equity  | 290 | Appendix IV  | – Report of the Board of Directors of Fomento de Construcciones y Contratas, S.A. for the distribution of an interim dividend for 2011 | 315 |
| 14. ▶ | Share-based payment transactions                              | 292 |              |  |     |
| 15. ▶ | Non current provisions  | 294 |              |  |     |
| 16. ▶ | Non-current and current payables                              | 294 |              |  |     |
| 17. ▶ | Trade and other non-current and current payables              | 296 |              |  |     |

# FINANCIAL STATEMENTS

## ▶ 1. COMPANY ACTIVITIES

Fomento de Construcciones y Contratas, S.A. is a company incorporated in Spain in accordance with the Spanish Limited Liability Companies Law, the core business of which is to provide general services, which include the collection and treatment of solid waste, the cleaning of public streets and sewer systems, the maintenance of green areas and buildings, water treatment and distribution and other complementary services. It also occasionally carries on construction activities as a member of the Panama Consortium (see Note 2). The Company's registered office is at c/ Balmes, 36 (Barcelona) and it carries on its activities basically in Spain.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which comprises a broad spectrum of Spanish and foreign subsidiaries and associates that engage in activities such as construction, urban cleaning and integrated water cycle services, street furniture, passenger transport, passenger and aircraft ground handling, logistics, cement, real estate, energy, infrastructure management etc.

## ▶ 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of the joint ventures and consortia in which it has interests, and authorised for issue in accordance with the Spanish Commercial Code, Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Spanish Limited Liability Companies Law and Royal Decree 1514/2007 approving the Spanish National Chart of Accounts. In addition, all of the accounting principles and standards contained in the amendments of Royal Decree 1159/2010, of 17 September, the amendment of the industry plans and the applicable obligatory standards, resolutions and recommendations of the Spanish Accounting and Audit Institute (ICAC) were applied, so that the financial statements present fairly the Company's equity, financial position, results and cash flows in the corresponding year. It should be noted that, as a result of the publication in 2009 by the ICAC of a request for a ruling regarding the presentation for accounting purposes of the income of holding companies, "Income from Investments in Group Companies and Associates" and "Finance Income from Marketable Securities and Other Financial Instruments of Group Companies and Associates" were classified under "Revenue" in the accompanying income statement.

On 23 December 2010, Ministry of Economy and Finance Order EHA/3362/2010 was passed, approving the rules for adapting the Spanish National Chart of Accounts for public infrastructure concession operators. The above Order came into force on 1 January 2011 and is applicable to all concession operators that enter into concession arrangements with a concession grantor, as is the case of Fomento de Construcciones y Contratas, S.A., which carries on a part of its solid waste and water services management activities under concession. Accordingly, the Company has chosen to consider the financial statements for 2011 to be initial financial statements due to application of the new rules and, therefore, no comparative figures are included in this connection. In addition, application of the aforementioned Order did not have an impact on the Company's equity and only resulted in the reclassification of its assets for accounting purposes, as shown below in the balance sheet headings relating to 1 January 2011.

|  |          |
|--|----------|
| Concession arrangements, regulated assets                                | 76,410   |
| Concession arrangements, capitalised borrowing costs                     | 3,317    |
| Advances on concession arrangements, regulated assets                    | 13,532   |
| Other intangible assets  | (4,363)  |
| Land and buildings   | (15,452) |
| Plant and other items of property, plant and equipment                   | (56,594) |
| Property, plant and equipment in the course of construction and advances | (13,533) |
| Deferred borrowing costs relating to concession financing                | (3,317)  |

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2010 were approved by the shareholders at the Annual General Meeting held on 1 June 2011.

## FINANCIAL STATEMENTS

The balance sheets, income statements, statements of changes in equity and statements of cash flows of the joint ventures in which the Company has interests were proportionately consolidated on the basis of the Company's percentage of ownership of each joint venture.

The joint ventures were included by making the required timing and measurement uniformity adjustments, reconciliations and reclassifications and by eliminating reciprocal asset and liability balances and income and expenses. The detail of any material amounts relating to the joint ventures and the community association is included in these notes to the financial statements.

The accompanying balance sheet and income statement include the assets and liabilities at the percentage of ownership in the joint ventures shown below:

|                         | 2011    | 2010    |
|-------------------------|---------|---------|
| Revenue                 | 209,629 | 203,896 |
| Profit from operations  | 22,409  | 23,577  |
| Non-current assets      | 129,219 | 127,028 |
| Current assets          | 257,285 | 233,461 |
| Non-current liabilities | 43,698  | 26,099  |
| Current liabilities     | 307,890 | 295,531 |

Appendix II lists the joint ventures and indicates the percentage share of their results.

The Company also holds a 45% interest in the Consortium awarded the contract to construct Line 1 of the Panama City metro. The accompanying financial statements include the assets, liabilities, income and expenses, by percentage of ownership, as shown below:

|                        | 2011    |
|------------------------|---------|
| Revenue                | 120,098 |
| Profit from operations | 11,312  |
| Non-current assets     | 3,818   |
| Current assets         | 125,634 |
| Current liabilities    | 121,767 |

The financial statements are expressed in thousands of euros.

Since Fomento de Construcciones y Contratas, S.A. is the head of the FCC Group, it is obliged under current legislation to prepare separate consolidated financial statements. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, as well as all the provisions and interpretations implementing it. The consolidated financial statements of the FCC Group for 2011, prepared by the directors, will also be submitted for approval by the shareholders at the Annual General Meeting.

The consolidated financial statements of Fomento de Construcciones y Contratas, S.A. prepared in conformity with International Financial Reporting Standards (IFRSs) present total assets of EUR 22,447 million (31 December 2010: EUR 21,979 million) and equity attributable to the Company's shareholders of EUR 2,379 million (31 December 2010: EUR 2,563 million). In addition, consolidated sales and consolidated profit attributable to the Parent amount to EUR 11,755 million and EUR 108 million, respectively (31 December 2010: EUR 11,908 million and EUR 301 million).

## FINANCIAL STATEMENTS

### ▶ 3. DISTRIBUTION OF PROFIT

The proposed distribution of the profit of Fomento de Construcciones y Contratas, S.A. that will be submitted for approval by the shareholders at the Annual General Meeting is as follows:

|   | 2011                        |
|---|-----------------------------|
| <b>Profit for the year, before distribution (in thousands of euros)</b>   | <b>235,824</b>              |
| <b>Distribution:</b>  |                             |
| <b>Interim dividends (euros per share)</b>  | <b>0.65 euros per share</b> |
| <b>Supplementary dividends (euros per share)</b>  | <b>0.65 euros per share</b> |
| <b>To voluntary reserves:</b>   |                             |
| The corresponding amount will be appropriated after the interim and final dividends on outstanding shares carrying dividend rights at the date of payment have been paid. |                             |

On 15 December 2011, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of the profit for the year equal to 65% gross of the par value of the shares, i.e. EUR 0.65 per share. The total amount of this dividend, EUR 80,616 thousand, was paid on or after 10 January 2012 on the outstanding shares carrying dividend rights (see Note 16-c).

The Board of Directors' report evidencing the existence of sufficient liquidity for the distribution of the aforementioned interim dividend is included as Appendix IV hereto.

### ▶ 4. ACCOUNTING POLICES AND MEASUREMENT BASES

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for 2011, in accordance with the Spanish National Chart of Accounts, were as follows:

#### a) Intangible assets

##### a.1) Service concession arrangements

The service concession arrangements are recognised in accordance with the provisions of Ministry of Economy and Treasury Order EHA/3362/2010 approving the rules for adapting the Spanish National

Chart of Accounts for public infrastructure concession operators. In relation to the foregoing, a distinction must be drawn between two clearly different phases:

- ▶ The first in which the concession operator provides construction or upgrade services which are recognised under intangible or financial assets in accordance with recognition and measurement standard 14, Income from Sales and Services of the Spanish National Chart of Accounts and the rules on the percentage of completion method contained in measurement standard 18, Sales, Income from Completed Work and Other Income of the rules for adapting the Spanish National Chart of Accounts for construction companies.
- ▶ The second phase in which the concession operator provides a series of maintenance or operation services of the related infrastructure which are recognised in accordance with recognition and measurement standard 14, Income from Sales and Services of the Spanish National Chart of Accounts.

In addition, an intangible asset is recognised when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. In certain mixed arrangements, the operator and the grantor may share the demand risk, although this practice is practically non-existent at the Company.

For concessions classified as intangible assets, provisions for decommissioning, removal and rehabilitation and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the adjustment for provision discounting are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

## FINANCIAL STATEMENTS

In addition, the borrowing costs arising from the financing of the infrastructure accruing from the construction until the entry into service of the infrastructure are included in the initial measurement of the intangible asset. When the infrastructure is ready to be placed into operation, the aforementioned costs are capitalised if they meet the requirements under the rules, provided that there is reasonable evidence that future income will enable the capitalised amount to be recovered.

These intangible assets are amortised on the basis of the demand for, or the use of, the infrastructure, taken to be the changes in and best estimates of the production units of each activity.

Concessions classified as a financial asset are recognised at the fair value of the construction or upgrade services provided. In accordance with the amortised cost method, the related finance income is recognised as revenue in profit or loss based on the effective interest rate resulting from the expected cash inflows and outflows of the concession. The borrowing costs arising from the financing of these assets are classified under "Finance Costs" in the income statement. As explained above, the income and expenses from the provision of maintenance or operation services are recognised in profit or loss in accordance with recognition and measurement standard 14, Income from Sales and Services of the Spanish National Chart of Accounts.

### a.2) Other intangible assets

Other intangible assets, concessions and software, inter alia, are recognised at acquisition price or production cost. They are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. At 2011 year-end no indications of loss of value were identified in relation to any of the Company's intangible assets. The Company does not own any assets with indefinite useful lives.

In accordance with Order EHA/3362/2010 mentioned in the previous point, "Intangible Assets - Concessions" in the balance sheet includes the royalties paid for the award of the concession agreements.

Computer software maintenance costs are recognised in the income statement for the year in which they are incurred.

As a general rule, intangible assets are amortised on a straight-line basis over their years of useful life.

### b) Property, plant and equipment and Investment property

Property, plant and equipment and investment property are carried at acquisition cost or at production cost if the Company has performed in-house work thereon and are subsequently reduced by the related accumulated depreciation and by any impairment losses. At 31 December 2011, there was no indication that any of the Company's property, plant and equipment or investment property had suffered an impairment loss and, therefore, the recoverable amount of the assets is higher than or the same as their carrying amount and, accordingly, no impairment losses were recognised in this connection.

Property, plant and equipment and investment property upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Non-current assets that necessarily take a period of more than twelve months to get ready for their intended use include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets.

In-house work on non-current assets is measured at accumulated cost (external costs plus in-house costs, determined on the basis of in-house materials consumption, direct labour and general manufacturing costs).

The Company depreciates its property, plant and equipment and investment property by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

## FINANCIAL STATEMENTS

| Years of estimated useful life                      |                |
|---|----------------|
| <b>Investment property</b>                          | <b>75</b>      |
| <b>Buildings and other structures</b>               | <b>25 - 50</b> |
| <b>Plant and machinery</b>                          | <b>5 - 15</b>  |
| <b>Other fixtures, tools and furniture</b>          | <b>8 - 12</b>  |
| <b>Other items of property, plant and equipment</b> | <b>4 - 10</b>  |

However, certain contracts have terms shorter than the useful life of the related fixed assets, in which case they are depreciated over the contract term.

### c) Impairment of intangible assets, property, plant and equipment and investment property

Whenever there are indications of impairment of assets with a finite useful life (i.e. all the Company's intangible assets, property, plant and equipment and investment property), the Company tests the tangible and intangible assets for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. To determine the recoverable amount of the assets tested for impairment, an estimate is made of the present value of the net cash flows arising from the cash-generating units (CGUs) to which the assets belong, and to discount the cash flows, a pre-tax discount rate is applied that reflects current market assessments of the time value of money and the risks specific to each cash-generating unit.

Where an impairment loss on assets subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the value that would have been determined had no impairment loss been recognised for in prior years. The reversal of the impairment loss is recognised as income in the income statement.

### d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

#### d.1) Finance leases

In finance leases in which the Company acts as the lessee, the cost of the leased assets is presented in the balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is

recognised for the same amount. This amount will be the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

On expiry of the leases, the Company exercises the purchase option and the lease arrangements do not impose any restrictions concerning exercise of this option. Also, the lease agreements do not contain any renewal, review or price escalation clauses.

The assets recognised for transactions of this nature are depreciated on the basis of their nature and useful lives using criteria similar to those applied to items of property, plant and equipment taken as a whole.

There are no finance leases in which the Company acts as lessor.

#### d.2) Operating leases

When the Company acts as the lessee, it charges the expenses from operating leases to income on an accrual basis.

If the Company acts as the lessor, income and costs arising under operating leases are allocated to the income statement for the year in which they are incurred. Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset, increased by the investments arising from the lease agreements directly attributable to the lease, which are recognised

## FINANCIAL STATEMENTS

as an expense over the term of such agreements, applying the same method as that used to recognise lease income.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

### e) Financial instruments

#### e.1) Financial assets

##### Classification

The financial assets held by the Company are classified in the following categories:

- ▶ Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.
- ▶ Held-to-maturity investments: debt securities with fixed maturity and determinable payments that are traded in an active market and which the Company has the positive intention and ability to hold to the date of maturity.
- ▶ Held-for-trading financial assets: assets acquired with the intention of selling them in the near term and assets that form part of a portfolio for which there is evidence of a recent actual pattern of short-term profit-taking. This category also includes financial derivatives that are not financial guarantees and that have not been designated as hedging instruments.
- ▶ Equity investments in Group companies, associates and jointly controlled entities: Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other investors.
- ▶ Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the aforementioned categories.

##### Initial recognition

These financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs, except for held-for-trading assets and investments in Group companies affording control, the costs of which are recognised directly in the income statement.

##### Subsequent measurement

- ▶ Loans and receivables and held-to-maturity investments are measured at amortised cost.
- ▶ Held-for-trading financial assets are measured at fair value and the changes in the fair value are recognised in profit or loss.
- ▶ Investments in Group companies and associates and interests in jointly controlled entities are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including any goodwill).
- ▶ Available-for-sale financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the net profit or loss for the year, or if it is determined that it has become impaired, once the pre-existing gains in equity have been derecognised, they are taken to the income statement.

## FINANCIAL STATEMENTS

At least at each reporting date the Company makes valuation adjustments to financial assets not measured at fair value through profit or loss where there is objective evidence of impairment if the value is less than the carrying amount, in which case the impairment loss is recognised in the income statement. In particular, the Company calculates valuation adjustments relating to trade and other receivables by taking into account the specific insolvency risk of each account receivable.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk, provide any kind of guarantee or assume any other kind of risk. These transactions bear interest at market rates and the factor assumes the risk of insolvency and late payment of the debtor. Fomento de Construcciones y Contratas, S.A. continues to manage collection.

### e.2) Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the financial instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

### e.3) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and the securities issued are recognised in equity at the proceeds received, net of issue costs.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in profit or loss.

The Company currently has in force a remuneration scheme for its executive directors and executive personnel, linked to the value of the Company's shares. This scheme is described in Note 14 "Share-based Payment Transactions".

### e.4) Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its business activities, operations and future cash flows are exposed. Basically, these risks relate to changes in interest rates and the market prices of certain financial instruments. The Company arranges hedging financial instruments in this connection (see Note 12).

In order for these financial instruments to qualify for hedge accounting, they are initially designated as such and the hedging relationship is documented. Also, the Company verifies, both at inception and periodically over the term of the hedge (at least at the end of each reporting period), that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument and that, retrospectively, the gain or loss on the hedge was within a range of 80-125% of the gain or loss on the hedged item.

## FINANCIAL STATEMENTS

The Company uses hedges of the following types, which are accounted for as described below:

- ▶ Fair value hedges: in this case, changes in the fair value of the hedging instrument and the hedged item attributable to the hedged risk are recognised in profit or loss.
- ▶ Cash flow hedges: in hedges of this nature, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the income statement in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or a non-financial liability, in which case the amounts recognised in equity are included in the initial cost of the asset or liability when it is acquired or assumed.
- ▶ Hedges of net investments in foreign operations: the purpose of hedges of this nature is to hedge foreign currency risk relating to investments in subsidiaries and associates, and the foreign currency component is taken to the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Although certain derivatives are not recognised as hedges, this is only for accounting purposes since for financial and management purposes all the hedges arranged by the Company have, at inception, an underlying financial transaction and the sole purpose of hedging such transaction.

Derivatives do not qualify for hedge accounting if the hedge fails the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the risk of the instrument to be offset by changes in the fair value or in the cash flows of the hedging instrument. When this does not occur, the changes in value of the instruments not classified as hedges are recognised in profit or loss.

The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Company and the entities financing it.

### f) Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

Assets received in payment of loans are measured at the lowest of the following three values: the amount at which the loan relating to the asset was recognised, production cost and net realisable value.

Production cost includes the costs of direct materials and, where applicable, direct labour and production overheads.

Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Company recognises the appropriate write-downs as an expense in the income statement when the net realisable value of the inventories is lower than acquisition or production cost.

### g) Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the period in which they arise.

### h) Income tax

The income tax expense is calculated on the basis of profit before tax, increased or decreased, as appropriate, by the permanent differences

## FINANCIAL STATEMENTS

between taxable profit and accounting profit. Based on the legislation applicable to the Company, the corresponding tax rate is applied to this adjusted accounting profit. Any tax relief and tax credits earned in the year are then deducted and any positive or negative differences between the tax charge estimated for the previous year's accounting close and the amount of tax subsequently paid are added to or deducted from, respectively, the resulting tax charge.

The temporary differences between the accounting profit and the taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the balance sheet and their tax bases give rise to deferred taxes which are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably reverse, and in no circumstances are they discounted to present value.

The Company capitalises the deferred tax assets arising from temporary differences and tax loss carryforwards, except for those with respect to which there are reasonable doubts as to their future recovery.

### i) Revenue and expense

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

The Company recognises each year as the period result on its contracts the difference between period production (measured at the selling price of the service provided during the period, as specified in the principal contract or in approved amendments thereto, and the selling price of other as yet unapproved services for which there is reasonable assurance of collection) and the costs incurred. Additionally, late-payment interest is recognised as income when it is approved or finally collected.

The difference between the amount of production and the amount billed until the date of the financial statements is recorded as "Unbilled Production" under "Trade Receivables for Sales and Services". Pre-billings for various items are recognised under "Current Liabilities – Trade and Other Payables – Customer Advances".

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest

and dividends from financial assets accrued after the date of acquisition are recognised as income.

In accordance with the accounting principle of prudence, the Company only records realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recognised as soon as they become known, by recording the appropriate provisions.

### j) Provisions and contingencies

The Company recognises provisions on the liability side of the accompanying balance sheet for present obligations arising from past events which the Company considers will probably require an outflow of resources embodying economic benefits to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as interest cost in the income statement.

Provisions for decommissioning, removal or rehabilitation and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. The impact on profit or loss arises when the asset concerned is depreciated (as described in previous sections of this Note) and when the provisions are discounted to present value (as described in the preceding paragraph).

Provisions are classified as current or non-current in the accompanying balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions

## FINANCIAL STATEMENTS

are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

It should be noted that contingent liabilities due to possible obligations that arise from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control, are not recognised in the financial statements as the probability that such obligation will have to be settled is remote.

### k) Environmental assets and liabilities

As indicated in Note 1, the Company engages mainly in services activities which, due to their nature, involve special care in controlling environmental impact. For example, with regard to the operation under concession of landfills, the Company is generally responsible for the sealing, control and reforestation thereof upon completion of its operations. Also, the Company has non-current assets for the protection of the environment and bears any costs required for this purpose in the performance of its business activities.

The acquisition costs of these non-current assets used in environmental conservation are recognised under "Property, Plant and Equipment" or "Intangible Assets" based on the nature of the investment, and are depreciated or amortised over the useful lives of the assets or on the basis of the demand for or the use of the infrastructure in the service concession agreements. Also, in accordance with current accounting legislation, the Company recognises the expenses and provisions arising from its environmental obligations.

The Company's environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities carried on by it.

Company management considers that the possible contingencies relating to environmental protection and improvement at 31 December 2011 would not have a significant impact on the accompanying financial statements, which include provisions to cover any probable environmental risks that might arise.

### l) Pension obligations

The Company has not established any pension plans to supplement the social security pension benefits. In accordance with the Consolidated Pension Plan and Fund Law, in specific cases where similar obligations exist, the Company externalises its obligations to its employees in this connection.

In addition, following authorisation by the Executive Committee, in the past an insurance policy was arranged and the premium paid to cover the payment of benefits relating to death, permanent occupational disability, retirement bonuses and pensions and other situations for, among other employees, certain executive directors and executives. In particular, the contingencies giving rise to benefits are those which entail the extinguishment of the employment relationship for any of the following reasons:

- ▶ Unilateral decision of the Company.
- ▶ Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
- ▶ Death or permanent disability.
- ▶ Other causes of physical or legal incapacity.
- ▶ Substantial change in professional terms and conditions.
- ▶ Resignation of the executive on reaching 60 years of age, at the request of the executive and with the consent of the Company.
- ▶ Resignation of the executive on reaching 65 years of age, by unilateral decision of the executive.

The contributions made by the Company in this connection are recognised under "Staff Costs" in the income statement.

### m) Grants

The Company accounts for grants received as follows:

#### m.1) Non-refundable grants

These are measured at the amount received or the fair value of the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders, which are recognised directly in equity.

## FINANCIAL STATEMENTS

### m.2) Grants related to income

Grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

### n) Use of estimates

In preparing the accompanying financial statements estimates were made by the Company's directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- ▶ The assessment of possible impairment losses on certain assets (see Note 4-c).
- ▶ The assumptions used in the calculation of the fair value of share-based payments (see Note 14).
- ▶ The useful life of the intangible assets, property, plant and equipment and investment property (see Notes 4-a and 4-b)
- ▶ The fair value of certain financial instruments (see Note 12)
- ▶ The calculation of certain provisions (see Notes 4-j and 15).

Although these estimates were made on the basis of the best information available at 31 December 2011, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively.

### ñ) Related party transactions

The Company performs all its transactions with related parties on an arm's length basis.

Note 22, "Related party transactions and balances" to these financial statements details the main transactions with the significant shareholders of the Company, its directors and senior executives and between Group companies.

