Citizen Services

ANNUAL REPORT 2012

INDEX 2012

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MAY 2013

FCC Citizen Services

Esther Alcocer Koplowitz
Chairman of the FCC Board of Directors

LETTER FROM THE CHAIRMAN

DEAR SHAREHOLDERS:

On January 31st, the FCC Board of Directors kindly appointed me as their Chairman, and at the same time Juan Béjar Ochoa was appointed Vice chairman and CEO.

Our Group was not immune to the effects of the imbalances caused by the longest and most profound economic crisis we have ever experienced. For this reason, the Board of Directors realised that a new era should begin at FCC, whose greatest challenge is to readjust our strategy to the difficult circumstances that Spanish companies are currently facing.

Among the historical strengths that have characterised FCC since it was established over one hundred years ago, without a doubt, is the fact that the Company has known how to adapt to changing market conditions. To do this, it has relied on Ms Esther Koplowitz as a key shareholder, on all the personnel - regardless of their responsibilities - and on the shareholders of the Group.

Diversification, both sectorally and geographically, is a very important factor in terms of resistance to the sharp drop in infrastructure activity, the impact of which is directly affecting our construction and cement businesses, most particularly in Spain. Business activities in the areas of environmental and water services have allowed us to partially offset the reduction in investments in public works and the housing slump in our domestic market.

Under these circumstances, we have initiated a profound strategic reorientation, based primarily on reducing the debt and improving efficiency in order to successfully reorganise the Group, not only to overcome current difficulties, but also to position us so that we can take advantage of the growth offered by the industries and countries where we are currently operating.

We want a new FCC to emerge from this restructuring, focused on its traditional businesses along with a renewed capacity to generate profits.

The 2012 results are the consequence of the adaptation process which I have referred to above. They are of an exceptional nature, which means they cannot be compared to previous years' results. In any event, I am convinced they are the starting point for us to embark on an exciting journey towards a promising future.

Esther Alcocer Koplowitz
Chairman of the FCC Board of Directors

Juan Béjar Ochoa
Vice Chairman and CEO

LETTER FROM THE VICE CHAIRMAN AND CEO

DEAR SHAREHOLDERS:

FCC's 2012 consolidated accounts reflect the impact of five years of a crisis that is particularly deep-rooted in one of the two sectors in which the Group operates: infrastructure (construction, cement, concessions and real estate). It is also the end of a management stage and the beginning of a new phase, aimed at ensuring the Group's financial sustainability and to recover shareholder remuneration in terms of dividend and market capitalisation as soon as possible.

The extraordinarily extensive write-down of assets affected by the economic cycle. The financial year closed with a loss of 1,028 million euros. Accounting adjustments and write-downs along with restructuring provisions applied during the year amounted to 1,146 million euros.

Consolidated income stood at 11,152 million euros, 6.3% less than in 2011. This reduction is explained by the reorganisation of and exit from certain markets of the construction business in Central and Eastern Europe, where the Group operates primarily through its subsidiary Alpine, and by the fall in business activity in Spain. If we exclude the income from the business affected by the adjustments, international growth reached 8.4% in Environmental Services, Cement and Versia (urban furniture and logistics) businesses.

The gross operating profit (EBITDA) amounted to 753 million euros, which was a 40% decrease when compared to the same period in 2011, mainly due to the negative impact of the €300 million losses generated by Alpine. If we exclude the net effect of the write-downs in Alpine, EBITDA would have amounted to 971 million euros.

Worthy of note is the increasing relevance of the Environmental Services business, whose relative weight in the operating income rose dramatically, although this was due to the non-recurring losses situation in construction. The EBITDA in this area (683 million euros) is evidence of great consistency.

Lastly, financial debt was also affected by the restructuring carried out and resulted it an annual increase of 494 million euros, to 7,087 million as of 31st December. The Group's order-book was 4.7%. The 33,576 million euros worth of contracts are equivalent to three-and-a-half years of turnover.

The consequence of these results for shareholders was the suspension of dividend pay-outs, a decision taken by the Board of Directors in December 2012. At the meeting held at the end of February, the Board signed the Strategic Plan, which will lead to financial sustainability through the reduction of debt and the recovery of profits and dividends.

The essential idea of this new stage is that the Group must adjust very quickly to the circumstances existing in the markets, countries and industries in which we operate. Adaptability must be a constant attitude from now on, so that the Group is as ready to grow as it is to cope with a crisis.

Adapting to a highly demanding economic and sectorial environment is an immense challenge that involves five actions that cannot be postponed:

1. Debt should be reduced to a rate that can be managed with recurring operating profit.
2. Assets should be sold as soon as possible, in relation to the point above.
3. We should focus on generating cash so that all of the businesses contribute resources and are not dependent on external financing.
4. Spending should be cut in accordance with the current level of activity. These cuts should be particularly noticeable in structural expenses, and those that are not directly related to the sale of products and services.
5. Training and preparation of FCC employees should be accelerated, so that they are able to be competitive in their domestic markets as well as those abroad that offer business opportunities.

Most of the effort derived from the strategies described will be focused on in 2013, which will be a decisive year for the restructuring of the Group's debt and will providing a clear financial horizon that will facilitate the transformation process.

We are fully aware that this effort requires the understanding of financial institutions, employees, customers and suppliers, but we are equally confident that this effort is worth it, and that the sooner we complete the changes on the agenda, the sooner we will be back on the path of profitability for all the people who believe in FCC's future.

Juan Béjar Ochoa
Vice Chairman and CEO

GOVERNING BODIES

BOARD OF DIRECTORS

Esther Alcocer Koplowitz
Chairman

B-1998, S.L.
Represented by: Esther Koplowitz Romero de Juseu
First Vice-Chairman
Proprietary Director

Juan Béjar Ochoa
Second Vice-Chairman
Chief Executive Officer (CEO)

Dominum Desga, S.A.
Represented by: Esther Alcocer Koplowitz
Proprietary Director

EAC Inversiones Corporativas, S.L.
Represented by: Alicia Alcocer Koplowitz
Proprietary Director

Dominum Dirección y Gestión, S.L.
Represented by: Carmen Alcocer Koplowitz
Proprietary Director

Fernando Falcó y Fernández de Córdova
Proprietary Director

Marcelino Oreja Aguirre
Proprietary Director

Rafael Montes Sánchez
Proprietary Director

Gonzalo Anes y Álvarez de Castrillón
Independent Director

Juan Castells Masana
Proprietary Director

Felipe B. García Pérez
General Secretary
Executive Director
Vice-secretary of the Board of Directors

Larranza XXI, S.L.
Represented by: Lourdes Martínez Zabala
Proprietary Director

Cartera Deva, S.A.
Represented by: Jaime Llantada Aguinaga
Proprietary Director

César Ortega Gómez
Independent Director

Nicolás Redondo Terreros
Independent Director

Antonio Pérez Colmenero
Proprietary Director

Javier Ribas
Independent Director

Henri Proglio
Independent Director

Francisco Vicent Chuliá
Secretary (non-member)

STRATEGY COMMITTEE

CHAIRMAN

Esther Koplowitz Romero de Juseu,
on behalf of B-1998, S.L

MEMBERS

Esther Alcocer Koplowitz,
on behalf of Dominum Desga, S.A.

Alicia Alcocer Koplowitz,
on behalf of EAC Inversiones Corporativas, S.L.

Carmen Alcocer Koplowitz,
on behalf of Dominum Dirección y Gestión, S.L.

Fernando Falcó y Fernández de Córdova

Javier Ribas

Juan Castells Masana

Rafael Montes Sánchez

Jaime Llantada Aguinaga,
on behalf of Cartera Deva, S.A.

Lourdes Martínez Zabala,
on behalf of Larranza XXI, S.L.

EXECUTIVE COMMITTEE

CHAIRMAN

Juan Béjar Ochoa

MEMBERS

Esther Alcocer Koplowitz,
on behalf of Dominum Desga, S.A.

Alicia Alcocer Koplowitz,
on behalf of EAC Inversiones Corporativas, S.L.

Fernando Falcó y Fernández de Córdova

Juan Castells Masana

Jaime Llantada Aguinaga,
on behalf of Cartera Deva, S.A.

Francisco Vicent Chuliá
Secretary (non-member)

Felipe B. García Pérez
Vice-secretary (non-member)

AUDIT AND CONTROL COMMITTEE

CHAIRMAN

Gonzalo Anes y Álvarez de Castrillón

MEMBERS

Esther Alcocer Koplowitz,
on behalf of Dominum Desga, S.A.

Alicia Alcocer Koplowitz,
on behalf of EAC Inversiones Corporativas, S.L.

Fernando Falcó y Fernández de Córdova

Juan Castells Masana

José María Verdú Ramos
Secretary (non-member)

APPOINTMENTS AND REMUNERATIONS COMMITTEE

CHAIRMAN

Esther Alcocer Koplowitz,
on behalf of Dominum Desga, S.A.

MEMBERS

Alicia Alcocer Koplowitz,
on behalf of EAC Inversiones Corporativas, S.L.

Carmen Alcocer Koplowitz,
on behalf of Dominum Dirección y Gestión, S.L.

Fernando Falcó y Fernández de Córdova

Rafael Montes Sánchez

Antonio Pérez Colmenero

Jaime Llantada Aguinaga,
on behalf of Cartera Deva, S.A.

Juan Castells Masana

Gonzalo Anes y Álvarez de Castrillón

José María Verdú Ramos
Secretary (non-member)

STEERING COMMITTEE

CHAIRMAN

Juan Béjar Ochoa

MEMBERS

Esther Alcocer Koplowitz

Alicia Alcocer Koplowitz

Felipe B. García Pérez (Secretary)

Antonio Gómez Ciria

Fernando Moreno García

Eduardo González Gómez

Francisco Martín Monteagudo

José Luis de la Torre Sánchez

José María Verdú Ramos

José Luis Sáenz de Miera

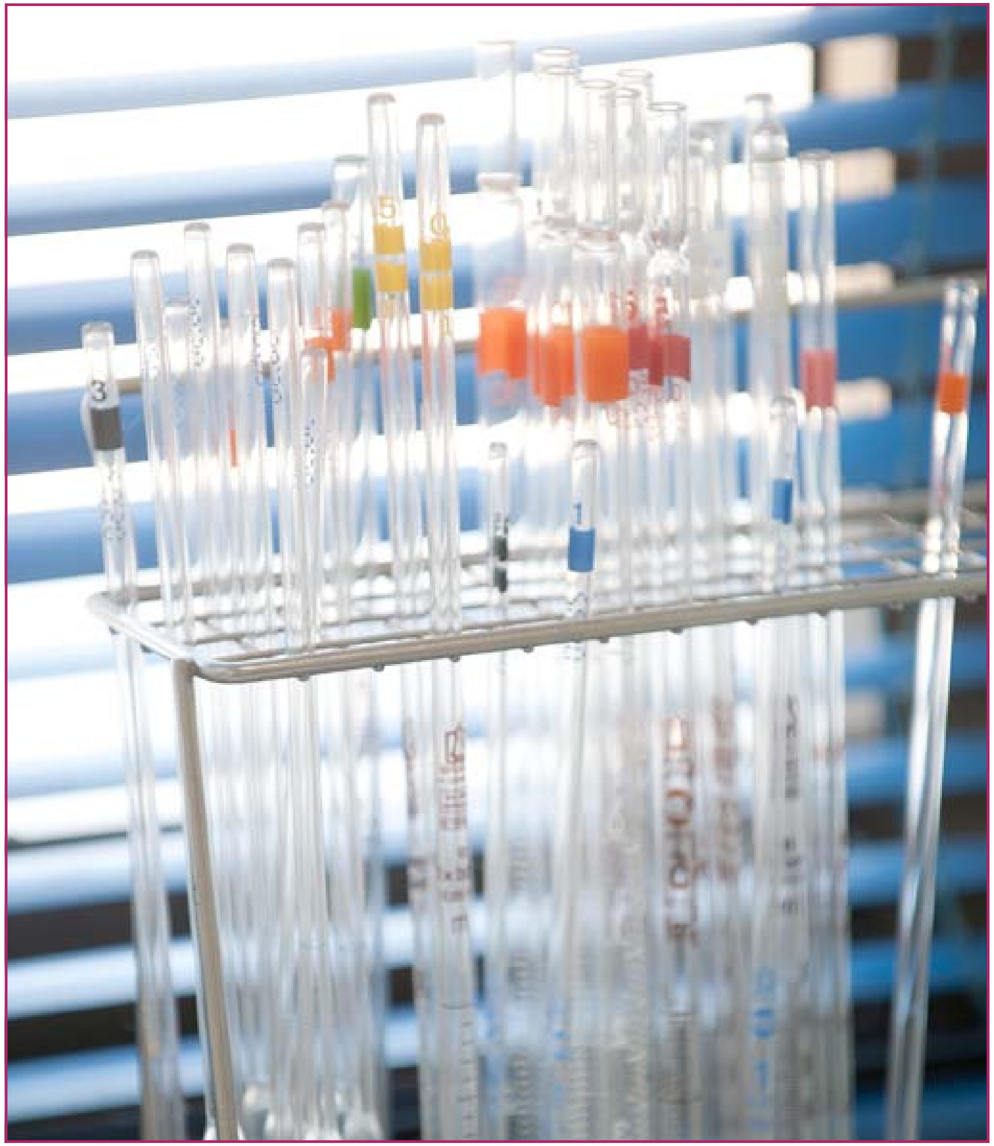
Víctor Pastor Fernández

José Manuel Velasco Guardado

Miguel Hernanz Sanjuan

Ana Villacañas Beades

STRATEGY



FCC GROUP OBJECTIVES AND STRATEGY

STRATEGIC INITIATIVES

A reduction of debt and improved profitability will be achieved by implementing five strategic initiatives

1. Asset divestments
- Implementing a € 2,200 Mn non-strategic asset divestment program.

2. Construction Business restructuring
- Adjustment of personnel and means of production in National Construction.
- Retreat to domestic markets and efficiency improvements in Alpine.
- Profitability boost in International Construction (excluding Alpine), focusing activity in more profitable projects and geographies.

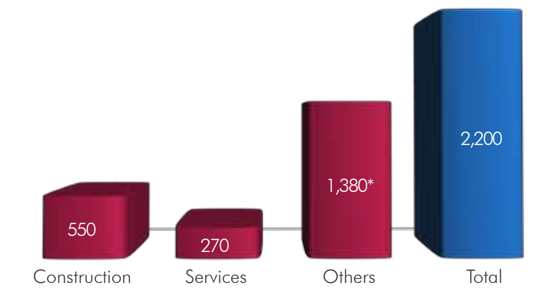
3. Adjustment of means of production and capacity in Cement
- Adaptation of headcount, means of production and structure to market conditions.

4. Strengthening leadership in Services in Spain and repositioning in the UK
- Strengthening leadership in National Environmental Services and .A.S.A. (waste management in Central Europe).
- Repositioning of UK business to management and waste treatment activities.
- Maintaining FCC Aqualia´s leadership in Spain and international development.

5. Overhead cost reduction
- Reduction of overheads in all areas, at both corporate and operational levels.

1. DIVESTMENTS

Prioritization of divestments in non-strategic assets to generate cash and focus on Environmental Services, Water and Construction.



* Includes equity divestments and discontinued operations

PRIORITIZATION CRITERIA TO DIVEST ASSETS

1. Non-strategic assets, preserving key Construction, Environmental Services and Water Management assets
2. Sale of minority stakes in which the Group has no management control
3. Assets in which the Group does not have market leadership
4. Capital-intensive assets, which may require substantial cash contributions

Achievement of a more homogeneous group, focused in Environmental Services, Construction and Water

Cash generation to reduce the Group's net debt

STRATEGY

2. RESTRUCTURING OF CONSTRUCTION BUSINESS

Spanish Construction capacity adjustment, retreat of Alpine to its domestic markets and bolstering of International Construction in high growth potential geographies

KEY FIGURES		TARGET
	EBITDA	€ 275 Mn
	Margin %	5.6%
	Accumulated investment	€ 190 Mn

NATIONAL CONSTRUCTION
Adjustment of production and capacity to market situation

- Personnel reduction in order to adapt to current market conditions
- Adjustment during 2013, avoiding profitability erosion
- Downscaling commercial structure, adapting it to the current market situation

ALPINE
Retreat to domestic markets and efficiency improvement

- Retreat from markets with negative return
- Increased efficiency through better project selection and structure adjustment
- Optimization of working capital by reducing collection periods
- Divestments

INTERNATIONAL CONSTRUCTION
Profitability boost based on specific geographies

- Selective projects and market activity: specific geographies in Latin America and MENA(1), and selected projects in the USA
- Industrial business growth in certain Latin American geographies

(1) Middle East and North Africa

3. CAPACITY AND MEANS OF PRODUCTION ADJUSTMENT IN CEMENT

Cementos Portland Valderrivas will adjust its personnel, capacity and means of production, along with the development of drivers to increase efficiency in both Spain and the U.S. (New Giant)

KEY FIGURES(1)		TARGET
	EBITDA	€ 165 Mn
	Margin %	23%
	Accumulated investment	€ 50 Mn

SPAIN
Adjustment, means of production and structure, and efficiency improvement

- Adjustment, means of production and structure implying closure of an industrial plant
- Launch of measures to increase efficiency:
  - Procurement optimization
  - Plant efficiency
- Promotion of licenses and royalties

U.S.
Development of comprehensive optimization program

- Comprehensive program:
  - Variable cost reduction
  - Increased plant utilization
  - Optimization procurement:
    - Centralization of procurement
    - Reduction of specs
    - Consolidation of suppliers
- Cancellation of expendable external contracts

(1) Figures assume a restrictive economic scenario in accordance with the Plan´s general hypotheses. These figures are subject to review by Cementos Portland Valderrivas management team.

STRATEGY

4. STRENGTHENING OF SERVICES LEADERSHIP IN SPAIN AND REPOSITIONING IN THE UK

Strengthening of the position of Environmental Services in Spain, repositioning of the UK business and reinforcement of FCC Aqualia´s leadership and its international expansion.

KEY FIGURES		TARGET
	EBITDA	€ 750 Mn
	Margin %	18%
	Accumulated investment	€ 1,100 Mn

NATIONAL ENVIRONMENTAL SERVICES
Strengthening of leadership position

- Reinforcement of leadership by increasing contracts
- Improvements in efficiency by controlling costs and limiting to maintenance investments

INTERNATIONAL ENVIRONMENTAL SERVICES
Repositioning Business in UK

- Boosting of the activity of waste treatment and management services in the UK
- Adjustment of landfill portfolio to current demand

WATER
Leadership strengthening and international growth

- Maintenance of 30% Spanish market share
- International expansion through EPC models and the use of proprietary technology in the water cycle management

INDUSTRIAL WASTE
Recover volume and profitability

- Export proprietary technology to high potential markets (MENA[1])
- Increased specialization in sectors with high potential: hazardous waste, petroleum derivatives activity and chemical waste

(1) Middle East and North Africa

5. REDUCTION OVERHEAD COSTS

Implementation of overhead cost reduction measures in order to increase the Group's EBITDA in € 50 Mn

ACTION LEVERS TO OBTAIN SAVINGS

1 Centralization of support structure, eliminating duplicities

2 Reduction of number of delegations, in order to create economies of scale

3 Focus of delegations on commercial activities and technical support

4 Simplification of administrative processes and support tasks

Obtaining recurring savings through structure simplification

EXPECTED SAVINGS

Annual recurring savings	€ 50 Mn

ACTIVITIES SUBJECT TO SAVINGS GENERATION

- Tendering and Technical Services
- Administration and Finance
- HR Management and Administration
- Information Technology
- Rentals
- Marketing and Sales

RELEVANT EVENTS

REGULATORY DISCLOSURES 2012 NOTIFIED TO THE CNMV (SPANISH NATIONAL SECURITIES MARKET COMMISSION)

10/02/2012
Transfer of a significant shareholding of FCC Energía, S.A.

28/03/2012
FCC concludes a syndicated three year loan for 438 million euros.

24/04/2012
Announcement of the Ordinary General Meeting of Shareholders.

11/05/2012
FCC sells its Handling business in Spain and Belgium to Swissport for 135 million euros.

01/06/2012
The agreements reached at the Ordinary General Meeting of Shareholders held in Barcelona on the 31 May 2012 were reported, which included the following:

- To proceed to re-elect B-1998, S.L., as a Propietary Director.
- Re-election of César Ortega Gómez as a Independet Director.

07/06/2012
FCC has collected 1,122 million euros from City Councils corresponding to the Suppliers Payment Fund.

02/07/2012
Payment of a final dividend for the year 2011 was announced, amounting to 0.65 gross euros per share.

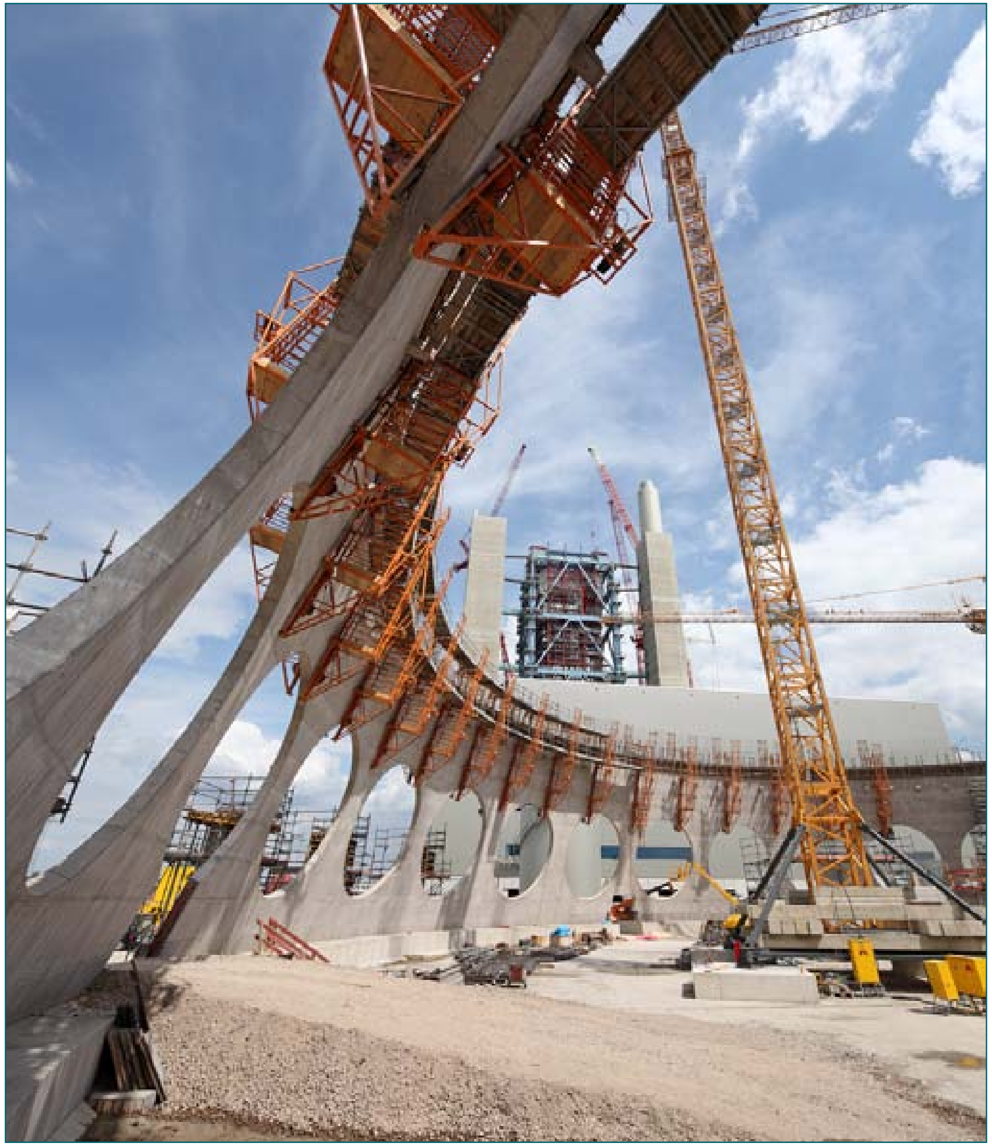
18/07/2012
FCC concludes a syndicated loan for 508 million euros.

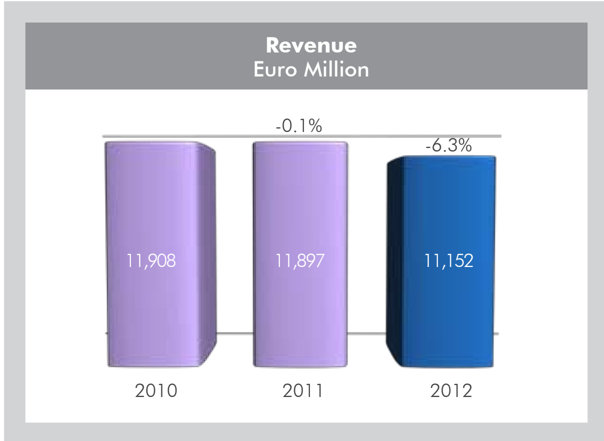
31/07/2012
The Group's Cement subsidiary concludes its refinancing plan with an initial contribution of capital from FCC amounting up to 100 million euros.

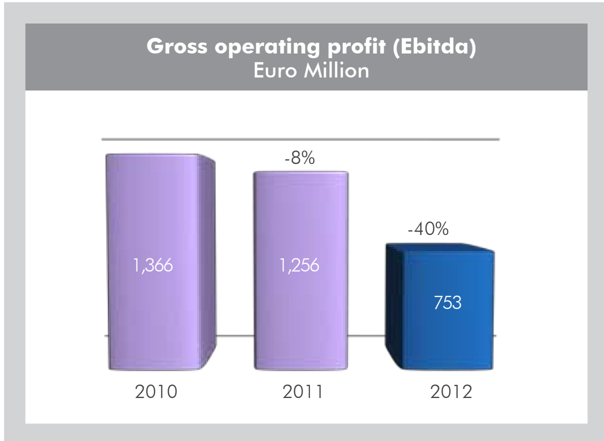
11/10/2012
The company announces the deferral of the share capital increase for Cementos Portland Valderribas, S.A. and the temporary concession of a subordinate loan for the same amount.

20/12/2012
FCC sends information regarding the Board of Directors decision not to distribute an interim dividend in 2012.

FCC IN FIGURES

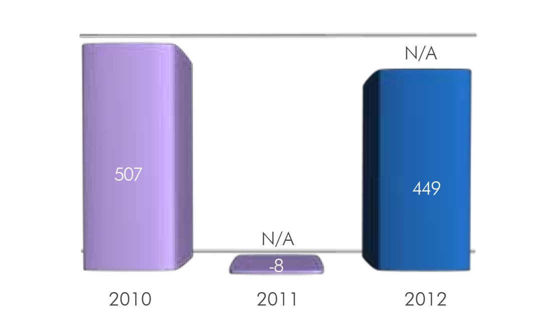




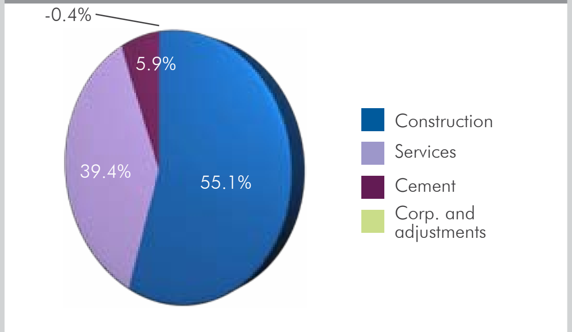


FCC IN FIGURES

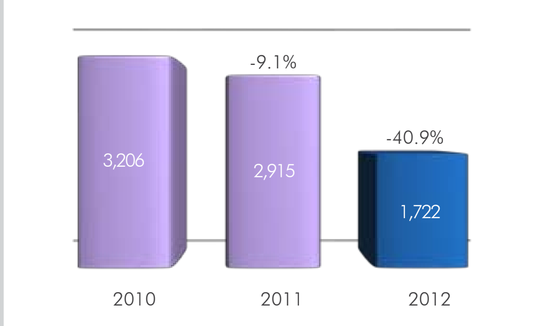
Net investments
Euro Million



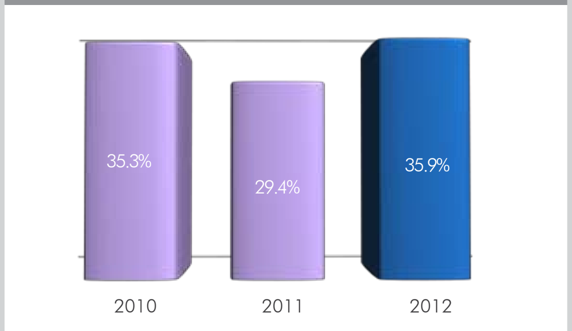
Revenue
Per business activity



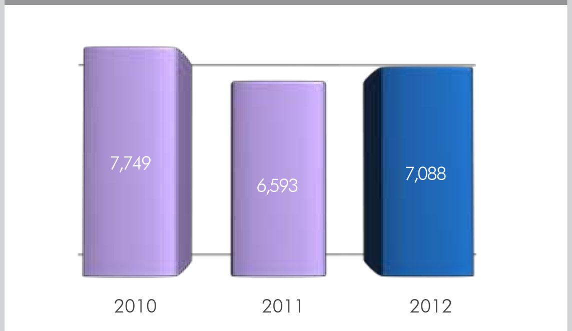
Equity
Euro Million



% Financial leverage
(Net debt/Total assets)

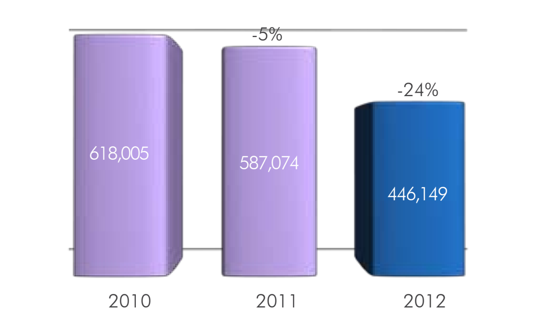


Net financial debt
Euro Million

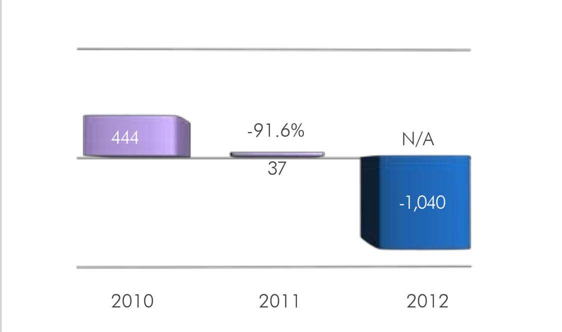


FCC IN FIGURES

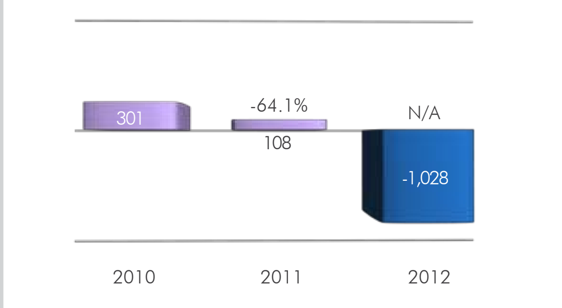
Average daily Volume
No shares daily average



Profit before taxes
Euro Million

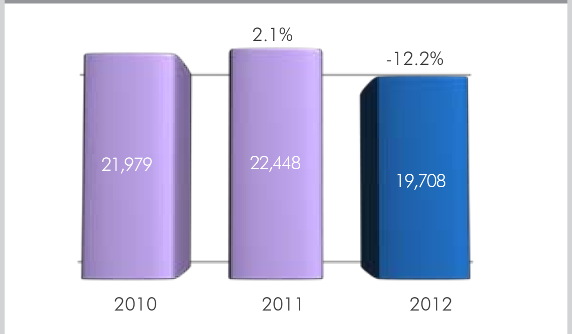


Profit attributable to equity holders of the parent company
Euro Million

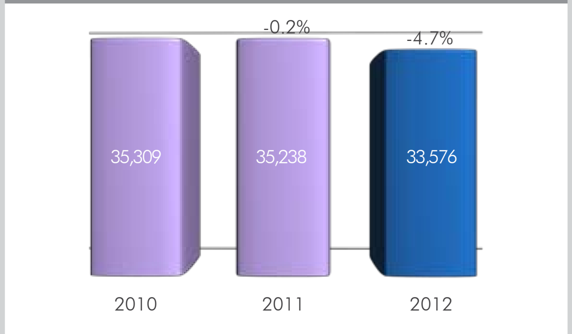


Share price: maximum, minimum and year-end
Euros

Total assets
Euro Million



Backlog
Euro Million



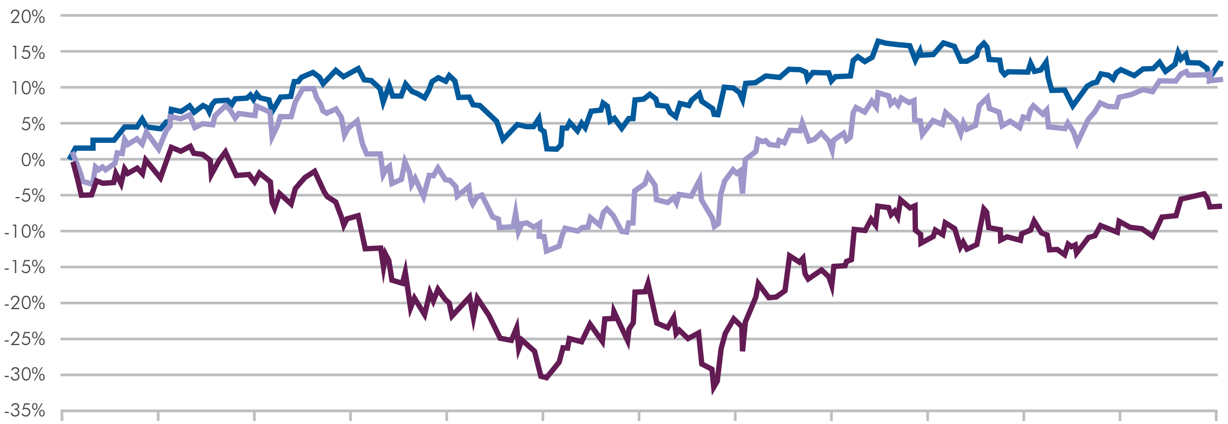
Comments on the stock market 2012

Market and share developments

Stock market development in the major developed countries in 2012 was again marked by the continuing sovereign debt crisis in the Eurozone, the intervention of central banks and the different perspectives for economic recovery in the European Union, United States and emerging countries.

