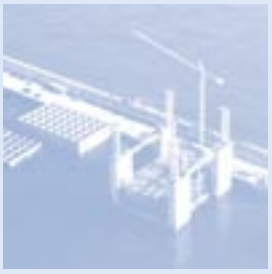
FINANCIAL STATEMENTS
MANAGEMENT REPORTS
AUDITOR'S REPORTS
2003

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.



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FINANCIAL STATEMENTS, MANAGEMENT REPORTS AND AUDITOR'S REPORT OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES

CONSOLIDATED GROUP

FINANCIAL STATEMENTS

CONSOLIDATED GROUP

Consolidated balance sheet

Fomento de Construcciones y Contratas, S.A. and subsidiaries (Consolidated Group)

ASSETS	12.31.2003		12.31.2002	
Due from shareholders for uncalled capital		**230**		**239**
Fixed and other noncurrent assets		**2,977,018**		**2,874,139**
Start-up expenses		11,490		16,223
Intangible assets		584,636		597,624
- Research and development expenses	3,439		3,262	
- Concessions, patents, licenses, trademarks and other	369,973		369,913	
- Goodwill	229,600		230,943	
- Computer software	16,813		16,037	
- Rights on leased assets		204,883		179,995
- Allowances	(182)		(181)	
- Accumulated amortization	(239,890)		(202,345)	
Tangible fixed assets		1,731,524		1,595,994
- Land and structures	699,716		674,911	
- Plant and machinery	1,882,433		1,676,522	
- Other fixtures, tools and furniture	358,872		313,322	
- Advances and construction in progress	240,633		201,799	
- Other tangible fixed assets	138,997		131,491	
- Allowances	(33,079)		(1,182)	
- Accumulated depreciation	(1,556,048)		(1,400,869)	
Long-term investments		638,829		661,016
- Investments in Group and associated companies	1,808		1,858	
- Investments accounted for by the equity method	496,932		466,525	
- Loans to companies accounted for by the equity method	28,817		40,911	
- Long-term investment securities	114,705		96,967	
- Other loans	51,917		49,867	
- Long-term deposits and guarantees given	37,525		33,035	
- Allowances	(92,875)		(28,147)	
Parent company shares		10,539		3,282
Consolidation goodwill		**191,365**		**254,604**
Deferred charges		**38,570**		**41,716**
Current assets		**3,832,570**		**3,629,977**
Inventories		429,352		428,773
- Merchandise	132,828		140,097	
- Raw materials and other supplies	170,947		162,066	
- Work-in-process and semifinished goods	94,485		87,366	
- Finished goods	25,484		33,029	
- Advances	12,222		13,674	
- Allowances	(6,614)		(7,459)	
Accounts receivable		2,704,968		2,480,824
- Trade receivables for sales and services	2,269,375		2,104,086	
- Receivable from associated companies	73,257		91,479	
- Sundry accounts receivable	170,873		128,603	
- Employee receivables	2,899		2,644	
- Taxes receivable	319,492		295,583	
- Allowances	(130,928)		(141,571)	
Short-term investments		390,329		427,300
- Loans to companies carried by the equity method	16,321		29,406	
- Short-term investment securities	148,729		151,135	
- Other loans	217,569		202,909	
- Short-term deposits and guarantees given	11,390		47,132	
- Allowances	(3,680)		(3,282)	
Cash		293,008		275,600
Accrual accounts		14,913		17,480
TOTAL ASSETS		**7,039,753**		**6,800,675**

as of december 31, 2003

(thousands of euros)

SHAREHOLDERS' EQUITY AND LIABILITIES	12.31.2003		12.31.2002	
Shareholders' equity		**1,845,506**		**1,645,513**
Capital stock		130,567		130,567
Additional paid-in capital		242,133		242,133
Reserves of the parent company		429,203		383,945
Consolidation reserves		846,158		694,583
Translation differences		(63,085)		(39,951)
Income attributable to the parent company		308,579		273,015
- Consolidated	369,994		327,303	
- Attributed to minority interests	(61,415)		(54,288)	
Interim dividend		(48,049)		(38,779)
Minority interests		**387,774**		**392,250**
Negative consolidation difference		**36,103**		**37,086**
Deferred revenues		**46,885**		**45,701**
- Capital subsidies	38,762		26,276	
- Other deferred revenues	8,123		19,425	
Provisions for contingencies and expenses		**238,364**		**238,289**
- Provisions	202,315		205,887	
- Reversion reserve	36,049		32,402	
Long-term debt		**748,767**		**756,747**
Debentures and other marketable debt securities		46,256		—
-Nonconvertible debentures	46,256		—	
Payable to credit institutions		444,218		464,244
- Loans and other payables	406,987		431,325	
- Long-term lease payments payable	37,231		32,919	
Other payables		232,116		285,432
- Long-term taxes payable	74,064		92,987	
- Limited recourse project financing loans	61,057		58,562	
- Other payables	81,848		122,651	
- Long-term guarantees and deposits received	15,147		11,232	
Uncalled capital payments payable		26,177		7,071
Current liabilities		**3,736,354**		**3,685,089**
Payable to credit institutions		589,783		769,641
- Loans and other payables	533,233		709,477	
- Interest payable	7,332		5,476	
- Short-term lease payments payable	49,218		54,688	
Payable to associated companies		13,671		19,920
Trade accounts payable		2,379,438		2,182,828
- Advances received on orders	362,947		332,961	
- Accounts payable for purchases and services	1,175,430		1,059,660	
- Notes payable	841,061		790,207	
Other nontrade payables		666,695		601,269
- Taxes payable	376,861		364,145	
- Notes payable	25,304		28,034	
- Limited recourse project financing loans	9,850		12,089	
- Other payables	174,273		120,777	
- Compensation payable	74,586		69,777	
- Short-term guarantees and deposits received	5,821		6,447	
Operating allowances		85,710		110,453
Accrual accounts		1,057		978
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**7,039,753**		**6,800,675**

Consolidated statement of income

Fomento de Construcciones y Contratas, S.A. and subsidiaries (Consolidated Group)

DEBIT		12.31.2003		12.31.2002
Total operating expenses		**5.683.701**		**5.166.301**
Cost of materials used and other external expenses		2.843.293		2.599.876
Personnel expenses		1.625.850		1.475.045
- Wages, salaries and similar expenses	1.245.275		1.136.061	
- Employee welfare expenses	380.575		338.984	
Depreciation and amortization expense		263.729		230.063
Variation in operating allowances		16.412		8.734
Other operating expenses		934.417		852.583
Operating income		**518.932**		**498.090**
Financial expenses		79.684		81.139
Variation in investment valuation allowances		5.332		3.033
Exchange losses		25.117		25.773
Amortization of consolidation goodwill		18.950		19.908
Income from ordinary activities		**521.051**		**469.296**
Variation in tangible fixed asset and intangible asset allowances		21.637		90
Extraordinary expenses and losses		122.106		39.911
Consolidated income before taxes		**496.272**		**455.346**
Corporate income tax		126.278		128.043
Consolidated income for the year		**369.994**		**327.303**
Income attributed to minority interests		(61.415)		(54.288)
Income for the year attributed to the parent company		**308.579**		**273.015**

As of december 31, 2003

(thousands of euros)

CREDIT	12.31.2003	12.31.2002
Total operating revenues	**6,202,633**	**5,664,391**
Net sales	6,050,472	5,497,160
Increase in finished goods and work-in-process inventories	8,020	6,019
Capitalized expenses of Group work on fixed assets	70,618	72,083
Other operating revenues	73,523	89,129
Revenues from equity investments	56	210
Revenues from other marketable securities and noncurrent loans	6,133	6,195
Other financial revenues	41,942	35,355
Exchange gains	16,665	17,259
Financial loss	**45,337**	**50,926**
Share in the income of companies accounted for by the equity method	66,406	42,040
Gains on fixed assets and control portfolio	91,729	13,269
Capital subsidies transferred to income for the year	3,030	2,476
Extraordinary revenues and income	24,205	10,306
Extraordinary loss	**24,779**	**13,950**

Notes to consolidated financial statements

Fomento de Construcciones y Contratas, S.A. and subsidiaries (Consolidated Group) as of December 31, 2003

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Exhibit I.	Consolidable subsidiaries
Exhibit II.	Multigroup companies
Exhibit III.	Companies accounted for by the equity method
Exhibit IV.	Changes in the composition of the Consolidated Group

1. Companies' business activities

The various activities carried on by the FCC Group are structured into five management units relating to the following specialized areas:

- **Construction:** construction and related activities.
- **Services:** this unit groups together activities relating to urban cleaning, industrial waste treatment and the integral water cycle.
- **Versia:** this unit, formerly known as Urban Environment, provides services such as vehicle parking lots, street furniture, passenger transport, vehicle roadworthiness tests and ground aircraft and passenger handling.
- **Cement:** the working of quarries and mines, the operation of cement, lime, plaster and related premanufactured product plants and the production of concrete.
- **Grucycsa:** this unit channels the activities not included in the aforementioned areas.

The most notable activities are Construction and Services, which account for 49% and 28%, respectively, of total net sales.

2. Basis of presentation of the consolidated financial statements

a) Basis of presentation

The consolidated financial statements, which were prepared from the accounting records as of December 31, 2003, of Fomento de Construcciones y Contratas, S.A. and of its investees, are presented in accordance with current legislation and expressed in thousands of euros.

The financial statements of Fomento de Construcciones y Contratas, S.A. and of its investees, which were prepared by their respective directors, have not yet been approved by the related Shareholders' Meetings. However, it is considered that they will be approved without any changes.

b) Consolidation principles

The subsidiaries listed in Exhibit I, which Fomento de Construcciones y Contratas, S.A. controls by virtue of ownership of a majority of the voting rights, either directly or through other companies controlled by it, were fully consolidated.

The equity of minority interests in the net worth and earnings of the consolidated companies is presented under the "Minority Interests" caption on the liability side of the consolidated balance sheet and under the "Income Attributed to Minority Interests" caption in the consolidated statement of income, respectively.

Exhibit II details the companies which were proportionally consolidated because one or several FCC Group companies have ownership interests in them and manage them jointly with one or more non-Group companies.

The companies listed in Exhibit III, in which Fomento de Construcciones y Contratas, S.A. does not have majority direct or indirect holdings but does exercise significant influence, are presented in the accompanying consolidated balance sheet under the "Long-Term Investments - Investments Accounted for by the Equity Method" caption at the underlying book value of the holding. The share in the income for the year after taxes of these companies is reflected in the accompanying consolidated statement of income as "Share in the Income of Companies Accounted for by the Equity Method".

Abies Re Anstalt and Fir Re Societé Anonyme, which engage in activities that are different from those of the Group, are excluded from consolidation. The shareholders' equity of these companies taken as a whole amounts to €22,501 thousand.

c) Changes in the consolidated Group

Exhibit IV shows the changes in 2003 in the consolidated companies and in the companies accounted for by the equity method.

The effects of the inclusion of companies in, and their exclusion from, the consolidated Group, where material, are shown in the related notes to these consolidated financial statements under the "Variation in Consolidated Group" heading.

d) Joint ventures and owners' associations

The FCC Group companies which participate in joint ventures included in their respective financial statements the proportional part, based on the percentage of participation, of the joint ventures' assets and liabilities and operations, after elimination of the reciprocal assets and liabilities and revenues and expenses. Also, the parent company Fomento de Construcciones y Contratas, S.A. has an 80% ownership interest in the Torre Picasso building, which is being operated through an owners' association, and includes in the relevant captions its equity in the assets, liabilities, revenues and expenses based on its ownership interest.

3. Valuation standards

a) Goodwill and negative consolidation difference

The differences arising in the acquisition of holdings in companies was calculated as the difference between the book value of the parent company's direct or indirect holding in the capital stock of each subsidiary and the proportional amount of the net worth of the subsidiary based on the percentage of ownership at the acquisition date. The resulting difference is allocated, as far as possible and solely for the purpose of consolidation, to the subsidiary's asset and liability accounts when the book value of these items differs significantly from their market value.

The difference remaining after the aforementioned allocation is recorded, if positive, under the "Consolidation Goodwill" caption and, if negative, under the "Negative Consolidation Difference" caption on the asset and liability sides, respectively, of the accompanying consolidated balance sheet.

Consolidation goodwill is amortized systematically over the estimated period over which the investment will be recovered, up to a limit of 20 years, and is adjusted to market value as required in the event of impairment.

Additionally, in accordance with the accounting principle of prudence in valuation, in prior years the FCC Group took extraordinary amortization on certain goodwill balances. The effect on the 2003 consolidated financial statements of amortizing these balances pursuant to current accounting regulations would not be material.

The negative consolidation difference is charged to income for the year in which the capital gains represented by it are deemed to be realized or, where applicable, when the events covered by this negative difference occur.

b) Transactions between consolidated companies

Material gains or losses on intercompany transactions in the Group are eliminated in consolidation and deferred until they are realized with third parties outside the Group. Intercompany results on in-house work on fixed assets are eliminated in consolidation and are recognized as the related assets are depreciated or when they are disposed of to third parties. Intercompany receivables and payables and revenues and expenses were eliminated from the consolidated financial statements.

c) Uniformity of presentation

The necessary unification procedures were applied to the Group companies to ensure that their financial statements are presented in accordance with the parent company's general and uniform valuation principles and standards.

The fiscal year of all the consolidated companies ends on December 31.

d) Translation of financial statements of foreign companies

The financial statements of foreign companies were generally translated to euros at the year-end exchange rates, except for:

- Capital and reserves, which were translated at historical exchange rates.
- The income-statement items of the foreign subsidiaries and associated companies, which were translated at the average exchange rates in the period.

Translation differences arising at the consolidated foreign companies which applied the year-end exchange rates are shown net of taxes under the "Shareholders' Equity - Translation Differences" caption in the accompanying consolidated balance sheet, net of the portion relating to minority interests, which is reflected in the related caption.

At the companies that apply the monetary-nonmonetary method, the nonmonetary items are translated at historical exchange rates and the monetary items at year-end rates, the effect of translation being reflected in the statement of income.

e) Start-up expenses

Start-up expenses are valued at the cost of the related goods and services and are amortized over the maximum legally stipulated period of five years.

f) Intangible assets

Intangible assets are recorded at cost, which does not include the interest on the related financing.

Administrative concessions are amortized over the concession period, which ranges on average from 25 to 50 years.

Leased assets are amortized by the straight-line method over the years of useful life, which are the same as those for tangible fixed assets

The goodwill arising on intra-Group mergers includes all the intangible assets, such as the customer roster or corporate name, that imply value for the Group companies and which were acquired for valuable consideration. It is amortized systematically over the period during which it contributes to the obtainment of revenues, up to a maximum of 20 years, and is adjusted to market value as required in the event of impairment.

g) Tangible fixed assets

Tangible fixed assets acquired prior to 1983 are carried at cost revalued pursuant to Law 9/1983. Prior to 1983 the companies had revalued their balance sheets and the carrying values of their tangible fixed assets pursuant to the applicable enabling legislation. Tangible fixed assets acquired subsequent to 1983 are carried at cost, except in the case of certain subsidiaries operating in the cement business, which revalued their tangible fixed assets pursuant to Royal Decree-Law 7/1996, Navarre Regulation 23/1966 and Vizcaya Regulation 6/1996. The effect of these revaluations on the consolidated statement of income is not material.

Group in-house work on fixed assets is valued at production cost.

Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increased production capacity of the related assets are expensed currently.

Tangible fixed assets are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

	Years of estimated useful life
Buildings and other structures	25 – 50
Torre Picasso building	75
Plant and machinery	5 – 15
Other fixtures, tools and furniture	7 – 12
Computer hardware	4
Other fixtures, tools and furniture	5 - 10

Tangible fixed assets assigned exclusively to certain specific contracts are depreciated over the shorter of the years of useful life indicated above or the contract term.

h) Deferred financial expenses relating to the financing of fixed assets

The acquisition price of tangible fixed assets and intangible assets does not usually include the interest on loans used to finance them, which is generally expensed currently. However, in the industrial waste and parking lot business divisions, in view of the extended construction period for certain facilities, the accrued interest incurred on the financing of these facilities through the date on which they come into service is included in the acquisition price. The amount of this interest is in no case material.

Additionally, in accordance with the regulations adapting the Spanish Chart of Accounts to the water supply/treatment and toll road, tunnel, bridge and other tollway concession businesses, the interest on the loans used to finance the fixed assets required in order to carry on these activities are deferred over the concession term, provided that there is evidence that the capitalized expenses will be recovered in future years' rates.

Also, interest arising from the financing of fixed assets through financial leases is deferred and charged to income over the contract term on the basis of the principal outstanding.

The interest capitalized as described in the preceding paragraphs is included under the "Deferred Charges" or "Accrual Accounts" captions on the asset side of the balance sheet, depending on whether the related amounts are to be taken to income in the long or short term.

i) Long-term investments. Marketable securities and nontrade loans

In accordance with current legislation, investments in listed and unlisted marketable securities are valued at cost, revalued where appropriate pursuant to Law 9/1983, net of the required allowance for decline in value. The effect of applying this method is that all unrealized losses on investment securities are recorded, but unrealized gains are not, except for those disclosed at the time of acquisition and still existing at the date of subsequent valuation.

Loans are valued at the amount delivered plus the unmatured accrued interest at the balance-sheet date. The necessary value adjustments are made by recording allowances for loans with possible recovery problems.

Securities and loans maturing in under 12 months from the balance-sheet date are classified as short-term (current assets) and those maturing at over 12 months as long-term (noncurrent assets). Other investments of a permanent nature are classified as long-term financial assets.

j) Inventories

Inventories are valued at average acquisition price or average production cost and the necessary value adjustments are made to mark the carrying values to market, if this is lower. Allowances are also recorded for the decline in value of obsolete inventories.

The assets received in payment of loans are carried at the lowest of the following three values: the amount at which the loan relating to the asset received is recorded, production cost or market.

k) Parent company shares held by the Group

Parent company shares are valued at the lowest of average cost, market or underlying book value. Gains or losses on intercompany transactions involving these shares are eliminated in consolidation.

l) Subsidies

Nonrefundable capital subsidies are taken to income in proportion to the period depreciation of the subsidized assets.

m) Provisions for pensions and similar obligations

Except in the cement business, the companies have not established any pension plans to supplement the social security pension benefits.

The cement company Giant Cement Holding Inc., based in the U.S.A., has assumed the commitment to supplement its employees' retirement pension benefits. The valuation of the assets assigned to this commitment and of the related accrued obligations was conducted by independent actuaries, and €14,869 thousand and €6,123 thousand were recorded in this connection in the accompanying consolidated financial statements under the "Long-Term Deposits and Guarantees Given" and "Provisions for Contingencies and Expenses" captions, respectively. In addition, this company has undertaken to maintain its medical and life insurance commitments to certain of its employees after termination of their employment. The commitments thus accrued were recorded under the "Provisions for Contingencies and Expenses" caption for €12,409 thousand.

In 2002, pursuant to the revised Pension Fund and Plan Law, the Spanish Group companies externalized their pension and other similar commitments to their employees.

Also, for some employees, including certain executives and directors, in the past an insurance policy was arranged and the related premium paid to cover the payment of contingent liabilities relating to death, permanent occupational disability, retirement bonuses and other benefits.

The companies have recorded the required provisions for terminations of permanent site personnel, which are included, together with other items, under the "Operating Allowances" caption in the accompanying consolidated balance sheet. The effect on the consolidated statement of income for 2003 was not material.

n) Provisions for contingencies and expenses

The Group companies, in addition to the provisions mentioned in Note 3-m, above, have recorded other provisions for contingencies and expenses relating to the estimated amount required for probable or certain third-party liability and for outstanding obligations whose exact amount cannot yet be fully determined or whose date of payment is uncertain, since they are dependent on the fulfillment of certain conditions. These provisions are recorded when the related liability or obligation arises.

o) Reversion reserve

The companies generally record a reversion reserve for assets subject to administrative concessions which revert to the grantor entity at the end of the concession period. This reserve is calculated by supplementing the depreciation of the related asset, so that at the end of the concession period the net book value (after deduction of the related accumulated depreciation) is zero.

Additionally, the companies consider that the periodic maintenance plans for their facilities, the cost of which is expensed currently, are sufficient to ensure delivery of the revertible assets in good working order at the end of the concession periods and that, therefore, no significant expenses will arise as a result of the reversion.

p) Classification of debt

Debts maturing in under 12 months from the balance sheet date are classified as current liabilities and those maturing at over 12 months as long-term debt.

Debts are valued at the amounts drawn plus the unmatured accrued interest. Nontrade debts are valued at their repayment value and the interest on the transaction is recorded under the "Deferred Charges" or "Accrual Accounts" captions on the asset side of the consolidated balance sheet, depending on whether it is expected to be taken to income at long or short term, respectively. The balances of these captions are allocated to income on the basis of the principal amount outstanding.

In certain cases the exchange rate or interest rate risk relating to the debt is hedged through futures and derivatives. The transaction expenses and the differences arising due to market price fluctuations are charged to income by the same timing of recognition method as that used for the costs of the main debt hedged.

q) Corporate income tax

The corporate income tax expense is recorded in the consolidated statement of income. The effect of the differences between taxable income and book income before taxes, which in some cases revert in subsequent periods, and the tax relief and tax credits to which the companies are entitled were considered in determining the amount of corporate income tax payable.

r) Foreign currency transactions

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

The differences arising from fluctuations in exchange rates from the date on which the transactions were made, or the related values were adjusted, to the date of collection or payment are taken to period income.

s) Recognition of revenues and expenses

In construction and urban cleaning activities, the companies recognize as the period result on their construction and service contracts the difference between production (valued at the sale price of the construction work performed or services provided during the period, as specified in the principal contract entered into with the owners or in amendments or addenda thereto approved by the owners, or at the sale price of completed projects or services with respect to which, although no such approval has been given, there is reasonable assurance of recovery) and the costs incurred during the year, since the revenues and costs of projects and services in these business areas are susceptible to substantial variations during the performance period which cannot be readily foreseen or objectively quantified. Also, interest for late payment is recognized as a revenue at the date of the approval and/or definitive collection thereof.

The difference between the amount of production recorded from inception of each project and the amount certified for each project through the date of the consolidated financial statements is recorded as "Completed Construction Pending Certification" under the "Trade Receivables for Sales and Services" caption. Certificate prebillings for various items are recorded under the "Advances Received on Orders" caption on the liability side of the consolidated balance sheet.

The operating costs incurred in construction work and services, which include the interest accrued at market rates during the customary payment period in these business areas, are allocated as they arise. Site-clearance costs and any expenses which may arise from project completion through definitive settlement thereof are accrued over the execution period and the related provisions are recorded under the "Operating Allowances" caption in the consolidated balance sheet.

The revenues and expenses of the remaining activities are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

In accordance with the accounting principle of prudence, the Group companies only record realized income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known.

t) Environmental information

In general, the Group companies do not carry on activities that require the implementation of specific environmental procedures, except, most notably, for the companies in the Services and Cement areas, which are obliged to take environmental protection measures. In the Services area, in view of the nature of the activities carried on, particular attention must be paid to controlling the impact on the environment; for example, companies authorized to operate landfills are, in general, responsible for the sealing, control and reforestation thereof on completion of operations, and cement companies have fixed assets for filtering atmospheric gas emissions and must fulfill commitments relating to the environmental restoration of depleted quarries.

The acquisition costs of these landfills and of the fixed assets used in environmental conservation are recorded under the "Tangible Fixed Assets" and "Intangible Assets" captions based on the nature of the investment, and are amortized over their useful lives. Also, in accordance with current accounting regulations, the companies record the expenses and provisions arising from such environmental commitments.

u) Convergence with International accounting standards

Pursuant to Regulation 1606/2002 of the European Parliament and of the Council of the European Union, listed companies are required to present their consolidated financial statements for the years commencing on or after January 1, 2005 in accordance with International Accounting Standards. This requirement has been included in Spanish legislation by virtue of Law 62/2003 on Tax, Administrative and Social Security Measures.

In 2003 the Group companies, within the framework defined by the accounting principles and valuation standards of the Spanish National Chart of Accounts and the industry-based adaptations thereof, adjusted their current accounting practices to ensure convergence with International Accounting Standards, which entailed the re-assessment of certain items relating mainly to provisions, start-up expenses, consolidation goodwill, initial project design or execution expenses, prepaid taxes and tax assets; however, the overall effect of this re-assessment on the Group's statement of income or net worth at year-end was not material.

4. Start-up expenses

The variations in 2003 in the balance of this caption in the consolidated balance sheet were as follows:

Balance at 12.31.02	**16,223**
Additions	2,099
Translation differences and variation in consolidated Group	(1,398)
Amortization	(5,434)
Balance at 12.31.03	**11,490**

5. Intangible assets

The detail of intangible assets and of the related accumulated amortization as of December 31, 2003, is as follows:

	Cost	Accumulated amortization	Allowances	Net
Research and development expenses	3,439	(784)	—	2,655
Concessions, patents, licenses, trademarks and other	369,973	(95,190)	(63)	274,720
Goodwill	229,600	(85,603)	(119)	143,878
Computer software	16,813	(13,114)	—	3,699
Rights on leased assets	204,883	(45,199)	—	159,684
	824,708	**(239,890)**	**(182)**	**584,636**

The variations in 2003 in the balance of this caption in the consolidated balance sheet were as follows:

	Balance at 12.31.02	Translation differences and Variation in consolidated Group	Additions or provisions	Retirements or Reductions	Transfers	Balance at 12.31.03
Research and development expenses	3,262	6	642	(471)	—	3,439
Concessions, patents, licenses, trademarks and other	369,913	771	8,770	(9,481)	—	369,973
Goodwill	230,943	(448)	—	(895)	—	229,600
Computer software	16,037	(164)	1,516	(576)	—	16,813
Rights on leased assets	179,995	(959)	85,218	—	(59,371)	204,883
Allowances	(181)	(1)	—	—	—	(182)
Accumulated amortization	(202,345)	1,881	(60,460)	3,052	17,982	(239,890)
	597,624	**1,086**	**35,686**	**(8,371)**	**(41,389)**	**584,636**

The "Concessions, Patents, Licenses, Trademarks and Other" caption includes most notably the amounts paid for the concessions held by the Group in order to carry on its business activities (water supply services, passenger transport, operation of landfills, etc.). These amounts are being amortized on a straight-line basis over the concession period.

The balance of the "Goodwill" caption includes mainly €113,505 thousand and €18,340 thousand relating to the goodwill, net of amortization, that arose from the mergers in prior years of Cementos Atlántico, S.A. with Cementos Portland Valderrivas, S.A. and of Automóviles Portillo, S.A. with Corporación Española de Transporte, S.A., respectively.

The features of the financial lease contracts in force at 2003 year-end were as follows:

	Movable property	Real Estate	Total
Original cost of the assets	201,317	3,566	204,883
Value of purchase options	2,156	1,113	3,269
Contract term (years)	2 to 5	10	—
Lease payments paid in the year	76,936	408	77,344
Lease payments paid in prior years	46,942	2,522	49,464
Lease payments outstanding, including purchase option	84,753	1,696	86,449

The detail of leased assets as of December 31, 2003, is as follows:

Land and structures	3,566
Plant and machinery	163,367
Other fixtures, tools and furniture	26,917
Other tangible fixed assets	11,033
	204,883

6. Tangible fixed assets

The detail of tangible fixed assets and of the related accumulated depreciation as of December 31, 2003, is as follows:

	Cost	Accumulated depreciation	Allowances	Net
Land and structures	699,716	(129,874)	(33,001)	536,841
Plant and machinery	1,882,433	(1,109,103)	(78)	773,252
Other fixtures, tools and furniture	358,872	(220,375)	—	138,497
Advances and construction in progress	240,633	—	—	240,633
Other tangible fixed assets	138,997	(96,696)	—	42,301
	3,320,651	**(1,556,048)**	**(33,079)**	**1,731,524**

The variations in tangible fixed asset accounts, broken down to reflect the additions and retirements in the year, were as follows:

	Balance at 12.31.02	Translation differences and Variation in Consolidated Group	Additions or provisions	Retirements or reductions	Transfers	Balance at 12.31.03
Land and structures	674,911	(28,258)	28,493	(5,154)	29,724	699,716
Plant and machinery	1,676,522	(32,810)	85,008	(39,317)	193,030	1,882,433
Other fixtures, tools and furniture	313,322	(914)	31,670	(8,353)	23,147	358,872
Advances and construction in progress	201,799	3,802	226,567	(2,861)	(188,674)	240,633
Other tangible fixed assets	131,491	(2,074)	13,911	(6,475)	2,144	138,997
Allowances	(1,182)	18	(31,915)	—	—	(33,079)
Accumulated depreciation	(1,400,869)	17,787	(197,835)	42,851	(17,982)	(1,556,048)
	1,595,994	**(42,449)**	**155,899**	**(19,309)**	**41,389**	**1,731,524**

Translation differences reduced the total balance of the "Translation Differences and Variation in Consolidated Group" column by €57,733 thousand.

The "Additions or Provisions" column includes most notably the provision of €31,669 thousand recorded in 2003 for the Giant Cement Holding Inc. quarries. The impact on net income for the year was included in the "Extraordinary Loss" caption in the accompanying consolidated statement of income.

All the tangible fixed assets were being used in production at 2003 year-end; however, €731,123 thousand of tangible fixed assets had been fully depreciated.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their tangible fixed assets are subject.

Tangible fixed assets located outside Spain and the accumulated depreciation thereof amounted to €655,241 thousand and €166,985 thousand, respectively.

7. Consolidation goodwill

The variations in the balance of this caption in the consolidated balance sheet in 2003 were as follows:

Balance at 12.31.02		**254,604**
Additions:		
Recuperació de Pedreres, S.L.	11,301	
Montajes Gavisa, S.A.	4,858	
Grucycsa, S.A.	3,041	
Other	2,796	21,996
Amortization:		
Ekonor Group	(2,603)	
Giant Cement Holding, Inc.	(2,209)	
Tratamientos y Recuperaciones Industriales, S.A.	(1,972)	
Equipamientos Urbanos de México, S.A. de C.V.	(1,816)	
Proactiva Group	(1,661)	
Cementos Portland Valderrivas, S.A.	(1,348)	
Euroresiduos, S.A.	(1,087)	
Other	(6,254)	(18,950)
Extraordinary amortization:		
Giant Cement Holding, Inc.	(26,118)	
Euroresiduos, S.A.	(19,564)	
Equipamientos Urbanos de México, S.A. de C.V.	(8,321)	
Tenedora de Acciones de Mobiliario, S.A. de C.V.	(2,743)	
Other	(9,539)	(66,285)
Balance at 12.31.03		**191,365**

In 2003 extraordinary amortization amounting to €66,285 thousand was taken on a portion or the full amount of certain consolidation goodwill balances to adjust them to their market value. This amount was recorded as extraordinary expenses in the accompanying consolidated statement of income.

The breakdown of the balance of the "Consolidation Goodwill" caption in the accompanying consolidated balance sheet as of December 31, 2003, is as follows:

Ekonor Group	44.303
Giant Cement Holding, Inc.	42.505
Cementos Portland Valderrivas, S.A.	19.212
Jaime Franquesa, S.A.	16.548
Gestión Medioambiental Enviland, S.A.	10.897
Recuperació de Pedreres, S.L.	10.736
Tratamientos y Recuperaciones Industriales, S.A.	9.860
Grucycsa, S.A.	7.519
Montajes Gavisa, S.A.	4.777
Canteras de Aláiz, S.A.	4.333
Other	20.675
	191.365

The balance of this caption in the accompanying consolidated balance sheet includes €2,753 thousand of goodwill relating to companies accounted for by the equity method.