### ▶ 5. INTANGIBLE ASSETS

The changes in "Intangible Assets" in the accompanying balance sheet in 2011 and 2010 were as follows:

|  | Concessions   | Computer software | Concession arrangements | Other intangible assets | Accumulated amortisation | Total          |
|--|---------------|-------------------|-------------------------|-------------------------|--------------------------|----------------|
| <b>Balance at 31/12/09</b>                                     | <b>23,814</b> | <b>15,099</b>     | <b>3,883</b>            | <b>13,768</b>           | <b>(26,077)</b>          | <b>30,487</b>  |
| Additions or charge for the year                               | 667           | 5,197             | —                       | 657                     | (5,118)                  | 1,403          |
| Disposals or reductions  | —             | —                 | (566)                   | (210)                   | —                        | (776)          |
| Transfers  | —             | —                 | —                       | 4,593                   | —                        | 4,593          |
| <b>Balance at 31/12/10</b>                                     | <b>24,481</b> | <b>20,296</b>     | <b>3,317</b>            | <b>18,808</b>           | <b>(31,195)</b>          | <b>35,707</b>  |
| Additions or charge for the year                               | 358           | 5,228             | 17,625                  | 1,684                   | (12,086)                 | 12,809         |
| Disposals or reductions  | (209)         | (551)             | (682)                   | (776)                   | 1,961                    | (257)          |
| Transfers and reclassifications due to concession arrangements | —             | —                 | 148,270                 | (2,905)                 | (59,623)                 | 85,742         |
| <b>Balance at 31/12/11</b>                                     | <b>24,630</b> | <b>24,973</b>     | <b>168,530</b>          | <b>16,811</b>           | <b>(100,943)</b>         | <b>134,001</b> |

The detail of the intangible assets and of the related accumulated amortisation at 31 December 2011 and 2010 is as follows:

|                         | Cost           | Accumulated amortisation | Net            |
|-------------------------|----------------|--------------------------|----------------|
| <b>2011</b>             |                |                          |                |
| Concessions             | 24,630         | (17,924)                 | 6,706          |
| Computer software       | 24,973         | (9,623)                  | 15,350         |
| Concession arrangements | 168,530        | (66,432)                 | 102,098        |
| Other intangible assets | 16,811         | (6,964)                  | 9,847          |
|                         | <b>234,944</b> | <b>(100,943)</b>         | <b>134,001</b> |
| <b>2010</b>             |                |                          |                |
| Concessions             | 24,481         | (17,114)                 | 7,367          |
| Computer software       | 20,296         | (6,870)                  | 13,426         |
| Concession arrangements | 3,317          | —                        | 3,317          |
| Other intangible assets | 18,808         | (7,211)                  | 11,597         |
|                         | <b>66,902</b>  | <b>(31,195)</b>          | <b>35,707</b>  |

## FINANCIAL STATEMENTS

The detail of the Company's most significant contracts due to service concession arrangements is as follows:

- ▶ El Campello urban solid waste treatment plant.  
Construction and operation of the Integrated Urban Solid Waste Centre of El Campello (Alicante). It was awarded to the Company in 2003 and the construction phase was completed in November 2008, when the initial operation phase of 20 years began, which was subsequently extended to 21 years and 9 months. The net assets related to the above contract total EUR 46,197 thousand.
- ▶ Integrated management of the municipal water supply and sewerage service of Vigo.  
Award of the Aqualia-FCC-Vigo joint venture (50% Fomento de Construcciones y Contratas, S.A. and 50% Aqualia Gestión Integral del Agua, S.A., wholly owned by the Company) of the operation of the concession, including investments for the extension, renovation and/or improvement of the existing infrastructures that the grantor placed at the disposal of the joint venture. It was awarded in 1991 for an initial term of 25 years, extendible for five-year periods up to a maximum legal term of 50 years. The grantor extended the concession in 2011 for a further five years until 2020. The net assets related to the above contract total EUR 24,716 thousand.
- ▶ Urban solid waste treatment plant at San Justo de la Vega (León).  
Award of the Legio VII joint venture (with Fomento de Construcciones y Contratas, S.A. holding a 50% interest) for the construction and operation of the urban solid waste management system of the province of León. It was awarded in 2000 for an initial period of 20 years from the placing into operation of the recycling and composting plant in 2005. The net assets related to the above contract total EUR 8,195 thousand.

At the end of 2011 the Company did not have any material fully amortised intangible assets still in use.

At 31 December 2011, the Company did not have any intangible assets located outside Spain. There were also no assets used as security.

### ▶ 6. PROPERTY, PLANT AND EQUIPMENT

The changes in "Property, Plant and Equipment" in the accompanying balance sheet in 2011 and 2010 were as follows:

|  | Land and buildings | Plant and other items of property, plant and equipment | Property, plant and equipment in the course of construction and advances | Accumulated depreciation | Total          |
|--|--------------------|--|--|--------------------------|----------------|
| <b>Balance at 31/12/09</b>                                     | <b>96,256</b>      | <b>911,216</b>   | <b>61,906</b>  | <b>(531,866)</b>         | <b>537,512</b> |
| Additions or charge for the year                               | 19,919             | 50,687   | 31,904   | (80,572)                 | 21,938         |
| Disposals or reductions  | (367)              | (29,145)   | (72)   | 27,597                   | (1,987)        |
| Transfers  | 19                 | 36,395   | (40,955)   | —                        | (4,541)        |
| <b>Balance at 31/12/10</b>                                     | <b>115,827</b>     | <b>969,153</b>   | <b>52,783</b>  | <b>(584,841)</b>         | <b>552,922</b> |
| Additions or charge for the year                               | 3,140              | 54,537   | 7,461  | (72,926)                 | (7,788)        |
| Disposals or reductions  | (1,393)            | (47,269)   | (307)  | 41,203                   | (7,766)        |
| Transfers and reclassifications due to concession arrangements | (18,792)           | (84,692)   | (43,121)   | 61,083                   | (85,522)       |
| <b>Balance at 31/12/11</b>                                     | <b>98,782</b>      | <b>891,729</b>   | <b>16,816</b>  | <b>(555,481)</b>         | <b>451,846</b> |

The main changes in "Property, Plant and Equipment" relate to assets associated with the services and water concession agreements operated by the Company.

## FINANCIAL STATEMENTS

The Company owns buildings, the value of which, net of depreciation, and that of the land, were as follows at 2011 year-end:

|           | 2011   | 2010   |
|-----------|--------|--------|
| Land      | 24,338 | 32,020 |
| Buildings | 45,635 | 53,461 |
|           | 69,973 | 85,481 |

The detail of the property, plant and equipment and of the related accumulated depreciation at 31 December 2011 and 2010 is as follows:

|  | Cost             | Accumulated depreciation | Net            |
|--|------------------|--------------------------|----------------|
| <b>2011</b>  |                  |                          |                |
| Land and buildings   | 98,782           | (28,809)                 | 69,973         |
| Plant and other items of property, plant and equipment                   | 891,729          | (526,672)                | 365,057        |
| Property, plant and equipment in the course of construction and advances | 16,816           | —                        | 16,816         |
|  | <b>1,007,327</b> | <b>(555,481)</b>         | <b>451,846</b> |
| <b>2010</b>  |                  |                          |                |
| Land and buildings   | 115,827          | (30,346)                 | 85,481         |
| Plant and other items of property, plant and equipment                   | 969,153          | (554,495)                | 414,658        |
| Property, plant and equipment in the course of construction and advances | 52,783           | —                        | 52,783         |
|  | <b>1,137,763</b> | <b>(584,841)</b>         | <b>552,922</b> |

Of the net amount of property, plant and equipment, EUR 48,708 thousand (31 December 2010: EUR 85,730 thousand) relate to assets used in joint ventures.

In 2011 and 2010 the Company did not capitalise finance costs under "Property, Plant and Equipment".

At 2011 year-end the Company held various items of property, plant and equipment under finance leases (see Note 8).

At year-end all of the items of property, plant and equipment were used in the various production processes although some of the property, plant and equipment has been fully depreciated, amounting to EUR 260,103 thousand (31 December 2010: EUR 272,619 thousand), of which EUR 10,718 thousand related to structures (31 December 2010: EUR 10,201 thousand). The amounts relating to joint ventures were not material.

At 31 December 2011, the Company did not have any significant investments in property, plant and equipment abroad. It also did not have any significant firm purchase commitments relating to property, plant and equipment.

The Company's property, plant and equipment that is subject to restrictions on title relates mainly to assets under finance leases.

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At 2011 year-end the property, plant and equipment were fully insured against these risks.

## FINANCIAL STATEMENTS

### ► 7. INVESTMENT PROPERTY

"Investment Property" in the accompanying balance sheet reflects the values of the land, buildings and other structures held either to earn rentals or for capital appreciation.

On 29 December 2011, the Torre Picasso building was sold for EUR 400,000 thousand and gave rise to a gain of EUR 139,916 thousand for the Company, which is recognised under "Gains or Losses on Disposals and Other" in the accompanying income statement. As provided for in the sale agreement, Company undertook to settle the obligations assumed by it under the financing agreement entered into on 18 December 2009, amounting to EUR 250,000 thousand, and cancelled the mortgage that had been taken out on the building and the additional commitments securing the loan.

The changes in "Investment Property" in the accompanying balance sheet in 2011 and 2010 were as follows:

|                                  | Buildings      | Accumulated depreciation | Total          |
|----------------------------------|----------------|--------------------------|----------------|
| <b>Balance at 31/12/09</b>       | <b>286,325</b> | <b>(55,813)</b>          | <b>230,512</b> |
| Additions or charge for the year | 1,287          | (3,904)                  | (2,617)        |
| Disposals or reductions          | (879)          | —                        | (879)          |
| Transfers                        | (52)           | —                        | (52)           |
| <b>Balance at 31/12/10</b>       | <b>286,681</b> | <b>(59,717)</b>          | <b>226,964</b> |
| Additions or charge for the year | 2,117          | (3,952)                  | (1,835)        |
| Disposals or reductions          | (289,132)      | 64,223                   | (224,909)      |
| Transfers                        | 334            | (554)                    | (220)          |
| Balance at 31/12/11              | —              | —                        | —              |

The average occupancy level of Torre Picasso is 100% (31 December 2010: 99%).

The figures included in profit or loss for 2011 and 2010 relating to the operation of the Torre Picasso building were as follows:

|                                     | 2011          | 2010          |
|-------------------------------------|---------------|---------------|
| <b>Rental income</b>                | <b>25,350</b> | <b>25,371</b> |
| <b>Transfer of costs to tenants</b> | <b>7,249</b>  | <b>7,184</b>  |
| <b>Profit net of taxes</b>          | <b>12,723</b> | <b>12,572</b> |

## FINANCIAL STATEMENTS

### ► 8. LEASES

#### a) Finance leases

The Company, as lessee, has recognised assets leased under leases with basically a maximum term of two to five years and, in general, lease payments payable in arrears. Consequently, the present value of the payments does not differ significantly from their nominal value. The leased assets include notably the lorries and machinery used in the waste collection and cleaning services provided by the Company.

The characteristics of the finance leases in force at the end of 2011 and 2010 are as follows:

|   | 2011           | 2010           |
|---|----------------|----------------|
| <b>Carrying amount</b>  | <b>82,421</b>  | <b>95,070</b>  |
| Accumulated depreciation  | 23,482         | 15,649         |
| <b>Cost of the assets</b>   | <b>105,903</b> | <b>110,719</b> |
| Finance costs   | 4,171          | 5,193          |
| <b>Capitalised cost of the assets</b>   | <b>110,074</b> | <b>115,912</b> |
| Lease payments paid in the year   | (36,374)       | (35,370)       |
| Lease payments paid in prior years  | (32,451)       | (10,618)       |
| <b>Lease payments outstanding, including purchase option</b>                  | <b>41,249</b>  | <b>69,924</b>  |
| Unaccrued finance charges   | (1,449)        | (3,291)        |
| <b>Present value of lease payments outstanding, including purchase option</b> | <b>39,800</b>  | <b>66,633</b>  |
| Contract term (years)   | 2 to 5         | 2 to 5         |
| Value of purchase options   | 977            | 1,034          |

The payment dates of the outstanding lease payments of the committed payments are shown in Note 16 to these financial statements.

The finance leases arranged by the Company do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2011 no expense was incurred in connection with contingent rent.

#### b) Operating leases

As lessee, the Company makes operating lease payments basically for the use of buildings and structures relating to the Central Services offices in Madrid and Barcelona, and for the leases of premises and industrial buildings used by the Company as offices, warehouses, changing rooms and garages in the course of its activities.

The amount relating to the aforementioned leases in 2011 totalled EUR 32,200 thousand (31 December 2010: EUR 31,891 thousand).

Also worthy of note among the lease agreements due to the sum involved is the lease agreement entered into between Fomento de Construcciones y Contratas, S.A. and the new owners of the buildings housing the FCC Group's Central Services offices, located at Federico Salmón 13, in Madrid and at Balmes 36, in Barcelona. On 29 December 2011, Fedemés, S.A., a wholly-owned investee of the Company and owner of the aforementioned buildings, sold them. On that same date, the new owners and Fomento de Construcciones y Contratas, S.A. entered into two lease agreements on the two buildings for a non-cancellable minimum term of 30 years, extendable at the Company's discretion by two five-year periods, with an initial combined annual rent of EUR 5,040 thousand, adjustable each year based on the CPI. The new owners, in turn, granted a purchase option to the Company, which can be exercised only at the end of the lease term at the higher of fair value and the CPI-adjusted selling price.

At 2011 year-end there were non-cancellable future committed payments in relation to the above items amounting to EUR 239,391 thousand (2010: EUR 81,367 thousand). The detail, by maturity, of the non-cancellable future minimum payments at 31 December 2011 and 2010 is as follows:

|                                   | 2011           | 2010          |
|-----------------------------------|----------------|---------------|
| <b>Within one year</b>            | <b>24,591</b>  | <b>18,383</b> |
| <b>Between one and five years</b> | <b>75,557</b>  | <b>42,286</b> |
| <b>After five years</b>           | <b>139,243</b> | <b>20,698</b> |
|                                   | <b>239,391</b> | <b>81,367</b> |

## FINANCIAL STATEMENTS

## ▶ 9. NON-CURRENT AND CURRENT FINANCIAL ASSETS

## a) Non-current financial assets

The detail of "Non-Current Financial Assets" at the end of 2011 and 2010 is as follows:

|   | Equity instruments | Loans to third parties | Derivatives | Other financial assets | Total  |
|---|--------------------|------------------------|-------------|------------------------|--------|
| <b>2011</b>                                 |                    |                        |             |                        |        |
| Loans and receivables                       | —                  | 37,806                 | —           | 35,518                 | 73,324 |
| Available-for-sale financial assets         | 9,344              | —                      | —           | —                      | 9,344  |
| Held-for-trading financial assets (Note 12) | —                  | —                      | 12,222      | —                      | 12,222 |
| Hedging derivatives (Note 12)               | —                  | —                      | 3,475       | —                      | 3,475  |
|   | 9,344              | 37,806                 | 15,697      | 35,518                 | 98,365 |
| <b>2010</b>                                 |                    |                        |             |                        |        |
| Loans and receivables                       | —                  | 27,609                 | —           | 24,111                 | 51,720 |
| Available-for-sale financial assets         | 9,268              | —                      | —           | —                      | 9,268  |
| Held-for-trading financial assets (Note 12) | —                  | —                      | 11,105      | —                      | 11,105 |
| Hedging derivatives (Note 12)               | —                  | —                      | 3,919       | —                      | 3,919  |
|   | 9,268              | 27,609                 | 15,024      | 24,111                 | 76,012 |

The detail, by maturity, of the loans and receivables is as follows:

|                              | 2013         | 2014         | 2015         | 2016         | 2017 and subsequent years | Total         |
|------------------------------|--------------|--------------|--------------|--------------|---------------------------|---------------|
| <b>Loans and receivables</b> | <b>8,115</b> | <b>3,523</b> | <b>3,608</b> | <b>3,665</b> | <b>54,413</b>             | <b>73,324</b> |

## Loans and receivables

The amounts granted to public entities for the performance of building work and installations in the water network, mainly in joint ventures, are recognised as loans and receivables. These loans earn interest at market rates. Loans and receivables also include long-term deposits and the deposits and guarantees required legally or contractually in the course of the Company's activities, as well as the loans granted to Xfera Móviles, S.A. described in the following section.

## Available-for-sale financial assets

The detail at 31 December 2011 and 2010 is as follows:

|                              | Effective percentage of ownership | Fair value   |
|------------------------------|-----------------------------------|--------------|
| <b>2011</b>                  |                                   |              |
| Shopnet Brokers, S.A.        | 14.88%                            | —            |
| Vertederos de Residuos, S.A. | 16.03%                            | 9,076        |
| Xfera Móviles, S.A.          | 3.44%                             | —            |
| Other                        |                                   | 268          |
|                              |                                   | <b>9,344</b> |
| <b>2010</b>                  |                                   |              |
| Shopnet Brokers, S.A.        | 14.88 %                           | —            |
| Vertederos de Residuos, S.A. | 16.03 %                           | 8,998        |
| Xfera Móviles, S.A.          | 3.44 %                            | —            |
| Other                        |                                   | 270          |
|                              |                                   | <b>9,268</b> |

At 31 December 2011, the Company had granted loans to Xfera Móviles, S.A. totalling EUR 24,115 thousand (31 December 2010: the same amount) for which a provision of EUR 3,685 thousand had been recognised (31 December 2010: EUR 22,085 thousand). The EUR 18,400 thousand reversal of this provision in 2011 is included under "Impairment and Gains or Losses on Disposals of Financial Instruments" in the income statement. In addition, at 31 December 2011, the Company had provided guarantees amounting to EUR 13,286 thousand for Xfera Móviles, S.A. (31 December 2010: EUR 3,995 thousand).

## FINANCIAL STATEMENTS

### b) Current financial assets

The detail of "Current Financial Assets" at the end of 2011 and 2010 is as follows:

|   | Loans to companies | Derivatives | Other financial assets | Total         |
|---|--------------------|-------------|------------------------|---------------|
| <b>2011</b>                                 |                    |             |                        |               |
| Held-to-maturity investments                | —                  | —           | 62                     | 62            |
| Loans and receivables                       | 18,887             | —           | 6,426                  | 25,313        |
| Held-for-trading financial assets (Note 12) | —                  | 888         | —                      | 888           |
|   | <b>18,887</b>      | <b>888</b>  | <b>6,488</b>           | <b>26,263</b> |
| <b>2010</b>                                 |                    |             |                        |               |
| Held-to-maturity investments                | —                  | —           | 2,887                  | 2,887         |
| Loans and receivables                       | 6,622              | —           | 2,509                  | 9,131         |
|   | <b>6,622</b>       | <b>—</b>    | <b>5,396</b>           | <b>12,018</b> |

In 2011 the Company did not recognise any impairment losses on either its non-current or current financial assets.

### ▶ 10. INVESTMENTS IN AND PAYABLES TO GROUP COMPANIES AND ASSOCIATES

#### a) Non-current investments in Group companies and associates

At 31 December 2011 and 2010, the detail of "Non-Current Investments in Group Companies and Associates" is as follows:

|                                       | Cost             | Accumulated impairment losses | Total            |
|---------------------------------------|------------------|-------------------------------|------------------|
| <b>2011</b>                           |                  |                               |                  |
| Equity instruments of Group companies | 1,634,920        | (3,492)                       | 1,631,428        |
| Equity instruments of associates      | 736,064          | (75,584)                      | 660,480          |
| Loans to Group companies              | 1,907,486        | —                             | 1,907,486        |
| Loans to associates                   | 5,720            | —                             | 5,720            |
| Derivatives                           | 2,376            | —                             | 2,376            |
|                                       | <b>4,286,566</b> | <b>(79,076)</b>               | <b>4,207,490</b> |
| <b>2010</b>                           |                  |                               |                  |
| Equity instruments of Group companies | 1,590,260        | (2,458)                       | 1,587,802        |
| Equity instruments of associates      | 735,809          | (76,537)                      | 659,272          |
| Loans to Group companies              | 1,878,135        | —                             | 1,878,135        |
| Loans to associates                   | 59,371           | —                             | 59,371           |
|                                       | <b>4,263,575</b> | <b>(78,995)</b>               | <b>4,184,580</b> |

## FINANCIAL STATEMENTS

The changes in the line items in the foregoing table are as follows:

|                                  | Equity<br>of instruments<br>Group companies | Equity<br>instruments<br>of associates | Loans to<br>Group<br>companies | Loans to<br>associates | Derivatives | Net<br>impairment<br>losses | Total            |
|----------------------------------|---|--|--------------------------------|------------------------|-------------|-----------------------------|------------------|
| <b>Balance at 31/12/09</b>       | <b>1,347,826</b>                            | <b>735,809</b>                         | <b>1,293,965</b>               | <b>54,741</b>          | —           | <b>(90,219)</b>             | <b>3,342,122</b> |
| Additions or charge for the year | 250,000                                     | —                                      | 40,925                         | 5,465                  | —           | (1,064)                     | 295,326          |
| Disposals or reversals           | (7,566)                                     | —                                      | —                              | (440)                  | —           | 12,288                      | 4,282            |
| Transfers                        | —   | —                                      | 543,245                        | (395)                  | —           | —                           | 542,850          |
| <b>Balance at 31/12/10</b>       | <b>1,590,260</b>                            | <b>735,809</b>                         | <b>1,878,135</b>               | <b>59,371</b>          | —           | <b>(78,995)</b>             | <b>4,184,580</b> |
| Additions or charge for the year | 44,700                                      | 255                                    | 29,361                         | 48                     | 2,376       | (2,281)                     | 74,459           |
| Disposals or reversals           | (40)  | —                                      | (3)                            | (799)                  | —           | 2,200                       | 1,358            |
| Transfers                        | —   | —                                      | (7)                            | (52,900)               | —           | —                           | (52,907)         |
| Balance at 31/12/11              | 1,634,920                                   | 736,064                                | 1,907,486                      | 5,720                  | 2,376       | (79,076)                    | 4,207,490        |

### Equity instruments of Group companies

The most significant changes in the foregoing table are as follows:

- ▶ Of particular note in 2011 was the investment in the form of a direct contribution to reserves, in accordance with Austrian legislation, of EUR 22,000 thousand at Alpine Bau GmbH and of EUR 10,500 thousand at Alpine Holding GmbH, companies controlled through the 100% interest in FCC Construcción, S.A. Also in 2011, as a result of the reorganisation of the Energy business area in the FCC Group, the Parent, Fomento de Construcciones y Contratas, S.A., paid out EUR 5,506 thousand in relation to the capital transactions of the investees FCC Energía, S.A., Saisei Renovables, S.L. and FCC Power Generation, S.L. The latter two companies were incorporated at the end of the year. The Company also paid off in full the amount outstanding on the wholly owned investee, Ecoparque Mancomunidad del Este, S.A., totalling EUR 4,201 thousand and also paid off in part the amount outstanding on the investee Valoración y Tratamiento de Residuos Urbanos, S.A. in which the Company holds an 80% interest, totalling EUR 1,500 thousand.
- ▶ In 2010, the subsidiary FCC Construcción, S.A., wholly owned by Fomento de Construcciones y Contratas, S.A., increased capital by EUR 50,000 thousand with a share premium of EUR 200,000 thousand. The increase was subscribed in full by the Company for an amount of EUR 250,000 thousand. Also of note in 2010 was the liquidation of Giza Environmental Services S.A.E., in which

Fomento de Construcciones y Contratas, S.A. held a 70% interest. The Company derecognised this interest and the short-term loan granted in prior years (see Note 10-b), giving rise to a loss of EUR 7,114 thousand which was recognised under "Gains or Losses on Disposals and Other" in the accompanying income statement.

The detail, by company, of the investments in Group companies and associates is presented in Appendixes I and III, respectively, indicating for each company in which a direct ownership interest is held the company name, registered office, line of business, the percentage of capital held directly or indirectly, the amount of equity (capital, reserves and other), profit or loss, dividends received, whether or not it is listed and the carrying amount of the ownership interest.

In relation to the interest held by the Company in Cementos Portland Valderrivas, S. A. (see Appendix I), the latter is in the process of refinancing its main loans due to the failure to comply with certain ratios. The refinancing process is expected to be completed successfully in the first half of 2012. In this regard, the Cementos

## FINANCIAL STATEMENTS

Portland Valderrivas Group is preparing a business plan for the 2012-2016 period, which will be submitted to the creditor banks, in order to bring debt servicing in line with the funds that that Group is expected to generate.