After the bailouts of Greece, Portugal and Ireland in 2010 and 2011, in 2012 the EU had to cope with the second bailout of Greece, the recapitalisation of the Spanish financial system and the risk of contagion to the financial system of other countries such as Italy or France.

2012 Equity market evolution



Variation (%)	2011	January	February	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	2012
S&P500	0.0%	4.4%	4.1%	2.8%	-0.4%	-6.3%	4.0%	1.3%	2.0%	2.4%	-2.0%	0.3%	0.7%	13.4%
Eurostoxx	-17.1%	4.3%	3.9%	-2.4%	-6.0%	-8.1%	6.9%	2.7%	4.9%	0.6%	2.0%	2.9%	2.4%	13.8%
Ibex 35	-13.1%	-0.7%	-0.5%	-6.6%	-11.4%	-13.1%	16.6%	-5.1%	10.1%	3.9%	1.7%	1.2%	2.9%	-4.7%

FCC IN FIGURES

The main European equity indices reached their annual minimum during June and July, when the Eurostoxx 50 index suffered a cumulative fall of over 10%, and more than 30% for the Ibex 35. The uncertainty created by political changes in Greece following the approval of a second bailout in exchange of a tough fiscal adjustment programme, doubts about peripheral countries meeting their deficit targets, the need for recapitalising the Spanish financial system, the low capacity of the European bailout mechanisms and the lack of agreement within the EU on the necessary reforms, prompted, in moments of maximum tension, the yield on Spanish ten-year bonds to rise above 7.6%, and above 6.6% for Italy.

At this point, the ECB responded by lowering the intervention rate by 25 basis points to 0.75%, and injecting massive liquidity into the financial system. Meanwhile, the European Union adopted measures that in the future will reduce financing costs for countries under pressure and break the vicious circle between banking risk and sovereign risk: it relaxed the conditions so that the European Stability Mechanism could buy the debt of member countries, the direct recapitalisation of financial institutions under strict conditions was approved and the creation of a common banking supervisor. In addition, they developed a €120,000 million growth stimulus plan. However, only the declarations of the ECB President in late July, indicating that the institution would do "whatever was necessary" to ensure the continuity of the Euro, managed to take the pressure of the capital markets. In August, the ECB adopted a programme of buying government bonds in the secondary market for those countries seeking financial assistance, provided that they follow the European Union's recommendations.

On the other hand, the fiscal adjustment measures implemented in countries on the periphery of Europe aimed at containing public deficit and restoring confidence in the capital markets have had a dampening effect on economic activity greater than initially expected. The economic recession suffered in the Eurozone since the second half of 2011 has continued throughout 2012, when the region's GDP suffered a cumulative decline of 0.6%, compared with growth of 1.4% in 2011, weighed down by the periphery countries.

In Spain, the GDP contracted by 1.4% in 2012 due to the sharp decline in domestic demand during the public and private debt reduction process, with the consequent loss of jobs (a 26% unemployment rate). In April, the new Spanish government approved a General State Budget for 2012 which included some adjustments of €27,300 million (€12,300 million on the revenue side and €15,000 million on the expenditure side) to meet the deficit objective of 5.3% of GDP. However, given the economic weakness experienced during the first half of the year, the European Commission relaxed the deficit target to 6.3% of GDP in 2012, 4.5% in 2013 and 2.8% in 2014. Thus, the government approved a new package of measures with which it expects to save €102,000 million in three years. These measures include the VAT increase on the revenue side, and cuts in health, education and public sector restructuring, on the expenditure side. The deficit finally ended the year at 6.9% of GDP, excluding the financial sector recapitalisation.

During 2012, there was also a policy shift towards crisis exit strategies that are more growth-oriented compared to those based only on the austerity advocated by Germany. One example of this is the changes of government that have taken place in France, Greece and Italy.

However, and despite the spillover effect of the adjustment measures undertaken by some Eurozone countries on economic activity, the major imbalances they have been dealing with are beginning to be corrected. For example, the Eurozone countries have reduced their budget deficits to nearly half, from 6.2% of GDP in 2010 to 3.3% in 2012. Excluding interest payments, the primary deficit of all the Eurozone in 2012 was virtually nil. These countries are also recording a decline in unit labour costs that will improve their competitiveness and provide the basis for sustainable growth. In the case of Spain, the cumulative current account deficit in 2012 was at its lowest level in 15 years, 0.8% of GDP, from nearly 10% in 2008.

The European Commission and the IMF predict that the recession in the Eurozone will continue for most of 2013, forecasting an annual GDP contraction of 0.3% and 0.2%, respectively. For Spain, both institutions forecast an annual contraction in GDP of 1.4% and 1.5%, respectively.

From the second half of the year, the recovery of confidence in the sustainability of the euro and the expectations of a gradual economic recovery supported the recoveries of the major stock markets in Europe. The Eurostoxx 50 closed the year with an increase of 13.8%, while the Ibex 35 closed with a decline of 4.7%.

Meanwhile, the New York Stock Exchange had a positive development over the year as a whole, based on an economic growth of 2.2% in the U.S. and on the enormously expansive monetary policy of the FED. The S&P 500 rose by 13.4% in 2012, close to its historic highs.

In this difficult context, the FCC Group share price in 2012 was affected by the drop of public investment in infrastructure in Spain. There have been six consecutive years of decreases in public works tenders. The reduction in 2012 was 46%, after falling 48% in 2011. Cement consumption in Spain fell by 34% in 2012, after falling 17% in 2011, and is now at its lowest levels since the early sixties.

The weight of financial debt and the necessary restructuring of the construction business in Central and Eastern Europe through its subsidiary Alpine is added to the fall in the activities related to public investment in infrastructure in Spain. The FCC Group's share price closed 2012 with a fall of 53% to €9.4/share.

To address the challenges facing the company, in 2013 the FCC Group launched a Strategic Plan for the next three years that focuses on increasing the generation of cash flow and reducing financial debt by concentrating on more profitable businesses and geographies, capacity adjustments and cost reductions in order to adapt them to current market conditions, along with the divestiture of a diverse group of non-strategic assets.

Market capitalisation

FCC ended the year with a capitalisation of €1,193 million euro.

Trading

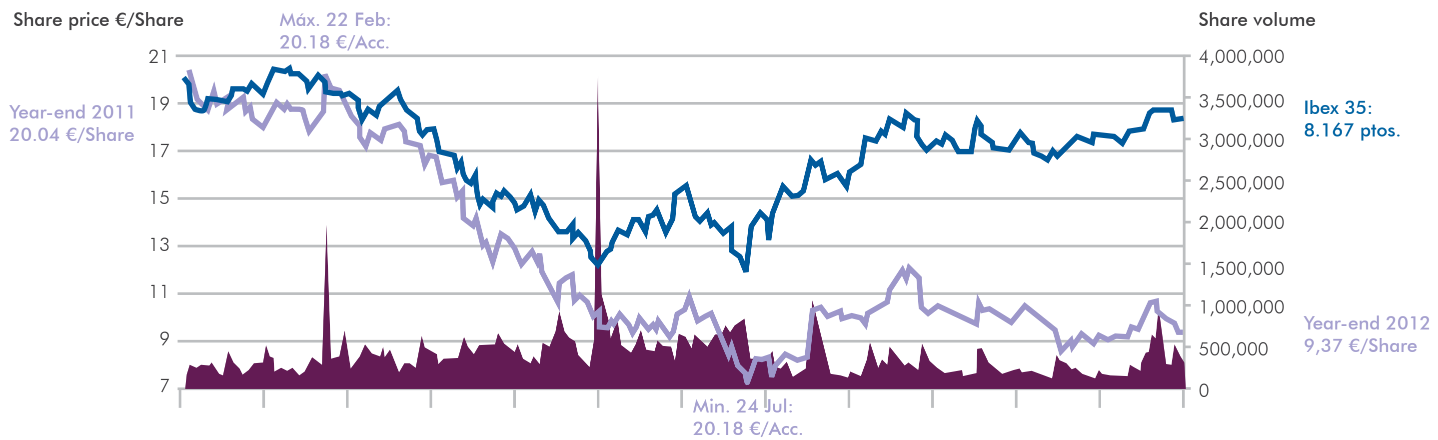
Total trading volume this year was higher than 114 million shares, with a daily average of 446,149 shares, 24% less than the daily average in 2012. For the entire year, the traded volume was 91% of FCC's total share capital.

Dividends

In the current economic and financial environment, several factors are leading to a contraction of the resources generated by the FCC Group and the need to assume losses in 2012, as the result of the restructuring of certain company assets.

In this respect, the FCC Board of Directors have decided, in accordance with the principle of prudent management and in the best interests of all company shareholders, not to distribute an interim dividend charged to the profit or loss for 2012, as was customary in past years.

2012 FCC share evolution



	January	February	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	2012
% Var. FCC	-10.4%	5.9%	-13.6%	-21.5%	-21.0%	-1.1%	-17.0%	20.6%	1.5%	-0.7%	-9.4%	2.6%	-53.2%
% Var. Ibex 35	-0.7%	-0.5%	-6.6%	-11.4%	-13.1%	16.6%	-5.1%	10.1%	3.9%	1.7%	1.2%	2.9%	-4.7%
% Var. Sector	-2.3%	1.0%	-12.1%	-14.8%	-9.4%	16.2%	-11.4%	11.0%	7.7%	5.8%	1.7%	6.8%	-1.0%

FCC IN FIGURES

This decision, which aims to strengthen the Group's balance sheet by retaining the resources generated in order to support the future creation of shareholder value and to sustain the profitable growth of operations, will have to be ratified by the General Meeting of Shareholders to be held in May 2013.

Treasury stock

As of 31 December 2012 the FCC Group held, directly and indirectly, a total of 12,671,658 shares in the Company a 9.95% of the company's capital.

Shareholders

FCC, S.A.'s shares use the book entry system and are listed on the four Spanish stock exchanges (Madrid, Barcelona, Valencia and Bilbao). According to the information on file in Spanish National Securities Market Commission (CNMV) records, on the closing date of the fiscal year the main shareholders in the Company were:

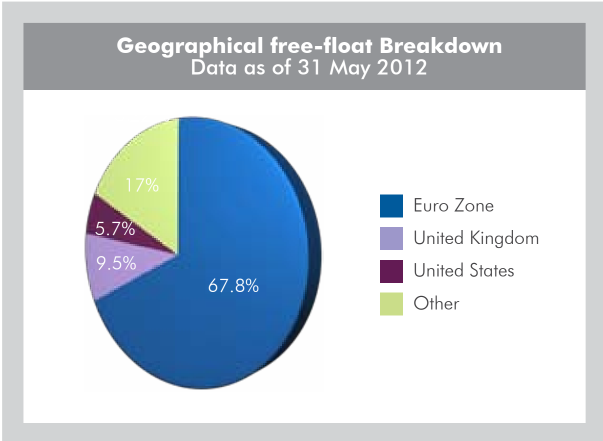
Main shareholders	Shares	% over Capital
B-1998, S.L.	59,871,785	47.03%
Azate, S.L. (1)	8,653,815	6.80%
HM Treasury (2)	4,330,938	3.40%

(1) 100% subsidiary of B-1998, S.L.

(2) The Royal Bank of Scotland

FCC's free float capital is 36%. Its estimated distribution is: Spanish minority shareholders with 15%, Spanish institutional investors with 10% and foreign institutional investors with the remaining 11%.

The composition of the free float capital (percentage), based on the origin of its component shareholders is as follows:



CONSOLIDATED BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

ASSETS	31-12-2012	31-12-2011
NON-CURRENT ASSETS	10,577,921	11,074,062
Intangible assets	3,821,713	4,317,029
Property, plant and equipment	4,620,674	4,601,913
Investment property	70,668	34,458
Investments accounted for using the equity method	935,039	1,115,719
Non-current financial assets	412,630	461,999
Deferred tax assets	717,197	542,944
CURRENT ASSETS	9,129,536	11,373,405
Non-current assets classified as held for sale	1,476,190	1,846,971
Inventories	1,128,668	1,271,355
Trade and other receivables	4,837,241	5,496,798
Other current financial assets	437,212	395,689
Other current assets	83,981	59,951
Cash and cash equivalents	1,166,244	2,302,641
TOTAL ASSETS	19,707,457	22,447,467

EQUITY AND LIABILITIES		31-12-2012		31-12-2011
EQUITY		1,721,602		2,914,940
Equity attributable to the Parent		1,259,883		2,378,884
Shareholders equity	1,687,409		2,813,024	
Valuation adjustments	(427,526)		(434,140)	
Non-controlling intersts		461,719		536,056
NON-CURRENT LIABILITIES		7,546,953		7,535,310
Grants		220,239		159,721
Long-term provisions		1,114,763		1,083,109
Non-current financial liabilities		5,105,892		5,160,308
Deferred tax liabilities		907,266		995,468
Other non-current liabilities		198,793		136,704
CURRENT LIABILITIES		10,438,902		11,997,217
Liabilities associated with non-current assets classified as held for sale		970,355		1,396,653
Short-term provisions		303,575		178,887
Current financial liabilities		4,324,620		4,830,637
Trade and other payables		4,832,407		5,577,414
Other current liabilities		7,945		13,626
TOTAL EQUITY AND LIABILITIES		19,707,457		22,447,467

FCC IN FIGURES

CONSOLIDATED INCOME STATEMENT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

	31-12-2012	31-12-2011
Net turnover	**11,152,228**	**11,896,665**
In-house work performed on assets	75,965	53,743
Other operating income	427,961	323,091
Changes in inventories of finished goods and those in manufacturing process	(94,450)	69,095
Procurement	(5,109,231)	(5,552,692)
Personnel costs	(3,191,332)	(3,331,103)
Other operating expenses	(2,507,692)	(2,202,417)
Depreciation or amortisation of assets	(640,571)	(656,216)
Attribution of non-financial asset subsidies and others	2,840	2,890
Impairment and profit or loss from disposal of assets	(342,766)	(97,612)
Other profit or loss	(175,860)	(112,289)
OPERATING PROFIT OR LOSS	(402,908)	393,155
Financial income	91,545	89,083
Financial expense	(536,762)	(510,683)
Change in fair value of financial instruments	(51,584)	13,198
Exchange rate differences	(2,995)	8,321
Impairment and profit or loss from disposals of financial instruments	(8,338)	10,760

	31-12-2012	31-12-2011
FINANCIAL PROFIT OR LOSS	(508,134)	(389,321)
Profit or loss from entities valued using the equity method Equity holding	**(128,420)**	**33,286**
PRE-TAX PROFIT OR LOSS FROM CONTINUING OPERATIONS	(1,039,462)	37,120
Corporate Income tax	164,234	(20,210)
PROFIT OR LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(875,228)	16,910
Profit or loss for the year from discontinued operations net of tax	**(216,964)**	**(13,996)**
CONSOLIDATED PROFIT OR LOSS FOR THE YEAR	(1,092,192)	2,914
Profit or loss attributed to the Parent Company	**(1,027,963)**	**108,248**
Profit or loss attributable to minority interests	**(64,229)**	**(105,334)**
PROFIT OR LOSS PER SHARE		
Basic	(8.97)	0.94
Diluted	(8.97)	0.94

SERVICES

SERVICES

DEPARTMENT OF SERVICES

Citizen services, and especially those related to the environment, have been the company's core activities virtually since it was established more than 100 years ago. They contribute 38.3% of turnover and 64.9% of the EBITDA.

FCC groups its services business into two areas:

- **Services**, which includes the areas of environment, water and industrial waste as well as services related to urban sanitation, the collection, treatment and disposal of solid urban waste, street cleaning and maintenance of sewerage systems, the integral water cycle, the management of industrial waste and the conservation of green areas.
- **Versia**, which integrates businesses related to street furniture maintenance, logistics, maintenance and systems and the sale of commercial vehicles.

IN SPAIN, FCC MEDIO AMBIENTE SERVES 3,342 MUNICIPALITIES WITH A POPULATION OF OVER **27,6** MILLION.

Analysis of the environmental sector in Spain

Last year a total of 246 public tender contracts were awarded in the field of urban sanitation, which includes the activities related to the collection and treatment of solid waste, street cleaning and the maintenance of sewerage systems; this is a 27% reduction compared to 2011. The total annual consignment related to these tenders has amounted to 605 million euros compared to 593 million for the year before. Despite 2011 being an election year, 2012 has been very similar to the previous one, with a notable impact of the crisis on the number of tenders. Local agencies tend to extend the bidding process rather than call new tenders.

The activity recorded in the subsectors related to the cleaning and maintenance of buildings, business premises and hypermarkets as well as the maintenance and conservation of green areas, which have been awarded contracts worth 620 million euros annually, was 47% lower than in the previous year.

FCC business activities

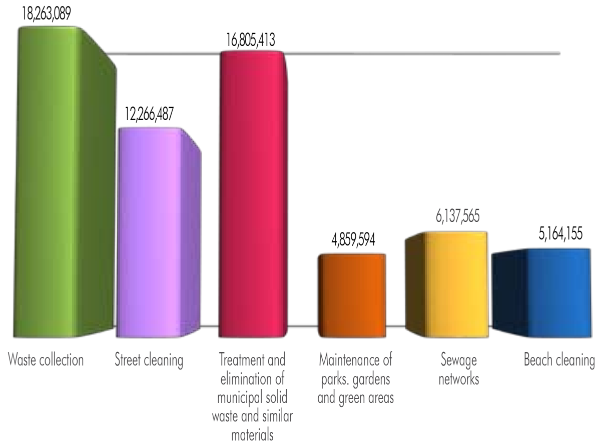
FCC provides urban sanitation services in 3,342 municipalities across Spain and serves a population of over 27.6 million inhabitants. During 2012, FCC collected seven million tonnes and treated nine million tonnes.

SERVICES

FCC Medio Ambiente contracts awarded in 2012

Management and operation of the Exhibition and Convention Centre in Granada	25 years
Solid urban waste collection and transport in Otura, Granada	12 years
Solid urban waste collection and related services in the municipality of Valverde del Camino, Huelva	12 years
Solid urban waste collection, cleaning, maintenance and upkeep of containers in Lepe, Huelva	10 years
Street cleaning and solid urban waste collection services in the city of Melilla.	6 years
Urban waste collection, street cleaning and recycling centre in the municipality of Utrera, Seville	10 years
Cleaning, distribution of sanitary hygienic materials and disinfection of all buildings at the University of Zaragoza	2 years
Industrial cleaning of the Repsol plant in Puertollano, Ciudad Real	5 years
School cleaning services. Barcelona Education Consortium	2 years and 9 months
Collection, transport, treatment and disposal of municipal waste, street cleaning and beach cleaning in Oropesa del Mar, Castellón	11 years and 3 months
Security, upkeep, cleaning and maintenance of parks and gardens in Telde, Gran Canaria	2 years
Maintenance of gardens at the University of Las Palmas de Gran Canaria	4 years
Collection, transport and processing of paper, cardboard and light packaging on the island of Fuerteventura	8 years
Street cleaning, cleaning of public facilities, collection and transport of solid urban waste in the municipality of Pájara, Gran Canaria	10 years
Upkeep, maintenance, renovation of green areas, tree-related work and supply of plants in the gardens of Hospitalet de Llobregat, Barcelona	4 years
Cleaning of schools and municipal offices belonging to the Town Council of Cornellá de Llobregat	4 years
Street cleaning in Valencia de Don Juan, León	4 years
Cleaning of beaches along the coast in Guipuzcoa	2 years
Urban street cleaning in the municipality of Ansoain, Navarra	6 years
Collection, transport of solid urban waste, cleaning of streets and municipal buildings in Almassera, Valencia	4 years
Street cleaning in Segorbe, Valencia	10 years
Cleaning of municipal facilities and schools in Benidorm, Alicante	4 years
Street cleaning in Almansa, Albacete	4 years
Upkeep and maintenance of green areas and roadside trees in the city of Madrid. Zone 4.	1 year
Operation of two biomethane plants and one biogas treatment plant in Valdemingomez Technology Park, Madrid	14 years
Upkeep, maintenance and improvement of green spaces and urban trees in Oviedo, Asturias	4 years
Container sorting plant in Jundiz II, Vitoria	10 years
Street cleaning and landscaping in Gueñes, Vizcaya	8 years

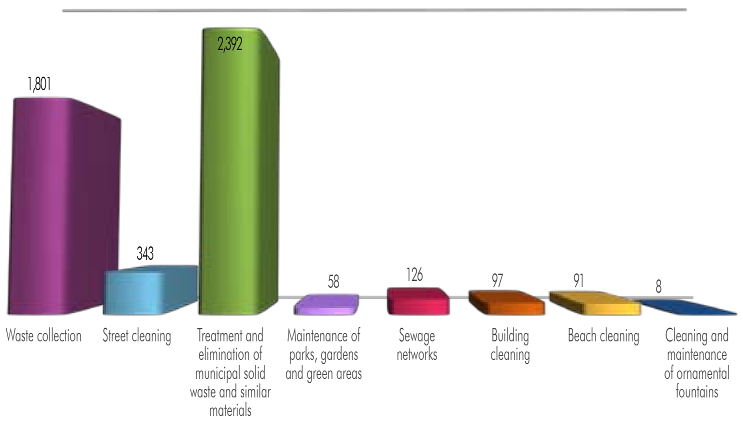
Population being served
by services



Summary of the population being served (total inhabitants)* 27,809,338

*If several services are performed in the same municipality, the population being served is only counted once.

Municipalities being served



Summary of municipalities being served* 3,342

*If several services are performed in the same municipality, the municipality is only counted once.

SERVICES

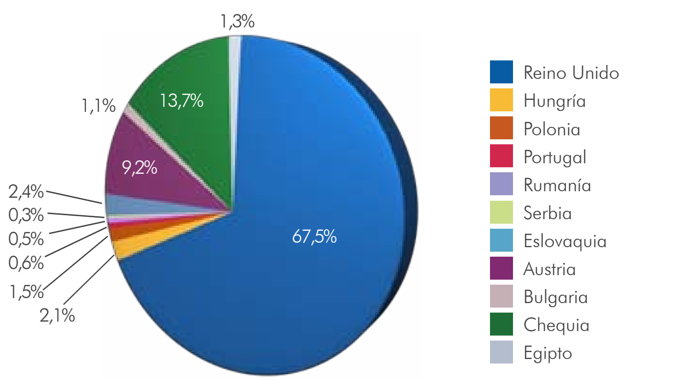
International Environmental Services Division

The International Environmental Services Division is a leader in the integral management of solid urban waste and energy recovery in the United Kingdom, Central and Eastern Europe and North Africa, and is present in 11 countries (the United Kingdom, Austria, the Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgaria, Serbia, Portugal and Egypt).

In 2012, the International Environmental Services Division was awarded a total of 24 tender service contracts for waste collection, transport, treatment, disposal and street cleaning. These contracts are distributed geographically as follows:

Tender contracts awarded abroad			
FCC UNITED KINGDOM (FCC Environment)		FCC CENTRAL AND EASTERN EUROPE (A.S.A.)	
Contracts awarded:	13	Contracts awarded:	11
Population served:	3,831,000 inhabitants	Population served:	223,708 inhabitants
Tonnes treated:	320,600 tpy	Tonnes treated:	31,750 tpy
Annual turnover:	53 million pounds	Annual turnover:	1,298 million euros

International Environment Division. Turnover 2011
Geographic Location



Some of the more significant contracts awarded in 2012:

FCC United Kingdom (FCC Environment)

Waste treatment in Buckinghamshire, United Kingdom

Services provided: Waste treatment in Buckinghamshire. Construction of an Energy from Waste facility and two transfer support stations; including transport between facilities.
Contract period: 30 years
Population served: 478,000

Phase 2 of the waste management contract for Wrexham, in northeast Wales

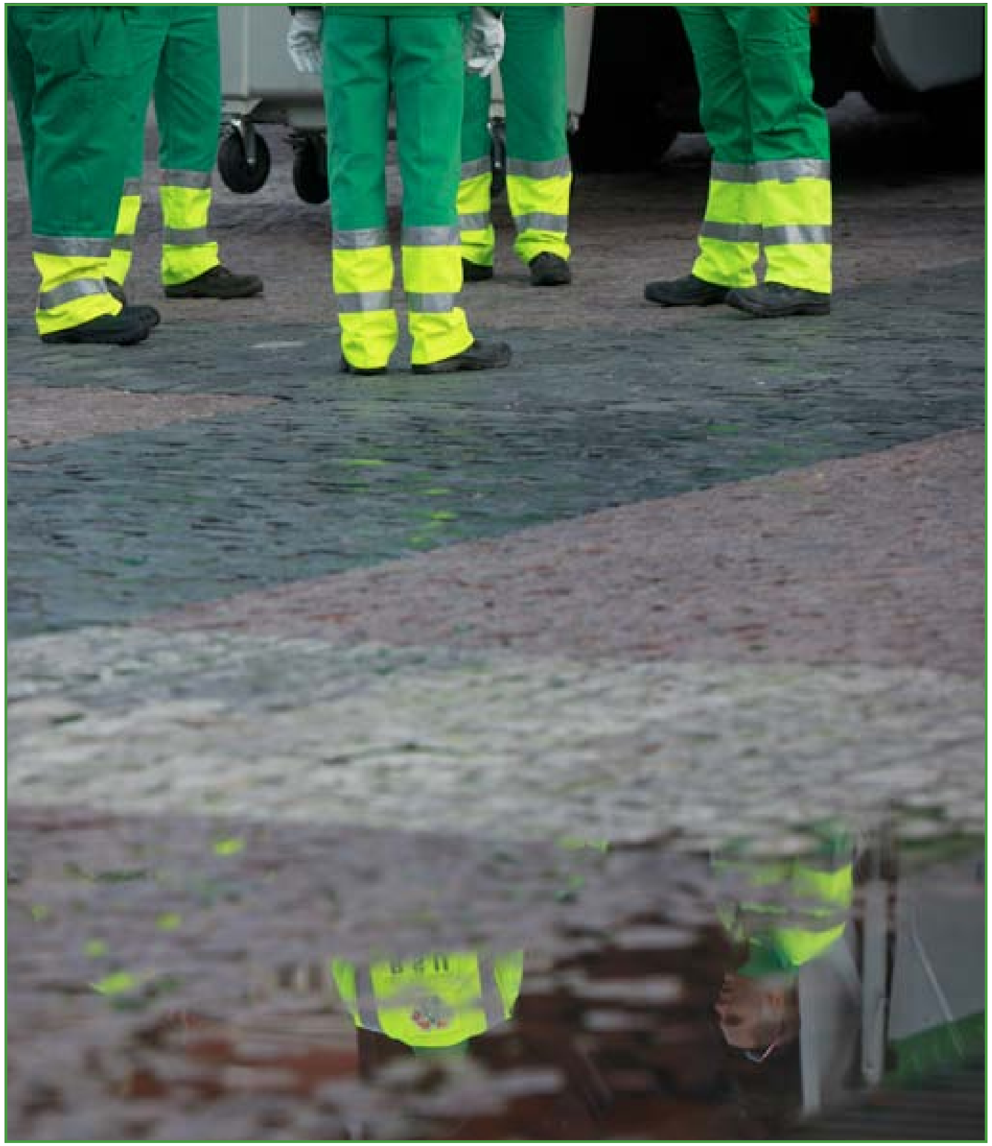
Services provided: Extension of the current waste management contract in Wrexham County Borough Council for the supply and mechanical and biological treatment of residual waste, including solid recovered fuel production, the recovery of dry recyclable materials and the recycling of street cleaning waste.
Contract period: 24 years
Population served: 135,000

Waste collection and treatment in Warrington, Lancashire, United Kingdom

Services provided: Waste collection and treatment in Warrington Borough Council and an extension for the treatment, transport and disposal of residual and commercial waste, as well as waste from centres for recycling household, street sweeping and washing, and bulky waste.
Contract period: 5 years
Population served: 195,000

Interim Framework of the waste treatment service contract for the MRWA, United Kingdom

Services provided: Treatment of residual waste for the Merseyside Recycling & Waste Authority (MRWA). Bid for a three-year framework contract with a one-year extension for the transport and treatment of household waste. The waste will be received and processed in FCC's new MRF in Arpley, producing SRF for heat treatment.
Contract period: 3 years
Population served: 1,353,400



FCC Central and Eastern Europe (.A.S.A.)

Implementation of an integrated waste management system in southeast Macedonia

Services provided: Solid urban waste collection and transport. Cleaning of the existing landfill. Construction and operation of a new sanitary landfill. Waste treatment (sorting, composting) in a later stage.
Contract period: 30 years
Population served: 180,000

Construction and operation of the MBT plant in Zabrze, Poland

Services provided: Construction and operation of the second MBT waste treatment plant in Poland, with a treatment capacity 60,000 tonnes per year
Contract period: In operation since February 2013
Population served: 200,000

Collection and transport of motorway waste in north Austria

Services provided: Collection and transport of urban waste and bulky waste collected directly from the motorway.
Contract period: 5 years
Population served: 180,000

Waste management in one of Europe's largest Volkswagen engine factories in Poland

Services provided: Transport and treatment of hazardous and non-hazardous waste and outsourcing.
Contract period: 2 years
Population served: Volkswagen Motor Polska employees: 1,130

TURNOVER: 1,195.64 MILLION EUROS
INCREASE OF 10.86% COMPARED TO 2011

SERVICES

Technological innovations

New technologies in electric vehicles

Technological development in the field of electric vehicles is a reality, and FCC now has a fleet of nearly three hundred vehicles. The goal is to be able to do all of our services with these vehicles. Currently, we have light (up to six tonnes) and medium tonnage (up to fifteen) vehicles, including versions for collection and cleaning.

The next goal proposed is heavy vehicles: the technological leap to electric vehicles with rigid chassis and the maximum service tonnage permissible, i.e., up to some thirty-two tonnes.

The vehicle now being presented is a four-axle chassis with three drive axles, an evolution of those already in service with natural gas and diesel engines, and with the maximum possible tonnage for collection and street cleaning services. The vehicle operates in electric mode for collection and hybrid mode for transport, is equipped with continuous electrical traction systems and lithium technology-batteries with 150 kWh of energy capacity that are also rechargeable from an external grid. This vehicle is probably the only one of its kind operating in Europe.

Its prototype is a 20-cubic-metre rear-loading compactor collector and has been in service since last May, it has the same features as equivalent gas or diesel vehicles, but with faster acceleration and an ability to cover the routes in less time than those with combustion engines.

Like its lighter predecessors, the new heavy equipment already in operation carry out the collection services with a pure electric drive (zero emissions and a virtually zero noise level), recharging their batteries during the journey and the waste discharge process, with performance similar to equivalent vehicles with combustion engines. This is the only possible feature that allows work to be performed in urban areas in electric mode as it can recharge its own batteries during the transport process and thus have the batteries sufficiently charged for the following route, i.e., its work capacity in electric mode can be very long and it can do two or more routes in a row in electric mode.

The chassis was designed so that the combustion engine – used exclusively for power generation – can be powered by diesel or natural gas fuel, and consequently emissions

during transport are the minimum possible and well below those required by the current law on exhaust and noise emissions.

Technology has led to the development of specific electronics for control and power that were created exclusively for this application. These constantly optimise energy consumption and ensure that all the machine's braking and stops are taken advantage of to generate energy, which is stored in batteries. This is a decisive factor in the services, because the number of stops and starts in the average collection reach an average of over fifteen per kilometre covered and provides a significant generation of power that goes directly to the special batteries created for this purpose.

The outcome obtained during the assessment of the prototype provides very interesting results: firstly, a major optimisation of energy. It is now possible to reduce energy consumption with equal performances between 30 and 40% compared to a conventional lorry equipped with a natural gas combustion engine, something that until now was an unreachable goal. This means lower costs and a very significant reduction in emissions, and places the vehicle in a very technologically advanced position that, in the medium term, will enable the provision of very high quality services.

Given that diesel service costs are very high and are also increasing year by year – and likely will continue to do so – and that service contracts are for up to ten or more years, it is highly probable that, in a very short time, this equipment will be even cheaper in terms of operating costs than its diesel equivalent.

An important technological advance that has been achieved is battery optimisation. We have gone from a weight of more than 20 kilograms per kWh to just over 10, which means this technology has a positive future ahead.

The project should continue, applying the application to other associated equipment such as the side-loaders, which must have their own design, and extending it to street cleaning systems and possibly to any application of an urban nature.

Technological innovations in fixed facilities

There is constant concern in the services fleet regarding improving fuel consumption and emissions. Water consumption reduction and renewable energy systems are still being implemented along with improvements in energy efficiency, such as more suitable and efficient heating and cooling systems.

These systems include the use of underfloor heating with boilers based on a combination of combustion and solar panels, replacing earlier standard forced air heating equipment and savings in terms of heating and cooling of around 30% are achieved.

Improvements continue to be made in the choice of enclosure elements. These are aimed at achieving minimal energy losses and maximum inside comfort, as these factors have an impact throughout the life of the facility with hardly any maintenance costs.

Another key aspect during this year has been the study of energy improvements for lighting, both inside and out, using the latest available technologies, assessing their return rates as well as the reliability and maturity of each technology. The plan is to extend these efficient lighting systems to all facilities.

Concerning the use of solar energy for heating sanitary water, we have installed solar panels in our facilities. There are currently 355 of these panels with a radiating surface of over 839 m2, leading to an annual saving of more than 635,555 kWht and representing an operational autonomy in terms of consumption of over 6 months a year.

Microgeneration of landfill biogas using turbines

FCC has installed a biogas microgeneration plant based on the use of two 65 kWe turbines and a 210 kW heat recovery steam generator for both, in the Solid Waste Treatment Environmental Facility in Barbanza (La Coruña).

A blower, emergency torch, biogas processing unit (compresses and dries the biogas), charcoal tank (removal of siloxanes), a biogas captured and recovered meter, biogas analyser, network analyser, main switchboard with a SCADA control system – even from a remote location – and a switchboard for choosing whether to recover or burn the biogas are also part of the facility.

The biogas recovered derived from sections of the landfill for rejected materials from the environmental facility which are built, used and sealed on a regular basis. This biogas is generated in the landfill due to the presence of anaerobic conditions and biodegradable material.

SERVICES

The power generated is used in the facility for its own needs and the surplus is uploaded to the grid. The recovered heat is used in the facility's leachate treatment plant, in particular in its thermal section where it helps to heat the water entering the evaporator and for which there is a biomass boiler of 2,500 therms.

The overall performance of the microgeneration plant is 80% (29% electric and 51% thermal).

INDUSTRY ANALYSIS

In 2012 and, especially, in 2013, water management is an important issue for the general public due to Spanish governmental agencies' need to reduce their deficits and adjust their budgets for expenses and investment for the 2013-2015 period. This is going to result in a large number of contracts being awarded for integrated water management that will require significant capital investment. In order to get this investment, an inspiring public debate is needed to facilitate the entry of investment capital.