8. Negative consolidation difference

The negative difference of €36,103 thousand recorded in the accompanying consolidated balance sheet arose as a result of the market valuations of the assets contributed to the Realia Business Group by its shareholders in 2000.

9. Investments accounted for by the equity method

The detail, by company, of the balance of this caption is disclosed in Exhibit III (listing the companies accounted for by the equity method). The variations in 2003, by item, were as follows:

Balance of investments accounted for by the equity method at 12.31.02	**466,525**
Purchases and subscriptions	48,121
2003 income	66,406
Translation differences	(10,322)
Dividends paid in the year	(25,457)
Sales	(48,341)
Balance of he investments accounted for by the equity method at 12.31.03	**496,932**

The main purchases and capital subscriptions in 2003 related to the acquisitions of 34% of Concessió i Explotació d'Infraestructures, S.A. for €11,798 thousand and 29% of Urbs Iudex et Causidicus, S.A. for €11,282 thousand.

Noteworthy in terms of income for the year was that obtained at the Realia Business Group amounting to €52,187 thousand.

The main translation differences related to exchange losses of €10,727 thousand, which arose at the Grubar Hoteles Group.

The sale of Corporación Energía Hidroeléctrica de Navarra, S.A., whose value accounted for by the equity method was €40,040 thousand, gave rise to a gain of €82,930 thousand, and this amount is included as extraordinary income in the accompanying consolidated statement of income.

In connection with the Grubar Hoteles Group, whose value accounted for by the equity method amounts to €78,093 thousand (as indicated in Exhibit III), it should be noted that due to the hotel market situation in the United States, where this group carries on certain of its business activities, the company owning the investment, Grucycsa, S.A., recorded a provision of €44,000 thousand to adjust the value of the holding to market, after considering the commitment to purchase the remaining 50% of Grubar Hoteles, S.L. for €53,930 thousand. The amount of this provision was recorded under the "Extraordinary Loss" caption in the accompanying consolidated statement of income and under the "Long-Term Investments - Allowances" caption in the consolidated balance sheet.

10. Marketable securities and nontrade loans

The detail of the main accounts under the "Long-Term Investments" and "Short-Term Investments" captions in the accompanying consolidated balance sheet is as follows:

I) Long-term investments

Investment securities

Breakdown of the balance at 12/31/03:

	% of effective ownership	Asset value	Allowances	Net book value
Investments of over 5%:				
Alazor Inversiones, S.A.	15.75	30,004	—	30,004
Venditelecom España, S.L.	26.41	26,776	(26,776)	—
World Trade Center Barcelona, S.A.	16.52	9,611	(2,922)	6,689
Artscapital Investment, S.A.	10.53	5,469	(5,469)	—
Transportes Ferroviarios de Madrid, S.A.	12.19	5,122	(1,543)	3,579
S.C.L. Terminal Aéreo de Santiago, S.A.	14.77	5,048	(2,623)	2,425
Tacel Inversiones, S.A.	13.32	4,029	(60)	3,969
Scutvias-Autoestradas Da Beira Interior, S.A.	13.33	3,640	—	3,640
Grupo Inversiones y Estudios Financieros	10.00	3,547	—	3,547
Shopnet Brokers, S.A.	16.70	3,005	(3,005)	—
Polux Capital, S.L.	9.25	2,344	(2,344)	—
Other		4,160	(2,337)	1,823
Investments of less than 5%:				
Parque Temático de Madrid, S.A.	2.01	3,516	(869)	2,647
Other		8,434	(826)	7,608
		114,705	**(48,774)**	**65,931**

The variations in the long-term investment securities in 2003 were as follows:

	Cost	Allowances
Balance at 12.31.02	**96.967**	**(27.771)**
Additions and provisions:		
Venditelecom España, S.L.	11,242	(13,892)
Alazor Inversiones, S.A.	7,749	—
Shopnet Brokers, S.A.	—	(2,184)
Artscapital Investment, S.A.	—	(1,808)
S.C.L. Terminal Aéreo de Santiago, S.A.	—	(2,623)
Parque Temático de Madrid, S.A.	—	(815)
Other	815	(759)
Retirements, reductions and amount of allowances used		
Build2Edifica, S.A.	—	433
Other	(2,068)	645
Balance at 12.31.03	**114,705**	**(48,774)**

In 2003 Venditelecom España, S.L. sold all the shares held by it in Xfera Móviles, S.A. to the other shareholders of this company, which included Fomento de Construcciones y Contratas, S.A. Subsequently, on November 28, 2003, the Shareholders' Meeting of Venditelecom España, S.L. resolved, on the one hand, to convert into equity the loan of €11,242 thousand granted to it by Fomento de Construcciones y Contratas, S.A. and, on the other, to dissolve and liquidate the company. Accordingly, at 2003 year-end Venditelecom España, S.L. was in the process of liquidation. During the year, provisions of €13,892 thousand recorded in prior years were transferred to bring the allowance for the investment in Venditelecom España, S.L. up to the full value of the holding.

As a result of the foregoing, Fomento de Construcciones y Contratas, S.A. has a direct ownership interest of 7.47% in Xfera Móviles, S.A., a UMTS wireless telephony license-holder. This holding was acquired in 2003 from Venditelecom España, S.L. and Vivendi Telecom Internacional, S.A. for €0.24. The Company has also provided guarantees totaling €45,478 thousand for Xfera Móviles, S.A.

With regard to the sale option on the 10% holding owned by Grucycsa, S.A. in Inversiones y Estudios Financieros, S.A. and the request for arbitration filed in 2002 by Grucycsa, S.A. claiming the amount of the option agreed upon plus the related interest, on December 21, 2003, the Arbitral Tribunal constituted according to the rules of procedure of the International Chamber of Commerce in Paris and its International Court of Arbitration, rendered an award upholding Grucycsa, S.A.'s claim. However, the purchaser has appealed against this award. The Group expects gains to arise as a result of the final decision to be handed down in this connection.

II) Short-term investments

Short-term investment securities

Breakdown of the balance as of December 31, 2003:

Issuers	Fixed-Income e securities	Equity securities	Total
Government debt securities	40,910	—	40,910
Shares	—	31,376	31,376
Corporate promissory notes and other	76,443	—	76,443
	117,353	**31,376**	**148,729**

This caption includes the investments of cash surpluses in high-liquidity and high-rotation assets, which are valued at the lower of cost or market.

Other loans

The "Other Loans" account includes other investments of cash surpluses in high-liquidity, high-rotation bank deposits of various different types.

The average rate of return obtained in 2003 on the investments in fixed-income securities and other loans was 2.48%.

11. Deferred charges

The variations in the balance of this caption in 2003 were as follows:

Balance at 12.31.02	**41,716**
Financing of fixed assets assigned to concessions (Note 3-h)	3,498
Variation in the Consolidated Group and other variations	3,268
Amounts taken to income	(9,912)
Balance at 12.31.03	**38,570**

The balance of this caption as of December 31, 2003, includes mainly €22,206 thousand of deferred financial expenses on the financing of fixed assets assigned to concessions and €7,575 thousand capitalized at the Cementos Portland Valderrivas Group originating from the subsidiary Giant Cement Holding Inc.

12. Inventories

The "Inventories – Merchandise" account relates mainly to the building lots acquired by the FCC Construcción Group and intended for sale, in particular those amounting to €69,873 thousand relating to the Madrid Community's Urban Development Plans, which were acquired in exchange for the construction work performed to implement these plans.

13. Trade receivables for sales and services

The balance of this caption in the accompanying consolidated balance sheet relates basically to the amounts receivable for construction work performed, for services provided and other activities.

Construction certificates receivable and trade receivables for sales	1,656,447
Completed construction pending certification	581,873
Retentions	31,055
Trade receivables for sales and services	2,269,375
Advances received on orders	(362,947)
Total trade receivables, net	**1,906,428**

The foregoing total is the net balance of trade receivables after deduction of the balance of the "Advances Received on Orders" account on the liability side of the accompanying consolidated balance sheet which, as required by accounting regulations, includes collected and uncollected certificate prebillings for various items and the advances received (normally in cash) for future supplies.

The "Construction Certificates Receivable and Trade Receivables for Sales" account mainly reflects the amount of the certificate billings to customers for completed work and services provided pending collection as of December 31, 2003. Of the total amount, €30,278 thousand of notes receivable had been discounted and the related debt to credit institutions is shown on the liability side of the consolidated balance sheet.

As indicated in Note 3-s, the "Completed Construction Pending Certification" account reflects the difference at year-end between the production recorded from inception of each project and contract in progress as of December 31, 2003, and the amount of the certificates issued therefor. Accordingly, the balance of this account represents the value at certificate price of the construction units completed and services rendered as of December 31, 2003, which will be certified in the next few months either because they are specified in the main contract or in addenda or amendments thereto approved by the customer or because there is no doubt as to their immediate approval.

Since the revenues which may ultimately arise from the projects in progress are subject to certain factors whose final effect cannot be objectively determined at present (e.g. the final amounts receivable for settlement, amendments, additions, price revisions, etc.), the companies recognize the revenues relating to work units not supported by contracts entered into with the owners in the year in which they are approved by the owner or in which the companies consider that there is no doubt as to their recovery in order to proceed to certify them.

The Group companies transfer trade receivables to financial institutions, without the possibility of recourse in the event of nonpayment. The amount deducted from the trade receivables balance at year-end in this connection amounted to €363,875 thousand. These transactions accrue interest under normal market conditions through the date on which the financial institution collects from our customers. Collection management in this period continues to be performed by the Group companies.

In 2003 certain future collection rights arising from construction project contracts awarded on the "total price payment" basis were sold. These rights, amounting to €42,441 thousand, were recorded as a reduction in the "Completed Construction Pending Certification" caption balance.

The balance of trade receivables for construction activities, after deduction of the receivables transferred, amounted to €911,172 thousand, of which €64,608 thousand related to foreign customers. The detail of Spanish trade accounts receivable for construction activities, classified into public and private sector, is as follows:

Entities	
Central government	106.223
Autonomous community governments	136.279
City councils	59.799
Autonomous agencies and State-owned companies	226.174
Public sector	528.475
Private sector	318.089
	846.564

The average age of the construction activity balances relating to the public sector is approximately 3 months.

14. Shareholders' equity

The variations in equity accounts in 2003 were as follows:

	Balance at 12.31.02	2002 retained earnings	Dividends distributed	Translation differences and other variations	Income for the year	Balance at 12.31.03
Capital stock	130,567	—	—	—	—	130,567
Additional paid-in capital	242,133	—	—	—	—	242,133
Legal reserve	24,020	2,093	—	—	—	26,113
Reserve for treasury stock	2,165	—	—	7,257	—	9,422
Reserve for retired capital	2,770	—	—	—	—	2,770
Voluntary reserves	354,990	43,165	—	(7,257)	—	390,898
Reserves of the parent company	383,945	45,258	—	—	—	429,203
Consolidation reserves	694,583	156,372	—	(4,797)	—	846,158
Translation differences	(39,951)	—	—	(23,134)	—	(63,085)
Income attributable to the parent company	273,015	(201,630)	(71,385)	—	308,579	308,579
Interim dividend	(38,779)	—	38,779	—	(48,049)	(48,049)
Shareholders' equity	**1,645,513**	**—**	**(32,606)**	**(27,931)**	**260,530**	**1,845,506**

On December 18, 2003, the parent company, Fomento de Construcciones y Contratas, S.A., resolved to distribute an interim dividend out of 2003 income equivalent to 36.80% gross of the par value of the shares (€0.368 per share), which was paid on and after January 7, 2004.

a) Capital stock

The capital stock of Fomento de Construcciones y Contratas, S.A. consists of 130,567,483 common bearer shares of €1 par value each.

All the shares have identical rights and are fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Spanish computerized trading system.

With regard to direct holdings or indirect holdings (through subsidiaries) of 10% or more owned by other companies, as required by current legislation B-1998, S.L. has informed us that it has a direct and indirect ownership interest of 52.48% in the parent company's capital stock. The principal shareholders of B-1998, S.L. are Esther Koplowitz Romero de Juseu and the Veolia Group, with holdings of 51% and 49%, respectively.

Acciona, S.A. has an 8.68% holding.

b) Additional paid-in capital

The revised Corporations Law expressly permits the use of the additional paid-in capital balance to increase capital and establishes no specific restrictions as to its use for other purposes.

c) Legal reserve

Under the revised Corporations Law, 10% of income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

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

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

As of December 31, 2003, the parent company's legal reserve had reached the legally stipulated minimum.

d) Treasury stock

As of December 31, 2003, the parent company held 434,322 shares of treasury stock, representing 0.33% of its capital stock, with a net book value of €9,422.

Also, the subsidiaries Compañía Auxiliar de Agencia y Mediación, S.A. and Grucycsa, S.A. held 316,008 and 475 shares, respectively, of the parent company, which represented 0.25% of the latter's capital stock and are recorded in these Group companies' accounting records at a net value of €1,117 thousand.

e10,539 thousand of all the reserves are considered to be restricted for so long as the treasury stock held by Fomento de Construcciones y Contratas, S.A. and the shares which the Group companies hold in the latter are not sold or retired. This amount coincides with the amount at which the shares of the parent company held by the Group are valued on the asset side of the accompanying consolidated balance sheet.

The variations in 2003 were as follows:

	No. of Shares	%	Amount
Balance at 12.31.02	**424,483**	**0.33**	**3,282**
Purchases	326,322	0.25	7,257
Balance at 12.31.03	**750,805**	**0.58**	**10,539**

e) Reserve for retired capital

This reserve includes the par value of the treasury stock retired in 2002 with a charge to unrestricted reserves, in accordance with Article 167.3 of the Corporations Law. The reserve for retired capital is restricted, unless it meets the same requirements as those stipulated for capital reductions.

f) Consolidation reserves

This account in the accompanying consolidated balance sheet includes the reserves at fully and proportionally consolidated companies and companies accounted for by the equity method. The amounts included under this caption for the major companies, including, where appropriate, their subsidiaries, are as follows:

Cementos Portland Valderrivas Group	258,326
Asesoría Financiera y de Gestión, S.A.	218,363
Corporación Financiera Hispánica, S.A.	97,513
FCC Construcción Group	69,671
FCC Medio Ambiente, S.A.	54,975
Grucycsa Group	43,699
FCC Versia, S.A.	39,939
Other, and consolidation adjustments	63,672
Total consolidation reserves	**846,158**

€21,781 thousand of the total consolidation reserves relate to the effect of the asset revaluations made as indicated in Note 3-g.

g) Translation differences

The negative trend in translation differences is due mainly to the appreciation of the euro against the U.S. dollar and certain South American currencies in 2003. The balance of this caption relates basically to the exchange losses of €22,535 thousand and €40,186 thousand arising at Giant Cement Holding Inc. and the Proactiva Group, respectively.

15. Minority interests

The balance of this caption in the accompanying consolidated balance sheet reflects the equity of minority shareholders in the net worth and income for the year after taxes of the Group companies in which there are minority interests. The variations in this account in 2003 were as follows:

Balance at 12.31.02	**392,250**
Income for the year	61,415
Distribution of dividends	(20,669)
Acquisition of 19.58% of Grucycsa, S.A.	(36,872)
Translation differences and variation in the consolidated Group	(8,350)
Balance at 12.31.03	**387,774**

In 2003 the parent company, following the share purchase offer made by it to the minority shareholders of Grucycsa, S.A., acquired the entire 19.58% holding owned by them in the capital stock of this company.

The 2003 year-end detail, by item, of the main companies with minority interests is as follows:

	Net worth		Income	Total
	Capital stock	Reserves		
Cementos Portland Valderrivas Group	17,193	287,837	60,014	365,044
Compañía Concesionaria del Túnel de Sóller, S.A.	7,238	(5)	37	7,270
Other	3,232	10,864	1,364	15,460
	27,663	**298,696**	**61,415**	**387,774**

€15,246 thousand of total reserves relate to the revaluation of assets by the cement business companies, as indicated in Note 3-g.

16. Subsidies

The accompanying consolidated balance sheet includes €54,943 thousand of subsidies received in the past, €16,181 thousand of which had been taken to income, including €3,030 thousand in the year ended December 31, 2003.

17. Provisions for contingencies and expenses

This caption in the consolidated balance sheet includes the following liabilities:

a) The reversion reserve for assets subject to administrative concessions which will revert to the grantor entity at the end of the concession period, as indicated in Note 3-o.

b) The provisions for pensions recorded to cover the commitments described in Note 3-m.

c) Other provisions for contingencies and expenses relating to the estimated amount required for probable or certain third-party liability and for outstanding obligations whose exact amount cannot yet be fully determined or whose date of payment is uncertain, since they are dependent on the fulfillment of certain conditions. These provisions are recorded when the related liability or obligation arises.

The balance as of December 31, 2003, of each of the foregoing items is as follows:

Reversion reserve	36,049
Provisions for pensions	18,532
Other provisions for contingencies and expenses	183,783
Total	**238,364**

18. Nontrade payables

a) The long-term payables in each of the related accounts in the accompanying consolidated balance sheet mature as follows:

	2005	2006	2007	2008	2009 y siguientes	Total
Nonconvertible debentures	97	532	1,643	435	43,549	46,256
Payable to credit institutions	181,387	74,090	45,092	94,368	49,281	444,218
Limited recourse project financing loans	10,787	7,734	8,790	9,912	23,834	61,057
Taxes payable	4,196	3,312	3,313	3,224	60,019	74,064
Other payables	23,295	1,123	968	1,333	70,276	96,995
Uncalled capital payments payable	25,929	—	—	—	248	26,177
	245,691	**86,791**	**59,806**	**109,272**	**247,207**	**748,767**

The nonconvertible debentures relate mainly to Giant Cement Holding Inc., which in 2003 launched an issue comprising two tranches of US$ 25 million and US$ 30 million, maturing in 2010 and 2013 and with fixed interest rates of 4.95% and 5.63%, respectively.

The foreign currency payables to credit institutions include most notably €38,235 thousand relating to loans denominated in U.S. dollars obtained to finance the FCC Group's international activities.

The average interest rates on the long-term payables to credit institutions are basically those of the various interbank markets, tied to Mibor, Euribor and Libor.

The balance of the "Limited Recourse Project Financing Loans" account relates to the payments outstanding in connection with the investments made in certain projects, mainly for operating the water supply in Vigo. The debt will be repaid using the revenues arising from operation of the services and, if the contract terms and conditions are met, with no other liability for the Group companies if the funds obtained during the term of the loan do not cover the full amount of the principal plus interest. The average interest rate on the loans is tied to Euribor plus a spread based on market rates.

The detail of the balance of the "Taxes Payable" caption is disclosed in Note 20 ("Tax Matters").

The "Other Payables" account includes mainly payables for the acquisition of fixed assets. Of the total balance, €76,595 thousand bear interest at market rates.

b) The short-term accounts payable to associated companies include operating payables and the current account and loan balances with these companies. The loans bear interest at market rates.

c) As indicated in Note 13 ("Trade Receivables for Sales and Services"), there are bank loans secured by €30,278 thousand of notes receivable.

As of December 31, 2003, the Group had credit facilities with a limit of €2,647,550 thousand, of which €1,707,334 thousand had not been drawn down at that date.

The Group's credit facilities, which increased by €605,961 thousand in 2003, include most notably an €800,000 thousand syndicated loan bearing floating interest tied to Euribor plus a spread, repayable over a maximum period of five years. This transaction is structured in two tranches, the first consisting of a loan of €700,000 thousand, and the second of a credit facility for up to €100,000 thousand. The FCC Group must comply with certain covenants typical in this type of transaction. At 2003 year-end, €60,000 thousand had been drawn down against the credit facility and this amount is recorded under the "Long-Term Debt–Loans and Other Payables" caption in the accompanying consolidated balance sheet.

19. Operating allowances

The detail of this caption in the accompanying consolidated balance sheet is as follows:

Allowance for claims	63,634
Allowance for construction contract settlements	22,076
	85,710

The allowance for claims covers the contingent liabilities which might arise from claims by third parties as a result of business operations.

The allowance for construction contract settlements includes the losses and expenses expected to arise from the date of completion through definitive settlement of the contracts.

20. Tax matters

The detail of the balances of the "Taxes Receivable" and "Taxes Payable" captions on the asset and liability sides, respectively, of the accompanying consolidated balance sheet is as follows:

I) Long-term

The balance payable of €74,064 thousand relates to deferred corporate income tax which will be payable in years subsequent to 2004.

€53,166 thousand of this liability, which is interest-free, relate to the tax effect of the difference between the acquisition cost and tax value of certain fixed assets of Giant Cement Holding Inc. The remaining €20,898 thousand relate to the accelerated depreciation of fixed assets in accordance with various benefits provided for by tax legislation and include most notably €12,540 thousand relating to 35% of the early depreciation of the Torre Picasso building in accordance with the tax incentives stipulated in Royal Decree-Law 2/1985 and Royal Decree-Law 3/1993. The due dates of the accrued taxes payable disclosed in Note 18 are based on the years of useful life of the related assets.

II) Short-term

Taxes receivable:	
Prepaid corporate income tax and tax assets	197,628
VAT refundable	97,649
Tax refunds and other items	24,215
	319,492
Taxes payable:	
Personal and corporate income tax withholdings (from salary income and income from movable capital)	23,257
Deferred corporate income tax	93,368
Corporate income tax payable	33,682
VAT payable	143,388
Levies on construction certificates, services and other items	49,792
Accrued social security taxes payable	33,374
	376,861

Reconciliation of the consolidated income per books to the taxable income for corporate income tax purposes:

Consolidated income for the year per books before taxes			**496.272**
	Increase	**Decrease**	
Consolidation adjustments and eliminations	—	11,177	(11,177)
Permanent differences	28,673	63,601	(34,928)
Adjusted consolidated income per books			**450,167**
Timing differences:			
Arising in the reporting year	134,854	74,918	59,936
Arising in prior years	37,019	63,665	(26,646)
Consolidated taxable income			**483,457**

Adjusted consolidated income per books	450,167
Corporate income tax charge (35%)	157,559
Tax credits and relief	(31,281)
Corporate income tax payable	**126,278**

The negative permanent differences shown in the foregoing table relate mainly to the recovery of the tax which was not capitalized in the past and the capitalization in 2003 of the timing differences which had not previously been recognized, as a result of the review conducted in the process of convergence with the International Accounting Standards mentioned in Note 3-u. Accordingly, the Fomento de Construcciones y Contratas Group has capitalized the deferred tax assets arising from timing differences, except for those with respect to which there are reasonable doubts as to their future recovery.

The variations due to timing differences arose mainly as follows:

- Items recorded as increases include expenses which will become tax deductible in subsequent years, and the allocation to taxable income of the special amortization of lease contracts and of the income of joint ventures which had been deferred in 2002.
- Items recorded as decreases include the deferral due to the special amortization of lease contracts, the income of joint ventures that will be included in the corporate income tax base of the following year and the impact of certain expenses incurred in prior years which became tax deductible in 2003, since the conditions stipulated by tax legislation had been met.

The tax credits and tax relief, which relate to those provided for environmental protection, foreign investments, R&D and the reinvestment of gains on fixed asset sales, include most notably the tax credit of €16,363 thousand relating to the gain recorded for the sale of Corporación Energía Hidroeléctrica de Navarra, S.A. described in Note 9.

Fomento de Construcciones y Contratas, S.A., the subsidiaries composing the FCC Group and the joint ventures have all the years not yet statute-barred open for review by the tax inspection authorities for the taxes applicable to them. The criteria which the tax authorities might adopt for the years open for review might give rise to contingent tax liabilities which cannot be objectively quantified. However, the parent company's directors consider that the resulting liabilities would not have a material effect on the Group's net worth.

Under authorization 18/89, the FCC Group is taxed on a consolidated basis for corporate income tax purposes with all the other Group companies which meet the relevant requirements envisaged by tax legislation.

21. Guarantee commitments to third parties and other contingent liabilities

As of December 31, 2003, the Group had provided €2,100,410 thousand of guarantees to third parties, mostly to government agencies and private customers, as security for the performance of construction projects and urban cleaning contracts.

The Group companies have guaranteed for their employees the investments made in 2000 for a five-year period in the collective investment fund set up by the Vivendi Universal Group. The possible payments and additional costs that may be incurred by the FCC Group companies, which in any case are not expected to be material, are counterguaranteed by the Vivendi Universal Group.

22. Revenues and expenses

a) Transactions with associated companies

The net sales figure in the accompanying consolidated statement of income includes €125,988 thousand of billings by Group companies to associated companies.

b) Net sales

The breakdown of net sales, by Group activity, is as follows:

	2003	2002
Construction	2,950,141	2,613,143
Services	1,708,897	1,605,889
Versia	380,987	305,215
Cement	865,626	831,430
Grucycsa	241,529	218,673
Eliminations of intercompany transactions and other items	(96,708)	(77,190)
	6,050,472	**5,497,160**

€637,549 thousand of the net sales were made abroad.

In substantially all the net construction sales the Group acted as the general contractor.

The detail of net construction sales, by type of project, is as follows:

Civil engineering	1,739,248
Residential building construction	414,289
Nonresidential building construction	620,979
Other activities	175,625
	2,950,141

The construction work carried out by subcontractors amounted to €1,232,807 thousand.

The detail of net construction sales, by type of customer, is as follows:

Central government	519,879
Autonomous Community governments	374,808
City councils	158,463
Autonomous agencies and State-owned companies	807,886
Public sector	1,861,036
Private sector	986,318
Total Spain	2,847,354
Abroad	102,787
	2,950,141

The detail of the backlog for construction work at 2003 year-end is as follows:

	Contracts in progress	Contracts not yet commenced	Total Backlog
Civil engineering	1,876,352	328,536	2,204,888
Residential building construction	492,125	59,352	551,477
Nonresidential building construction	866,957	36,478	903,435
	3,235,434	**424,366**	**3,659,800**

The detail of the backlog for construction work at year-end, by geographical area, is as follows:

	Andalucía	Castilla y León	Cataluña	Madrid	Other Spain	Abroad
Civil engineering	236,953	376,856	638,947	284,202	641,345	26,585
Residential building construction	77,432	35,423	31,705	276,635	128,036	2,247
Nonresidential building construction	140,492	47,870	113,478	252,529	348,962	103
	454,877	**460,149**	**784,130**	**813,366**	**1,118,343**	**28,935**

c) Operating income by business line

Following is a breakdown, by business line, of operating income and the percentage it represents of net sales.

c.1) Gross operating income

	2003		2002	
	Income	Percentage of net sales	Income	Percentage of net sales
Construction	140,001	4.75	123,629	4.73
Services	254,999	14.92	239,878	14.94
Versia	80,646	21.17	72,217	23.66
Cement	276,218	31.91	272,091	32.73
Grucycsa	11,943	4.94	10,048	4.59
Other	40,311	—	23,483	—
	804,118	**13.29**	**741,346**	**13.49**

c.2) Net operating income

	2003		2002	
	Income	Percentage of net sales	Income	Percentage of net sales
Construction	103,215	3.50	92,175	3.53
Services	138,586	8.11	126,335	7.87
Versia	45,220	11.87	46,862	15.35
Cement	189,422	21.88	184,999	22.25
Grucycsa	6,992	2.89	5,594	2.56
Other	35,497	—	42,125	—
	518,932	**8.58**	**498,090**	**9.06**

d) Extraordinary loss

The main items affecting the balance of the "Extraordinary Loss" caption in the accompanying consolidated statement of income are indicated in Notes 6, 7 and 9 above.

e) Labor force

The average number of employees at the companies in 2003 was as follows:

Managers and university graduate employees	2,505
Other line personnel (junior college graduates)	3,088
Clerical and similar staff	4,865
Other salaried employees	50,531
	60,989

Of the foregoing total, the headcount in the construction business was 8,196 employees, of whom 2,999 were permanent employees.

f) Consolidated income

The contribution of the main Group companies to the income attributable to the parent company, net of eliminations, adjustments and allocation of the amortization of consolidation goodwill, was as follows:

Fomento de Construcciones y Contratas, S,A,	63,978
Cementos Portland Valderrivas Group	77,568
FCC Construcción Group	73,746
FCC Medio Ambiente y Aqualia Groups	36,049
FCC Versia Group	22,651
Afigesa Group	17,456
Other	17,131
	308,579

The contributions attributed to the FCC Medio Ambiente and Aqualia Groups and the FCC Versia Group are not representative of the Services and Versia business areas, respectively, since some of their activities are carried on through the parent company Fomento de Construcciones y Contratas, S.A. or other companies which are not subsidiaries of FCC Medio Ambiente, S.A., Aqualia Gestión Integral del Agua, S.A. or FCC Versia, S.A.

23. Environmental information

As indicated in Note 3-t, of the Group's various business activities, the Services and Cement areas have the greatest impact on the environment.

By their very nature, the Services area activities are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, waste water treatment, etc.), but also as a result of performing these activities using production techniques and systems aimed at reducing environmental impact in accordance with the legally stipulated limits. Such techniques include the use of natural gas-fueled trucks in the performance of newly-awarded

cleaning and waste collection service contracts; an evaporation treatment for leachates to extract the solid phase or sludge, which is inertized and eliminated through disposal at controlled landfills; and an anaerobic biological treatment for organic decomposition to produce combustible gas for use in electricity generation.

The performance of production activities in the Services area requires the use of specialized structures, plant and machinery that are efficient in terms of environmental protection and conservation. As of December 31, 2003, the acquisition cost of the fixed assets assigned to production in the Services area totaled €1,491,420 thousand and the related accumulated depreciation amounted to €564,050 thousand.

At year-end the Cementos Portland Valderrivas Group had fixed assets relating to environmental conservation and protection amounting to €33,170 thousand (net of depreciation).

FCC Group management considers that the Group companies' contingencies relating to environmental protection and improvement as of December 31, 2003, would not have a significant impact on the accompanying consolidated financial statements, which include provisions for contingencies and expenses to meet any general and extraordinary contingencies that may arise.

24. Fees paid to auditors

The fees for financial audit services provided to the various Group and multigroup companies composing the FCC Group by the principal auditor and by other auditors participating in the audit of the various Group companies, and by entities related to them during 2003 amounted to €2,241 thousand.

Additionally, the fees for other professional services provided to the various Group and multigroup companies by the principal auditor, and by other entities related to the auditor during 2003 amounted to €375 thousand.

25. Information on the Board of Directors

The compensation earned by the directors of Fomento de Construcciones y Contratas, S.A. and payable to them by the Company or by any of the Group, multigroup or associated companies, was as follows (in thousands of euros):

Participation pursuant to bylaws	2,215
Salaries	2,806
Attendance fees	26
Other compensation	417
Total	**5,464**

In the past an insurance policy was arranged and the premium paid to cover the payment of contingencies relating to death and permanent occupational disability, and to retirement bonuses and other benefits for certain of the directors of Fomento de Construcciones y Contratas, S.A. In 2003 no additional payment was made in this connection.

Except as indicated in the foregoing paragraphs, no other compensation, advances, loans or guarantees of any kind were granted to the directors, and there were no pension or life insurance obligations to former or present directors.

Following is a detail of the equity interests owned by the directors of Fomento de Construcciones y Contratas, S.A. in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the corporate purpose of the FCC Group, and of the positions they hold and the functions they discharge thereat. This information was provided by the directors themselves.