### Long-term loans to Group companies

The most significant amounts are as follows:

|   | 2011      | 2010      |
|---|-----------|-----------|
| Azincourt Investment, S.L. Unipersonal  | 1,100,728 | 1,100,728 |
| FCC Construcción, S.A.                  | 400,000   | 400,000   |
| Aqualia Gestión Integral del Agua, S.A. | 149,250   | 149,250   |
| FCC Versia, S.A.                        | 140,000   | 140,000   |
| WRG PFI Holdings Limited                | 40,370    | 30,007    |
| Dédalo Patrimonial, S.L. Unipersonal    | 30,916    | 23,949    |
| Enviropower Investments, Ltd.           | 19,819    | 19,231    |
| ASA Abfall Services AG                  | 14,000    | 14,000    |
| Other                                   | 12,403    | 970       |
|   | 1,907,486 | 1,878,135 |

In the foregoing table the following is noteworthy:

- ▶ The participating loan of EUR 1,100,728 thousand granted to Azincourt Investment, S.L. Unipersonal, wholly owned by Fomento de Construcciones y Contratas, S.A., which holds the portfolio representing 100% of the Waste Recycling Group acquired in 2006. This loan is repayable in a single payment in December 2013, like the bank loan with which it is associated (see Note 16). The loan earns fixed interest at 2.95% on a portion thereof and floating interest on another portion based on certain performance indicators of the borrower. At year-end interest of EUR 34,309 thousand had been earned on the participating loan (31 December 2010: EUR 32,931 thousand), which was recognised under "Finance Income from Marketable Securities and Other Financial Instruments of Group Companies and Associates" in the accompanying income statement.

- ▶ The long-term loan of EUR 400,000 thousand to the subsidiary FCC Construcción, S.A. It is repayable in a single repayment on 30 June 2013. The interest rate is 90-day Euribor plus a spread of 4%. The loan earned interest of EUR 15,644 thousand in 2011.
- ▶ The participating loan of EUR 149,250 thousand granted on 1 May 2010 to the subsidiary Aqualia Gestión Integral del Agua, S.A. It matures on 31 May 2013 and is automatically renewable for successive one-year periods. The interest is calculated on the basis of various accounting indicators of the borrower. The participating loan accrued interest of EUR 5,428 thousand in 2011.
- ▶ The long-term loan of EUR 140,000 thousand granted on 9 February 2007 to the investee FCC Versia, S.A., which initially matured in two years, automatically extendable by successive two-year periods. The interest rate is established on the basis of the average 3-month Euribor of the month prior to the month on which it is to be reviewed, plus a spread of 0.75%. At 2011 year-end this loan had earned interest of EUR 2,901 thousand (31 December 2010: EUR 2,094 thousand).

The other loans relate to amounts granted to Group companies that mature in more than one year and earn interest at market rates.

### Long-term loans to associates

In 2011, EUR 52,531 thousand of the participating loan granted to Realía Business, S.A. in 2009 was reclassified from non-current to current. This loans earned interest of EUR 2,397 thousand in 2011 (31 December 2010: EUR 2,317 thousand).

## FINANCIAL STATEMENTS

### b) Current investments in Group companies and associates

“Current Investments in Group Companies and Associates” includes basically the loans and other non-trade credit facilities granted to Group companies and associates, among other things, to cater for certain specific cash situations and other short-term investments. These investments are measured at the lower of cost and market, plus the related interest at market rates.

The most significant amounts are as follows:

|   | 2011      | 2010      |
|---|-----------|-----------|
| FCC Construcción, S.A.                    | 526,924   | 422,406   |
| Saisei Renovables, S.L./FCC Energía, S.A. | 366,746   | 350,071   |
| Azincourt Investment, S.L. Unipersonal    | 246,714   | 166,641   |
| Aqualia Gestión Integral del Agua, S.A.   | 118,918   | 125,683   |
| Realía Business, S.A.                     | 54,475    | —         |
| Dédalo Patrimonial, S.L. Unipersonal      | 21,657    | —         |
| Enviropower Investments Ltd.              | 12,457    | —         |
| FCC Medio Ambiente, S.A.                  | 11,095    | 22,738    |
| Fedemes, S.L.                             | 7,372     | —         |
| Corporación Financiera Hispánica, S.A.    | 2,217     | 15,000    |
| Asesoría Financiera y de Gestión, S.A.    | 1,958     | 8,768     |
| FCC Versia, S.A.                          | 1,445     | 16,753    |
| Other                                     | 27,693    | 40,002    |
|   | 1,399,671 | 1,168,062 |

These loans mature annually and earn interest at market rates.

### c) Current payables to Group companies and associates

The most noteworthy balances of “Current Payables to Group Companies and Associates”, which includes the loans received by the Company bearing interest at market rates and trade accounts payable to these companies, recognised under liabilities in the accompanying balance sheet, are as follows:

|   | 2011    | 2010    |
|---|---------|---------|
| Corporación Financiera Hispánica, S.A.  | 196,515 | 194,238 |
| FCC Versia, S.A.                        | 170,044 | 108,564 |
| Fedemes, S.L.                           | 69,219  | 3,396   |
| Asesoría Financiera y de Gestión, S.A.  | 58,776  | 64,828  |
| FCC Finance, B.V.                       | 55,618  | 55,291  |
| FCC Medio Ambiente, S.A.                | 32,109  | 24      |
| Alpine Bau GmbH                         | 22,000  | —       |
| Azincourt Investment, S.L. Unipersonal  | 17,845  | 18,155  |
| Proactiva Medio Ambiente, S.A.          | 17,395  | 17,271  |
| Ecoparque Mancomunidad del Este, S.A.   | 17,060  | 11,504  |
| FCC Construcción, S.A.                  | 16,746  | 2,150   |
| Aqualia Gestión Integral del Agua, S.A. | 14,523  | 979     |
| Alpine Holding GmbH                     | 10,500  | —       |
| Aqualia Infraestructuras, S.A.          | 10,445  | —       |
| Remainder                               | 39,735  | 21,957  |
|   | 748,530 | 498,357 |

## FINANCIAL STATEMENTS

### ▶ 11. TRADE RECEIVABLES FOR SALES AND SERVICES

"Trade Receivables for Sales and Services" in the accompanying balance sheet includes the present value of the Company's sales and services.

|  | 2011      | 2010     |
|--|-----------|----------|
| Production billed not yet collected      | 570,576   | 557,479  |
| Unbilled production                      | 126,913   | 94,810   |
| Trade receivables for sales and services | 697,489   | 652,289  |
| Customer advances                        | (108,625) | (59,875) |
| Total trade receivables, net             | 588,864   | 592,414  |

The foregoing total is the net balance of trade receivables after deducting the balance of "Customer Advances" on the liability side of the accompanying balance sheet which, as required by accounting regulations, includes the collected and uncollected pre-billings for various items and the advances received (normally in cash).

"Production Billed Not Yet Collected" reflects the amount of the billings issued to customers for services provided pending collection at the balance sheet date.

"Unbilled Production" reflects the difference between the production recognised by the Company on each contract and the amount of the billings issued to the customers. The balance of this account relates basically to the price revisions under the various contracts which, although as yet unapproved, the Company considers will be duly billed since there are no doubts as to their being accepted.

The Company transfers title to trade receivables to banks without recourse against Fomento de Construcciones y Contratas, S.A. in the event of non-payment. The amount deducted from the trade receivables balance at year-end in this connection amounted to EUR 452,263 thousand (31 December 2010: EUR 300,492 thousand).

Of the net balance of trade receivables, EUR 124,907 thousand (31 December 2010: EUR 114,102 thousand) relate to balances from contracts performed through joint ventures.

### ▶ 12. DERIVATIVE FINANCIAL INSTRUMENTS

The assets and liabilities relating to derivatives included in the accompanying balance sheet and the impact thereof on equity and the income statement are as follows:

|                     | Fair value      |                       | Impact on equity | Impact on the income statement |
|---------------------|-----------------|-----------------------|------------------|--------------------------------|
|                     | Assets (Note 9) | Liabilities (Note 16) |                  |                                |
| <b>2011</b>         |                 |                       |                  |                                |
| Hedging derivatives | 3,475           | 59,981                | (44,080)         | —                              |
| Other derivatives   | 15,486          | 46,053                | —                | 16,973                         |
|                     | <b>18,961</b>   | <b>106,034</b>        | <b>(44,080)</b>  | <b>16,973</b>                  |
| <b>2010</b>         |                 |                       |                  |                                |
| Hedging derivatives | 3,919           | 42,894                | (33,004)         | —                              |
| Other derivatives   | 11,105          | 56,399                | —                | (30,500)                       |
|                     | <b>15,024</b>   | <b>99,293</b>         | <b>(33,004)</b>  | <b>(30,500)</b>                |

#### Hedging derivatives

Following is a detail of the hedging derivatives arranged by the Company for 2011 and 2010, all of which are cash flow hedges, subdivided according to the hedged transaction, and including the type of derivative, the amounts arranged or notional amounts, the expiry date, the fair value at year-end and the impact on equity net of the tax effect:

## FINANCIAL STATEMENTS

| 2011                                       |                             |                 |            |              |               |                  |
|--|-----------------------------|-----------------|------------|--------------|---------------|------------------|
| Hedged transaction                         | Type of derivative          | Amount arranged | Expiry     | Fair value   |               | Impact on equity |
|  |                             |                 |            | Assets       | Liabilities   |                  |
| Syndicated loan<br>(Note 16-b)             | IRS                         | 149,086         | 30/12/2013 | —            | 8,454         | (5,917)          |
|  | IRS                         | 11,693          | 30/12/2013 | —            | 608           | (426)            |
|  | IRS                         | 97,928          | 30/12/2013 | —            | 5,408         | (3,786)          |
|  | IRS                         | 129,113         | 30/12/2013 | —            | 9,248         | (6,473)          |
|  | IRS                         | 83,313          | 30/12/2013 | —            | 4,577         | (3,204)          |
|  | BASIS SWAP                  | 200,000         | 30/06/2012 | —            | 994           | (696)            |
|  | BASIS SWAP                  | 50,000          | 30/06/2012 | —            | 239           | (167)            |
|  | BASIS SWAP                  | 92,020          | 30/06/2012 | —            | 454           | (318)            |
|  |                             |                 |            | —            | <b>29,982</b> | <b>(20,987)</b>  |
| Syndicated credit<br>(Note 16-b)           | IRS                         | 1,225,000       | 08/05/2014 | —            | 28,541        | (19,978)         |
|  | IRS                         | 24,733          | 10/10/2013 | 57           | —             | 40               |
|  |                             |                 |            | <b>57</b>    | <b>28,541</b> | <b>(19,938)</b>  |
| Limited recourse borrowings<br>(Note 16-b) | IRS                         | 6,037           | 02/04/2024 | —            | 694           | (486)            |
|  | IRS                         | 3,019           | 02/04/2024 | —            | 347           | (243)            |
|  | IRS                         | 1,934           | 02/04/2024 | —            | 222           | (155)            |
|  | IRS                         | 1,704           | 02/04/2024 | —            | 195           | (137)            |
|  |                             |                 |            |              | —             | <b>1,458</b>     |
| Share option plan<br>(Note 14)             | CALL (1 <sup>st</sup> plan) | 61,596          | 30/09/2013 | 904          | —             | (1,350)          |
|  | CALL (2 <sup>nd</sup> plan) | 37,065          | 10/02/2014 | 2,514        | —             | (784)            |
|  |                             |                 |            | <b>3,418</b> | —             | <b>(2,134)</b>   |
| <b>Total</b>                               |                             |                 |            | <b>3,475</b> | <b>59,981</b> | <b>(44,080)</b>  |

| 2010                                       |                             |                 |            |              |               |                  |
|--|-----------------------------|-----------------|------------|--------------|---------------|------------------|
| Hedged transaction                         | Type of derivative          | Amount arranged | Expiry     | Fair value   |               | Impact on equity |
|  |                             |                 |            | Assets       | Liabilities   |                  |
| Syndicated loan<br>(Note 16-b)             | IRS                         | 148,023         | 30/12/2013 | —            | 12,709        | (8,897)          |
|  | IRS                         | 13,539          | 30/12/2013 | —            | 786           | (550)            |
|  | IRS                         | 113,389         | 30/12/2013 | —            | 7,093         | (4,965)          |
|  | IRS                         | 172,622         | 30/12/2013 | —            | 11,155        | (7,809)          |
|  | IRS                         | 96,465          | 30/12/2013 | —            | 5,996         | (4,197)          |
|  | BASIS SWAP                  | 105,000         | 30/06/2011 | —            | (11)          | 8                |
|  | BASIS SWAP                  | 245,000         | 30/06/2011 | —            | (43)          | 30               |
|  | BASIS SWAP                  | 26,998          | 30/06/2011 | —            | (1)           | 1                |
|  |                             |                 |            | —            | <b>37,676</b> | <b>(26,373)</b>  |
| Limited recourse borrowings<br>(Note 16-b) | IRS                         | 200,000         | 18/12/2024 | —            | 5,218         | (3,653)          |
|  | IRS                         | 9,918           | 02/04/2024 | 166          | —             | 117              |
|  | IRS                         | 4,959           | 02/04/2024 | 53           | —             | 37               |
|  | IRS                         | 3,178           | 02/04/2024 | 83           | —             | 58               |
|  | IRS                         | 2,799           | 02/04/2024 | 47           | —             | 33               |
|  |                             |                 |            | <b>349</b>   | <b>5,218</b>  | <b>(3,408)</b>   |
| Share option plan<br>(Note 14)             | CALL (1 <sup>st</sup> plan) | 61,596          | 30/09/2013 | 1,065        | —             | (2,059)          |
|  | CALL (2 <sup>nd</sup> plan) | 37,065          | 10/02/2014 | 2,505        | —             | (1,164)          |
|  |                             |                 |            | <b>3,570</b> | —             | <b>(3,223)</b>   |
| <b>Total</b>                               |                             |                 |            | <b>3,919</b> | <b>42,894</b> | <b>(33,004)</b>  |

The detail, by maturity, of the notional amount of the hedging transactions arranged at 31 December 2011 is as follows:

|                                   | Notional maturity |         |         |       |                     |
|-----------------------------------|-------------------|---------|---------|-------|---------------------|
|                                   | 2012              | 2013    | 2014    | 2015  | 2016 and subsequent |
| IRS (syndicated loan)             | 76,097            | 395,036 | —       | —     | —                   |
| BASIS SWAP                        | 342,020           | —       | —       | —     | —                   |
| IRS (syndicated credit)           | 9,275             | 627,958 | 612,500 | —     | —                   |
| IRS (limited recourse borrowings) | 331               | 834     | 1,016   | 1,061 | 9,452               |
| CALL                              | —                 | 61,596  | 37,065  | —     | —                   |

## FINANCIAL STATEMENTS

### Other derivatives

Following is the detail for 2011 and 2010 of the derivative financial instruments that do not qualify for hedge accounting, subdivided according to the hedged transaction, and including a detail of the type of derivative, the amounts arranged or the notional amount, the expiry date, the fair value at year-end and the impact on the income statement under "Changes in Fair Value of Financial Instruments":

| 2011                          |                            |                 |            |               |               |                                |
|-------------------------------|----------------------------|-----------------|------------|---------------|---------------|--------------------------------|
|                               | Type of derivative         | Amount arranged | Expiry     | Fair value    |               | Impact on the income statement |
|                               |                            |                 |            | Assets        | Liabilities   |                                |
| Share option plan (Note 14)   | PUT (1 <sup>st</sup> plan) | 61,596          | 30/09/2013 | —             | 29,560        | 8,351                          |
|                               | PUT (2 <sup>nd</sup> plan) | 37,065          | 12/02/2014 | —             | 13,229        | 5,260                          |
|                               | CFE (1 <sup>st</sup> plan) | 61,596          | 30/09/2013 | 3,747         | —             | 711                            |
|                               | CFE (2 <sup>nd</sup> plan) | 37,065          | 12/02/2014 | 4,148         | —             | 78                             |
|                               |                            |                 |            | <b>7,895</b>  | <b>42,789</b> | <b>14,400</b>                  |
| Convertible bonds (Note 13-f) | Trigger Call               | 450,000         | 31/01/2014 | 4,327         | —             | 2,573                          |
|                               |                            |                 |            | <b>4,327</b>  | <b>—</b>      | <b>2,573</b>                   |
| Exchange rate hedge (WRG)     | IRS                        | 73,201          | 21/03/2014 | 2,376         | —             | 2,376                          |
|                               | IRS                        | 36,600          | 21/03/2014 | —             | 1,188         | (1,188)                        |
|                               | IRS                        | 36,600          | 21/03/2014 | —             | 1,188         | (1,188)                        |
|                               |                            |                 |            | <b>2,376</b>  | <b>2,376</b>  | <b>—</b>                       |
| Equity swap                   | Share Swap                 | 94,990          | 16/01/2012 | 888           | —             | 888                            |
|                               | Share Forward              | 94,990          | 16/01/2012 | —             | 888           | (888)                          |
|                               |                            |                 |            | <b>888</b>    | <b>888</b>    | <b>—</b>                       |
|                               |                            |                 |            | <b>15,486</b> | <b>46,053</b> | <b>16,973</b>                  |

| 2010                          |                            |                 |            |               |               |                                |
|-------------------------------|----------------------------|-----------------|------------|---------------|---------------|--------------------------------|
|                               | Type of derivative         | Amount arranged | Expiry     | Fair value    |               | Impact on the income statement |
|                               |                            |                 |            | Assets        | Liabilities   |                                |
| Share option plan (Note 14)   | PUT (1 <sup>st</sup> plan) | 61,596          | 30/09/2013 | —             | 37,910        | (15,921)                       |
|                               | PUT (2 <sup>nd</sup> plan) | 37,065          | 10/02/2014 | —             | 18,489        | (8,471)                        |
|                               | CFE (1 <sup>st</sup> plan) | 61,596          | 30/09/2013 | 4,336         | —             | 395                            |
|                               | CFE (2 <sup>nd</sup> plan) | 37,065          | 10/02/2014 | 5,014         | —             | (289)                          |
|                               |                            |                 |            | <b>9,350</b>  | <b>56,399</b> | <b>(24,286)</b>                |
| Convertible bonds (Note 13-f) | Trigger Call               | 450,000         | 31/01/2014 | 1,755         | —             | (6,214)                        |
|                               |                            |                 |            | <b>1,755</b>  | <b>—</b>      | <b>(6,214)</b>                 |
|                               |                            |                 |            | <b>11,105</b> | <b>56,399</b> | <b>(30,500)</b>                |

### ► 13. EQUITY

#### a) Share capital

The share capital of Fomento de Construcciones y Contratas, S.A. consists of 127,303,296 ordinary bearer shares of EUR 1 par value each.

All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are included in the selective Ibex 35 index, are publicly listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are traded through the Spanish stock market interconnection system.

The only investment of 10% or more owned directly or indirectly (through subsidiaries) by other companies, according to the information provided pursuant to current legislation, is that held by B-1998, S.L., which has a direct and indirect ownership interest of 53,829% in the share capital.

## FINANCIAL STATEMENTS

The aforementioned company, B-1998, S.L., in which Esther Koplowitz Romero de Juseu, Larranza XXI, S.L. and Eurocis, S.A. have direct or indirect ownership interests of 89,653%, 5,339% and 5,008%, respectively, has certain commitments to its shareholders which are recorded and published by the Spanish National Securities Market Commission (CNMV) and in the FCC Group's Corporate Governance Report.

Esther Koplowitz Romero de Juseu also directly owns 123,313 FCC shares and indirectly holds 39,172 FCC shares through Dominum Desga, S.L. (4,132 shares) and Ejecución y Organización de Recursos, S.L. (35,040 shares), companies wholly owned by Esther Koplowitz Romero de Juseu.

### b) Share premium

The Consolidated Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

### c) Legal reserve

Under the Consolidated Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2011, the legal reserve had reached the stipulated level.

### d) Restricted reserves

"Other Reserves" in the accompanying balance sheet notably includes EUR 6,034 thousand of restricted reserves, equal to the par value of the treasury stock retired in 2002 and 2008 which, in accordance with Article 335.c of the Spanish Limited Liability Companies Law, are restricted, unless the same requirements as those stipulated for capital reductions are met.

### e) Treasury shares

At 31 December 2011, the Company held 3,278,047 treasury shares (31 December 2010: 3,182,582 treasury shares), accounting for 2.57% of the share capital and amounting to EUR 90,975 thousand (31 December 2010: EUR 89,130 thousand).

In addition, at 31 December 2011, through Asesoría Financiera y de Gestión, S.A., (wholly owned by Fomento de Construcciones y Contratas, S.A.), the Company held 9,418,830 treasury shares (31 December 2010: 9,432,369), accounting for 7.40% of the share capital and with a carrying amount at that company of EUR 255,408 thousand (31 December 2010: EUR 194,766 thousand).

### f) Other equity instruments

In accordance with recognition and measurement standard 9 of the Spanish National Chart of Accounts, "Other Equity Instruments" includes the measurement of the equity component resulting from accounting for the issue of convertible bonds into shares of the Company, which when added to the amount expressed under "Debt Instruments and Other Marketable Securities" in the accompanying balance sheet, makes up the total amount of the issue of such bonds.

In October 2009 Fomento de Construcciones y Contratas, S.A. launched an issue of bonds exchangeable for shares of the Company, the main characteristics of which were as follows:

- ▶ The amount of the issue is EUR 450,000,000 with a maturity date of 30 October 2014.
- ▶ The bonds were issued at par and with a face value of EUR 50,000.
- ▶ The bonds accrue interest at a fixed annual rate of 6.5% payable every six months.
- ▶ The exchange price of the bonds for shares of the Company is EUR 39,287 per share, which means that each bond will be convertible into 1,272.68 ordinary shares.

## FINANCIAL STATEMENTS

- ▶ The bonds are convertible or redeemable at the option of the holder or at the option of Fomento de Construcciones y Contratas, S.A., and the terms and conditions for the exercise of the option are included in the "Issue Agreement". Both newly issued shares and old shares held by the Company may be delivered.
- ▶ This issue is backed by the Company's equity and there are no other special third-party guarantees.
- ▶ The issue is underwritten by financial institutions and is intended for qualified international investors.

The shareholders at the Extraordinary General Meeting of Fomento de Construcciones y Contratas, S.A. held on 30 November 2009 to approve the convertibility of the bonds into shares of the Company passed the following resolutions:

- I) Pursuant to Article 414 of the Consolidated Spanish Limited Liability Companies Law, to increase share capital by the amount required to attend to requests by the holders of the bonds to convert them, up to an initially envisaged maximum of EUR 12 million, but subject to possible amendments in accordance with the provisions of the "Issue Agreement".
- II) To approve a buyback programme of the Company's treasury shares for the sole purpose of meeting the obligations to deliver treasury shares resulting from the bond issue and capital reduction of the Company mentioned in the following paragraph.
- III) To reduce the share capital by means of the retirement of the shares purchased under the buyback programme mentioned above or of the treasury shares already held, including for such purposes the treasury shares made available through a loan to the underwriters of the transaction. This capital reduction may be for a maximum nominal amount equivalent to the number of new shares issued by the Company to meet the requests to exchange the bonds.

In relation to the Company's treasury share buyback programme, it should be noted that, due to the existing treasury share position and the number of shares required to cover the possible conversion or exchange of the bonds, equivalent to 9.11% of the share capital, there is no dilution risk for the current shareholders arising from the bond issue.

At 31 December 2011 the number of loaned securities was 1,144,605 (31 December 2010: 1,313,322 shares).

It should also be noted in relation to this transaction that the Company has a trigger call option that allows it to call the bonds under certain circumstances (see Note 12).

### g) Valuation adjustments

The valuation adjustments relating to hedges are disclosed in Note 12, "Derivative financial instruments", and those relating to available-for-sale financial assets are disclosed in Note 9, "Non-current and current financial assets".