In any event, an analysis of the domestic market can't be carried out without taking into account the Water Quality Plan (2006-2015) which to date has achieved only 15% of its initial objectives. The stagnation in government investment has been identified as the main reason for these poor results which hinder compliance with the standards set by the European Water Framework Directive and the further development of the industry.

Internationally, contracts for managing water utilities show a move towards management based on Key Performance Indicators. This system certifies that the service is correctly delivered and sets out the remuneration for the service provider. Many countries around the world are beginning to implement this model that rewards management quality, regardless of whether the managing entity is public or private. With this objective in mind, the industry's main players are starting to offer "a la carte" services: contracts for installation and management using smart meters, or for projects aimed at network optimisation are becoming more frequent. **aqualia's** business activity is in line with this trend, as the company includes this type of ad hoc services in most of its service offers.

In terms of markets, Eastern European countries are seen to be interested in making new investments based on a PPP model (public-private partnership) that is pioneer in the region and will enable them to improve compliance with European directives. Meanwhile, in emerging countries like India, there is a clear government commitment to improving the quality of water supply, aiming to provide water 24 hours a day. Other large countries like Brazil have targeted building new hydraulic infrastructure as a priority for the coming years. **aqualia** has taken these market trends into account to design and implement its strategy for international expansion.

All this adds significant value to the technological solutions that specialised companies can offer the market to optimise available resources and to improve customer service in the milieu of 'smart cities', where water plays a key role.

SERVICES

BUSINESS ACTIVITY IN FCC

Thanks to the national and international geographic diversification process, the Water Management Department has continued its growth trend in 2012, with an increase in turnover of approximately 2.5%, supported by a double-digit international growth in terms of turnover. This development has been accompanied by an improvement in efficiency, which has resulted in a 6% increase in operating income. This means that the impact of higher financing costs has been mitigated, improving competitiveness and positioning the business portfolio at the historic figure of 13,600 million euros. Strong commercial activity has resulted in the study of a total of 274 contract tenders. Of these, the Company has participated in a total of 210 tenders and was awarded 76 new contracts. Also worthy of note are the 158 contract renewals. This recognition of the work performed by **aqualia** is further reinforced by the satisfaction shown by 71.9 % of the 4,000 people surveyed by a specialist company on the quality of service provided by **aqualia** during 2012. All this has contributed to the year closing with new contracts worth 1,272 million euros.

International activity has resulted in the award of significant new contracts, such as the one to manage the sewerage and water treatment system in the eastern area of the Emirate of Abu Dhabi (United Arab Emirates), comprising a 2,400 km long network with 68 wastewater pumping stations and 19 wastewater treatment plants, for a period of seven years. This contract is the first water management contract in the UAE awarded to a Spanish company.

As a strategy for the future, overseas expansion will be pursued through projects in areas such as Central Europe and Eastern Europe, MENA (Middle East and North Africa), Mexico, Peru, Colombia, Chile, Brazil without ruling out countries such as the United States of America, India and China, which have increased thanks to agreements such as the implementation of investment vehicles with the EBRD (European Bank for Reconstruction and Development) and the World Bank, which permit the participation in calls for tenders related to water projects in the areas of influence of these multilateral institutions.

FCC's water-related business' strong commitment to International markets has been recognised with several awards. Recently, the Company was recognised by Frost & Sullivan for its expansion in the Middle East and North Africa and, nationally, it was recognised with an award for being the "Spanish company with the greatest international presence" at the First Edition of the Energy and Environment Awards organised by the publications InfoPower and InfoEnviro.

In addition, **aqualia's** ability to finance international projects has been recognised by the awards received for the El Realito project in Mexico. With their awards, both the prestigious publication Global Water Intelligence as well as Project Finance Magazine, published by Euromoney, have highlighted the innovative solution developed by the Company to finance this huge infrastructure.

In Spain, the Company has prolonged important concessions such as the one in Llerida until 2037, or Vigo. These are national contracts whose value is even greater, given that they are medium and long-term contracts, of a strong anti-cyclical nature and with a low level of default (these services are charged directly to the customer, just like any other utility).

Numerous contracts have also been awarded in Spain for different municipalities, among which are: Piedrahita (Ávila); Barbate (Cádiz); Arcos de la Frontera (Cádiz); Almansa (Albacete); Valverde del Camino (Huelva); Tomelloso (Ciudad Real) and Yecla (Murcia). In the meantime, Algeciras (Cádiz) and Ecija (Seville) have entrusted **aqualia** to operate their wastewater treatment plants.

In relation to employees' occupational accident rates over the past year, the Company has achieved the best results since the Health and Safety Management System was implemented in 2000. The main reasons for these positive results are the ongoing improvements in employees' working conditions along with the campaign launched by the Company to educate workers about the importance of adopting all the safety measures while carrying out their jobs.

The Management System has been expanded throughout 2012. In particular, the Company has implemented ISO:9001 and ISO:14001 certification in the public-private partnerships and joint ventures in which it has holdings. On an international level, these certifications were also obtained for various **aqualia** (Riyadh and Sicily) and **aqualia infraestructuras** (Montenegro, Mexico and Chile) contracts. Furthermore, the Energy Management Certificate has been implemented in the service provided in Alcoy. All these certifications already have their pertinent AENOR seal.

The Company's "core business" has other business units. These are responsible for the design and construction of all types of hydraulic and water treatment infrastructure elements for industrial use. In relation to **aqualia infraestructuras**, it should be noted that already more than 90% of its turnover comes from outside Spain. This data is especially relevant considering that only 20% came from overseas in 2006. Some of the countries where the Company is already executing hydraulic infrastructure projects (water treatment, purification or desalination plants) are Algeria, Egypt, Chile, Mexico, Romania and Montenegro.

For **aqualia industrial**, which has very positive outlooks due to the fact that it has over 200 references in all industrial sectors with its own equipment and technology, the signing of a collaboration agreement for the development of food and agricultural market with the U.S. firm Aquatech marks the entry into the U.S. and Canadian markets.

Research and development (R + D + i) tasks involving water-related business activities have experienced increased growth. The projects focus on three priorities:

- Quality
- Sustainability
- Integrated management

It is important to point out that once the projects have been completed, there will be different returns on investment for the company, such as know-how, new products or services available for production and patents, as well as synergies and elements that can be used for other current projects.

SERVICES

The projects being developed in 2012 include:

- **ITACA - Investigation of water treatment, reuse and control technologies for the sustainable use of water:** This project is being developed in collaboration with the University of Alcalá and the University of Santiago de Compostela.

- **ALL-GAS Sustainable biofuel production based on growing low-cost microalgae:** this is part of the "Algae to Biofuel" initiative of the Seventh Framework Programme (FP) of the European Union, and its first milestone was passed in September 2012 with the approval of the first results. The project was presented internationally in London (March 2012) and achieved significant international repercussion.

- **CENIT VIDA: Research into advanced integrated algae recovery technologies:** This project proposes the development of a sustainable and self-sufficient city based on the cultivation of microalgae, which are used not only as a source of clean and renewable energy, but also to provide the basic needs and requirements of its inhabitants. Aqualia's work focuses on the efficient processing of nutrients in biomass wastewater and on converting the algae into high purity biogas.

- **DOWNSTREAM: Co-funded with the Ministry of the Economy and the Treasury aided by INNPACTO**

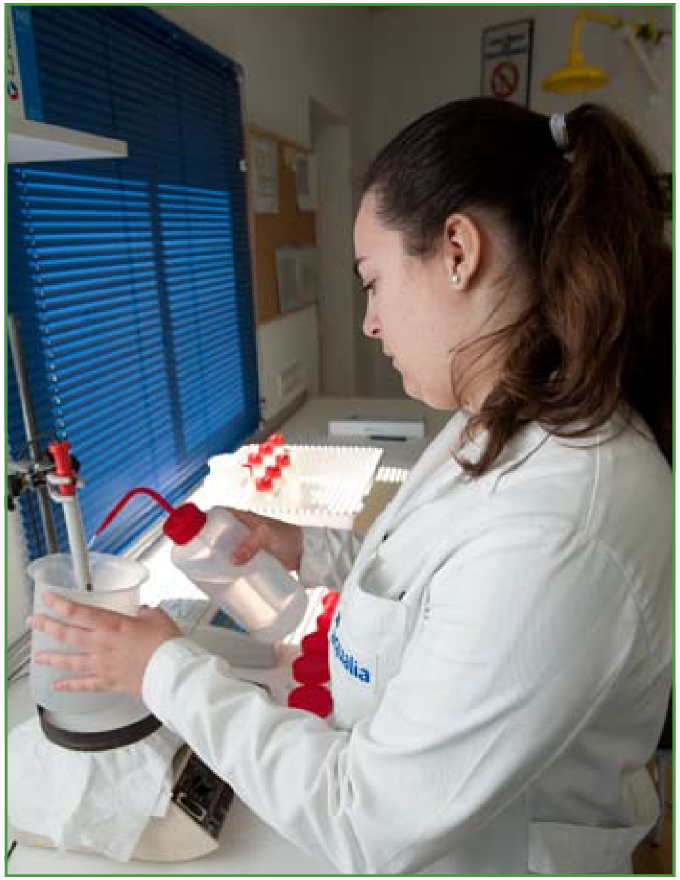
- **SWAT-Salsnes water to algae treatment.**

In addition, in 2012 LIFE funding was secured from the European Union for the following project:

- **REMEMBRANE:** strategic research on recycling desalination membranes in order to reduce investment and operating costs. It also opens new perspectives in waste reduction and water reuse.

The Company's innovation activities focused on "stakeholders" have been strengthened with the event held in December 2012, the **First Aqualia Seminar on R & D** under the title of "R & D in a water utility company: challenges and opportunities", where government agencies, businesses, customers and collaborating bodies shared experiences at the Colegio de San Ildefonso, part of the University of Alcalá, thanks to support from IMDEA Agua. The participation of the Ministry of the Economy and the Treasury and the Centre for Industrial Technical Development (CDTI) favoured the exchange of ideas between attendees.

The "R+D+i Project Management System" certification passed in December 2010 was audited by AENOR and renewed in November 2012 for a period of one year. This renewal was obtained in a brilliant fashion without a single "nonconformity".

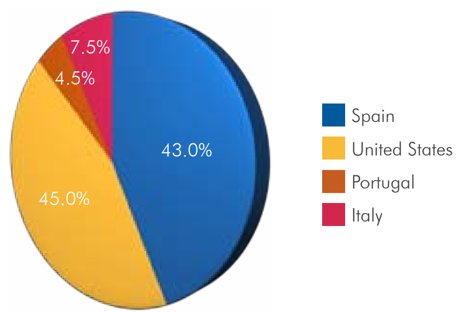


Despite the significant overall reduction in the industrial waste management industry in the markets where FCC Ámbito operates, estimated at more than 20% compared to the previous year, FCC Group's Industrial Waste Division has managed to end the year with a production decrease of only approximately 5% and FCC Ámbito's annual sales were slightly above 300 million euros.

A slight recovery in industrial activity is expected for 2013. This, together with the measures taken during 2012 to adjust and resize production to the current production reality, which are to be implemented in early 2013, is expected to produce a turning point in the results of the company in Spain.

The extraction and sludge treatment phase per se of the Flix project will also begin in 2013, once the construction, commissioning and preconditioning phase carried out in previous years has finished.

Geographical scope of action



The construction of the IACAN landfill in Cantabria was finished towards the end of 2012, so it will begin to operate in the first quarter of 2013.

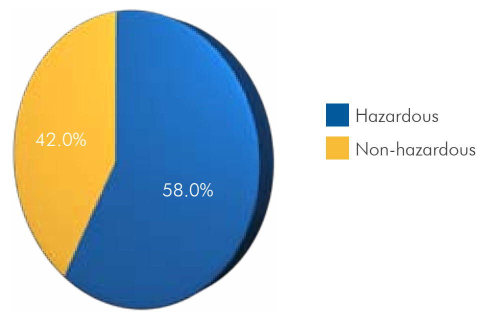
The integral waste management service for all the AIRBUS-EADS consortium plants in Andalusia began satisfactorily in 2012, with FCC Ámbito having been shortlisted, due to its good management, to qualify for the international tender for the integral management of the rest of the consortium's facilities worldwide.

FCC Ámbito was also awarded contracts for three of the four areas in a nationwide tender for the management of all the wastes in the Integrated Phytosanitary Waste Management System (SIGFITO).

On an international level, it is important to highlight the significant increase in sales in this area, around 8% over the previous year, bringing the percentage of sales outside Spain to 57% of the Industrial Waste Division total.

It is worth mentioning that in the International Department the returns were much-higher-than-expected in Italy, thanks to the implementation of a system that has doubled the maritime logistics operations and has significantly increased the speed of sludge disposal in the Syracuse contract, thus saving costs and improving service efficiency.

Distribution by service type



SERVICES

The sludge management activities in Syracuse will end this year, although there are potential one-off projects in the pipeline that could lead to continued operations in Italy.

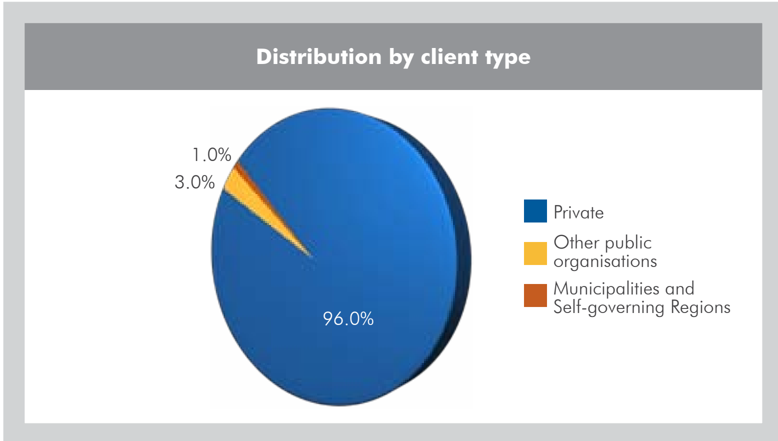
Similarly, operations related to environmental liabilities and decontamination activities for which contracts were awarded and executed in Portugal in 2012, have enabled our subsidiary ECODEAL to surpass the already excellent results achieved in 2011.

In Portugal it is hoped, despite the significant reduction in recurrent flows due to the crisis in the country's industrial business activity, that non-recurring transactions for which bids have already been submitted and which are waiting the awarding of contracts, will once again offer good returns for 2013.

In the United States, the 135 million euro turnover is only 2% below that of the previous year, thereby almost matching 2011 sales despite the tremendous adverse economic effects suffered in the last quarter on the East Coast (FCC Environmental's main business centre) because of Hurricane Sandy.

The permit, authorisation and design phase for the construction and operation of the future used oil regeneration plant for making recycled lubricant bases that FCC Environmental aims to develop in Baltimore, Maryland, is on schedule.

Similarly, it is hoped that the marketing surveys and actions already underway in the Latin American and Persian Gulf areas, transform into the beginning of business activities in the medium term, so that the importance of FCC Ámbito's International business will increase even more in the near future.



FCC versia, s.a.

FCC diversifies its business into different non-environmental services through Versia. FCC Versia S.A. is responsible for the following business activities:

- Logistics
- Urban furniture
- Conservation and Systems
- Sales of cleaning vehicles and speciality vehicles (SVAT)

In 2012, the subsidiary Flightcare was sold, that specialised in airport handling business. This was consistent with FCC Group's policy of divesting certain non-strategic businesses.

Versia has continued its efforts to optimise its production and cost control structures while simultaneously improving its debt ratios.

The consolidated turnover amounts to 570 million euros.

SERVICES

FCC logística

During 2012, the Company once again established itself as one of the leading companies in the logistics sector, renewing its Quality and Environmental System in accordance with ISO Standards 9001 and 14001.

The company has focused its business activity on gaining new clients and enhancing the services and activities it carries out for active clients, and it is worth mentioning the handling operations performed for promotional items in the consumer and pharmaceutical sectors. Storage areas have also been reorganised and have been grouped into multi-client/single sector warehouses.

As a member of the Logistics and Transport Business Organisation (UNO), the Company helps to transmit the values of trust, integrity and transparency. Consequently, it has renewed its Seal of Excellence as evidence of its compliance with the industry's Code of Best Practices.

CEMUSA

CEMUSA specialises in the design, manufacture, installation and maintenance of different types of street furniture and in the marketing of its advertising space. With over 26 years of professional experience, it is the leading Spanish company in the industry and one of the major outdoor advertising groups internationally. CEMUSA offers its services to over 160 municipalities in Europe and America, and cities like New York, Madrid, Rio de Janeiro, Barcelona, Boston, Lisbon, Milan and Brasilia are the best showcases for its designs, which are the results of collaboration with world-renowned architects and designers.

The most significant contracts awarded for the year 2012 were:

- **The commercial exploitation of advertising at airports on the Spanish mainland, the Balearic Islands and in Ceuta and Melilla.** This important contract signed with Aena Airports S.A. is for six years with a renewal possibility and involves upgrading the environment specific to each airport, improving the services offered to passengers and modernising advertising and communication activities in privileged spaces that offer high added value for advertisers.
- **Management of bus stop fixtures in Bilbao:** this is a continuation of the business that Cemusa has been managing successfully since 1988.

The commitment to transform existing cities into smart cities was reflected in CEMUSA's participation in the Smart Cities World Congress held in Barcelona in November, where several solutions developed by CEMUSA for the cities of the future were presented.

SERVICES

Conservación y Sistemas

Conservación y Sistemas is a company that specialises in the maintenance and upkeep of urban infrastructure and the management of ancillary services for buildings and public facilities. Some of the major works carried out are:

- Road network: upkeep of road surfaces, municipal public spaces and the execution of various urban development and pipeline works.
  - Works related to the refurbishment and rehabilitation of urban spaces.
  - Upkeep of road surfaces in Madrid.
  - Maintenance of state schools in the district of Chamberí (Madrid).

- Urban services: the upkeep and maintenance of service tunnels, sewerage and irrigation systems and the execution of various sanitation works.
  - Upkeep of sanitation networks in the city of Madrid and its outlying areas.
  - Cleaning the bus lane separators in Madrid.
  - Upkeep and maintenance of storm water tanks for Canal de Isabel II in Madrid.

- Water distribution networks: urgent actions in water distribution networks and the execution of various works to increase water supply and/or distribution systems for Canal de Isabel II.

Sistemas y Vehículos de Alta Tecnología (SVAT) markets high-tech equipment and vehicles to be used for urban sanitation, cleaning of coastal waters and beaches, and industrial cleaning.

The extraordinary weakness of the municipal market has caused the demand for urban sanitation vehicles to plummet. The road sweeper market has fallen 42% over the previous year and the number of machines registered in 2012 only represented 29% of those registered in 2007.

Despite this difficult situation, SVAT has made significant deliveries of street cleaning machines in Palma de Mallorca, Seville, Barcelona, Oviedo, Melilla, Xátiva (Valencia) and Calviá (Mallorca).

In addition, shoreline cleanup vessels were in service during the summer on the coasts of Minorca and Valencia.

CONSTRUCTION

CONSTRUCTION

ECONOMIC SITUATION

Current scenario

IMF (International Monetary Fund) forecasts on the **global economy** for **2013** indicate a **growth rate of 3.5%**, which is a slight acceleration over the growth rate of 3.2% in 2012. In the first quarter of 2013, uncertainty and sovereign debt problems – especially in Western European countries – have decreased due to the measures and the support of the ECB (European Central Bank).

The **growth forecast for the eurozone** is less than 0.2% for the entire year, and negative in some countries. The measures undertaken throughout 2012 by Member States to correct their high public deficits will continue throughout 2013, creating a short-term slowdown effect in some economies that will hold back activity and therefore overall growth in 2013. Underlying geopolitical tensions in North Korea, the Middle East and Venezuela may affect the global economic, social and political future.

Karlsruhe Thermal Power Station (Germany)

Firm in its goal of reducing the public deficit, last year **Spain's** deficit stood at 6.7% of GDP, slightly above the 6.3% it had committed to with the EU.

The **IMF** forecasts a **1.3% fall in GDP for this year**; the Spanish government estimates it will be approximately 1.0%, and the Bank of Spain that it will be between -1.0% and -1.5%.

With a view to beginning a period of economic recovery, the measures that have already been taken in terms of fiscal and monetary policies leave even less room for manoeuvre and they limit options.

The government has set **a public deficit** target of **4.5% of GDP** for **2013**. These measures, along with structural reforms, form the line drawn by the government for a return to economic growth, job creation and restoring confidence.

The slower and delayed recovery forecast for the Spanish economy compared to those of other European countries is due to the yet-unsolved problem of high private sector debt, its dependence on external financing and the high unemployment rate.

Greater dynamism in Europe will allow the foreign sector to offset the drop in domestic demand. Some indicators, such as a positive trade balance linked to exports and a growth in productivity, are the first signs of an economic turnaround in Spain.

The Spanish economy has the potential to return to the path of growth in business activity and productivity because:

- Spain is one of the major European markets both in terms of per capita GDP and size.
- It has leading companies in key sectors that are well-diversified in high-growth markets.
- It has a strong infrastructure network.

Meanwhile, the construction industry is suffering more setbacks after a long crisis that has lasted more than six years.

This situation affects the residential segment, where demand is stagnant due to the lack of financing, and is especially affecting civil works, where the budgetary adjustment has been significant in recent years.

CONSTRUCTION

Panama Canal

The construction sector, which is represented by an excessive number of companies, has been forced to restructure due to the current situation. The reduction in competitors in the domestic market due to the disappearance of small and medium construction companies (134,000 over the last three years), gradual internationalisation, adjustments to employee levels and strict cost control, have enabled larger companies listed on the stock market to offset the decline in domestic activity and maintain their portfolios.

The construction industry

The construction industry faces its sixth consecutive year of declining production affecting the four traditional subsectors (residential, non-residential, refurbishment and civil works), with a total production of 113.507 million euros and a negative variation of 11.5% in real terms compared to 2011, (-5.2% in construction and -25.0% in civil works).

It is estimated that less investment in construction in 2012 reduced the growth of the Spanish economy by 1.6 per cent, compared with 1.4 per cent for the previous year.

In 2012, the apparent consumption of cement, a classic indicator of the situation of the construction business, recorded a dramatic decrease of 34% compared to that of 2011. With a consumption of 13.5 million tonnes compared to 20.4 million tonnes in 2011, over the last five years it has suffered an overall decline close to 76%. Historically speaking, this consumption of cement is comparable to the volume recorded in 1967.

In 2012, construction investment (CGV) as a percentage of the GDP of the Spanish economy was 11.8%, which is a decrease of 1.8 percentage points compared to 2011. The last three years show a steady decline: from 15.5% in 2010 and 13.6% in 2011, to 11.8% last year.

Public tenders

In 2012, **public tenders fell by 46%** in nominal terms: declines have been recorded at all governmental levels, highlighting the **central government (-59%)** and, to a lesser extent, **regional governments (-38%)** and **local governments (-30%)**. Including all governments, altogether during 2012 **7,377 million** euros were put out to tender, compared to **13,659 million** in **2011**.

- Central government: 2,648 million euros, **-59%** compared to 2011 (6,479 million euros).
- Regional governments: 2,197 million euros, **-38%** compared to 2011 (3,564 million euros).
- Local governments: 2,531 million euros, **-30%** compared to 2011 (3,615 million euros).

Distribution by governmental institutions in 2012:

- Ministry of Public Works: 1,973 million euros, **-61%** compared to 2011 (5,053 million euros).
- Ministry of Agriculture, Food and Environment: 469 million euros, **-36%** compared to 2011 (736 million euros).
- Other Ministries: 207 million euros, **-70%** compared to 2011 (689 million euros).

By types of work in total for **construction works**, including housing, social facilities and other, put out to tender in 2012 amounted to **2,181 million** which is a **49% decrease** compared to 2011 tenders (4,258 million euros). For **civil works**, the total put out to tender in 2012 amounted to **5,196 million** compared to 9,400 million in 2011, **45% less**.

In 2012, the volume put out to tender through the concession model (the Government considers this model essential to create new infrastructure) amounted to 686 million euros

Cadiz Port Container Terminal

or 0.1% of GDP, and is 86% lower than the amount tendered the previous year. Significant in this section is the role of regional governments (430 million euros), although their volume of tenders is the lowest between the years 2003 to 2012. With regard to public tenders by type of construction work and concession model, road infrastructure continues to play a leading role.

The labour market

The **population employed** in construction has undergone **a cumulative drop of 43% over the last five years**, which has entailed **the loss of 1,550,000 jobs**. The current level of employment is similar to that in 1993.

Based on the information issued by the Spanish National Statistics Institute (INE), the Labour Force Survey and OFICEMEN, an **analogy** could be made regarding the years between 1977 and 2012 **between the number of people employed** in thousands of workers **and the apparent consumption of cement** in thousands of tonnes. The resulting graph is significantly similar, and a clear and revealing symptom of the labour market situation. With respect to **employment levels** in the construction industry in absolute terms, we would have to go back to **1995**.

Between 1986 and 2009, job creation in the construction sector accounted for 21% of the total. Over the last five years, 1,550,000 jobs have been lost: in 2009, this was 41% and in 2010, 55%. In 2011, this accounted for 73% of total job losses, slowing to 30% in 2012.

In the last year the evolution of employment levels in the construction industry slowed down in terms of job losses.

Forecasts for 2013

Forecasts for 2013 point to a decline in overall activity similar to that of the previous year: private and government consumption will increase their negative impact (until they amount to -2.3 percentage points), while the negative contribution of **investment in construction** will be reduced (-1.1 points). However, although it will be slightly contained, the positive contribution of the foreign trade balance linked to exports will remain relevant (+2.0 percentage points).

In terms of **investment in construction by segment**, the trend marks a gradual moderation of the decline in the industry. Nevertheless, the outlook is for investment in construction to end the year with year on year rates close to -7%.

CONSTRUCTION

Regarding the **overall activity of the construction sector**, this will fall between 9% and 11% in 2013 compared to 2012's activity, and will be less than -4% for construction and -21% for civil engineering projects.

Investments for the two main ministries making investments:

Ministry of Public Works

The 2013 budgets for the Public Works group amount to **18,405 million** euros, 8.45% lower than in 2012 (2,104 million euros). The Public Works group total investments for 2013 amount to **10,161 million euros** and are distributed as follows:

- 4,705 M€ for railways
- 2,963 M€ for roads
- 847 M€ for airports and air safety
- 839 M€ for port policies and maritime safety
- 758 M€ for housing and land activities
- 49 M€ for other investments

Ministry of Agriculture, Food and Environment

The **Ministry of Agriculture, Food and Environment's** consolidated budget for 2013 amounts to **9,489.4 million euros**, a reduction of 9.7% (1,023 million euros less) with respect to the 2012 accounts. This adjustment, which is average with regard to the budgets of the various ministries, will affect almost all account items except forest fire related measures, which has experienced a 23 per cent increase.

The construction industry is an economic and strategic driving force: returns

Infrastructure investment is a variable capital in the economic recovery process and plays a dual role: As a stabiliser due to its effect on business and employment in the short term, and in terms of productivity and growth in the medium term.

Creating infrastructure in a country generates wealth and progress, improves the quality of life of its citizens and makes the country more competitive. It also has a large knock-on effect, since there more than 20 sub-sectors directly linked to the construction industry.

According to estimates by SEOPAN (Construction Industry Employers' Association), **for every million euros invested in infrastructure:**

- **61% of investment reverts to the state itself.** Twenty-one per cent of this is from indirect tax collection (VAT), and 40% comes from revenue increases due to induced production: (5% from income tax, 11% from social security, 20% from unemployment benefits, 3% from Corporate Income tax, 1% from net taxes on intermediate consumption).
- **Eighteen jobs are created** (12 direct and 6 indirect).
- These 18 unemployed people claiming unemployment benefit would cost the state 360,000 euros which could be used productively, creating business activity

If this million euros were invested exclusively in housing, then:

- **46% per cent will revert back to the state itself**
- **19 jobs would be created** (13 direct and 6 indirect).

Internationalisation

The great geographical diversification of Spanish construction companies is the result of the domestic situation. The strong adjustment measures undertaken in Spain have forced companies (which possess the potential created during the growth cycle of the recent past) to seek out new markets and adapt themselves in order to work abroad and offset the drop in business. The need for infrastructure in developing countries has opened up new opportunities and new challenges.

Today, large Spanish construction companies are now leaders in markets that were unprecedented until less than a decade ago and their order-books demonstrate an increasingly significant share of work abroad, where they compete on equal terms with companies from other countries.

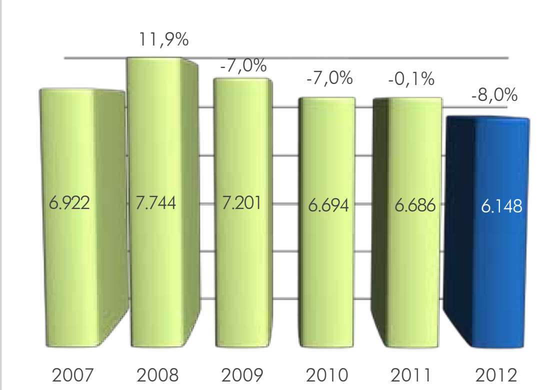
Construction is the only industry in Spain which has several genuinely multinational companies that successfully compete in international tenders. The internationalisation of these largest construction companies is a fact, and it has allowed them to weather the sharp drop in domestic business with their business abroad.

FCC's business

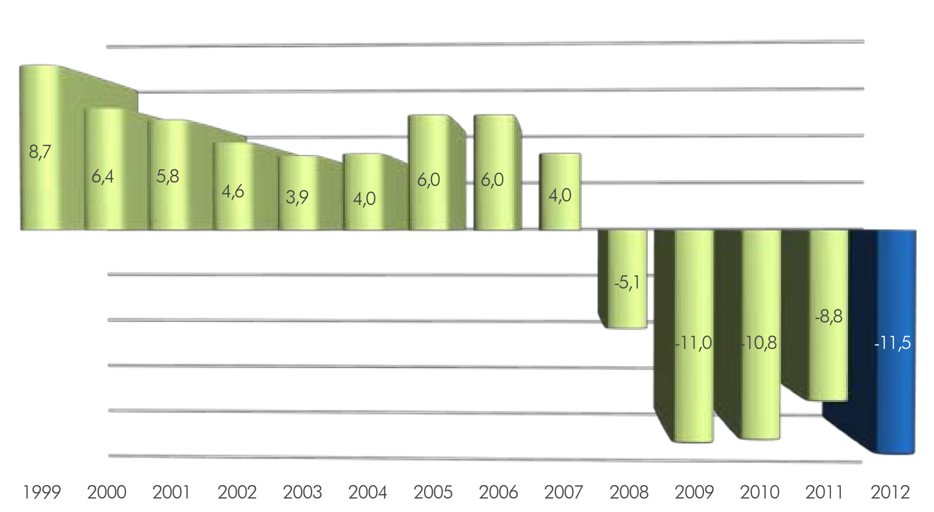
All FCC's construction business is performed by the company FCC Construcción, S.A. which recorded a turnover of 6,148.4 million euros in 2012, 8% less than in the previous year. Of the total turnover, 68.3% was generated outside Spain. Construction remains the area with the greatest quantitative weight in the Group's overall turnover, with 55.1%.

During 2012, FCC Construcción was awarded contracts totalling 4,212.5 million euros and had an order-book of works pending estimated at 8,595.2 million euros. Foreign contracts represent 57.2% of the order-book.

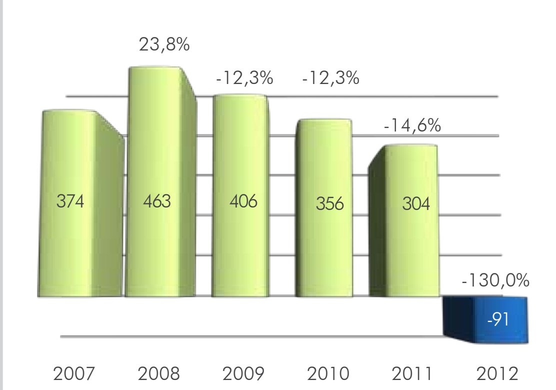
Turnover
Millions of euro



Annual growth rates in construction activity
In constant terms (Source: Seopan)



Gross operating profit (EBITDA)
Millions of euro



CONSTRUCTION

FCC Construcción

MOTORWAYS, HIGHWAYS AND ROADS

This is the most active subsector of civil engineering and generates the greatest production and orders.

The most significant contracts awarded during the past year are listed below:

- **Design and construction of the Gerald Desmond Bridge in Los Angeles (USA).** More than 15% of the country's port traffic passes through the Gerald Desmond Bridge, built in the 60s, and the bridge connects the Port of Long Beach to the city centre and nearby communities. The current project consists of the design and construction of a new bridge that will improve traffic congestion and safety. The new bridge has a cable-stayed design with a main span of 305 m, located 61 m over the Back Channel of the Long Beach port, and two 152 m long end spans. The bridge will have three lanes in each direction, emergency lanes on both sides for increased security and a bike lane.
- **Inter-American Northern Highway in Costa Rica. National Route 1. Cañas-Liberia section.** The project is part of the widening works for the section of the road, Cañas-Liberia, in Guanacaste, currently being carried out by FCC and considered to be of strategic importance to complete the Mesoamerican corridor. It will encourage tourism in Guanacaste and increase the country's competitiveness in the transport of goods. The works consist of widening 50.6 km of this road into four lanes, two in each direction.
- **Reconstruction of six significantly damaged bridges** in the Mexican state of Veracruz. These contracts are to restore the following bridges: Hueyapan, Catemaco, and two in Tuxpan and Pueblo Viejo. The works, which have different timelines, include the structural reconstruction of each bridge, generally with pre-cast girders, as well as a series of associated work.
- **Rehabilitation of the "La Dalia-connection La Mora" road which is 10.68 km long (Nicaragua).**
- **New by-pass in the Polish city of Szczuczyn.** The project has a total length of 8 km and is located in northwest Poland, between Bialystok and Olsztyn.
- **Access road to the coast for the Copper Mine Project in Panama.** The works are located in the grounds of the copper mine located 120 km west of Panama City and 20 km from the Caribbean coast. The works consist of the construction of a 6.6 km long access road connecting the mine area to the facilities located on the coast.
- **Repairing Cuesta Las Chilcas, Route 5, in Chile.** FCC Construcción will construct the motorway section of the "Improvement of the Cuesta Las Chilcas. Route 5. Section: Santiago - Los Vilos" for Globalvia, the Aconcagua Motorway concession holder. The work to be performed is along 4.7 km, to improve the road's cross-section so that it will have three ascending lanes and two descending lanes separated by a barrier or guardrail in the middle, reducing gradients to 7% and increasing the radii of the route.
- **Construction of eight bridges on the Inter-American Northern Highway in Costa Rica.** This project is particularly symbolic because it is part of the extension works on the Cañas-Liberia national road in Guanacaste (in the northwest of the country and around 280 kilometres from San José); FCC is currently doing the construction work.