Director's Name or Corporate name	Investee Company	Percentage of Ownership	Position held or functions discharged
D. Marcelino Oreja Aguirre	ACS Actividades de Construcción y Servicios, S.A. Sacyr – Vallehermoso, S.A. Metrovacesa, S.A.	<0.01 <0.01 <0.01	
D. Marc Louis Reneaume	Veolia Environnement, Société Anonyme	<0.01	
D. Henri Proglio[1]	Veolia Environnement, Société Anonyme	<0.01	Chairman of the Board and General Manager
D. Olivier Orsini	Veolia Environnement, Société Anonyme		Advisor to the Chairman of the Board and General Manager
D. Paul–Louis Girardot[1]	Veolia Environnement, Société Anonyme	<0.01	Director
D. Jérome Contamine[1]	Veolia Environnement, Société Anonyme		Executive General Manager
D. Serge Michel	Veolia Environnement, Société Anonyme Eiffage Vinci	<0.01 <0.01 <0.01	Director Director Director

(1) These directors hold positions or discharge functions at, and/or own equity interests (in any case less than 0.02%) in, other companies of the Veolia Environnement Group that engage in water and waste management, passenger transport and energy activities.

The directors of Fomento de Construcciones y Contratas, S.A. have declared that they do not engage in any activity, for their own account or for the account of others, that is identical, similar or complementary to the activity that constitutes the corporate purpose of the Company.

During the business year the directors of Fomento de Construcciones y Contratas, S.A., or persons acting on their behalf, did not perform, with the Company or with any company of the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on normal market conditions.

26. Consolidated cost accounting statements of income

	12.31.03		12.31.02	
	Amount	**%**	**Amount**	**%**
Net sales	6,050,472	100.00	5,497,160	100.00
+ Other operating revenues	73,523	1.22	89,129	1.62
+ Variation in finished goods and work-in-process inventories	8,020	0.13	6,019	0.11
+ Capitalized expenses of Group work on fixed assets	70,618	1.17	72,083	1.31
Production value	**6,202,633**	**102.51**	**5,664,391**	**103.04**
- Net purchases	1,036,641	17.13	1,008,399	18.34
+ Variation in inventories of merchandise. materials and other consumables	2,459	0.04	49,099	0.89
- External and operating expenses	2,738,483	45.26	2,488,700	45.27
- Personnel expenses	1,625,850	26.87	1,475,045	26.83
Gross operating income	**804,118**	**13.29**	**741,346**	**13.49**
- Depreciation and amortization expense	263,729	4.36	230,063	4.19
- Period provision to reversion reserve	5,045	0.08	4,459	0.08
- Bad debts written off and variation in operating provisions	16,412	0.27	8,734	0.16
Net operating income	**518,932**	**8.58**	**498,090**	**9.06**
+ Financial revenues	64,796	1.07	59,019	1.07
- Financial expenses	104,801	1.73	106,912	1.94
- Variations in investment valuation allowances	5,332	0.09	3,033	0.06
Financial loss	**(45,337)**	**(0.75)**	**(50,926)**	**(0.93)**
+ Share in income of companies accounted for by the equity method	66,406	1.10	42,040	0.76
- Amortization of goodwill in consolidation	18,950	0.31	19,908	0.36
Income from ordinary activities	**521,051**	**8.61**	**469,296**	**8.54**
+ Gains on fixed assets and extraordinary revenues	118,964	1.97	26,051	0.47
- Losses on fixed assets and extraordinary expenses	122,106	2.02	39,911	0.73
- Variation in tangible fixed asset and intangible asset allowances	21,637	0.36	90	—
Income before taxes	**496,272**	**8.20**	**455,346**	**8.28**
- Corporate income tax	126,278	2.09	128,043	2.33
Consolidated income for the year	**369,994**	**6.12**	**327,303**	**5.95**
- Income attributed to minority interests	61,415	1.02	54,288	0.99
Income for the year attributed to the parent company	**308,579**	**5.10**	**273,015**	**4.97**

27. Explanation added for translation to english

These consolidated financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Group that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

EXHIBIT I. Consolidable subsidiaries

Company	Net book value	%	Nominal percentage of ownership and holder
Construction area			
FCC Construcción, S.A. Balmes, 36 - Barcelona (a)	275,551	99.99 0.01	Fomento de Construcciones y Contratas, S.A. Europea de Gestión, S.A. Sole-shareholder company
Alpetrol, S.A. Camino Casa Sola, 1 - Chiloeches (Guadalajara)	126	99.99 0.01	Ibérica de Enclaves, S.A. Sincler, S.A. Sole-shareholder company
Auxiliar de Pipelines, S.A. Alcalá, 265 B - Madrid (e)	601	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Binatec Al Maghreb, S.A. 213, Rond-Point de L'Europe - Casablanca (Morocco)	88	99.40 0.10 0.10 0.10 0.10 0.10 0.10	FCC Construction International B.V. Contratas y Ventas, S.A. Ibérica de Servicios y Obras, S.A. Mantenimiento de Infraestructuras, S.A. Megaplás, S.A. Proyectos y Servicios, S.A. Servicios y Procesos Ambientales, S.A.
Compañía Concesionaria del Túnel de Sóller, S.A. Porto Pi, 8 - Palma de Mallorca (Balearic Islands) (d) -Concession-holder-	8,735	56.53	FCC Construcción, S.A.
Conservial, S.L. Manuel Lasala, 36 - Zaragoza	176	99.99 0.01	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Construcción y Filiales Mexicanas, S.A. de C.V. Homero, 109 – Colonia Chapultep-Morales – Mexico City (Mexico)	180	99.98 0.01 0.01	FCC Construcción, S.A. Proyectos y Servicios, S.A. Sincler, S.A. Sole-shareholder company
Contratas y Ventas, S.A. Asturias, 41 – Oviedo (Asturias) (a)	1,516	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Dezvoltare Infraestructura, S.A. Strada Garboveni, 61 – Bucharest (Romania)	5	51.03	Sincler, S.A. Sole-shareholder company
Dizara Inversión, S.L. Avda. General Perón, 36 – Madrid	6	99.98 0.02	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
FCC Constructii Romania, S.A. Str Sfintii Voievozi, 49 – Bucharest (Romania)	50	96 1 1 1 1	FCC Construction International B.V. Dizara Inversión, S.A. Nevasa Inversión, S.L. Sincler, S.L. Sole-shareholder company Tulsa Inversión, S.L.
FCC Construction International B.V. Amsteldijk, 166 –Amsterdam (Netherlands)	4,190	99.76 0.24	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
FCC Construcción Puerto Rico Corp. 1225 Ponce de León Avenue – Santurce San Juan de Puerto Rico (USA) (e)	1	100	FCC Construcción, S.A.
Gavisa Portugal Montagens Eléctricas Lda. Av. General Humberto Delgado, 1 Santa Comba Dao – Portugal	10	97	Montajes Gavisa, S.A.
Ibérica de Enclaves, S.A. Arquitecto Gaudí, 4 – Madrid	492	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Ibérica de Servicios y Obras, S.A. Federico Salmón, 13 – Madrid (b)	1,504	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Ibervia Construcciones y Contratas, S.L. (*) Avda. General Perón, 36 – Madrid	20,006	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company

Company	Net book value	%	Nominal percentage of ownership and holder
Mantenimiento de Infraestructuras, S.A. Avda. General Perón, 36 - Madrid (b)	3,602	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Marcas Andaluzas, S.L. Hilera, 10 - Málaga	248	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Megaplás, S.A. Hilanderas, 4-14 – La Poveda – Arganda del Rey (Madrid) (b)	2,642	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Montajes Gavisa, S.A. La Farga, 5-7 Pol. Ind. La Cerrería – Montcada i Reixac (Barcelona) (b)	6,538 13	99.98 0.02	Contratas y Ventas, S.A. Sincler, S.A. Sole-shareholder company
Motre, S.L. Córcega, 368 – Barcelona	2,519 1,431	63.77 36.23	Servià Cantó, S.A. Moviterra, S.A.
Moviterra, S.A. Enginyer Algarra, 65 – Pals (Girona)	600	99.99 0.01	Ibervia Construcciones y Contratas, S.L. Sincler, S.A. Sole-shareholder company
Naturaleza, Urbanismo y Medio Ambiente, S.A. Autovía de Castilla N-620 Km. 13 – Simancas (Valladolid) (e) -Development and maintenance of greenfield areas-	1,133 10	99.95 0.05	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Nevasa Inversión, S.L. Avda. General Perón, 36 - Madrid	6	99.98 0.02	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Norseñal, S.L. Juan Flórez, 64 – La Coruña	34	99.99 0.01	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Participaciones Teide, S.A. Avda. General Perón, 36 – Madrid -Portfolio company-	714	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Pedrera Les Gavarres, S.L. Enginyer Algarra, 65 – Pals (Girona)	6	99.98 0.02	Ibervia Construcciones y Contratas, S.L. Dizara Inversión, S.L.
Pinturas Jaque, S.L. Pol. Ind. Oeste, Paraje Sangonera El Palmar – Murcia (b)	1,506	99.99 0.01	Mantenimiento de Infraestructuras, S.A. Sincler, S.A. Sole-shareholder company
Prefabricados Delta, S.A. Arquitecto Gaudí, 4 - Madrid (b)	16,914	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Proyectos y Servicios, S.A. Torregalindo, 1 - Madrid (b) -Engineering-	522	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Ramalho Rosa Cobetar Sociedade de Construçoes, S.A. Rua Soeiro Pereira Gomes, 7 - Lisbon (Portugal) (a)	6,645	99.98 0.01 0.01	FCC Construcción, S.A. Participaciones Teide, S.A. Sincler, S.A. Sole-shareholder company
Reparalia, S.A. Parque Empresarial Cerro de los Gamos, 1 Pozuelo de Alarcón - Madrid (e)	–	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Sanfilippo Messaggi Luminosi, S.R.L. Vía Piemonte, 1 – Borgaro-Turin (Italy)	136	100	Megaplás, S.A.
Señalizaciones de Vías Públicas, S.L. Avda. de Barber, 2 - Toledo	260	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Señalizaciones Levante, S.L. Itálica, 25 – Alicante	326	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Servià Cantó, S.A. Enginyer Algarra, 65 – Pals (Girona) (e)	2,400	99.98 0.02	Ibervia Construcciones y Contratas, S.L. Sincler, S.A. Sole-shareholder company
Servicios y Procesos Ambientales, S.A. Avda. General Perón, 36 - Madrid (c)	1,108	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Sincler, S.A. Sole-shareholder company Federico Salmón, 13 - Madrid	53	100	FCC Construcción, S.A.
Tulsa Inversión, S.L. Avda. General Perón, 36 – Madrid	6	99.98 0.02	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company

Company	Net book value	%	Nominal percentage of ownership and holder
Viales de Andalucía, S.L.	448	99.98	Pinturas Jaque, S.L.
Avda. Kansas City, 9 - Seville		0.02	Sincler, S.A. Sole-shareholder company
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	3	50	FCC Construcción, S.A.
Avda. General Perón, 36 – Madrid	3	50	Ibervia Construcciones y Contratas, S.L.
Viñedos y Maderas para Exteriores, S.L.	—	100	Naturaleza, Urbanismo y Medio Ambiente, S.A.
Autovía de Castilla N-620 Km. 136 – Simancas (Valladolid) -Development and maintenance of greenfield areas-			
Xequevia Sinalizaçao de Vias de Comunicaçao, Ltda.	–	80	Pinturas Jaque, S.L.
Quinta da Mata-Sete-Casa - Loures (Portugal)		20	Sincler, S.A. Sole-shareholder company
Services area			
FCC Medio Ambiente, S.A.	35,102	98.98	Fomento de Construcciones y Contratas, S.A.
Federico Salmón, 13 – Madrid (a)	442	1.02	Corporación Financiera Hispánica, S.A.
Urban cleaning			
AEBA, Ambiente y Ecología de Buenos Aires, S.A.	414	50	Fomento de Construcciones y Contratas, S.A.
Tucumán, 1321 – 3º – Buenos Aires (Argentina) (d)		5	AESA, Aseo y Ecología, S.A.
Alfonso Benítez, S.A.	374	99.95	FCC Medio Ambiente, S.A.
Federico Salmón, 13 - Madrid (a)		0.05	International Services Inc., S.A. Sole-shareholder company
Castellana de Servicios, S.A.	62	99.98	FCC Medio Ambiente, S.A.
Federico Salmón, 13 – Madrid (a)		0.02	International Services Inc., S.A. Sole-shareholder company
Compañía Catalana de Servicios, S.A.	29	99.98	FCC Medio Ambiente, S.A.
Balmes, 36 – Barcelona (b)		0.02	International Services Inc., S.A. Sole-shareholder company
Corporación Inmobiliaria Ibérica, S.A.	6,442	99.99	FCC Medio Ambiente, S.A.
Ulises, 18 - Madrid		0.01	International Services Inc., S.A. Sole-shareholder company
Egypt Environmental Services, S.A.E.	3,197	97	Fomento de Construcciones y Contratas, S.A.
El Cairo – Egypt (a)	33	1	FCC Medio Ambiente, S.A.
	33	1	Alfonso Benítez, S.A.
	80	1	International Services Inc., S.A. Sole-shareholder company
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	204	80	Fomento de Construcciones y Contratas, S.A.
Pza. del Centre, 3 – El Vendrell (Tarragona) (e)			
Focsa Services, U.K. Ltd.	1,161	100	FCC Medio Ambiente, S.A.
Brook House – Oldham Road-Middleton - Manchester (United Kingdom) (a)			
Focsa Serviços de Saneamento Urbano de Portugal, S.A.	641	99.96	FCC Medio Ambiente, S.A.
Rua Castilho, 75-1º - Lisbon (Portugal) (a)		0.01	Alfonso Benítez, S.A.
		0.01	FCC International, B.V.
		0.01	International Services Inc., S.A. Sole-shareholder company
		0.01	Servicios Especiales de Limpieza, S.A.
Giza Environmental Services, S.A.E.	2,612	97	Fomento de Construcciones y Contratas, S.A.
El Cairo – Egypt (a)	27	1	FCC Medio Ambiente, S.A.
	27	1	Alfonso Benítez, S.A.
	78	1	International Services Inc., S.A. Sole-shareholder company
International Services Inc., S.A. Sole-shareholder company	60	100	FCC Medio Ambiente, S.A.
Arquitecto Gaudí, 4 – Madrid			
Jaume Oro, S.L.	840	99	Compañía Catalana de Servicios, S.A.
Avda. de Les Garrigues, 15 – Bellpuig (Lleida) (e)	9	1	International Services Inc., S.A. Sole-shareholder company
Limpieza e Higiene de Cartagena, S.A.	270	90	FCC Medio Ambiente, S.A.
Sor Francisca Armendáriz, 6 – Cartagena (Murcia) (a)			
Limpiezas Urbanas de Mallorca, S.A.	5,209	99.92	Fomento de Construcciones y Contratas, S.A.
Fusters, 18. Polígono Industrial – Manacor (Balearic Islands) (e)		0.08	International Services Inc., S.A. Sole-shareholder company
Municipal de Serveis, S.A.	96	80	FCC Medio Ambiente, S.A.
Joan Torrà i Cabrosa, 7 – Girona (e)			

Company	Net book value	%	Nominal percentage of ownership and holder
Onyx Gibraltar, Ltd. 2º Floor, Imossi House, 1/5 Irish Town – Gibraltar (United Kingdom)	4	100	FCC Medio Ambiente, S.A.
Recollida i Neteja Oro-Vila, S.L. Avda. de Las Garrigas, 15 – Bellpuig (Lleida) (e)	173 1	99.99 0.01	Compañía Catalana de Servicios, S.A. International Services Inc., S.A. Sole-shareholder company
Saneamiento y Servicios, S.A. Ronda Vigilancia, s/nº - Cádiz (a)	63	99.98 0.02	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Serveis d'Escombreries i Neteja, S.A. Pardinyes Altes, 13 – Lleida (a)	21	99.94 0.06	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Servicios de Levante, S.A. Ctra. de Valencia, Km. 3 – Castellón de la Plana (a)	63	99.98 0.02	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Servicios Especiales de Limpieza, S.A. Federico Salmón, 13 – Madrid (a)	202	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Telford & Wrekin Services, Ltd. Granville House, St. Georges Road – Donnington Wood (United Kingdom) (a)	11	80	Focsa Services, U.K. Ltd.
Valorización y Tratamiento de Residuos, S.A. Alameda de Mazarredo, 15-4º A – Bilbao (Vizcaya) (e)	6,777	99 1	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Water treatment and distribution			
Abastecimientos y Saneamientos del Norte, S.A. Uruguay, 11 – Vigo (Pontevedra)	601	100	Aqualia Gestión Integral del Agua, S.A.
Adobs Orgànics, S.L. Sant Benet, 21 - Manresa (Barcelona)	22	60	Aqualia Gestión Integral del Agua, S.A.
Aguas Jaén, S.A. Plaza de los Jardinillos, 6 – Jaén (a)	1,118	60	Aqualia Gestión Integral del Agua, S.A.
Aguas Torrelavega, S.A. La Viña, 4 – Torrelavega (Cantabria) (e)	307	51	Aqualia Gestión Integral del Agua, S.A.
Aigües de l'Alt Empordà, S.A. (ADAMSA) Lluis Companys, 43 – Roses (Girona)	31	51.40	Aqualia Gestión Integral del Agua, S.A.
Aqua Campiña, S.A. Avda. Blas Infante, 6 – Écija (Seville) (e)	392	90	Aqualia Gestión Integral del Agua, S.A.
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13 – Madrid (c)	254,768	99.99 0.01	Fomento de Construcciones y Contratas, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Colaboración, Gestión y Asistencia, S.A. Federico Salmón, 13 – Madrid (e)	–	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Compañía Onubense de Aguas, S.A. Avda. Martín Alonso Pinzón, 8 - Huelva	27	60	Aqualia Gestión Integral del Agua, S.A.
Conservación de Infraestructuras Urbanas, S.A. Federico Salmón, 13 – Madrid (e)	300	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A. Princesa, 3 – Madrid	–	70	Aqualia Gestión Integral del Agua, S.A.
F.S. Colaboración y Asistencia, S.A. Ulises, 18 Edificio H - Madrid (e)	268	65	Colaboración, Gestión y Asistencia, S.A.
Graver Española, S.A. Espalza, 8 – Bilbao (Vizcaya)	1,977	100	Aqualia Gestión Integral del Agua, S.A.
Inversora Riutort, S.L. Alfonso XIII – Sabadell (Barcelona)	1	90	Aqualia Gestión Integral del Agua, S.A.
Sociedad Ibérica del Agua, S.I.A., S.A. Sole-shareholder company Federico Salmón, 13 – Madrid	57	100	Aqualia Gestión Integral del Agua, S.A.
Tratamiento Industrial de Aguas, S.A. Federico Salmón, 13 – Madrid (e)	652	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company

Company	Net book value	%	Nominal percentage of ownership and holder
Waste treatment			
Aecosol, S.L. Común de las Eras-Fustiñana (Navarre)	156	99.99 0.01	Ekonor, S.A. FCC Medio Ambiente, S.A.
Azuser, S.L. Polígono Artana, Nave III – Villarreal (Castellón de la Plana)	2,383	99.95 0.05	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Baltecma, Gestión de Residuos Industriales, S.L. Conradors, parc. 34 P.I. Marratxi – Mallorca (Balearic Islands)	58	70	Ekonor, S.A.
Bistibieta, S.L. Trinidad, 9 – Algorta (Vizcaya)	1,460 77	95 5	Ekonor, S.A. FCC Medio Ambiente, S.A.
Compañía de Control de Residuos, S.L. Peña Redonda, 27 – Pol. Silvota – Llanera (Asturias)	64	64	Ekonor, S.A.
Ecodeal-Gestao Integral de Residuos Industriais, S.A. Rua General Pimenta de Castro, 14 – Lisbon (Portugal)	250	99.96 0.01 0.01 0.01 0.01	FCC Medio Ambiente, S.A. Ekonor, S.A. Bistibieta, S.L. Lizarreka, S.L. T.P.A. Técnicas de Protección Ambiental, S.A.
Ekonor, S.A. Larras de San Juan – Iruña de Oca (Álava) (b)	53,511	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Equipos de Protección Ambiental, S.L. Trinidad, 9 – Algorta (Vizcaya)	19	99.98 0.02	Ekonor, S.A. FCC Medio ambiente, S.A.
Euroresiduos, S.A. Sole-shareholder company Cr. Puebla Albortón a Zaragoza Km. 25 – Zaragoza (a)	2,637	100	FCC Medio Ambiente, S.A.
Fepanor, S.L. Ctra. Andalucía, Km. 56 – Ocaña (Toledo)	–	78	Ekonor, S.A.
Gamasur Campo de Gibraltar, S.L. Pz. de la Iglesia, 1 – Los Barrios (Cádiz)	1,853	85	Gestiones Medioambientales del Sur, S.L.
Gestiones Medioambientales del Sur, S.L. Polígono Industrial Las Quemadas, parc. 271 – Córdoba (b)	1,642	99	Ekonor, S.A.
Hidrocen, S.L. Camino del Valle, 12 – Arganda del Rey (Madrid)	2,019	99.99 0.01	Ekonor, S.A. FCC Medio Ambiente, S.A.
Ingetma, S.A. Juan Bautista Zabala, 12 – Guecho (Vizcaya) -In liquidation-	170	75	T.P.A., Técnicas de Protección Ambiental, S.A.
Innovación y Gestión Medioambiental, S.A. Avda. Blasco Ibáñez, 200 – Valencia	796	98.67	Ekonor, S.A.
Ipodec Riscop, S.A. Ctra. Sabadell a Mollet, Km. 1 Molí d'en Gall – Barberà del Vallès (Barcelona) (b)	3,094	90	FCC Medio Ambiente, S.A.
Jaime Franquesa, S.A. Pol. Ind. Zona Franca Sector B Calle D49 (Barcelona)	18,515	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Ligete, S.L. Trinidad, 9 – Algorta (Vizcaya)	691	99.98 0.02	Ekonor, S.A. FCC Medio Ambiente, S.A.
Lizarreka, S.L. Bº Elbarrena – Aduna (Guipúzcoa)	4	99.97 0.03	Ekonor, S.A. FCC Medio Ambiente, S.A.
Noulas-Resevi, S.L. Polígono Artana Nave III – Villarreal (Castellón de la Plana)	735	99.99 0.01	Azuser, S.L. FCC Medio Ambiente, S.A.
Recitermia, S.A. Cr. Andalucía Km. 12 Políg. Indus. "Los Olivos" – Getafe (Madrid)	1,446	100	T.P.A., Técnicas de Protección Ambiental, S.A.
Recuperació de Pedreres, S.L. Paratge Vacamorta – Cruïlles (Girona)	11,517	70	FCC Medio Ambiente, S.A.
Tratamiento y Reciclado Integral de Ocaña, S.A. Federico Salmón, 13 – Madrid	57	99.90 0.10	FCC Medio Ambiente, S.A. T.P.A. Técnicas de Protección Ambiental, S.A.

Company	Net book value	%	Nominal percentage of ownership and holder
Tratamientos y Recuperaciones Industriales, S.A. Angli, 31 – Barcelona (b)	21,455 14	74.92 0.08	Fomento de Construcciones y Contratas, S.A. International Services Inc., S.A. Sole-shareholder company
T.P.A. Fugro, S.A. Federico Salmón, 13 – Madrid	214	60	T.P.A., Técnicas de Protección Ambiental, S.A.
T.P.A., Técnicas de Protección Ambiental, S.A. Federico Salmón, 13 – Madrid (b)	4,904	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Versia			
FCC Versia, S.A. (**) Federico Salmón, 13 – Madrid (a)	62,624	99.99 0.01	Fomento de Construcciones y Contratas, S.A. Europea de Gestión, S.A. Sole-shareholder company
Street furniture			
Beta de Administración, S.A. Federico Salmón, 13 – Madrid (b)	8,729	99.99 0.01	FCC Versia, S.A. Aragonesa de Servicios I.T.V., S.A.
Camusa Corporación Americana de Mobiliario Urbano, S.A. Arenales, 1123 – Buenos Aires (Argentina) (b)	6	99 1	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. General de Servicios, I.T.V., S.A.
Cemusa Amazonia, S.A. Rua Comendador Clementino, 566 Manaus – Estado de Amazonas (Brazil) (b)	911	100	Cemusa Do Brasil Ltda.
Cemusa Brasilia, S.A. SAA/Norte Quadra, 02,25 – Brasilia (Brasilia DF – Brazil) (b)	1,894	100	Cemusa Do Brasil Ltda.
Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Francisco Sancha, 24 – Madrid (b)	51,502	99.99 0.01	FCC Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Cemusa Do Brasil Ltda. Avda. Atlántica, 1130 - Copacabana – Río de Janeiro (Brazil) (b)	4,944	99.98 0.02	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Cemusa Inc. City of Dover – County Kent – Delaware (USA)	–	100	Cemusa, Corporación Europea de Mobiliario Urbano, S.A.
Cemusa Italia, S.R.L. Vía Vinzenzo Monti, 8 – Milan (Italy)	6	99.95 0.05	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Cemusa Miami, Ltd. Florida – (USA)	–	79 21	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Cemusa Inc.
Cemusa Portugal, Companhia de Mobiliario Urbano e Publicidade, S.A. Avda. de Pádua, 14 – Lisbon (Portugal) (b)	7,569	100	Cemusa, Corporación Europea de Mobiliario Urbano, S.A.
Cemusa Rio, S.A. Avda. Atlántica, 1130 – Copacabana – Río de Janeiro (Brazil) (b)	1,774 93	95 5	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Cemusa Do Brasil, Ltda.
Cemusa Salvador, S.A. Rua Dr. Altino Teixeira, 302. Loteamento Porto Seco Piraja. Salvador Bahía (Brazil) (b)	–	60 5	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Cemusa Do Brasil, Ltda.
Cemusa San Antonio, Ltd. 645 N. Michigan Ave Ste. 800 Chicago – Illinois (USA)	–	99 1	Cemusa Texas, Llc. Cemusa San Antonio GP, Llc.
Cemusa San Antonio GP, Llc. 645 N. Michigan Ave Ste. 800 Chicago – Illinois (USA)	1	100	Cemusa Inc.
Cemusa Texas, Llc. 645 N. Michigan Ave Ste. 800 Chicago – Illinois (USA)	–	100	Cemusa Inc.
Servicios de Publicidad Urbanos, S.A. Atenas, Nave 46 Pol. Ind. San Luis – Málaga	451	75	Cemusa, Corporación Europea de Mobiliario Urbano, S.A.
Zona Verde Promoçao e Marketing Lim. R. Cándido dos Reis, 90 – Aveiro (Portugal)	746	100	Cemusa Portugal, Companhia de Mobiliario Urbano e Publicidade, S.A.

Company	Net book value	%	Nominal percentage of ownership and holder
Traffic services			
Aparcamientos Concertados, S.A. Arquitecto Gaudí, 4 – Madrid (a)	1,188	99.99 0.01	Estacionamientos y Servicios, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Casa Park Moulay Youseff, S.A.R.L. 27 Rue Bapaume – Casablanca (Morocco)	–	99.99	Estacionamientos y Servicios, S.A.
Casa Park, S.A. 27 Rue Bapaume – Casablanca (Morocco)	106	97.87 0.01 0.01 0.01	Estacionamientos y Servicios, S.A. Aparcamientos Concertados, S.A. FCC Versia, S.A. Beta de Administración, S.A.
Conservación y Sistemas, S.A. (***) Federico Salmón, 13 – Madrid (a)	301	99.99 0.01	C.G.T. Corporación General de Transportes, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Empresa Mixta de Tráfico de Gijón, S.A. P. Ind. Promosa Nave 27 – El Plano- Tremañes – Gijón (Asturias) (a)	595	60	Estacionamientos y Servicios, S.A.
Estacionamientos y Servicios, S.A. Federico Salmón, 13 – Madrid (a)	32,914	99.99 0.01	FCC Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Transports			
Belgian Ground Services, S.A. Avenue Louise, 149 – Ixelles (Brussels) – Belgium (a)	15,000	99.99 0.01	Flightcare, S.L. Beta de Administración, S.A.
C.G.T. Corporación General de Transportes, S.A. Federico Salmón, 13 – Madrid (d)	13,373	99.99 0.01	FCC Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Flightcare, S.L. Federico Salmón, 13 – Madrid (a)	22,535	99.99 0.01	FCC Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Vehicle roadworthiness testing			
Aragonesa de Servicios I.T.V., S.A. Federico Salmón, 13 – Madrid (e)	3,133	99.99 0.01	General de Servicios I.T.V., S.A. I.T.V. Insular, S.A.
Argam, S.A. Galileo, 2446 - Buenos Aires (Argentina) (e)	114	99.99 0.01	I.T.V. Insular, S.A. Beta de Administración, S.A.
Concesionaria Zona 5, S.A. C/7 Número 374 – La Plata – Buenos Aires (Argentina) (a)	665	50 50	CTV, S.A. General de Servicios I.T.V., S.A.
C.T.V, S.A. Coronel Esteban Bonorino, 277 – Buenos Aires (Argentina) (e)	201	99.99 0.01	General de Servicios I.T.V., S.A. Beta de Administración, S.A.
Ecovec, S.A. Coronel Esteban Bonorino, 271 – Buenos Aires (Argentina) (e)	565	99.99 0.01	I.T.V. Insular, S.A. Beta de Administración, S.A.
General de Servicios I.T.V., S.A. Federico Salmón, 13 – Madrid (e)	9,188	99.99 0.01	Beta de Administración, S.A. Aragonesa de Servicios I.T.V., S.A.
Geral I.S.V. Brasil Ltda. Av. Rio Branco, 131, 10º Andar Parte Centro Río de Janeiro (Brazil)	66	99.99 0.01	FCC International, B.V. Aragonesa de Servicios I.T.V., S.A.
I.T.V., S.A. Luzuriaga, 345 – Buenos Aires (Argentina) (a)	168	99 1	General de Servicios I.T.V., S.A. I.T.V. Insular, S.A.
I.T.V. Insular, S.A. Federico Salmón, 13 – Madrid (e)	5,024	99.99 0.01	General de Servicios I.T.V., S.A. Aragonesa de Servicios I.T.V., S.A.
Verauto La Plata, S.A. Avda. Belgrano, 634 – Buenos Aires (Argentina) (e)	638 163 128	50 37.50 10	Ecovec, S.A. I.T.V. Insular, S.A. Argam, S.A.
VTV Verificaciones Técnicas Vehiculares de Argentina, S.A. San Martín, 140 – Buenos Aires (Argentina) (a)	310	99.95 0.05	Aragonesa de Servicios I.T.V., S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company