### h) Grants

The accompanying balance sheet includes grants received amounting to EUR 6,627 thousand (31 December 2010: EUR 6,594 thousand), net of the tax effect, with EUR 4,729 thousand having been taken to income (31 December 2010: EUR 4,335 thousand), of which EUR 549 thousand related to 2011 (31 December 2010: EUR 512 thousand). The above amount relates mainly to grants received by the joint ventures through which the Company jointly performs contracts.

## ▶ 14. SHARE-BASED PAYMENT TRANSACTIONS

In accordance with a decision by the Board of Directors of 29 July 2008, Fomento de Construcciones y Contratas, S.A. has a remuneration plan in force for the executive directors and executives which is linked to the value of the Company's shares. The participants in the plan receive a cash amount equivalent to the difference between the value of the shares at the date of exercise and at the reference date set in the plan.

The main features of the plan, which is divided into two tranches, are as follows:

## FINANCIAL STATEMENTS

### First tranche

- ▶ Commencement date: 1 October 2008.
- ▶ Exercise period: from 1 October 2011 to 1 October 2013.
- ▶ Number of shares: 1,800,000 shares, of which 700,000 correspond to executive directors and senior executives (12 persons) and the remaining 1,100,000 to other executives (43 persons).
- ▶ The option exercise price is EUR 34.22 per share.

### Second tranche

- ▶ Commencement date: 6 February 2009.
- ▶ Exercise period: from 6 February 2012 to 5 February 2014.
- ▶ Number of shares: 1,500,000 shares, of which 147,500 correspond to executive directors and senior executives (12 persons) and the remaining 1,352,500 to other executives (225 persons).
- ▶ The option exercise price is EUR 24.71 per share.

In accordance with applicable regulations, the Company calculates the present value of the amount to be settled at the end of the plan, and recognises the corresponding provision on a systematic basis with a charge to "Staff Costs" throughout the term of the plan. At each reporting date, the present value of the obligation is re-estimated and any difference with respect to the carrying amount recognised previously is taken to the income statement for the year.

At 31 December 2011, EUR 2,323 thousand in staff costs (the same amount as in 2010), net of the hedges indicated in the following paragraph, had accrued in relation to the obligations to employees, while the provision recognised in the accompanying financial statements amounted to EUR 2,054 thousand (2010: EUR 1,439 thousand).

In order to hedge the risk of a rise in the share price, the Company has arranged with financial institutions a call option and a put option for each of the tranches described above, together with an interest rate/dividend swap with the same exercise price, nominal amount and maturity as the plan. The treasury shares linked to this hedge were delivered to the aforementioned financial institutions. These treasury shares were delivered by Asesoría Financiera y de Gestión, S.A., which is wholly owned by Fomento de Construcciones y Contratas, S.A.

With respect to the hedge, only the call option qualifies as a cash-flow hedge and, accordingly, the changes in the fair value thereof are recognised in equity under "Valuation Adjustments" in the accompanying balance sheet, while the put option and the interest rate/dividend swap do not qualify for hedge accounting and, therefore, the changes in their fair value are taken to the income statement.

The impact on equity and on the income statement of the aforementioned derivative financial instruments at 31 December 2011 and 2010 is disclosed in Note 12 to these financial statements

Lastly, it should be noted in relation to the first tranche that no options were exercised within the exercise period relating to 2011 and, accordingly, no amounts were settled.

## FINANCIAL STATEMENTS

### ▶ 15. NON CURRENT PROVISIONS

The changes in 2011 were as follows:

|                            | Litigation    | Guarantees and obligations | Other provisions | Total          |
|----------------------------|---------------|----------------------------|------------------|----------------|
| <b>Balance at 31/12/09</b> | <b>65,963</b> | <b>44,539</b>              | <b>97,425</b>    | <b>207,927</b> |
| Charge for the year        | 2,226         | 11,400                     | 100,636          | 114,262        |
| Amounts used               | (667)         | (3,178)                    | (2,509)          | (6,354)        |
| Reversals                  | —             | (1,345)                    | (35)             | (1,380)        |
| Transfers                  | —             | 56                         | (56)             | —              |
| <b>Balance at 31/12/10</b> | <b>67,522</b> | <b>51,472</b>              | <b>195,461</b>   | <b>314,455</b> |
| Charge for the year        | 22,194        | 25,166                     | 53,101           | 100,461        |
| Amounts used               | —             | (2,604)                    | (2,006)          | (4,610)        |
| Reversals                  | —             | (14,816)                   | (722)            | (15,538)       |
| Transfers                  | (457)         | —                          | 457              | —              |
| Balance at 31/12/11        | 89,259        | 59,218                     | 246,291          | 394,768        |

#### Provisions for litigation

Provisions for litigation cover the contingencies of the Company acting as defendant in certain proceedings in relation to the liability inherent to the business activities carried on by it.

#### Provisions for guarantees and obligations

Provisions for guarantees and obligations include the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

#### Other provisions

"Other Provisions" include the items not included under the foregoing headings, such as provisions to cover environmental contingencies, risks inherent to the business and international expansion, activities at concessions and the Company's obligations in relation to share-based payment transactions (see Note 14), inter alia.

### 16. NON-CURRENT AND CURRENT PAYABLES

"Non-Current Payables" and "Current Payables" include the following:

|  | Non-current      | Current          |
|--|------------------|------------------|
| <b>2011</b>                                      |                  |                  |
| Debt instruments and other marketable securities | 428,548          | 4,888            |
| Bank borrowings                                  |                  |                  |
| Limited recourse borrowings                      | 9,975            | 226,297          |
| Unlimited recourse borrowings                    | 1,991,695        | 1,925,129        |
| Obligations under finance leases                 | 14,163           | 25,637           |
| Derivatives (Note 12)                            | 105,146          | 888              |
| Other financial liabilities                      | 7,523            | 80,728           |
|  | <b>2,557,050</b> | <b>2,263,567</b> |
| <b>2010</b>                                      |                  |                  |
| Debt instruments and other marketable securities | 422,204          | 4,888            |
| Bank borrowings                                  |                  |                  |
| Limited recourse borrowings                      | 225,543          | 10,271           |
| Unlimited recourse borrowings                    | 3,244,624        | 446,154          |
| Obligations under finance leases                 | 27,936           | 38,697           |
| Derivatives (Note 12)                            | 99,293           | —                |
| Other financial liabilities                      | 7,485            | 110,410          |
|  | <b>4,027,085</b> | <b>610,420</b>   |

The detail, by maturity, of "Non-Current Payables" is as follows:

## FINANCIAL STATEMENTS

|  | 2013             | 2014             | Maturity<br>2015 | 2016         | 2017 and<br>subsequent<br>year |
|--|------------------|------------------|------------------|--------------|--------------------------------|
| Debt instruments and other marketable securities | —                | 428,548          | —                | —            | —                              |
| Limited recourse borrowings                      | 1,100            | 1,100            | 1,100            | —            | 6,675                          |
| Unlimited recourse borrowings                    | 1,217,338        | 762,276          | 5,301            | 6,780        | —                              |
| Obligations under finance leases                 | 4,482            | 5,782            | 2,000            | 1,166        | 733                            |
| Derivatives                                      | 59,541           | 44,146           | —                | —            | 1,459                          |
| Other financial liabilities                      | 74               | 175              | 65               | 98           | 7,111                          |
|  | <b>1,282,535</b> | <b>1,242,027</b> | <b>8,466</b>     | <b>8,044</b> | <b>15,978</b>                  |

### a) Debt instruments and other marketable securities

On 30 October 2009, the Company launched an issue of subordinated convertible bonds amounting to EUR 450,000. This issue was intended for international institutional investors. The purpose of the issue was to strengthen the balance sheet equity structure due to the fact that the bonds are subordinate to the corporate loans arranged by the Company, and to diversify the Company's financing base, by supplementing the bank financing.

In accordance with applicable accounting regulations, in addition to their financial component, the convertible bonds have another component that is recognised in equity as described in Note 13-f to these financial statements. Note 13-f also describes the terms of the convertible bond issue. The balance recognised in this connection at 31 December 2011 under "Debt Instruments and Other Marketable Securities" in the accompanying balance sheet amounts to EUR 433,436 thousand (31 December 2010: EUR 427,092 thousand).

### b) Bank borrowings

The short-term and long-term credit limit granted to the Company by the banks amounts to EUR 4,099,422 thousand (31 December 2010: EUR 4,115,893 thousand), EUR 182,598 thousand of which had been drawn down at 31 December 2011 (31 December 2010: EUR 425,115 thousand).

The main characteristics of the most significant non-current and current bank borrowings arranged by the Company in 2011 are as follows:

- ▶ On 11 August 2011 the Company entered into a syndicated loan to finance part of the 2011 investment plan for EUR 120,000 thousand which matures in three years (11 August 2014). The participating institutions are ICO, BBVA and Santander. The first repayment of 20% falls due in 2013 and the rest upon maturity.
- ▶ To optimise the FCC Group's treasury share position, on 15 April 2011, Fomento de Construcciones y Contratas, S.A. executed a transaction with Société Generale on 6,165,000 treasury shares held by the wholly owned subsidiary, Asesoría Financiera y de Gestión, S.A. without losing control thereof, in order to obtain EUR 127,920 thousand in liquidity. This transaction, with an initial maturity date of 14 October 2011, was renewed and the original terms and conditions were amended. EUR 32,930 thousand of the debt was repaid and at 31 December 2011, the outstanding debt in relation to this transaction amounted to EUR 95,036 thousand. On 16 January 2012 it was renewed once again with a maturity date of 16 April 2012 under the same terms and conditions as those in force at the end of 2011.

The credit facilities and loans arranged by the Company in prior years and maintained in 2011 include notably the following:

- ▶ On 30 July 2010, the Company renewed the syndicated loan for EUR 1,225,000 thousand, which was entered into in 2008 and matured on 8 May 2011, under a forward start arrangement. The loan matures in three years (8 May 2014) with repayment of 50% in 2013. It consists of three tranches: two loans of EUR 735,000 thousand and EUR 62,000 thousand and a credit facility of EUR 490,000 thousand. Therefore, the total amount of the new transaction entered into totals EUR 1,287,000 thousand and at 31 December 2011 it had been drawn down in full.
- ▶ On 23 October 2009 the Company arranged a credit facility of EUR 175,000 thousand with the European Investment Bank (EIB) which

## FINANCIAL STATEMENTS

matures on 6 November 2012 and may be extended to 2015. The stipulated price is 3-month Euribor plus a fixed spread. The loan was granted to finance and develop certain environmental investments.

- ▶ On 29 April 2009, the Company arranged a syndicated loan of EUR 375,000 thousand in which 12 banks participated. On 4 and 27 of May the loan was extended to a total of EUR 451,000 thousand, divided into two tranches. The first, a loan of EUR 225,500 thousand and the second, a credit facility of EUR 225,500 thousand, both repayable in one payment on 28 April 2012, and bearing interest at Euribor plus a spread established on the basis of the FCC Group's debt ratio as per the financial statements for each year. This loan had been drawn down in full at 31 December 2011.
- ▶ On 18 December 2009, the Company arranged long-term limited recourse financing of EUR 247,500 thousand which matures in 2024 and bears interest at Euribor plus a spread stipulated in the agreement. This loan is secured by a mortgage on the Torre Picasso building under the terms and conditions indicated in Note 7 to these financial statements and had been repaid prior to the formal preparation of these financial statements.
- ▶ A long-term syndicated financing facility of EUR 800,000 thousand arranged by the Company on 19 July 2007 and maturing on 19 July 2012, with the possibility of an extension until 2014. The agreement is divided into two tranches: the first is a long-term credit of EUR 280,000 thousand, 50% of which had been repaid at 31 December 2011 and the second is a long-term credit of EUR 520,000 thousand. The established price comprises the reference rate (Euribor) plus a spread based on the variation in the net financial debt/EBITDA ratio of the FCC Group.
- ▶ A syndicated loan entered into by the Company on 25 January 2007. The loan replaced the bridge loan of EUR 1,030,000 thousand arranged in 2006 as part of the recourse financing for the acquisition of the UK Company Waste Recycling Group Ltd and its corporate group. The loan is structured in two tranches: the first for an initial amount of EUR 819,700 thousand and the second for GBP 200,000 thousand. Both tranches mature in December 2013 and are being repaid in half-yearly instalments amounting to 4,615% of the initial loan principal, and the remaining 40,005% is repaid at final maturity. The interest rate on the euro tranche is Euribor plus a spread calculated on the basis of the variation in the net financial debt/EBITDA ratio of the FCC Group. The interest rate applicable to the tranche in sterling is Libor and the spread is the same as that detailed for the tranche in euros. This syndicated loan has associated derivative instruments (see Note 12).

With regard to the Company's financing, it should be noted that certain ratios must be met concerning coverage of borrowing costs and levels of net debt in relation to EBITDA. All the ratios established were being met at year-end.

Senior management of the FCC Group expects to bring the refinancing processes of the financial debt maturing in 2012, which are described in the preceding paragraphs, to a successful conclusion.

### c) Other current financial liabilities

Other current financial liabilities include mainly the interim dividend out of 2011 profit, which amounted to EUR 80,616 thousand (31 December 2010: EUR 88,746 thousand), as indicated in Note 3 to these financial statements.

## ▶ 17. TRADE AND OTHER NON-CURRENT AND CURRENT PAYABLES

### a) Accounts payable to public authorities. Deferred payments

"Trade and Other Non-Current Payables" and "Sundry Accounts Payable" under "Trade and Other Payables" include the deferred payments of certain taxes and social security contributions, authorised by the Large Taxpayers Central Office of the State Tax Agency and the Social Security General Treasury, respectively, due to the delay in collection from public customers. The deferred amounts are payable monthly up to a maximum of four years at an interest rate of 5%.

The detail of the aforementioned deferred payments is as follows:

|                                      | 2011    |
|--------------------------------------|---------|
| Trade and other non-current payables | 67,600  |
| Sundry accounts payable              | 63,406  |
|                                      | 131,006 |

## FINANCIAL STATEMENTS

### b) Deferral of payment to suppliers in commercial transactions

In relation to the resolution issued by the Spanish Accounting and Audit Institute (ICAC) on 29 December 2010 implementing Law 15/2010, of 5 July, on combating late payment in commercial transactions, it should be noted with respect to 2011 that in Spain the Company operates mainly with public customers such as the state, autonomous communities, local corporations and other public bodies which take considerably longer to settle their payment obligations than the periods established in public sector contract legislation and in Law 3/2004, of 29 December, on combating late payment. The resulting effects can be seen under "Changes in Working Capital" in the accompanying statement of cash flows.

Due to this situation, in order to adapt the Company's financial policy to reasonable levels of efficiency, the usual payment periods to the suppliers in the sectors in which the Company operates were maintained throughout 2011, which has offset in part the negative change in working capital mentioned above. In accordance with the resolutions issued by the ICAC and Transitional Provision Two of Law 15/2010, of 5 July, which establishes an applicable schedule of maximum payment periods, at 31 December 2011, it should be noted that the average payment period to suppliers, which is within the maximum period under the law, is 85 days for commercial transactions.

The Company's supplier payment policy described above is also supported by the provisions of Article 9 of Law 3/2004, which does not consider "deferral due to objective reasons" to be abusive (which is the serious delay in payment by the public authorities described above), taking into consideration deferrals arranged by mutual agreement with the suppliers of the usual payment period in the business sectors in which the Company operates. In any case, the Company acknowledges and pays suppliers, always by mutual agreement, the late-payment interest agreed in the agreements and provides those suppliers who request them, negotiable payment methods associated with actions for collection of a bill of exchange, and the discount costs, if any, are borne by the Company. Such agreements are also allowed under Directive 2011/7/EU of the European Parliament and of the Council of 16 February and are expressly provided for in the recent Consolidated Public Sector Contracts Law.

In compliance with the aforementioned ICAC resolution, the following table shows the payments made and the outstanding payments to suppliers.

| PAYMENTS MADE AND OUTSTANDING PAYMENTS AT THE REPORTING DATE |                |            |
|--|----------------|------------|
| 2011   |                |            |
|  | Amount         | %          |
| Within the maximum payment period                            | 169,694        | 57         |
| Other  | 127,181        | 43         |
| <b>Total payments made in the year</b>                       | <b>296,875</b> | <b>100</b> |
| <b>Weighted average period of late payment</b>               | <b>76 days</b> |            |
| Payments at year-end not made in the maximum payment period  | 51,256         |            |

In 2010, in compliance with Transitional Provision Two of the aforementioned resolution, it was disclosed that the balance payable to suppliers at the end of that year totalled EUR 89,571 thousand. It was also indicated that the aforementioned Law 15/2010 entered into force on 5 July 2010 and, accordingly, applied to the agreements signed after that date and because of the period of time that normally elapses between the signing, the delivery of the goods or service and the maximum payment periods valid during the transitional period of application of the Law, there were no balances past due to highlight at the Company that exceeded the maximum limits established in the legislation in force.

## FINANCIAL STATEMENTS

### ▶ 18. INFORMATION ON THE NATURE AND RISKS OF FINANCIAL INSTRUMENTS

The financial risk management of the Group of which Fomento de Construcciones y Contratas is the Parent is centralised in its Financial Department, which has established the mechanisms required to control exposure to interest rate and exchange rate fluctuations and credit and liquidity risk.

The concept of financial risk refers to the changes in the financial instruments arranged by the Company as a result of political, market and other factors and the repercussion thereof on the financial statements.

The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner.

In line with this risk policy, the hedges are arranged to hedge the underlying transaction and not for speculative purposes.

The main financial risks affecting the Company are as follows:

#### Capital risk management

The Company manages its capital to ensure the profitability of its businesses while maximising shareholders' returns.

The cost of capital and the associated risks of each investment project are analysed by the Operational Areas and the Finance Division and are subsequently approved or rejected by the corresponding committee or by the Board of Directors. Other functional areas may also provide reports if so required.

One of the objectives of this investment analysis, in addition to the habitual objectives (profitability, return period, risk assumed, strategic and market valuation), is to monitor very closely the net debt/EBITDA ratio at a reasonable level and within the range negotiated with banks.

Financial management, which is responsible for the management of financial risks, periodically reviews the debt-equity ratio and compliance with the financing covenants and the capital structure of the subsidiaries.

#### Interest rate risk

In order to ensure a position that is in the Company's best interest, an interest rate risk management policy is actively implemented based on the on-going monitoring of markets and assuming different positions based primarily on the asset financed.

Given the nature of the Company's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Company's debt are partially tied to floating interest rates.

Even so, the Company performed interest rate hedging transactions in 2011, ending the year with various hedging instruments of varying maturities on 66.89% of the total net debt.

Complying with the policy of classifying original instruments as hedges, the Company has arranged interest rate hedges, mainly swaps (IRSs) in which the Company pays a fixed rate and receives a floating rate.

#### Foreign currency risk

A noteworthy consequence of the positioning of the FCC Group, to which the Company belongs, in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency.

The Company's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The Company therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The Company and the Group actively manage the foreign currency risk by arranging financial transactions in the same currency as that

## FINANCIAL STATEMENTS

in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows generated to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in euros or in the most closely correlated foreign currency.

### Solvency risk

The most relevant ratio for the purposes of measuring solvency and debt repayment capacity is net debt/EBITDA. The Company's ratios are reasonable and fulfil the conditions negotiated with banks.

### Liquidity risk

The Company is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk.

Despite the adverse situation that affected the financial markets throughout 2011, the Company has remained adequately positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

To ensure adequate management of this risk, the Company closely monitors the maturities of all the credit lines and financing so that they can be renewed in sufficient time and on the best terms offered by the market, analyses the suitability of the financing on a case-by-case basis and studies alternatives with more favourable terms, where necessary.

In order to diversify its liquidity risk, the Company operates with over 130 Spanish and international financial institutions.

### Credit risk

The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Company, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position could result in the risk of non-payment of the amounts owed.

Fomento de Construcciones y Contratas, S.A. requests commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in on-going monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Company follows the policy of not accepting projects without an allocated budget and financial approval.

2011 saw the materialisation of the risk relating to the delay in collection from certain public customers for the provision of urban environmental services due to the economic crisis which has affected the financial equilibrium of public customers. Permanent monitoring and control committees have been established to minimise the volume of assets generated and thereby reduce the financial cost assumed and prevent it from increasing in the future.

Credit risk can also be due to counterparty breach of a financial asset, equivalents or derivatives contract. To manage this risk, the Company restricts the use of these contracts to cases where the counterparties are credit institutions with proven creditworthiness and solvency. These contracts are also arranged with a large number of institutions, thereby diversifying the risk.

### Concentration risk

This risk arises from the concentration of financing transactions with common features such as:

- ▶ Sources of financing: the Company and the FCC Group obtain financing from a large number of Spanish and international banks.
- ▶ Markets: the Company operates basically in the domestic market and, therefore, the debt is concentrated mainly in euros.
- ▶ Products: the Company arranges a broad spectrum of financial products, including loans, credit facilities, debt instruments, syndicated transactions and discounting facilities.

## FINANCIAL STATEMENTS

### Sensitivity analysis

In relation to the sensitivity test on derivatives and net debt, the amounts obtained in relation to the derivatives in force at year-end with an impact on equity are shown below (in thousands of euros). In this respect, in view of the possible instability of the financial market, the sensitivity test was performed using, on the one hand, three upward scenarios of the interest rate curve at 31 December 2011, assuming an increase in the curve of 50 bp, 100 bp and 125 bp and, on the other hand, a downwards scenario of the interest rate curve with a fall of 100 bp, 75 bp and 50 bp.

| Derivatives             | -100 bp         | -75 bp          | -50 bp          | +50 bp        | +100 bp       | +125 bp       |
|-------------------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|
| <b>Impact on equity</b> | <b>(27,950)</b> | <b>(25,190)</b> | <b>(17,620)</b> | <b>17,350</b> | <b>34,510</b> | <b>42,960</b> |

As in the case of derivatives, a table is shown below summarising the effect that the aforementioned upwards and downwards changes in the interest rate curve and in the interest rates on the net debt, after excluding any hedged debt, would have on the Company's income statement:

| Net debt                              | -100 bp         | -75 bp          | -50 bp         | +50 bp       | +100 bp       | +125 bp       |
|---------------------------------------|-----------------|-----------------|----------------|--------------|---------------|---------------|
| <b>Impact on the income statement</b> | <b>(15,520)</b> | <b>(11,640)</b> | <b>(7,760)</b> | <b>7,760</b> | <b>15,520</b> | <b>19,400</b> |

### ► 19. DEFERRED TAXES AND TAX MATTERS

#### a) Tax receivables and payables

The detail of the tax receivables and payables is as follows:

##### a.1) Tax receivables

|   | 2011           | 2010          |
|---|----------------|---------------|
| <b>Non-current</b>                                |                |               |
| Deferred tax assets                               | 112,611        | 92,873        |
|   | <b>112,611</b> | <b>92,873</b> |
| <b>Current</b>                                    |                |               |
| Current tax assets                                | 78             | 747           |
| Other accounts receivable from public authorities | 10,062         | 4,030         |
|   | <b>10,140</b>  | <b>4,777</b>  |

"Deferred Tax Assets" includes basically the temporary differences arising from the provisions and expenses recognised for accounting purposes that will be tax deductible in subsequent years, the deferral of losses contributed by joint ventures which will be included in the tax base for the following year and the temporary differences arising from the measurement of the derivative liabilities.