Infographic: Gerald Desmond Bridge, Los Angeles (USA)

AIRPORT PROJECTS

- **Modernisation of Riga airport (Latvia).** The contract was awarded to Alpine Construction and the project consists of improving Riga airport in order to increase capacity and improve air safety standards. The renovation works for the airport consist of the reconstruction of the runways surfaces and the reinforcement of hard shoulders.
- **Construction of the new control tower and airport management centre at the El Dorado Airport (Colombia),** located 15 km west of Bogota's city centre. The new control tower will be 80 m high and will ensure the future expansion of the airport and it will become an icon for Bogotá. The new building and its management centre, with a surface area of 16,300 m2, will allow air traffic to increase and airport operations to grow.
- **Construction of the technical block and the control tower at Oran Airport (Algeria).** The contract includes the construction of a rectangular 47 metre high control tower and a building of the same shape with access to the tower.
- **Construction of the technical block and the control tower at Constantine Airport (Algeria).** This includes the construction of a 46 metre high circular control tower and a rectangular building with access to the tower.

HYDRAULIC WORKS

The most relevant contracts awarded in the past year were:

- **The replacement of electromechanical equipment and pipes for the second to fourth elevations to ensure the management and quality of the water stored in the El Hondo Nature Park, located in the municipality of Crevillente, (Valencia).** The works will improve the pumping system by replacing or relocating existing equipment and finishing off the piping with 3,350 ml of 1200 and 1400 mm diameter post-stressed concrete pipe with sheet metal sleeves.
- **Supply of irrigation water using reusable water in the municipality of Villaviciosa de Odon, in Madrid.** The project includes laying a 5,789 m raw water intake pipe, using a 300 m diameter iron pipe, between the tertiary section of the waste water treatment plant and building a new 1,000 m3 capacity regulation tank.
- **Bypass intake pipe. Diverting the route in the area of the new hospital in Vila Franca de Xira.** The project involves the construction of a new sewer built with reinforced concrete pipes that will be 945 metres long, 910 metres will be laid in a trench and the remaining 35 metres on an aqueduct.

Construction of the Pacific Ocean access channel to the Panama Canal

- **Work on the new compartment for the rainwater storage infrastructure for the Los Migueles stream in Rivas-Vaciamadrid (Madrid).** The work consists of expanding the existing tank by attaching an expansion tank with a capacity of 18,750 m3.

MARITIME WORKS

The most significant contracts awarded were:

- **Expansion of the Açu Superport, located around 315 km north of Rio de Janeiro (Brazil).** The project consists of the construction of the TX-1 terminal of the Brazilian port of Açu located in the municipality of São João Barra (northeast Brazil), an area that produces 85% of the country's oil and gas. The works involve the construction of a 2,438 linear metre caisson dock by manufacturing and submerging 49 reinforced concrete caissons, and the construction of a 600 metre sloping breakwater.

CONSTRUCTION

- **A building for the Port Adriano slipway and the rehabilitation of the Harbourmaster building in Calvia (Baleares).** The contract awarded consists of the construction of two workshop buildings in the industrial area of the new slipway at the Port Adriano marina.
- **Expansion of the Santa Catalina cruise ship pier (east and west), in the Las Palmas Port in Gran Canaria.** The expansion of both sides will be done with reinforced concrete caissons, on the east side with two caissons measuring 22.4 metres long, 10.60 metres wide and 12.50 metres deep and five caissons measuring 31.90 metres long, 8.25 metres wide and 14 metres deep on the west side.
- **Upgrade of the surrounding area, marina facilities and building on the old dock in Palma de Mallorca.** This project is aimed at upgrading an area set in the old dock in Palma de Mallorca which has a land surface area of 3,435 m2 and a water surface area of 11,518 m2. In addition, a building with a basement, ground floor and first floor with a built surface area of 1,708 m2 will be constructed.

Athens Metro. Peristeri Station

RAILWAY INFRASTRUCTURE

This remains one of the most dynamic sectors thanks to the plans for the expansion of the high-speed rail network and the construction of new metro lines.

The most significant contracts awarded during the past year were:

- **Rehabilitation of the Brasov-Simeria (Romania) railway line** to upgrade it to a speed of 160 km/h on the Atel-Micasasa section. The section to be built is 29.6 km long, of which 10 km are to be newly built. This includes the refurbishment of two stations and three unstaffed stations. In terms of the structure, it should be noted that there are 14 bridges to be worked on. The superstructure is the construction works par excellence; the current track will be removed and rebuilt.
- **Construction of the North-Northwest Corridor High Speed rail bed platform. Madrid-Galicia High Speed railway line. Section: Left track, Vilariño-Campobecerros.** The works include the construction of a total of 9,026 metres of rail bed. The most significant element of the works is the construction of the 6,780 metre long left tunnel tube in Bolaños. The tunnel will be built with a single shield TBM and an excavation diameter of 9.77 metres.
- **Construction of Girona Station, Phase I, on the Madrid-Zaragoza-Barcelona-French border high-speed railway line.** The contract awarded consists of the construction of a satellite building with 1,527 m2 of built surface area, for accesses to the above-ground high-speed platforms. It also includes the interior finish and the provision of facilities for the different underground spaces. The project includes access from the current station to the new building.
- **Additional Project No. 2 of the Barcelona metro line 9, 1R section: Airport-Logistics Park, and complementary works.** The works include the construction of the works that will complete all the sections in which construction has been done along section 1 of L9.
- **The reconstruction of tracks and infrastructure on the E-59 railway line, Czempin-Poznan (Poland) section.** The project is strategic for the country and entails the construction of the works to modernise the E59 railway line along the Czempiń-Poznań section.
- **Rehabilitation of the Madrid railway viaduct in Redondela, Pontevedra.** The viaduct, which began operating in 1879 and has been listed as an official Cultural Interest Site, is 256 metres long and consists of two sections of granite ashlar access vaults and a central section with five metal lattice spans that support the platform and are supported by stone pillars.

HOUSING ESTATES AND PARKING AREAS

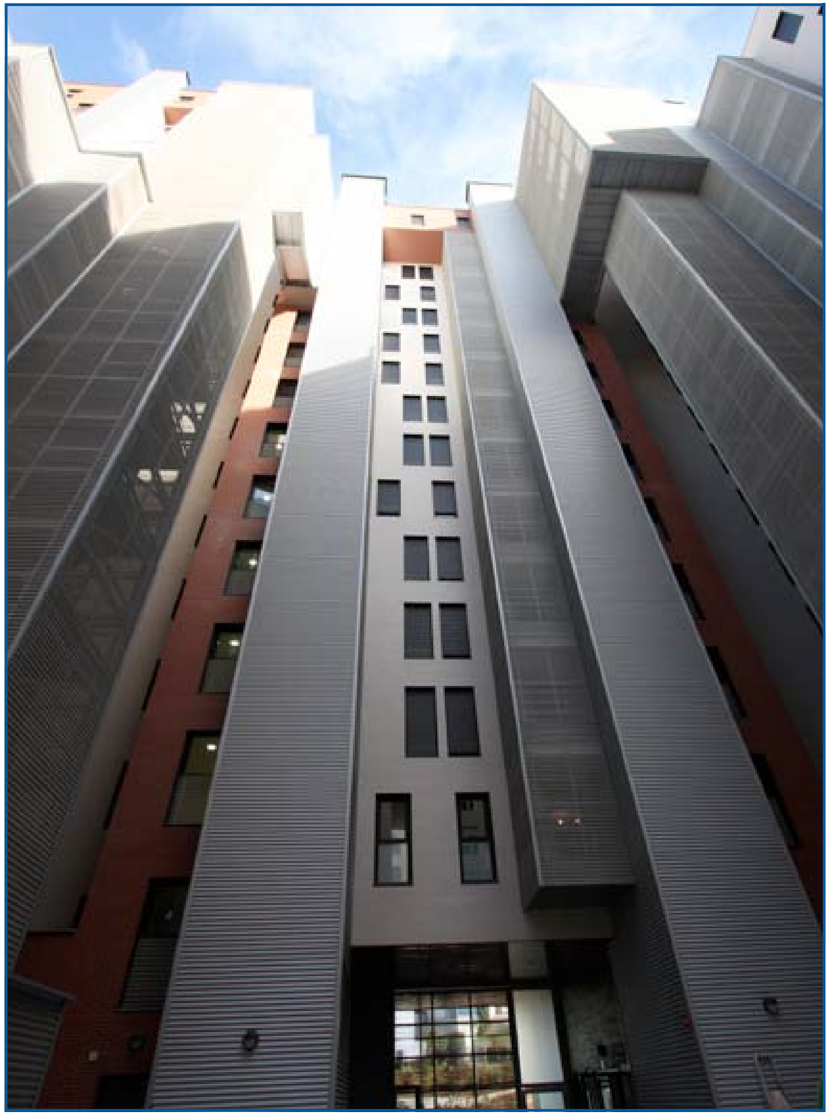
The most significant contracts awarded were:

- **Construction of the infrastructure (Phase 2 - Package 5) for the development of the Barzán Military Camp in Al Wajba, 15 km from Doha (Qatar).** The project consists of the construction of 13 km of streets with 1+1 lanes which will occupy a corridor width of 12 m to 24 m in the urban development of a part of the military base located near the Doha-Dukhan Motorway in the city of Al Wajba.
- **Urban development of the facility centre for Canal Isabel II in the DWTP in Majadahonda.** Works related to the sewage system, paving, lighting, fencing and landscaping will be executed on the 111,860 m2 plot of land.
- **Additional urban development in the La Remonta area in Hospitalet (Barcelona), Phase 1.** The works are being carried out on a surface area of 9.9 hectares of unconsolidated urban land, and consist of providing water supply, sanitation, irrigation, natural gas, electricity, lighting, telecommunications and traffic light grids, and roads, landscaping and street furniture.
- **Upgrade and remodelling of the Phase III dumping area in the Pinto landfill (Madrid).** With this expansion, the landfill will have a dumping area of 2,421,388 m3.
- **Urban development infrastructure on the intersection of Denia and adjacent streets in the Ruzafa neighbourhood in Valencia.** The actions include improving existing grids and networks, as well as new pipes for irrigation, water supply, lighting and municipal reserve and technical services centres. Pavements, bike lanes and roadways will be renovated and the area will be provided with street furniture and landscaping.
- **Clean-up, extension and refurbishment of the Bogotá River (Colombia),** so it can be recovered as a public space; section I, Alicachin Sector. This contract covers the expansion of the river's course along the 40 km that run closest to the capital to the west. It is aimed at improving water quality, flood prevention and the recovery of the river as a multifunctional and recreational area.

HOUSING

The most significant contracts awarded were:

- **316 homes in El Cañaveral (Madrid).** The works consist of two basements, a ground floor and six floors of homes and a penthouse with a built surface area of 59,871 m2.
- **Construction of the "Mairena" residential** complex on Plot 3 of the Ausu-06 Sector in Mairena del Aljarefe, Seville. This residential complex consists of 105 homes, basement



Homes in Móstoles (Madrid)

CONSTRUCTION

car parks and storage units with a total built surface area of 16,991 m2.

- **Construction of 103 homes, retail premises and underground car park in Sant Joan Despi (Barcelona).** The works consist of two basement floors, a ground floor and twelve floors of flats, with a built surface area 18,708 m2.
- **48 homes in Ciempozuelos (Madrid).** The works consist of two identical blocks with 24 homes in each consisting of a basement, ground floor and three floors of flats, and a built surface area of 6,454 m2.
- **50 homes, storage units and garage in Tres Cantos (Madrid).** The building has two basements, a ground floor and seven floors of homes, for a built surface area of 8,769 m2.
- **Construction of 74 price-limited subsidised homes, with garage, storage units and retail premises on plot 147 in Valdebebas Park in Madrid.** Located in a single building with two basements and five above-ground floors, with a built surface area of 16,737 m2.

Hoch Zwei building (Austria)

- **Construction of 24 price-limited subsidised homes, garage, storage units and retail premises on plot 146-B in Valdebebas Park in Madrid.**
- **30 homes in a block in Valdebebas (Madrid).** This building is in a closed-off courtyard area and has two basement floors, a ground floor, three standard floors and a penthouse, with a built surface area of 7,967 m2.
- **58 homes in Montecarmelo (Madrid).** This is 58 homes construction project with two basement floors, a ground floor, four standard floors and a penthouse with a built surface area of 16,751 m2.
- **42 homes in Montecarmelo on plot RC-5ª of the AR Nuevo Tres Cantos in Madrid.** The residential complex consists of two blocks of homes with a garage, retail premises and swimming pool and a built surface area of 11,189 m2.
- **Construction of 34 single-family homes on the RU 6 plot in Nuevo Tres Cantos (Madrid).** The houses are divided into four residential complexes, with retail premises, communal areas and swimming pool, with a built surface area of 10,500 m2 and 6,000 m2 of communal areas.
- **Construction of 38 homes on Calle Tomás Paredes, No 1 in Vigo.** The works consist of three basement floors, a ground floor, nine floors of homes and a penthouse, with a total built surface area of 7,368 m2.

NON-RESIDENTIAL CONSTRUCTION

This chapter includes buildings intended for administrative, educational, health, cultural, sport, commercial, hotel and industrial use.

- Administration and office centres
  - **Rehabilitation of the roof and various damaged areas in the Civil Guard barracks in Palma de Mallorca.** The work consists of the removal and subsequent repair of the current roof, reinforcement of pillars and reinforced concrete ribs with carbon fibre strips and the interior renovation of the premises including facilities.
  - **Upgrade of the interior, façade and roof enclosure for an integrated services centre in Alicante.** This is to carry out the interior finishing work, the façade, the roof and the facilities on an already finished structure. All the work is being done above-ground in a building with three basement floors, a ground floor, mezzanine and nine high-rise stories, with a built surface area of 5,040 m2.

- Construction of an administrative building in Penafiel (Portugal). This is an office building with a basement and a ground floor and a built surface area of 1,811 m2.

- Schools
  - Construction of a building for a kindergarten and primary school on Calle Bravo Murillo in Madrid. The building has three basement floors, a ground floor and three more floors plus a penthouse. It also has a swimming pool and gym.
  - Construction works of a new kindergarten and primary school in Oroso (La Coruña). The school has a built surface area of 4,537 m2.
  - Phase three of the university building with technological areas in the Cartuja Park in Seville. The third phase mainly involves enclosing the building envelope, with flat inverted roofs and a façade built using sandwich panels on subframes.

Burgos Auditorium

  - Extension of Orvalle School in Las Rozas (Madrid). The works consist of building a gym, an auditorium and classrooms in a building with a basement and two above-ground floors and a built surface area of 1,245 m2.
  - Replacement of the Emilio Canalejo Olmeda Secondary School in Montilla (Córdoba). This involves the construction of a new secondary and upper secondary school, vocational training workshops and a gym, with a total built surface area of 10,123 m2.

- Medical and healthcare centres
  - Assisted residence for Alzheimer patients in Paracuellos del Jarama (Madrid). This is a building with a basement, below floor level, ground floor and first floor, with a total of 46 double and 60 single rooms, a second floor for facilities and a roof. It has 12,218 m2.
- Cultural, sport and leisure centres
  - Construction works to upgrade, refurbish and separate the ground and first floors of the North End of the Carranza Stadium in Cádiz. The project consists of restructuring existing offices to adapt them to a new use.
  - Hotel in Es Pujol (Formentera). The work consists of earthworks, foundation footings and 4,489 m2 of reticular structure, distributed in basement, ground, first and second floors.
  - Construction of the First Division Real Madrid team's residence. This is the construction a residential building attached to an existing building, with a basement, ground, first and second floors. The building has a swimming pool, common/social area and reception area on the ground floor. There are 50 single rooms and 8 double rooms on the first and second floors. The new residential building has a built surface area of 8,704 m2.
  - Refurbishment, conservation and upgrade of the El Pinar Hotel in Torremolinos, Málaga. The works consist of refurbishing 85 rooms and public areas, and the creation of a new reception, café/bar, spa and a new access to the car park/garage.

CONSTRUCTION

Bratislava Towers, Slovakia

- Shopping centres, trade shows and conferences.
  - Supermarket and outside car park at Avenida del Sol/ Passeig de la Infanta, in Sant Joan Despi, Barcelona.

- Industrial centres
  - Construction of a building in Sant Just Desvern (Barcelona). The building is attached to an existing building as an extension and consists of two basements, a ground and first floor with high ceilings to cater for large-sized machinery.
  - Warehouse for technical vehicle inspection (MOT) in Tres Cantos (Madrid). This involved the construction of 40 x 35 m warehouse and a 316 m2 mezzanine.
  - Construction of a multi-client logistics warehouse on plot L5 in the logistics area of Córdoba. The warehouse, which is to be used for storage and distribution, is located on a 8,300 m2 plot and will have a built surface area of 8,511 m2, with 3,243 m2 of outdoor unloading, loading and manoeuvring areas.
  - Construction of a storage warehouse in Terrassa (Barcelona). The works consist of building a standard pallet storage warehouse and a mezzanine area for offices along with urban infrastructure works for lorry access and a car park.

- Renovation and maintenance
  - Comprehensive renovation of the building located in Madrid, at Calle Eduardo Dato, 18 for homes and offices. This involved rehabilitating a protected building with four floors and an attic, with a built surface area of 4,809 m2.
  - Rehabilitation and consolidation of the Castle of San Juan, in Calasparra (Murcia). The works consist of restoring and raising the current walls and attaching a stairway/walkway to them; all the cleaning and selection of remains will be carried out under the supervision of the archaeological team.

Industrial

FCC Industrial is the brand name under which FCC Group intends to pursue its growth strategy based on diversification and internationalisation. Thanks to this, FCC will strengthen its position in the industrial and energy sectors, areas that continue to receive a major boost from all public and private sectors.

Several FCC Construcción industrial companies, all of which have a long history, operate under the umbrella of FCC Industrial, which was launched in November 2010.

Parallel to the launch of the new brand name, there was a merger by absorption of the companies DENEO, ELCEN, EURMAN and GEINSA by the electrical installations company Electrical Specialties, S.A. This merger was carried out with the aim of taking advantage of the synergies of the various companies involved in the merger in order to strengthen and unify the image of the resulting company and to create new business opportunities.

One consequence of this merger has the name change of Electrical Specialties S.A.,it has been renamed "FCC Servicios Industriales y Energéticos, S.A.", which is a good description of the new lines of business to be promoted.

Other companies have subsequently joined this integration process with the aim of positioning themselves more strategically in the market. This is the case of Auxiliar Pipelines and ISO, which have been operating together under the name FCC Actividades de Construcción Industrial, S.A. since early 2012.

FCC Actividades de Construcción Industrial, S.A.

During 2012 the organisation and structure was consolidated of the Industrial Group, resulting from the integration of FCC Construcción's various subsidiaries in the industrial and energy sector. **FCC Construction Activities Industrial, S.A.** is currently positioned as one of the major players in the industrial and energy-related plant construction market with regard to contracts in the form of several lots, as well as EPC, or turnkey contracts, presenting complex bids of a far greater scope than just the civil works. To do this, it has developed a specific information system, aimed at reaching collaborative agreements with the most appropriate technologists for each case. This, in turn, allows the Company to submit the technically and economically most competitive technical proposal for each particular project, not only from the point of view of construction quality, but also in terms of the design suitability and equipment installed and, therefore, of the plant's overall economic performance.

Palma del Río Solar Thermal Plant, Córdoba

CONSTRUCTION

Significant milestones within FCC INDUSTRIAL'S internationalisation strategy include the submission of various plant construction bids with very diverse characteristics in many countries worldwide. The Company began to be awarded contracts in 2013, including one for the construction of three gas storage areas in the port of El Callao in Peru, which also includes the construction of a large multi-line gas pipeline in addition to the construction of gas storage areas.

Among **last year's projects and awarded contracts** are:

- Rebuilding of the Windsor Building in Madrid.
- Design, equipment purchase and construction of the solar thermal power generation plant in Palma del Río, Córdoba.
- Construction of 180 homes in Leganés, Madrid.
- Theatre and shopping centre in Coslada, Madrid.
- Library in Coslada, Madrid.
- Design, equipment purchase and construction of two 150,000 m3 liquefied natural gas storage tanks in the El Musel port, Gijón.
- Upgrade of retail premises for use as a gym in Calle Capitán Haya, Madrid.
- Section 1 of the pipeline in Yela, Guadalajara.
- Musel – Oviedo gas pipeline, Asturias.
- Design, equipment purchase and construction of the solar thermal power generation plant in Villena, Alicante.

Technological development

As part of the effort to keep ourselves at the cutting edge of the construction process we assist our customers to obtain GTT licences to build LNG storage tanks with membrane technology.

After the construction of seven LNG storage tanks with the dual-tank "Full Containment" technology, with which we began the construction over twelve years ago for this type of tank, the progress made in the construction engineering of these tanks with membrane technology has converted this technology into a very competitive alternative for this type of work. Consequently, in 2012, actions were started and completed aimed at ensuring that FCC ACI, SA, would be granted the licence to use this technology by GTT, a world leader in this technology. This licence enables our company to compete on favourable terms in contract bids for this type of construction project.

FCC Servicios Industriales y Energéticos, S.A

During 2012 we consolidated the organisation and structure of the Industrial Group resulting from the integration of FCC Construcción's various subsidiaries in the industrial and energy sector. FCC Servicios Industriales y Energéticos, S.A. is positioned as one of the leading industrial groups in a highly competitive and increasingly specialised market.

Worthy of note is the integration of technical and operations personnel from the 'Conservación y Sistemas' subsidiary, thus strengthening the Systems Division so it can undertake all types of projects, primarily in the field of ITS (traffic management systems). Also of note was the definitive merger and name change of HERMERIEL, S.A., which has become part of the networks division as FCC SIE (FCC Industrial).

Included among the significant milestones in FCC INDUSTRIAL's internationalisation strategy is the award of the first contract for works and services in Panama: Electromechanical installations for the Nuevo Hospital Luis "Chicho" Fábrega being built in the province of Veraguas, as well as contracts in Mexico, including: the implementation of ITS (traffic) and tunnel control systems for the Nueva Necaxa - Ávila Camacho section, and the design, development, supply and installation of the monitoring and control of the Catzacoalcos underwater tunnel. In the systems division, of note is the contract signed with Amper to develop the command and control system for the United Arab Emirates' army.

Among last year's projects and awarded contracts are:

Energy Division

- On-site implementation and work for the construction of the Villena solar thermal power generation plant (Alicante).
- Plant start-up and obtaining the maintenance contract for the Guzman solar thermal power generation plant in Palma del Río (Cordoba).
- Installation of a photovoltaic facility connected to the distribution grid in Madrid.

Railway Division

- Maintenance operations for ADIF traction substations.
- Construction and installation works for the electrification of the catenary and overhead contact line for the Vigo - A Coruña section of railway for the high-speed Atlantic Corridor.
- Construction project for remodelling the overhead contact line of the Sagrera-Sant Adriá del Besos section.
- Construction project for the network of platforms reserved for public transport in Castellón, phase I, Avda. del Mar – Cami del Serradal section.

Distribution Network Division

- Construction of the 132 kV Alhorines substation and the 132 kV power transmission line to the Iberdrola substation.
- Design, construction and commissioning of the 66 and 132 kV transmission substation for the Villena solar thermal power generation plant.
- Extension of several contracts for the operation, maintenance and construction of electric distribution facilities throughout the country.

Systems Division

- Implementation of ITS (traffic) and tunnel control systems for the Nueva Necaxa – Avila Camacho road section. (Mexico).
- Design, development, supply and installation of the monitoring and control of the Catzacoalcos underwater tunnel. (Mexico).
- Installation and commissioning of the video, communications and ITS (traffic management) control network in the control centres for the tunnels on the C-25 road in Cataluña.

Madrid Association of Architects

CONSTRUCTION

- Update and improvement of the operational planning subsystem to support the maintenance operations of the Spanish army's peace missions.
- Replicas of the Centauro and Pizarro armoured vehicles controls for the Army.
- Development and implementation of the command and control system for the United Arab Emirates' army.

Maintenance and Energy Efficiency Division

The Maintenance Division is one of the divisions that has undergone development in order to enhance its growth and gain market share. Alliances and agreements have been established with technology companies aimed at submitting bids for maintenance, renovation of facilities and works to improve energy efficiency for all types of public and private entities.

The new contracts and customers include:

- Maintenance services for the low voltage installations in Terminal 2 and outbuildings at Barcelona airport.
- Comprehensive maintenance of the Provincial Offices of the Social Security Treasury headquarters in Córdoba.
- Maintenance and implementation of the energy efficiency and management plan for the "Nuevo Three Cantos" Residents' Association (Madrid).
- Various maintenance and service contracts for AENA: installations for the M-21 tunnels accessing T4 at Barajas Airport, Air Traffic Control Centre in Seville.
- Operation and maintenance of the Guzmán solar thermal power generation plant (50 MW) facilities, in Palma del Río, Córdoba.

Electromechanical Installations Division

- Electromechanical installations for the new "Torre Castellana" (formerly the "Windsor") building, Madrid
- Electromechanical installations for various tunnels on the C-25 (EIX TRANSVERSAL, Vic – Caldes in Cataluña).
- Electromechanical installations for an assisted residence for Alzheimer patients in Paracuellos del Jarama (Madrid).
- Thermomechanical installations for the refurbishment of the APOT building in Campo de las Naciones in Madrid.
- Electromechanical installations for new classroom buildings and extension of "El Porvenir" school in Madrid.
- Electromechanical installations for the Nuevo Hospital Luis "Chicho" Fábrega. Veraguas Province, Republic of Panama.
- Electrical installations for the new underwater tunnel in Coatzacoalcos, Mexico.
- Electrical installations for the outdoor urban development of the "Puerto Venecia" service sector development in Zaragoza.
- Electrical and special installations for the tunnels on the A-8 highway in Muros del Nalón, Asturias.

R+D+i projects

FCC Industrial collaborated throughout 2012 with ADIF on the new "Railway Technology Centre" located in Málaga for R+D+i activities in the railway sector. These activities are aimed at being applied to the future new high-speed (>500 km/h) ring test in Antequera, as well as to other fields within the railway sector. This collaboration will be an opportunity to establish partnerships and agreements with other companies who are industry experts, universities and research centres.

Under the agreement signed by FCC Construcción with ADIF, 60 m2 on the premises of the Technological Centre in Málaga will be available for the development and implementation of these new technologies. Throughout 2012, collaboration agreements were concluded with other companies and government entities, along with FCC Co, to consolidate and complement all these activities.

CORPORATE IMAGE

Megaplas S.A. is the FCC Group company that provides corporate image services for interior and exterior elements at European level. Implementation is done through its two production and management facilities in Madrid and Turin.

The international nature of Megaplas was transformed this year into the implementation of the various corporate image elements at 230 New Holland dealers (the agricultural vehicles branch of Fiat Group) throughout Europe in countries such as Portugal, France, Belgium, Germany, Italy, Poland, Austria, Romania and Denmark.

The Fiat Group remains one of Megaplas's key customers. We are exclusive suppliers for all its brands (Alfa Romeo, Fiat, Lancia, Jeep and Abarth) in Spain, Portugal, France, Belgium, Holland, Italy and Greece, besides being an approved supplier for the sale of their logos worldwide.

Kia Europe has approved Megaplas as the exclusive supplier of their new image, which began to be implemented in late 2012 in its entire network in Spain.

The severe economic crisis that has affected all sectors, especially the automobile industry, has strengthened the idea to diversify the products and services that Megaplas offers its customers, with special focus on inner image elements, ranging from interior and emergency signage to furniture, merchandising, etc.

In 2012, Renault Spain, which has been Megaplas's client for over 40 years, entrusted us not only with the external image for 40 car dealers, but also with two projects that include interior elements: the launch project for the "Ze" electric vehicle and the launch campaign for the "Clio Passion" at over 40 car dealers in the Spanish network.

At the FCC building in Las Tablas, Megaplas implemented all the information and emergency signage throughout the building, including information relating to the car park, and the installation of decorative stickers inside offices and meeting rooms.

Megaplas supplied and installed two large LED-lit corporate signs, twelve metres and eleven metres long respectively, at a height of 105 m for Telefónica in its new building on Diagonal Street in Barcelona.

In the Málaga metro, Megaplas has installed the exterior entrance for the entire line 2 (six stations).

New brand image for Fiat Group dealership

CONSTRUCTION

PREFABRICADOS DELTA S.A.

PREFABRICADOS DELTA, S.A.

The production from Prefabricados Delta factories in 2012 was:

- 3,755 metres of concrete pipe with sheet metal sleeves.
- Over 24 kilometres of glass-fibre reinforced polyester pipe (GRP).
- 111,000 pre-stressed monoblock sleepers of different types.

By industry, the most significant supplies are:

Supplies for hydraulic lines

During 2012, 28,012 m of pipe, 24,257 m of glass-fibre reinforced polyester pipe and 3,755 m of concrete pipes with sheet metal sleeves in its varieties of reinforced and post-stressed, mainly with basically with elastic joints were manufactured and supplied.

Two significant facts should be mentioned: firstly, the supply of pipes and special pieces of reinforced concrete with sheet metal sleeves for the CCGT in Bremen, Germany and, secondly, the supply of glass-fibre reinforced polyester pipe for Portugal.

The most significant works include the following:

- Circulation water pipe for the CCGT in Bremen (Germany). This work has been an important milestone in Prefabricados Delta's history, as it was the first time that concrete pipe with sheet metal sleeves was supplied for Germany.
- Irrigation for the Albatera Irrigation Community. 1,638 m of the 3,207 m of the contracted post-stressed concrete pipe with sheet metal sleeves and an elastic joint with an inside diameter of 1,200 mm were supplied.
- Irrigation improvements for the Páramo Canal. 1,662 m of post-stressed concrete pipe with sheet metal sleeves and elastic joints with an inside diameter of 1,800 mm and design pressures of 6 and 10 atmospheres were supplied.
- Santoña sewerage pipe. 5,870 m of GRP (glass-fibre reinforced polyester) pipe with nominal diameters of 800 and mainly, 1,200 mm, were supplied for nominal pressures of 1 and 10 atmospheres.
- Lliria Irrigators' Community. 7,412 m of GRP pipe with nominal diameters of between 500 and 800 mm and nominal pressures of 6 and 10 atmospheres were contracted, manufactured and supplied.

Supply of railroad sleepers

111,660 pre-stressed monoblock sleepers, mainly type AI-04 (standard gauge sleepers), were supplied in 2012.

Water pipeline

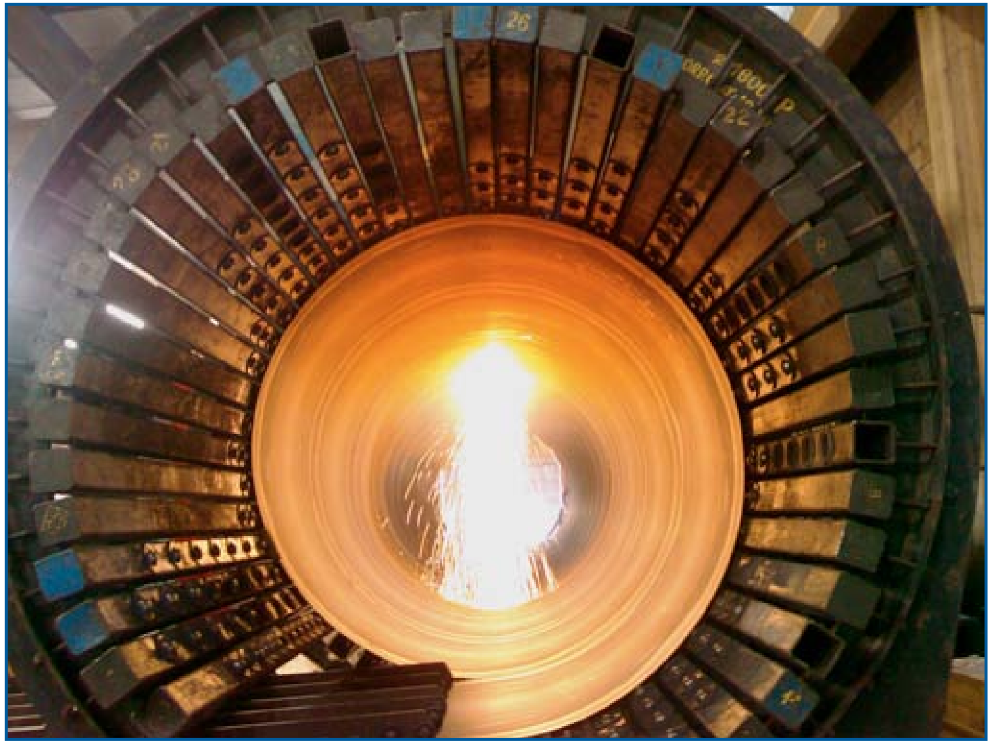
The most significant works were:

- Sleepers for the Palencia - León section of the North-Northwest High-Speed Corridor, Phase I, in total AI-04 34,088 sleepers were supplied.
- The supply of a total of 58,000 international gauge sleepers for the new high-speed rail access to Levante Madrid – Castilla La Mancha – Valencia region,– Murcia region, Almansa – Caudete section.

R+D+i activities

An R+D+i activity was certified in 2012 that consists of developing a new production process for GRP pipes that incorporates a number of changes and innovations that have affected several aspects:

- Firstly, the better use of raw materials, which has allowed the thickness of the tube wall to be reduced while maintaining the same modulus of elasticity, thereby reducing manufacturing costs and improving the product's competitiveness.
- In addition, with an increase in the uniformity of the product produced, permits an extension of the intervals for quality self-checks and, therefore, the associated cost reduction.
- An environmental improvement was also obtained by reducing pipeline rejects by 73% and diesel fuel consumption by 77%.
- Finally, there was an improvement in health and hygiene conditions by substantially reducing the environmental dust generated in manufacturing.



Manufacturing pipes from sheet metal

CONSTRUCTION

INFRASTRUCTURE CONCESSIONS

In line with the current environment, the Concessions Department has carried out its activity in 2012 under the following premises:

- To bid for international projects in solvent and safe markets with medium-term growth perspectives. This goal is in line with the general strategy established by FCC Group.
- To consolidate its presence in countries through the creation of new consortiums and by strengthening relationships established in previous years.
- To bid for contracts with solvent partners (investment funds and public pension funds now in the consortium), making offers that are more consistent and easier to finance.
- In relation to contracts in the order-book with complications due to the macroeconomic environment: negotiations continued in 2012 with the central government aimed at determining the conditions to rebalance some contracts with economic and financial imbalances.
- The remaining contracts in the order-book were optimised and adjusted to achieve this optimisation and prepare them for divestment.