Company	Net book value	%	Nominal percentage of ownership and holder
Other activities			
Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company Federico Salmón, 13 – Madrid (b) -Portfolio company-	300	100	FCC Versia, S.A.
Servicios Aragoneses de Energía y Biomasa, S.A. Autovía de Logroño Km. 12,6 Utebo (Zaragoza) -Electricity generation-	399	80	Flightcare, S.L.
Grucycsa			
Grucycsa, S.A. Plaza Pablo Ruiz Picasso, 1 – Madrid (a)	156,785	100	Fomento de Construcciones y Contratas, S.A.
Logistics			
Aitena Portugal, Almazenage Transporte e Distribuiçao de Mercaderias, S.A. Cr. Nacional 1, km. 33,4 - Alenquer (Portugal) (e)	1,754	99.99	Aitena, Sociedad Anónima Inmobiliaria y de Transportes
Aitena, Sociedad Anónima Inmobiliaria y de Transportes Avda. Fuentemar, 19 – Coslada (Madrid) (a)	2,865	99.99 0.01	Logistic Activities, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company
Logistic Activities, S.A. Avda. de la Industria, 18 – Coslada (Madrid) (a)	8,551	99.99 0.01	Grucycsa, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company
Logística Navarra, S.A. C/E Polígono Arazuri Orcoyen Parc 3.8 – Pamplona (Navarre) (a)	4,520	99.99 0.01	Grucycsa, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company
LNP-Logística, Lda. Estrada Nacional nº 3 km. 5,7 Vila Nova da Reinha - Azambuja (Portugal) (e)	809 90	90 10	Logística Navarra, S.A. Aitena Portugal Almazenage Transporte e Distribuiçao de Mercaderias, S.A.
Electrical installations			
Especialidades Eléctricas, S.A. Acanto, 22 – Madrid (b)	2,668	99.99 0.01	Grucycsa, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company
Espelsa-Luwat, S.A. Acanto, 22 – Madrid	36	60	Especialidades Eléctricas, S.A.
Air conditioning installations			
Aremi Tecair, S.A. Avda. de les Corts Valencianes, 50 – Valencia	36	60	Internacional Tecair, S.A.
Eurman, S.A. Valentín Beato, 24-26 – Madrid	120	99.99 0.01	Internacional Tecair, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company
Internacional Tecair, S.A. Valentín Beato, 24-26 – Madrid (b)	2,191	99.99 0.01	Grucycsa, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company
Industrial equipment			
Equipos y Procesos, S.A. Conde de Peñalver, 45 – Madrid	150	80.73	Sistemas y Vehículos de Alta Tecnología, S.A.
High Technology Vehicles, Inc. Centre Road, 1013 Wilmington – Delaware (USA)	38	100	Sistemas y Vehículos de Alta Tecnología, S.A.
Sistemas y Vehículos de Alta Tecnología, S.A. Conde de Peñalver, 45 - Madrid (b)	180	99.99 0.01	Grucycsa, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company

Company	Net book value	%	Nominal percentage of ownership and holder
Security and surveillance			
Falcon Contratas y Seguridad, S.A. Ronda de Poniente, 13 Locales E2 y P1 – Tres Cantos (Madrid) (e)	311	70	Grucycsa, S.A.
Falcon Contratas y Servicios Auxiliares, S.A. Ronda de Poniente, 13 Local E5 – Tres Cantos (Madrid)	60	99.90 0.10	Falcon Contratas y Seguridad, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company
Formación y Contratas, S.A. Ronda de Poniente, 13 Local E1 – Tres Cantos (Madrid)	60	99.90 0.10	Falcon Contratas y Seguridad, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company
Company promotion and development			
T.A.C.K. Inversiones, S.L. Sole-shareholder company María de Molina, 40 – Madrid	6	100	Grucycsa, S.A.
Cement area			
Cementos Portland Valderrivas, S.A. (****) Estella, 6 – Pamplona (Navarre) (a)	175,953 571 142 2 2 2 2	58.72 0.06 0.01 0.01 0.01 0.01 0.01	Fomento de Construcciones y Contratas, S.A. Compañía Auxiliar de Agencia y Mediación, S.A. Sole-shareholder company Navarra de Transportes, S.A. Compañía Gral. de Servicios Empresariales, S.A. Sole-shareholder company Corporación Española de Servicios, S.A. Corporación Financiera Hispánica, S.A. Europea de Gestión, S.A. Sole-shareholder company
Almacenes, Tránsitos y Reexpediciones, S.A. Sole-shareholder company Calderón de la Barca, 4 – Santander (Cantabria)	1,352	100	Cementrade, S.A. Sole-shareholder company
Áridos de Navarra, S.A. Estella, 6 – Pamplona (Navarre)	2	66	Hormigones Arkaitza, S.A. Sole-shareholder company
Áridos Silicios de Extremera, S.L. Cr. de Madrid, 22 – Almoguera (Guadalajara)	8,500	100	Áridos y Premezclados, S.A. Sole-shareholder company
Áridos y Premezclados, S.A. Sole-shareholder company José Abascal, 59 – Madrid (a)	25,437	100	Cementos Portland Valderrivas, S.A.
Atracem, S.A. Sole-shareholder company José Abascal, 59 – Madrid (a) -Goods transportation and sale of construction materials -	1,000	100	Cementos Portland Valderrivas, S.A.
Cántabra Industrial y Minera, S.A. Sole-shareholder company Calderón de la Barca, 4 – Santander (Cantabria)	441	100	Cementos Alfa, S.A.
Canteras de Aláiz, S.A. Estella, 6 – Pamplona (Navarre) (c)	14,237	70.02	Cementos Portland Valderrivas, S.A.
Canteras del Pirineo Occidental, S.A. Estella, 6 – Pamplona (Navarre)	1,159	60 40	Cementos Portland Valderrivas, S.A. Cementos Lemona, S.A.
Canteras Villallano, S.L. Poblado de Villallano – Palencia	3,481	100	Cementos Alfa, S.A.
Cemensilos, S.A. Calderón de la Barca, 4 – Santander (Cantabria) -Comercialización de materiales de construcción-	674	100	Cementos Alfa, S.A.
Cementos Alfa, S.A. Calderón de la Barca, 4 – Santander (Cantabria) (b)	26,403	76.56 0.01 0.01	Cementos Portland Valderrivas, S.A. Compañía Auxiliar de Bombeo de Hormigón, S.A. Sole-shareholder company Participaciones Estella 6, S.L. Sole-shareholder company
Cementrade, S.A. Sole-shareholder company Calderón de la Barca, 4 – Santander (Cantabria) -Wholesale of construction materials -	1,130	100	Cementos Alfa, S.A.
Compañía Auxiliar de Bombeo de Hormigón, S.A. Sole-shareholder company José Abascal, 59 – Madrid (a)	451	100	Hormigones y Morteros Preparados, S.A. Sole-shareholder company

Company	Net book value	%	Nominal percentage of ownership and holder
Explotaciones San Antonio, S.L. Sole-shareholder company Calderón de la Barca, 4 – Santander (Cantabria) -Quartz mining-	674	100	Cementos Alfa, S.A.
Giant Cement Holding, Inc. 320-D Midland Parkway – Summerville-South Carolina (USA) (e)	179,248	100	Cementos Portland Valderrivas, S.A.
Hormigones Aláiz, S.A. Sole-shareholder company Estella, 6– Pamplona (Navarre)	97	100	Canteras de Aláiz, S.A.
Hormigones Araquil, S.A. Sole-shareholder company Estella, 6 – Pamplona (Navarre)	400	100	Canteras de Aláiz, S.A.
Hormigones Arkaitza, S.A. Sole-shareholder company Estella, 6 – Pamplona (Navarre) (c)	5,738	100	Cementos Portland Valderrivas, S.A.
Hormigones de la Jacetania, S.A. Llano de la Victoria, s/n – Jaca (Huesca)	141 222	50 25	Cementos Portland Valderrivas, S.A. Hormigones y Áridos del Pirineo Aragonés, S.A.
Hormigones del Zadorra, S.A. Sole-shareholder company Estella, 6 – Pamplona (Navarre)	1,294	100	Canteras del Pirineo Occidental, S.A.
Hormigones Reinosa, S.A. Sole-shareholder company Calderón de la Barca, 4 – Santander (Cantabria)	942	100	Cementos Alfa, S.A.
Hormigones y Morteros Preparados, S.A. Sole-shareholder company José Abascal, 59 – Madrid (a)	5,786	100	Cementos Portland Valderrivas, S.A.
Participaciones Estella 6, S.L. Sole-shareholder company Estella, 6 – Pamplona (Navarre) -Inactive-	6	100	Cementos Portland Valderrivas, S.A.

Other activities

Portfolio and instrumentality companies

Afigesa Inversión, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid (b)	73,607	100	Asesoría Financiera y de Gestión, S.A.
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13 – Madrid (b)	220,962 3,008	56.15 43.84 0.01	Corporación Financiera Hispánica, S.A. Fomento de Construcciones y Contratas, S.A. Compañía General de Servicios Empresariales,S.A. Sole-shareholder company
Compañía Auxiliar de Agencia y Mediación, S.A. Sole-shareholder company Federico Salmón, 13 – Madrid	1,657	100	Fomento de Construcciones y Contratas, S.A.
Compañía General de Servicios Empresariales, S.A. Sole-shareholder company Federico Salmón, 13 – Madrid	60	100	Fomento de Construcciones y Contratas, S.A.
Corporación Española de Servicios, S.A. Federico Salmón, 13 – Madrid	48	99.99 0.01	Fomento de Construcciones y Contratas, S.A. Europea de Gestión, S.A. Sole-shareholder company
Corporación Financiera Hispánica, S.A. Federico Salmón, 13 – Madrid	69,818	99.98 0.01 0.01	Fomento de Construcciones y Contratas, S.A. Compañía General de Servicios Empresariales,S.A. Sole-shareholder company Europea de Gestión, S.A. Sole-shareholder company
Europea de Gestión, S.A. Sole-shareholder company Federico Salmón, 13 – Madrid	63	100	Fomento de Construcciones y Contratas, S.A.
Eusko Lanak, S.A. Federico Salmón, 13 - Madrid	59	99.99 0.01	Corporación Financiera Hispánica, S.A. Compañía General de Servicios Empresariales,S.A. Sole-shareholder company
FCC Construcciones y Contratas Internacional, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid	3	100	Fomento de Construcciones y Contratas, S.A.
FCC Finance, B.V. Amsteldijk, 166 – Amsterdam (Netherlands) (b)	38,246	100	FCC International, B.V.
FCC Fomento de Obras y Construcciones, S.L.Sole-shareholder company Federico Salmón, 13 – Madrid	3	100	Fomento de Construcciones y Contratas, S.A.
FCC Inmobiliaria Conycon, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid	3	100	Fomento de Construcciones y Contratas, S.A.

Company	Net book value	%	Nominal percentage of ownership and holder
FCC International, B.V. Amsteldijk, 166 – Amsterdam (Netherlands) (b)	39,799	100	Fomento de Construcciones y Contratas, S.A.
FCC 1, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid	3	100	Fomento de Construcciones y Contratas, S.A.
Fomento Internacional, Focsa, S.A. Federico Salmón, 13 – Madrid	68	99.93 0.07	Fomento de Construcciones y Contratas, S.A. Europea de Gestión, S.A. Sole-shareholder company
F-C y C, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid	3	100	Fomento de Construcciones y Contratas, S.A.
Puerto Cala Merced, S.A. Arquitecto Gaudí, 4 – Madrid	56	99.99 0.01	Corporación Financiera Hispánica, S.A. Compañía General de Servicios Empresariales, S.A. Sole-shareholder company
Insurance and reinsurance brokerage			
Abies Re Anstalt Josef Rheinbergerstrasse, 6 – Vaduz (Liechtenstein)	421	100	Fomento de Construcciones y Contratas, S.A.
Asiris, S.A. Correduría de Seguros Pº de la Castellana, 111 – Madrid (a)	60 30	50 25	Asesoría Financiera y de Gestión, S.A. Fomento de Construcciones y Contratas, S.A.
Fir Re Societé Anonyme 19 Rue de Bitbourg – Luxembourg (b)	1,382 5	99.67 0.33	FCC International, B.V. Asesoría Financiera y de Gestión, S.A.
Management of buildings			
Fedemes, S.L. Federico Salmón, 13 – Madrid	10,764 1,018	92.67 7.33	Fomento de Construcciones y Contratas, S.A. Corporación Financiera Hispánica, S.A.
Per Gestora Inmobiliaria, S.L. Pz. Pablo Ruiz Picasso – Madrid (a)	48	80	Fomento de Construcciones y Contratas, S.A.

NOTES:

- The financial statements of all the companies listed above are as of December 31, 2003.
- As required by Article 86 of the revised Corporations Law, in 2003 the Group companies made the related notifications to the companies in which they had acquired direct or indirect holdings of over 10%.
- The main Group companies were audited by Deloitte & Touche, PricewaterhouseCoopers, KPMG Peat Marwick and Ernst & Young, as indicated in the foregoing list with the letters (a), (b), (c) and (d), respectively. Other audit firms are grouped under the letter (e).

(*) Formerly Yeste Gestión, S.L.
(**) Formerly FCC Agua y Entorno Urbano, S.A.
(***) Formerly Sistemas de Control y Comunicaciones, S.A.
(****) Formerly Cementos Portland, S.A.

EXHIBIT II. Multigroup companies

Company	Net book value	%	Nominal percentage of ownership and holder
Construction area			
Ace Accessibilidade Das Antas Construçao e Obras Públicas Rua da Constituiçao, 797 – Porto (Portugal)	—	50 25 25	Ramalho Rosa Cobetar Sociedade de Construçoes, S.A. Construtora Do Tàmega, S.A. Somague Engehnería, S.A.
Ace Acestrada Construçao de Estradas Na rua Julieta Ferrao, 12 – Lisbon (Portugal)	—	13.33 20 20 20	Ramalho Rosa Cobetar Sociedade de Construçoes, S.A. Sociedade de Construçoes Soares da Costa, S.A. Teixería Duarte Engehnería e Construçoes, S.A. ACS, Actividades de Construcciones y Servicios, S.A.
Ace Epos-Dragados-Sopol-Ramalho Rosa Cobetar Avda. Casal Riberio, 18 – Lisbon (Portugal)	—	13.33 43.33 13.34 30	Ramalho Rosa Cobetar Sociedade de Construçoes, S.A. Empresa Portuguesa de Obras Subterráneas, Ltda. Sociedades Gral. de Construçao e Obras Públicas, S.A. Dragados Obras y Proyectos, S.A.
Ace FCC Construcción e Edifer Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)	—	50 50	FCC Construcción, S.A. Edifer Construçoes Pires Coelho e Fernandes, S.A.
Ace Fomento de Construcciones y Contratas e Soares da Costa Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)	—	50 50	Ramalho Rosa Cobetar Sociedade de Construçoes, S.A. Sociedade de Construçoes Soares Da Costa, S.A.
Ace Infraestructuras Das Antas – Construçao e Obras Públicas Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)	—	33.33 33.33 33.34	Ramalho Rosa Cobertar Sociedade de Construçoes, S.A. Construtora Do Tàmega, S.A. Somague Engehnería, S.A.
Ace Ramalho Rosa Cobetar e Edifer Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)	—	55.90 0.10 44	Ramalho Rosa Cobetar Sociedade de Construçoes, S.A. FCC Construcción, S.A. Edifer Construçoes Pires Coelho e Fernandes, S.A.
Ace Ramalho Rosa Cobetar & Soares Da Costa Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)	—	50 50	Ramalho Rosa Cobetar Sociedade de Construçoes, S.A. Sociedade de Construçoes Soares Da Costa, S.A.
Ace Spie, Ramalho Rosa Cobetar, Etermar Avda. Marechal Craveiro Lopes, 8 – Lisbon (Portugal)	—	35 35 30	Ramalho Rosa Cobetar Sociedade de Construçoes, S.A. Spie Batignolles T.P. Etermar, Emp. de Obras Terrestres y Marítimas
Ace Túnel Rua de Ceuta, Construçao e Obras Públicas Rua da Constituiçao, 797 – Lisbon (Portugal)	—	49.50 49.50 1	FCC Construcción, S.A. Spie Batignolles, T.P. Idom, Ingeniería y Consultoría, S.A.
Constructora Aeropuerto Santiago Limitada Alfredo Barros Errazuriz, 1953 – Santiago (Chile) (a)	31	50 50	FCC Construcción, S.A. ACS, Actividades de Construcciones y Servicios, S.A.
Dragados FCC Canadá, Inc. 200 King Street West -Toronto (Canadá)	—	50 50	FCC Construction International, B.V. Dragados FCC Netherlands, B.V.
Itam Delta de la Tordera, A.I.E. Travessera de Gràcia, 58 – Barcelona	3	27 20 20 33	FCC Construcción, S.A. Servicios y Procesos Ambientales, S.A. Aqualia Gestión Integral del Agua, S.A. Proyectos e Instalaciones de Desalación, S.A.
Services area			
Urban cleaning			
Beacon Waste Limited 106 High Street – Evesham-Worcestershire (United Kingdom) (a)	910	100	Mercia Waste Management, Ltd.
Compañía de Servicios Medioambientales Do Atlántico, S.A. Cr. de Cedeira Km. 1 – Narón (San Xulián) – La Coruña (e)	294	49 51	Aqualia Gestión Integral del Agua, S.A. Ayuntamiento de Narón

Company	Net book value	%	Nominal percentage of ownership and holder
Ecoparc del Besòs, S.A. Rambla Catalunya, 91-93 – Barcelona	4,163 2,190	54 26 10	Tratamiento Industrial de Residuos Sólidos, S.A. Fomento de Construcciones y Contratas, S.A. Tractament i Selecció de Residus, S.A.
Ecoserveis Urbans de Figueres, S.L. Polígono Industrial Empordà Internacional p. 50 Vilamalla (Girona)	301	50 50	Fomento de Construcciones y Contratas, S.A. Tractaments Alt Empordà, S.L.
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Pz. de la Constitución, 1 - Torrox (Málaga)	300	50 50	Fomento de Construcciones y Contratas, S.A. Ayuntamiento de Torrox
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pza. Al Andalus, 1 – Rincón de la Victoria (Málaga) (b)	285	50 50	Fomento de Construcciones y Contratas, S.A. Ayuntamiento de Rincón de la Victoria
FASSA Environnement, S.A. 76 Av. du Président Wilson – La Plaine Saint Denis (France) (e)	—	99.90 0.02 0.02 0.02 0.03 0.01	Française d'Assainessement et de Service, S.A. FCC Medio Ambiente, S.A. Saneamiento y Servicios, S.A. Via Environnement, S.A. CGEA Onyx, S.A. Núñez Vegas, Tomás
FASSA Services, S.A. (*) 1 Rue de Berri – París (France) (e)	—	99.93 0.01 0.01 0.01 0.01 0.01 0.01 0.01	Française d'Assainissement et de Service, S.A. Compañía Catalana de Servicios, S.A. FCC Medio Ambiente, S.A. Saneamiento y Servicios, S.A. CGEA Onyx, S.A. Fouillaud Didier Piquand Jacques Schelfhaut Jean Pierre
Fisersa Ecoserveis, S.A. (**) Alemania, 5 – Figueres (Girona)	532	72.72 27.28	Ecoserveis Urbans de Figueres, S.L. Figueres de Serveis, S.A. Unipersonal
Française d'Assainissement et de Service, S.A. Av. de Colmar 55/57. Rueil Malmaison (France) (e)	3,200	49.97 0.01 0.01 0.01 49.98 0.01 0.01	FCC Medio Ambiente, S.A. Compañía Catalana de Servicios, S.A. International Services Inc, S.A. Unipersonal Proactiva Medio Ambiente, S.A. CGEA Onyx, S.A. Benoist, Jean Onyx Est
Ingeniería Urbana, S.A. Av. Saturno, 6 – Alicante	3,786	35 35 30	Fomento de Construcciones y Contratas, S.A. Segema Servicios Generales del Medio Ambiente, S.A. Enrique Ortiz e Hijos Contratistas de Obras, S.A.
Mercia Waste Management, Ltd. Brook House – Oldham Road, Middleton – Manchester (United Kingdom) (a)	71	50 50	Focsa Services U.K. Ltd. Urbaser, S.A.
Servicios de Limpieza Integral de Málaga III, S.A. Camino de la Térmica, 83 – Málaga (b)	3,065	51	Servicios Urbanos de Málaga, S.A.
Servicios Urbanos de Málaga, S.A. Ulises, 18 – Madrid	1,610	51	Fomento de Construcciones y Contratas, S.A.
Severn Waste Services Limited Brook House – Oldham Road, Middleton – Manchester (United Kingdom) (a)	177	50 50	Focsa Services U.K. Ltd. Urbaser, S.A.
Societé d'Exploitation et de Transports d'Ordures Industrielles et Menageres, S.A. Le Nid Coquet – Soudan (France) (e)	—	99.95 0.01 0.01 0.01 0.01 0.01	Française d'Assainissement et de Service, S.A. FCC Medio Ambiente, S.A. Saneamiento y Servicios, S.A. Via Environnement, S.A. Ralu Jean – Lionel CGEA Onyx, S.A.
Tratamiento Industrial de Residuos Sólidos, S.A. Rambla Catalunya, 91 – Barcelona	1,286	33.33 33.33 33.33	FCC Medio Ambiente, S.A. Concesionaria Barcelonesa, S.A. Urbaser, S.A.
Water treatment and distribution			
Aguas y Servicios de la Costa Tropical de Granada, A.I.E. Plaza de la Aurora, s/n – Motril (Granada) (e)	828	51	Aqualia Gestión Integral del Agua, S.A.

Company	Net book value	%	Nominal percentage of ownership and holder
Aigües de Girona, Salt i Sarrià de Ter, S.A. Ciutadans, 11 – Girona	—	80 14 4 2	Girona, S.A. Ayuntamiento de Girona Ayuntamiento de Salt Ayuntamiento de Sarrià de Ter
Empresa Mixta de Aguas y Servicios, S.A. Alarcos, 13 – Ciudad Real	85	55	Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.
Empresa Municipal de Aguas de Benalmádena, EMABESA Expl. Aparc. Tívoli, s/n – Arroyo de la Miel (Málaga) (e)	1,310	50 50	Aqualia Gestión Integral del Agua, S.A. Ayuntamiento Benalmádena
Generavila, S.A. Pz. de la Catedral, 11 – Ávila	—	36 36 18 10	Aqualia Gestión Integral del Agua, S.A. Ayuntamiento de Ávila Caja de Ahorros de Ávila Diputación Provincial de Ávila
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E Ramírez de Arellano, 15 – Madrid	—	75	Aqualia Gestión Integral del Agua, S.A.
Girona, S.A. Travesía del Carril, 2 – Girona	365	33.61	Aqualia Gestión Integral del Agua, S.A.
Searsa – Cañellas, A.I.E. Pasaje Can Faixina, 11 – Palma de Mallorca (Balearic Islands)	—	50	Sociedad de Explotación de Aguas Residuales, S.A.
Sociedad de Explotación de Aguas Residuales, S.A. Bruc, 49 – Barcelona (a)	1,044	50 50	Aqualia Gestión Integral del Agua, S.A. Sociedad General de Aguas de Barcelona, S.A.
Sociedad Española de Aguas Filtradas, S.A. Jacometrezo, 4 – Madrid (a)	575	50 50	Aqualia Gestión Integral del Agua, S.A. Corporación Agbar, S.A.
The Composting Company Ltd. Ryton Organic Gardens – Coventry (United Kingdom)	—	50 50	Beacon Waste Limited HDRA Consultants Limited
Zabalgarbi, S.A. Rodríguez Arias, 6 – Bilbao (Vizcaya)	7,445	26 26 20 10 8 5 5	Valorización y Tratamiento de Residuos, S.A. Sener Grupo de Ingeniería, S.A. Diputación Foral de Bizkaia Ente Vasco de la Energía Instituto para la Diversificación y Ahorro de la Energía, S.A. Bilbao Bizkaia Kutxa Mancomunidad de Municipios de la Margen Izquierda del Nervión
Waste treatment			
Electrorecycling, S.A. Ctra. BV-1224 km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	787	66.67 33.33	Pilagest, S.L. Indumetal Recycling, S.A.
Gestión Medioambiental Enviland, S.A. Viriato, 47 – Barcelona (e)	11,945	50	FCC Medio Ambiente, S.A.
Pilagest, S.L. Ctra. BV-1224 km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	400	50 50	T.P.A. Técnicas de Protección Ambiental, S.A. Senda Ambiental, S.A.
Proactiva Group investees			
Following is a detail of the subsidiaries of Proactiva Medio Ambiente, S.A. which engage in urban cleaning and water treatment and distribution in Latin America, stating its percentages of direct and indirect ownership.			
Proactiva Medio Ambiente, S.A. Paseo de la Castellana, 216 – Madrid (a)	26,923	50 50	Fomento de Construcciones y Contratas, S.A. Veolia Environnement, S.A.
AESA, Aseo y Ecología, S.A. Avda. Camacuá. 5335 – Avellaneda – (Argentina) (e)	—	99.90 0.10	Proactiva Medio Ambiente, S.A. FCC Medio Ambiente, S.A.
AESA Misiones, S.A. 25 de Mayo, 1840 – Ciudad de Posadas – Misiones (Argentina) (e)	—	86.75 13.25	Proactiva Medio Ambiente, S.A. AESA, Aseo y Ecología, S.A.

Company	Net book value	%	Nominal percentage of ownership and holder
Agencia Compagnie Generale des Eaux Chile, Ltda. Silvina Hurtado, 1782 – Providencia – Santiago de Chile (Chile)	—	99.90 0.10	Proactiva Medio Ambiente, S.A. CGEA Onyx, S.A.
Aguas del Valle, S.A. Avda. Ocampo, 1013 – Catamarca (Argentina) (e)	—	70.03 19.97	Proactiva Medio Ambiente, S.A. AESA, Aseo y Ecología, S.A.
Aseo de Candelaria, S.A. E.S.P. Cra. 33 A, 19-25 Valle del Cauca (Colombia) (e)	—	87.99 0.01	Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela, C.A.
Aseo El Cerrito, S.A. E.S.P. Calle 5, 10-77 – Cerrito, Valle del Cauca (Colombia) (e)	—	63.99 0.01	Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela, C.A.
Aseo Pradera, S.A. E.S.P. Calle 7, 19-32 – Pradera, Valle del Cauca (Colombia) (e)	—	90.12 0.01	Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela, C.A.
Aseo Yumbo, S.A. E.S.P. Municipio de Yumbo – Valle del Cauca (Colombia) (e)	—	62 15 1 1 1	Proactiva Medio Ambiente, S.A. Proactiva Colombia, S.A. FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal Servicios Especiales de Limpieza, S.A.
Bugueña de Aseo, S.A. E.S.P. Cra. 16 Norte 32-01– Buga, Valle del Cauca (Colombia) (e)	—	87.51 0.01	Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela, C.A.
CES Compañía Ecológica Sudamericana, S.A. Tucumán, 1321 – Buenos Aires (Argentina) (e)	—	99.99	Proactiva Medio Ambiente, S.A.
CGEA Brasil Participaçoes s/c Ltda. Avda, Presidente Wilson, 231 – Río de Janeiro (Brazil) (e)	—	99.99 0.01	Proactiva Medio Ambiente, S.A. Sanedo Participaçoes Ltda.
CIMA, Obras y Servicios, S.A. de C.V. Tomás Alva Edison, 176 – Cuauhtemoc (Mexico) (e)	—	99.99	Consorcio Internacional de Medio Ambiente, S.A. de C.V.
Coinca, S.A. Silvina Hurtado, 1782 – Providencia – Santiago de Chile (Chile) (d)	—	99.99 0.01	Proactiva Medio Ambiente Chile, S.A. Agencia Compagnie Generale des Eaux Chile, Ltda.
Compañía de Aguas de Puerto Rico Inc. 604 Barbosa Ave HR – San Juan (Puerto Rico) (e)	—	100	Proactiva Medio Ambiente, S.A.
Compañía de Limpieza y Embellecimiento C por A Avda. Los Restauradores, 56 – Sábana Perdida (Santo Domingo) (a)	—	99.94 0.01 0.01 0.01 0.01 0.01 0.01	Proactiva Medio Ambiente, S.A. Alfonso Benítez, S.A. Castellana de Servicios, S.A. FCC Medio Ambiente, S.A. International Services, Inc., S.A. Unipersonal Servicios de Levante, S.A. Servicios Especiales de Limpieza, S.A.
Compañía General de Servicios Urbanos, S.A. de C.V. Pª de las Palmas nº 930–Lomas de Chapultepec Ciudad de Mexico - (Mexico) (e)	—	99.99	Proactiva Medio Ambiente, S.A.
Concesionaria de Aguas de Aguascalientes, S.A. de C.V. Ecuador, 205 – Aguascalientes (Mexico) (e)	—	99.99	Consorcio Internacional de Medio Ambiente, S.A. de C.V.
Concesionaria Tibitoc, S.A. E.S.P. Trans, 21 nº 100-20 Santa Fe de Bogotá (Colombia) (e)	—	33.33	Proactiva Medio Ambiente, S.A.
Consorcio Internacional de Medio Ambiente, S.A. de C.V. Tomás Alva Edison, 176 – Cuauhtemoc (Mexico) (e)	—	50	Proactiva Medio Ambiente, S.A.
Cotécnica Caracas, C.A. Avda. Fco. de Miranda. Los Palos Grandes – Caracas (Venezuela) (e)	—	100	Inversiones Cotécnica, C.A.
Cotécnica Chacao, C.A. Avda. Fco. de Miranda. Los Palos Grandes – Caracas (Venezuela) (e)	—	100	Inversiones Cotécnica, C.A.
Cotécnica La Bonanza, C.A. Avda. Fco. de Miranda. Los Palos Grandes – Caracas (Venezuela) (e)	—	100	Inversiones Cotécnica, C.A.
Deltacom, S.A. Tucumán, 1321 – Buenos Aires (Argentina) (e)	—	55.37 44.63	CES Compañía Ecológica Sudamericana, S.A. Proactiva Medio Ambiente, S.A.

Company	Net book value	%	Nominal percentage of ownership and holder
Deltaliq, S.A. Tucumán, 1321 – Buenos Aires (Argentina) (e)	—	60	Deltacom, S.A.
Derclase, S.A. Cerrito, 461 – 1º - Montevideo (Uruguay)	—	70 30	Proactiva Medio Ambiente, S.A. AESA, Aseo y Ecología, S.A.
DIVAG, S.A. de C.V. Tomás Alva Edison, 176 – Cuauhtemoc (Mexico) (e)	—	98 2	Consorcio Internacional de Medio Ambiente S.A. de C.V. Servicios de Agua Potable, S.A. de C.V.
Dominicana Sanitary Services, B.V. Brinkwal, 11 – Nieuwegein (Netherlands) (a)	—	100	Proactiva Medio Ambiente, S.A.
ESETASA, S.A. de C.V. Tomás Alva Edison, 176 – Cuauhtemoc (Mexico) (e)	—	98 2	Consorcio Internacional de Medio Ambiente, S.A. de C.V. Servicios de Tecnología Ambiental, S.A. de C.V.
FCC Servicios Santo Domingo, S.A. Prol. Ave 27 de Febrero-Manz. 44 – Las Caobas Santo Domingo (Dominican Republic) (a)	—	94 1 1 1 1 1 1	Proactiva Medio Ambiente, S.A. Alfonso Benítez, S.A. Castellana de Servicios, S.A. FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal Servicios de Levante, S.A. Servicios Especiales de Limpieza, S.A.
Formacco Transambiental, Ltda. Rua Ferreira de Oliveira, 197 – São Paulo (Brazil) (e)	—	80	Intranscol, S.A. Gestao Global de Residuos
Fospuca, C.A. Edif. Delta 5º Avda. Fco. Miranda – Caracas (Venezuela) (e)	—	60	Proactiva Medio Ambiente, S.A.
Fospuca Baruta, C.A. Edif. Delta 5º Avda. Fco. Miranda – Caracas (Venezuela) (e)	—	60	Proactiva Medio Ambiente, S.A.
Fospuca Carrizal, C.A. Edif. Delta 5º Avda. Fco. Miranda – Caracas (Venezuela) (e)	—	60	Proactiva Medio Ambiente, S.A.
Fospuca Guaicaipuro, C.A. Los Teques – Miranda (Venezuela) (e)	—	60	Proactiva Medio Ambiente, S.A.
Fospuca Libertador, C.A. Edif. Delta 5ª Avda. Fco. Miranda – Caracas (Venezuela) (e)	—	60	Proactiva Medio Ambiente, S.A.
Fospuca Nueva Esparta, C.A. Calle Miranda con Calle Fuentes, Caserío Fajardo – Porlamar (Venezuela) (e)	—	60	Proactiva Medio Ambiente, S.A.
Fospuca Servicios, C.A. (***) Avda. Fco. Miranda. Los Palos Grandes – Caracas (Venezuela) (e)	—	60	Proactiva Medio Ambiente, S.A.
Fospuca Zamora, C.A. Edif. Delta 5ª Avda. Fco. Miranda – Caracas (Venezuela) (e)	—	60	Proactiva Medio Ambiente, S.A.
GCIMA, S.A. de C.V. Tomás Alva Edison, 176 – Cuauhtemoc (Mexico) (e)	—	98 2	Consorcio Internacional de Medio Ambiente, S.A. de C.V. Servicios de Agua Potable, S.A. de C.V.
Intrascol S.A. Gestao Global de Residuos (****) Rua Ferreira de Oliveira, 59 – Sao Paulo (Brazil) (e)	—	99.99 0.01	CGEA Brasil Participaçoes s/c Ltda. Sanedo Participaçoes Ltda.
Inversiones Cotécnica, C.A. Avda. Fco. de Miranda. Los Palos Grandes – Caracas (Venezuela) (e)		60	Proactiva Medio Ambiente, S.A.
Lamcef, S.A. Calle 11, 690– Ciudad de la Plata (Argentina) (e)	—	99.99	CES Compañía Ecológica Sudamericana, S.A.
Mantenimiento Urbano, C.A. Avda. Fco. de Miranda. Los Palos Grandes – Caracas (Venezuela) (e)	—	99.99 0.01	Inversiones Cotécnica, C.A. Servicios Cotécnica, C.A.
Mexicana de Medio Ambiente, S.A. de C.V. Pº de las Palmeras 930 - Mexico City (Mexico) (e)	—	99.99 0.01	Consorcio Internacional de Medio Ambiente, S.A. de C.V. Servicios de Tecnología Ambiental, S.A. de C.V.
Multiaseo, S.A. Carretera General San Martín 9600 - Quilicura (Chile) (d)	—	99.99	Proactiva Medio Ambiente de Chile, S.A.
Palmirana de Aseo, S.A. E.S.P. Cra. 33 A, 19-25 - Valle del Cauca (Colombia) (e)	—	61.99 0.01	Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela, C.A.