## FINANCIAL STATEMENTS

## a.2) Tax payables

|   | 2011           | 2010           |
|---|----------------|----------------|
| <b>Non-current</b>                            |                |                |
| Deferred tax liabilities                      | 130,509        | 127,574        |
|   | <b>130,509</b> | <b>127,574</b> |
| <b>Current</b>                                |                |                |
| Current tax liabilities                       | 22,195         | 80,042         |
| Other accounts payable to public authorities: | 67,372         | 40,198         |
| Tax withholdings payable                      | 9,817          | 9,510          |
| VAT and other indirect taxes payable          | 17,849         | 8,043          |
| Accrued social security taxes payable         | 18,525         | 18,053         |
| Other   | 21,181         | 4,592          |
|   | <b>89,567</b>  | <b>120,240</b> |

"Deferred Tax Liabilities" includes mainly the deferral of the depreciation charge relating to the non-current assets held under leases and that relating to investments in property, plant and equipment subject to accelerated depreciation pursuant to Law 4/2008, in addition to the deferral of the profits contributed by joint ventures which are included in the tax base for the following year.

## b) Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit to the taxable profit for income tax purposes is as follows:

|  | 2011            |                 | 2010            |                 |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>Accounting profit for the year before tax</b> |                 | <b>248,323</b>  |                 | <b>211,045</b>  |
|  | <b>Increase</b> | <b>Decrease</b> | <b>Increase</b> | <b>Decrease</b> |
| Permanent differences                            | 93              | (70,848)        | 97              | (1,697)         |
| Adjusted accounting profit                       |                 | 177,568         |                 | 209,445         |
| Temporary differences                            |                 |                 |                 |                 |
| - Arising in the year                            | 78,463          | (78,036)        | 82,654          | (55,675)        |
| - Arising in prior years                         | 71,381          | (28,371)        | 45,797          | (1,952)         |
| <b>Taxable profit</b>                            |                 | <b>221,005</b>  |                 | <b>280,269</b>  |

## FINANCIAL STATEMENTS

The permanent differences relating to 2011 shown in the foregoing table include notably those arising from the monetary adjustment of EUR 58,227 thousand to determine the tax relief on the gains on the sale of the Torre Picasso building.

The changes in deferred tax assets and liabilities in 2011 and 2010 were as follows:

|  | Deferred tax assets | Deferred tax liabilities |
|--|---------------------|--------------------------|
| Temporary taxable differences                      |                     |                          |
| <b>Balance at 31/12/09</b>                         | <b>54,827</b>       | <b>103,325</b>           |
| Arising in the year                                | 24,796              | 16,703                   |
| Arising in prior years                             | (586)               | (13,739)                 |
| Other adjustments                                  | (1,445)             | (4,044)                  |
| <b>Balance at 31/12/10</b>                         | <b>77,592</b>       | <b>102,245</b>           |
| Arising in the year                                | 23,539              | 23,411                   |
| Arising in prior years                             | (8,511)             | (21,414)                 |
| Other adjustments                                  | (462)               | 650                      |
| <b>Balance at 31/12/11</b>                         | <b>92,158</b>       | <b>104,892</b>           |
| Temporary differences arising in the balance sheet |                     |                          |
| <b>Balance at 31/12/09</b>                         | <b>13,469</b>       | <b>25,915</b>            |
| Arising in the year                                | 1,812               | (586)                    |
| <b>Balance at 31/12/10</b>                         | <b>15,281</b>       | <b>25,329</b>            |
| Arising in the year                                | 5,172               | 288                      |
| <b>Balance at 31/12/11</b>                         | <b>20,453</b>       | <b>25,617</b>            |
| <b>Total at 31/12/11</b>                           | <b>112,611</b>      | <b>130,509</b>           |

### c) Tax recognised in equity

At 31 December 2011 the tax recognised in equity related basically to the change in value of the Company's hedging instruments amounting to EUR 18,269 thousand (31 December 2010: EUR 13,383 thousand).

### d) Reconciliation of accounting profit to the income tax expense

The reconciliation of the accounting profit to the income tax expense is as follows:

|   | 2011            | 2010            |
|---|-----------------|-----------------|
| <b>Adjusted accounting profit</b>                 | <b>177,568</b>  | <b>209,445</b>  |
| <b>Income tax charge (30%)</b>                    | <b>53,270</b>   | <b>62,834</b>   |
| <b>Tax credit for intra-Group double taxation</b> | <b>(34,757)</b> | <b>(76,759)</b> |
| <b>Reinvestment tax credit</b>                    | <b>(9,987)</b>  | <b>(126)</b>    |
| <b>Other tax credits and tax relief</b>           | <b>(824)</b>    | <b>(3,509)</b>  |
| <b>Other adjustments</b>                          | <b>4,797</b>    | <b>28,571</b>   |
| <b>Income tax expense</b>                         | <b>12,499</b>   | <b>11,011</b>   |

Of note in 2011 was the application of the tax credit for reinvestment of extraordinary income resulting from the sale of the Torre Picasso building (see Note 7). The tax credit was applied to income totalling EUR 81,700 thousand. The investment will be made in 2010-2014 in assets included among those provided for in Article 42 of Royal Decree-Law 4/2004, which will be held for the legally stipulated time periods.

The income tax expense relates in full to continuing operations.

### e) Tax loss and tax credit carryforwards

At year-end the Company did not have any tax loss or tax credit carryforwards.

### f) Years open for review and tax audits

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to it. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the Group's senior executives consider that any resulting liabilities would not significantly affect the Company's equity.

With respect to the years audited, it should be noted that the Company has been issued tax assessments in the last four years relating mainly to income tax and has filed the corresponding appeals, unless it has signed assessments on an uncontested basis. The income tax deficiency relating to the appealed assessments amounts to

## FINANCIAL STATEMENTS

EUR 43,210 thousand, EUR 25,160 thousand of which relate to the tax assessments for 1991 to 1994. A judgment has not yet been handed down by the Supreme Court on the corresponding appeal filed by the Company. All of the tax assessments have been provided for.

To comply with the legal requirements concerning transfer pricing, the Company has established the necessary procedures to support its transfer prices and considers that there are no significant risks that they could give rise to any contingent liabilities.

### g) Other tax disclosures

Under authorisation 18/89, Fomento de Construcciones y Contratas, S.A. files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation.

## ► 20. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2011, Fomento de Construcciones y Contratas, S.A. had provided guarantees amounting to EUR 608,407 thousand (31 December 2010: EUR 616,135 thousand) to government agencies and private-sector customers, mainly as performance bonds for services provided under urban cleaning contracts.

At year-end the Company had also provided guarantees to third parties for certain Group companies amounting to EUR 725,892 thousand (31 December 2010: EUR 518,007 thousand).

Fomento de Construcciones y Contratas, S.A. and the joint ventures in which it has interests are acting as defendants in lawsuits in relation to the liability inherent to the various business activities carried on by the Company in the performance of the contracts awarded, for which the related provisions have been recognised (see Notes 15 and 4-j). Accordingly, any resulting liabilities would not have a significant effect on the Company's equity.

## ► 21. INCOME AND EXPENSES

The net revenue and the income from sales and services include the dividends and the accrued interest on the financing granted to investees. Of the Company's total revenue, EUR 120,098 thousand were generated abroad, due specifically to the construction of Line 1 of the Panama City metro (see Note 2). The rest of the revenue was earned almost entirely in Spain.

Of the total revenue, EUR 209,629 thousand (31 December 2010: EUR 203,896 thousand) relate to contracts jointly managed through joint ventures.

The interest earned on the financing granted to investees (see Note 10) includes notably that relating to FCC Construcción, S.A. amounting to EUR 43,814 thousand (31 December 2010: EUR 33,748 thousand), to Azincourt Investment, S.L., amounting to EUR 34,309 thousand (31 December 2010: EUR 32,931 thousand), and to FCC Energía, S.A. amounting to EUR 16,831 thousand (31 December 2010: EUR 12,447 thousand).

Operating income included notably, on the one hand, the billings for costs charged to the tenants of the Torre Picasso in proportion to related interest (see Note 7), which amounted to EUR 7,249 thousand (31 December 2010: EUR 7,184 thousand) and, on the other hand, the transactions with Group companies and associates performed by the Company in relation to work and services amounting to EUR 69,020 thousand (31 December 2010: EUR 65,705 thousand). These include most notably EUR 27,450 thousand (31 December 2010: EUR 24,601 thousand) billed to FCC Construcción, S.A., which is wholly owned by the Company.

The operating expenses include EUR 69,800 thousand recognised under "Other Current Operating Expenses", with a balancing entry

## FINANCIAL STATEMENTS

under "Long-Term Provisions" (see Note 15) in relation to lawsuits, guarantees and obligations, environmental risks and other (31 December 2010: EUR 60,400 thousand relating to international expansion). In addition, the Company also acquired services and purchased consumables from Group companies and associates amounting to EUR 29,355 thousand (31 December 2010: EUR 29,060 thousand).

### ▶ 22. RELATED PARTY TRANSACTIONS AND BALANCES

#### a) Related party transactions

The detail of the transactions with related parties in 2011 and 2010 is as follows:

|                    | Group companies | Joint ventures | Associates |
|--------------------|-----------------|----------------|------------|
| 2011               |                 |                |            |
| Services           | 64,990          | 3,847          | 183        |
| Services received  | 29,128          | 227            | —          |
| Dividends          | 115,959         | 4,534          | 307        |
| Financial expenses | 16,920          | 130            | —          |
| Financial income   | 113,774         | 2,415          | 13         |
| 2010               |                 |                |            |
| Services           | 61,111          | 3,955          | 639        |
| Services received  | 28,542          | 161            | 357        |
| Dividends          | 255,371         | 1,252          | 361        |
| Financial expenses | 7,213           | 42             | —          |
| Financial income   | 96,305          | 2,356          | —          |

#### b) Related party balances

The detail of the related party balances at 31 December 2011 is as follows:

|  | Group companies | Joint ventures | Associates |
|--|-----------------|----------------|------------|
| 2011                                   |                 |                |            |
| Current financial assets (Note 10)     | 1,338,468       | 58,648         | 2,555      |
| Non-current financial assets (Note 10) | 3,546,917       | 650,160        | 10,413     |
| Current payables (Note 10)             | 731,132         | 17,398         | —          |
| Trade receivables                      | 42,145          | 5,246          | 94         |
| Trade payables                         | 19,354          | 282            | 41         |
| 2010                                   |                 |                |            |
| Current financial assets (Note 10)     | 1,163,816       | 1,333          | 2,913      |
| Non-current financial assets (Note 10) | 3,467,129       | 701,737        | 15,714     |
| Current payables (Note 10)             | 481,086         | 17,270         | 1          |
| Trade receivables                      | 53,646          | 3,987          | 110        |
| Trade payables                         | 17,121          | 223            | 44         |

The detail of the trade receivables from and payables to Group companies and associates is as follows:

| Company  | 2011       |         | 2010       |         |
|--|------------|---------|------------|---------|
|  | Receivable | Payable | Receivable | Payable |
| Aqualia Gestión Integral del Agua, S.A.        | 10,606     | 1,497   | 10,241     | 1,306   |
| FCC Construcción, S.A.                         | 4,006      | 2,051   | 13,864     | 1,250   |
| Conservación y Sistemas, S.A.                  | 5,086      | 970     | 8,656      | 1,196   |
| Limpieza e Higiene de Cartagena, S.A.          | 4,427      | —       | 5,392      | —       |
| Empr. Mixta M.A. Rincón de la Victoria, S.A.   | 2,296      | 158     | 1,395      | 158     |
| FCC Medio Ambiente, S.A.                       | 2,121      | 1,125   | 2,813      | 1,108   |
| Tirme, S.A.                                    | 1,581      | 9       | 1,528      | 16      |
| Gandia Serveis Urbans, S.A.                    | 1,452      | 2       | —          | —       |
| FCC Ámbito, S.A.                               | 1,411      | —       | 2,006      | 378     |
| Emp. Municipal Desarrollo Sost. De Ubeda, S.A. | 1,236      | —       | 976        | —       |
| Ingeniería Urbana, S.A.                        | 1,195      | —       | 1,073      | —       |
| FCC Versia, S.A.                               | 947        | 214     | 974        | 137     |
| Sistemas y Vehículos de Alta Tecnología, S.A.  | 57         | 418     | 80         | 1,047   |

## FINANCIAL STATEMENTS

| Company                               | 2011       |         | 2010       |         |
|---------------------------------------|------------|---------|------------|---------|
|                                       | Receivable | Payable | Receivable | Payable |
| Tratamiento Industrial de Aguas, S.A. | 53         | 4,668   | 53         | 4,544   |
| Per Gestora Inmobiliaria, S.L.        | 22         | 3,332   | —          | 2,456   |
| Other                                 | 10,989     | 5,233   | 8,692      | 3,792   |
|                                       | 47,485     | 19,677  | 57,743     | 17,388  |

### c) Remuneration of the directors of the Company and senior executives of the FCC Group

The bylaw stipulated emoluments for members of the Board of Directors of Fomento de Construcciones y Contratas, S.A. amounted to EUR 1,974 thousand in 2011 (31 December 2010: EUR 1,937 thousand).

The executive directors of Fomento de Construcciones y Contratas, S.A. earned the following amounts (in thousands of euros):

|                       | 2011  | 2010  |
|-----------------------|-------|-------|
| Fixed remuneration    | 3,778 | 3,724 |
| Variable remuneration | 888   | 1,639 |
|                       | 4,666 | 5,363 |

The senior executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 6,951 thousand in 2011 (2010: EUR 6,668 thousand).

| 2011 and 2010                 |   |
|-------------------------------|---|
| José Luis de la Torre Sánchez | Chairman of FCC Servicios                                   |
| Miguel Hernanz Sanjuan        | General Internal Audit Manager                              |
| Dieter Kiefer                 | Chairman and CEO of Cementos Portland Valderrivas           |
| José Mayor Oreja              | Chairman of FCC Construcción, S.A.                          |
| Victor Pastor Fernández       | General Finance Manager                                     |
| Antonio Gómez Ciria           | General Administration and Information Technologies Manager |

| 2011 and 2010                |  |
|------------------------------|--|
| Eduardo González Gómez       | General Innovation and Sustainability Manager              |
| José Manuel Velasco Guardado | General Communication and Corporate Responsibility Manager |
| Francisco Martín Monteagudo  | General Human Resources Manager                            |

An insurance policy was taken out and a premium was paid to cover payments arising from contingencies relating to death, permanent disability benefits, retirement bonuses and other items in relation to certain executive directors and directors of Fomento de Construcciones y Contratas, S.A. (see Note 4-I).

Except as indicated in the foregoing paragraphs, no other remuneration, advances, loans or guarantees have been granted to the directors and there are no pension or life insurance obligations to former or current directors.

### d) Detail of investments in companies engaging in similar activities and performance of similar activities by the directors or persons related to them as independent professionals or as employees

In relation to the investments held by the directors of Fomento de Construcciones y Contratas, S.A., or persons related to them, in the share capital of companies outside the FCC Group; or in relation to whether they, as independent professionals or as employees, engage in a similar or complementary activity to that which constitutes the company object of the Group; or in relation to whether they themselves or a person acting on their behalf have performed, with the Company or with any company of the same Group, other transactions outside the course of the Company's ordinary business operations or in conditions that were not on an arm's-length basis; it should be mentioned that the aforementioned directors have stated that they or persons related to them:

- ▶ Do not carry on, as independent professionals or as employees, any activity that is, similar or complementary to the activity that constitutes the Company's object.
- ▶ Do not own any investments in the share capital of companies engaging in an activity that is, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.

## FINANCIAL STATEMENTS

- ▶ Had not performed, with the Company or any company of the same Group, other transactions outside the course of the Company's ordinary business operations, or in conditions that were not on an arm's length basis.

The foregoing does not include the director B-1998, S.L. which has notified that its representative, Esther Koplowitz Romero de Juseu is also a member of the Board of Directors of Veolia Environnement, S.A. Henri Proglío is also a member of the Board of Directors of Veolia Environnement, S.A. and Chairman of Electricité de France (EDF).

The detail of the directors who hold positions at companies in which Fomento de Construcciones y Contratas, S.A. holds a direct or indirect ownership interest is as follows:

| Name or company name of director        | Group company name                     | Position |
|---|--|----------|
| CARTERA DEVA, S.A.                      | CEMENTOS PORTLAND VALDERRIVAS, S.A.    | DIRECTOR |
|   | REALIA BUSINESS, S.A.                  | DIRECTOR |
| EAC INVERSIONES CORPORATIVAS, S.L.      | CEMENTOS PORTLAND VALDERRIVAS, S.A.    | DIRECTOR |
|   | FCC CONSTRUCCIÓN, S.A.                 | DIRECTOR |
|   | REALIA BUSINESS, S.A.                  | DIRECTOR |
| MR. FERNANDO FALCÓ FERNÁNDEZ DE CÓRDOVA | FCC CONSTRUCCIÓN, S.A.                 | DIRECTOR |
|   | WASTE RECYCLING GROUP LIMITED          | DIRECTOR |
|   | REALIA BUSINESS, S.A.                  | DIRECTOR |
| MR. RAFAEL MONTES SÁNCHEZ               | FCC CONSTRUCCIÓN, S.A.                 | DIRECTOR |
|   | CEMENTOS PORTLAND VALDERRIVAS, S.A.    | DIRECTOR |
|   | ALPINE HOLDING GMBH                    | DIRECTOR |
|   | REALIA BUSINESS, S.A.                  | DIRECTOR |
| MR. JUAN CASTELLS MASANA                | WASTE RECYCLING GROUP LIMITED          | DIRECTOR |
|   | CEMENTOS PORTLAND VALDERRIVAS, S.A.    | DIRECTOR |
|   | ALPINE HOLDING GMBH                    | DIRECTOR |
| MR. BALDOMERO FALCONES JAQUOTOT         | FCC ENERGÍA, S.A. Unipersonal          | CHAIRMAN |
|   | FCC POWER GENERATION, S.L. Unipersonal | CHAIRMAN |
| MR. FELIPE B. GARCÍA PÉREZ              | FCC ENERGÍA, S.A. Unipersonal          | DIRECTOR |
|   | FCC ENVIRONMENTAL LLC.                 | DIRECTOR |
|   | FCC POWER GENERATION, S.L. Unipersonal | DIRECTOR |
| MR. JAVIER RIBAS                        | FCC ENVIRONMENTAL LLC.                 | DIRECTOR |
|   | ALPINE HOLDING GMBH                    | DIRECTOR |

These directors hold positions or discharge functions and/or hold ownership interests of less than 0.01% in all cases in other FCC Group companies in which Fomento de Construcciones y Contratas, S.A. directly or indirectly holds a majority of the voting power.

## FINANCIAL STATEMENTS

### ► 23. INFORMATION ON THE ENVIRONMENT

As indicated in Note 1, by its very nature, the Company's Services line of business is geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, wastewater treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact in accordance with the limits established in the relevant legislation.

The performance of production activities described above requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2011, the acquisition cost of the non-current assets assigned to the above activity totalled EUR 1,125,887 thousand (31 December 2010: EUR 1,071,384 thousand), with accumulated depreciation amounting to EUR 621,914 thousand (31 December 2010: EUR 574,048 thousand).

Company management considers that any possible contingencies in relation to the protection and improvement of the environment at 31 December 2011 would not have a material impact on the accompanying financial statements.

As indicated in Note 1, Fomento de Construcciones y Contratas, S.A. is the parent of the FCC Group which operates various business lines and, due to the nature thereof, pays particular attention to controlling the impact on the environment. These matters are discussed in detail in the Group's Corporate Social Responsibility report, which is published annually on FCC's website, [www.fcc.es](http://www.fcc.es), among other channels, and provides the reader with more representative information than that included in this Note.

### ► 24. OTHER DISCLOSURES

#### a) Employees

The average number of employees at the Company in 2011 and 2010 was as follows:

|                                   | 2011   | 2010   |
|-----------------------------------|--------|--------|
| Managers and university graduates | 433    | 418    |
| Other qualified line personnel    | 355    | 323    |
| Clerical and similar staff        | 930    | 911    |
| Other salaried employees          | 24,838 | 25,866 |
|                                   | 26,556 | 27,518 |

At 31 December 2011, the number of employees, directors and senior executives of the Company, by gender, was as follows:

|                                   | Men    | Women | Total  |
|-----------------------------------|--------|-------|--------|
| 2011                              |        |       |        |
| Directors                         | 13     | 5     | 18     |
| Senior executives                 | 7      | —     | 7      |
| Managers and university graduates | 307    | 118   | 425    |
| Other qualified line personnel    | 292    | 73    | 365    |
| Clerical and similar staff        | 449    | 480   | 929    |
| Other salaried employees          | 18,471 | 5,703 | 24,174 |
|                                   | 19,539 | 6,379 | 25,918 |

|                                   | Men    | Women | Total  |
|-----------------------------------|--------|-------|--------|
| 2010                              |        |       |        |
| Directors                         | 14     | 5     | 19     |
| Senior executives                 | 7      | —     | 7      |
| Managers and university graduates | 310    | 118   | 428    |
| Other qualified line personnel    | 266    | 63    | 329    |
| Clerical and similar staff        | 443    | 470   | 913    |
| Other salaried employees          | 19,301 | 5,569 | 24,870 |
|                                   | 20,341 | 6,225 | 26,566 |

#### b) Fees paid to auditors

"Outside Services" in the accompanying income statement includes the fees of EUR 212 thousand (31 December 2010: the same amount) for financial audit services and of EUR 15 thousand for other services rendered to the Company.