The following are the concession companies in which FCC has holdings along with the most important events in 2012:

FCC Construcción, S.A (Concessions Department)

National:

- **Murcia tramway (50%)**

Construction, maintenance and operation of Murcia tram line 1 (17.76 km and 28 stops) for 40 years. On 28 May 2011, the operation commenced after the completion of the works. The rolling stock was integrated along with the operating, electrification, ticketing and communication systems. Since then, there have been over 6 million visitors, with a monthly demand of over 400,000 travellers. The Murcia tramway received the "International Award for the Best Environmental Initiative of the Year" ('Global Light Rail') in 2011.

- **Zaragoza tramway (16.62%)**

Construction, commissioning, maintenance and operation of Zaragoza tram line I, with 12.8 km, for a period of 35 years. Due to its technology, this new service is considered to be the most modern in Spain. The works for the construction of the second phase of line 1 were carried out in 2012.

- **Urbicsa (29%)**

Construction, maintenance and operation of buildings and facilities in the City of Justice project in Barcelona and L'Hospitalet de Llobregat. The project consists of buildings with areas reserved for use by the Catalan Regional Government (159,878 m2), complementary uses, offices and retail premises (26,628 m2) and a 45,628 m2 car park with a capacity for 1,750 parking spaces. The main activities in the maintenance management in 2012 have focused on the development of information tools to support the service, as well as actions aimed at energy savings, improved comfort and the reorganisation of maintenance services.

- **Cuenca highway (100%)**

Maintenance and operation of the A-3 and A-31 section that runs through the province of Cuenca, for a period of 19 years. The maintenance work has been carried out since the contract was signed. By the end of 2012, about half the works had been completed and the remainder is expected to be completed by 2014. The Concessionaire continues the smooth running of the operation and maintenance of the highway simultaneously with the execution of the works.

- **Torrejon de Ardoz Hospital (5%).**

Total management of Torrejón Hospital for 30 years. This is the second hospital in the Madrid self-governing region in which health services fall within the scope of the agreement, together with the management of non-health services. The hospital will have a surface area of 62,000 m2, 240 beds and will provide services for 133,144 people. FCC holds 66.67% of the construction company. In June 2011, the construction works were completed and the operation of the hospital began in October.

- **Healthcare Centres in Mallorca (33%).**

Construction, maintenance and operation of 5 healthcare centres and 5 basic healthcare units in Palma de Mallorca. The service levels required have been successfully met since operation began, which proves that the management of the work under contract and the resolution of incidents raised have been a success.

- **Cedinsa Eix Llobregat (27.2%)**

Construction and operation by shadow toll of the road between Puig-Reig and Berga, and the conservation and maintenance of the Sant Fruitós Bages - Puig-Reig section, all along the C-16 road (Llobregat Corridor). 2012 is the fifth full year of operation, with an average daily traffic volume of 18,869 vehicles along these sections.

- **Cedinsa d'Aro (27.2%)**

A 33-year shadow toll concession of the 27.7 km of the Maçanet Platja d'Aro highway, consisting of the design, construction and operation of the section of the C-35 between Vidreres and Alou and operation of the Maçanet – Vidreres section of the C-35, Alou-Santa Cristina d'Aro section of the C-65 and the Santa Cristina d'Aro – Platja d'Aro section of the C-31. 2012 was the fourth full year of operation, reaching an average daily traffic volume of 24,267 vehicles.

- **Cedinsa Ter (27.2%)**

Shadow toll highway concession of the 48.6 km Centellles – Vic – Ripoll section, of which 25.2 km are new roadway, between the towns of Centelles and Ripoll. The concession period is 33 years with a construction period of 3 years and 30 years of operation. On 30 July 2011, the 3B section (the C-17 main road section, between Sora and Ripoll) was inaugurated and fully opened to traffic.

- **Cedinsa Eix Transversal (27.2%)**

A 33-year shadow toll concession of the 150 km of the Transversal Corridor highway. The contract consists of the definition of the design and the construction and operation of the Cervera - Caldes de Malavella (C-25) section. The concession is expected to be fully serviceable in early 2013.

Torrejón de Ardoz Hospital

CONSTRUCTION

Barcelona Metro Line 9 (49%).

Construction, maintenance and conservation of 13 stations on section I of Barcelona Metro Line 9, for 32 years. FCC has a 33% holding in the construction joint venture, and the rest will be newly contracted.

The Company completed the construction phase in 2012 and operations have begun in all the stations of this public works concession.

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

A 50-year concession to manage the World Trade Centre buildings in the Port of Barcelona. The Port has a 36,000 m2 area of office and retail space, 6,000 m2 of conference and meeting rooms and a 280 bed hotel.

Parc Tecnologic World Trade Center Cornellà, S.A. (12.5 %)

Construction of a facility consisting of seven office buildings, a shopping area and a 27 storey apartment hotel. The first phase works have been completed. These consist of three buildings with a built surface area of 37,500 m2, an underground car park for 500 cars and a 10,000 m2 landscaped square.

Tramvia Metropolità S.A. (18.08%)

The construction and 25-year operation of the 15.1 km transport infrastructure linking south Barcelona with towns in Baix Llobregat. It has been in service since 2004.

Tramvia Metropolità del Besòs,S.A. (19.3%)

Construction and operation and maintenance for 27 years of the 14 km long tramway that connects the Olympic Village in Barcelona with Sant Adrià del Besòs and Badalona.

Málaga Metro, (24.50%)

Construction and operation of lines 1 and 2 of the Málaga Metro. The track length is 16.5 km, of which 71% are underground with 19 stations along the route.

Ibiza-San Antonio highway (50%).

Construction and shadow-toll operation of the widening of the Ibiza-San Antonio road. A unique feature is the burial of 1.3 km of the highway in the San Rafael area. The road is 14 km long and the concession is for 25 years. The average daily traffic volume in 2012 was 30,894 vehicles.

International

New Acute Hospital for the South West (Northern Ireland).

Construction, maintenance and operation (non-healthcare services) of the Enniskillen Hospital in Northern Ireland for a period of 33 years. The new hospital will have 315 beds and is the first of its kind developed under the PFI (Private Finance Initiative) modality in Northern Ireland. This hospital, already in operation, has been developed through a public/private partnership and is considered an icon for hospitals in Europe with single rooms and sustainable energy generation.

Underwater Tunnel in Coatzacoalcos (Mexico).

Construction, finance, maintenance and toll operation of the underwater tunnel in Coatzacoalcos in the state of Veracruz (Mexico) which connects the city of Coatzacoalcos with the Allende conurbation. The tunnel is 2,200 m long, of which 1,200 are underwater. The concession is for 37 years. The works began in 2007 and operation is expected to begin in late 2013.

Matinsa
MANTENIMIENTO DE INFRAESTRUCTURAS, S.A.

Other subsidiaries and holding companies

INFRASTRUCTURE MAINTENANCE

FCC Group, through its subsidiary, Mantenimiento de Infraestructuras, S.A. (MATINSA) is active in the sector in the following business areas:

Highways and roads

Maintenance of over 1,550 km of highways and 2,360 km of roads on the conventional road network belonging to various public administration bodies and concessionaires is performed.

These include the access to Madrid via the A-6 highway from Villalba, including the bus-HOV section, which is a pioneer in Europe as a model of transport infrastructure reserved for high-occupancy transport with a reversible lane.

In addition, Matinsa provides conservation services for ring roads in Barcelona, the Ronda de Dalt and the Ronda Litoral, and participates in the maintenance of the Asturian "Y". All these roadways handle traffic of over 100,000 vehicles/day.

New maintenance contracts in the provinces of Asturias, Barcelona, Badajoz, Cáceres and Madrid were secured in 2012.

Hydraulic infrastructure maintenance.

Matinsa operates and provides maintenance for the Automatic Hydrological Information System (SAID) of the Júcar Water Basin Authority which monitors the operation of the basin with 217 instrumented control points.

Installing safety fences on highways

This subsidiary also maintains and operates several Júcar River Basin channels, totalling 160.2 km of channels that supply water to Valencia, Sagunto and its metropolitan area and cover the needs of 28,000 irrigable hectares.

This year the Tajo Hydrographical Confederation has awarded the conservation and maintenance operations of the channels in the irrigable area of the Arrago river, that provide water for around 9,000 hectares of irrigation.

Tramway maintenance

Maintenance of infrastructure, systems, civil works and materials for the following tramways:

- Zaragoza, with a 7 km line in operation.
- Murcia, with a 17 km long line.

CONSTRUCTION

Forest fire prevention and extinction

Matinsa performs the following services:

- Continuously since 1998, the Company provides fire brigade service for the eastern zone of the Self-governing region of Madrid, with a total of 234 workers, 8 heavy forest fire engines, 15 light engines, 2 high mobility vehicles (VAMTAC), 1 twin-engine helicopter and 14 forester engineers.
- Prevention and extinction of forest fires with heavy machinery for the Self-governing region of Madrid, under the INFOMA plan.
- Fire extinguishing devices in the Casa de Campo in Madrid.
- A contract for fire prevention-related work in the north area conventional network was also awarded for 2012-2013.

Environmental restoration

The company carries out works related to environmental restoration and the recovery of damaged areas, such as the restoration of dune systems and their conservation and maintenance.

Crushing and clearing works

Significant contracts awarded this year include:

- Environmental recovery of the River Andarax Delta, Phase I, in the municipality of Almería.
- Conditioning and channelling of the channel canyon, Vélez-Rubio (Almeria).

Maintenance and conservation of natural areas, gardening and landscaping

Contracts awarded this year include:

- Maintenance and conservation services for indoor and outdoor gardens and green areas at the University of Salamanca's centres and facilities.
- Recovery and maintenance of the municipal golf course in Sotoverde, Valladolid.
- Extension of the conservation and maintenance services for earthen areas, pavements and civil works elements in the 'Casa de Campo' park, Madrid.

Forestry works

Significant forestry works include the reforestation and silvicultural improvement of forests in the communities of Madrid, Andalucía and Valencia, for various governmental authorities.

This year's awarded contracts include:

- Forestry works in the IX Region of the Madrid self-governing region.
- Conditioning of traditional livestock paths and tracks in the Peñalara nature park, Madrid.

R+D+i projects

Matinsa participates in the following R+D+i projects:

- Fénix ICT Project, to develop and establish of a forest fire prevention and extinction system.
- Puentes Project, for the design of real-time condition survey systems for structures in service using wireless sensors

PROSER
PROYECTOS Y SERVICIOS, S.A.

Proyectos y Servicios, S.A. (Proser) carries out engineering studies and project planning. The contracts awarded during the year include:

Highways and roads

- Tender project for the Paso Ancho Ring Road Exchange in San José, Costa Rica, National Route 39. This consists of the construction of a 410 m long underpass that allows the ring road to cross under the roundabout connection with Road No. 213.
- Tender project for three interchanges (Cañas, Bagaces and Liberia) on the Inter-American North Highway, National Route 1 in Costa Rica. This consists of the construction of three interchanges (link roads) from the main road that connects to the access roads leading to the aforementioned locations.
- Catalogue of municipal roads in Sant Cugat Sesgarrigues; Catalogue of municipal roads in Olèrdola and Catalogue of municipal roads in Lluçà, Cataluña. The purpose of road catalogues is to prepare an inventory of a number of elements such as location, horizontal alignment, longitudinal alignment, cross section changes and changes in pavement type. The condition of the road is determined and the results include a technical sheet for each road along with a location map and photographic report. A report that lists and summarises the roads in the inventory and the main features is also attached.
- Improvement of the bridge over the River Llobregat on the C-16z, KP 93+690. This consists of improving pedestrian routes so that there are no discontinuities and they meet accessibility standards as well as improve the current state of the bridge containment system, its drainage and deck joints.
- Improvement of the bridge over the River Llobregat to the C-16z road, KP 93+745. This consists of upgrading the existing structure which currently has major defects and turn it into a space for public use as a pedestrian crossing over the River Llobregat.
- Detailed design of the new access to the Aguas Teñidas Mines. Huelva. As part of the project to extend the Aguas Teñidas Mine's mineral treatment plant in Almonaster la Real, Huelva, a new access to the facilities from the north was designed that allows light vehicles to enter and exit the new facilities and parking areas directly.

National and metropolitan railways

- Survey Report for the New Baricentro Intermodal Transfer Facility in the area of Cerdanyola del Valles and Barberá del Vallés (Barcelona). The contract is part of the actions included in the Commuter Train Railway Infrastructure Plan for Barcelona 2008-2015. The purpose of the contract is to analyse possible alternatives for the construction of an intermodal transfer facility for the three commuter rail lines R-4, R-7 and R-8 in Rodalies at the border area of the municipalities of Cerdanyola del Vallés and Barberá del Valles.

Hydraulic works

- Detailed design of the works for the Segarra-Garrigues irrigation distribution network. Sector 6. Verdú municipaity. Secondary transformation networks for the C and D belts in sector 6. The purpose of these projects is to layout and design the secondary and tertiary networks for the right bank of the canal in sector 6 in the Verdú municipality,

Placement of modular reinforced concrete structures

CONSTRUCTION

Lérida, as well as the hydraulic infrastructure and equipment that make up the entire irrigation system.

- Detailed design for the channelling and restoration of the Herreritos Ravine in Aguas Teñidas. Huelva. This consists of the construction of new channelling for the Herreritos Ravine that is 1,310 m long.
- Review of technical documentation available for the 100 MW hydroelectric power plant on the River Bio Bio in the region of Bio Bio (Chile) project. Analysis of previous documentation (environmental, hydraulic, hydrological, geotechnical, etc.) in order to assess the feasibility of the hydroelectric plant and the potential risks and opportunities.
- Design for the wind power supply for self-use at the Almudévar Reservoir pumping station, in the Upper Aragon Irrigation area. Definition of the works required for the installation of a wind farm that enables enough energy to be generated to offset the energy deficit generated during the operation of the Almudévar Reservoir.
- Behavioural study and drafting of the annual report of the Terradets, Llause and Baserca Dams. Analysis of the current condition of the three dams, a study of their behaviour and hydrological events.
- Tender project for the Water Treatment Plant in Barrialito, Venezuela. Tender project for a new water treatment plant in Venezuela with a flow rate of 4,000 l/s.

Urban development

- Detailed design of the urban development, roads and buried utility services for the expansion of the mineral processing plant in Aguas Tenidas. Huelva. This urban development project defines both the location and the characteristics of the new roads designed as part of the mineral treatment plant project in Aguas Teñidas in Almonaster la Real, Huelva, as well as the buried utility installations.

R+D+i

PROSER's R+D+i Department has carried out a series of activities in 2012 aimed at, firstly, consolidation within the corporate structure of the projects carried out in previous years (INNOPROSER, PLATFORM 2.0, etc.) and, secondly, the development of new research projects.

These new projects include those known as "Tools for defining tunnel types" and "Tools for company carpooling management" and are being carried out in collaboration with FCC SIE.

River channelling

In addition, PROSER is leading the "Accessible City" Project, which focuses on the Feder-Innterconecta call for tenders. This project has several participants, both private companies and public authorities, and support from a number of organisations, among which is the Málaga City Council, AENA and ADIF.

Lastly, PROSER actively participates in the Smart Cities Committee which is being held within FCC Construcción.

The 2012 milestone for Globalvia Group was the incorporation of the pension funds, OPTrust (Canada) and PGGM (Netherlands), as Globalvia investors through an issue of convertible debt securities amounting to 750 million euros, committing initial contributions of up to 400 million (200 million euros from each investor in accordance with the contract signed on 27 October 2011 and whose initial outlay took place on 2 February 2012 amounting to 250 million euros (150 million euros from PGGM and 100 million euros from OPTrust).

These new financial resources support Globalvia's strategy to create value through the implementation of new investments and increasing the current portfolio with the acquisition of new "brownfield" assets in roads and the railway sector as well as in the development of selected "greenfield" projects.

Globalvia continues to consolidate its leading position worldwide in transport infrastructure management. According to the 2012 ranking by the prestigious Public Works Financing, Globalvia continues to rank second in the number of concessions for the fourth consecutive year.

During this year, Globalvia also consolidated its portfolio in the Latin American market with the acquisition of the Costa Rican company "Infrastructuras SDC Rica S.A.", owner of 17% of the shares of the company Autopistas del Sol, S.A., the San José-Caldera motorway concession holder. With this operation, Globalvia now controls 65% of the shares in the concessionaire.

- **San José-Caldera – Costa Rica (48%):**

Construction and operation of the San José-Caldera toll motorway, which links the capital to the peripheral areas of the coast. The motorway is 76.8 km long, and the concession, which begun in 2012, lasts for 25 years. At present the toll motorway has an average daily traffic volume of 41,283 vehicles.

In 2012 in the Spanish market, Globalvia acquired 33.33% of the shares in Ruta de los Pantanos, S.A. owned by Desarrollo de Concessiones Viarias Uno, S.L. now Globalvia controls 100% of the company.

- **Ruta de los Pantanos (100%):**

Construction and management and maintenance services for 25 years of the 21.8 km long duplication of the width of the M-511 and M-501 roads between the M-40 and M-522 in the Madrid self-governing region. The concession has been in operation since 2002 and in 2012 had an average daily traffic volume of 36,751 vehicles.

M-45 Madrid

CONSTRUCTION

Concessions added to Globalvia's business as of 31 December 2012:

- **Itata Motorway (100%).**
Construction and 13 years of operation of the Concepción-Chillán toll motorway that has a total length of 98 km. The average daily traffic volume in 2012 was 4,570 vehicles.

- **Aconcagua Motorway (100%).**
Construction and toll-road operation of the Route 5 Santiago-Los Vilos stretch of motorway that has a total length of 218 km; the concession is for 30 years. It consists of three main toll stations that are operated bidirectionally. The average daily traffic volume in 2012 was 14,667 vehicles.

- **Trasmontana Motorway (50%).**
The company is holder of the construction and operation services for the mixed toll motorway between Vilareal and Braganza, Portugal with a total length of 194 km and for a 30 year period. It is currently in the design and construction stage.

Coatzacoalcos Tunnel, Mexico

- **Galician Central Motorway, (61.39%).**
Construction and operation of the Santiago de Compostela - Alto de Santo Domingo toll motorway for a period of 75 years. The road is 56.8 km long. It began operating in 2005. The average daily traffic volume in 2012 was 4,967 vehicles.

- **Sóller Tunnel, (89.23%).**
Construction and operation as the Sóller toll tunnel crossing the Alfabia mountain range in the Palma de Mallorca to Sóller corridor. The road is 3.1 km long and the concession is for 33 years. The tunnel has been in operation since 1989 and had an average daily traffic volume of 7,550 vehicles in 2012.

- **Multipurpose Terminal in Castellón, (78.68%).**
Construction and operation of a 9.5 hectare terminal in the Port of Castellón for handling containers and general cargo. It has been in operation since 2006. A total of 90,300 container movements took place in 2012.

- **Costa Cálida Motorway, (35.75%).**
Construction and operation of the Cartagena – Vera toll motorway for a period of 36 years. The toll road is 98 km long, and 16 km of toll free road for internal ring road traffic in Cartegena have been added. The average daily traffic volume in 2012 was 1,625 vehicles.

- **Barajas Metro, (100%)**
Project development, construction and operation of the Barajas-New Terminal Building T-4 metropolitan metro section of line 8. The track length is 2.5 km and the concession lasts for 20 years. It has been in service since 2007. In 2012, 2,082,146 passengers used the line.

- **M-404, (100%).**
Design, construction, maintenance and operation of 27 km of the M-404 between M-407 and M-506 as a shadow toll highway. The concession contract was awarded in December 2007 and is currently on hold.

- **Castellón Airport, (47%).**
Construction and operation of Castellón Airport for 50 years. The future airport will be between Benlloch and Villanueva de Alcolea, a privileged setting located within 50 miles of any point in the province.

Phunciona Gestión Hospitalaria, S.A. (Hospital del Sureste), (66.66%)
Construction and comprehensive maintenance management: The hospital had 110 inpatient beds in 2007, which can be extended to 148 in 2017, and an estimated surface area of 37,000 m. It has been in operation since 2007.

Scutvias, Autoestradas da Beira Interior, (22.22%).
Construction and operation as a shadow toll highway of the stretch between Abrantes and Guarda. The road is 198 km long, of which 95 km belong to an existing road and 103 km are newly built. The concession runs for 30 years and includes the operation of three petrol stations. In operation since 2005, the average daily traffic volume in 2012 was 6,197 vehicles.

Hospital in Enniskillen

M-407, (50%)
Design, construction, maintenance and operation of 11.6 km of the M-407 between the M-404 and M-506 as a shadow toll highway. The concession was awarded in August 2005 and it has been in operation since 2007. In 2012 it had an average daily traffic volume of 29,496 vehicles.

Concesiones de Madrid, (100%)
Administrative concession section of the Madrid ring road, the M-45, between the O'Donnell intersection and the N II which is 14.1 km long. The period is for 25 years under the shadow toll system. The concession has been in operation since 2002 and in 2012 it had an average daily traffic volume of 74,663 vehicles.

Túnel d´Envalira, (80%)
Design, construction and operation of the toll Túnel d'Envalira that links the winter resort of Grau Roig with Pas de la Casa, and serves as the route between Andorra and France on the Barcelona – Toulouse corridor. The tunnel is 3.2 km long and the concession is for 50 years. The tunnel has been in operation since 1998 and had an average daily traffic volume of 1,537 vehicles in 2012.

Tranvía de Parla, (75%)
The company was awarded the 40-year contract for the construction, supply of rolling stock, running, operation and maintenance of the 8.5 km of double tramway track in Parla (Madrid). This concession was awarded in 2005 and began operating in June 2007, with an annual traffic of 4,573,029 passengers in 2012.

Transportes Ferroviarios de Madrid, (49.37%)
Extension of line 9 of the Madrid Metro between Vicálvaro and Arganda which has a total length of 20 km and three intermediate stations. It was used by 6,161,140 passengers in 2012.

Ruta de los Pantanos, (100%)
Construction, management and maintenance for 25 years of the 21.8 km long duplication of the width of the M-511 and M-501 roads between the M-40 and M-522 in the Madrid self-governing region. The concession has been in operation since 2002 and in 2012 had an average daily traffic volume of 36,751 vehicles.

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CONSTRUCTION

M-50 Dublín

San José Caldera Highway, Costa Rica

M-50 Dublin, (45%)

Construction and operation of the M-50 motorway for 35 years in Dublin. This is the city's main ring road. The project consists of widening 24 km of motorway and operating and maintaining it along with another 19.3 km. This was executed on an availability payment basis that began operation in September 2010.

Nuevo Necaxa-Tihuatlán (50%)

Design, construction and operation of the 85 km Nueva Necaxa-Tuhuatlán motorway located between the state of Veracruz and the state of Puebla and which is part of the main intersection road linking Mexico City and Veracruz. This highway is divided into two sections:

- TC1 Nuevo Necaxa-Avila Camacho, 36.6 km long, 4 lanes, for construction and operation on an availability payment basis.
- TC2 Ávila Camacho - Tihuatlán, 48.1 km long, 2 lanes, for operation under a user toll scheme. It opened in 2012.

Autovía del Camino, (9.1%)

Construction and operation of the Pamplona-Logroño highway under the shadow toll system. It is 70.25 km long in total and has been operating since late 2004. The average daily traffic volume in 2012 was 11,340 vehicles.

Port Torredembarra, (24.08%)

Construction, operation and maintenance of a marina in the city of Torredembarra in Tarragona with a capacity of 714 berths, plus retail space and ships' stores. Currently in operation.

Santiago de Chile Airport, (14.78%)

Construction and operation of the Arturo Merino Benítez International Airport in Santiago de Chile. The second runway entered into service in September 2005, built by the Ministry of Public Works and allows the airport to operate better.

Infographic: Wales Racing Circuit

- **Autopista San José – Caldera, (65%)**

Construction and operation of the San José - Caldera toll motorway in Costa Rica that connects the capital with one of the Pacific's major ports. The road is 76.8 km long and the concession is for 25 years. The average daily traffic volume in 2012 was 41,283 vehicles.

- **Hospital de Son Dureta, (33%)**

Construction and operation of the new benchmark hospital in the Balearic Islands. The hospital has a surface area of 193,088 m2 and 987 beds, and will serve over a million people. The concession runs for 30 years. It opened to the public in 2010.

- **N6 Galway - Ballinasloe, (45%)**

Construction and operation of the N6 Galway – Ballinasloe motorway along the east-west strategic corridor from Galway to Dublin. It consists of a 56 km toll motorway between Galway and Ballinasloe, a 7 km link to the Loughrea bypass (single carriageway) and approximately 32 km of access roads. The concession is for 30 years. It began operation in December 2009. The average daily traffic volume was 9,060 vehicles in 2012.

- **R-2 Autopista del Henares, (10%)**

Construction and operation of the R2 toll motorway which runs for 62 km between the M-40 and Guadalajara. It consists of two sections. The inner section, from the M-40 to the M-50, is an alternative to avoid traffic jams on the A-1 at S.S. de los Reyes and Alcobendas. The outer section is an alternative to the heavy traffic on the A2 between Guadalajara and the M-50. The duration of the concession is 24 years. The daily average traffic intensity during the past year was 5,928 vehicles.

- **Circunvalación de Alicante, (25%)**

Construction and operation of the Alicante ring road that is 28.5 km long and the concession lasts for 36 years. The concession has been in operation since 2007 and last year had an average daily traffic volume of 5,710 vehicles.

- **Metro Ligero de Sanchinarro, (42.5%)**

Operation and maintenance of Pinar de Chamartín-Sanchinarro-Las Tablas line which is 5.4 km long and connects Madrid metro lines 1 and 4. This line has been in operation since May 2007 and the concession period is 30 years. In 2012, 4,736,987 travellers used the light rail.

CONSTRUCTION

The Austrian subsidiary **Alpine** has holdings in the following concession:

- Design, finance, construction and operation of the first section of the A5 motorway in Austria for 30 years. This is the first toll motorway concession in the country and is 51 km long. It includes the construction the first section of the A5 from Vienna towards the Czech Republic between the towns of Eibesbrunn and Schrick, and the extension of the northeast ring road in Vienna, which will be the starting point for the S1 and S2 express roads. The first phase became operational in November 2009, and Phase 2 began operations in February 2010.

TECHNOLOGICAL DEVELOPMENT

FCC Construcción promotes an active policy for technological development and innovation which is constantly applied to its works, as part of their firm commitment to sustainability and to contribute to the quality of life of society as a competitive factor.

R+D+i activities

The company participates in the technological elements of the most unique construction projects, developing its own R+D+i projects aimed at improving building processes which, combined with the impetus from the machinery and auxiliary means at its disposal, allow it to offer its customers a range of technical solutions that are an important means of differentiation in the entire industry.

In this regard worthy of mention is FCC Construcción active participation in many European and national R+D+i organisations such as:

- European Construction Technology Platform (ECTP) within the High Level Group (HLG) 2011-2012 and prolonging its permanence for the 2013-2014 HLG.
- The E2BA Association (Energy Efficient Buildings Association), that participates in the Steering Committee and the Ad-hoc Industrial Advisory Group (AIAG). Several workshops have been held and it has cooperated in the AIAG (Ad-hoc Industrial Advisory Group) meetings to address the impact of the E2BA as well as for the development of European aid issues of the E2B 2013 PPP and for the development of the roadmap for the Horizon 2020 programme (2013-2020, 8th Framework Programme).
- In the ReFINE (Research for Future Infrastructure Networks in Europe) Initiative, where we completed the work on the Strategic Research Agenda (SRA) as co-leaders of Priority 3 "Greening Infrastructure". We have also participated in the Joint Task Force for Transport Infrastructure. The aim of the initiative is to ensure that the European Commission considers financing R+D+i in transport infrastructure as a specific objective.
- In ENCORD (European Network of Construction Companies for Research and Development), we have actively participated in the Board and working groups on CO2 Emissions Control and Health and Safety in coordination with the Quality and Training Department and other Company organisations.

- FCC Construcción holds the Chair of the SEOPAN R+D+i Committee from July 2012.
- The Company participates in the Internationalisation Committee of the R+D+i Committee of the Spanish Confederation of Business Organisations (CEOE), and in the Commission.
- FCC Construcción is a member of AENOR's ADVISORY BOARD FOR THE CERTIFICATION OF CONSTRUCTION COMPANIES. The purpose of this working group is to develop the Handbook to interpret the requirements of the UNE 166002 standard in the construction sector.
- It has also participated in the Spanish Construction Technology Platform (PTEC) as a member of the PTEC Foundation Board of Trustees, in the Standing Committee and in its strategies. FCC has participated in the Strategy Committee and in the current reorganisation now taking place in PTEC.

These organisations share the goal of shaping the important role of industry as a driving force for research, development and technological innovation in the area of construction.

In December 2011, a cooperation agreement was signed between FCC Construcción and the Railway Infrastructure Administrator (ADIF) for the development of research, technological development and innovation. Subsequently, a FCC CO office was installed in ADIF's Railway Technology Centre located in the Andalucia Technological Park in Malaga.

Work continues on projects where the interest of public administrations has materialised. It must be noted that the SR (Sustainable Rehabilitation) works in collaboration with the following public administration bodies: the Malaga Municipal Housing Institute and that of the Córdoba City Council (Córdoba Municipal Housing - VIMCORSA), allowing both organisations to use buildings for the theoretical study of the project. In 2012 activities began on two prototypes, a single family home and a high-rise building.

The IISIS Project (Integrated Research on Sustainable Islands, the INNPRONTA 2011 tender) is currently underway. FCC Construcción and different Company organisations are participating: FCC S.A. (FCC Medio Ambiente and FCC Energía), AQUALIA and Cementos Portland Valderrivas. FCC Group has two-thirds of the project budget.

Collaboration continues with Cementos Portland Valderrivas on the implementation of R+D+i projects, on the preparation of new R+D+i proposals and on the Project Certification Process together with Cementos Portland Valderrivas and FCC Ámbito. Work is also being done with FCC Servicios Industriales y Energéticos on drafting proposals in the areas of railways and ICTs and on other topics with Matinsa and PROSER.

There is active involvement in the Smart Cities Working Group along with FCC Servicios Industriales y Energéticos (FCC SIE), Matinsa, PROSER and FCC Construcción-Concesiones.

Regarding R+D+i, during 2012 we finished projects started in previous years, such as the "Depósitos" project, the design of a storage system for modified bitumen from disused tyres for plants making hot mix asphalt; Bridge damage: low cost dynamic tests for the maintenance of bridges subject to uncontrolled environmental loads, using wireless sensors; Explosives: research on the conditions for the design and construction of parking structures for transport terminals under the risk of terrorist attack. The following projects have been continued: CEMESFERAS, research and development of vitreous spherical micro particles with cementing properties with Cementos Portland Valderrivas; RS, sustainable rehabilitation of buildings; VITRASO, diagnosis and prediction of noise transmission paths in buildings; ECORASA, comprehensive use of waste from construction and demolition as backfilling material for sewer ditches; NANOMICRO, nanomicrocements and their application in concrete wind towers; NEWCRETE, concrete with a high percentage of recycled aggregates for structural applications; IISIS, integrated research on sustainable islands, in collaboration with several FCC Group companies; PRECOIL, new collective smart prevention systems in dynamic linear infrastructure environments; SPIA, based on new highly visible signal display systems and an independent personal lighting system.

Work is also being done on three European projects: CETIEB, monitoring of air in retrofitted buildings for energy efficiency, the initial meeting was organised in Madrid by FCC Construcción; BUILDSMART, energy efficient solutions ready for the market; and SMARTBLIND, the objective of the project is to develop an active film for smart windows using an inkjet method. Application to a building envelope component: autonomous smart device, etc.

New projects were launched nationally in 2012 such as MERLIN, to develop better local infrastructure rehabilitation; SEA MIRENP, ecoefficient by-products suitable for the market through the integration of recycled materials in port environments; CEMESMER, new generation cements intended for the stabilisation and solidification of mercury in water, soil and industrial waste; APANTALLA, to develop new nanostructured materials with improved properties for shielding against electromagnetic radiation; SETH, a

CONSTRUCTION

comprehensive structural monitoring system for buildings based on holistic technologies; and BOVETRANS, to develop a system of light transition vaults in road tunnels that will take advantage of sunlight.

In addition, the certification process for the R+D+i processes carried out in the works was continued.

BBR PTE

Throughout 2012, our post-stressing and special techniques company BBR PTE continued its efforts to develop and implement the following construction elements and processes:

1- BBR HiAm CONA cables. The installation of the cables on the bridge over the River Danube in Bulgaria and on the Viaduct over the River Corgo in Portugal completed in 2012. These bridges had cutting-edge cables installed that had been developed in accordance with the most demanding international recommendations.

2- Bridge thrust system using heavy lifting jacks. BBR PTE has launched two metal structures for the construction of two viaducts that form part of the Eix Transversal highway: Sot del Pla de Perer (176 m long with a 2.49% gradient) and Sot de L'Ullastre (220 m long with a 3.20% gradient). Each viaduct has been launched in two stages to the middle of the main span: one launch with an upward pitch and another with a downward pitch. Once the two launches had been executed, the structures were welded into one single structure. The maximum weight for the launch was 600 tonnes. Altogether, BBR PTE has carried out four launches to build the two viaducts, using four 850 kN Heavy Lifting jacks. The pile support system was done using Teflon-coated temporary supports and transverse guiding done with a roller jack system. All the thrusts were performed using pulling and retaining jacks.

3- System for replacing pre-cast segments in bridges. BBR PTE has collaborated in the construction of the Romeral viaduct on the Taramay-Lobres section of the A7, which was built with self-supporting formwork and pre-cast concrete segments using the progressive cantilever method. The 570 metres long has seven spans: 55 m + 5 x 92 m + 55 m. Equipment with a hoisting capacity of 4 x 1700 tonnes was used for lifting movements, lowering, cant changes, gradient change and turns with pinpoint accuracy. This machine has load cells which record the load at all times on the supports, as well as displacement sensors. The control equipment is governed by a PLC from a touchscreen and has overload alarm and timing alarms.

MANAGEMENT SYSTEMS

In FCC Construcción's international expansion phase, its Management and Sustainability System has been adapted in order to be able to reliably guarantee its implementation in all business areas. Thus, processes, procedures, IT applications, formats and records are gradually being updated to meet these new needs arising as the result of international projects. Our priority continues to be ensure customer satisfaction beyond their expectations with the commitment to fulfilling our characteristic quality assurance requirements.