Company	Net book value	%	Nominal percentage of ownership and holder
Proactiva Aguas de Montería, S.A. E.S.P. Cl. 27, 8-70 Municipio de Montería, Dpto. Córdoba – (Colombia) (e)	—	94.96 1.54 1.18 0.77 0.77 0.77 0.01	Proactiva Colombia, S.A. Aqualia Gestión Integral del Agua, S.A. Proactiva Medio Ambiente, S.A. Castellana de Servicios, S.A. FCC Medio Ambiente, S.A. Servicios Especiales de Limpieza, S.A. Proactiva de Servicios ESP, S.A.
Proactiva Avellaneda, S.A. Cl. Camacua 5335 – Avellaneda (Argentina) (e)	—	70 30	Proactiva Medio Ambiente, S.A. AESA, Aseo y Ecología, S.A.
Proactiva Colombia, S.A. Cl. 98 nº 9 – 03 Edif. Torre Sancho Santa Fe de Bogotá (Colombia) (e)	—	94.59 1.23 1.04 1.04 1.04 1.04	Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela C.A. Alfonso Benítez, S.A. FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal Servicios Especiales de Limpieza, S.A.
Proactiva de Servicios, S.A. E.S.P. Carrera, 4 - Santiago de Cali (Colombia) (e)	—	69.72 29.41 0.29 0.29 0.29	Proactiva Colombia, S.A. Proactiva Medio Ambiente, S.A. FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal Servicios Especiales de Limpieza, S.A.
Proactiva Doña Juana E.S.P., S.A. Calle 98, 9 - Santa Fe de Bogotá – Colombia (e)	—	50.50 23.75 0.50 0.50	Proactiva Colombia, S.A. Fomento de Construcciones y Contratas, S.A. Alfonso Benítez, S.A. FCC Medio Ambiente, S.A.
Proactiva Medio Ambiente Chile, S.A. Silvina Hurtado, 1782 – Providencia – Santiago de Chile (Chile) (d)	—	99.99	Proactiva Medio Ambiente, S.A.
Proactiva Medio Ambiente Venezuela, C.A. Torre Sede Gerencial La Castellana, Piso 6 – Caracas (Venezuela) (e)	—	100	Proactiva Medio Ambiente, S.A.
Proactiva Oriente, S.A. E.S.P. Municipio San José de Cucutá. Dpto. Norte de Santander (Colombia) (e)	—	88.25 8.51 0.25 0.25 0.25	Proactiva Colombia, S.A. Proactiva de Servicios, S.A. E.S.P. Compañía de Limpieza y Embellecimiento C por A FCC Servicios Santo Domingo, S.A. Proactiva Medio Ambiente Venezuela, C.A.
Sanedo Participaçoes, Ltda. Avda. Presidente Wilson, 231 – Río de Janeiro (Brazil) (a)	— —	99.98 0.01	Societé d'Investissement et de Gestion 41 – Sig 41, S.A. Cía en Comandita CGEA Brasil Participaçoes s/c Ltda.
Sera Q.A. Tunja E.S.P., S.A. Cra. 3ª, Este 1120 – Tunja – (Colombia) (e)	—	93.98 5.80 0.01 0.01	Proactiva Medio Ambiente, S.A. Proactiva Colombia, S.A. Aqualia Gestión Integral del Agua, S.A. Proactiva de Servicios, S.A. E.S.P.
Servicios Cotécnica, C.A. Avda. Fco. de Miranda. Los Palos Grandes – Caracas (Venezuela) (e)	—	100	Inversiones Cotécnica, C.A.
Servicios de Agua Potable, S.A. de C.V. Tomás Alva Edison, 176 – Cuauhtemoc (Mexico) (e)	—	99.99	Consorcio Internacional de Medio Ambiente, S.A. de C.V.
Servicios de Tecnología Ambiental, S.A. de C.V. Tomás Alva Edison, 176 - Cuauhtemoc (Mexico) (e)	—	100	Consorcio Internacional de Medio Ambiente, S.A. de C.V.
Servicios Plasticot, C.A. Avda. Fco. Miranda. Los Palos Grandes–Caracas (Venezuela) (e)	—	100	Inversiones Cotécnica, C.A.
Societé d'Investissements et de Gestion 41 – Sig 41, S.A. Sociedad en Comandita José Abascal, 45 – Madrid	—	100	Proactiva Medio Ambiente, S.A.
Transactional Technologies International, Inc. 252 Ponce de León Avenue, Citibank Tower Hato Rey (Puerto Rico)	—	70	Proactiva Medio Ambiente, S.A.
Tulueña de Aseo, S.A. E.S.P. Cra. 24, 24-03 Tulua, Valle del Cauca (Colombia) (e)	—	61.99 0.01	Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela, C.A.

Company	Net book value	%	Nominal percentage of ownership and holder
Versia			
Street furniture			
Equipamientos Urbanos de Costa Rica, S.A. Av. 6, CL 17-19 Nº 1753 – San José (Costa Rica) (b)	1,013	100	Equipamientos Urbanos de México, S.A. de C.V.
Equipamientos Urbanos de El Salvador, S.A. de C.V. Pasaje Stahl, 117 – San Salvador (El Salvador) (b)	181	99.98 0.02	Equipamientos Urbanos de México, S.A. de C.V. Servicios de Comercialización de Publicidad, S.A. de C.V.
Equipamientos Urbanos de Guatemala, S.A. 6ª Avenida 14-50. Zona 10 Guatemala C.A. (Guatemala) (b)	1,380	99.99 0.01	Equipamientos Urbanos de México, S.A. de C.V. Servicios de Comercialización de Publicidad, S.A. de C.V.
Equipamientos Urbanos de México, S.A. de C.V. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec – Mexico City (Mexico) (b)	21,879	50 50	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. G-40, S.L.
Equipamientos Urbanos de Panamá, S.A. Panamá	556	99.99 0.01	Equipamientos Urbanos de México, S.A. de C.V. Servicios de Comercialización de Publicidad, S.A. de C.V.
Equipamientos Urbanos Dominicanos, S.A. El Conde, 451 – Santo Domingo, D.N. – (Dominican Republic) (b)	1,793	99.99	Equipamientos Urbanos de México, S.A. de C.V.
Medios de Publicidad, S.A. de C.V. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec – Mexico City (Mexico)	217	100	Tenedora de Acciones de Mobiliario, S.A. de C.V.
Servicio y Tecnología Especializada, S.A. de C.V. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec – Mexico City (Mexico) (b)	226	98 2	Equipamientos Urbanos de México, S.A. de C.V. Servicios de Comercialización de Publicidad, S.A. de C.V.
Servicios de Comercialización de Publicidad, S.A. de C.V. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec – Mexico City (Mexico) (b)	55	98 2	Equipamientos Urbanos de México, S.A. de C.V. Servicio y Tecnología Especializada, S.A. de C.V.
Stoc, S.A. de C.V. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec – Mexico City (Mexico)	1,564	100	Tenedora de Acciones de Mobiliario, S.A. de C.V.
Tenedora de Acciones de Mobiliario, S.A. de C.V. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec – Mexico City (Mexico) (b)	3,944	50	Equipamientos Urbanos de México, S.A. de C.V.
Transports			
Almeraya, S.A. Ulises, 18 – Madrid	60	50 45 5	Corporación Española de Transporte, S.A. Automnibus Interurbanos, S.A García Alonso, Gabriel
Corporación Española de Transporte, S.A. Ulises, 18 – Madrid (d)	24,216	99.99 0.01	FCC Connex Corporación, S.L. Detren Compañía General de Servicios Ferroviarios, S.L.
Corporación Jerezana de Transportes Urbanos, S.A. Unipersonal Polígono Ind. El Portal – Jerez de la Frontera (Cádiz) (d)	3,940	100	Corporación Española de Transporte, S.A.
Detren Compañía General de Servicios Ferroviarios, S.L. Ulises, 18 – Madrid	3,776	99.99 0.01	FCC-Connex Corporación, S.L. Corporación Española de Transporte, S.A.
FCC-Connex Corporación, S.L. Ulises, 18 – Madrid (d)	12,918	50 50	CGT Corporación General de Transportes, S.A. CGEA Connex, S.A.
Infoser Estacionamientos AIE Manuel Silvela, 8 – Madrid	60	33.33 33.33 33.33	Estacionamientos y Servicios, S.A. Dornier Sau UTE Satex-Sufi Aparcamientos
Transportes Urbanos de Sanlúcar, S.A. Ctra. de Jerez, Km. 1 – Sanlúcar de Barrameda (Cádiz) (e)	222	59.68 40.32	Corporación Española de Transporte, S.A. Ayuntamiento de Sanlúcar de Barrameda
Transports Municipals d'Egara, S.A. Ctra. Nacional 150 Km. 15 – Terrassa (Barcelona) (e)	721	80 20	Corporación Española de Transporte, S.A. Ayuntamiento de Terrassa

Company	Net book value	%	Nominal percentage of ownership and holder
Vehicle roadworthiness testing			
Valenciana de Servicios ITV, S.A.	905	30	General de Servicios ITV, S.A.
Polígono Industrial "El Oliveral" – Ribarroja de Turia	603	20	Aragonesa de Servicios ITV, S.A.
(Valencia) (e)		50	Aguas de Valencia, S.A.
Grucycsa			
Electrical installations			
Auxel Electricidad Auxiliar, A.I.E.	5	75	Especialidades Eléctricas, S.A.
Acanto, 22 – Madrid		15	Fapsa Instalaciones y Obras, S.A.
		10	Tendisa, S.A.
Cement area			
Grupo CDN-USA	31.893	50	Cementos Portland, Valderrivas, S.A.
Preble Street, 38 – Portland - Maine (USA) (b)		50	Cementos Lemona, S.A.

NOTES:

- The financial statements of all the companies listed above are as of December 31, 2003.
- The main multigroup companies were audited by Deloitte&Touche, PricewaterhouseCoopers, KPMG Peat Marwick and Ernst&Young, as indicated in the foregoing list with the letters (a), (b), (c) and (d), respectively. Other audit firms are grouped under the letter (e).

(*) Formerly Via Environnement, S.A.
(**) Formerly Fisersa Manteniment Urbà, S.A.
(***) Formerly Fospuca Puerto Cabello, C.A.
(****) Formerly Intrascol, S.A. Coleta e Recoçao de Residuos, Ltda.

EXHIBIT III. Companies accounted for by the equity method

Company	Net book value (equity method)	%	Nominal percentage of ownership and holder
Construction area			
Aigües del Segarra Garrigues, S.A. Santa Clara, 4 – Tàrrega (Lleida)	7,482	24 1	FCC Construcción, S.A. Aqualia Gestión Integral del Agua, S.A.
Autovía del Camino, S.A. Leyre, 11 –Pamplona (Navarre) -Concession-holder-	8,000	40	FCC Construcción, S.A.
Cleon, S.A. Villanueva, 2 – Madrid	25,285	25	FCC Construcción, S.A.
Compañía Tecnológica de Corella Construcción, S.A. Polígono Industrial s/n – Corella (Navarre) (e)	1,308	49	Prefabricados Delta, S.A.
Concesiones Aeroportuarias, S.A. Navarra, 3 – Castellón de la Plana	40	40	FCC Construcción, S.A.
Concesiones de Madrid, S.A. Avda. de Europa, 18 – Alcobendas (Madrid) (a) -Road concessions-	8,665	25	FCC Construcción, S.A.
Concessió i Explotació d'Infraestructures, S.A. Travessera de Gràcia, 58 – Barcelona	11,798	34	FCC Construcción, S.A.
Construcciones Olabarri, S.L. Plaza Pío Baroja, 3 – Bilbao (Vizcaya)	2,619	49	Ibervia Construcciones y Contratas, S.L.
Dinfra Cofimex, S.A. de C.V. Coahuila, 299 – Colonia Cuajimalca -Mexico City (Mexico)	42	49.90	Construcción y Filiales Mexicanas, S.A. de C.V.
ECCE Signs for Europe B.V. Essenestraat, 24 – Ternat (Belgium) -Commercial sign marketing-	60	25	Megaplás, S.A.
ECCE Signs for Europe B.V. S.L. Polaris Ave 53 –J.H. Hofddorp (Netherlands) -Commercial sign marketing-	2	25	Megaplás, S.A.
Elaboración de Cajones Pretensados, S.L. Marcelo Spínola, 42 – Madrid (e)	–	50	FCC Construcción, S.A.
Foment de Construccions i Consulting, S.A. Av. Copríncep Francès 11 – Encamp (Andorra)	–	33.30	FCC Construction International B.V.
Las Palmeras de Garrucha, S.L. Mayor, 19 – Garrucha (Almería)	1,695	20	Participaciones Teide, S.A.
Marina de l'Empordà, S.A. Avda. Diagonal, 512 – Barcelona -Operation of marinas-	18	20	FCC Construcción, S.A.
Marina Port Vell, S.A. Varadero, s/n. Ed. Torre de Control-Moll del Rellotge (Barcelona) -Operation of marinas-	1,626	30.66	FCC Construcción, S.A.
Nàutic Tarragona, S.A. Moll de Costa, s/n – Tarragona -Operation of marinas-	282	25	FCC Construcción, S.A.

Company	Net book value (equity method)	%	Nominal percentage of ownership and holder
Operador Logístico Integral de Graneles, S.A. Explanada de Aboño-Puerto del Musel – Gijón (Asturias)	1,005	20	Contratas y Ventas, S.A.
Port Premià, S.A. Balmes, 36 – Barcelona -In liquidation-	(555)	39.72	FCC Construcción, S.A.
Port Torredembarra, S.A. Pza. Peig, 1 – Torredembarra (Tarragona) -Operation of marinas-	734	24.08	FCC Construcción, S.A.
Ruta de los Pantanos, S.A. Avda. Europa, 18 – Parque Empres. La Moraleja-Alcobendas (Madrid) (a) -Concession-holder-	3,975	25	FCC Construcción, S.A.
Sa Stria, Società Consortile a Responsabilità Limitata Piazza Fernando de Lucia, 60 Roma (Italy)	_	40	FCC Construcción, S.A.
Terminal Polivalente de Castellón, S.A. Muelle Serrano Lloberes, s/n – El Grao (Castellón de la Plana)	45	45	FCC Construcción, S.A.
Tramvia Metropolità, S.A. Córcega, 270 – Barcelona -Concession-holder-	6,844	19.03 4.82 1	FCC Construcción, S.A. Detren Compañía General de Servicios Ferroviarios, S.L. CGT Corporación General de Transportes, S.A.
Tramvia Metropolità del Besòs, S.A. Córcega, 270 – Barcelona -Concession-holder-	6,732	19.03 4.82 1	FCC Construcción, S.A. Detren Compañía General de Servicios Ferroviarios, S.L. CGT Corporación General de Transportes, S.A.
Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra Avda. Tarragona, 58-70 Edificio Les Colomnes – Andorra la Vella (Andorra) -Concession-holder-	4,102	40	FCC Construcción, S.A.
Urbs Iudex et Causidicus, S.A. Av. Josep Tarradellas, 123 – Barcelona	11,282	29	FCC Construcción, S.A.
Viveros del río Razón, S.L. Camino del Guardatillo – Valdeavellano de Tera (Soria) -Tree nurseries and gardening-	6	48	Naturaleza, Urbanismo y Medio Ambiente, S.A.

Services area

Urban cleaning

Clavegueram de Barcelona, S.A. Acer, 16 – Barcelona	904	22,5	Fomento de Construcciones y Contratas, S.A.
FASSA-COVED Environnement, SAS Av. L'Europe, 34 – Velizy Villacoublay (France)	72	48,98	Française d'Assainissement et de Service, S.A.
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2 – Valencia	1.792	49	Fomento de Construcciones y Contratas, S.A.
IDEX-FASSA Environnement, SAS Rue Escudier, 8-bis – Boulogne Billancourt (France)	10	49	Française d'Assainissement et de Service, S.A.
Tirme, S.A. Ctra. Sóller, km. 8 - Son Reus Camí – Balearic Islands (a)	2.870	20	FCC Medio Ambiente, S.A.

Water treatment and distribution

Aguas de Denia, S.A. Pedro Esteve, 17 – Denia (Alicante)	190	33	Aqualia Gestión Integral del Agua, S.A.

Company	Net book value (equity method)	%	Nominal percentage of ownership and holder
Aguas de Ubrique, S.A. Avda. España, 9 – Ubrique (Cádiz)	67	49	Aqualia Gestión Integral del Agua, S.A.
Aigües de Blanes, S.A. Canigó, 5 – Blanes (Girona)	13	49	Girona, S.A.
Conducció del Ter, S.L. Bourg de Peage, 89 – Sant Feliu de Guíxols (Girona)	43	48	Aqualia Gestión Integral del Agua, S.A.
Empresa Municipal de Aguas de Algeciras, S.A. Virgen del Carmen, s/n – Algeciras (Cádiz) (e)	222	49	Aqualia Gestión Integral del Agua, S.A.
La Unión Servicios Municipales, S.A. Salvador Pascual, 7 – La Unión (Murcia) (e)	91	49	Aqualia Gestión Integral del Agua, S.A.
Nueva Sociedad de Aguas de Ibiza, S.A. Avda. Bartolomé de Rosselló, 18 – Ibiza (Balearic Islands)	50	40	Aqualia Gestión Integral del Agua, S.A.
Proveïments d'Aigua, S.A. Asturias, 13 – Girona	99	45	Girona, S.A.
Sera Q.A. Duitama E.S.P., S.A. Duitama, Bocaya (Colombia)	42	30.60	Aqualia Gestión Integral del Agua, S.A.
Waste treatment			
Aprochim Getesarp Rymoil, S.A. Polígono Industrial Logrenzana La Granda – Carreño (Asturias) (e)	823	30	FCC Medio Ambiente, S.A.
Sogecar, S.A. Polígono Torrelarragoiti – Zamudio (Vizcaya)	112	30	Ekonor, S.A.
Proactiva Group investees			
Listed below is Proactiva Medio Ambiente, S.A.'s investee accounted for by the equity method, stating the percentage of direct or indirect ownership held by Proactiva Medio Ambiente, S.A.			
Grupo Domino Holdings Avda. Candido Abreu, 651–80530 Curitiba (Brazil) (d)	17,678	30	Sanedo Participaçoes, Ltda.
Versia			
Traffic services			
Bus Turístico de Málaga, S.L. Pº de los Tilos – Estación de Autobuses – Málaga	38	40	Corporación Española de Transporte, S.A.
Vehicle roadworthiness testing			
I.T.V. Córdoba, S.A. Dean Funes 802 - Córdoba (Argentina) (b)	59	30	General de Servicios I.T.V., S.A.
Grucycsa			
Hotel management and ownership			
Grupo Grubar Hoteles (*) Pza. Pablo Ruiz Picasso, 1 – Madrid (a)	78,093	50	Grucycsa, S.A.

Company	Net book value (equity method)	%	Nominal percentage of ownership and holder
Cement area			
Aplicaciones Minerales, S.A. Camino Fuente Herrero, s/n – Cueva de Cardiel (Burgos)	256	24 12 12	Cementos Portland Valderrivas, S.A. Cementos Alfa, S.A. Cementos Lemona, S.A.
Canteras y Hormigones Quintana, S.A. Ctra. Irún-La Coruña, Km. 184 – Gama (Cantabria) (e)	2,656	30	Cementos Alfa, S.A.
Canteras y Hormigones VRE, S.A. Avda. de Yerri, 10 – Estella (Navarre) (c)	1,644	50	Cementos Portland Valderrivas, S.A.
Carbocem, S.A. Pº de la Castellana, 45 – Madrid -Importación de carbón- (c)	293	42.85 14.28	Cementos Portland Valderrivas, S.A. Cementos Alfa, S.A.
Cementos Lemona, S.A. y sociedades dependientes Alameda de Urquijo, 10 – Bilbao (Vizcaya) (a)	37,180	30.71 0.01	Cementos Portland Valderrivas, S.A. Hormigón y Morteros Preparados, S.A. Unipersonal
Dragon Alfa Cement Limited Harbour House-Deck Road, 138 – Gloucestershire (United Kingdom) (e)	2,419	50	Cementos Alfa, S.A.
Exponor, S.A. Alameda de Urquijo, 10 – Bilbao (Vizcaya) -In liquidation-	1	32 23	Cementos Lemona, S.A. Cementos Portland Valderrivas, S.A.
Hormigones Alcanadre, S.L. Alcubierre, 11- Huesca	373	50	Cementos Portland Valderrivas, S.A.
Hormigones Aragón, S.A. Barrio Movera, 20 – Zaragoza	98	50	Cementos Portland Valderrivas, S.A.
Hormigones Arnedo, S.L. Término Sendero – Arnedo (La Rioja)	28	99.62 0.19	Hormigones Calahorra, S.A. Cementos Portland Valderrivas, S.A.
Hormigones Calahorra, S.A. Brebicio, 25 – Calahorra (La Rioja)	237	50	Cementos Portland Valderrivas, S.A.
Hormigones Castro, S.A. Ctra. Irún-La Coruña, Km. 153 – Islares (Cantabria)	411	40	Cementos Alfa, S.A.
Hormigones del Baztán, S.L. Suspetxiki, 25 – Vera de Bidasoa (Navarre)	579	50	Hormigones Arkaitza, S.A. Unipersonal
Hormigones Delfín, S.A. Venta Blanca - Peralta (Navarre)	947	50	Cementos Portland Valderrivas, S.A.
Hormigones en Masa de Valtierra, S.A. Ctra. de Cadreíta, Km. 0 – Valtierra (Navarre)	1,497	50	Cementos Portland Valderrivas, S.A.
Hormigones Galizano, S.A. Ctra. Irún-La Coruña, Km. 184 – Gama (Cantabria)	294	50	Cementos Alfa, S.A.
Hormigones Giral, S.A. Alcubierre, 11 - Huesca	2,501	50	Cementos Portland Valderrivas, S.A.
Hormigones Reinares, S.A. Bretón de los Herreros, 8 – Calahorra (La Rioja)	722	50	Cementos Portland Valderrivas, S.A.
Hormigones San Adrián, S.A. Avda. de Navarra, 30 – San Adrián (Navarre)	94	50	Cementos Portland Valderrivas, S.A.
Hormigones y Áridos del Pirineo Aragonés, S.A. Ctra. de Biescas, s/n – Sabiñánigo (Huesca) (c)	2,949	50	Cementos Portland Valderrivas, S.A.
Lázaro Echeverría, S.A. Isidoro Melero – Alsasua (Navarre)	5,186	40	Canteras de Aláiz, S.A.
Navarra de Transportes, S.A. Ctra. Pamplona-Vitoria, km. 52 – Olazagutia (Navarre) (c) -Bulk goods transportation-	901	33.33	Cementos Portland Valderrivas, S.A.

Company	Net book value (equity method)	%	Nominal percentage of ownership and holder
Novhorvi, S.A. Portal de Gamarra, 25 – Vitoria (Álava)	233	25	Canteras del Pirineo Occidental, S.A.
Silos y Morteros, S.L. General Vara del Rey, 1 – Logroño (La Rioja)	217	33.33	Hormigones y Morteros Preparados, S.A. Unipersonal
Real estate			
Grupo Realia Business Paseo de la Castellana, 216 – Madrid (a)	228,856	44.25 4.41 0.51	Fomento de Construcciones y Contratas, S.A. Corporación Financiera Hispánica, S.A. Grucycsa, S.A.
TOTAL COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD	**496.932**		

NOTES:

- The financial statements of all the companies listed above are as of December 31, 2003.
- As required by Article 86 of the revised Corporations Law, in 2003 the Group companies made the related notification to the companies in which they had acquired direct or indirect holdings of over 10%.
- The main companies accounted for by the equity method were audited by Deloitte & Touche, PricewaterhouseCoopers, KPMG Peat Marwick and Ernst & Young, as indicated in the foregoing list with the letters (a), (b), (c) and (d), respectively. Other audit firms are grouped under the letter (e).

(*) See Note 9 to the consolidated financial statements.

EXHIBIT IV. Changes in the composition of the consolidated Group

Additions	Address
Fully consolidated companies	
Áridos Silicios de Extremera, S.L.	Cr. de Madrid, 22 – Almoguera (Guadalajara)
Cemusa San Antonio Ltd.	645 N. Michigan Ave Ste. 800 Chicago – Illinois (USA)
Cemusa San Antonio Gp, Llc.	645 N. Michigan Ave Ste. 800 Chicago – Illinois (USA)
Cemusa Texas, Llc.	645 N. Michigan Ave Ste. 800 Chicago – Illinois (USA)
Dezvoltare Infraestructura, S.A.	Strada Garboveni, 61 – Bucharest (Romania)
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Rua General Pimenta De Castro, 14 – Lisbon (Portugal)
FCC Constructii Romania, S.A.	Str. Sfintii Voievozi, 49 – Bucharest (Romania)
Gavisa Portugal Montagens Eléctricas, Lda.	Av. General Humberto Delgado, 1 – Santa Comba Dao (Portugal)
Graver Española, S.A.	Espalza, 8 – Bilbao (Vizcaya)
Montajes Gavisa, S.A.	La Farga, 5-7 Pol. Ind. La Cerrería – Montcada i Reixach (Barcelona)
Pedrera Les Gavarres, S.L.	Enginyer Algarra, 65 – Pals (Girona)
Recuperació de Pedreres, S.L.	Paratge Vacamorta – Cruïlles (Girona)
Silicatos Andaluces, S.L. (1)	Ctra. de Madrid Km. 389 – Espinardo (Murcia)
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Avda. General Perón, 36 – Madrid
Proportionally consolidated companies	
Ace Infraestructuras Das Antas-Construçao e Obras Públicas	Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)
Ace Túnel Rua de Ceuta, Construçao e Obras Públicas	Rua da Constituiçao, 797 – Lisbon (Portugal)
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Pz. de La Constitución, 1 - Torrox (Málaga)
Generavila, S.A.	Pz. de la Catedral, 11 – Ávila
Ingeniería Urbana, S.A.	Avda. Saturno, 6 – Alicante
Proactiva Avellaneda, S.A.	Cl. Camacua 5335 – Avellaneda (Argentina)
Companies accounted for by the equity method	
Aigües del Segarra Garrigues, S.A.	Santa Clara, 4 – Tàrrega (Lleida)
Concesiones Aeroportuarias, S.A.	Navarra, 3 – Castellón de la Plana
Concessió i Explotació d'Infraestructures, S.A.	Travessera de Gràcia, 58 – Barcelona
Corporación Energía Hidroeléctrica de Navarra, S.A. (2)	Yanguas y Miranda, 1 – Pamplona (Navarre)
Las Palmeras de Garrucha, S.L.	Mayor, 19 – Garrucha (Almería)
Terminal Polivalente de Castellón, S.A.	Muelle Serrano Lloberes, s/n – El Grao (Castellón de la Plana)
Tramvia Metropolità del Besòs, S.A.	Córcega, 270 – Barcelona
Urbs Iudex et Causidicus, S.A.	Avda. Josep Tarradellas, 123 - Barcelona

Retirements	Address
Fully consolidated companies	
Aprovechamientos Madereros y Tratamientos Para Exteriores, S.A.	Polígono Industrial La Nava N-234 Km. 384 – Cabrejas del Pinar (Soria)
Hormigones Herrero, S.A.	Romanceros, 42-44 – Burgos
Industrias Calizas Álvarez, S.A. (1)	Nueva, 36 – Gilena (Seville)
Miami Cargo Inc.	1013 Centre Road – Wilmington – Delaware (USA)
Progesco Azuser Asociados Soluciones Medio Ambientales, S.L.	Edif. Centro de Empresas P.E. Poniente – Cádiz
Señalizaciones Rusadir, S.L.	Menéndez Pelayo, 2 – Melilla
Silicatos Andaluces, S.L. (1)	Ctra. de Madrid Km. 389 – Espinardo (Murcia)
Solpre, S.A. (3)	Tambre, 12 – Madrid
Transferencia y Recuperación Baix Llobregat, S.A. Sole-shareholder company (4)	Riera de la Salud, s/n – Sant Feliu de Llobregat (Barcelona)
Proportionally consolidated companies	
Edetania Bus, S.A.	Pasarell, s/n Polígono Industrial Benageber – Valencia
Empresa Geral de Serviços S/C Ltda. (5)	Avda. Presidente Wilson, 231 – Río de Janeiro (Brazil)
Inmobiliaria Multiaseo, S.A.	Carretera General s/n – Quilicura (Chile)
Inversora Latinoamericana de Infraestructuras, A.I.E.	Avda. General Perón, 36 – Madrid
Linausa, S.A.	Ctra. Madrid-Irún Km. 244 - Burgos
Sirr Basse Normandie, S.A.	14350 La Graverie – Le Beny Bocage (France)
Companies accounted for by the equity method	
Corporación Energía Hidroeléctrica de Navarra, S.A. (2)	Yanguas y Miranda, 1 – Pamplona (Navarre)
Empresa Mixta de Tráfico, S.A.	Mar de Kara, 9 – Madrid
Energía Hidroeléctrica de Navarra, S.A. (2)	Yanguas y Miranda, 1 – Pamplona (Navarre)
Hormigones Cántabros, S.A.	Barrio la Venta, s/n – Igollo de Camargo (Cantabria)
Sociedad de Fomento Energético, S.A.	Atrio de Santiago, 1 - Valladolid

(1) Company merged by absorption into ÁRIDOS Y PREMEZCLADOS, S.A. (SOLE-SHAREHOLDER COMPANY)
(2) In 2003 Energía Hidroeléctrica de Navarra, S.A. was spun off and its assets transferred to Corporación Energía Hidroeléctrica de Navarra, S.A. In 2003 the latter company was excluded from consolidation.
(3) Company merged by absorption into CORPORACIÓN INMOBILIARIA IBÉRICA, S.A.
(4) Company merged by absorption into IPODEC RISCOP, S.A.
(5) Company merged by absorption into SANEDO PARTICIPAÇOES LTDA.