### ► 25. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

# FINANCIAL STATEMENTS

## APPENDIX I GROUP COMPANIES

| Company  | Carrying amount |            | % of ownership                 | Dividends received | Share capital     | Reserves          | Other equity items | 2011 Profit (Loss)  |                            |
|--|-----------------|------------|--------------------------------|--------------------|-------------------|-------------------|--------------------|---------------------|----------------------------|
|  | Assets          | Impairment |                                |                    |                   |                   |                    | From operations     | From continuing operations |
| AEBA, Ambiente y Ecología de Buenos Aires, S.A.<br>Tucumán, 1321 - 3ª - Buenos Aires - Argentina<br>-Urban cleaning- | 834             | 763        | Direct 50.00<br>Indirect 2.50  | —                  | 1,000<br>(ARS)(*) | 1,189<br>(ARS)(*) | —                  | (1,747)<br>(ARS)(*) | (1,095)<br>(ARS)(*)        |
| Alpine Bau GmbH<br>Alte Bundesstrasse, 10<br>Wals Siezenheim - Salzburg (Austria)<br>-Construction -                 | 22,000          | —          | Direct —<br>Indirect 89.65     | —                  | 5,927             | 352,302           | —                  | (12,187)            | 7,577                      |
| Alpine Holding GmbH<br>Reichenhallerstrasse, 7 - Salzburg (Austria)<br>-Construction -                               | 10,500          | —          | Direct —<br>Indirect 86.50     | —                  | 109               | 42,037            | —                  | (244)               | 3,857                      |
| Aqualia Gestión Integral del Agua, S.A.<br>Federico Salmón, 13 - Madrid<br>-Water management-                        | 254,768         | —          | Direct 99.99<br>Indirect 0.01  | 42,500             | 145,000           | 268,436           | 8,645              | 91,174              | 58,083                     |
| Armigesa, S.A.<br>Pza. Constitución, s/n - Armilla (Granada)<br>-Urban cleaning-                                     | 612             | —          | 51.00                          | 83                 | 1,200             | 11                | —                  | 256                 | 164                        |
| A.S.A. Abfall Service AG<br>Hans-Hruschka-Gasse, 9 - Himberg (Austria)<br>-Urban cleaning-                           | 226,784         | —          | Direct 99.98<br>Indirect 0.02  | —                  | 5,000             | 56,869            | —                  | (7,968)             | (852)                      |
| Asesoría Financiera y de Gestión, S.A.-<br>Federico Salmón, 13 - Madrid<br>-Financial services                       | 3,008           | —          | Direct 43.84<br>Indirect 56.16 | —                  | 6,843             | 400,916           | —                  | 18,767              | 102,265                    |
| Azincourt Investment, S.L. Unipersonal<br>Federico Salmón, 13 - Madrid<br>-Holding company-                          | 3               | 3          | 100.00                         | —                  | 3                 | (325,855)         | (19,463)           | 2,322               | (2,250)                    |
| Cementos Portland Valderrivas, S.A.<br>Estella, 6 - Pamplona<br>-Cement-   | 298,638         | —          | Direct 59.30<br>Indirect 12.23 | —                  | 56,896            | 1,168,480         | (599)              | 65,523              | (31,655)                   |
| Compañía Auxiliar de Agencia y Mediación, S.A.<br>Unipersonal<br>Federico Salmón, 13 - Madrid<br>-Holding company-   | 1,657           | —          | 100.00                         | —                  | 61                | 13,101            | —                  | 218                 | 2,471                      |
| Compañía General de Servicios Empresariales, S.A.<br>Unipersonal<br>Federico Salmón, 13 - Madrid -Corporate vehicle- | 60              | —          | 100.00                         | 2                  | 60                | 17                | —                  | 2                   | 1                          |
| Corporación Española de Servicios, S.A.<br>Federico Salmón, 13 - Madrid -Corporate vehicle-                          | 44              | —          | Direct 99.99<br>Indirect 0.01  | 1                  | 60                | 16                | —                  | 2                   | 1                          |
| Corporación Financiera Hispánica, S.A.<br>Federico Salmón, 13 - Madrid<br>-Holding company-                          | 69,818          | —          | Direct 99.99<br>Indirect 0.01  | —                  | 58,393            | 353,003           | —                  | 7,478               | 6,313                      |

## FINANCIAL STATEMENTS

| Company   | Carrying amount |            | % of ownership                | Dividends received | Share capital      | Reserves          | Other equity items | 2011 Profit (Loss) |                            |
|---|-----------------|------------|-------------------------------|--------------------|--------------------|-------------------|--------------------|--------------------|----------------------------|
|   | Assets          | Impairment |                               |                    |                    |                   |                    | From operations    | From continuing operations |
| Dédalo Patrimonial, S.L. Unipersonal<br>Federico Salmón, 13 - Madrid<br>-Holding company-   | 61              | 61         | 100.00                        | —                  | 61                 | 289               | 86                 | (27)               | (1,757)                    |
| Ecoparque Mancomunidad del Este, S.A.<br>Federico Salmón, 13 - Madrid<br>-Urban cleaning-   | 16,803          | —          | Direct 99.99<br>Indirect 0.01 | —                  | 16,805             | 2,493             | —                  | 1,403              | 1,382                      |
| Egypt Environmental Services SAE<br>Cairo - Egypt<br>-Urban cleaning-   | 7,760           | 2,665      | Direct 97.00<br>Indirect 3.00 | 1,543              | 36,400<br>(EGP)(*) | (969)<br>(EGP)(*) | —                  | 12,995<br>(EGP)(*) | 7,859<br>(EGP)(*)          |
| Empresa Comarcal de Serveis Mediambientals<br>del Baix Penedés - ECOBP, S.L.<br>Plaza del Centre, 3 - El Vendrell (Tarragona)<br>-Urban cleaning- | 200             | —          | 66.60                         | 83                 | 540                | 61                | —                  | 417                | 251                        |
| Empresa Municipal de Desarrollo Sostenible<br>Ambiental de Úbeda, S.L.<br>Pza. Vázquez Molina, s/n - Úbeda (Jaén)<br>-Urban cleaning-             | 720             | —          | 90.00                         | —                  | 800                | 450               | —                  | 438                | 256                        |
| Europea de Gestión, S.A. Unipersonal<br>Federico Salmón, 13 - Madrid<br>-Corporate vehicle-   | 63              | —          | 100.00                        | 2                  | 60                 | 22                | —                  | 4                  | 3                          |
| FCC Construcción, S.A.<br>Balmes, 36 - Barcelona<br>-Construction-  | 525,551         | —          | Direct 99.99<br>Indirect 0.01 | 70,000             | 180,000            | 531,651           | —                  | 170,574            | 108,762                    |
| FCC Construcciones y Contratas Internacional, S.L.<br>Unipersonal<br>Federico Salmón, 13 - Madrid<br>-Corporate vehicle-                          | 3               | —          | 100.00                        | —                  | 3                  | —                 | —                  | —                  | —                          |
| FCC Fomento de Obras y Construcciones, S.L.<br>Unipersonal<br>Federico Salmón, 13 - Madrid<br>-Corporate vehicle-                                 | 3               | —          | 100.00                        | —                  | 3                  | —                 | —                  | —                  | —                          |
| FCC Inmobiliaria Conycon, S.L. Unipersonal<br>Federico Salmón, 13 - Madrid<br>-Corporate vehicle-   | 3               | —          | 100.00                        | —                  | 3                  | —                 | —                  | —                  | —                          |
| FCC International, B.V.<br>Amsteldijk, 166 - Amsterdam (Netherlands)<br>-Holding company-   | 49,910          | —          | 100.00                        | 5                  | 40,840             | —                 | —                  | (28)               | 5                          |
| FCC Medio Ambiente, S.A.<br>Federico Salmón, 13 - Madrid<br>-Urban cleaning-  | 35,102          | —          | Direct 98.98<br>Indirect 1.02 | —                  | 43,272             | 154,042           | 424                | 45,234             | 33,433                     |
| FCC Power Generation, S.L. Unipersonal<br>Federico Salmón, 13 - Madrid<br>-Energy -   | 3               | —          | 100.00                        | —                  | 3                  | —                 | —                  | —                  | —                          |

## FINANCIAL STATEMENTS

| Company  | Carrying amount  |              | % of ownership                | Dividends received | Share capital | Reserves | Other equity items | 2011 Profit (Loss) |                            |
|--|------------------|--------------|-------------------------------|--------------------|---------------|----------|--------------------|--------------------|----------------------------|
|  | Assets           | Impairment   |                               |                    |               |          |                    | From operations    | From continuing operations |
| FCC Versia, S.A.<br>Federico Salmón, 13 - Madrid<br>-Management company-   | 62,625           | —            | Direct 99.99<br>Indirect 0.01 | —                  | 40,337        | 156,923  | —                  | 8,812              | 37,789                     |
| FCC 1, S.L. Unipersonal<br>Federico Salmón, 13 - Madrid<br>-Corporate vehicle-   | 3                | —            | 100.00                        | —                  | 3             | —        | —                  | —                  | —                          |
| F-C y C, S.L. Unipersonal<br>Federico Salmón, 13 - Madrid<br>-Corporate vehicle-   | 3                | —            | 100.00                        | —                  | 3             | —        | —                  | —                  | —                          |
| Fedemés, S.L.<br>Federico Salmón, 13 - Madrid<br>-Real Estate-   | 10,764           | —            | Direct 92.67<br>Indirect 7.33 | 1,088              | 10,301        | 16,816   | —                  | 31,171             | 24,468                     |
| Gandía Serveis Urbans, S.A.<br>LLanterners, 6 - Gandía (Valencia)<br>-Urban cleaning -   | 78               | —            | 65.00                         | —                  | 120           | —        | —                  | 1,190              | 325                        |
| Limpiezas Urbanas de Mallorca, S.A.<br>Fusters, 18 - Manacor (Islas Baleares)<br>-Urban cleaning-  | 5,097            | —            | Direct 99.92<br>Indirect 0.08 | —                  | 308           | 2,455    | —                  | 885                | 553                        |
| Per Gestora Inmobiliaria, S.L.<br>Pza. Pablo Ruiz Picasso, s/n - Madrid<br>-Property management and administration-                            | 69               | —            | Direct 99.00<br>Indirect 1.00 | —                  | 60            | 29       | —                  | 46                 | 32                         |
| Saisei Renovable, S.L. Unipersonal<br>Federico Salmón, 13 - Madrid -Energy -   | 6,503            | —            | 100.00                        | —                  | 5,503         | —        | —                  | —                  | —                          |
| Serveis Municipals de Neteja de Girona, S.A.<br>Pl. del Vi, 1 - Girona<br>-Urban cleaning -  | 45               | —            | 75.00                         | —                  | 60            | —        | —                  | —                  | —                          |
| Societat Municipal Medioambiental d'Igualada, S.L.<br>Pl. del Ajuntament, 1 - Igualada (Barcelona)<br>-Urban cleaning -                        | 870              | —            | 65.91                         | —                  | 1,320         | —        | —                  | 63                 | 35                         |
| Tratamientos y Recuperaciones Industriales, S.A.<br>Angli, 31 - Barcelona<br>-Waste treatment-   | 21,455           | —            | Direct 74.92<br>Indirect 0.08 | 652                | 72            | 8,088    | —                  | 859                | 802                        |
| Valoración y Tratamiento de Residuos Urbanos, S.A.<br>Riu Magre, 6 - Pol. Ind. Patada del Cid -Quart de Poblet<br>(Valencia) -Waste treatment- | 2,500            | —            | 80.00                         | —                  | 3,125         | (45)     | —                  | (173)              | (90)                       |
| <b>TOTAL</b>   | <b>1,634,920</b> | <b>3,492</b> |                               | <b>115,959</b>     |               |          |                    |                    |                            |

(\*) (ARS): Argentinian peso, (EGP): Egyptian pound.

NOTE:

- Of the companies shown above, only Cementos Portland Valderrivas, S.A. is a listed company and its market price at the balance sheet date was EUR 6.81. The average market price in the last quarter of 2011 was EUR 8.91.

- As required by Article 155 of the Consolidated Spanish Limited Liability Companies Law, in 2011 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

## FINANCIAL STATEMENTS

## APPENDIX II JOINT VENTURES

|                                      | % of ownership |
|--------------------------------------|----------------|
| ABASTECIMIENTO VILLALÓN              | 20.00          |
| AGUAS TOMELLOSO                      | 20.00          |
| AIGÜES DE LLEIDA                     | 50.00          |
| ALMEDA                               | 51.00          |
| AMPLIACIÓ LIXIVITATS                 | 20.00          |
| AQUALBAL                             | 20.00          |
| AQUALIA - FCC - MYASA                | 20.00          |
| AQUALIA - FCC - OVIEDO               | 5.00           |
| AQUALIA - FCC SALAMANCA              | 5.00           |
| AQUALIA - FCC - SAN VICENTE          | 20.00          |
| AQUALIA - FCC VIGO                   | 50.00          |
| ARGÍ GUEÑES                          | 70.00          |
| ARUCAS II                            | 70.00          |
| ASEOS EMT                            | 50.00          |
| AZUD VILLAGONZALO                    | 20.00          |
| BARRIO CARMELITAS                    | 20.00          |
| BILBOKO LORATEGIAC                   | 60.00          |
| BILBOKO SANEAMENDU                   | 50.00          |
| BILBOKO SANEAMENDU B                 | 50.00          |
| BIOCOMPOST DE ÁLAVA                  | 50.00          |
| BOADILLA -                           | 50.00          |
| BOMBEO VALMOJADO                     | 20.00          |
| CAMÍ SA VORERA                       | 20.00          |
| CANA PUTXA                           | 20.00          |
| CANAL DEL ARAMO                      | 20.00          |
| CANDAS                               | 20.00          |
| CANGAS                               | 50.00          |
| CASTELLAR DEL VALLÈS                 | 50.00          |
| CASTELLAR POLÍGONOS                  | 50.00          |
| CEMENTERIOS PERIFÉRICOS II           | 50.00          |
| CENTRO DEPORTIVO GRANADILLA DE ABONA | 20.00          |
| CENTRO DEPORTIVO VILLENA             | 80.00          |
| CGR GUIPUZCOA                        | 35.14          |
| CHIPIONA                             | 50.00          |
| CIUTAT VELLA                         | 50.00          |
| CN III                               | 45.00          |
| COLEGIOS SANT QUIRZE                 | 50.00          |
| COMPLEJO DP. CABEZO DE TORRES        | 20.00          |
| CONSERVACIÓN Y SISTEMAS              | 60.00          |
| CONTENEDORES MÓSTOLES                | 30.00          |

|                                 | % of ownership |
|---------------------------------|----------------|
| CTR DE L'ALT EMPORDÀ            | 45.00          |
| CTR-VALLES                      | 20.00          |
| CUENCA                          | 20.00          |
| CYCSA-EYSSA VIGO                | 50.00          |
| DEIXALLERIES                    | 20.00          |
| DOS AGUAS                       | 35.00          |
| ECOPARQUE CÁCERES               | 50.00          |
| ECOURENSE                       | 50.00          |
| EDAR ALMANSA                    | 5.00           |
| EDAR CUERVA                     | 5.00           |
| EDAR ELCHE                      | 20.00          |
| EDAR RANILLA                    | 25.00          |
| EDAR REINOSA                    | 5.00           |
| EDAR SAN VICENTE DE LA BARQUERA | 5.00           |
| ENERGÍA SOLAR ONDA              | 25.00          |
| EXPL. PL. BIO LAS DEHESAS       | 50.00          |
| F.L.F. LA PLANA                 | 47.00          |
| FANGOS IBIZA Y FORMENTERA       | 20.00          |
| FCC - ACISA - AUDING            | 45.00          |
| FCC - ANPE                      | 80.00          |
| FCC - ERS LOS PALACIOS          | 50.00          |
| FCC - FCCMA ALCOY               | 20.00          |
| FCC - FCCMA R.B.U. - L.V. JAVEA | 20.00          |
| FCC - FCCMA R.B.U. SAN JAVIER   | 20.00          |
| FCC - FCCMA R.B.U TUDELA        | 20.00          |
| FCC - FCCMA SEGRIÀ              | 20.00          |
| FCC - FCCMA S.U. DENIA          | 20.00          |
| FCC - HIJOS DE MORENO, S.A.     | 50.00          |
| FCC - LUMSA                     | 50.00          |
| FCC - PALAFRUGELL               | 20.00          |
| FCC - PAS SALAMANCA             | 70.00          |
| FCC - PERICA                    | 60.00          |
| FCC - RAGA MAJADAHONDA          | 75.00          |
| FCC - SUFI MAJADAHONDA          | 50.00          |
| FCC - SUFI PESA                 | 50.00          |
| FCC - SYF PLAYAS                | 40.00          |
| FCC - TEGNER                    | 50.00          |
| FCCSA - GIRSA                   | 80.00          |
| FCCSA - VIVERS CENTRE           | 50.00          |
| FUENTES XÀTIVA                  | 50.00          |

## FINANCIAL STATEMENTS

|                                      | % of ownership |
|--------------------------------------|----------------|
| GESTIÓ DE RUNES DEL PAPIOL           | 40.00          |
| GESTIÓN INSTALACIÓN III              | 34.99          |
| GESTIÓN PISCINA DE MULA              | 20.00          |
| GESTION SERVICIOS DEPORTES CATARROJA | 99.50          |
| GIREF                                | 20.00          |
| GIRSA - FCC                          | 20.00          |
| G. RESIDUOS AENA PALMA               | 100.00         |
| GUADIANA                             | 20.00          |
| INTERIORES BILBAO                    | 80.00          |
| JARDINES MOGAN                       | 51.00          |
| JARDINES PROTECCIÓN ESPECIAL         | 50.00          |
| JUNDIZ                               | 51.00          |
| KABIEZESGO KIROLDECIA                | 60.00          |
| LA CANDA                             | 30.00          |
| LA LLOMA DEL BIRLET                  | 80.00          |
| LAS YUCAS                            | 50.00          |
| LEA - ARTIBAI                        | 60.00          |
| LEGIO VII                            | 50.00          |
| LEKEITIOKO MANTENIMENDUA             | 60.00          |
| L.V. SAN SEBASTIÁN                   | 20.00          |
| L.V. Y RBU ARUCAS                    | 70.00          |
| LIMPIEZA BENICASSIM                  | 35.00          |
| LIMPIEZA CARRIL BUS                  | 30.00          |
| LIMPIEZA Y RSU LEZO                  | 55.00          |
| LOGROÑO LIMPIO                       | 50.00          |
| LOTES A Y B FUENLABRADA 2010         | 50.00          |
| MANACOR                              | 30.00          |
| MANCOMUNIDAD DE ORBIGO               | 20.00          |
| MANTENIMENT                          | 100.00         |
| MANTENIMENT REGIONAL DE CORNELLÁ     | 60.00          |
| MANTENIMIENTO COLEGIOS BILBAO        | 60.00          |
| MANTENIMIENTO COMISARIAS             | 100.00         |
| MANTENIMIENTO DE COLEGIOS II         | 60.00          |
| MANTENIMIENTO DE EDIFICIOS           | 60.00          |
| MANTENIMIENTO INSPECCION DE TRABAJO  | 100.00         |
| MÉRIDA                               | 10.00          |
| MOLINA                               | 5.00           |
| MOLLERUSA                            | 60.00          |
| MONTCADA                             | 50.00          |
| MURO                                 | 20.00          |
| MUSKIZ III                           | 70.00          |
| NAVE JUNDIZ                          | 51.00          |
| NIGRÁN                               | 10.00          |
| NIJAR                                | 20.00          |

|                                    | % of ownership |
|------------------------------------|----------------|
| ONDA EXPLOTACIÓN                   | 33.33          |
| PAMPLONA                           | 80.00          |
| PARQUES SINGULARES MÓSTOLES        | 50.00          |
| PAVIMENTO ZONA I                   | 50.00          |
| PINTO                              | 50.00          |
| PISCINA CUBIERTA BENICARLO         | 65.00          |
| PISCINA CUBIERTA C. DEP. ALBORAYA  | 99.00          |
| PISCINA CUBIERTA MANISES           | 99.50          |
| PISCINA CUBIERTA MUN. L'ELIANA     | 99.50          |
| PISCINA CUBIERTA PAIPORTA          | 90.00          |
| PISCINA MUNICIPAL ALBATERA         | 93.00          |
| PLA D'URGELL                       | 100.00         |
| PLANTA BIOMETANIZACIÓN LAS DEHESAS | 50.00          |
| PLANTA DE TRATAMIENTOS VALLADOLID  | 60.00          |
| PLANTA RSI TUDELA                  | 60.00          |
| PLAYAS GUIPUZKOA                   | 55.00          |
| UTE PONIENTE ALMERIENSE            | 50.00          |
| POSU - FCC VILLALBA                | 50.00          |
| POZUELO                            | 20.00          |
| PUENTE LADRILLO                    | 20.00          |
| PUERTO                             | 50.00          |
| PUERTO II                          | 70.00          |
| QUINTO CONTENEDOR                  | 50.00          |
| RBV VILLA-REAL                     | 47.00          |
| R.S. PONIENTE ALMERIENSE           | 50.00          |
| REDONDELA                          | 10.00          |
| REFORMA PLAZA DEL CRISTO           | 20.00          |
| REPARACIONES CASA CAMPO            | 100.00         |
| REPOSTADOS ENTREVÍAS               | 50.00          |
| RESIDENCIA                         | 50.00          |
| RIVAS                              | 30.00          |
| RSU TOLOSALDEA                     | 60.00          |
| S.U. BENICASSIM                    | 35.00          |
| S.U. BILBAO                        | 70.00          |
| SALTO DEL NEGRO                    | 50.00          |
| SAN FERNANDO                       | 20.00          |
| SANEAMIENTO URBANO CASTELLÓN       | 65.00          |
| SANT QUIRZE                        | 50.00          |
| SANT QUIRZE DEL VALLÉS             | 50.00          |
| SANTA COLOMA DE GRAMANET           | 61.00          |
| SANTOMERA                          | 60.00          |
| SANTURTZIKO GARBIKETA              | 60.00          |
| SANTURTZIKO GARBIKETA II           | 60.00          |
| SASIETA                            | 75.00          |

## FINANCIAL STATEMENTS

|                                | % of ownership |
|--------------------------------|----------------|
| SAV - FCC TRATAMIENTOS         | 35.00          |
| SELECTIVA LAS PALMAS           | 55.00          |
| SELECTIVA SAN MARCOS           | 65.00          |
| SELECTIVA UROLA-KOSTA          | 60.00          |
| SELLADO VERTEDERO LOGROÑO      | 50.00          |
| SIMÓN HERNÁNDEZ                | 50.00          |
| TABLADA                        | 20.00          |
| TANATORIO PATERNA              | 50.00          |
| TIRVA FCC - FCCMA RUBÍ         | 20.00          |
| TORREJÓN                       | 25.00          |
| TORRIBERA IV                   | 50.00          |
| TRANSPORTE DE BARRENA TXINGUDI | 60.00          |
| TRANSPORTE SAN MARCOS          | 80.00          |
| TREMP                          | 51.00          |
| TÚNEL PUERTO ALGECIRAS         | 30.00          |
| TÚNELES DE BARAJAS             | 25.00          |
| TXINGUDI                       | 75.00          |
| TXINGUDICO GARBIKETA           | 73.00          |
| URNIETA                        | 20.00          |

|                          | % of ownership |
|--------------------------|----------------|
| UROLA ERDIA              | 60.00          |
| URRETXU Y ZUMARRAGA      | 65.00          |
| VALDEMORO                | 100.00         |
| VALDEMORO 2              | 100.00         |
| VERTEDERO ARTIGAS        | 50.00          |
| VERTEDERO GARDELEGUI II  | 70.00          |
| VERTEDERO PINTO FASE II  | 50.00          |
| VERTRESA                 | 10.00          |
| VIGO RECICLAJE           | 70.00          |
| VILLALÓN DE CAMPOS       | 20.00          |
| VINARÓZ                  | 50.00          |
| VIVIENDAS MARGEN DERECHA | 60.00          |
| WTC ZARAGOZA             | 51.00          |
| ZARAGOZA DELICIAS        | 51.00          |
| ZARAUZ                   | 20.00          |
| ZARAUZCO GARBIETA        | 60.00          |
| ZONZAMAS FASE II         | 30.00          |
| ZURITA                   | 50.00          |

### APPENDIX III ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

| Company   | Carrying amount |                       | % of ownership                 | Dividends received | Share capital | Reserves | Other equity items | 2011 Profit (Loss) |                            |
|---|-----------------|-----------------------|--------------------------------|--------------------|---------------|----------|--------------------|--------------------|----------------------------|
|   | Assets          | Net impairment losses |                                |                    |               |          |                    | From operations    | From continuing operations |
| Clavegueram de Barcelona, S.A.<br>Acer, 16 - Barcelona<br>-Urban cleaning-  | 733             | —                     | 20.33                          | 97                 | 3,606         | 3,921    | —                  | 506                | 398                        |
| Ecoparc del Besòs, S.A.<br>Rambla Catalunya, 91-93 - Barcelona<br>-Urban cleaning-  | 2,621           | —                     | Direct 31.00<br>Indirect 18.00 | —                  | 7,710         | (252)    | 22,814             | 5,240              | 1,968                      |
| Ecoserveis Urbans de Figueres, S.L.<br>Pg. Empordà Internacional, Calle A, parcela 50 -<br>Vilamalla (Girona) -Urban cleaning-              | 301             | —                     | 50.00                          | 170                | 601           | 110      | —                  | 488                | 404                        |
| Empresa Mixta de Limpieza de la Villa de Torrox, S.A.<br>Pz. de la Constitución, 1 - Torrox (Málaga)<br>-Urban cleaning-                    | 300             | —                     | 50.00                          | —                  | 600           | 658      | —                  | 398                | 280                        |
| Empresa Mixta de Medio Ambiente de<br>Rincón de la Victoria, S.A.<br>Pz. Al Andalus, 1 - Rincón de la Victoria (Málaga)<br>-Urban cleaning- | 301             | —                     | 50.00                          | —                  | 601           | 474      | —                  | 527                | 87                         |