Part of our commitment to customers is within Information Security. FCC Construcción, the only nationally operating Spanish construction company that is certified by AENOR for the ISO 27001 Information Security Management System, and continues to introduce new indicators to measure the suitability of the countermeasures established from the point of view of security. The aim of this is to keep any possible threats to our information assets under control, and to protect our clients' assets.

Hotel Porta Fira (Barcelona)

Risk management

Promoted by senior management, the management of risks and opportunities was systematically consolidated this year at FCC Construcción. The adoption of procedures based on risk management makes it possible to identify opportunities that are not visible a priori, and threats should be transformed into opportunities, and possible full or partial losses should be avoided, thus strengthening our business strategy and differentiating ourselves from competitors.

Based on a reliable and internationally recognised methodology, the detection and assessment of risks, and their subsequent control, are an ongoing review process, applicable to all phases of each project. In terms of winning contracts, it facilitates entry into new markets with very demanding customers, and thus reinforces the objective of the company in its international development, as it is firmly committed to a global future.

Environment

FCC Construcción considers that, within a culture of responsibility, the achievements attained and the processes developed must form a standard of behaviour and some of the cultural heritage in the construction sector worldwide, and so it participates and leads many national technical committees (it is chair of the AEN/CTN 198/SC2 "Sustainability in infrastructure"), and international committees, such as the CEN-TC 165 Wastewater Engineering, the CEN/TC 350 "Sustainability of construction works", the ISO/TC 59/SC 17 "Building construction/ sustainability in building construction", where it leads the Committee on Sustainability in Civil Works (WG5), and ISO/TC 207 “Environmental Management”, among others. In addition, it has an active presence in the Technical Associations that are most relevant to its business (Scientific/Technical Association of Structural Concrete, Technical Association of Ports and Coasts-PIANC, Committees on Large Dams, chairing the Technical Committee, "Engineering Activities in Planning" for SPANCOLD and being the Spanish representative at ICOLD internationally, etc.).

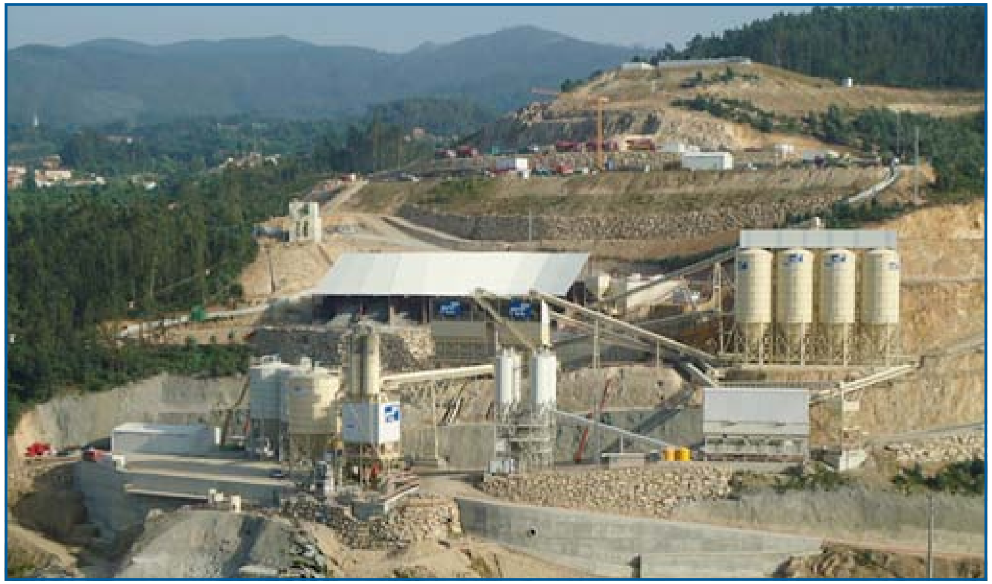
Anticipating future challenges and being aware that the knowledge and assessment of the current state of our organisation with regard to its carbon footprint, is the first step to making the right and environmentally-friendly decisions. Since 2010 FCC Construcción has been developing a greenhouse gas measurement protocol in accordance with ISO 14064 internationally consolidated guidelines, the GHG Protocol and CO2 measurement protocol in construction. Computer applications for management and planning have been adapted to record and quantify the activity data of each emission source identified, to integrate the data, and create reports with the emissions inventory which can be verified by an accredited greenhouse gas entity.

CONSTRUCTION

MACHINERY. PROJECTS AND UNIQUE WORKS

Hydraulic works

Machines and facilities at hydraulic works.



Concrete production plant. Ribeiradio-Hermida dam. Portugal

A need to cool the concrete has been identified for the Ribeiradio and Ermida (Portugal) hydroelectric plant. To do this, FCC has provided a 60 tonne/day ice chip manufacturing plant with a 70 tonne storage silo at the Ribeiradio Dam to supply the main concrete plant (of 250 m3/h) at the site in order to be able to lay the concrete at a temperature under 20°C.

In turn, slope trimming and coating work for the second phase of the Lower Payuelos Canal (León) has begun. FCC has provided Heicons canal equipment, consisting of a face cutter, lining machine and an auxiliary working bridge for curing the concrete. The works require lining over 24 km of canal and this is being done in two campaigns. This equipment's production system is not comparable to other conventional, excavation and lining equipment. It is also very precise, which optimises the amount of concrete needed to execute the canal.

Maritime works

Machinery for maritime works

For the construction work to enlarge the Santa Catalina cruise ship wharf in the Port of Las Palmas, the Mar de Teide floating dock was used to execute seven concrete caissons, five are 31.90 m long, 8.25 m wide and 13.50 m high, and two are 22.40 m long, 10.60 m wide and 12.50 m high. The total volume of concrete used in the caissons was 5,784 m3.

Mar del Teide floating dyke

Mar de Enol floating dyke. New Container Terminal in Cádiz

In order to improve security in the Port of Cadiz as well as its image for passengers, as part of the commitment for Cadiz to be a Cruise Base Port, Phase I of Cadiz's New Container Terminal Project was carried out. These works included dredging, demolition of existing coastal defence works, pouring of fill and execution of caissons. Demolition of part of the defence works was carried out from the Mar del Enol floating dock, on which a heavy duty crane was installed to remove the material of the defence works. The caissons were made using the Mar del Aneto floating dock, twelve units 45.30 m long, 19.35 m wide and 20.50 high, one 42.75 m long, 19.35 m wide and 20.50 long, and one 44.65 m long, 19.35 m wide and 20.50 m high were made, using a total volume of 50,411 m3 of concrete.

Viaducts and unique structures

Viaduct construction machinery

After executing the access ways for the Danube Viaduct using launching formwork for the segments, 646 m of the lateral cantilevers for the deck were executed using cantilever trolleys: a main trolley that executed an asymmetrical lateral cantilever (6.35/7.40 m long) in 8.6 m sections (sections varied between 4.3 and 9.1 m) and a second set of auxiliary trolleys (with the same section length as the cantilever trolley) that, in turn, asymmetrically increased the width of the deck by a further 2.99/3.71 m until reaching the final deck width (31.35 m).

The El Romeral Viaduct is part of the A-7 Mediterranean Motorway construction project, on the section Almuñécar-Salobreña and the connection to the A-44. This 573 m long and 10.9 m wide (without lateral cantilevers) viaduct with 92 m spans was executed using precast

Corgo Viaduct, Portugal

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segments and PN 45.90/100 launching formwork for the segments. The segments were precast on site using matchcast segments. Six pile heads and 261 span segments were cast.

The new bridge over the River Duero, included as part of the works for the new access to Zamora, was executed using successive cantilevers with two pairs of travelling trolleys (WITO trolleys) for concreting in situ. The length of roadway executed with the trolleys is 267 m. The trolleys were assembled in the following order: an initial pair at pile 3 (piles are "zero" segments approximately 12 m long) that form the first T; a second pair at pile 4 that forms the second T, and a third and fourth located at piles 2 and 5 with separate trolleys from the pile 3 trolleys, forming two half-Ts. The typical sections executed were approximately 4.8 m long and the entire deck was 14.40 m wide.

The Do Corgo Viaduct, in Vila Real (Portugal) is part of the A4/ IP4 Motorway. To build it, the NRS LG 75/70 overhead formwork was adapted, designed for launching segments, to work as an MSS (movable scaffolding system, a self-advancing formwork for concreting spans in situ) for spans of 60 m. This viaduct's most technically difficult access way was built using formwork due to the curve of the structure. Altogether, sixteen spans were completed for a deck that is 918 m long and 15.3 m wide.

Underground works

Machinery for underground works.

In Spain, the tunnels in Sorbas (made with a double-shield TBM together with drilling and blasting methods) for the Mediterranean Corridor of the AVE high speed railway where it crosses through Almeria were successfully finished.

In addition, the construction work on the AVE high-speed railway to Galicia has begun where it goes through Orense. Two tunnel openings have been executed, although excavation using with TBMs is not expected to begin until the summer of 2013.

Excavation works have finished on the Vacariza-Rialiño section of the high-speed railway tunnels between La Coruña and Vigo, the Vic-Caldés transversal arterial road in Girona, the high-speed railway tunnels between Bergara and Antzuola in the Basque Country, and the tunnel in Taramay on the Almuñecar-Salobreña section corresponding to the link road from the A-7 highway to the A-44 in Granada.

Some of the most significant international projects implemented in 2012 include the tunnels executed with an EPB TBM for Line 1 of the Panama Subway and the extension of the Subway in Toronto, Canada. FCC teams equipment are working on the excavation of the galleries between tunnels and a section of conventional tunnel as part of the construction work to extend the Toronto Subway.

Toronto Subway, Canada

Road and concrete works

Machinery for manufacturing and spreading soil-cement and asphalt agglomerate

The work for manufacturing and spreading the soil-cement for the VA-30 Highway (the Valladolid eastern ring road), for the section between the Duero Highway (VA-11) and the Castilla Highway (A-62), which is 13.04 km long, has been completed. Altogether, 64,118 tonnes were manufactured and spread.

The work for manufacturing and spreading the soil-cement and asphalt agglomerate for the SE-40 Highway in Alcalá de Guadaira (Seville), for the section between the A-92 junction (Málaga Road) and the junction with the A-376 (Utrera Road) has finished. A total of 17,653 tonnes of soil-cement and 54,163 of agglomerate have been manufactured and spread. This work had the particular feature of having to spread the material on four, 3.5 m wide lanes, a 2.5 m outer shoulder and a 1 m inner shoulder (amounting to a total width of 17.5 m), in one of the sections. This was done using three pavers working side-by-side. In addition, to spread the asphalt agglomerate, two mobile agglomerate-transfer silos for spreaders (one from FCC Construcción and the other from Servià Cantó) were used to supply the three above-mentioned spreaders.

Among the most significant international works being executed in 2012, the work begun in 2011 on the execution and extension of the A4/IP4 Motorway (Portugal) has continued. Altogether 205,955 and 202,496 tonnes, respectively, have been manufactured and spread in two plants set up in Mirandela and Bragança.

In Romania, the works begun in 2011 on the manufacture and spreading of asphalt on the Constanta By-Pass (166,649 t) and on the 6R10 Dej-Baiamare (191,793 t) have continued.

In Mexico, the work on manufacturing and spreading asphalt on the Ávila Camacho – Tihuatlán Road have finished (147,097 t).

Machinery for spreading and compacting hydraulic concrete.

The works to lay the flooring of the west tunnel of the "Impermeabilización Túneles de Pajares Norte" (Batch 4) Joint Venture (UTE), from KP 24+941 to KP 34+037 (9,096 lm) (6,366 m³ of concrete) and the works for Batch 1, from KP 19+520 to KP 20 097 (144.25 lm) (616 m³ of concrete), in the same tunnel, have begun. To perform this work, it has been necessary to acquire a new set of four swivel adapters and four new crawler tracks for the WirtgenSP-500 slipform paver. The machine has moved through the segments already laid in the tunnel at an angle of 45°, thanks to changes made in the swivel adapters and the crawler tracks, when the manufacturer only guaranteed a maximum inclination of 35º. It was also necessary to build a special formwork so that the tunnel floor could have the correct geometry.

Road works

CONSTRUCTION

CONSTRUCTION WORK SUPPORT O SITE SUPPORT

Technical support is still given to many of the construction activities, especially to International construction projects, and a specific support office based in Panama has been created for the Americas.

Among the most important construction works in which the Company has contributed are:

The Vidin Bridge on the Danube between Bulgaria and Romania

The construction of the cable-stayed bridge over the navigable channel of the Danube has finished. In this section, the cable-stayed bridge consists of three 180 m long extradosed spans, and this is the first time that FCC Construcción has used the pre-cast concrete section construction technique for this type of bridge.

The bridge will improve road and rail traffic between Bulgaria and Romania through the Pan-European Transport Corridor IV, which will connect Istanbul to Central Europe.

Vidin-Calafat Bridge (Bulgaria-Romania)

Viaduct over the River Almonte on the Madrid-Caceres-Lisbon high-speed railway line

The construction of the River Almonte viaduct over the Alcántara reservoir continues. This viaduct, which is 996 m long, crosses over the Alcántara reservoir on a 384m concrete arch on which the viaduct is being built. Once it is finished, it will be the concrete arch bridge for trains with the longest span in the world.

The construction is being done using cable-stayed advancing cantilever construction with temporary braces. This cantilever will have twice the span of any other built in Spain using this procedure.

The viaduct design is unique as the springing sections of the bridge are made up of two piers spaced 16 m apart, which increases the complexity of construction.

Romeral Viaduct on the A-7 motorway in Salobreña

The construction of the Romeral viaduct, which is 568 m long and has a deck width of 30 m, on the Almuñecar-Salobreña section of the A-7 has been completed. It was built using pre-cast concrete sections with advancing cantilever construction and 92 m spans. This is a new record for this construction system used by FCC.

The viaduct is located in an area of strong seismic activity and therefore a buffer system using high neoprene bearing pads to reduce the seismic forces has been designed.

Hospital Complex in Panama

The construction of a hospital complex in Panama City has begun. It is located on a 31.9 hectare plot located on the west side of the city, between the Via Centenario and the Northern Corridor.

The complex is made up of 17 buildings with a total built area of 219,465 m2 of which there are 29,930 m2 for parking and 9,768 m2 for facilities and the industrial building.

The foundation planned has concrete footings, a structure made up of pillars and reinforced concrete walls, and pre-stressed concrete slabs. The façade will be made of concrete blocks covered with mortar and finished with latex paint, except the industrial building, which will have a Deployé metal coating, and the buildings for paediatric and outpatient consultation rooms and the surgical unit, which will have pre-cast concrete slats. They will have non-trafficable flat roofs with self-protected sheeting. The interior partitions will be made of concrete block.

The hospital will be equipped with 49 operating rooms and 1,709 beds.

The installations planned are standard for these types of buildings: plumbing and sewerage, solar thermal energy, electricity, hearing and cooling, steam, ventilation, pneumatic transport of samples and documents, medical gases, fire protection, telecommunications and security.

The work will be completed with a complete urban development of the plot.

Gerald Desmond Bridge in Los Angeles

The work to replace the current Gerald Desmond Bridge, built in 1968 over the Back Channel of the Port of Long Beach, has begun.

Cable-stayed bridge: this has a main span that is 305 m long and located 62 m over the Back Channel, and two 153 m balancing spans. The bridge is designed with two towers consisting of 157 m high vertical masts. From each mast emerge two sets of ten cables on each side that go from its head to the edge of the deck. Each tower will have a foundation of 12, 2.5 m diameter piles. The deck has a roadway width of 46 m and consists of longitudinal metal girders at its ends that support transverse metal girders. The horizontal connection between the cable-stayed bridge and the access viaducts has been designed with buffers that reduce seismic effects. A pre-cast reinforced concrete slab will be placed on this metal structure.

Access viaducts: the access viaduct from the west is 950 m long; the eastern viaduct is 925 m long and they consist of spans of between 40 and 70 m with sections made of different types of box girders. Most of the spans will be built with self-supporting formwork (MSS) and the remaining spans with tube structure formwork to the ground.

Junctions: west of the bridge is the horseshoe-shaped "Terminal Island East" interchange, which connected Ocean Boulevard to the port’s pier. This has been replaced by an underpass and an at-grade interchange. To the east, the interchange that connects Ocean Boulevard to Highway 710, Pico Avenue and piers E and D will be remodelled.

Panama Metro

Line 1 of the Panama Metro is being built, which initially includes 12 stations and one planned for the future.

The route covers 13.7 km, of which about 8 km run underground and 6 km above street-level on a viaduct.

The underground route will be done with two EPB TBMs.

There are 7 underground stations planned for the construction project. The stations will be built with reinforced concrete retaining walls using hydromills with support from a clamshell. As a reference, we can mention retaining walls around 25 m high and 1 m thick. The water table, in general, is high.

The overhead section will be built using an above-street-level viaduct constructed using pre-cast girders.

CEMENT

CEMENTOS PORTLAND VALDERRIVAS

Cementos Portland Valderrivas, S.A.

Fomento de Construcciones y Contratas owned 69.79% of Cementos Portland Valderrivas, S.A. at 2012 year-end.

THE CEMENT INDUSTRY

Spain

According to data from the Spanish Cement Association (Oficemen), cement consumption in Spain amounted to 13.5 million tonnes in 2012, i.e. a decline of 34% (6.9 million tonnes) compared with 2011. The ongoing decline in demand started five years ago at the end of 2007, when the crisis in Spain and the industry commenced. In five years, apparent consumption in Spain has fallen by 75.9%, i.e. 42.5 million tonnes, with respect to the record high of 2007.

Spain imported only 500,000 tonnes of cement and clinker in 2012, i.e. half of the amount imported in 2011. That figure represents a reduction of 96.2%, or 13.4 million tonnes, compared with 2007.

In view of this situation, Spanish manufacturers have continued to expand their presence in international markets with a view to partially offsetting the lack of domestic demand. As a result, exports of cement and clinker have expanded by 444.5% in the last five years, from 1.1 million tonnes in 2007 to 5.9 million tonnes in 2012 (i.e. 49.7%, or 2 million tonnes, more than in 2011).

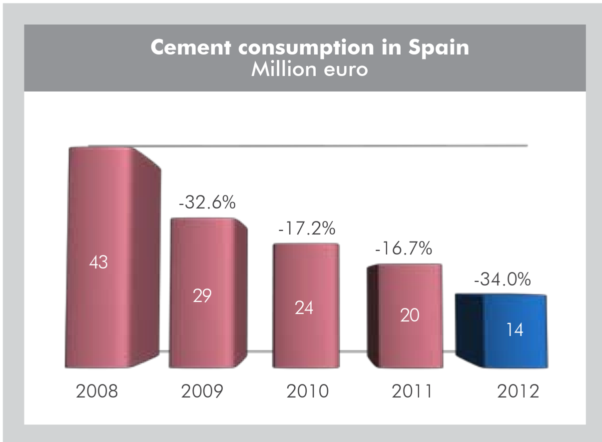
According to the US Geological Survey, an agency of the Department of the Interior, cement consumption in the US amounted to 79.1 million tonnes in 2012, i.e. a year-on-year increase of 7.8%, reflecting a change in the trend in demand, which declined from 2006 to 2010. US demand picked up slightly in 2011, by 3.1%, when consumption amounted to 73.4 million tonnes.

US, Tunisia and UK

Cement and clinker imports increased by 8.3%, from 6.4 million tonnes in 2011 to 6.9 million in 2012; exports expanded by 27.7% to 1.8 million tonnes, compared form 1.4 million the previous year.

In Tunisia, cement consumption amounted to 7.5 million tonnes in 2012, compared with 6.6 million tonnes in 2011 (+12.3%), according to the National Chamber for Cement Producers in Tunisia.

Cement and clinker imports totalled 110,000 tonnes in 2012, compared with 58,000 tonnes in 2011. Exports fell by just 5.0%, from 266,000 tonnes in 2011 to 253,000 tonnes in 2012.



CEMENT

Cement consumption in the UK declined by close to 7% year-on-year in 2012, to slightly below the 2010 level; this decline is attributable to the completion of infrastructure construction for the London 2012 Olympic Games and to the delay in recovery of the UK economy.

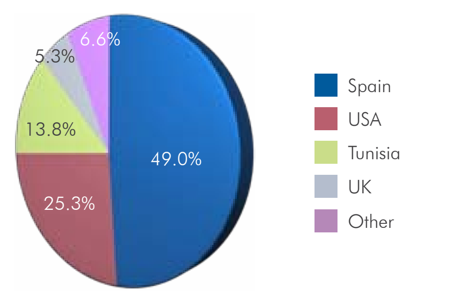
GROUP PERFORMANCE

Cement

Sales of Cementos Portland Valderrivas cement and clinker in 2012 were once again affected by the negative performance of the construction and cement and cement derivatives industry in Spain. Sales totalled 8,130,734 tonnes, representing a year-on-year decline of 7.3%, i.e. 636,299 tonnes.

In Spain, Group sales fell by 19.8% year-on-year in 2012, to 4,555,165 tonnes, of which 3,170,182 tonnes were domestic sales and 1,384,983 were exports (30.4% of the total), the latter partially offsetting the decline in domestic demand.

Distribution of revenues by country in 2012



The following plants in Spain were operational in the zones where the Group is active: Madrid (El Alto), Sevilla (Alcalá de Guadaíra), Palencia (Hontoria), and Navarra (Olazagutía), which belong to Cementos Portland Valderrivas, S.A.; Barcelona (Monjos and Vallcarca), owned by Corporación Uniland, S.A.; Cantabria (Mataporquera), owned by Cementos Alfa, S.A.; and Bilbao (Lemona), owned by Cementos Lemona, S.A.

Spain accounted for 56% of Group sales in 2012. Tunisia, where 1,790,442 tonnes were sold (up 33.3% compared with 2011), accounted for 22%, the US (1,486,172 tonnes, up 9.6% compared with 2011) for 18.3%, and the UK for 3.7% of total sales.

That production came from the Enfidha plant in Tunisia and the Maine (Thomaston), Pennsylvania (Bath), and South Carolina (Harleyville) plants in the US.

Readymix concrete

Cementos Portland Valderrivas Group sold a total of 2,129,357 cubic metres of readymix concrete in 2012, a decline of 37.1% year-on-year. Readymix concrete and dry mortar are the Group areas most affected by the crisis in the industry.

Of total Group sales of concrete, 1,916,571 cubic metres were sold in Spain, compared with 3,167,939 cubic metres in 2011, representing a decline of 39.5% year-on-year. Spain accounted for 90% of the total, where 86 of the Group's 100 ready mix concrete plants are located.

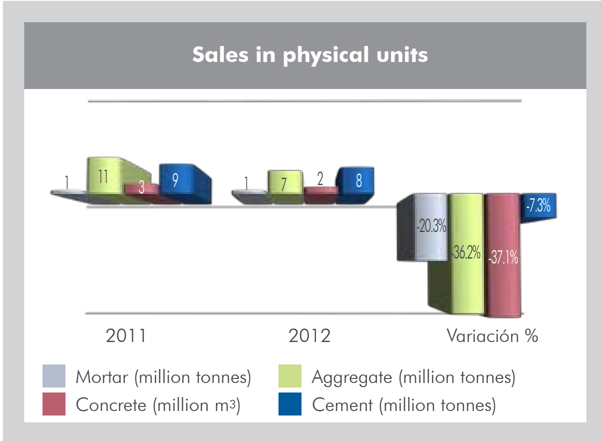
Sales in Tunisia increased by 4.7% year-on-year, to 159,927 cubic metres, although that country accounted for just 7.5% of total concrete sales. Sales in the US fell by 16.3% in 2012, to 52,859 cubic metres.

The Group currently has 86 operational readymix concrete plants in Spain, 10 in the US, and 4 in Tunisia, i.e. 100 facilities in total.

Aggregate

Group sales of aggregate totalled 6,886,103 tonnes in 2012, compared with 10,797,558 tonnes in 2011, i.e. a decline of 36.2% (3,911,455 tonnes in absolute terms).

The Group's aggregate business has the same footprint as the readymix business, i.e. the aforementioned 11 regions of Spain.



Of the total, 6,687,052 tonnes were sold in Spain in 2012, a decline of 36.6% with respect to 2011 (10,541,673 tonnes). In the US, sales totalled 199,051 tonnes, i.e. 22.2% less than in 2011.

The Group currently has 37 aggregate extraction and processing plants: 34 in Spain, 2 in the US and 1 in Tunisia.

Dry mortar

Group sales of dry mortar totalled 664,087 tonnes in 2012, down 20.3% with respect to 2011 (833,528 tonnes).

Sales in Spain accounted for practically all of that amount: 656,993 tonnes, a year-on-year decrease of 20.7%. Sales in the UK reached 7,094 tonnes in 2012, twice the 2011 figure.

The Group has 18 dry mortar plants, all of them in Spain.

Transportation

The Group's transportation activity, undertaken through companies Atracemsa and Natrasa, was also affected by the crisis, declining from 1,172,663 tonnes in 2011 to 944,980 tonnes in 2012, i.e. a decline of 19.4%.

Atracemsa transported 73.3% of the total, i.e. 683,312 tonnes, a reduction of 18.7% with respect to 2011 (840,658 tonnes). Natrasa transported 27.7% of the total, i.e. 261,668 tonnes, 21.2% less than 2011 (332,005 tonnes).

INVESTMENT IN PRODUCTION FACILITIES

Investments in property, plant and equipment in 2012 amounted to 14.4 million euro and were limited to the costs that were strictly necessary for maintaining strategic assets, such as large spares, and aspects related to the environment and safety. In line with systems standardisation plan in place at the Group's various companies, it continued to advance in implementing SAP in the east and northern zones (Uniland and Mataporquera).

The use of alternative fuels remains a Group priority. In 2012, the company continued to execute projects for which capital expenditure had been approved in previous years, including the facility for receiving and dispensing precharred alternative fuels at the El Alto plant, in Morata de Tajuña (Madrid), on which construction commenced in February and was completed in December.

The Group's plants in Spain had a thermal substitution rate of 4.5% in 2009; however, as a result of capital expenditure, seven of its plants are now suitably equipped for this purpose, and the average rate was 20% in 2012. This rate is especially noteworthy since it was achieved in an adverse situation.

The use of waste for energy will remain a priority in the coming years, the final goal being for alternative fuels to play a large role in reducing costs and, therefore, in increasing EBITDA.

Challenges for the years ahead include completing adaptation of the Monjos facility to use alternative fuels, the hangar for storing refuse-derived fuels, and building main burner and tower facilities in Olazagutía and Alcalá.

ENVIRONMENT AND SUSTAINABILITY, ENERGY AND MATERIAL RECOVERY, R&D AND INNOVATION, AND KNOWLEDGE MANAGEMENT

In 2012, the company maintained its ISO 14001 certifications at all facilities in the cement, concrete, aggregate and mortar activities. The eight Spanish cement plants apply the EU Eco-Management and Audit Scheme (EMAS), and environmental information is available on the Group website.

In 2012, CPV joined forces with the FCC Group to develop the "Strategy to Fight Climate Change", through which the companies aim to position themselves as providers of solutions to mitigate and adapt to climate change, by providing low carbon services in order to transition to a society that is better adapted to the new conditions and decrease vulnerability to the impacts of climate change.

The energy-from-waste (EfW) policy in place at 6 plants in Spain was extended in 2012 to include the Alcalá de Gaudaíra plant, which now uses biomass. In total, nine of the twelve plants use EfW technology; only Enfidha (Tunisia), Thomaston (USA) and Olazagutía (Spain) are not yet fitted to burn waste.

The results in 2012 were satisfactory: the alternative fuel usage rate increased by 7 percentage points compared with 2011, giving a thermal substitution rate of 20.2% in Spain. This increase is due in particular to raising the substitution rate at the Hontoria, Lemona, Mataporquera and Vallcarca plants, and notable progress at the Monjos and El Alto plants, where the rate reached 24.3% and 12.9%, respectively.

This was achieved by adapting the facilities to alternative fuels and modifying the related administrative permits (Integrated Environmental Authorisation).

As a result of this process, the Group received approval by the Navarra regional government for the supra-municipal project entitled "Use of alternative fuels in the Olazagutía cement plant", providing planning and environmental approval for the facilities needed to receive, store and dispense non-hazardous waste at the plant.

This notable progress in energy recovery from biomass waste has reduced CO2 emissions by 180,000 tonnes, and allowed the company to save over 5.5 million euro in comparison with the cost of burning coke alone.

The drive for sustainability is also supported by reuse of materials, since waste materials are used in drymix formulation. The replacement rate, expressed in tonnes of alternative raw materials per tonne of clinker, reached 4.8%, representing savings of 1.6 million euro for the Group.

Cementos Portland Valderrivas Group advanced notably in 2012 towards becoming a leader in innovation in comparison with its direct competitors. After strengthening its commitment to R&D and innovation in 2011, the Group began to see results in 2012, with five new research projects approved, greater involvement by staff in all of the projects under way, the development of three new products for well-defined niche markets, which are already in use in several applications in Spain, and a successful first international experience, in Poland, which underlined the major advantages of new products already available for sale.

The company is convinced that it is on the right track and that the ongoing changes in corporate culture will be successful. To this end, the company rolled out the 2012-2015 Master Plan for Innovation. More than 100 people throughout the organisation have been involved since 2011 in the first phase of the project, "Driving Innovation" (23 projects structured in 6 lines of work). The second phase was implemented in 2012, deepening the work under way and producing over 60 deliverables. That phase culminated with the roll out of two pilot projects: open innovation, which seeks to raise awareness about the Group among key opinion leaders, the goal being to open new market niches; and to enhance international marketing and sale of technology.

The third phase of the project, to be implemented in 2013, calls for gradual implementation of the Master Plan, in which actions related to innovation and human resources (organisation, resources, professional profiles and innovativeness) play a key role.

The various phases of the innovation process advanced in 2012, with the following notable experiences:

- Research projects: Five of the seventeen projects under way were approved in 2012 (MAVIT, CEMESMER, HORMALVID, MERLÍN and BALLAST), three of which are headed by Valderrivas, one by Uniland Cementera and the other by an external partner company. These projects have applied for government aid: the first was for funding under INNTERCONECTA, in Andalusia, and the other four under INNPACTO 2012, supported by the Spanish Centre for the Development of Industrial Technology (CDTI) and the Ministry of Economy and Competitiveness.

The new projects had a budget of more than 5.0 million euro and received subsidies amounting to almost 3.5 million euro through a combination of non-refundable aid and soft loans. These newly-approved projects involve close 70 of the more than 150 employees in this area.

CEMENT

Since 2010, the Group has obtained subsidies amounting to almost 14.0 million euro for the next three years, of which 18% are non-refundable. Including total tax deductions for R&D and innovation and aid received for other innovative investment projects executed in the plants, the total obtained in the last two years is 24.0 million euro.

New product development focuses on the following main objectives: reducing greenhouse gas emissions, improving energy efficiency, sparing natural resources, soil decontamination and stabilisation, and improving living standards. These are also in line with the Group's commitment to sustainable development through a focus on its triple bottom line: economic, social and environmental.

To this end, the Group has two world-class laboratories and a mobile lab to provide on-site technical assistance for major projects.

In 2012, TP3 microcement, fast-setting concrete (resulting from a now completed research project) and CEM II/B-V 52.5 R ULTRAVAL were produced.

Moreover, various applications with the Ultraval cement family, developed previously, were studied with a view to identifying their advantages and continuing the optimisation process. They include:

- Gunite in the Vergara tunnel (FCC).
- Testing on various sections of the Galicia high-speed railway line with other construction companies (OHL, Acciona)
- Precast concrete production: railway ties (RAIL.ONE), wind power towers (INNEO)
- Testing of a concrete pouring on a runway at El Prat Airport (AENA).

Domestic and international sales

With increasing knowledge about the competitive advantages of our products tested in pilot experiments, such as faster setting times, greater strength, and mechanical performance that develops very quickly and also in extreme weather conditions, the target opinion leaders and customers have been identified, opening up new market niches in specific situations which had not been considered previously.

The pilot innovation project played a key role, identifying major construction projects being planned worldwide and various groups of opinion leaders to contact in order to present the Group and its new products to them.

This strategy was sustained by parent company FCC, whose support made it possible to perform the aforementioned tests. Marketing is facilitated by the new products' excellent properties, which can create added value for customers, and their test performance. Another strong point was the personalised technical assistance provided throughout the construction projects, working directly with client engineers.

However, the biggest success of 2012 was the first experience marketing products in Poland, where Ultraval cement, used to produce concrete for wind turbine towers, provided exceptional performance in record time, enabling the construction company to complete the project far ahead of schedule and arousing considerable interest among manufacturers and users from several countries, who visited the site to see the results; there are evident business opportunities in this line.

- Sale of technology: the sale of technology is the ultimate goal of the R&D and innovation area, once all the preceding phases have been completed. This activity, which commenced in 2011 with the creation of technology packages comprising new products and the related market surveys, continued in 2012 with the development of action plans and sale dossiers, together with the strategy for marketing and selling the products and their technology.

Intellectual property is a key factor from the outset, and significant efforts are made to protect proprietary technology; five patent applications have been filed to date.

Participation in all the aforementioned initiatives provided significant indirect benefits, such as strengthening the Group's image, enabling it to internationalise, synergies established with a large number of opinion leaders and companies, technology centres, universities and government bodies, positioning the Cementos Portland Valderrivas Group as an industry leader in R&D + innovation in the development and application of cementitious materials.

HUMAN RESOURCES, WORKPLACE HEALTH AND SAFETY, AND INFORMATION SYSTEMS

As in previous years, the Group continued to adapt its organisation and human resources to the situation of the markets in which it operates. In 2012, it reduced the workforce by 627 employees (553 in Spain, 70 in the US, 2 in Tunisia and 2 in the UK), with the result that it ended the year with 2,479 employees.

During 2012, the Human Resources department worked with the other central departments and the business divisions to analyse headcounts and costs in order to draw up the New Val 2012 Business Plan, resulting in the production of the explanatory reports required to negotiate the lay-off plans in the cement, head office, aggregate, concrete, mortar and transport areas. The lay-off plans, which were executed on time and within budget, enabled the Group to restructure production capacity and adapt it to the ongoing market shrinkage.

As part of that process, the Group negotiated geographical and functional mobility as well as flexible work hours and days, which will enhance organisational efficiency and costs. The following agreements were reached in 2012 in the context of collective bargaining:

- Agreement with the Works Committee and Unions at the El Alto plant to amend the collective agreement, enabling the plant's costs to be adjusted to the production situation in 2012.
- Agreement with the Works Committee and Unions at the Olazagutía plant during negotiation of the collective agreement, enabling the plant's costs to be adjusted to the production situation. The agreement led to a 5% reduction in overall wage costs under the collective agreement in 2012. For the first time in the Group, wage revisions established in a collective agreement were made dependent on a factory attaining its sales targets and, more importantly, on attaining Group-wide targets defined by the Chairman: 200 million euro in EBITDA.