MANAGEMENT REPORT

CONSOLIDATED GROUP

Group performance in 2003

1. Introduction

The various business activities carried on by the FCC Group are structured into five management units relating to the following specialized areas:

- **Construction:** construction and related industries. These activities are performed by FCC Construcción, S.A. and subsidiaries..
- **Services,** this unit groups together activities relating to urban cleaning, industrial waste treatment and the integral water cycle, which are performed through the parent company, Fomento de Construcciones y Contratas, S.A., and by FCC Medio Ambiente, S.A., Aqualia Gestión Integral del Agua, S.A. and other subsidiaries of these companies.
- **Versia,** this unit, formerly known as Urban Environment, provides services such as vehicle parking lots, street furniture, passenger transport, vehicle roadworthiness tests, ground passenger and aircraft assistance (handling). These activities are carried on mainly by FCC Versia, S.A. and subsidiaries.
- **Cement,** this unit engages in the working of quarries and mines, the operation of cement, lime, plaster and premanufactured product plants and the production of concrete. These activities are performed by Cementos Portland Valderrivas, S.A. and subsidiaries.
- **Grucycsa,** this subgroup channels the activities not included in the aforementioned areas.

The amounts shown in the tables included in this management report are expressed in millions of euros, unless otherwise stated.

2. Major aggregates of the FCC Group

			Variation	
	2003	**2002**	**Absolute**	%
Net sales	6,050.5	5,497.2	553.3	10.1
Gross operating income	804.1	741.3	62.8	8.5
Net operating income	519.0	498.1	20.9	4.2
Ordinary income	521.1	469.3	51.8	11.0
Consolidated income before taxes	496.3	455.3	41.0	9.0
Income attributed to the parent company	308.6	273.0	35.6	13.0
Construction and services backlog	15,344.0	15,229.2	114.8	0.8
Investments	624.0	710.6	(86.6)	(12.2)
Funds obtained	707.7	577.6	130.1	22.5
Net debt	546.7	649.9	(103.2)	(15.9)
Shareholders' equity	1,845.5	1,645.4	200.1	12.2
Dividend per share (euros)	0.709	0.5506	0.1584	28.8
Earnings per share (euros)	2.38	2.09	0.29	13.9
Consolidated income as % of shareholders' equity and minority interests (ROE)	19.4	18.7	0.7	3.7

2.1 Net sales

In 2003 the FCC Group recorded net sales of €6,050.5 million, up 10.1% on 2002. Although growth was significant in all the Group's strategic areas, particular mention should be made of the sound performance of Versia and Construction, which grew by 24.8% and 12.9%, respectively, as shown in the following table:

Net sales by activity	2003		2002		
	Amount	% of total	Amount	% of total	% Variation
Construction	2,950.1	48.8	2,613.1	47.5	12.9
Services	1,708.9	28.2	1,605.9	29.2	6.4
Versia	381.0	6.3	305.2	5.6	24.8
Cementos Portland Valderrivas	865.6	14.3	831.4	15.1	4.1
Grucycsa	241.5	4.0	218.7	4.0	10.4
Consolidation eliminations for intercompany transactions and other	(96.6)	(1.6)	(77.1)	(1.4)	(25.3)
Total	**6,050.5**	**100**	**5,497.2**	**100**	**10.1**

By geographical area, sales in Spain rose by 14.2%, once again evidencing a growth rate of over two digits, underpinned by the excellent increases of 16.8%, 13.7% and 11.4% achieved in the Construction, Services and Cementos Portland areas, respectively.

Sales abroad accounted for 10.5% of total consolidated net sales. The sound performance of Versia, which doubled its international sales, partially offset the negative impact of the depreciation of the U.S. dollar and the other Latin American currencies and of the expiration of the Puerto Rico contract, which was consolidated in the first half of 2002.

Net sales by geographical area	2003		2002		
	Amount	% of total	Amount	% of total	% Variation
Spain	5,413.0	89.5	4,738.7	86.2	14.2
Abroad	637.5	10.5	758.5	13.8	(16.0)
Total	**6,050.5**	**100**	**5,497.2**	**100**	**10.1**

2.2 Gross operating income

At 2003 year-end the Group reported gross operating income of €804.1 million, up 8.5% on 2002. The 13.3% sales margin was in line with that obtained in 2002.

The contributions made to operating income by the various business activities remained fairly stable with respect to 2002. The most noteworthy development was the increased contribution of the Construction business which, due to its rapid growth, accounted for 17.4% of total gross operating income. The Services and Versia areas continued to be the most significant contributors to gross operating income, together accounting for over 41.5% of the total figure, as shown in the following table:

Business activity	2003		2002		
	Amount	% of total	Amount	% of total	% Variation
Construction	140.0	17.4	123.6	16.7	13.3
Services	255.0	31.7	239.9	32.4	6.3
Versia	80.6	10.0	72.2	9.7	11.6
Cementos Portland Valderrivas	276.2	34.3	272.1	36.7	1.5
Grucycsa	11.9	1.5	10.0	1.3	19.0
Other	40.4	5.1	23.5	3.2	71.9
Total	**804.1**	**100**	**741.3**	**100**	**8.5**

2.3 Net operating income

Net operating income amounted to €519 million, a year-on-year increase of 4.2%. Depreciation and amortization costs during the year increased by 14.6% as a result of the investments made for Versia's international expansion and for the renewal of certain significant concessions in the Services area.

As regards the distribution, by business line, of the Group's net operating income, mention should be made of the commendable performance of the Services and Construction areas, which increased their contribution by 9.7% and 11.9%, respectively, as shown in the following table:

Business activity	2003		2002		
	Amount	% of total	Amount	% of total	% Variation
Construction	103.2	19.9	92.2	18.5	11.9
Services	138.6	26.7	126.3	25.4	9.7
Versia	45.2	8.7	46.9	9.4	(3.6)
Cementos Portland Valderrivas	189.4	36.5	185.0	37.1	2.4
Grucycsa	7.0	1.3	5.6	1.1	25.0
Other	35.6	6.9	42.1	8.5	(15.4)
Total	**519.0**	**100**	**498.1**	**100**	**4.2**

2.4 Ordinary income

Ordinary income in 2003 rose by 11% to €521.1 million, prompting the sales margin to increase to 8.6%. In addition to the positive trend in the operating aggregates, 2003 witnessed a 58.1% increase in the income from companies accounted for by the equity method, due mostly to the excellent performance of Realia, which practically doubled its contribution to Group income. Lastly, mention should be made of the 11% improvement in the financial loss owing to the Group's lower level of indebtedness and the fall in interest rates both in Europe and in the United States.

2.5 Consolidated income before taxes

Consolidated income before taxes amounted to €496.3 million, an increase of 9% with respect to the year-ago period, despite the extraordinary loss of €24.8 million. Noteworthy among the extraordinary items giving rise to this loss were the gain of €82.9 million on the sale of the 20.9% holding in Corporación Energía Hidroeléctrica de Navarra, S.A., the allowances of €44 million recorded for the investment in the Grubar Hoteles Group to adjust it to market value, the value adjustment performed on the assets and goodwill of the subsidiary Giant Cement Holding Inc., which resulted in extraordinary expenses of €60.1 million, and the additional €13.9 million recorded to complete the allowance for the full amount of the investment in Xfera Móviles, S.A., due to the difficulties existing in the commercial development of the UMTS technology.

2.6 Income attributed to the parent company

Income net of taxes attributable to the parent company amounted to €308.6 million, representing a 13% increase with respect to 2002 and an improvement in the sales margin, which stood at 5.1%. The tax charge fell from 28.1% in 2002 to 25.4% in 2003 due, on the one hand, to the application of the reduced tax rate for reinvestment of gains and, on the other, to the increase in the income from investments accounted for by the equity method, which are recorded net of taxes.

2.7 Backlog

The total construction and services backlog amounted to €15,344 million, which will guarantee 14.9 months' activity in Construction and 80.2 months' activity in Services.

2.8 Investments

Investments in tangible fixed assets and intangible assets totaled €483.9 million. Of this amount, €75.5 million related to buildings and land, €330.1 million to machinery and equipment and €78.3 million to concessions and other assets.

Long-term investment additions amounted to €140.1 million in 2003, including most notably the investments of €62 million in construction concession-holders and €39.9 million in the acquisition of Grucycsa, S.A. shares, as a result of which this company is now wholly owned by the Group.

2.9 Funds obtained

In 2003 the funds obtained by the FCC Group totaled €707.7 million, 22.5% more than in 2002, as shown in the following table. This increase was due to the excellent growth in ordinary income, the lower tax rate for 2003 and the variation in allowances.

	2003	2002	Variation
Ordinary income net of taxes	398.2	350.6	13.6
Depreciation	282.7	250.0	13.1
Undistributed income accounted for by the equity method	(40.9)	(19.6)	(108.7)
Other	67.7	(3.4)	—
Total	**707.7**	**577.6**	**22.5**

2.10 Net debt

The Group's net debt, as shown in the following table, fell to €546.7 million from €649.9 million in 2002, prompting a reduction in the leverage ratio from 28.2% in 2002 to 22.8% in 2003.

	2003	2002	Variation
Short-term bank debt	589.8	769.6	(179.8)
Long-term bank debt	444.2	464.2	(20.0)
Limited recourse debt	70.9	70.7	0.2
Other debts	125.1	48.3	76.8
Cash + investments	(683.3)	(702.9)	19.6
Net position	**546.7**	**649.9**	**(103.2)**

The table below shows the statement of cash flows, indicating the source of the various balances: (from ordinary, investment and financing transactions).

Cash flow statement	2003	2002	Variation
From ordinary activities	**705.5**	**406.8**	**298.7**
Funds obtained (after taxes)	707.7	577.6	130.1
Variation in working capital	(2.2)	(170.8)	168.6
(Increase)/Decrease in inventories and accounts receivable	(204.8)	(427.0)	222.2
Increase/(Decrease) in suppliers and accounts payable	202.6	256.2	(53.6)
From investment transactions	**(460.8)**	**(693.0)**	**232.2**
Investments	**(624.0)**	**(710.6)**	**86.6**
Buildings and land	(75.5)	(68.5)	(7.0)
Machinery and equipment	(330.1)	(344.4)	14.3
Concession royalties and other	(78.3)	(136.9)	58.6
Shares and other equity interests	(140.1)	(160.8)	20.7
Divestments	**149.7**	**27.1**	**122.6**
Tangible fixed assets and intangible assets	16.2	20.9	(4.7)
Shares and other equity interests	133.5	6.2	127.3
Other	**13.5**	**(9.5)**	**23.0**
From financing transactions	**(251.2)**	**219.6**	**(470.8)**
Minority shareholders' contributions	**0.8**	**0.1**	**0.7**
Dividends distributed	**(101.6)**	**(93.1)**	**(8.5)**
Increase / (decrease in debt)	**(150.4)**	**312.6**	**(463.0)**
From variation in consolidated group and exchange differences	**(13.1)**	**(3.8)**	**(9.3)**
Beginning balance of cash and investments	**702.9**	**773.3**	**(70.4)**
Ending balance of cash and investments	**683.3**	**702.9**	**(19.6)**

2.11 Shareholders' Equity

The Group's shareholders' equity at 2003 year-end amounted to €1,845.5 million, up 12.2% on 2002. The main variations in 2003 in the Group's equity accounts are shown in the following table:

Undistributed income for the year	260.6
Distribution of prior years' income	(32.4)
Foreign currency translation differences	(23.1)
Other	(5.0)
Total	**200.1**

2.12 Dividend and earnings per share

The total dividend proposed for 2003 amounts to €0.709 gross per share, of which €0.368 gross per share was distributed as an interim dividend, representing a 28.8% increase with respect to 2002.

Earnings per share in 2003 amounted to €2.38, approximately 13.9% higher than in 2002.

2.13 ROE. Consolidated income as a % of shareholders' Equity and minority interests

The return on shareholders' equity increased from 18.7% in 2002 to 19.4% in 2003, evidencing the sound performance of the Group's business activities.

3. Analysis by business area

3.1 Construction

3.1.1 Earnings

	2003	2002	% Variation
Net sales	2,950.1	2,613.1	12.9
Gross operating income	140.0	123.6	13.3
Gross operating income margin	4.7%	4.7%	—
Net operating income	103.2	92.2	11.9
Net operating income margin	3.5%	3.5%	—

Net sales increased by 12.9% to €2,950.1 million, due mainly to the greater contribution made by civil engineering work in Spain as a result of the complementation of the Infrastructures Plan.

Net sales in Spain rose by 16.8% and represented 96.5% of the total Construction area sales, as shown in the table below.

	2003	2002	% Variation
Spain	2,847.3	2,438.3	16.8
% of total	96.5	93.3	—
International	102.8	174.8	(41.2)
% of total	3.5	6.7	—

3.1.2 Return

Gross operating income grew by 13.3% to €140 million, representing a 4.7% sales margin.

Net operating income rose by 11.9%, in line with the increase in sales, as a result of which the sales margin remained at 3.5%.

3.1.3 Backlog and investments

	2003	2002	% Variation
Backlog	3,659.8	3,408.9	7.4
Investments	99.9	96.1	4.0

Despite the rapid pace of the construction work performed in 2003, the construction backlog reached a record €3,659.8 million, up 7.4% on 2002, and represents nearly 15 months of activity.

Investments in 2003 amounted to €99.9 million, of which €37.9 million related to the acquisition of machinery and equipment. Noteworthy among the equity investments in the year were those made at the following companies: Concessió i Explotació d'Infraestructuras, S.A. (€11.8 million), Urbs Iudex et Causidicus, S.A. (€11.3 million), Alazor Investments, S.A. (€7.7 million), Aigües del Segarra Garrigues, S.A. (€7.2 million), Montajes Gavisa, S.A. (€6.6 million) and Tramvia Metropolità del Besòs, S.A. (€5.7 million).

3.2 Services

3.2.1 Earnings

	2003	2002	% Variation
Net sales	1,708.9	1,605.9	6.4
Gross operating income	255.0	239.9	6.3
Gross operating income margin	14.9%	14.9%	—
Net operating income	138.6	126.3	9.7
Net operating income margin	8.1%	7.9%	—

Net sales in the Services area grew by 6.4% to €1,708.9 million, thanks to the solid performance of sales in Spain, which rose by 13.7%.

Noteworthy in 2003, as shown by the breakdown of the different Services area divisions in the following table, were the increases of 17.9% in Industrial Waste, which accounted for nearly 5% of total billings for the area, and of 14.7% in Environment, a division which was boosted by the renewal and extension of certain existing contracts and the award of new concessions. Additionally, the excellent performance of the Water division, which grew by 10.9%, enabled it to increase to 25% its contribution to total Services billings.

	2003 Net sales	% Variation	% Area total
Water	425.6	10.9	24.9
Environment	1,036.3	14.7	60.7
International	164.2	(33.7)	9.6
Industrial waste	82.8	17.9	4.8

International business, which represented 9.6% of total billings, was again affected by the depreciation of the Latin American currencies and by the completion in June 2003 of the Puerto Rico activities, which affected the comparative analysis in the first half of the year, since these activities were consolidated in the first half of 2002.

	2003	2002	% Variation
Spain	1,544.7	1,358.2	13.7
% of total	90.4	84.6	—
International	164.2	247.7	(33.7)
% of total	9.6	15.4	—

Sales in Europe and Latin America represented 44.3% and 53%, respectively, of total international billings, and the contracts obtained in 2002 in Egypt contributed 2.7% of net sales.

3.2.2 Return

Gross operating income amounted to €255 million, up 6.3% on the year-ago period. The sales margin remained stable at 14.9%.

Net operating income increased by 9.7% to €138.6 million. The favorable trend in gross operating income, combined with the reduction in the provisions recorded, triggered a rise in the sales margin from 7.9% in 2002 to 8.1% in 2003.

3.2.3 Backlog and investments

	2003	2002	% Variation
Backlog	11,419.2	11,573.7	(1.3)
Investments	263.0	310.7	(15.4)

The Services backlog, which amounted to €11,419.2 million, remained steady at levels similar to those of 2002 and represented 74.4% of the Group's total backlog.

Investments in 2003 totaled €263 million, of which €244.6 million related to tangible fixed assets and intangible assets and €18.4 million to equity interests, including most notably those acquired in Recuperació de Pedreres, S.L. (€11.5 million) and Graver Española, S.A. (€2.1 million).

3.3 Versia

3.3.1 Earnings

	2003	2002	% Variation
Net sales	381.0	305.2	24.8
Gross operating income	80.6	72.2	11.6
Gross operating income margin	21.2%	23.7%	—
Net operating income	45.2	46.9	(3.6)
Net operating income margin	11.9%	15.4%	—

Net sales in the area increased by 24.8% to €381 million. This upswing was due largely to the excellent performance of the Handling division, which doubled its contribution to area billings, the result, above all, of the inclusion of a full year of its activities at the Brussels airport.

The table below, which provides a breakdown of the Versia area divisions, shows the upward trend in the Parking Lots division, which achieved 20.7% growth due to the contribution of new parking lot surveillance contracts in Madrid, and in the Vehicle Roadworthiness Tests division, which increased by 7.7% due to the sound performance of the business in Spain and the recovery of operations in Argentina.

	2003 Net sales	% Variation	% Area total
Upkeep and Systems	49.2	(13.2)	12.9
Street Furniture (Cemusa)	83.0	(1.5)	21.8
Vehicle Roadworthiness Tests	35.0	7.7	9.2
Parking Lots	47.9	20.7	12.6
Handling	147.3	101.0	38.6
Urban Transport	18.6	(0.1)	4.9

Business activity in Spain showed sustained growth of 3.5% to €248.7 million. However, the highest levels of growth were recorded in the international business, mainly in the Handling and Street Furniture divisions, where billings increased two-fold to account for 34.7% of the area's net sales, as detailed in the table below.

	2003	2002	% Variation
Spain	248.7	240.2	3.5
% of total	65.3	78.7	—
International	132.3	65.0	103.5
% of total	34.7	21.3	—

3.3.2 Return

Gross operating income rose by 11.6% in 2003 to €80.6 million.

Net operating income fell to €45.2 million due to the impact of the increased depreciation and amortization costs resulting from the commencement of the new international concessions.

3.3.3 Backlog and investments

	2003	2002	% Variation
Backlog	43.9	47.0	(6.6)
Investments	64.6	110.7	(41.6)

The Versia area's backlog, in absolute terms, remained at levels similar to those of 2002, whereas investments in 2003 focused on the acquisition of the tangible fixed assets required to perform the contracts awarded.

3.4 Cementos Portland Valderrivas

3.4.1 Earnings

	2003	2002	% Variation
Net sales	865.6	831.4	4.1
Gross operating income	276.2	272.1	1.5
Gross operating income margin	31.9%	32.7%	—
Net operating income	189.4	185.0	2.4
Net operating income margin	21.9%	22.3%	—

Net sales in the cement area amounted to €865.6 million, an increase of 4.1%, due mainly to the continuing strength of the business in Spain, which recorded 11.4% growth.

The decline in the contribution of the international business to the area's total billings was due to the 17% depreciation of the U.S. dollar in 2003. Disregarding this effect, international sales would have grown by 3.9%.

	2003	2002	% Variation
Spain	660.8	593.4	11.4
% of total	76.3	71.4	—
International	204.8	238.0	(13.9)
% of total	23.7	28.6	—

3.4.2 Earnings

Gross operating income increased by 1.5% to €276.2 million, evidencing the positive effect of the return to normal production activities at the Alcalá de Guadaira plant.

Net operating income totaled €189.4 million, with year-on-year growth of 2.4%. The sales margin for the area was 21.9%.

3.4.3 Investments

	2003	2002	% Variation
Investments	142.1	132.2	7.5

Investments in the cement business amounted to €142.1 million, up 7% on 2002. Geared towards expanding production capacity, these investments included most notably those made in the U.S. companies Giant Cement Holding Inc. and the CDN-USA Group to reconvert the wet process production lines to the dry process, which should improve productivity levels.

3.5 Grucycsa

3.5.1 Earnings

	2003	2002	% Variation
Net sales	241.5	218.7	10.4
Gross operating income	11.9	10.0	19.0
Gross operating income margin	4.9%	4.6%	—
Net operating income	7.0	5.6	25.0
Net operating income margin	2.9%	2.6%	—

Net sales rose by 10.4% to €241.5 million due to the good performance of the markets in which this business area operates.

The breakdown of domestic and international sales is as follows:

	2003	2002	% Variation
Spain	206.8	184.8	11.9
% of total	85.6	84.5	—
International	34.7	33.9	2.4
% of total	14.4	15.5	—

3.5.2 Return

Gross operating income grew by 19% to €11.9 million, giving rise to a 4.9% sales margin.

The 25% increase in net operating income led to a 2.9% improvement in the sales margin.

3.5.3 Backlog and investments

	2003	2002	% Variation
Backlog	254.2	248.0	2.5
Investments	5.1	18.7	(72.7)

The backlog in this business area, in absolute terms, remained at levels similar to those of 2002.

3.6 Realia

The Group operates in the real estate industry through its 49.17% holding in Realia Business, S.A., and accounts for this company's earnings by the equity method. The main aggregates of the Realia Business Group taken as a whole are shown below:

3.6.1 Earnings

	2003	2002	% Variation
Net sales	470.3	410.4	14.6
Gross operating income	140.6	113.5	23.9
Gross operating income margin	29.9%	27.7%	—
Net operating income	121.1	104.9	15.4
Net operating income margin	25.7%	25.6%	—

Particularly worthy of note was the substantial 14.6% increase in net sales, bringing the gross and net margins up to 29.9% and 25.7%, respectively.

Acquisitions of treasury stock

At year-end Fomento de Construcciones y Contratas, S.A. held 434,322 shares of treasury stock, representing 0.33% of capital stock, valued at €9,422 thousand.

Also, in 2003 Compañía Auxiliar de Agencia y Mediación, S.A. owned 316,008 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its capital stock, which were recorded at their book value of €1,107 thousand, and Grucycsa, S.A. owned 475 shares of Fomento de Construcciones y Contratas, S.A., recorded at their book value of €10 thousand. These shares are also deemed to be parent company shares in accordance with Article 87 of the revised Corporations Law.

In accordance with Article 79.4 of the Corporations Law, the variations in treasury stock in 2003 are presented below, reflecting the total effect on the FCC Group after the appropriate eliminations for intercompany transactions.

	FCC, S.A.	Cía. Auxiliar de Agencia y Mediación	Grucycsa	FCC Group
At December 31, 2002	**108,000**	**316,008**	**475**	**424,483**
Purchases	326,322	—	—	326,322
At December 31, 2003	**434,322**	**316,008**	**475**	**750,805**

Research and development

FCC Group is actively present in the world of research, development and technological innovation and applies the most effective means of production and techniques to carry on its activities.

In the Services area, significant measures were implemented in the urban cleaning and waste treatment divisions in order to meet the increasingly stringent environmental protection requirements. The use of natural gas-fueled trucks in the performance of new contracts led to the development and application of major technological innovations to operate a fleet of vehicles of these characteristics and to prepare the required maintenance facilities, such as those located in Southern Madrid (Villaverde), which are fitted out with leading-edge technological equipment and state-of-the-art environmental control facilities, which are being used for the first time.

Legislation on controlled landfill installation and operation is increasingly strict, requiring waste managers to constantly improve the efficiency of their treatment technologies. In this context, the FCC Group has developed and implemented a new evaporation-based leachate treatment technology involving the generation of heat to separate the solid phase or sludge, which is inertized and eliminated through disposal at controlled landfills.

Other noteworthy advances were the implementation of new technologies to enhance the so-called ecoparks through waste selection and anaerobic biological treatment processes. These processes involve the organic decomposition of waste without oxygen to produce combustible gas, mainly methane, which is subsequently used to generate electricity. A further advance in this area was the development of a process to recover demolition waste from the construction activity, the aim being to substantially reduce the volume of directly dumped waste, and to encourage its subsequent use.

In the Construction area, in 2003 an agreement was signed with Centro de Estudios de Puertos y Costas del CEDEX for the joint performance of projects to improve the characteristics of floating caissons for use in dykes and mooring works. Also, in conjunction with Instituto Tecnológico de Cataluña and a construction machinery company, work was carried out on the LOGRO projects for the optimization of construction industry waste. 2003 also saw the involvement of the Group in the HIPER project for the use of low-cost stainless steel in concrete reinforcements, which is being developed jointly with prestigious universities and Spanish and European companies, and is funded under the EU's GROWTH program.

Outlook for 2004

The future growth of the **FCC Group** will be based mainly on that of its strategic areas: Services, Construction and Cement.

Maintenance of the securities portfolio representing investments in other industries will depend on the evolution of their value and on the Group's financial needs.

Growth in net sales will be driven primarily by profitability considerations, and organic growth will be kept in line with that obtained from the acquisition of companies.

At 2003 year-end the Group's construction and services backlog exceeded €15,300 million, a figure which guarantees its operations for a period of over 30 months.

The Group's forecasts for 2004 point to net sales and income in excess of those obtained in 2003.

In the **Services area,** the performance of the Environment division, which has already attained a very high share of the market, will depend basically on the renewal and extension of existing contracts and the entry into service of various treatment plants currently under construction.

In the Industrial Waste division, growth will be driven by the optimization of the facilities already in operation, the commencement of activities at other facilities currently being constructed and the acquisition of landfills.

In the Water Management division, the Group plans to expand in the domestic market by seizing the business opportunities arising in connection with hydroelectric infrastructure concessions.

The Service area's international strategy targets growth in the markets of the countries in which it is already present and expansion into new geographical areas.

At 2003 year-end the Services backlog exceeded €11,400 million, equivalent to 80 months of net sales.

Versia expects to achieve substantial growth in 2004 based mainly on the maturation of international outdoor advertising contracts and on new contracts for ground aircraft, passenger and cargo handling services. Its international expansion plans will focus primarily on eurozone and U.S. dollar-zone countries.

The prospects for the Construction area in 2004 are still very encouraging, due to the foreseeable demand for public works as a result of the construction of infrastructures in connection with:

- The 2000-2007 Transport Infrastructures Plan, which envisages the development of the State's expressways, tollroads, high-speed railroads, airports and sea ports.
- The National Water Plan.
- The development of trans-European transport networks (high-speed railroads and access routes through the Pyrenees).

Additionally, the process of product and geographical diversification will be stepped up to target above all Eastern Europe and the Americas.

At the beginning of 2004 the construction backlog exceeded €3,600 million, equivalent to 15 months of production.

Cementos Portland Valderrivas will benefit from the aforementioned national infrastructure construction plans. Also, the Group intends to implement an investment plan to optimize plant production capacity, start up a new dry mortar plant, adapt the existing plants to comply with new Spanish safety and environment legislation and, lastly, to commence operations at new aggregates quarries.

In the international arena, the Group will continue to make significant investments in the plants located in the U.S. as part of its plan for the conversion from wet-process to dry-process manufacturing, which will enable it to reduce production costs and, as a result, increase operating income.

The growth strategy of **Realia** focuses on consolidating its strong position in housing development, increasing land development turnover, boosting its rental activity, expanding in the Spanish and Portuguese markets and strengthening its brand image.

AUDITOR'S REPORT

CONSOLIDATED GROUP

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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES comprising the consolidated balance sheet as of December 31, 2003, and the related consolidated statement of income and notes to consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent Company's directors. Our responsibility is to express an opinion on the consolidated financial statements referred to above taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the consolidated financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made. Our work did not include an examination of the 2003 financial statements of certain dependent and associated companies, whose aggregate assets and net results, in absolute terms, respectively represent 41% and 27%, respectively, of the related consolidated totals. The financial statements of these companies were audited by other auditors (see Exhibits I, II and III to the notes to consolidated financial statements). Our opinion as expressed in this report on the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries is based, with respect to these companies, on the reports of the other auditors.

2. As required by Spanish corporate law, for comparison purposes the directors present, in addition to the 2003 figures for each item in the consolidated balance sheet and consolidated statements of income, the figures for 2002. Our opinion refers only to the 2003 consolidated financial statements. Our auditors' report dated April 9, 2003, on the 2002 consolidated financial statements contained an unqualified opinion.

3. In our opinion, based on our audit and on the reports of the other auditors (see Exhibits I, II and III), the consolidated financial statements for 2003 referred to above present, in all material respects, a true and fair view of the net worth and financial position of Fomento de Construcciones y Contratas, S.A. and Subsidiaries as of December 31, 2003, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.

4. The accompanying consolidated management report for 2003 contains the explanations which the directors of the Parent Company consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated management report is consistent with that contained in the consolidated financial statements for 2003. Our work as auditors was confined to checking the consolidated management report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the companies that compose the Group.

DELOITTE & TOUCHE, ESPAÑA, S.L.
Registered in ROAC under no. 80692

Javier Parada Pardo

April 2, 2004

Deloitte & Touche España, S.L. Inscrita en el Registro Mercantil de Madrid, Tomo 13.650, folio 188, sección 8, hoja M-54414. Inscripción 47, C.I.F.: B-79104469. Domicilio Social: Raimundo Fernández Villaverde, 65. 28003 Madrid

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FINANCIAL STATEMENTS, MANAGEMENT REPORT AND AUDITOR'S REPORT OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES
Y CONTRATAS, S.A.

Balance sheet
Fomento de Construcciones y Contratas, S.A.