## FINANCIAL STATEMENTS

| Company  | Carrying amount |                       | % of ownership                 | Dividends received | Share capital         | Reserves            | Other equity items | 2011 Profit (Loss)      |                            |
|--|-----------------|-----------------------|--------------------------------|--------------------|-----------------------|---------------------|--------------------|-------------------------|----------------------------|
|  | Assets          | Net impairment losses |                                |                    |                       |                     |                    | From operations         | From continuing operations |
| Gestión Integral de Residuos Sólidos, S.A.<br>Santa Amalia, 2 - Valencia<br>-Urban cleaning-                                     | 4,732           | —                     | 49.00                          | 34                 | 781                   | 1,540               | 61                 | 123                     | (27)                       |
| Globalvía Infraestructuras, S.A.<br>Paseo de la Castellana, 141 (Edificio Cuzco) IV - Madrid<br>-Infrastructure management-      | 529,570         | —                     | 50.00                          | —                  | 957,274               | 128,286             | —                  | (5,381)                 | (43,207)                   |
| Ingeniería Urbana, S.A.<br>Saturno, 6 - Alicante<br>-Urban cleaning-   | 3,786           | —                     | 35.00                          | 909                | 6,064                 | 5,980               | —                  | 3,312                   | 2,013                      |
| Palacio de Exposiciones y Congresos de Granada, S.A.<br>Ps del Violón, s/n - Granada<br>-Equipment management-                   | 255             | —                     | 50.00                          | —                  | 510                   | —                   | —                  | —                       | —                          |
| Pallars Jussà Neteja i Serveis, S.A.<br>Pau Casals, 14 - Tremp (Lleida)<br>-Urban cleaning-                                      | 25              | —                     | 40.80                          | 7                  | 60                    | 7                   | —                  | 46                      | 46                         |
| Proactiva Mrs. Juana E.S.P.S.A<br>Calle 98 n° 9-03 of. 804 Ed. Torre Sancho<br>Santa Fe de Bogotá (Colombia)<br>-Urban cleaning- | 284             | 284                   | Direct 23.75<br>Indirect 27.05 | —                  | 2,250,000<br>(COP)(*) | 36,373<br>(COP)(*)  | —                  | (2,963,259)<br>(COP)(*) | (2,969,540)<br>(COP)(*)    |
| Proactiva Medio Ambiente, S.A.<br>Cardenal Marcelo Spinola, 8 - Madrid<br>-Urban cleaning-                                       | 119,542         | 75,300                | 50.00                          | 3,393              | 56,250                | 11,488              | —                  | 1,874                   | 8,582                      |
| Realia Business, S.A.<br>Paseo de la Castellana, 216 - Madrid<br>-Property development-  | 67,637          | —                     | Direct 27.20<br>Indirect 2.98  | —                  | 66,570                | 471,766             | (2,208)            | (6,414)                 | (30,714)                   |
| Servicios Urbanos de Málaga, S.A.<br>Ulises, 18 - Madrid<br>-Urban cleaning-   | 1,610           | —                     | 51.00                          | 231                | 3,156                 | 486                 | —                  | 546                     | 546                        |
| Suministros de Agua de Queretaro S.A. de C.V.<br>Santiago de Queretaro (Mexico)<br>-Water management-                            | 4,367           | —                     | Direct 24.00<br>Indirect 2.75  | —                  | 347,214<br>(MXN)(*)   | 288,758<br>(MXN)(*) | —                  | 63,406<br>(MXN)(*)      | 15,064<br>(MXN)(*)         |
| <b>TOTAL</b>   | <b>736,064</b>  | <b>75,584</b>         |                                | <b>4,841</b>       |                       |                     |                    |                         |                            |

(\*) (COP): Colombian peso, (MXN): Mexican peso.

NOTE :

- Of the companies shown above, only Realia Business, S.A. is a listed company and its market price at the balance sheet date was EUR 1.09. The average market price in the last quarter of 2011 was EUR 1.14.

- As required by Article 155 of the Consolidated Spanish Limited Liability Companies Law, in 2011 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

## FINANCIAL STATEMENTS

### APPENDIX IV "REPORT OF THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. FOR THE DISTRIBUTION OF AN INTERIM DIVIDEND IN 2011"

In accordance with Article 277 of the Consolidated Spanish Limited Liability Companies Law, which requires the Company's directors to present an accounting statement evidencing the existence of sufficient liquidity for the distribution of an interim dividend, it is hereby stated that:

1. The after-tax profit of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 October 2011 amounted to EUR 121,900 thousand.
2. The Company's after-tax cash flow in the first ten months of 2011 amounted to EUR 181,400 thousand.
3. The Company's cash and cash equivalents at 31 October 2011 amounted to EUR 117,600 thousand, evidencing the existence of sufficient funds for the distribution of the interim dividend.

Therefore, since at the date of this report there had been no material changes with respect to the foregoing data, the directors consider that there is sufficient liquidity for the distribution of an interim dividend of EUR 82,747 thousand out of 2011 profit.

The number of shares carrying the entitlement to an interim dividend is calculated by subtracting the treasury shares existing at the date of payment of the dividend from the 127,303,296 shares representing the total share capital.

Accordingly, it is proposed that the following interim dividend out of 2011 profit be approved:

|   |       |
|---|-------|
| Gross % of the par value of each share carrying dividend rights | 65.0% |
| Gross interim dividend per share (EUR)                          | 0,650 |

The legally required personal income tax or corporation tax withholdings, as appropriate, will be made from the gross interim dividend declared.

The members of the Board resolved unanimously:

1. To approve the report transcribed above; and
2. To distribute an interim dividend out of the profit for 2011 in the amount indicated in the report, which will be paid on 10 January 2012 and will be duly announced on a timely basis.

Madrid, 15 December 2011

## MANAGEMENT REPORT



### DIRECTOR'S REPORT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AT DECEMBER 2011 (IN THOUSAND OF EUROS)

- 317 ▶ 1. COMPANY ACTIVITIES, PERFORMANCE IN 2011 AND DIVIDENDS
- 318 ▶ 2. TREASURY SHARE TRANSACTIONS
- 318 ▶ 3. RESEARCH AND DEVELOPMENT ACTIVITIES
- 326 ▶ 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
- 327 ▶ 5. OUTLOOK FOR 2012

## MANAGEMENT REPORT

### ► 1. COMPANY ACTIVITIES, PERFORMANCE IN 2011 AND DIVIDENDS

The Company's core business is to provide general services, which include the collection and treatment of solid waste, the cleaning of public streets and sewer systems, the maintenance of green areas and buildings, water treatment and distribution and other complementary services. Occasionally, it also performs construction activities as a member of a consortium in Panama.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which comprises a broad spectrum of subsidiaries that engage in activities such as construction, urban cleaning and integrated water cycle services, urban furniture, passenger transport, passenger and aircraft ground handling, logistics, cement, real estate, energy, infrastructure management, etc., and therefore the reader should refer to the consolidated report which provides more representative information of the financial highlights.

The economic and financial information included in this directors' report has been prepared in accordance with the Code of Commerce and the Consolidated Spanish Limited Liability Companies Law.

The figures below are expressed in millions of euros.

#### Company's performance in 2011

| Major aggregates                         | 2011    | 2010    | Variation |       |
|--|---------|---------|-----------|-------|
|  |         |         | Absolute  | %     |
| Revenue                                  | 1,691.5 | 1,681.0 | 10.5      | 0.6%  |
| Profit form operations                   | 444.1   | 409.4   | 34.7      | 8.5%  |
| % Margin                                 | 26.3%   | 24.4%   |           |       |
| Financial loss                           | (195.7) | (198.4) | 2.7       | -1.4% |
| Profit before tax                        | 248.3   | 211.0   | 37.3      | 17.7% |
| Net profit                               | 235.8   | 200.0   | 35.8      | 17.9% |
| Distributable dividend per share (euros) | 1.30    | 1.43    |           |       |

Revenue in 2011 increased by 0.6% to reach EUR 1,691.5 million. This item includes the dividends received from the Company's subsidiaries, which amounted to EUR 120.8 million, whereas in 2010 they amounted to EUR 257.0 million.

Profit from operations amounted to EUR 444.1 million, up 8.5% from the EUR 409.4 million recognised in 2010.

Financial loss, at EUR 195.7 million, was 1.4% lower than the 2010 figure of EUR 198.4 million.

Net profit for the year amounted to EUR 235.8 million, up 17.9% from 2010.

#### Dividends

The Board of Directors proposes to distribute a final dividend of EUR 0.65, 65% of the par value of each of the outstanding shares at the date of payment, and to allocate the remainder to unrestricted reserves. Previously, on 10 January 2012 an interim dividend of EUR 0.65 per share was distributed, pursuant to a resolution of the Board of Directors dated 15 December 2011.

## MANAGEMENT REPORT

### ► 2. TREASURY SHARE TRANSACTIONS

At 2011 year-end Fomento de Construcciones y Contratas, S.A. held 3,278,047 treasury shares, representing 2.57% of share capital, valued at EUR 90,975 thousand.

Also, at year-end Asesoría Financiera y de Gestión, S.A. (Afigesa), a company wholly-owned by the Parent Fomento de Construcciones y Contratas, S.A. held 9,418,830 shares of Fomento de Construcciones y Contratas, S.A., representing 7.4% of its share capital, with a carrying amount of EUR 255,048 thousand.

In accordance with Article 148-d of the Consolidated Spanish Limited Liability Companies Law, the changes in the number of shares during the year are detailed in the table below:

|                                    | FCC, S.A.        | Asesoría Financiera<br>y de Gestión, S.A. | FCC Group         |
|------------------------------------|------------------|---|-------------------|
| <b>At 31 December 2010</b>         | <b>3,182,582</b> | <b>9,432,369</b>                          | <b>12,614,951</b> |
| Intra-Group acquisitions and sales | 95,465           | (95,465)                                  | —                 |
| Acquisitions or additions          | 2,373,358        | 181,926                                   | 2,555,284         |
| Sales or disposals                 | (2,373,358)      | (100,000)                                 | (2,473,358)       |
| At 31 December 2011                | 3,278,047        | 9,418,830                                 | 12,696,877        |

### ► 3. RESEARCH AND DEVELOPMENT ACTIVITIES

With the aim of promoting a Group R&D&I strategy, an Innovation Committee was formed, to coordinate innovation within the FCC Group. Its main mission is to make the innovation activities compatible with the Company's strategy and to establish the lines of research. It enables seamless, ongoing communication among all the business areas, establishes the Group's general guidelines and objectives and pushes for the conversion of innovative ideas into end projects and developments which can set the FCC Group apart from its competitors.

In 2011, the **Department of Innovation Management**, which was created in 2010, continued to promote and coordinate the R&D&I activity at Group level, with the aim of achieving results that would hone the Group's competitive edge, achieve more sustainable development and maintain its vanguard position in services to the community.

In 2011 an **Innovation Portal** was started up for the FCC Group's internal communication. This portal is fed with information of general interest and details of the R&D&I projects being developed in the Group's various areas. The Group also prepared the documentation required to organise the **Invierte Economía Sostenible-2011** programme of the Spanish Centre for the Development of Industrial Technology (CDTI), which aims to encourage private industrial capital initiatives in the energy and environment industry, involving joint investment with public funds in SMEs engaged in technological and innovative businesses with a high potential for economic growth. With the approval of the CDTI, the necessary documentation was prepared to create a venture capital company to manage forthcoming investments in the framework of the project. An investment of EUR 21 million is expected within five years: FCC will contribute a maximum of EUR 12 million and CDTI will contribute EUR 9 million.

In order to implement an **R&D&I management system** at FCC S.A. in accordance with the UNE 166002:2006 standard, the Group prepared a management handbook and various procedures and forms to establish the basic guidelines and to systematize the R&D&I activity, and also began preparation of the FCC Group's biennial **R&D&I report**.

## MANAGEMENT REPORT

Among the **Corporate R&D&I** projects, the following must be highlighted:

### ▶ **IISIS Project – Integrated Research on Sustainable Islands:**

The IISIS project, prepared to fit into the CDTI's Innpronta 2011 programme, was one of seven selected from among over 40 proposals. It is led by FCC S.A. through the Environment and Energy areas, with the participation of other Group areas such as Aqualia, FCC Construcción and Cementos Portland Valderrivas, together with various outside companies (Acerinox, Prainsa, etc.). It has a total budget of EUR 15,007,823 and its objective is to conduct advanced and ambitious research into sustainable property developments for the future, including:

- ▶ Elements, materials, technologies and systems required to develop the building in a marine environment, without constituting a threat to the environment.
- ▶ Self-sufficiency in every respect, achieved through all kinds of integrated facilities.
- ▶ Advanced transport logistics and intelligent management and control systems.

▶ **Integrated HR Management Platform (INCORPORA):** The project consists of embarking on an action plan to implement advanced personnel management processes which encourage and promote development, communication and a healthy work environment, through the efficient management of specialised HR services, in the context of diversity and internationalisation.

▶ **International Project Management Model:** The FCC Construcción IT department, assisted by the corporate IT department, led the design and development of a new international business management model which re-utilises the technological platform for the economic, financial and management processes. This platform, which was developed over the past few years at national level, integrates the management processes specific to the Company's international subsidiary's business.

▶ **Intelligent Multisourcing System (SIM):** The working framework is defined for the design and development of an innovative IT service provision system based on the new capabilities and advantages offered by the concept of outsourcing and the corresponding transformation required.

▶ **New Integrated Corporate Management Capabilities (CAPACIDADES):** This is an IT department project of a transversal nature in which the support tools required for new processes defined within the platform were developed to expedite the work flow, thus reducing costs and improving the Company's overall performance.

In 2011 the business areas performed the following R&D&I activities:

### ENVIRONMENTAL SERVICES

Work continued on the different research projects launched in prior years, mainly:

▶ **BIO+ Project:** With a view to making the urban waste treatment process more eco-efficient, a model is being developed to enable process monitoring on an industrial scale of the various biomethanation technologies. In conjunction with Aqualia, a pilot project was executed involving thermal hydrolysis prior to anaerobic digestion, to enhance biogas production, and to reduce and improve the quality of end waste.

The following projects were started up:

▶ **Plug-in electric hybrid flusher truck project (in the machinery section):** It consists of a 5 m<sup>3</sup> polyester flusher tank with a reduced width of 2.2 m mounted on an electric-hybrid chassis, rechargeable from the grid and capable of providing the service in solely electric mode. While in operation, the vehicle emits no polluting gases and a minimum level of noise.

▶ **Project involving the drying of treatment plant refuse** (in the waste treatment section)

▶ **Integrated service management software project:** Combination of the existing day-to-day service management programmes into a single integrated global tool.

▶ **System for inspecting and improving recyclable waste in household collections:** The company carries out periodic inspections of household waste collections on pre-established routes, using mobile devices to ascertain whether the municipal regulations are followed and waste is correctly separated. By analysing the results, the volume of recycled waste can be increased, privileged rates can be offered to citizens who recycle

## MANAGEMENT REPORT

and plans can be mapped out to organise awareness campaigns and reduce the cost of waste treatment.

- ▶ **Tools for communication management between service agents:** To improve the channel of communication between the various service agents, a tool has been designed to manage service requests and the capture of incidents, which reduces response time, eliminates administrative formalities and simplifies follow-up of the jobs. This development enables information to be captured through smart phones, and provides access to web-based management from anywhere, georeferencing of all the information and a state-of-the-art analytical platform.
- ▶ **Machinery activity monitoring platform:** Based on the possibilities of obtaining data on vehicle activity through sensors, control centre readings, individual signals, etc., work is being done on capture, telemetry, geopositioning, transmission, storage and standardisation, so that a more detailed analysis can be made of the machinery to optimise its use.
- ▶ **Built-in global communications management device:** Development of a built-in device for vehicles which combines the functions of voice communication, geopositioning, telemetry, data capture from sensors, control centre readings and introduction of service data. Its standard use in the Environmental Services area enables all the service information to be managed uniformly, regardless of the type of vehicle in which it is installed.
- ▶ **Service activity monitoring and geopositioning system:** Processes aimed at characterising the geographical scope of the services (inventories of containers, black spots, special action areas, proposed routes of action, etc.) and analysing the activity performed (locating vehicles, collections made, localised incidents, etc.).

### WATER

R&D&I activities in this business area included notably the following:

1. **UNE 166002:2006 certification.** The "R&D&I Project Management System" certification, approved in December 2010, was audited by AENOR in November 2011, leading to the annual renewal of the certificate.

2. **R&D&I Aqualia Forum.** The purpose of this event, organised by the Department of Marketing and Communication, is to bring together the Company's various stakeholders and to incorporate their views into the corporate strategy. The next meeting, which will be held in 2012, will discuss the use of waste water as a source of bioenergy production. This forum will be attended by members of the industry's employers' organisation, government agency representatives and researchers in this area, in addition to Aqualia's representatives.
3. In 2011, in accordance with the company's strategic plan, the R&D activity for the obtainment of sustainable technologies was geared towards achieving the following **objectives**:
  - a. **Quality** (supply of drinking water, re-utilisation of waste water, desalination and measurement)
  - b. **Sustainability** (reduction of energy consumption, use of sludge as a resource and alternative treatments)
  - c. **Integrated management** (management systems, capture of resources and communication)

Since the creation of the R&D&I department in 2008, 14 public-funded projects have been awarded, with an approved budget for Aqualia valued at EUR 14 million.

In 2011 the following projects were completed:

- ▶ **Rehabilitation technology for the elimination of nutrients (Ávila):** In this joint project with Bluewater Bio, the objective of complying with European waste discharge standards was achieved with an improvement in the operating cost.
- ▶ **Advanced sludge digestion (Loyola-San Sebastián):** In this joint project with local entities and Aguas del Añarbe, a new automatic digester control system was demonstrated.

In the meanwhile, work continued on the following projects:

## MANAGEMENT REPORT

- ▶ **Membrane bioreactor (MBR) technology (Vigo):** Joint project with the Universidad de Santiago de Compostela, with the objective of developing an energy-efficient water re-utilisation system using self-cleaning membranes.
- ▶ **ELAN technology – autotrophic nitrogen removal (Vigo):** Joint project being executed with the Universidades de Vigo and Santiago de Compostela, to install a return load treatment system in the purifiers, reducing energy costs.
- ▶ **Microalgae pilot plant (Arcos de la Frontera):** Joint project being executed with the Universidad de Cádiz, Iberdrola and Bio-Oil, to evaluate innovative bioreactors for photopurification and the production of energy from biomass.
- ▶ **Sustainable recovery of sludge (Salamanca):** Joint project with the Universidad de Salamanca, to develop a new digestion line to optimise the production of biogas and improve the end quality of the sludge, thus obtaining a very dry hygienic product. A part of the project is shared with FF MA (Bio+).
- ▶ **Customer management tools** to improve the capture and evaluation of the technical and economic processes of operation of the services, coordinated from Madrid with the participation of various areas of implementation:
  - ▶ Balanced Score Card
  - ▶ Customer Relationship Management

Also, in 2011 progress was made on the two large projects relating to bioenergy production through microalgae cultures used as waste water purification processes:

- ▶ **ALL-GAS Project**, included in the “Algae to Biofuel” initiative of the EU’s Seventh Framework Programme. It began in May and is being implemented in Chiclana, with a final objective of 10 ha of cultures.
- ▶ **CENIT VIDA Project** presented within the CDTI’s Strategic National Consortia for Technical Research programme, regarding the integrated recovery of algae. The first milestone was presented in September and the first pilot plants were built in Arcos.

In 2011 new funding was obtained for five projects:

- ▶ **“Sustainable biofuel production from the advanced co-digestion of industrial waste and urban sludge” project**, subsidised by the Basque Country’s GAITEK programme.
- ▶ **“Research into treatment, re-utilisation and control technologies for the future sustainability**

**of water purification (ITACA)” project**, integrated into the CDTI’s INNPRONTA programme, to develop more sustainable technologies for the re-utilisation of energy and resources in urban effluents.

- ▶ **“Optimisation of production and development of drying and storage of microalgae on a pre-industrial scale” project**, within the Spanish Ministry for Science and Innovation’s INNFACTO programme for the recovery of purification by-products.

### INDUSTRIAL WASTE

With regard to activities at strategic points for the industry, the following are noteworthy:

1. **Development of options for energy recovery from waste:**  
A new project was launched to develop processes to optimise particle size and reduce moisture in waste scraps from paper mill pulpers. The purpose of the tests conducted is to manufacture a solid alternative fuel for use in cement factories.
  2. **Participation in the CDTI raw materials forum** prior to the Coordination and Support Action which is to take place in 2012 and will cover the substitution of critical raw materials (CRW).
  3. **Participation in European consortia in 2011.** In 2011 the Group participated in two European consortia in response to calls for strategic development projects within the **EU’s Seventh R&D Framework Programme**; however the projects were ultimately not selected.
- ▶ **REACSOIL**-Reactive nanoparticles for soil and groundwater remediation.
  - ▶ **REBLADE**-Recycling of wind turbine generator blades.

## MANAGEMENT REPORT

The following project was completed in 2011:

- ▶ **MARINEFUEL Project:** Its objective was to develop a new high value-added alternative fuel manufactured by regenerating used engine oil waste, intended for use in fishing fleet marine diesel engines. The results of the project were favourable, and no major differences were detected between marine fuel and traditional fossil fuels.

### CONSTRUCTION

Noteworthy R&D&I activities in this area were as follows:

1. FCC Construcción participates in the European Construction Technology Platform (ECTP), in the E2BA Association (Energy Efficient Buildings Association), in the **ENCORD Group** (European Network of Construction Companies for Research and Development), in **reFINE** (Research for Future Infrastructure Networks in Europe) and in the **Spanish Construction Technology Platform** (PTEC). The aim of these organisations is to combine the efforts of research centres, industries and universities in all areas relating to research, development and technological innovation:

Among the projects carried out in 2011, the following should be highlighted:

On the one hand, work continued on the projects launched in prior years, such as:

- ▶ **RS Project:** Sustainable refurbishing of buildings.
- ▶ **OLIN Project:** Study of improved embankment and subgrade qualities and treatments to enable the construction of sustainable linear structures.
- ▶ **DAÑOS EN PUENTES Project:** Low-cost dynamic tests for the maintenance of bridges subjected to uncontrolled environmental loads, using wireless sensors.
- ▶ **BALI Project:** Acoustically efficient and healthy systems and buildings.
- ▶ **DEPOSITOS Project:** Design of a bitumen storage system modified with powdered end-of-life tyres (ELT) for plants manufacturing hot mix asphalts.

- ▶ **ECORASA Project:** Integrated use of construction and demolition waste arising from property development works inside the urban area and at the construction site itself, as a fill material for drainage ditches.
- ▶ **VITRASO Project:** Diagnosis and prediction of building construction noise transmission routes.
- ▶ **CEMESFERAS Project:** Research into the manufacture of glass microspheres with cementing properties.

On the other hand, the following new projects were launched in 2011:

- ▶ **SPIA Project:** New high visibility signage systems including a personal stand-alone luminous system.
- ▶ **PRECOIL Project:** New intelligent collective prevention systems in dynamic linear infrastructure environments.
- ▶ **NANOMICRO Project:** Based on nanomicrocements and their application in concrete wind towers.

### VERSIA

#### 1. Urban Furniture

Work continued on projects launched in prior years:

- ▶ **TEC-MUSA (sustainable and accessible urban mobility technologies):** Development, through a multidisciplinary consortium formed by companies, associations and research groups, of a range of technologies and their integration into vehicles for passenger and goods urban transport services, with zero or low emissions and advanced customer access and communication features.
- ▶ **EPISOL (electric vehicle powered by fuel cells and solar energy):**

## MANAGEMENT REPORT

Development of a light urban vehicle featuring hybrid electric propulsion with two motorisation versions: a heat engine in a first phase and a fuel cell in a more advanced phase, using solar panels in both cases. Each model of the vehicle has a system that enables the batteries to be charged from the electricity mains, so that they are fully charged at the start of each journey, greatly reducing the demands placed on the heat engine and/or fuel cell. In 2011 CEMUSA continued to work in conjunction with INSIA (the University Institute for Automotive Research of the Universidad Politécnica de Madrid) to develop this vehicle.