Negotiation of the collective agreement at the Hontoria plant concluded in April, providing a 7.9% reduction in overall wage costs over the three years covered by the agreement.

CEMENT

This agreement, like that reached in Olazagutía, ties pay rises to attainment of the factory's objectives and those of the Group. The agreement also provides that 80 hours per year may be worked in flexible time frames.

An agreement was reached with the workers' representatives in the concrete, mortar, aggregate and transport areas to freeze wages in 2012 at all the Group's workplaces in Spain in those business areas.

The headcount of all production plants in the US was reduced under the New Giant Plan, and a collective agreement was reached with the USW at the Harleyville plant. At the Keystone plant, part-time staff were included under the benefit plan for 2013 and all outstanding labour disputes were settled. Moreover, an agreement was negotiated with the union to outsource cleaning services until the requirements of the MSHA (Mine, Safety and Health Administration) are attained.

Despite the political instability in Tunisia, the factory continued to produce in 2012, although there are ongoing demands to hire subcontractors' staff directly and to improve wages and benefits.

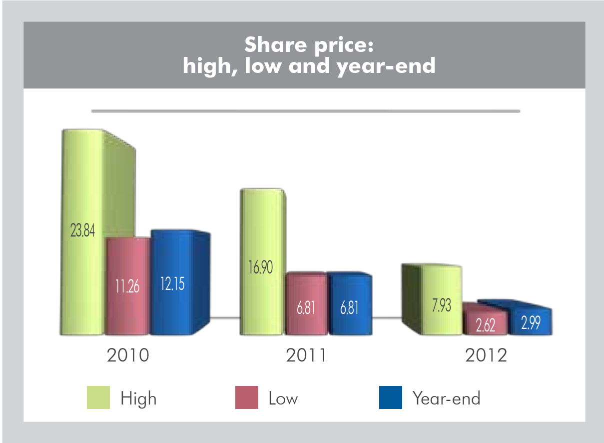
SHARE PERFORMANCE

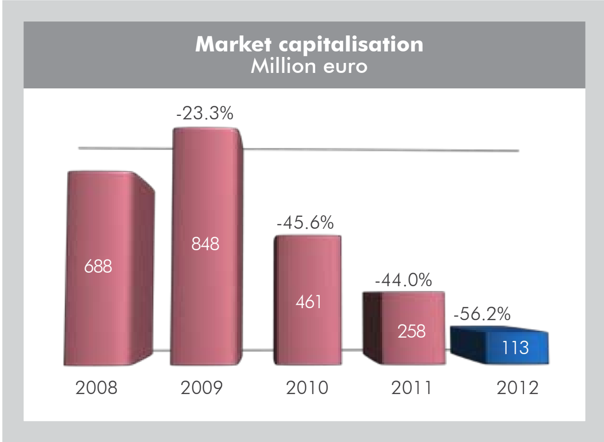
In 2012, the Madrid Stock Exchange General Index (IGBM) fluctuated between 896.33, its high point in the year, reached on 8 February, and 602.56, its low point, reached on 24 July. The index ended the year at 824.70.

The Basic Materials, Industry and Construction index, which includes Cementos Portland Valderrivas, performed similarly. That index peaked at 1,030.42 on 6 February, dipped to a low of 689.77 on 25 July, and ended the year at 910.28.

The company's shares were traded in all 255 sessions of the Electronic Market; a total of 4,165,060 shares changed hands, equivalent to 11% of the company's capital. Market capitalisation at 31 December amounted to 113.4 million euro.

The share price peaked at 7.93 euro on 2 February and reached its lowest point, 2.62 euro, on 5 December. The average share price in the year was 4.89 euro, and the share ended the year at 2.99 euro on 31 December.





RESULTS

The Group's results in 2012 were affected by two fundamental factors: debt refinancing and the implementation of the New Val plan.

In July 2012, the Group's debt was refinanced to tailor the repayment schedule to the industry circumstances and prospects (four years, with the possibility of an extension to five years, for the debt associated with Spain, and six years for that relating to operations in the US).

The agreement comprises three parts: separate refinancing of the debt of Giant Cement Holding, Inc., collateralised by that company's assets; refinancing of the remaining bank debt; and a contribution of capital or subordinated debt amounting to 100 million euro before 31 December 2012, guaranteed by the Group's majority shareholder, to be used to pay down bank debt.

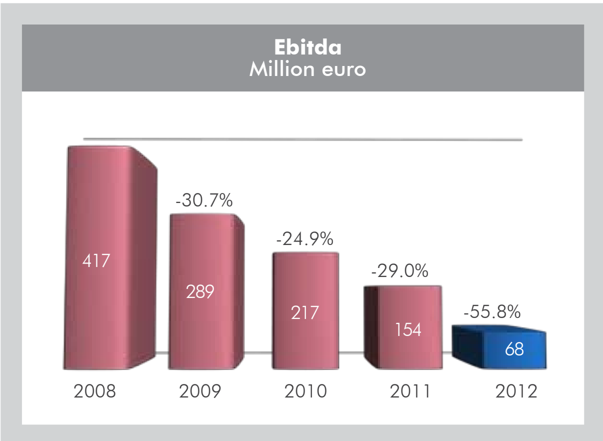
As a result of this transaction, the controlling shareholder, FCC, S.A., undertook to contribute 35 million euro during the year, with the possibility of expanding that amount to 100 million euro before 31 December, in the form of a capital increase for that amount; it also undertook to subscribe for any amount not taken up by the market.

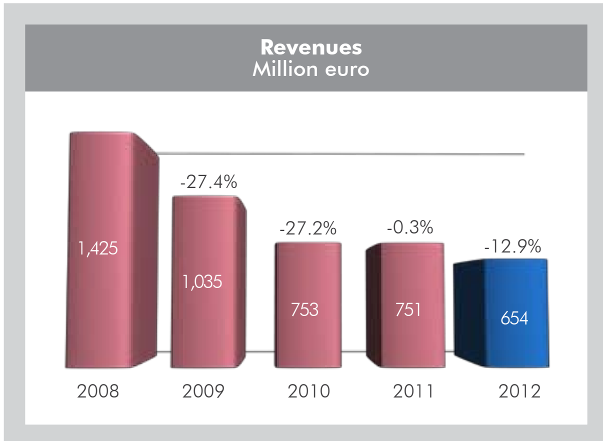
Stock market conditions in December made the equity issue inadvisable, and it was postponed. In the early days of January 2013, FCC, S.A. provided 65 million euro in the form of another subordinated loan, thereby fulfilling the commitment it had acquired under the finance agreement.

At 31 December 2012, the Group's net debt stood at 1,320 million euro. The variation of 35.4 million euro with respect to 2011 year-end includes 41 million euro in cash outflows for the workforce restructuring.

After Giant's debt was refinanced, this subsidiary was reclassified as a continuing operation (since July 2011, it had been classified as available for sale and, consequently, as a discontinued operation). As a result, the subsidiary was again consolidated in the income statement and the related line items were reclassified in the balance sheet. Accordingly, the results and cash flow generated in 2011 were restated for comparison with 2012.

The New Val Plan was also implemented. The Plan includes notably the agreements to downsize the Group's production capacity in line with the sharp decline in the market for cement and other construction materials in Spain.





CEMENT

The Cementos Portland Valderrivas Group's 2012 results were affected once again by the adverse trends in the Spanish construction and cement industry, although performance was more favourable in the US and Tunisia.

As a result of falling sales volumes and prices in 2012, revenues amounted to 653.7 million euro, a 12.9% decline with respect to 2011. As a result of growth in the US and Tunisia, the international area accounted for 51% of total revenues (333.6 million euro).

EBITDA fell by 54.7% to 69.8 million euro (from 154.1 million euro in 2011) as growth in other countries partly offset the decline in domestic demand.

Attributable losses amounted to 147.1 million euro in 2012, including 105.6 million euro in non-recurring items as detailed below:

- 46.9 million euro in non-recurring restructuring expenses in Spain.
- 30.7 million euro in asset writedowns.
- 13.3 million euro in depreciation at Giant corresponding to the second half of 2011, as a result of reclassifying this division as a continuing operation.
- 10.7 million euro due to cancellation of interest rate hedges after financing the debt.
- 4.0 million euro due to inventory adjustments in Spain and the US.

Capital expenditure, amounting to 14.4 million euro, was confined to new energy-from-waste facilities and the investments that were strictly necessary to keep the production plants operational.

Total Group assets amounted to 2,913.6 million euro, a decline of 11.6% year-on-year, due to the lower depreciation and the sale of non-strategic assets.

FCC ENERGÍA

FCC Energía has been boosting the Group's investments in electricity generation from renewable sources since 2008. Power generation from renewable sources is being consolidated worldwide, in spite of the fact that the current situation is not too favourable. Various organisations, such as the OECD, the IEA and the UN, believe that renewable technologies are helping to reduce greenhouse gas emissions. In Spain, electricity generation from renewable sources helps to reduce dependence on foreign energy and, thus, to improve the balance of payments. By generating electricity in this fashion, in 2012 FCC prevented the emission of 347,000 tonnes of CO_2 and produced the electricity needed to supply 200,000 homes.

ENERGY

The energy produced by wind, solar thermal and photovoltaic power generation amounted to 903,288 MWh, an increase of 16%.

During 2012, the Spanish Government took decisions that impaired the value of the assets when it amended the payment proposed in the initial regulation and created a tax on electricity generation that cannot be recovered in its price.

Wind power activities

FCC Energía operates fourteen wind farms in Spain, with an installed capacity of 422 MW. In 2012, wind power production amounted to 851,300 MWh, a 14% increase compared to the previous year.

Photovoltaic activities

FCC Energía owns two 10 MW photovoltaic facilities in Cordoba. These facilities have been in operation and uploading energy to the grid since September 2008. In 2012, production was 34,237 MWh.

Solar thermal activities

The construction of a 50 MW solar thermal power generation plant in Guzman, Palma del Río (Córdoba) began in 2010. In 2011, FCC was joined by the Japanese company Mitsui, which acquired 30% of the project. The contract to build the plant ended in July 2012 and it has been connected to the grid and operating commercially since 1 August 2012.

FCC Energía acquired 67% of the company Enerstar Villena in June 2009. This company plans to build and operate a 50 MW capacity solar thermal power generation plant in the municipality of Villena (Alicante). FCC Energía acquired the remaining 33% in 2011.

The permits required to begin work on the site were obtained in August 2011, and by the end of the year the earthworks needed to begin construction of the facility had been completed. This facility is expected to be uploading power to the grid by December 2013.

Potential for developing wind energy

In 2010, FCC Energía was awarded the contract for wind power capacity in the regions of Galicia and Cataluña.

Galicia

The contract for 48 MW was awarded for the municipalities of Laracha and Pico Cedeira to the company Sigenera, S.L., in which FCC Energía has a 50% interest. The other group with holdings in this company is Inveravante, which owns the other 50%. This facility will consist of 16 wind turbines, each capable of generating 3 MW. In 2011 the project preparation started and applications for permits and authorisations were submitted, and the development of the agreed industrial plan has begun.

Preparation of the project designs continued throughout 2012 pending further decisions by the Galicia Regional Government.

Cataluña

With 98 MW awarded in the contract, three projects are being implemented: in the ZDPVIII (Priority Development Zone VIII), Anoia and Segarra. This contract was awarded to FCC Energía Catalunya, S.L., in which Deenma holds a 20% share. The preparatory work for the project was carried out in 2011. An appeal filed against the Catalonia regional government's call for tender has not changed the commitment to the project, now awaiting a definitive installation.

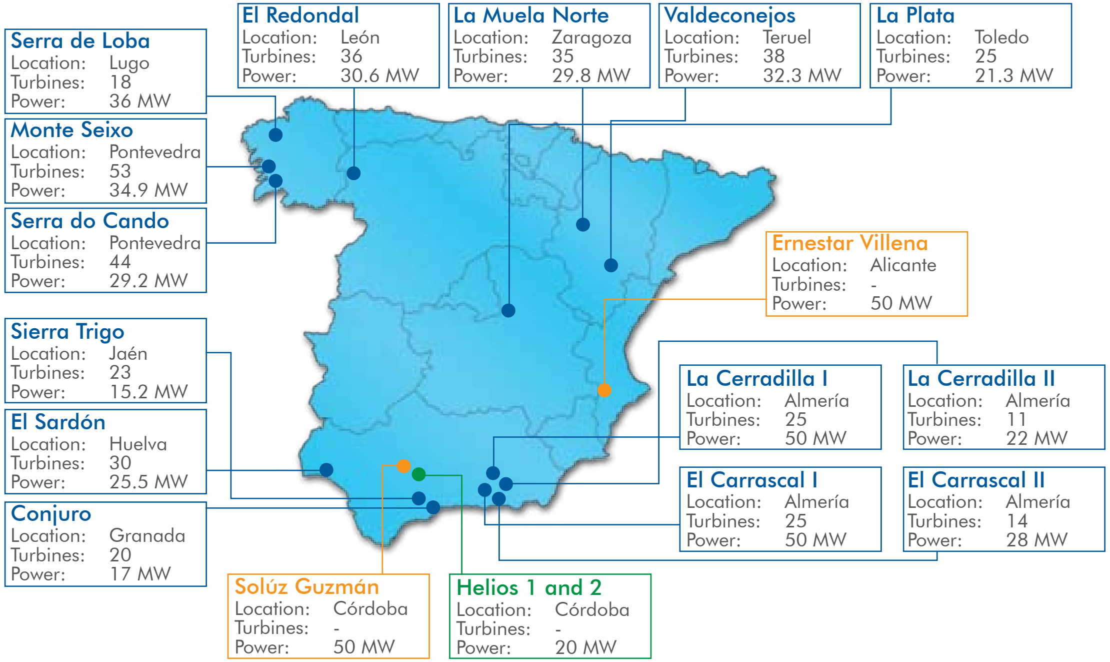
Innovation and technological development

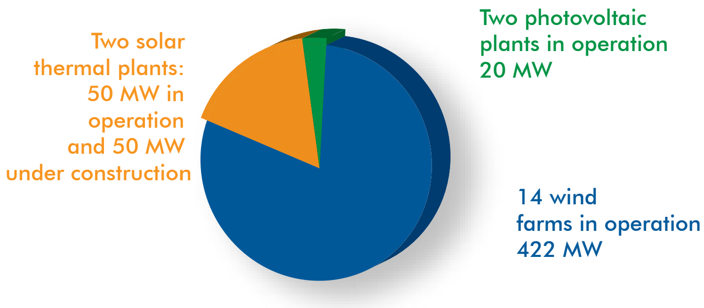
FCC Energía is particularly interested in developing innovative solutions in the field of energy. Along with other Group departments, it is working on projects for electric mobility, energy efficiency and savings, renewable energy generation and R+D+i projects to generate and store energy, as well as for sustainable construction.

Energy efficiency

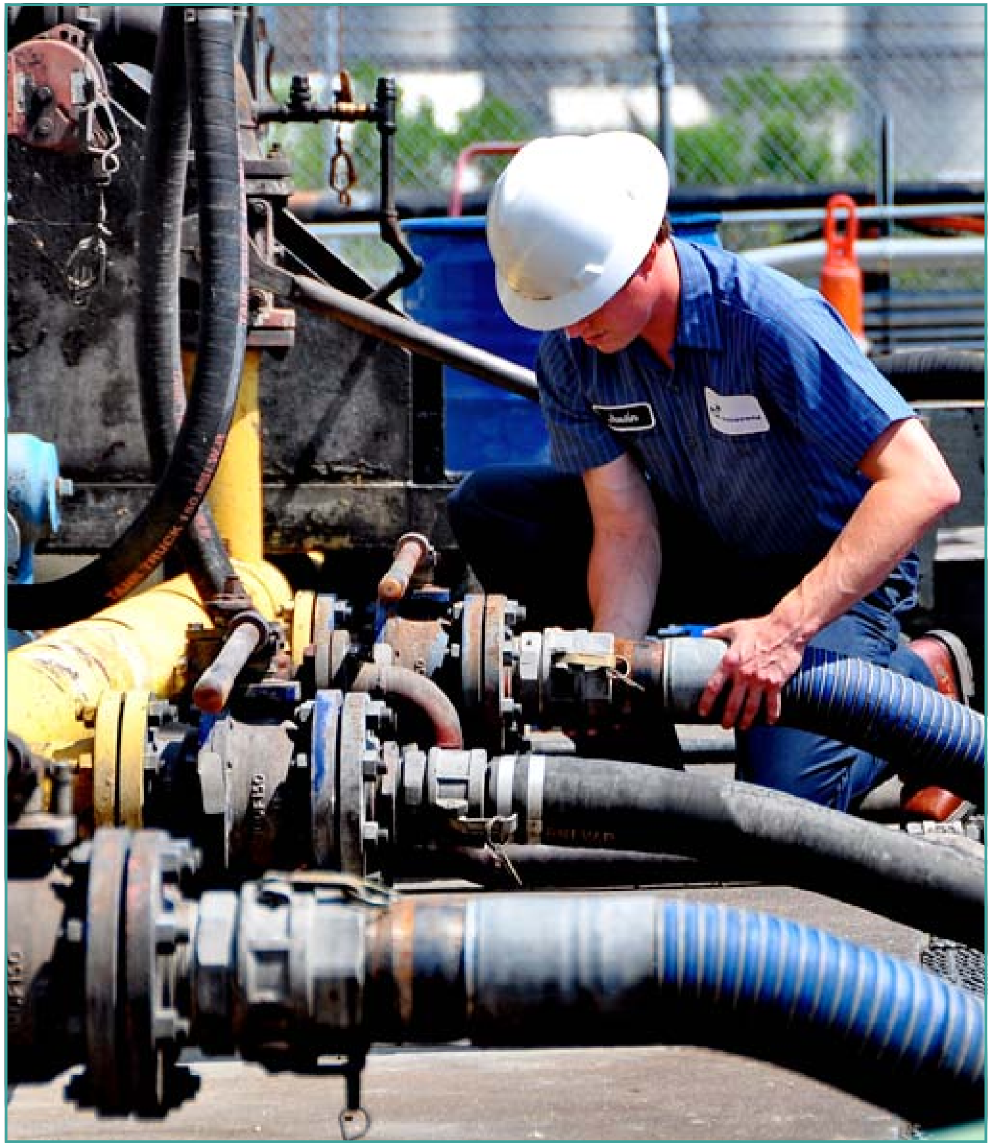
Throughout the year, work has been carried out in coordination with other Group departments aimed at developing energy efficiency-related activities in municipalities and industries. This activity should enable FCC to expand its citizen services activities to the field of energy as a complement to its environmental services.

Breakdown of Assets by Geographical Area





CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED GROUP

CONSOLIDATED BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 35). In the event of a discrepancy, the Spanish-language version prevails.

ASSETS	31/12/2012		31/12/2011	
NON-CURRENT ASSETS		10,577,921		11,074,062
Intangible assets (Note 7)		3,821,713		4,317,029
Concessions (Notes 7 and 11)	1,144,232		1,022,734	
Goodwill	1,971,234		2,352,312	
Other intangible assets	706,247		941,983	
Property, plant and equipment (Note 8)		4,620,674		4,601,913
Land and buildings	1,239,200		1,480,246	
Plant and other items of property, plant and equipment	3,381,474		3,121,667	
Investment property (Note 9)		70,668		34,458
Investments accounted for using the equity method (Note 12)		935,039		1,115,719
Non-current financial assets (Note 14)		412,630		461,999
Deferred tax assets (Note 25)		717,197		542,944
CURRENT ASSETS		9,129,536		11,373,405
Non-current assets classified as held for sale (Note 4)		1,476,190		1,846,971
Inventories (Note 15)		1,128,668		1,271,355
Trade and other receivables		4,837,241		5,496,798
Trade receivables for sales and services (Note 16)	4,241,536		4,953,813	
Other receivables (Note 16)	569,892		514,703	
Current tax assets (Note 25)	25,813		28,282	
Other current financial assets (Note 14)		437,212		395,689
Other current assets		83,981		59,951
Cash and cash equivalents (Note 17)		1,166,244		2,302,641
TOTAL ASSETS		19,707,457		22,447,467

The accompanying Notes 1 to 35 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2012.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 35). In the event of a discrepancy, the Spanish-language version prevails.

EQUITY AND LIABILITIES	31/12/2012		31/12/2011	
EQUITY (Note 18)		1,721,602		2,914,940
Equity attributable to the Parent		1,259,883		2,378,884
Shareholders' equity	1,687,409		2,813,024	
Share capital	127,303		127,303	
Retained earnings and other reserves	2,897,174		2,969,654	
Treasury shares	(345,019)		(347,479)	
Profit (Loss) for the year attributable to the Parent	(1,027,963)		108,248	
Interim dividend	—		(80,616)	
Other equity instruments	35,914		35,914	
Valuation adjustments	(427,526)		(434,140)	
Non-controlling interests		461,719		536,056
NON-CURRENT LIABILITIES		7,546,953		7,535,310
Grants		220,239		159,721
Long-term provisions (Note 20)		1,114,763		1,083,109
Non-current financial liabilities (Note 21)		5,105,892		5,160,308
Debt instruments and other marketable securities	1,130,327		694,541	
Bank borrowings	3,220,073		3,587,504	
Other financial liabilities	755,492		878,263	
Deferred tax liabilities (Note 25)		907,266		995,468
Other non-current liabilities (Note 22)		198,793		136,704
CURRENT LIABILITIES		10,438,902		11,997,217
Liabilities associated with non-current assets classified as held for sale (Note 4)		970,355		1,396,653
Short-term provisions (Note 20)		303,575		178,887
Current financial liabilities (Note 21)		4,324,620		4,830,637
Debt instruments and other marketable securities	14,350		10,658	
Bank borrowings	4,026,930		4,484,565	
Other financial liabilities	283,340		335,414	
Trade and other payables (Note 23)		4,832,407		5,577,414
Payable to suppliers	2,410,701		2,934,933	
Other payables	2,384,458		2,584,056	
Current tax liabilities (Note 25)	37,248		58,425	
Other current liabilities		7,945		13,626
TOTAL EQUITY AND LIABILITIES		19,707,457		22,447,467

The accompanying Notes 1 to 35 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2012.

CONSOLIDATED INCOME STATEMENT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 35). In the event of a discrepancy, the Spanish-language version prevails.

	31/12/2012	31/12/2011
Revenue (Note 29)	11,152,228	11,896,665
In-house work on non-current assets	75,965	53,743
Other operating income (Note 28)	427,961	323,091
Changes in inventories of finished goods and work in progress	(94,450)	69,095
Procurements (Note 28)	(5,109,231)	(5,552,692)
Staff costs (Note 28)	(3,191,332)	(3,331,103)
Other operating expenses	(2,507,692)	(2,202,417)
Depreciation and amortisation charge (Notes 7, 8 & 9)	(640,571)	(656,216)
Allocation to profit or loss of grants related to non-financial non-current assets and other grants	2,840	2,890
Impairment and gains or losses on disposals of non-current assets (Note 28)	(342,766)	(97,612)
Other gains or losses (Note 28-e)	(175,860)	(112,289)
PROFIT (LOSS) FROM OPERATIONS	(402,908)	393,155
Finance income (Note 28)	91,545	89,083
Finance costs (Note 28)	(536,762)	(510,683)
Changes in fair value of financial instruments (Note 28)	(51,584)	13,198
Exchange rate differences	(2,995)	8,321
Impairment and gains or losses on disposals of financial instruments	(8,338)	10,760
FINANCIAL PROFIT (LOSS)	(508,134)	(389,321)
Result of companies accounted for using the equity method (Note 28)	(128,420)	33,286
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(1,039,462)	37,120
Income tax (Note 25)	164,234	(20,210)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	(875,228)	16,910
Loss for the year from discontinued operations, net of tax (Note 4)	(216,964)	(13,996)
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	(1,092,192)	2,914
Profit (Loss) attributable to the Parent	(1,027,963)	108,248
Profit (Loss) attributable to non-controlling interests (Note 18)	(64,229)	(105,334)
EARNINGS PER SHARE (Note 18)		
Basic	(8.97)	0.94
Diluted	(8.97)	0.94

The accompanying Notes 1 to 35 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2012.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 35). In the event of a discrepancy, the Spanish-language version prevails.

	31/12/2012		31/12/2011	
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		(1,092,192)		2,914
Income and expense recognised directly in equity		(94,971)		(211,074)
Revaluation of financial instruments	(195)		78	
Cash flow hedges	(68,019)		(139,528)	
Translation differences	23,258		6,227	
Companies accounted for using the equity method	(63,364)		(109,062)	
Tax effect	13,349		31,211	
Transfers to income statement		93,491		62,773
Revaluation of financial instruments	14,900		-	
Cash flow hedges	85,058		74,988	
Companies accounted for using the equity method	20,695		9,773	
Tax effect	(27,162)		(21,988)	
TOTAL COMPREHENSIVE INCOME		(1,093,672)		(145,387)
Attributable to the Parent		(1,025,684)		(37,136)
Attributable to non-controlling interests		(67,988)		(108,251)

The accompanying Notes 1 to 35 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2012.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 35). In the event of a discrepancy, the Spanish-language version prevails.

	Share capital (Note 18-a)	Share premium and reserves (Note 18-b)	Interim dividend	Treasury shares (Note 18-c)	Profit (loss) for the year attributable to the Parent	Other equity instruments (Note 18-d)	Valuation adjustments (Note 18-e)	Equity attributable to shareholders of the Parent	Non-controlling interests (Note 18.II)	Equity
Equity at 31 December 2010	127,303	2,811,257	(88,746)	(346,915)	301,253	35,914	(277,136)	2,562,930	643,371	3,206,301
Total income and expenses for the year					108,248		(145,384)	(37,136)	(108,251)	(145,387)
Transactions with shareholders or owners										
Capital increases/(reductions)									5,643	5,643
Dividends paid		136,430	8,130		(301,253)			(156,693)	(6,886)	(163,579)
Treasury share transactions (net)				(564)				(564)		(564)
Other transactions with shareholders or owners										
Other changes in equity		21,967					(11,620)	10,347	2,179	12,526
Equity at 31 December 2011	127,303	2,969,654	(80,616)	(347,479)	108,248	35,914	(434,140)	2,378,884	536,056	2,914,940
Total income and expenses for the year					(1,027,963)		2,279	(1,025,684)	(67,988)	(1,093,672)
Transactions with shareholders or owners										
Capital increases/(reductions)									684	684
Dividends paid		(46,738)	80,616		(108,248)			(74,370)	(4,454)	(78,824)
Treasury share transactions (net)				2,460				2,460		2,460
Other transactions with shareholders or owners										
Other changes in equity		(25,742)					4,335	(21,407)	(2,579)	(23,986)
Equity at 31 December 2012	127,303	2,897,174	—	(345,019)	(1,027,963)	35,914	(427,526)	1,259,883	461,719	1,721,602

The accompanying Notes 1 to 35 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2012.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 35). In the event of a discrepancy, the Spanish-language version prevails.

	31/12/2012		31/12/2011	
Profit (Loss) before tax from continuing operations		(1,039,462)		37,120
Adjustments to profit (loss)		2,041,173		1,252,065
Depreciation and amortisation charge (Notes 7, 8 and 9)	640,571		656,216	
Impairment of goodwill and non-current assets (Notes 7 and 8)	388,856		309,942	
Other adjustments to profit (net) (*)	1,011,746		285,907	
Changes in working capital		(145,807)		(233,085)
Other cash flows from operating activities		(153,939)		(60,976)
Dividends received	25,980		28,482	
Income tax recovered/(paid) (Note 25)	(139,375)		(49,849)	
Other proceeds/(payments) relating to operating activities	(40,544)		(39,609)	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		701,965		995,124
Payments due to investments		(624,087)		(671,723)
Group companies, associates and business units	(51,023)		(64,295)	
Property, plant and equipment, intangible assets and investment property (Notes 7, 8 and 9)	(519,010)		(531,826)	
Other financial assets	(54,054)		(75,602)	
Proceeds from disposals		221,822		654,053
Group companies, associates and business units	124,519		100,387	
Property, plant and equipment, intangible assets and investment property (Notes 7, 8 and 9)	66,377		536,253	
Other financial assets	30,926		17,413	
Other cash flows from investing activities		(46,288)		25,375
Interest received	50,244		35,780	
Other proceeds/(payments) relating to investing activities	(96,532)		(10,405)	
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		(448,553)		7,705

The accompanying Notes 1 to 35 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2012.

(*) The adjustments to profit (net) for 2012 relate mainly to the Financial loss of EUR 508,134 thousand, Result of companies accounted for using the equity method of EUR 128,420 thousand, Impairment and provisions of EUR 426,711 thousand and Gain on disposal of the Flightcare group of EUR (45,049) thousand.

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 35). In the event of a discrepancy, the Spanish-language version prevails.

	31/12/2012		31/12/2011	
Proceeds and (payments) relating to equity instruments (Note 18)		(51,578)		(20,691)
Issues/(redemptions)	923		2,365	
(Acquisitions)/disposals	(52,501)		(23,056)	
Proceeds and (payments) relating to financial liability instruments (Note 21)		(741,265)		190,854
Issues	2,006,159		584,123	
Repayments and redemptions	(2,747,424)		(393,269)	
Dividends and returns on other equity instruments paid (Note 6)		(152,533)		(173,191)
Other cash flows from financing activities		(450,029)		(391,442)
Interest paid	(421,658)		(389,245)	
Other proceeds/(payments) relating to financing activities	(28,371)		(2,197)	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		(1,395,405)		(394,470)
Effect of foreign exchange rate changes		6,160		2,259
Net cash flows from Giant Cement as a continuing operation (Note 4)				44,412
Cash and cash equivalents of assets held for sale and of discontinued operations, reclassified		(564)		(31,040)
OTHER CASH FLOWS		5,596		15,631
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,136,397)		623,990
Cash and cash equivalents at beginning of year		2,302,641		1,678,651
Cash and cash equivalents at end of year		1,166,244		2,302,641

The accompanying Notes 1 to 35 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2012.

(*) The adjustments to profit (net) for 2012 relate mainly to the Financial loss of EUR 508,134 thousand, Result of companies accounted for using the equity method of EUR 128,420 thousand, Impairment and provisions of EUR 426,711 thousand and Gain on disposal of the Flightcare group of EUR (45,049) thousand.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2012

1. GROUP ACTIVITIES

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

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

The FCC Group is present in the real estate industry through its 30.19% ownership interest in Realia Business, S.A., which engages mainly in housing development and office rental, both in Spain and abroad. The Group also engages, mainly through its 50% ownership interest in Globalvía Infraestructuras, S.A., in infrastructure concessions (motorways, tunnels, marinas, railways, tramways and buildings for a variety of uses).

In connection with renewable energies, it is important to note that at year-end the Group had committed itself to a sales plan for this industry. As a result, in the accompanying consolidated financial statements, in accordance with accounting standards and as indicated in Note 4 to these consolidated financial statements, the assets and liabilities of the Energy business are presented as assets and liabilities classified as held for sale and as discontinued operations.

International operations, which represent approximately 56% of the FCC Group's revenue (53% in 2011), are carried on mainly in the European, US and Latin American markets. In 2012 the growth in international operations meant that these operations again exceeded those performed in Spain.

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

a) Basis of presentation

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

The 2012 consolidated financial statements of the FCC Group were formally prepared by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be submitted for approval by the shareholders at the Annual General Meeting. However, no changes are expected to be made to the consolidated financial statements as a result of compliance with this requirement. The 2011 consolidated financial statements were approved by the shareholders of Fomento de Construcciones y Contratas, S.A. at the Annual General Meeting held on 31 May 2012.

These consolidated financial statements of the FCC Group present fairly its equity and financial position at 31 December 2012 and 2011, and the consolidated results of its operations, the changes in the consolidated equity and the consolidated cash flows in the years then ended.

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

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the separate financial statements of the companies included in the scope of consolidation. In general, in 2012 and 2011 the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are expressed in thousands of euros.

Reclassifications

As indicated in Note 4 "Non-Current Assets Classified as Held for Sale and Liabilities associated with Non-Current Assets Classified as Held for Sale and Discontinued Operations", in 2012 the FCC Group withdrew the offer for sale launched in 2011 of Giant Cement Holding, Inc., the company heading its cement business in the United States, and once again consolidated its financial statements as a continuing operation in the Group's financial statements. As a result, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", for comparison purposes the relevant uniformity adjustments were made to the income statement and statement of cash flows of continuing operations for 2011.

Standards and interpretations issued but not yet in force

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

		Obligatory application for the FCC Group
Not adopted by the European Union		
IFRS 9	Financial Instruments	1 January 2015
Amendments to IFRS 1	Government Loans	1 January 2013
Amendments to IFRS 10, IFRS 12 and IAS 27	Exception from consolidation for parent companies that meet the definition of investment entities	1 January 2014
Amendments to IFRS 10, 11 and 12	Clarification of the rules for transition to these standards	1 January 2014
Adopted by the European Union but not yet in force		
Amendments to IAS 1	Presentation of items of Other Comprehensive Income	1 January 2013
Amendments to IAS 19	Employee Benefits	1 January 2013
Amendments to IAS 27	Separate Financial Statements	1 January 2014
Amendments to IAS 28	Investments in Associates and Joint Ventures	1 January 2014
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IFRS 7	Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IFRS 13	Fair Value Measurement	1 January 2013
Improvements to IFRSs 2009-2011	Minor amendments to a series of standards	1 January 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

After assessing the potential impact of applying these standards in the future, it was considered that their entry into force would not have a material impact on the consolidated financial statements, except for the amendments to IAS, "Employee Benefits", which, with regard to post-employment benefits, eliminates the "corridor" under which companies are currently permitted to opt for deferred recognition of a given portion of actuarial gains and losses, which must be recognised in equity in 2013 and amount to approximately EUR 24,612 thousand.

Significant standards and interpretations applied in 2012 and 2011

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

b) Basis of consolidation

Subsidiaries

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

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

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

Joint ventures

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

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

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

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

Associates

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

Transactions between Group companies

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

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

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

Changes in the scope of consolidation

Appendix IV shows the changes in 2012 in the fully consolidated companies and the companies accounted for using the equity method. The results of these companies are included in the consolidated income statement from the effective date of acquisition to year-end or from the beginning of the year to the effective date of disposal, as appropriate.