ASSETS	12.31.2003		12.31.2002	
Fixed and other noncurrent assets		**1,660,003**		**1,596,555**
Intangible assets		**115,030**		**108,122**
- Concessions, patents, licenses, trademarks and other	28,548		30,322	
- Rights on leased assets	118,995		106,534	
- Accumulated amortization	(32,513)		(28,734)	
Tangible fixed assets		**245,730**		**211,708**
- Land and structures	149,555		143,796	
- Plant and machinery	264,289		225,986	
- Other fixtures, tools and furniture	68,136		56,773	
- Advances and construction in progress	20,974		11,403	
- Other tangible fixed assets	14,459		14,046	
- Allowances	(311)		(164)	
- Accumulated depreciation	(271,372)		(240,132)	
Long-term investments		**1,289,821**		**1,274,560**
- Investments in Group companies	1,139,755		1,099,841	
- Investments in associated companies	243,864		238,976	
- Loans to Group and associated companies	3,744		3,977	
- Long-term investment securities	39,002		27,761	
- Other loans	9,435		15,708	
- Long-term deposits and guarantees given	4,371		3,841	
- Allowances	(150,350)		(115,544)	
Treasury stock		**9,422**		**2,165**
Deferred charges		**5,320**		**4,944**
Current assets		**445,525**		**406,781**
Inventories		**25,632**		**18,956**
- Raw materials and other supplies	17,112		16,307	
- Finished goods	3,286		3,386	
- Advances	5,971		22	
- Allowances	(737)		(759)	
Accounts receivable		**368,004**		**332,796**
- Trade receivables for sales and services	298,153		260,096	
- Receivable from Group companies	14,029		12,871	
- Receivable from associated companies	8,944		2,779	
- Sundry accounts receivable	9,237		13,282	
- Employee receivables	853		469	
- Taxes receivable	46,451		53,213	
- Allowances	(9,663)		(9,914)	
Short-term investments		**16,584**		**11,215**
- Loans to Group companies	7,348		2,043	
- Loans to associated companies	7,162		7,222	
- Short-term investment securities	857		1,100	
- Other loans	992		678	
- Short-term deposits and guarantees given	573		352	
- Allowances	(348)		(180)	
Cash		**31,613**		**37,835**
Accrual accounts		**3,692**		**5,979**
TOTAL ASSETS		**2,110,848**		**2,008,280**

as of december 31, 2003

(thousands of euros)

SHAREHOLDERS' EQUITY AND LIABILITIES	12.31.2003		12.31.2002	
Shareholders' equity		**903,680**		**834,872**
Capital stock		130,567		130,567
Additional paid-in capital		242,133		242,133
Reserves		429,203		383,945
- Legal reserve	26,113		24,020	
- Reserves for treasury stock	9,422		2,165	
- Reserve for retired capital	2,770		2,770	
- Other reserves	390,898		354,990	
Income for the year		149,826		117,006
Interim dividend		(48,049)		(38,779)
Deferred revenues		**4,923**		**5,185**
- Capital subsidies	4,923		5,185	
Provisions for contingencies and expenses		**98,509**		**102,141**
- Provisions	89,034		93,182	
- Reversion reserve	9,475		8,959	
Long-term debt		**93,073**		**36,985**
Payable to credit institutions		62,823		2,834
- Loans and other payables	60,330		173	
- Long-term lease payments payable	2,493		2,661	
Other payables		30,250		34,151
- Limited recourse project financing loans	13,481		17,091	
- Notes payable and other payables	—		3	
- Long-term guarantees and deposits received	4,229		3,845	
- Long-term taxes payable	12,540		13,212	
Current liabilities		**1,010,663**		**1,029,097**
Payable to credit institutions		39,197		43,948
- Loans and other payables	7,970		4,349	
- Interest payable	673		745	
- Short-term lease payments payable	30,554		38,854	
Payable to Group and associated companies		638,049		661,836
- Payable to Group companies	634,681		658,264	
- Payable to associated companies	3,368		3,572	
Trade accounts payable		146,549		143,805
- Advances received on orders	17,675		17,182	
- Accounts payable for purchases and services	72,957		69,201	
- Notes payable	55,917		57,422	
Other nontrade payables		156,020		147,806
- Taxes payable	65,996		46,459	
- Notes payable	5,001		5,222	
- Limited recourse project financing loans	3,682		3,213	
- Other payables	61,316		71,702	
- Compensation payable	19,932		20,052	
- Short-term guarantees and deposits received	93		1,158	
Operating allowances		30,616		31,560
Accrual accounts		232		142
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,110,848**		**2,008,280**

Statements of income
Fomento de Construcciones y Contratas, S.A.

DEBIT	12.31.2003		12.31.2002	
Total operating expenses		**800,995**		**685,022**
Decrease in finished goods and work-in-process inventories		100		590
Cost of materials used and other external expenses		165,570		130,514
- Raw materials and other consumables used	71,473		66,108	
- Other external expenses	94,097		64,406	
Personnel expenses		451,675		398,260
- Wages, salaries and similar expenses	339,307		303,396	
- Employee welfare expenses	112,368		94,864	
Depreciation and amortization expense		45,260		41,399
Variation in operating allowances		5,330		(15,720)
- Variation in inventory allowances	(22)		(132)	
- Variation in allowances for and losses on uncollectible receivables	624		(134)	
- Variation in other operating allowances	4,728		(15,454)	
Other operating expenses		133,060		129,979
- Outside services	128,664		125,702	
- Taxes other than income tax	3,506		3,481	
- Provision to the reversion reserve	890		796	
Operating income		**88,413**		**93,875**
Financial expenses		19,025		24,803
- On debts to Group and associated companies	13,444		18,230	
- On debts to third parties and similar expenses	5,581		6,573	
Variation in investment valuation allowances		2,493		3,389
Exchange losses		34		514
Financial income		**87,594**		**73,103**
Income from ordinary activities		**176,007**		**166,978**
Variation in intangible asset, tangible fixed asset and control portfolio allowances		17,052		58,868
Losses on fixed assets		—		3,038
Extraordinary expenses and losses		4,140		15,022
Income before taxes		**155,985**		**104,693**
Corporate income tax		(6,159)		12,313
Income for the year		**149,826**		**117,006**

as of december 31, 2003

(thousands of euros)

CREDIT	12.31.2003	12.31.2002
Total operating revenues	**889,408**	**778,897**
Net sales	808,342	706,822
Capitalized expenses of in-house work on fixed assets	1,903	421
Other operating revenues	79,163	71,654

Revenues from equity investments		**102,754**		**100,251**
- Group companies	81,913		83,427	
- Associated companies	20,841		16,824	
Revenues from other marketable securities and noncurrent loans		**1,295**		**678**
- Associated companies	143		155	
- Nongroup companies	1,152		523	
Other financial revenues		**1,306**		**447**
- Group and associated companies	329		18	
- Other interest	977		429	
Exchange gains		**3,791**		**433**

Gains on fixed assets and control portfolio	**760**	**—**
Capital subsidies transferred to income for the year	**410**	**368**
Extraordinary revenues	**—**	**14,275**

Extraordinary loss	**20,022**	**62,285**

Notes to financial statements

Fomento de Construcciones y Contratas, S.A.
As of december 31, 2003

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Exhibit I.	Group companies
Exhibit II.	Joint ventures
Exhibit III.	Associated and multigroup companies
Exhibit IV.	Report of the Board of Directors of Fomento de Construcciones y Contratas, S.A. for the distribution of an interim dividend during the year.

1. Company's business activities

The Company's core business is to provide general services, which include mainly sewerage, cleaning and maintenance, and water treatment and distribution. It also owns holdings in other Spanish and foreign companies and is the parent company of the FCC GROUP, which in turn prepares consolidated financial statements.

2. Basis of presentation of the financial statements

The accompanying financial statements, which were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of the joint ventures in which it participates, are presented in accordance with current legislation and expressed in thousands of euros. The balance sheets and income statements of the joint ventures in which the Company participates were proportionally consolidated on the basis of the percentage share in the income, revenues and expenses of each joint venture.

Also, the Company has an 80% ownership interest in the Torre Picasso building, which is being operated through an owners' association. Consequently, the financial statements include the assets, liabilities, revenues and expenses of this association based on the percentage of the Company's ownership interest.

The joint ventures and the owners' association were included by making the necessary uniformity adjustments, reconciliations and reclassifications and by eliminating reciprocal asset and liability balances and revenues and expenses. The detail of any material amounts relating thereto are included in these notes to financial statements.

Exhibit II lists the joint ventures, showing the percentage share in income.

The financial statements of Fomento de Construcciones y Contratas, S.A., which were prepared by its directors, have not yet been approved by the related Shareholders' Meeting. However, it is considered that they will be approved without any changes.

The directors of the Company prepared, together with the 2003 individual financial statements of Fomento de Construcciones y Contratas, S.A., the 2003 consolidated financial statements of the Fomento de Construcciones y Contratas Group, which will also be submitted for approval by the Shareholders' Meeting.

3. Distribution of income

The proposed distribution of the income for 2003 of Fomento de Construcciones y Contratas, S.A. that will be submitted for approval by the Shareholders' Meeting is as follows:

	Amount
Income for the year, before distribution	**149,826**
Distribution:	
Interim dividend	**0.368 euros por acción**
Final dividend	**0.341 euros por acción**
To voluntary reserve: The amount remaining after payment of the interim and final dividends on the outstanding shares entitled to remuneration at the date of payment will be allocated to this reserve.	

On December 18, 2003, Fomento de Construcciones y Contratas, S.A. resolved to distribute an interim dividend out of 2003 income equivalent to 36.80% (gross) of the par value of the shares. This dividend, which amounted to €0.368 per share, was paid on and after January 7, 2004.

The Board of Directors' report evidencing the existence of sufficient liquidity for the distribution of the aforementioned interim dividend is included as Exhibit IV hereto.

4. Valuation standards

a) Intangible assets

Intangible assets are recorded at cost, which does not include the interest on the related financing.

Leased assets are amortized by the straight-line method over the years of estimated useful life, which are the same as those for tangible fixed assets, and administrative concessions are amortized over the concession period, which ranges on average from 25 to 50 years.

b) Tangible fixed assets

Tangible fixed assets are carried at acquisition cost or at production cost if the Company has performed in-house work thereon.

The cost of the tangible fixed assets does not include financing interest or exchange differences.

Upkeep and maintenance expenses not leading to a lengthening of the useful life or to increased production capacity of the related assets are expensed currently.

Tangible fixed assets are depreciated by the straight-line method at rates based on the following years of estimated useful life:

	Years of estimated useful life
Buildings and other structures	25 – 50
Torre Picasso building	75
Plant and machinery	5 – 15
Other fixtures, tools and furniture	8 – 12
Other tangible fixed assets	4 - 10

Tangible fixed assets assigned exclusively to certain specific contracts are depreciated over the shorter of the years of useful life indicated above or the contract term.

c) Deferred financial expenses relating to the financing of fixed assets

The interest on loans used to finance fixed assets is generally expensed currently.

However, the Company capitalizes the financial expenses arising from the financing of the fixed assets required to carry on its water supply/treatment line of business, in accordance with the Spanish National Chart of Accounts specific to this industry. The expenses thus capitalized are deferred over the term of the service, provided that there is evidence that future revenues will enable the costs previously incurred to be recovered.

The interest capitalized as described in the preceding paragraph is included under the "Deferred Charges" caption in the accompanying balance sheet.

d) Long-term investments. Marketable securities and nontrade loans

In accordance with current legislation, investments in listed and unlisted marketable securities are valued at cost, net of the required allowances for decline in value. The effect of applying this method is that all unrealized losses existing at year-end are recorded, but unrealized gains are not, except for those disclosed at the time of acquisition and still existing at the date of subsequent valuation.

Loans are valued at the amount delivered plus the unmatured accrued interest at the balance-sheet date. The necessary value adjustments are made by recording allowances for loans with possible recovery problems.

Securities and loans maturing in under 12 months from the balance-sheet date are classified as short-term (current assets) and those maturing at over 12 months as long-term (noncurrent assets). Other investments of a permanent nature are classified as long-term financial assets.

e) Inventories

Inventories are valued at average acquisition price or average production cost and the necessary value adjustments are made to mark the carrying values to market, if this is lower. Allowances are also recorded for the decline in value of obsolete inventories.

The assets received in payment of loans are carried at the lowest of the following three values: the amount at which the loan relating to the asset received is recorded, production cost or market.

f) Treasury stock

Treasury stock is valued at the lowest of average cost, market or underlying book value.

g) Subsidies

Nonrefundable capital subsidies are taken to income in proportion to the period depreciation of the subsidized assets.

h) Provisions for pensions and similar obligations

The Company has not established any pension plans to supplement the social security pension benefits.

In 2002, pursuant to the revised Pension Fund and Plan Law, the Company externalized its pension and other similar commitments to its employees.

Also, for some employees, including certain executives and directors, in the past an insurance policy was arranged and the related premium paid to cover the payment of contingent liabilities relating to death and permanent occupational disability and to retirement bonuses and other benefits.

i) Provisions for contingencies and expenses

The Company has recorded provisions for contingencies and expenses relating to the estimated amount required for probable or certain third-party liability and for outstanding obligations whose exact amount cannot yet be fully determined or whose date of payment is uncertain, since they are dependent on the fulfillment of certain conditions. These provisions are recorded when the related liability or obligation arises.

j) Reversion reserve

The Company records a reversion reserve for assets subject to administrative concessions which revert to the grantor entity at the end of the concession period. This reserve is calculated by supplementing the depreciation of the related asset, so that at the end of the concession period the net book value (after deduction of the related accumulated depreciation) is zero.

Additionally, the Company considers that the periodic maintenance plans for its assets, the cost of which is expensed currently, are sufficient to ensure delivery of the revertible assets in good working order at the end of the concession periods and that, therefore, no significant expenses will arise as a result of the reversion.

k) Classification of debt

Debts maturing in under 12 months from the balance-sheet date are classified as current liabilities and those maturing at over 12 months as long-term debt.

Debts are valued at the amounts drawn plus the unmatured accrued interest. Nontrade debts are carried at their repayment value and the interest on the transaction is recorded under the "Deferred Charges" or "Accrual Accounts" captions on the asset side of the balance sheet, depending on whether the principal amount is classified as long- or short-term. The interest is taken to income on the basis of the principal amount outstanding.

In certain cases the interest rate risk relating to the debt is hedged through futures and derivatives. The transaction expenses and the differences arising due to interest rate fluctuations are charged to income by the same timing of recognition method as that used for the costs of the main debt hedged.

l) Corporate income tax

The corporate income tax expense is recorded in the statement of income. The effect of the differences between taxable income and book income before taxes, which in some cases revert in subsequent periods, and the tax relief and tax credits to which the Company is entitled were considered in determining the amount of corporate income tax payable.

m) Foreign currency transactions

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

The differences resulting from fluctuations in exchange rates from the date on which the transactions were made, or the related values were adjusted, to the date of collection or payment are taken to period income.

n) Recognition of revenues and expenses

Revenues and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

The Company recognizes as the period result on its contracts the difference between period production (valued at the sale price of the service provided during the period, as specified in the principal contract or in approved amendments thereto, and the sale price of other as yet unapproved services for which there is reasonable assurance of recovery) and the costs incurred. Additionally, late-payment interest is recognized as a revenue when it is approved or finally collected.

The difference between the amount of production and the amount certified through the date of the financial statements is recorded as "Completed Production Pending Certification" under the "Trade Receivables for Sales and Services" caption. Certificate prebillings for various items are recorded under the "Advances Received on Orders" caption on the liability side of the balance sheet.

In accordance with the accounting principle of prudence, the Company only records realized income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known.

o) Environmental information

As indicated in Note 1, the Company engages mainly in Services activities which, due to their nature, involve special care in controlling environmental impact. For example, with regard to the operation under concession of landfills, the Company is generally responsible for the sealing, control and reforestation thereof on completion of operations. Also, the Company has fixed assets for the protection of the environment and bears any expenses that may be required for this purpose in the performance of its business activities.

The acquisition costs of these fixed assets used in environmental conservation are recorded under the "Tangible Fixed Assets" or "Intangible Assets" captions based on the nature of the investment, and are amortized or depreciated over their useful lives. Also, in accordance with current accounting regulations, the Company records the expenses and provisions arising from such environmental commitments.

p) Convergence with International Accounting Standards

Pursuant to Regulation 1606/2002 of the European Parliament and of the Council of the European Union, listed companies are required to present their consolidated financial statements for the years commencing on or after January 1, 2005 in accordance with International Accounting Standards. This requirement has been included in Spanish legislation by virtue of Law 62/2003 on Tax, Administrative and Social Security Measures.

In 2003 Fomento de Construcciones y Contratas, S.A. (as the Parent Company of the FCC Group), within the framework defined by the accounting principles and valuation standards of the Spanish National Chart of Accounts and the industry-based adaptations thereof, adjusted its current accounting practices to ensure convergence with International Accounting Standards, which entailed the re-assessment of certain items relating mainly to provisions and prepaid taxes; however, the overall effect of this re-assessment on the statement of income or net worth at year-end was not material.

5. Intangible assets

The variations in 2003 in this caption in the accompanying balance sheet were as follows:

	Balance at 12.31.02	Additions or provisions	Retirements or reductions	Transfers	Balance at 12.31.03
Concessions, patents, licenses, trademarks and other	30,322	2,163	(3,937)	—	28,548
Rights on leased assets	106,534	56,223	—	(43,762)	118,995
Accumulated amortization	(28,734)	(13,108)	—	9,329	(32,513)
	108,122	**45,278**	**(3,937)**	**(34,433)**	**115,030**

The "Concessions, Patents, Licenses, Trademarks and Other" account relates mainly to joint ventures and includes most notably the amounts paid for concessions for, inter alia, water supply services, which are being amortized on a straight-line basis over the concession period.

The features of the financial lease contracts in force at 2003 year-end are as follows:

Original cost of the assets	118,995
Value of purchase options	1,171
Contract term (years)	2
Lease payments paid in the year	58,657
Lease payments paid in prior years	30,954
Lease payments outstanding, including purchase option	33,047

The detail of leased assets as of December 31, 2003, is as follows:

Plant and machinery	104,828
Other fixtures, tools and furniture	13,167
Other tangible fixed assets	1,000
	118,995

6. Tangible fixed assets

The detail of tangible fixed assets and of the related accumulated depreciation as of December 31, 2003, is as follows:

	Cost	Accumulated depreciation	Allowances	Net
Land and structures	149,555	(47,620)	(311)	101,624
Plant and machinery	264,289	(170,539)	—	93,750
Other fixtures, tools and furniture	68,136	(42,714)	—	25,422
Advances and construction in progress	20,974	—	—	20,974
Other tangible fixed assets	14,459	(10,499)	—	3,960
	517,413	**(271,372)**	**(311)**	**245,730**

€49,595 thousand of the net balance of tangible fixed assets relate to joint ventures.

All the tangible fixed assets were being used in production at 2003 year-end; however, €144,811 thousand of tangible fixed assets had been fully depreciated.

The Company takes out the insurance policies it considers necessary to cover the possible risks to which its tangible fixed assets are subject.

The variations in tangible fixed asset accounts, broken down to show the additions and retirements in 2003, were as follows:

	Balance at 12.31.02	Additions or provisions	Retirements or reductions	Transfers	Balance at 12.31.03
Land and structures	143,796	8,608	(3,899)	1,050	149,555
Plant and machinery	225,986	7,114	(8,718)	39,907	264,289
Other fixtures, tools and furniture	56,773	5,860	(1,555)	7,058	68,136
Advances and construction in progress	11,403	13,913	—	(4,342)	20,974
Other tangible fixed assets	14,046	726	(402)	89	14,459
Allowances	(164)	(147)	—	—	(311)
Accumulated depreciation	(240,132)	(32,152)	10,241	(9,329)	(271,372)
	211,708	**3,922**	**(4,333)**	**34,433**	**245,730**

7. Long – and short-term investments. Marketable securities and nontrade loans

The detail of the main accounts under the "Long-Term Investments" and "Short-Term Investments" captions in the accompanying balance sheet is as follows:

I) Long-term

Investments in Group companies

The detail, by company, of this account in the accompanying balance sheet is presented in Exhibit I, indicating, for each company in which the Company has a direct holding, the following data: corporate name, address, line of business, percentage of direct or indirect ownership, capital stock and reserves, income (loss), dividends received, listing status, and the book value of the holding.

The variations in the balance of this caption in 2003 were as follows:

		Cost
Balance at 12.31.02		**1,099,841**
Share purchase or subscription:		
Grucycsa, S.A.	39,914	39,914
Balance at 12.31.03		**1,139,755**

In accordance with the resolution adopted on June 6, 2003 by the Company's Executive Committee, a share purchase offer was made to the minority shareholders of Grucycsa, S.A. for the 19.58% holding owned by them in the capital stock of this company. At year-end, Fomento de Construcciones y Contratas, S.A. owned all the shares of Grucycsa, S.A.

On December 18, 2003, the Executive Committee of the Spanish National Securities Market Commission (CNMV) resolved, at the request of the issuing entity, to exclude the shares of Grucycsa, S.A. from trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

Investments in associated companies

This account in the accompanying balance sheet reflects the Company's holdings in associated and multigroup companies, as detailed in Exhibit III, which discloses the same information for each investee in which the Company has a direct holding as that presented for the Group companies.

The variations in the balance of this caption in 2003 were as follows:

		Cost
Balance at 12.31.02		**238,976**
Share purchase or subscription:		
Ecoparc del Besós, S.A.	802	
Empresa Mixta de Limpieza de la Villa de Torrox, S.A	300	
Ingeniería Urbana, S.A.	3,786	4,888
Balance at 12.31.03		**243,864**

Long-term investment securities

The detail, by investment, cost and allowance, of the balance of this account as of December 31, 2003, is as follows:

	Equity securities	Allowances	Net book value
Artscapital Investment, S.A. (10.53% shareholding)	5,469	(5,469)	—
Polux Capital, S.L. (8.63% direct and 0.62% indirect shareholding)	2,344	(2,344)	—
Shopnet Brokers, S.A. (16.7% shareholding)	3,005	(3,005)	—
Venditelecom España, S.L. (26.41% shareholding)	26,776	(26,776)	—
Other	1,408	(72)	1,336
	39,002	**(37,666)**	**1,336**

In 2003 Venditelecom España, S.L. sold all the shares held by it in Xfera Móviles, S.A. to the other shareholders of this company, which included Fomento de Construcciones y Contratas, S.A. Subsequently, on November 28, 2003, the Shareholders' Meeting of Venditelecom España, S.L. resolved, on the one hand, to convert into equity the loan of €11,242 thousand granted to it by Fomento de Construcciones y Contratas, S.A. and, on the other, to dissolve and liquidate the company. Accordingly, at 2003 year-end Venditelecom España, S.L. was in the process of liquidation.

As a result of the foregoing, Fomento de Construcciones y Contratas, S.A. has a direct ownership interest of 7.47% in Xfera Móviles, S.A., a UMTS wireless telephony license-holder. This holding was acquired in 2003 from Venditelecom España, S.L. and Vivendi Telecom Internacional, S.A. for €0.24. The Company has also provided guarantees totaling €45,478 thousand for Xfera Móviles, S.A.

Investment valuation allowances

The detail, by company, of this account in the accompanying balance sheet is presented in Exhibit I, in the case of the Group companies, and in Exhibit III, in the case of associated companies. The detail of the allowances relating to long-term investment securities is shown in the preceding table.

The variations in 2003 were as follows:

Balance at 12.31.02			**115,544**
Provisions and reversals:			
Group and associated companies:			
Egypt Environmental Services S.A.E.	4,516		
Giza Environmental Services S.A.E.	4,909		
Proactiva Medio Ambiente, S.A.	7,374		
Other	106	16,905	
Long-term investment securities:			
Venditelecom España, S.L.	13,892		
Artscapital Investment, S.A.	1,808		
Shopnet Brokers, S.A.	2,184		
Other	17	17,901	
Balance at 12.31.03			**150,350**

During the year, provisions of €13,892 thousand recorded in prior years were transferred to bring the allowance for the investment in Venditelecom España, S.L. up to the full value of the holding.

II) Short-term investments

This caption includes basically the loans and other nontrade credit facilities granted, inter alia, to Group and associated companies to cater for certain specific cash situations, and other cash surpluses which are invested at short term. These investments are valued at the lower of cost or market, and increased by the interest earned at market rates.

8. Deferred charges

The variations in 2003 in the balance of this caption in the accompanying balance sheet were as follows:

	Balance at 12.31.02	Additions	Amounts taken to income	Balance at 12.31.03
Financing of fixed assets	4,688	453	—	5,141
Financial leases	256	458	(535)	179
	4,944	**911**	**(535)**	**5,320**

9. Trade receivables for sales and services

The breakdown of the balance of this caption in the accompanying balance sheet, which relates mainly to the amounts receivable for Company services, is as follows:

Production certificates receivable	236,273
Completed production pending certification	61,880
Trade receivables for sales and services	298,153
Advances received on orders	(17,675)
Total trade receivables, net	**280,478**

€ 39,131 thousand of the net trade receivables balance relate to joint ventures.

The foregoing total is the net balance of trade receivables after deduction of the balance of the "Advances Received on Orders" account on the liability side of the accompanying balance sheet which, as required by accounting regulations, includes collected and uncollected certificate prebillings for various items and the advances received (normally in cash) for future supplies.

The "Production Certificates Receivable" account reflects the amount of the certificate billings to customers for services provided pending collection as of December 31, 2003.

The "Completed Production Pending Certification" account reflects the difference between the production recognized by Fomento de Construcciones y Contratas, S.A. on each contract and the amount of the certificates issued to the customers. The balance of this account relates basically to the production performed in December 2003 and the price revisions per the various contracts which, although as yet unapproved, the Company considers will be duly certified since there are no doubts as to their recovery.

The Company transfers trade receivables to financial institutions, without recourse against Fomento de Construcciones y Contratas, S.A. in the event of nonpayment. The amount deducted from the trade receivables balance at year-end in this connection amounted to €83,010 thousand. These transactions accrue interest under normal market conditions through the date on which the financial institution collects from the customers. Collection management in this period continues to be performed by Fomento de Construcciones y Contratas, S.A.

10. Shareholders' equity

The variations in equity accounts in 2003 were as follows:

	Balance at 12.31.02	2002 retained earnings	Dividends distributed	Other variations	Income for the year	Balance at 12.31.03
Capital stock	130,567	—	—	—	—	130,567
Additional paid-in capital	242,133	—	—	—	—	242,133
Legal reserve	24,020	2,093	—	—	—	26,113
Reserve for treasury stock	2,165	—	—	7,257	—	9,422
Reserve for retired capital	2,770	—	—	—	—	2,770
Voluntary reserves	354,990	43,165	—	(7,257)	—	390,898
Income for the year	117,006	(45,258)	(71,748)	—	149,826	149,826
Interim dividend	(38,779)	—	38,779	—	(48,049)	(48,049)
Shareholders' equity	**834,872**	**—**	**(32,969)**	**—**	**101,777**	**903,680**

a) Capital stock

The capital stock of Fomento de Construcciones y Contratas, S.A. consists of 130,567,483 common bearer shares of €1 par value each.

All the shares have identical rights and are fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Spanish computerized trading system.

With regard to direct holdings or indirect holdings (through subsidiaries) of 10% or more owned by other companies, as required by current legislation B-1998, S.L. has informed us that it has a direct and indirect ownership interest of 52.48% in the Company's capital stock. The principal shareholders of B-1998, S.L. are Esther Koplowitz Romero de Juseu and the Veolia Environment Group, with holdings of 51% and 49%, respectively.

Acciona, S.A. has an 8.68% holding.

b) Additional paid-in capital

The revised Corporations Law expressly permits the use of the additional paid-in capital balance to increase capital and establishes no specific restrictions as to its use for other purposes.

c) Legal reserve

Under the revised Corporations Law, 10% of income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

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

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

As of December 31, 2003, the legal reserve had reached the legally stipulated minimum.

d) Treasury stock

The Company holds 434,322 shares of treasury stock, representing 0.33% of its capital stock, with a net book value of €9,422 thousand.

As required by Article 79.3 of the Spanish Corporations Law, the Company recorded a reserve of €9,422 thousand for treasury stock, with a charge to voluntary reserves. This reserve is restricted until such time as the treasury stock is sold or retired.

The variations in treasury stock in 2003 were as follows:

	Nº. of shares	%	Amount
Balance at 12.31.02	**108,000**	**0.08**	**2,165**
Purchases	326,322	0.25	7,257
Balance at 12.31.03	**434,322**	**0.33**	**9,422**

e) Reserve for retired capital

This reserve includes the par value of the treasury stock retired in 2002 with a charge to unrestricted reserves, in accordance with Article 167.3 of the Corporations Law. The reserve for retired capital is restricted, unless it meets the same requirements as those stipulated for capital reductions.

11. Subsidies

The accompanying balance sheet includes €7,945 thousand of subsidies received in the past, €3,022 thousand of which had been taken to income, including €410 thousand in the year ended December 31, 2003. This amount relates in full to joint ventures.

12. Reversion reserve

The Company records the reversion reserve as described in Note 4-j.

The variations in 2003 were as follows:

Balance at 12.31.02	**8,959**
Provisions	890
Retirements	(408)
Transfers	34
Balance at 12.31.03	**9,475**

13. Nontrade payables

a) The long-term payables in each of the related accounts in the accompanying balance sheet mature as follows:

	2005	2006	2007	2008	2009 and subse-quent years	Total
Payable to credit institutions	753	596	506	60,361	607	62,823
Limited recourse project financing loans	3,797	1,951	2,178	2,427	3,128	13,481
Long-term taxes payable	657	479	208	208	10,988	12,540
Guarantees and deposits	4,229	—	—	—	—	4,229
	9,436	**3,026**	**2,892**	**62,996**	**14,723**	**93,073**

The balance of the "Limited Recourse Project Financing Loans" caption relates to the payments outstanding in connection with the investments made by the Seragua-FCC-Vigo joint venture which operates the water supply in Vigo. The main features of this debt are as follows: the interest rate on the amount outstanding is Euribor plus a spread based on market rates; repayment is in semiannual installments ending in 2010; the repayments are made using the joint venture's revenues from operation of the service and, if the contract terms and conditions are met, with no other liability for the venturers if the funds obtained during the term of the loan do not cover the full amount of the principal plus interest.

The average interest rate on the long-term payables to credit institutions is Euribor plus 0.45%.

The detail of the balance of the "Long-Term Taxes Payable" caption is disclosed in Note 14 ("Tax Matters").

b) Short-term payables:

The accounts payable to Group and associated companies include the loans from these companies, which bear interest at market rates, and the operating payables to these companies.

As of December 31, 2003, the Company had long- and short-term credit facilities with a limit of €1,349,809 thousand, of which €1,281,509 thousand had not been drawn down at that date.

The credit facilities, which increased by €780,307 thousand in 2003, include most notably an €800,000 thousand syndicated loan bearing floating interest tied to Euribor plus a spread, repayable over a maximum period of five years. This transaction is structured in two tranches, the first consisting of a loan of €700,000 thousand, and the second of a credit facility for up to €100,000 thousand. The Company must comply with certain covenants that are customary in transactions of this kind. At 2003 year-end, €60,000 thousand had been drawn down against the credit facility and this amount is recorded under the "Long-Term Debt – Loans and Other Payables" caption in the accompanying balance sheet.

14. Tax matters

The detail of the balances of the "Taxes Receivable" and "Taxes Payable" captions on the asset and liability sides, respectively, of the accompanying balance sheet is as follows:

I. Long-term

The "Long-Term Taxes Payable" caption includes €12,540 thousand relating to deferred corporate income tax for 35% of the accelerated depreciation of the Torre Picasso building in accordance with the tax incentives provided for in Royal Decree-Law 2/1985 and the depreciation of assets provided for in Royal Decree-Law 3/1993. The maturity schedule indicated in Note 13 above relates to the years in which this deferred tax will revert, calculated on the basis of the useful lives of the related assets.

II. Short-term

Taxes receivable:	
Prepaid corporate income tax	42,880
VAT refundable	2,610
Other items	961
	46,451
Saldos acreedores:	
Personal and corporate income tax withholdings (from salary income and income from movable capital)	5,291
Deferred corporate income tax	18,366
Corporate income tax payable	15,709
VAT and other indirect taxes payable	16,643
Levies and other taxes other than income tax	347
Accrued social security taxes payable	9,640
	65,996

Reconciliation of the income per books to the taxable income for corporate income tax purposes:

Income for the year per books before taxes			**155,985**
	Increase	**Decrease**	
Permanent differences	—	14,129	(14,129)
Adjusted income per books			**141,856**
Timing differences:			
Arising in the reporting year	9,486	26,364	(16,878)
Arising in prior years	3,903	20,647	(16,744)
Taxable income			**108,234**

Adjusted income per books	141,856
Corporate income tax charge (35%)	49,650
Double taxation tax credit for intercompany transactions	(35,929)
Tax credits and relief	(7,562)
Corporate income tax payable	**6,159**

As a result of the re-assessment conducted in the process of convergence with International Accounting Standards mentioned in Note 4-p, Fomento de Construcciones y Contratas, S.A. has capitalized the full amount of the deferred tax asset arising from timing differences. Accordingly, the decreases recorded as "Permanent Differences" in the foregoing table relate mainly to the recovery of the tax which was not capitalized in the past.

The timing differences in 2003 include significant decreases: those arising in the reporting year relate mainly to the deferral due to the special amortization of leased assets pursuant to Law 43/1995, and those arising in prior years relate to certain expenses which became tax deductible in 2003, since the conditions stipulated by tax legislation had been met.

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the tax inspection authorities for the taxes applicable to it. The criteria which the tax authorities might adopt for the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the Company's directors consider that the resulting liabilities would not have a material effect on the Company's net worth.