- ▶ **C-CYCLES:** Development of a complete unattended bicycle hire system which functions with smart cards, enables payment by credit card and incorporates an Internet point. The project responds to the need for sustainable urban mobility promoting multi-modal transport. There are plans to continue developing other features: electric bicycles, solar power.
- ▶ **LED Lighting Projects:** The company is working on a LED lighting project which aims to reduce energy consumption and, therefore, greenhouse gas emissions. Studies are being performed simultaneously in relation to the reduction of light pollution. Tests carried out in 2011 showed an average illumination of 700 lux and 85% savings in consumption versus fluorescent lighting. The company will continue to test the product to achieve surface illumination of 800 lux.
- ▶ **Solar PV Projects:** Development of a solar PV project which, together with LED lighting, will eliminate greenhouse gas emissions and in certain cases reduce network connection costs.
- ▶ **Digital Advertising Projects:** Implementation of digital advertising systems incorporating LCD screens and LED screens and, in both cases, the technology required for them to be viewed properly outdoors.
- ▶ **WiFi EN PARADAS Project:** Development of a bus stop WiFi system compatible with the system that could be built into the buses so that the user does not lose his connection and can continue his session when moving from bus stop to bus or vice versa.

The following project was started up in 2011:

### 2. Logistics

The projects in this area are as follows:

- ▶ **CSLOG (SGA):** In 2011 various modules were developed based on the SGA (warehouse management) system owned by FCC Logística, implementing the customers' different logistics requirements.
- ▶ **C+D Project:** A functionality was implemented in CSLOG for cross-docking with customers' stores. In 2011 the basic line was fully developed, a billing interface was added, as were enhanced goods

distribution processes and a web layer for inquiries from customer stores regarding logistics information.

- ▶ **"DIRECTOS" Project:** Software developed with a view to optimising goods loading and shipment to the delivery point using geopositioning.
- ▶ **CITA PREVIA:** This is customised software for the management of the new customs activity "Puesto Inspección Fronteriza" (border control kiosk). It consists of providing support to the customs authorities during the container inspection process. An improvement made in 2011 connects the system to the automated gate at the Port of Valencia, allowing the free flow of vehicles.

### 3. Maintenance and Systems

This project in this area is as follows:

- ▶ **PLATAFORMA TECNOLÓGICA AVANZA:** This project, which is based on smart traffic monitoring mechanisms which can manage road control devices, offering users all the information obtained for their specific study and analysis, was expanded with various services required for the tunnel and shadow toll freeway projects. The major milestones reached in 2011 consisted of certain enhancements implemented in the VR1 Vialitoral and Autoestrada Tramontana roads in Portugal and in the Monrepós tunnels in Huesca. New processes are continuously being incorporated, which will significantly enhance the platform's efficiency and operations.

### 4. Airport Handling

The project in this area is as follows:

- ▶ Development of the **Groundstar tool** to optimise the planning and control of aeronautical processes. During a first stage of implementation at the Flightcare bases in Spain in 2011, the tool

## MANAGEMENT REPORT

replaced the “handelnet” system and entailed a change in the billing tool in use. This new system, which is much more versatile than its predecessor, enables communications with other systems and incorporates resource management tools.

### CEMENTOS PORTLAND VALDERRIVAS

In 2011 the R&D&I department was consolidated. In the meanwhile, the company continued to work on the three links of the same chain: research, development, and applications and innovation.

The Cementos Portland Valderrivas Group has continued to promote research into new higher value-added products and/or new markets. Over the past two years these efforts have borne fruit, culminating in the development of 11 new special cements with very competitive advantages in terms of faster setting time, resistance to harsh outdoor conditions, the much lower environmental impact of their manufacturing process and their ability to inertise certain pollutants. These products, due to their very specific qualities, could occupy new market niches because of their competitive nature. Many of the original developments were carried out at the Group’s R&D&I laboratory at the Olazagutia factory.

In 2011 the R&D&I Department obtained government grants for the development of various cutting edge research projects, mainly in the area of new materials, which involved about 140 of the organization’s employees (80 of them belonging to Cementos Portland Valderrivas, S.A., which leads many of the projects approved).

The applications of the new products and technical assistance in various projects in which they have been trialled formed another focus for the Group’s activities in 2011 – mainly in relation to the use of microcements in the Pajares tunnels and Ultraval in the Ordicia tunnels, tests performed jointly with AENA and various preliminary studies conducted on contaminated soil conglomerates in Flix (Tarragona).

The Group also began work on the technological assessment of its new products and its forthcoming positioning for marketing its current product portfolio. To this end, it joined forces with a company which provides management, strategic consultancy and interim management services, and specialises in incorporating disruptive innovation into business models. The first stage began with the preparation

of the technological packages of these products, the corresponding market studies and action plans.

**All the foregoing initiatives have had significant indirect benefits**, such as contacts with numerous companies in different business areas, universities, research centres and public agencies, which have positioned the Group as an R&D&I benchmark for the development and application of cement-based materials, enabling it to enter into agreements with other entities.

Other noteworthy initiatives carried out in 2011 were the **publication of the first R&D&I monographic document**, the organisation of the **“International Conference on Cement Chemistry”** and the **protection of intellectual property**, in connection with which the Group actively engaged in applying for possible patents.

Ultimately, the Group is aware that a commitment to innovation and radical change is the path to be followed; accordingly, in 2011 it began to develop an ambitious project, the objective of which is to convert the company into a dynamo of innovation at all levels (**“Promoting Innovation”**).

Within the framework of this project and with the participation of over 70 executives, an initial diagnosis was made of the company’s vision for innovation, and the required **Action Plan** was subsequently prepared to transform the organisation. This Plan consists of 23 projects which cover all the spheres of innovation, starting from vision and governance and going on to customer management and required resources, and will involve over 80 employees from all the areas. All these projects should be finalised in February so that they can be trialled and validated during the first half of 2012.

**Knowledge management** is the management of the intangible assets which generate value for the organisation, and is most essential in these

## MANAGEMENT REPORT

times of crisis. This initiative, closely linked to innovation, was launched in 2011 with the performance of an initial diagnosis of the Group's perception of this area.

For this purpose a 40-hour **workshop** was held, attended by 14 employees of various corporate divisions, mostly representing all the organisation's businesses and areas. The workshop provided training on all the facets of knowledge management and an analysis was made of the Group's situation with regard to all these reference points. A detailed list was prepared of all the Group's strengths and weaknesses, which were prioritized by all the participants and subsequently evaluated by the Steering Committee to establish measures for improvement.

**New Products and Markets** were selected as a **pilot area** to create the first **Community of Practice**, since they constitute one of the Group's strategic pillars which can most rapidly generate value. Once implemented, the experience will be replicated in other areas of the organisation, creating new Communities of Practice until all the components of the organisation are involved within the medium term.

The salient projects which were under development or launched in 2011 were as follows:

- ▶ **HORMIGÓN ULTRARRÁPIDO Project:** The aim of this project is to develop a concrete which, immediately after being spread, acquires certain mechanical service properties. It could then be offered to the international community for use in repairs and construction in civil emergency/protection services, for example prior to imminent catastrophes, for civil and industrial repairs which have high added value due to their urgency, and for military applications.
- ▶ **ESCOMBRERAS Project:** The aim of this project is to remove an historical waste disposal facility, restoring the environment to its initial state and re-utilising all the recovered materials.
- ▶ **HORMIGONES POROSOS Project:** The main objective is to develop a new range of multifunctional porous concretes which have high mechanical strength and greater resistance to surface wear and tear, are longer lasting and self-maintaining in terms of their porosity level and have better acoustic and heat insulation, with a view to obtaining new energy-efficient applications in the construction industry.
- ▶ **MICROCEMENTOS Project:** The objective is to develop a new range of microcements (TP-1) and biomicrocements with a maximum particle size of one micron. These microcements need to be developed for use in microinjections and as a microaddition in cements and concretes to improve their properties.
- ▶ **CEMESFERAS Project:** The objective is to develop and manufacture new products with cementing properties based on glass microspheres, so that they can be used as cement manufacturing components and significantly reduce greenhouse gas emissions. As and when the project is being executed the bases for standardisation of these products will have to be set.
- ▶ **NANOMICRO Project:** Led by Cementos Portland Valderrivas, with the participation of FCC Construcción. The main objective of this project is to develop a range of microcements which have a particle size of less than one micron and can withstand extreme weather conditions.
- ▶ **FLOTTEK Project:** It consists of studying the viability and development of a floating concrete structure to support a deep-water wind turbine, where seabed foundations are no longer viable. The platform must be sufficiently capable of floating and remaining stable to enable the wind turbine to function properly in the climate conditions of its location. This calls for concretes which are highly durable and physically very permeable and have a strong chemical resistance to chlorides and sulphates.
- ▶ **MUGIELEC Project:** The objective is to develop all the systems and equipment required to optimise power supply from various points of the grid for charging electric vehicles.
- ▶ **SIGERAPI Project:** The purpose of this project is to find a solution for noise management in the manufacturing industry, providing a tool which enables the production process to be integrated with prediction modules and which does not require the users to have an advanced knowledge of acoustics to use it or to interpret the results.
- ▶ **SAGER Project:** The project concerns bulk storage of electric power and its use. Its material objective is the design and manufacture of artificial concrete caverns with advanced mechanical characteristics obtained by developing new cements. The bulk storage energy system will be based on the development of two technologies designed to respond to the needs detected: Electrochemical storage system and CAES (compressed air energy storage in an artificial cavern).

## MANAGEMENT REPORT

In 2011 the technology departments of FCC Construcción and the Cementos Portland Valderrivas Group collaborated on projects aimed at modernising and updating concrete paving technologies. In this connection, in 2011 a Manual of Recommendations was jointly published with the assistance of the Catalan Department of Public Works and the Spanish Institute for Cement and its Applications (IECA), for the design and construction of double-layered road surfaces. Research was also conducted on the laying of compacted concrete paving, using traditional machinery to place the aggregate.

### ► 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements. The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner. In line with this risk policy, the FCC Group arranges hedges initially to hedge the underlying transaction and not for speculative purposes.

In order to ensure a position that is in the FCC Group's best interest, an interest rate risk management policy is actively implemented based on the on-going monitoring of markets and assuming different positions based primarily on the asset financed. Given the nature of the Group's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group's debt are partially tied to floating interest rates. Even so, the FCC Group performed interest rate hedging transactions using various hedging instruments of varying maturities. Complying with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly swaps (IRSs) in which the Group companies pay a fixed rate and receive a floating rate.

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial

statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in the currency of the consolidated group or in the most closely correlated foreign currency.

The FCC Group is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk. This risk results from the timing mismatches between the funds generated by the activities and the funds needed for the payment of debts, working capital etc. Despite the adverse situation that affected the financial markets throughout 2011, the FCC Group has remained adequately positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

The Group also strives to reduce credit risk as far as possible, is careful to ask for commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in on-going monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the

## MANAGEMENT REPORT

case of public customers, the Group follows the policy of not accepting projects without an allocated budget and financial approval. The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Group, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position could result in the risk of non-payment of the amounts owed.

### ► 5. OUTLOOK FOR 2012

Set forth below are the prospects for 2012 for the various business areas composing the FCC Group. The construction and services backlog at 2011 year-end, which amounted to EUR 35,237.6 million, guarantees the continuation of a high level of activity over the coming years.

In the **Services** area, broadly speaking, business in Spain is likely to continue to suffer from the impact of the general economic crisis; however, current activities abroad are expected to be consolidated and to grow significantly.

The **Environmental Services** area reflects a general economic situation which has a direct effect on budgets and the financial situation of local municipal corporations, which has led city councils to request service reductions.

Also, the debt was arranged with maturity close to the year of provision of the services and the outlook for 2012 appears promising which, together with a foreseeable rise in interest rates, could affect finance costs.

However, the main contracts are expected to be maintained and other minor contracts to be renewed or extended.

Mention should be made of the positive effect expected for 2012 of the launch of the activity of certain waste treatment plants, such as those located in Valencia and Guipúzcoa.

In the **International** area, the slight upswing in 2011 in all the activities is expected to be consolidated. Among these is notably the improved functioning of the Allington incinerator in the UK, the soil

decontamination project in the Czech Republic and new contracts in Bulgaria.

Also in the UK a significant investment plan was prepared, mainly in the area of new PFI projects, the recovery of materials and obtainment of energy from waste, which will contribute in the coming years to boosting revenue.

Business within the ASA Group is expected to expand, especially in Poland where the level of activity is expected to double in 2013, due to a legislative change which obliges all the municipalities to issue invitations to tender for refuse collection from 2012, and we therefore expect to provide this service to over 800,000 inhabitants.

In the **Industrial Waste** area in Spain, the last quarter of 2011 witnessed a slump in the prices of certain recovered materials (paper, cardboard, etc.), which sometimes dropped to 30% of their value in the preceding months. Also, due to the decline in Spanish manufacturing, the volume of waste being treated is falling steeply, a trend which is expected to continue in 2012 and which could affect the industry's revenue. With regard to the Flix (Tarragona) reservoir decontamination project which was begun in 2010, the decontamination tasks as such are expected to begin around the third quarter, once the preparatory work is completed.

In the first quarter of 2012 the Group is expected to start up the plant for the recovery of foundry waste and its conversion into an iron and steel aggregate for Arcelor Mittal in Guipúzcoa. Also scheduled is the inauguration of the new controlled non-hazardous industrial waste depot in Castañeda (Cantabria) through the subsidiary IACAN, with an estimated annual intake of 170,000 tonnes of waste.

Additionally, the new end-of-life tyre recovery plants are fully operational in the Canary Islands, as is the plant that recovers waste

## MANAGEMENT REPORT

for conversion into an alternative fuel for the cement industry in Castellbisbal (Cataluña).

With regard to foreign projects in the Industrial Waste area, in Italy a total of 150,000 tonnes of contaminated sludge is expected to be treated in Syracuse (Sicily). In Portugal, after a brilliant 2011, in which more than 160,000 tonnes of waste were treated at the Chamusca plant belonging to the subsidiary Ecodeal, new tenders are expected to be put out by the Portuguese Government, such as that for the remediation of various contaminated industrial sites in the Barreiros area.

In the US, the subsidiaries FCC Environmental and International Petroleum Corp. will foreseeably continue to expand their presence in the used oil collection and re-utilisation market. Also, in the third quarter an oil refinery plant construction project for Baltimore (Maryland) will be presented to the authorities concerned for approval. With regard to the subsidiary Apex/FCC, it should be mentioned that its presence in the gas- and oil-field waste business will increase. At 2011 year-end a mobile fracture water treatment plant was also incorporated and authorisation was requested for the construction of a new plant in South Texas.

In the **Water Management** area, the Group maintains its leadership position in the Spanish market as the first integrated cycle operator funded by Spanish capital. At the same time, it has continued to bolster its international presence, promoting the geographical diversification strategy initiated five years ago.

In 2012, with an economic crisis prevailing in Spain, household and industrial consumption is expected to remain flat, with very little activity in new property developments which would enable the scope of contracts to be expanded to new customers in areas already being served; however, tenders are expected to be put out by large municipalities which previously did not consider indirect management and which, in view of their financial situation, seek to balance their budgets with the award of their water services. At the same time, our presence in various regions already consolidated in the international market has mitigated the impact of the Spanish crisis and will continue do so, since we will take advantage of our presence in regulated markets which are gradually opening up to expert companies to resolve their historical problems of managing this resource.

In 2011 significant new contracts were obtained in the international market. Noteworthy among these is the network leak detection and repair contract for the city of Riyadh (Saudi Arabia); the water supply and treatment management contract for the city of Fundão (Portugal), which addresses an infrastructure

renewal plan, the aim of which is to modernise the water distribution and treatment system in the Portuguese municipality, which is located near Serra da Estrela in the centre of the country and has a population of 32,177 inhabitants; the desalination plant engineering, supply, erection and start-up contract for La Minera Candelaria in Chile (80% owned by the US company Freeport and 20% by the Japanese company Sumitomo), which will supply drinking water to a population of approximately 175,000 inhabitants in the Northern region of Copiapó, near the Atacama desert; the waste water treatment plant construction contract for the Cutzamala municipality (Mexico); the pump station construction contract for Mexico City (Mexico); the contract for the construction of the country's largest water treatment plant in Niksic (Montenegro). Also mentionable is the start-up of the contracts for the exploitation, operation and maintenance of the Mostaganem and Cap d'Jinet desalination plants in Algeria.

In Spain, numerous contracts have been arranged, renewed and extended in various municipalities, among which the following are highlighted:

- ▶ Renewal of the integrated water cycle management contract in Ávila where Aqualia has been the operator since December 1988, providing service to 58,245 inhabitants
- ▶ Operation, upkeep and maintenance contract for 11 purification plants of the Baix Ebre regional council (Tarragona)
- ▶ Extension of the integrated water cycle management contract for the Adeje municipality (Santa Cruz de Tenerife)
- ▶ Renewal of the management contract in the Iscar municipality (Valladolid)
- ▶ Management of the supply and treatment service and the construction of a regulating reservoir for the Llagostera municipality (Gerona)
- ▶ Renewal of the purification and sewerage service for the Puerto de Santamaría municipality (Cádiz)

## MANAGEMENT REPORT

- ▶ Supply and treatment service contract for the Caspe municipality (Zaragoza), and upgrade of its drinking water plant
- ▶ Supply and treatment service contract for the Fraga municipality (Zaragoza)
- ▶ Supply and treatment contract for the Arico municipality (Tenerife)
- ▶ Algeciras waste water treatment plant management contract
- ▶ Integrated water management contract for the Baena municipality (Córdoba)
- ▶ Supply and treatment management contract for the Yepes municipality (Toledo)
- ▶ Supply and treatment management contract for the Islantilla municipality (Huelva)
- ▶ Renewal of the supply management contract for Guía de Isora (Tenerife)
- ▶ Supply and treatment management contract for the Yuncler municipality (Toledo)
- ▶ Purification service management contract for the Chipiona municipality (Cádiz)

At the beginning of 2012 the Services area backlog amounted to EUR 25,719 million, representing nearly seven years of production.

For 2012, the **Versia** area plans to divest itself of Airport Handling assets which, together with the sale in December 2011 of companies belonging to the Parking Lot section, would push revenue down as a result of the change in the scope of consolidation caused by these two measures, which are in keeping with the FCC Group's asset rotation policy.

By area, there are hopes that the New York **Urban Furniture** contract will be further consolidated and this, together with the obtainment of new contracts, will boost the volume of business in this area. Also, the launch of new Logistics contracts will lift sales slightly, softening the impact of the steady fall in consumer spending since the start of the crisis. The Maintenance and Systems area will suffer from the public sector investment containment policy.

In the **Construction** area, 2012 revenue in Spain is expected to be lower than that recognised in 2011, since there is a lull in residential building construction caused by the property market crisis and public sector budget restrictions which will affect the execution of civil engineering works.

To offset the weakness of the Spanish market, the companies composing the area are making a strong effort to expand their activities abroad. This measure will foreseeably drive foreign sales upwards in 2012 compared to 2011 levels.

The business abroad is carried on primarily in numerous Central and East European countries (through the Alpine group) and is rounded off by activities in the American market, where the Group is present through investees operating mainly in Central America and Mexico; FCC Construcción will also continue to develop the foreign business directly in Europe, Algeria and certain areas of the Middle East.

In the **Energy** area, in 2011 contacts were made and negotiations initiated to admit a shareholder of recognised prestige, interested in investing in the renewable energy section. An agreement was entered into with the Japanese multinational Mitsui & Co. Ltd., which will culminate in the formulation of a joint venture in which the FCC Group will hold a maximum ownership interest of 50% and be able to embark on the international expansion of this business area.

Given the direction of the activities underway, it is hoped that the area will be better placed financially to undertake new renewable energy projects. In this respect, it is of utmost interest to explore all the growth opportunities likely to arise in the energy area, either by acquiring ownership interests in new projects or by bidding for public-sector contracts for new power not only in Spain, but also in East European EU member countries and the US, since all these areas share the characteristic of the legal certainty required for medium-term investment commitments and their respective governments have expressed the wish to boost the development and promotion of renewable energies.

In the **Cement** area, it should be mentioned that at global level it has been unexpectedly difficult for the International Monetary Fund to remedy the structural problems faced by the advanced economies struck by the crisis, and even more complicated to formulate and execute reforms. While these economies are expected to expand steadily, growth will be weak and fitful. The outlook of emerging economies appears to be even more uncertain, although growth is

## MANAGEMENT REPORT

more likely to be vigorous, especially in the economies which can counter the effect of a flagging foreign demand for the product by softening their policies. In the euro zone, leaving aside the major problems caused by financial turbulence, the situation is more diverse. Households in general appear to have fewer concerns than in the US, and there has been a much lower level of job destruction, except in the peripheral economies hit by the crisis, such as Spain. These economies face a major structural challenge which consists of adopting reforms which will enable them to recover and maintain their competitive edge more easily.

Against this backdrop, the macroeconomic projections of the Banco de España (January 2012) point to a substantial drop in Spanish GDP in 2012 (-1.5 %) and a modest recovery in 2013 (0.2 %), with positive rates from the first quarter of 2013, bringing the Spanish economy closer to its potential growth rate. This macroeconomic scenario is the result of a significant contraction in domestic demand, partially offset by a high contribution of the net foreign balance. In turn, the decline in domestic demand is the result of the combined effect of a steep fall in its public- and private-sector components, in a context in which household spending will be restricted due to the impact of tax consolidation on these agents' incomes, and by lower employment levels. Residential investment will continue to fall in 2012 and 2013, although not as sharply as in recent years, after overcoming its hardest phase of adjustment. Weak demand, poorer economic prospects and austere financial conditions will determine further decreases, albeit moderate, in private-sector spending on production over the next two years. Bearing in mind this panorama for 2012, the Company's sales forecasts are conditioned by the timetable for recovery in Spain. The Spanish market continues at historically low levels with a downward trend. Oficemen views very favourably the measures adopted by the Government to extend the VAT reduction for another year and to restore the first-time home buyer's tax credit. It is also confident that measures will shortly be put in place which will re-energise public works, the current situation of which is extremely worrying. In view of these prospects, a new plan is being worked out to adapt the Cement Group's structures to this reality.

## AUDIT REPORT

Deloitte.

Deloitte, S.L.  
 Plaza Pablo Ruiz Picasso, 1  
 Torre Picasso  
 28020 Madrid  
 España  
 Tel: +34 915 14 50 00  
 Fax: +34 915 14 51 80  
 www.deloitte.es

*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.*

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of  
 FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., which comprise the balance sheet at 31 December 2011 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.
2. In our opinion, the accompanying financial statements for 2011 present fairly, in all material respects, the equity and financial position of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2011, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.
3. Without qualifying our audit opinion, we draw attention to Note 10-a to the accompanying financial statements and the uncertainty relating to the refinancing of the bank borrowings of the Cementos Portland Valderrivas Group, which could have an impact on the accompanying financial statements. The directors expect the aforementioned refinancing process to be completed successfully in the first half of 2012, thereby allowing the debt servicing to be brought into line with the cement division's cash flow generation projections.
4. The accompanying directors' report for 2011 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2011. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.  
 Registered in ROAC under no. S0692

Miguel Laserna Niño  
 27 February 2012