Under authorization 18/89, Fomento de Construcciones y Contratas, S.A. is taxed on a consolidated basis for corporate income tax purposes with all the other Group companies which meet the relevant requirements envisaged by tax legislation.

15. Guarantee commitments to third parties and other contingent liabilities

As of December 31, 2003, Fomento de Construcciones y Contratas had provided €279,022 thousand of guarantees to government agencies and private customers, mainly as security for the provision of services under urban cleaning contracts.

The Company had also provided guarantees to third parties for certain Group companies amounting to €163,551 thousand.

The Company has guaranteed for its employees the investments made by them in 2000 for a five-year period in the collective investment fund set up by the Vivendi Universal Group. The possible payments and additional costs that may be incurred by the Company, which in any case are not expected to be material, are counterguaranteed by the Vivendi Universal Group.

16. Revenues and expenses

In 2003 Fomento de Construcciones y Contratas, S.A. performed work and provided services for Group and associated companies totaling €99,357 thousand. This amount included most notably €54,674 thousand billed for management, representation and administration services provided to the Company's wholly-owned subsidiary FCC Construcción, S.A., and this balance was recorded under the "Other Operating Revenues" caption in the accompanying statement of income. The Company also purchased €27,401 thousand of services and consumables from the aforementioned companies. The financial expenses incurred in 2003 on nontrade accounts payable to Group companies amounted to €13,444 thousand.

Substantially all the net sales relate to services provided in Spain. Joint ventures account for €95,211 thousand of the total "Net Sales" balance.

Operating revenues include rent revenues and billings for the allocation of 80% of costs to the tenants of the Torre Picasso building, amounting to €16,014 thousand and €4,860 thousand, respectively.

The average number of employees at the Company in 2003 was as follows:

Managers and university graduate employees	285
Other line personnel (junior college graduates)	179
Clerical and similar staff	684
Other salaried employees	16,374
	17,522

17. Environmental information

As indicated in Note 4-o, by their very nature, the activities carried on by the Company in the Services area are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, waste water treatment, etc.), but also as a result of performing these activities using production techniques and systems aimed at reducing environmental impact in accordance with the legally stipulated limits. Such techniques include the use of natural gas-fueled trucks in the performance of newly-awarded cleaning and waste collection service contracts; an evaporation treatment for leachates to extract the solid phase or sludge, which is inertized and eliminated through disposal at controlled landfills; and an anaerobic biological treatment for organic decomposition to produce combustible gas for use in electricity generation.

The performance of the aforementioned production activities requires the use of specialized structures, plant and machinery that are efficient in terms of environmental protection and conservation. As of December 31, 2003, the acquisition cost of the fixed assets assigned to these production activities totaled €509,184 thousand and the related accumulated depreciation amounted to €240,906 thousand.

Company management considers that the contingencies relating to environmental protection and improvement as of December 31, 2003, would not have a significant impact on the accompanying financial statements.

18. Fees paid to auditors

The "Outside Services" caption in the accompanying statement of income includes the fees for audit services provided to the Company, amounting to €175 thousand. This caption also includes fees relating to other services billed by the auditor or by other entities related to the auditor, amounting to €157 thousand.

19. Information on the Board of Directors

The compensation earned by the directors of Fomento de Construcciones y Contratas, S.A. and payable to them by the Company was as follows (in thousands of euros):

Bylaw-stipulated profit sharing	1,600
Salaries	2,806
Attendance fees	6
Other compensation	417
	4,829

In the past an insurance policy was arranged and the premium paid to cover the payment of contingencies relating to death and permanent occupational disability, and to retirement bonuses and other benefits for certain of the directors of Fomento de Construcciones y Contratas, S.A. In 2003 no additional payment was made in this connection.

Except as indicated in the foregoing paragraphs, no other compensation, advances, loans or guarantees of any kind were granted to the directors, and there were no pension or life insurance obligations to former or present directors.

Following is a detail of the equity interests owned by the directors of Fomento de Construcciones y Contratas, S.A. in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company's corporate purpose, and of the positions they hold and the functions they discharge thereat. This information was either provided by the directors themselves or, in some cases, obtained directly from our records.

Director's name or corporate name	Investee company	Percentage of ownership	Position held or functions discharged
D. Marcelino Oreja Aguirre	ACS Actividades de Construcción y Servicios, S.A.	<0.01	
	Sacyr – Vallehermoso, S.A.	<0.01	
	Metrovacesa, S.A.	<0.01	
D. Rafael Montes Sánchez [2]	Corporación Española de Transporte, S.A.		Director
	Detren Compañía General de Servicios Ferroviarios, S.L.		Director
	FCC – Connex Corporación, S.L.		Director
D. Marc Louis Reneaume[2]	Veolia Environnement, Société Anonyme	<0.01	
	Detren Compañía General de Servicios Ferroviarios, S.L.		Director
	FCC – Connex Corporación, S.L.		Director
D. Henri Proglio[1]	Veolia Environnement, Société Anonyme	<0.01	Chairman of the Board and General Manager
D. Olivier Orsini[2]	Veolia Environnement, Société Anonyme		Advisor to the Chairman of the Board and General Manager
	Proactiva de Medio Ambiente, S.A.		Chairman of the Board
	Compañía de Aguas de Puerto Rico, INC.		Chairman of the Board
D. Paul–Louis Girardot[1]	Veolia Environnement, Société Anonyme	<0.01	Director
D. Jérome Contamine[1][2]	Veolia Environnement, Société Anonyme		Executive General Manager
D. Serge Michel[2]	Veolia Environnement, Société Anonyme	<0.01	Director
	Eiffage	<0.01	Director
	Vinci	<0.01	Director
D. Felipe Bernabé García Pérez	Proactiva de Medio Ambiente, S.A.		Director

(1) These directors hold positions or discharge functions at, and/or own equity interests (in any case less than 0.02%) in, other companies of the Veolia Environnement Group that engage in water and waste management, passenger transport and energy activities.

(2) These directors hold positions or discharge functions at, and/or own equity interests (in any case less than 0.01%) in, other companies of the FCC Group in which Fomento de Construcciones y Contratas, S.A. directly or indirectly owns the majority of the voting rights. The directors in this situation are: Jean François Dubos; Fernando Falcó y Fernández de Córdova; EAC Inversiones Corporativas, S.L. and Gonzalo Anes y Álvarez de Castrillón.

The directors of Fomento de Construcciones y Contratas, S.A. have declared that they do not engage in any activity, for their own account or for the account of others, that is identical, similar or complementary to the activity that constitutes the corporate purpose of the Company.

During the business year the directors of Fomento de Construcciones y Contratas, S.A., or persons acting on their behalf, did not perform, with the Company or with any company of the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on normal market conditions.

20. Statements of changes in financial position

Source of funds	2003	2002
Funds obtained from operations	220,593	188,418
Funds obtained from extraordinary income	1,707	20,454
Shareholders' contribution due to the merger of Portland Valderrivas, S.A.	—	125,471
Retired treasury stock	—	52,498
Capital subsidies	148	—
Increase in long-term debt	62,493	4,350
Disposal of tangible fixed assets	4,686	2,055
Disposal of long-term investments	—	4,270
Repayment or transfer to short term of long-term investments	455	3,119
Increase in provisions for contingencies and expenses	2,869	839
Decrease in working capital	—	155,577
	292,951	**557,051**

Application of funds		2003		2002
Fixed asset additions:		141,192		155,606
Intangible assets	58,386		68,197	
Tangible fixed assets	36,221		25,350	
Long-term investments	46,585		62,059	
Due to the merger of Portland Valderrivas, S.A.:		—		157,865
Tangible fixed assets			73,307	
Long-term investments			106,939	
Long-term debt			(22,381)	
Purchases of shares Portland Valderrivas, S.A. prior to merger				84,548
Reduction of shareholders' equity due to retirement of shares		—		52,498
Acquisition of treasury stock		7,257		32,603
Dividends		81,018		67,209
Repayment or transfer to short term of long-term debt		6,306		6,722
Increase in working capital		57,178		—
		292,951		**557,051**

Variation in working capital

	2003		2002	
	Increase	Decrease	Increase	Decrease
Inventories	6,676	—	12,122	—
Accounts receivable	35,208	—	—	73,716
Accounts payable	18,434	—	—	91,115
Short-term investments	5,369	—	1,062	—
Cash	—	6,222	—	6,375
Accrual accounts	—	2,287	2,445	—
	65,687	**8,509**	**15,629**	**171,206**
Variation in working capital	—	57,178	155,577	—
	65,687	**65,687**	**171,206**	**171,206**

The reconciliation of the income per books for the year to the funds obtained from operations shown in the foregoing statements of changes in financial position is as follows:

	2003	2002
Ordinary income for the year after taxes	167,532	157,491
Depreciation and amortization expense	45,260	41,399
Period provision to reversion reserve	890	796
Deferred revenues	—	(12)
Deferred charges	(376)	(539)
Provisions for contingencies and expenses	4,962	(14,072)
Variation in investment valuation allowances	2,325	3,355
Funds obtained from operations	**220,593**	**188,418**

21. Cost accounting statements of income

	12.31.03		12.31.02	
	Amount	**%**	**Amount**	**%**
Net sales	808,342	100.00	706,822	100.00
+ Other operating revenues	79,163	9.79	71,654	10.13
+ Variation in finished goods and work-in-process inventories	(100)	(0.01)	(590)	(0.08)
+ Capitalized expenses of Group work on fixed assets	1,903	0.24	421	0.06
Production value	**889,308**	**110.02**	**778,307**	**110.11**
- Net purchases	72,278	8.94	78,719	11.14
- Variation in inventories of merchandise, materials and other consumables	(805)	(0.10)	(12,611)	(1.78)
- External and operating expenses	226,267	27.99	193,589	27.38
- Personnel expenses	451,675	55.88	398,260	56.34
Gross operating income	**139,893**	**17.31**	**120,350**	**17.03**
- Depreciation and amortization expense	45,260	5.60	41,399	5.86
- Period provision to reversion reserve	890	0.11	796	0.11
- Bad debts and variation in operating allowances	5,330	0.66	(15,720)	(2.22)
Net operating income	**88,413**	**10.94**	**93,875**	**13.28**
+ Financial revenues	109,146	13.50	101,809	14.40
- Financial expenses	19,059	2.36	25,317	3.58
- Variations in investment valuation allowances	2,493	0.31	3,389	0.48
Financial income	**87,594**	**10.83**	**73,103**	**10.34**
Income from ordinary activities	**176,007**	**21.77**	**166,978**	**23.62**
+ Gains on fixed assets and extraordinary revenues	1,170	0.14	14,643	2.07
- Losses on fixed assets and extraordinary expenses	4,140	0.51	18,060	2.56
- Variation in tangible fixed asset, intangible asset and control portfolio allowances	17,052	2.11	58,868	8.33
Income before taxes	**155,985**	**19.29**	**104,693**	**14.81**
+ Corporate income tax	(6,159)	(0.76)	12,313	1.74
Income after taxes	**149,826**	**18.53**	**117,006**	**16.55**

22. Explanation added for translation to english

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

EXHIBIT I. Group companies

Company	Book Value		% Ownership	Dividends received	Capital	Reserves	2003 Income (loss) before taxes	
	Assets	Allowance					Ordinary	Extraordinary
Abies Re Anstalt Josef Rheinbergerstrasse, 6 - Vaduz (Liechtenstein) -Portfolio company-	421	—	100	— CHF	1,000 CHF	31,933	—	—
AEBA Ambiente y Ecología de Buenos Aires, S.A. Tucumán, 1321 – 3ª Buenos Aires - Argentina -Urban Cleaning-	834	420	direct 50 indirect 2.50	99	1,000 ARP	1,032 ARP	1,078 ARP	11 ARP
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13 – Madrid -Water management-	254,769	—	direct 99.99 indirect 0.01	11,455	145,000	31,197	37,562	(1,315)
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13 - Madrid -Financial-	3,008	—	direct 43.84 indirect 56.16	—	6,843	435,489	15,820	—
Asiris, S.A. Correduría de Seguros Pº de la Castellana, 111 - Madrid	30	—	direct 25 indirect 50	—	120	676	(18)	19
Cementos Portland Valderrivas, S.A. Estella, 6 – Pamplona -Cement-	175,953	—	direct 58.76 indirect 0.06	24,210	41,757	566,552	137,276	16,144
Compañía Auxiliar de Agencia y Mediación, S.A. Unipersonal Federico Salmón, 13 – Madrid -Portfolio company-	1,657	—	100	—	61	1,996	327	—
Compañía General de Servicios Empresariales, S.A. Unipersonal Federico Salmón, 13 – Madrid -Instrumentality company-	60	—	100	—	60	14	4	—
Corporación Española de Servicios, S.A. Federico Salmón, 13 – Madrid -Instrumentality company-	44	—	direct 99.99 indirect 0.01	—	60	13	3	—
Corporación Financiera Hispánica,S.A. Federico Salmón, 13 – Madrid -Portfolio company-	69,818	—	direct 99.99 indirect 0.01	—	58,393	279,325	5,285	1
Egypt Environmental Services SAE El Cairo-Egypt -Urban Cleaning-	7,760	4,563	direct 97 indirect 3	—	36,400 £E	—	(10,735) £E	—
Empresa Comarcal de Serveis Mediambientals del Baix Penedés, ECOBP, S.L. Plaça del Centre, 3 - El Vendrell (Tarragona) -Urban Cleaning-	240	—	80	—	301	—	33	—
Europea de Gestión, S.A. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	63	—	100	—	60	17	8	—
FCC Construcción, S.A. Balmes, 36 – Barcelona -Construction-	275,551	—	direct 99.99 indirect 0.01	35,100	130,000	66,564	82,431	(2,035)
FCC Construcciones y Contratas Internacional, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	3	—	100	—	3	—	—	—

Company	Book Value		% Ownership	Dividends received	Capital	Reserves	2003 Income (loss) before taxes	
	Assets	Allowance					Ordinary	Extraordinary
FCC Fomento de Obras y Construcciones, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	3	—	100	—	3	—	—	—
FCC Inmobiliaria Conycon, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	3	—	100	—	3	—	—	—
FCC International B.V. Amsteldijk 166 Amsterdam (Holanda) -Portfolio company-	49,910	10,111	100	—	40,840	(909)	(46)	—
FCC Medio Ambiente, S.A. Federico Salmón, 13 – Madrid -Urban Cleaning-	35,102	—	direct 98.98 indirect 1.02	3,356	43,272	41,146	9,375	(7.940)
FCC Versia, S.A. Federico Salmón, 13 – Madrid -Management company-	62,625	—	direct 99.99 indirect 0.01	6,454	40,337	55,444	14,453	1.243
FCC 1, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	3	—	100	—	3	—	—	—
F-C y C, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	3	—	100	—	3	—	—	—
Fedemés, S.L. Federico Salmón, 13 – Madrid -Real estate-	10,764	—	direct 92.67 indirect 7.33	—	10,301	14,337	228	—
Fomento Internacional Focsa, S.A. Federico Salmón, 13 . Madrid -Instrumentality company-	69	—	direct 99.93 indirect 0.07	—	90	21	3	—
Giza Environmental Services S.A.E. El Cairo – Egypt -Urban Cleaning-	7,566	4,955	direct 97 indirect 3	—	35,500 £E	—	(14,428) £E	(104) £E
Grucycsa, S.A. Pza. Pablo Ruiz Picasso, s/n – Madrid -Portfolio company-	156,785	—	100	—	135,600	38,152	628	(43.871)
Limpiezas Urbanas de Mallorca, S.A. Fusters, 18 – Manacor (Balearic Island) -Urban Cleaning-	5,208	—	direct 99.92 indirect 0.08	—	308	630	540	(1)
Per Gestora Inmobiliaria, S.L. Pza. Pablo Ruiz Picasso, s/n – Madrid -Property management and administration-	48	—	80	17	60	49	26	—
Tratamientos y Recuperaciones Industriales, S.A. Anglí, 31 – Barcelona -Waste treatment-	21,455	—	direct 74.92 indirect 0.08	1,222	72	8,058	3,046	(4)
TOTAL	**1,139,755**	**20,049**						

NOTE:

- Of the related companies only Cementos Portland Valderrivas, S.A. is a listed company and its market price was €47 at year-end. The average market price in the last quarter of 2003 was €44.31.
- As required by Article 86 of the revised Corporations Law, in 2003 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

EXHIBIT II. Joint ventures

	% Ownership		% Ownership
1 ZONA 3	10	EDAR MEQUINENZA	80
2 ZONA 10	10	ELISA OCHOA	50
ADDENDA PUENTE DE VALLECAS 5ª FASE	50	EXPLOTACIÓN PLANTA ONDA	33.33
AIGÜES DE LLEIDA	50	EXTREMADURA	25
AGUAS TOMELLOSO	20	F.L.F. LA PLANA	47
ALCANTARILLADO BILBAO	90	FANGOS VIC	20
ALCOY	20	FCC-ACISA-AUDING	45
ALMEDA	51	FCC-ANPE	80
ALPERNICHES	50	FCC DISEL BARCELONA	80
ASTONDO	40	FCC DISEL N-VI	50
BAIX CAMP	30	FCC-ERS LOS PALACIOS	50
BARAJAS	50	FCC FOCONSA	50
BIOCOMPOST DE ÁLAVA	50	FCC-HIMSA	50
BOADILLA	50	FCC-LUMSA	50
BOADILLA DEL MONTE	50	FCC-SECOPSA I	50
BONMATÍ	10	FCC-AQUALIA-OVIEDO	5
CN III	45	FCC-AQUALIA-SALAMANCA	5
CALAHORRA	20	FCC-SUFI MAJADAHONDA	50
CAN BOSSA	20	FCC-SUFI PESA	50
CANGAS DE MORRAZO	50	FCC-SYF PLAYAS	40
CASTELLAR DEL VALLÈS	50	FCCSA-GIRSA	80
CENTRALSUG-FCC	50	FUENTES XÀTIVA	50
CENTRO DE GESTIÓN MADRID	50	GIREF	20
CENTRO DE GESTIÓN ZARAGOZA	50	GUADIANA	20
CHAPARRAL BAJO	20	HÉROES DE ESPAÑA	50
CIUTAT VELLA	50	JARDINES ALBACETE	20
COLEGIOS SANT QUIRZE	50	JARDINES SANTA COLOMA	50
COLMENAR	20	JUNDIZ	51
CONSERVACIÓN Y SISTEMAS	60	LA MINA	20
CORNELLÀ	90	LA SELVA	100
CUENCA	20	LEGIO VII	50
CYCSA-EYSSA VIGO	50	L.J. SAN SEBASTIÁN	20
DEIXALLERIA TARRAGONA	20	L.V. PAMPLONA	20
DEPÓSITO CABECERA	80	L.V. SAN SEBASTIÁN	20
DEPÓSITO LA MATANZA	20	MANCOMUNIDAD ALTO MIJARES	50
DEPURADORA HUESCA	80	MARTÍNEZ DE LA RIVA	50
ECOSERVEIS FIGUERES	50	MÉRIDA	10
EDAR ALMANSA	5	METEOROLÓGICAS A-6	33
EDAR ALMENDRALEJO	20	MOLINA	5
EDAR CUERVA	5	MONLEÓN	20
EDAR ELCHE	20	MONTCADA	50

	% Ownership
MORELLA	50
MÚSKIZ	70
NAVALMORAL	50
NIGRÁN	10
NOROESTE	33
NOVELDA	5
OCAÑA	75
OLESA	20
OPERACIÓN ACERAS II FASE	50
OVER	20
PARQUE PARÍS DE LAS ROZAS	50
PASEO DEL ÁLAMO	50
PAVIMENTO ZONA I	50
PAVIMENTOS	50
PINETONS	50
PLA D'URGELL	60
PLANTA SABIÑÁNIGO	20
PLANTA DE TRATAMIENTOS VALLADOLID	60
POLÍGONO TORREHIERRO	50
PONFERRADA	20
PONIENTE ALMERÍA	50
POSA FOCSA MADRID I	50
POSA FOCSA MADRID II	50
POSA FOCSA MADRID III	50
POSU-FCC VILLALBA	50
POZUELO DE ALARCÓN	20
PRISMA	50
PUERTO	50
R.B.U. - L.V. DENIA	20
R.B.U. - L.V. JAVEA	20
R.B.U. SAN JAVIER	20
R.B.U. SAN SEBASTIÁN	20
R.B.U. TUDELA	20
R.B.U. VILLARREAL	47
REDONDELA	10
REPARACIÓN VÍAS PÚBLICAS MÓSTOLES	50
RESTAURACIÓN GARRAF	27.5
RUTA PANTANOS	50
SABIÑÁNIGO	80
SAN FERNANDO HENARES	20
SANEJAMENT PALAFRUGELL	20
SANT QUIRZE	50
SANTA COLOMA DE GRAMANET	61
SANTA CRUZ DE MUDELA	50
SANTOMERA	60
SASIETA	75
SCC-FCC	10
SEGRIÀ	20
SELECTIVES	20
SERAGUA - FCC - VIGO	50
SIMÓN HERNÁNDEZ	50
SOGESUR-FCC-MYASA	20
SOLANA	35
SYF TRATAMIENTOS	35
TIRVA	20
TABLADA	20
TARAZONA	80
TOMELLOSO	50
TORRIBERA	50
TOVIVAL	50
TREMP	51
TRIAG Y CLASIFICACIÓN	60
VERTEDERO CALVIÀ	30
VERTEDERO GARDELEGUI	70
VERTRESA	10
VIGO RECICLAJE	70
VINAROZ	50
ZARAUTZ	20
ZARZUELA	50
ZONZAMAS FASE II	30

EXHIBIT III. Associated and multigroup companies

Company	Book Value		% Ownership	Dividends received	Capital	Reserves	2003 Income (loss) before taxes	
	Assets	Allowance					Ordinary	Extraordinary
Clavegueram de Barcelona, S.A. Acer, 16 - Barcelona -Urban Cleaning-	811	_	22.50	73	3,606	2,624	782	(198)
Ecoparc del Besós, S.A. Rambla Cataluña, 91-93 - Barcelona -Urban Cleaning-	2,190	_	direct 26 indirect 18	_	7.710	_	_	_
Ecoserveis Urbans de Figueres, S.L. Pg. Empordà Internacional, Calle A, parcela 50 – Vilamalla (Girona) -Urban Cleaning-	301	_	50	_	601	(5)	36	_
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Torrox (Málaga) -Urban Cleaning-	300	_	50	_	600	8	250	(8)
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pz. Al Andalus, 1 – Rincón de la Victoria (Málaga) -Urban Cleaning-	301	16	50	_	601	84	(16)	(25)
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2 – Valencia -Urban Cleaning-	4,733	_	49	642	781	1,514	1,686	384
Ingeniería Urbana, S.A. Saturno, 6 – Alicante -Urban Cleaning-	3,786	_	35	_	6,010	4,808	2,266	11
Proactiva Doña Juana E.S.P.S.A Calle 98 nº 9-03 of. 804 Ed. Torre Sancho Santa Fe de Bogotá (Colombia) -Urban Cleaning-	284	_	direct 23.75 indirect 27.30	_	COP 2,250,000	COP 486,067	COP 963,032	COP (53,021)
Proactiva Medio Ambiente, S.A. Paseo de la Castellana, 216 – Madrid -Urban Cleaning-	119,542	92,619	50	_	56,520	4,776	2,185	(8,501)
Realia Business, S.A. Paseo de la Castellana, 216 - Madrid -Real estate-	110,006	_	direct 44,25 indirect4,92	19,980	66,570	275,383	94.294	39,692
Servicios Urbanos de Málaga, S.A. Ulises, 18 – Madrid -Urban Cleaning-	1,610	_	51	146	3,156	32	466	_
TOTAL	**243,864**	**92,635**						

NOTE :

- As required by Article 86 of the revised Corporations Law, in 2003 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

EXHIBIT IV. Report of the board of directors of Fomento de Construcciones y Contratas, S.A. for the distribution of an interim dividend in 2003.

In accordance with Article 216 of the revised Corporations Law, which requires the Company's directors to present an accounting statement evidencing the existence of sufficient liquidity for the distribution of an interim dividend, it is hereby stated:

1. That the after-tax income of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. as of September 30, 2003, amounted to €70,100 thousand.
2. That the Company's after-tax cash flow in the first nine months of 2003 amounted to €96,700 thousand.
3. That the Company's cash and cash equivalents as of September 30, 2003, amounted to €63,312 thousand, evidencing the existence of sufficient funds for the distribution of the interim dividend.

Therefore, since at the date of this report there had been no material variations with respect to the foregoing data, the directors consider that there is sufficient liquidity for the distribution of an interim dividend of up to €48,048,833.74 out of 2003 income.

The number of shares entitled to an interim dividend is calculated by subtracting from the 130,567,483 shares the shares of treasury stock existing at the date of payment of the dividend.

Accordingly, the Chairman proposes that the following interim dividend out of 2003 income be approved:

Gross % of each share with dividend rights	**36.80%**
Gross interim dividend per share	**0.368 euros**

The related personal income tax or corporate income tax withholdings, where appropriate, will be deducted from the agreed–upon gross interim dividend.

The Board of Directors unanimously resolved:

1. To approve the report of the Board of Directors transcribed above, and
2. To distribute an interim dividend out of 2003 income for the amount stated in the foregoing report of the Board of Directors, which will be paid, as will be duly announced, on or after January 7, 2004.

Madrid, December 18, 2003

MANAGEMENT REPORT

FOMENTO DE CONSTRUCCIONES
Y CONTRATAS, S.A.

Company performance in 2003

The Company's core business is to provide general services, which include mainly sewerage, cleaning, maintenance, water treatment and distribution. It also owns holdings in other Spanish and foreign companies and in 2003 reported net income of €149,826 thousand, representing an 18.53% return on net sales.

The Board of Directors proposes the distribution of a final dividend of €0.341 per share, representing 34.10% of the par value of the shares outstanding at the date of payment, and the allocation of the remaining income balance to unrestricted reserves. Earlier, on January 7, 2004, an interim dividend of €0.368 per share was paid pursuant to the resolution adopted by the Board of Directors on December 18, 2003.

Fomento de Construcciones y Contratas, S.A. is the parent company of the FCC Group, which is composed of a wide range of subsidiaries engaging in activities such as construction, urban cleaning, the integral water cycle, parking lots, street furniture, passenger transport, vehicle roadworthiness testing, ground passenger and aircraft handling, logistics and cement. Consequently, for a fully comprehensive representation of the economic events of 2003, the reader is referred to the information contained in the consolidated financial statements.

Acquisition of treasury stock

At 2003 year-end Fomento de Construcciones y Contratas, S.A. held 434,322 shares of treasury stock, representing 0.33% of its capital stock, valued at €9,422 thousand.

Also in 2003, Compañía Auxiliar de Agencia y Mediación S.A. owned 316,008 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its capital stock, which were recorded at their book value of €1,107 thousand, and Grucycsa, S.A. owned 475 shares of Fomento de Construcciones y Contratas, S.A., recorded at their book value of €10 thousand. These shares are also deemed to be Parent Company shares in accordance with Article 87 of the revised Corporations Law.

In accordance with Article 79.4 of the Corporations Law, the variations in treasury stock in 2003 are presented below, reflecting the total effect on the FCC Group.

	FCC, S.A.	Cía. Auxiliar de Agen. y Mediación	Grucycsa	FCC Group
At December 31, 2002	**108,000**	**316,008**	**475**	**424,483**
Purchases	326,322	—	—	326,322
At December 31, 2003	**434,322**	**316,008**	**475**	**750,805**

Research and development activities

The FCC Group takes an active part in research, development and technological innovation and applies the most effective means of production and techniques to carry on its activities.

In the Services area, significant measures were implemented in the urban cleaning and waste treatment divisions in order to meet the increasingly stringent environmental protection requirements. The use of natural gas-fueled trucks in the performance of new contracts led to the development and application of major technological innovations to operate a fleet of vehicles of these characteristics and to prepare the required maintenance facilities, such as those located in Southern Madrid (Villaverde), which are fitted out with leading-edge technological equipment and state-of-the-art environmental control systems, which are being used for the first time.

Legislation on controlled landfill installation and operation is increasingly strict, requiring waste managers to constantly improve the efficiency of their treatment technologies. In this context, the FCC Group has developed and implemented a new evaporation-based leachate treatment technology involving the generation of heat to separate the solid phase or sludge, which is inertized and eliminated through disposal at controlled landfills.

Other noteworthy advances were the implementation of new technologies to enhance the so-called ecoparks through waste selection and anaerobic biological treatment processes. These processes involve the organic decomposition of waste without oxygen to produce combustible gas, mainly methane, which is subsequently used to generate electricity. A further advance in this area was the development of a process to recover demolition waste from the construction activity, the aim being to substantially reduce the volume of directly dumped waste, and to encourage its subsequent use.

To supplement the information presented above, the reader is referred to the consolidated information, which provides a more comprehensive representation of the FCC Group.

Outlook for 2004

The future growth of the FCC Group will be based mainly on that of its strategic industries: Services, Construction and Cement.

Maintenance of the securities portfolio representing investments in other industries will depend on the evolution of their value and on the Group's financial needs.

Growth in net sales will be driven primarily by profitability considerations, and organic growth will be kept in line with that obtained from the acquisition of companies.

The Company's forecasts for 2004 point to net sales and income in excess of those obtained in 2003.

In the Services area, the performance of the Environment division, which has already attained a very high share of the market, will depend basically on the renewal and extension of existing contracts and the entry into service of various treatment plants currently under construction.

In the Industrial Waste division, growth will be driven by the optimization of the facilities already in operation, the commencement of activities at other facilities currently being constructed and the acquisition of landfills.

In the Water Management division, the Company plans to expand in the domestic market by seizing the business opportunities arising in connection with hydroelectric infrastructure concessions.

The Service area's international strategy targets growth in the markets of the countries in which it is already present and expansion into new geographical areas.

At 2003 year-end the Services backlog exceeded €11,400 million, equivalent to 80 months of net sales.

To supplement the information presented above, the reader is referred to the consolidated information, which provides a more comprehensive representation of the FCC Group.

AUDITOR'S REPORT

FOMENTO DE CONSTRUCCIONES
Y CONTRATAS, S.A.

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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. comprising the balance sheet as of December 31, 2003, and the related statement of income and notes to financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.

2. As required by Spanish corporate law, for comparison purposes the directors present, in addition to the 2003 figures for each item in the balance sheet and statements of income and of changes in financial position, the figures for 2002. Our opinion refers only to the 2003 financial statements. Our auditors' report dated April 9, 2003, on the 2002 financial statements contained an unqualified opinion.

3. Fomento de Construcciones y Contratas, S.A. is the Parent Company of a group of companies which presents consolidated financial statements separately from the financial statements referred to above, which do not reflect the effect of applying consolidation principles. On this same date we have issued our auditors' report on the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries, which contains an unqualified opinion. The effect of consolidation, performed on the basis of the accounting records of the companies composing the Group as of December 31, 2003, with respect to the financial statements referred to above, is to increase the Company's assets by approximately €4,929 million, its reserves by €783 million and its income for 2003 by €159 million.

4. In our opinion, the financial statements for 2003 referred to above present, in all material respects, a true and fair view of the net worth and financial position of Fomento de Construcciones y Contratas, S.A. as of December 31, 2003, and of the results of its operations and of the funds obtained and applied by it in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.

5. The accompanying management report for 2003 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the management report is consistent with that contained in the financial statements for 2003. Our work as auditors was confined to checking the management report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE & TOUCHE, ESPAÑA, S.L.
Registered in ROAC under no. S0692

Javier Parada Pardo

April 2, 2004

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