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

3. ACCOUNTING POLICIES

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

a) Service concession arrangements

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

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

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

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

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

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

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

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

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

b) Business combinations and goodwill

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

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

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

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

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

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

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

c) Intangible assets

Except as indicated in the preceding two sections of this Note in relation to service concession arrangements and goodwill, the other intangible assets included in the accompanying consolidated financial statements are measured at acquisition cost or, in contracts (mainly for street furniture - see Note 7-c) in which the operating licence provides for the payment of a fixed minimum fee, at the initial present value of the committed minimum cash outflows, less any accumulated amortisation and any accumulated impairment losses. These intangible assets include the investments relating to operating contracts and licences and to surface rights.

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

d) Property, plant and equipment and investment property

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Intangible assets with finite useful lives, property, plant and equipment and investment property are tested for impairment when there is an indication that the assets might have become impaired, in order to adjust their carrying amount to their value in use (if this is lower).

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

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

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

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

The estimated cash flows are obtained from projections prepared by management of each CGU, which in general cover periods of five years, except when the characteristics of the business advise longer periods, and include growth rates based on the various approved business plans (which are reviewed periodically), considering zero growth rates for the years after those covered by the business plans. In addition, it should be noted that sensitivity analyses are conducted in relation to revenue growth, operating margins and discount rates in order to forecast the impact of future changes on these variables.

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

f) Leases

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

f.1) Finance leases

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

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

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

f.2) Operating leases

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

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

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

g) Investments accounted for using the equity method

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

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

h) Financial assets

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

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

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

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

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

- **Held-to-maturity financial assets** are financial assets with fixed or determinable amounts and fixed maturity. Those maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

j) Inventories

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

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

k) Foreign currency

k.1) Translation differences

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

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

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

k.2) Exchange rate differences

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

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

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

l) Equity instruments

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

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

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

m) Grants

Grants are recognised according to their nature.

m.1) Grants related to assets

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

m.2) Grants related to income

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

n) Provisions

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

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying consolidated financial statements of the present value of the future expenditure required to settle the obligation.

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The change in the year relating to the discount to present value is recognised as interest cost in the consolidated income statement.

Provisions for dismantling, removal or rehabilitation and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. The impact on profit or loss arises when the asset concerned is depreciated (as described in previous sections of this Note) and when the provisions are discounted to present value (as described in the preceding paragraph).

Also, certain Group companies recognise provisions for restructuring costs when there is a detailed formal plan in place for this restructuring that has been communicated to the affected parties.

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

o) Financial liabilities

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

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

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

p) Financial derivatives and hedge accounting

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

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

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

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

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

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

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

  In the case of interest rate swaps (IRSs) in which the FCC Group receives a floating rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test estimates the changes in these annualised costs both in the original borrowings and in the portfolio that combines these borrowings with the hedging instrument. A hedge is considered to be fully effective when it achieves a reduction of at least 80% in the original variance of flows, i.e. when the instrument used reduces the variability of the flows by 80% or more. If this is not the case, the derivative is not classified as a hedge and its changes in value are recognised in profit or loss.

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

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

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

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

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

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

- The IRSs were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon yield curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon yield curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black-Scholes model was used.

- In the case of a cash flow hedging derivative tied to inflation, the method used is very similar to that applied to interest rate swaps. The projected inflation is estimated on the basis of the inflation included implicitly in the ex-tobacco European inflation-indexed swaps quoted on the market and is aligned with Spanish inflation by means of a convergence adjustment.

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

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

q) Income tax

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

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

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

r) Pension obligations

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

s) Operating income and expenses

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

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

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

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

The Group receives the CO_2 emission allowances for its cement business free of charge under the respective national allocation plans and it recognises the related income and expense flows when its sells its surplus allowances or purchases the allowances it requires.

t) Related party transactions

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

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

u) Use of estimates

In the Group's consolidated financial statements for 2012 and 2011, estimates were made in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The identification and the determination of the fair value of the assets and liabilities acquired in business combinations (see Note 5)
- The impairment losses on certain assets (see Notes 7, 8 and 9)
- The useful life of the intangible assets, property, plant and equipment and investment property (see Notes 7, 8 and 9)
- The measurement of goodwill (see Note 7)
- The calculation of the recoverable amount of inventories (see Note 15)
- The amount of certain provisions (see Note 20)
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations (see Notes 20 and 26)
- The fair value of derivatives (see Note 24)
- The recoverability of amounts to be billed for construction work performed (see Notes 3-s and 16)

In light of the general economic environment and certain legislative changes, a review was carried out in the last quarter of 2012 of the estimates made previously. Noteworthy among these calculations was, firstly, the impact of the losses suffered at the Alpine Group, which amounted to EUR 371,340 thousand and were recognised in the loss from operations in the accompanying consolidated financial statements.

Secondly, in relation to goodwill and other assets tested for impairment, it is important to note that impairment on goodwill was estimated at the FCC Environment (UK) Group (formerly the WRG Group), the Alpine Group and FCC Logística, amounting to EUR 190,229 thousand, EUR 80,000 thousand and EUR 58,957 thousand, respectively.

With regard to Energy, represented as “Non-Current Assets Held for Sale”, it is important to note that the impairment losses recognised, amounting to EUR 262,510 thousand, arose mainly from legislative changes affecting the sector.

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

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

With regard to the cement company Giant Cement Holding, Inc. it is important to note that, as a result of the breakdown in negotiations with the potential buyers and the requirement established in its loan restructuring agreement, which led to the abandonment of the scheduled sale plan, in the second half of 2012, in accordance with accounting standards, the FCC Group ceased to classify this company as a discontinued operation and again classified it as a continuing operation.

At 2012 year-end, the FCC Group still had its sale plan in place for the Energy Area, which is open to new potential investors in order to achieve the objectives set.

In addition, at 2012 year-end, the FCC Group also considered reclassifying the assets and liabilities of the Lemona Cementos Group and of Southern Cement Ltd that were subject to a share exchange for 26.34% of Corporación Uniland, S.A. as assets and liabilities classified as held for sale (see Note 34 "Events after the Reporting Period").

As established in IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", the relevant uniformity adjustments were made to the consolidated income statement and the consolidated statement of cash flows for 2011 (these adjustments were not applicable to the consolidated balance sheet at 31 December 2011). Consequently, as indicated in the first paragraph above in relation to Giant Cement Holding, Inc., the relative uniformity adjustments were made to “Loss for the Year from Discontinued Operations, Net of Tax” in the consolidated income statement and consolidated statement of cash flows for 2011.

The sections below detail, by type, the various income statement and balance sheet relating to operations classified as held for sale and discontinued operations.

Income statement

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

	2012	2011
Revenue	87,390	73,900
Operating expenses	(21,364)	(21,784)
Profit (Loss) from operations	(267,691)	29,173
Loss before tax	(308,741)	(16,870)
Income tax	91,776	2,874
Loss for the year from discontinued operations, net of tax	(216,964)	(13,996)
Loss attributable to non-controlling interests of discontinued operations, net of tax	(1,008)	(121)

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As indicated in Note 3-u, the loss for 2012 presented in the foregoing table includes impairment losses amounting to EUR 262,510 thousand.

Statement of cash flows

The statement of cash flows relating to discontinued operations connected with the Energy industry is as follows:

	2012	2011
Loss before tax from discontinued operations	(308,741)	(16,870)
Adjustments to loss	374,732	69,001
Changes in working capital	(1,600)	(23,112)
Other cash flows from operating activities	7,446	1,034
Cash flows from operating activities	71,837	30,053
Payments due to investment	(214,975)	(161,238)
Proceeds from disposal	897	8,621
Other cash flows from investing activities	22	2,856
Cash flows from investing activities	(214,056)	(149,761)
Proceeds and (payments) relating to equity instruments	100,042	3,730
Proceeds and (payments) relating to financial liability instruments	93,381	146,444
Other cash flows from financing activities	(69,467)	(7,741)
Cash flows from financing activities	123,956	142,433
	(18,263)	22,725

Balance sheet. Non-current assets and liabilities classified as held for sale

Following is a detail of the various assets and liabilities reclassified as held for sale under the respective headings in the accompanying consolidated balance sheet.

	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Giant Cement Holding (1)	-	-	684,520	464,751
Cementos Lemona (2)	337,246	105,203	-	-
Energy area (3)	1,138,944	865,152	1,162,451	931,902
	1,476,190	970,355	1,846,971	1,396,653

(1) Giant Cement Holding held for sale until 30/06/2012.
(2) Cementos Lemona held for sale since 31/12/2012.
(3) Energy area held for sale since 01/07/2011.

	2012	2011
Property, plant and equipment	966,258	1,127,041
Intangible assets	300,525	445,691
Financial assets	8,595	8,224
Deferred tax assets	68,814	103,695
Other non-current assets	—	3,638
Current assets	131,998	158,682
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	1,476,190	1,846,971
Non-current financial liabilities	796,474	970,734
Other non-current liabilities	67,050	206,091
Current financial liabilities	82,553	177,931
Other current liabilities	24,278	41,897
LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	970,355	1,396,653

5. CHANGES IN THE SCOPE OF CONSOLIDATION

No noteworthy acquisitions took place either in 2012 or in 2011 and, consequently, there were no significant changes in the scope of consolidation of the FCC Group in this connection.

However, it is important to note the exclusions from the scope of consolidation in 2012 as a result of the sale of the Flightcare group that comprises three companies engaging in aircraft and passenger ground handling, which operated in airports located in Spain, Belgium and Italy, for EUR 99,572 thousand, and in 2011 from the sale of the regulated parking management company "Estacionamientos y Servicios, S.A." for EUR 84,685 thousand (see Note 28-d).

6.DISTRIBUTION OF PROFIT OR LOSS

In 2012 the FCC Group paid dividends totalling EUR 152,533 thousand (2011: EUR 173,191 thousand), as shown in the accompanying statement of cash flows, the detail being as follows:

	2012	2011
Shareholders of Fomento de Construcciones y Contratas, S.A.	148,427	164,115
Non-controlling interests of the Cementos Portland Valderrivas Group	-	5,251
Other non-controlling interests of the other companies	4,106	3,825
	152,533	173,191

At the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. held on 31 May 2012, the shareholders approved the distribution of the profit for 2011 through a total dividend of EUR 1.30 gross per share. The shareholders of Fomento de Construcciones y Contratas, S.A. received this remuneration through the payment of an interim dividend in January 2012 equal to 65% gross of the par value of the shares, i.e. EUR 0.65 per share (2011: EUR 0.715 per share) and the payment of a final dividend in July 2012 equal to 65% gross of the par value of the shares, i.e. EUR 0.65 per share (2011: EUR 0.715 per share).

7. INTANGIBLE ASSETS

The detail of the carrying amount of intangible assets at 31 December 2012 and 2011 is as follows:

	Cost	Accumulated amortisation	Impairment	Carrying amount
2012				
Concessions (Note 11)	1,603,574	(450,792)	(8,550)	1,144,232
Goodwill	2,581,391	—	(610,157)	1,971,234
Other intangible assets	1,282,170	(571,773)	(4,150)	706,247
	5,467,135	(1,022,565)	(622,857)	3,821,713
2011				
Concessions (Note 11)	1,447,171	(420,044)	(4,393)	1,022,734
Goodwill	2,659,928	—	(307,616)	2,352,312
Other intangible assets	1,497,625	(552,069)	(3,573)	941,983
	5,604,724	(972,113)	(315,582)	4,317,029

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a) Concessions

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

The changes in "Concessions" in the consolidated balance sheet in 2012 and 2011 were as follows:

	Concessions	Accumulated amortisation	Impairment
Balance at 31/12/10	**1,465,354**	**(421,124)**	**(3,362)**
Additions or charge for the year	114,067	(51,924)	(1,031)
Disposals or reductions	(21,857)	6,534	—
Changes in the scope of consolidation, translation differences and other changes	(37,020)	4,524	—
Transfers	(73,373)	41,946	—
Balance at 31/12/11	**1,447,171**	**(420,044)**	**(4,393)**
Additions or charge for the year	144,187	(56,515)	(4,157)
Disposals or reductions	(36,662)	21,220	—
Changes in the scope of consolidation, translation differences and other changes	20,374	4,981	—
Transfers	28,504	(434)	—
Balance at 31/12/12	1,603,574	(450,792)	(8,550)

The most significant additions in 2012 relate to the following companies: Aqualia Gestión Integral del Agua, S.A., EUR 37,706 thousand (2011: EUR 22,086 thousand), Concesionaria Túnel Coatzacoalcos, S.A., EUR 59,971 thousand (2011: EUR 35,865 thousand) and Autovía Conquense, S.A., EUR 23,634 thousand (2011: EUR 23,827 thousand).

The disposals in 2012 relate mainly to Cartagua Aguas de Cartaxo (EUR 12,260 thousand), and in 2011 they related to Estacionamientos y Servicios, S.A. (EUR 14,061 thousand) and Aqualia Gestión Integral del Agua, S.A. (EUR 6,424 thousand).

"Changes in the Scope of Consolidation, Translation Differences and Other Changes" in 2012 includes most notably the effect of the appreciation of the mexican peso against the euro, which gave rise to an increase of EUR 5,563 thousand at Túnel de Coatzacoalcos. In 2011 it included most notably the reduction of EUR 46,768 thousand relating to the exclusion of Estacionamientos y Servicios, S.A. from the scope of consolidation (see Note 5) and the effect of the depreciation of the Mexican peso against the euro, which gave rise to a decrease of EUR 8,485 thousand at Túnel de Coatzacoalcos.

The borrowing costs capitalised in 2012 amounted to EUR 2,659 thousand (2011: EUR 2,248 thousand) and accumulated capitalised borrowing costs amounted to EUR 18,708 thousand (2011: EUR 15,962 thousand).

b) Goodwill

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2012 and 2011 is as follows:

	2012	2011
Corporación Uniland Group	583,082	586,831
FCC Environment (UK) Group	566,495	737,759
Cementos Portland Valderrivas, S.A.	226,269	226,269
Alpine Bau Group	188,705	270,655
.A.S.A. Group	136,890	137,947
Aqualia Gestión Integral del Agua, S.A.	82,763	80,410
FCC Environmental LLC	50,447	51,446
FCC Ámbito, S.A.	40,735	47,000
Giant Cement Holding, Inc. (Notes 2 & 4)	27,012	—
FCC Servicios Industriales y Energéticos, S.A.	21,499	21,499
Marepa Group	12,220	20,247
FCC Construcción de Centroamérica Group	8,460	8,460
Tratamientos y Recuperaciones Industriales, S.A.	7,434	9,860
International Petroleum Corp. of Delaware	5,499	5,608
Canteras de Aláiz, S.A.	4,332	4,332
Cementos Alfa, S.A	3,712	3,712
Cementos Lemona Group (Note 4)	—	56,230
FCC Logística Group	—	58,956
Flightcare Group	—	12,839
Other	5,680	12,252
	1,971,234	2,352,312

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

- Impairment losses amounting to EUR 190,229 thousand were recognised at the FCC Environment (UK) Group (formerly WRG Group) due to the estimated reduction in future cash flows from certain activities as a result of changes in their timing and amount. The main assumptions used envisage revenue growth of around 5%-8% for the period from 2014 to 2018, decreasing in future years to around 2%. The gross operating margin ranges from 22.5% to 25% in all the periods taken into consideration. The discount rate used was 5.64% and a ten-year time horizon was considered for the estimates, in view of the structural characteristics of its business and the long useful lives of its assets. A zero growth rate was used to calculate perpetual return.
- In the case of the Alpine Bau Group, impairment losses of EUR 80,000 thousand were recognised. It should be noted that the main assumptions used envisage a significant reduction in revenue for 2014 (around 11.5%) and moderate growth for the other years taken into consideration (ranging from 0.9% in 2015 to 2.1% in 2017) as a result of the restructuring process which will foreseeably take place and will include an improved process for selecting orders and an orderly withdrawal from certain geographical markets with low profitability. In this case the discount rate used was 7.06%. A zero growth rate was used to calculate perpetual return.
- Corporación Uniland Group. The production and sales assumptions were based on the volume of cement consumption in Spain for 2012 estimated by Oficemen on the date of the impairment test, i.e. approximately 13 million tonnes. The projections used in the impairment test were based on a sales and production volume estimated by independent sources on the test date, similar to the actual consumption indicated by Oficemen for 2012. These estimates pointed to a continued contraction of the market in the short term, followed by a recovery in the medium and long term, in accordance with the estimates prepared by analysts (World Cement). In view of the characteristics of the business and its cycle, a ten-year time horizon was considered, and the estimated cash flows were discounted using a discount rate of 8.23%. A zero growth rate was used to calculate perpetual return. The current projections would withstand an increase of more than 80 basis points in the discount rate and a fall of approximately 11% in estimated cash flows without suffering impairment.
- Cementos Portland Valderrivas, S.A. The goodwill recognised for this group, amounting to EUR 226,269 thousand, comprises two separately identifiable items of goodwill: the goodwill of EUR 113,505 thousand recognised in the separate books of Cementos Portland Valderrivas, S.A. relating to the cash-generating unit (CGU) consisting of the Alcalá de Guadaira plant, and the goodwill of EUR 112,764 thousand generated by the successive acquisitions by FCC, S.A. (the Parent of the Group) of additional ownership interests in Cementos Portland (in turn, the parent of the cement business) prior to the entry into force of the current version of IFRS 3, with respect to which the CGU to be considered, therefore, is the entire business activity of the Cementos Portland Valderrivas group, and this policy has been applied on an ongoing basis since the entry into force of IFRS 3 (2005).

The cash flows corresponding to the Alcalá de Guadaira CGU were calculated using assumptions consistent with those employed for Uniland, which were adapted to the particular circumstances of this CGU. More specifically, the projected future revenue growth considered a future volume of cement consumption based on external third-party reports together with the best estimates of Group commercial management, while future prices were estimated on the basis of knowledge of the market in the geographic area in which the unit operates. In view of the features and cycle of the cement business, the projections considered a ten-year time horizon and a 8.23% discount rate. Also, a zero growth rate was used to calculate perpetual return. The current projections would withstand an increase of more than 150 basis points in the discount rate and a fall of more than 15% in the present value of the cash flows.

As regards the goodwill associated with the CGU consisting of the entire cement business, it should be noted that if we consider the sum of the present values of the cash flows for the CGUs tested for impairment because goodwill had been allocated to them, discounted at a rate of 8.23%, such as Uniland, the Alcalá de Guadaira plant, Giant, etc., and taking into consideration that in the case of the other CGUs the recoverable amount is at least equal to the carrying amount, the aggregate recoverable amount exceeds the carrying amount of the total cement business and, therefore, there is no impairment. If the cash flows relating to the entire cement business were taken into consideration, the excess of recoverable amount over carrying amount would be even greater.

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The changes in goodwill in the accompanying consolidated balance sheet in 2012 and 2011 were as follows:

Balance at 31/12/10		2,613,750
Changes in the scope of consolidation, translation differences and other changes:		
FCC Environment (UK) Group	21,815	
Other	2,846	24,661
Reclassifications to assets held for sale:		
Giant Cement Holding, Inc. (Note 4)	(26,682)	(26,682)
Impairment losses		
Corporación Uniland Group	(239,026)	
Cementos Lemona Group	(14,499)	
Other	(5,892)	(259,417)
Balance at 31/12/11		2,352,312
Changes in the scope of consolidation, translation differences and other changes:		
FCC Environment (UK) Group	18,965	
Other	(14,765)	4,200
Reclassifications to or from assets held for sale: (Note 4)		
Giant Cement Holding, Inc.	26,682	
Cementos Lemona Group	(56,230)	
Southern Cement Ltd.	(3,749)	(33,297)
Impairment losses (Note 28-d)		
FCC Environment (UK) Group	(190,229)	
Alpine Holding GmbH	(80,000)	
FCC Logística, S.A.	(58,957)	
Other	(22,795)	(351,981)
Balance at 31/12/12		1,971,234

"Changes in the Scope of Consolidation, Translation Differences and Other Changes" in 2012 includes most notably the effect of the appreciation of the pound sterling against the euro, which gave rise to an increase of EUR 18,965 thousand (2011: EUR 21,815 thousand) in the goodwill associated with the FCC Environment (UK) Group (formerly the WRG Group), and the derecognition on disposal of the Flightcare, S.L. companies amounting to EUR 12,840 thousand.

c) Other intangible assets

The changes in "Other Intangible Assets" in the consolidated balance sheet in 2012 and 2011 were as follows:

	Other intangible assets	Accumulated amortisation	Impairment
Balance at 31/12/10	1,958,450	(547,550)	(1,837)
Additions or charge for the year	52,272	(97,451)	(1,736)
Disposals or reductions	(13,114)	11,353	—
Reclassifications to assets held for sale (Note 4)	(507,260)	78,251	—
Changes in the scope of consolidation, translation differences and other changes	12,750	528	—
Transfers	(5,473)	2,800	—
Balance at 31/12/11	1,497,625	(552,069)	(3,573)
Additions or charge for the year	34,976	(87,905)	(480)
Disposals or reductions	(41,053)	15,507	—
Reclassifications to or from assets held for sale (Note 4)	(112,414)	(3,188)	—
Changes in the scope of consolidation, translation differences and other changes	(95,760)	55,379	1,799
Transfers	(1,204)	503	(1,896)
Balance at 31/12/12	1,282,170	(571,773)	(4,150)

"Other Intangible Assets" includes the operating rights of the street furniture contracts, most notably the New York contract, the net amount of which was EUR 398,080 thousand in 2012 (2011: EUR 435,344 thousand) (see Note 3-c).

In both years, "Reclassifications to or from Assets Held for Sale" includes the transfers of the Giant Cement Holding, Cementos Lemona and Energy Groups (see Note 4).

8. PROPERTY, PLANT AND EQUIPMENT

The detail of the carrying amount of property, plant and equipment at 31 December 2012 and 2011 is as follows:

	Cost	Accumulated depreciation	Impairment	Carrying amount
2012				
Land and buildings	1,817,284	(487,010)	(91,074)	1,239,200
Land and natural resources	801,292	(95,209)	(80,400)	625,683
Buildings for own use	1,015,992	(391,801)	(10,674)	613,517
Plant and other items of property, plant and equipment	8,628,807	(5,221,606)	(25,727)	3,381,474
Plant	5,178,640	(2,838,991)	(10,710)	2,328,939
Machinery and transport equipment	2,544,678	(1,789,083)	(12,464)	743,131
Property, plant and equipment in the course of construction	83,944	—	—	83,944
Other property, plant and equipment	821,545	(593,532)	(2,553)	225,460
	10,446,091	(5,708,616)	(116,801)	4,620,674
2011				
Land and buildings	2,149,757	(634,281)	(35,230)	1,480,246
Land and natural resources	778,874	(98,217)	(27,751)	652,906
Buildings for own use	1,370,883	(536,064)	(7,479)	827,340
Plant and other items of property, plant and equipment	8,026,387	(4,879,365)	(25,355)	3,121,667
Plant	4,420,300	(2,502,941)	(16,496)	1,900,863
Machinery and transport equipment	2,668,562	(1,801,647)	(6,992)	859,923
Property, plant and equipment in the course of construction	116,056	—	—	116,056
Other items of property, plant and equipment	821,469	(574,777)	(1,867)	244,825
	10,176,144	(5,513,646)	(60,585)	4,601,913

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The changes in 2012 and 2011 in property, plant and equipment accounts were as follows:

	Land and natural resources	Buildings for own use	Land and Buildings	Plant	Machinery and transport equipment	Property, plant and equipment in the course of construction	Other property, plant and equipment	Plant and other items of property, Plant and Equipment	Accumulated Depreciation	Impairment
Balance at 31/12/10	909,499	1,413,185	2,322,684	5,225,124	2,727,517	175,031	902,352	9,030,024	(5,472,819)	(46,152)
Additions or charge for the year	2,792	22,447	25,239	31,521	107,371	102,992	55,755	297,639	(495,469)	(47,756)
Disposals or reductions	(675)	(25,725)	(26,400)	(10,554)	(164,620)	(2,004)	(115,643)	(292,821)	240,934	145
Reclassifications to assets held for sale (Note 4)	(144,063)	(66,122)	(210,185)	(958,042)	(26,441)	(54,681)	(33,574)	(1,072,738)	262,678	29,934
Changes in the scope of consolidation, translation differences and other changes	(229)	(11,343)	(11,572)	70,919	(36,230)	(1,274)	(11,719)	21,696	11,840	1,058
Transfers	11,550	38,441	49,991	61,332	60,965	(104,008)	24,298	42,587	(60,810)	2,186
Balance at 31/12/11	778,874	1,370,883	2,149,757	4,420,300	2,668,562	116,056	821,469	8,026,387	(5,513,646)	(60,585)
Additions or charge for the year	925	29,836	30,761	17,615	94,375	75,869	40,353	228,212	(492,117)	(32,168)
Disposals or reductions	(664)	(17,045)	(17,709)	(22,504)	(80,166)	(4,445)	(41,766)	(148,881)	111,252	6,772
Reclassifications to or from assets held for sale (Note 4)	15,243	3,509	18,752	266,440	(43,322)	1,105	7,317	231,540	100,579	(24,828)
Changes in the scope of consolidation, translation differences and other changes	(396)	5,932	5,536	44,528	(115,646)	2,576	(8,872)	(77,414)	75,867	1,575
Transfers	7,310	(377,123)	(369,813)	452,261	20,875	(107,217)	3,044	368,963	9,449	(7,567)
Balance at 31/12/12	801,292	1,015,992	1,817,284	5,178,640	2,544,678	83,944	821,545	8,628,807	(5,708,616)	(116,801)

The most significant "Additions" in 2012 were the investments made for the performance of contracts in the Services business, mainly at the FCC Environment (UK) Group (formerly the WRG Group), amounting to EUR 46,991 thousand (2011: EUR 35,806 thousand), at Fomento de Construcciones y Contratas, S.A., amounting to EUR 27,254 thousand (2011: EUR 55,860 thousand) and those made in the Construction business, primarily by the Alpine Bau Group, amounting to EUR 58,879 thousand (2011: EUR 58,426 thousand).

Impairment losses in 2012 included most notably EUR 30,216 thousand recognised in the cement business on non-current assets used mainly in closed or loss-making aggregate, mortar and concrete production plants.

"Disposals or Reductions" includes disposals and inventory reductions relating to assets which, in general, have been depreciated substantially in full since they have reached the end of their useful lives. The most notable disposals in 2011 were those of the buildings situated at Federico Salmón, 13, in Madrid, and at Balmes, 36, in Barcelona, for a total amount, net of accumulated depreciation, of EUR 11,059 thousand. On the same date as the sale of these buildings, in which the Group's Central Services offices are located, an operating lease agreement was entered into for those offices (see Note 10).

In 2012 "Reclassification to or from Assets Held for Sale" includes the transfer of the assets relating to the Giant Cement Holding and Cementos Lemona groups. In 2011 the assets belonging to the Giant Cement Holding Group and the Energy area were transferred to "Non-current Assets Classified as Held for Sale" (see Note 4).

In 2012 "Changes in the Scope of Consolidation, Translation Differences and Other Changes" includes most notably the derecognition on disposal of the Flightcare Group companies amounting to EUR 41,577 thousand.

The borrowing costs capitalised in 2012 amounted to EUR 15 thousand (2011: EUR 834 thousand) and accumulated capitalised borrowing costs amounted to EUR 59,172 thousand (2011: EUR 59,683 thousand).

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject. At 2012 year-end, the Parent considered that the property, plant and equipment were fully insured.

Fully depreciated property, plant and equipment which, being in good working order, are used in production amounted to EUR 2,556,018 thousand at 31 December 2012 (31 December 2011: EUR 2,430,240 thousand).

Of the property, plant and equipment, net of accumulated depreciation, in the accompanying consolidated balance sheet, items located abroad, as indicated in Note 29, amounted to EUR 3,095,335 thousand at 31 December 2012 (31 December 2011: EUR 2,718,464 thousand).

Restrictions on title to assets

Of the total property, plant and equipment in the consolidated balance sheet at 31 December 2012, there are restrictions on title to assets amounting to EUR 1,051,070 thousand (31 December 2011: EUR 1,183,753 thousand), the detail being as follows:

	Cost	Accumulated depreciation	Carrying amount
2012			
Buildings, plant and equipment	1,747,304	(902,456)	844,848
Other items of property, plant and equipment	857,794	(651,572)	206,222
	2,605,098	(1,554,028)	1,051,070
2011			
Buildings, plant and equipment	2,383,170	(1,326,011)	1,057,159
Other items of property, plant and equipment	231,533	(104,939)	126,594
	2,614,703	(1,430,950)	1,183,753

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

Purchase commitments

In the course of their business activities, the Group companies had formalised property, plant and equipment purchase commitments amounting to EUR 3,856 thousand at 31 December 2012 (31 December 2011: EUR 4,219 thousand), the detail being as follows:

	2012	2011
Buildings for own use	137	170
Plant	150	963
Machinery and transport equipment	2,580	2,929
Other items of property, plant and equipment	989	157
	3,856	4,219

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9. INVESTMENT PROPERTY

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

The detail of "Investment Property" at 31 December 2012 and 2011 is as follows:

	Cost	Accumulated depreciation	Carrying amount
2012			
Investment property	74,085	(3,417)	70,668
	74,085	(3,417)	70,668
2011			
Investment property	38,123	(3,665)	34,458
	38,123	(3,665)	34,458

The detail of the changes in 2012 and 2011 is as follows:

	Torre Picasso	Other	Total
Balance at 31/12/10	235,443	23,590	259,033
Additions	1,193	11,343	12,536
Disposals	(233,306)	(391)	(233,697)
Depreciation and impairment charge	(4,044)	(805)	(4,849)
Changes in the scope of consolidation, translation differences and other changes	936	711	1,647
Transfers	(222)	10	(212)
Balance at 31/12/11	—	34,458	34,458
Additions	—	37,149	37,149
Disposals	—	(3,727)	(3,727)
Depreciation and impairment charge	—	(2,400)	(2,400)
Changes in the scope of consolidation, translation differences and other changes	—	(104)	(104)
Transfers	—	5,292	5,292
Balance at 31/12/12	—	70,668	70,668

In 2012 "Additions" includes most notably EUR 36,357 thousand contributed by FCC Construcción, S.A. in relation to certain homes located in Tres Cantos (Madrid) that began to be held to earn rentals. The related leases were arranged for a seven-year term and include a purchase option.

At 2012 and 2011 year-end, the Group did not have any firm commitments to purchase or construct investment property.

10. LEASES

a) Finance leases

The detail of the finance leases in force at the end of 2012 and 2011 and of the related cash flows is as follows:

	Movable Property	Real Estate	Total
2012			
Carrying amount	96,534	18,707	115,241
Accumulated depreciation	65,578	5,151	70,729
Cost of the assets	162,112	23,858	185,970
Finance costs	15,079	8,906	23,985
Capitalised cost of the assets	177,191	32,764	209,955
Lease payments paid in prior years	(84,634)	(12,660)	(97,294)
Lease payments paid in the year	(35,271)	(660)	(35,931)
Lease payments outstanding, including purchase option	57,286	19,444	76,730
Unaccrued finance charges	(2,441)	(3,408)	(5,849)
Present value of lease payments outstanding, including purchase option (Note 21-c and -d)	54,845	16,036	70,881
Contract term (years)	2 to 5	10	
Value of purchase options	2,487	10,754	13,241

	Movable Property	Real Estate	Total
2011			
Carrying amount	153,635	18,835	172,470
Accumulated depreciation	79,095	4,337	83,432
Cost of the assets	232,730	23,172	255,902
Finance costs	18,925	9,024	27,949
Capitalised cost of the assets	251,655	32,196	283,851
Lease payments paid in prior years	(109,276)	(11,274)	(120,550)
Lease payments paid in the year	(59,484)	(289)	(59,773)
Lease payments outstanding, including purchase option	82,895	20,633	103,528
Unaccrued finance charges	(3,495)	(4,034)	(7,529)
Present value of lease payments outstanding, including purchase option (Note 21-c and -d)	79,400	16,599	95,999
Contract term (years)	2 to 5	10	
Value of purchase options	4,382	10,760	15,142

The detail, by maturity, of the total amount of the lease payments and of their present value at 31 December 2012 and 2011 is as follows:

	Within one year	Between one and five years	After five years	Total
2012				
Lease payments outstanding, including purchase option	28,633	36,088	12,009	76,730
Unaccrued finance charges	(2,183)	(2,751)	(915)	(5,849)
Present value of lease payments outstanding, including purchase option	26,450	33,337	11,094	70,881
2011				
Lease payments outstanding, including purchase option	48,870	43,796	10,862	103,528
Unaccrued finance charges	(3,554)	(3,185)	(790)	(7,529)
Present value of lease payments outstanding, including purchase option	45,316	40,611	10,072	95,999

The finance leases arranged by the Group companies do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2012 no expense was incurred in connection with contingent rent.

b) Operating leases

The operating lease payments recognised as an expense by the Group as a lessee in the year ended 31 December 2012 amounted to EUR 379,514 thousand (31 December 2011: EUR 355,818 thousand). These payments relate mainly to machinery leased in the construction business, to plant and to buildings leased for use by the Group in all the activities carried on by it.

The most noteworthy operating lease is that entered into between the FCC Group and Hewlett Packard Servicios España, S.L. on 19 November 2010, for a seven-year period, through which the IT Infrastructure Operation Services were outsourced in order to improve efficiency and enable the Group to be more flexible and competitive on an international scale. Also worthy of note is the lease agreement entered into in 2011 between Fomento de Construcciones y Contratas, S.A. and the owners of the buildings housing the FCC Group's Central Services offices, located at Federico Salmón 13, in Madrid and at Balmes 36, in Barcelona, for a non-cancellable minimum term of 30 years, extendable at the Group's discretion by two five-year periods, each with an annual rent adjustable each year based on the CPI. The owner, in turn, granted a purchase option to Fomento de Construcciones y Contratas, S.A., which can be exercised only at the end of the lease term at the higher of fair value the CPI-adjusted selling price.

It is also important to note the new lease for the office building located in Las Tablas (Madrid), in effect since 23 November 2012 for an 18-year term, extendable at the FCC Group's discretion by two five-year periods, with an annual rent adjustable each year based on the CPI.

At 2012 year-end, the non-cancellable future payment obligations relating to operating leases for buildings, structures and IT infrastructure operation services amounted to EUR 952,840 thousand (2011: EUR 931,748 thousand). The detail, by maturity, of the non-cancellable future minimum payments at 31 December 2012 and 2011 is as follows:

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	2012	2011
Within one year	164,018	169,562
Between one and five years	488,895	509,470
After five years	299,927	252,716
	952,840	931,748

As a lessor, the FCC Construction Group recognises an insignificant amount of income from investment property (see Note 9).

11. SERVICE CONCESSION ARRANGEMENTS

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

The following table includes the total amount of the assets held by the Group companies under service concession arrangements and recognised under "Intangible Assets", "Non-Current Financial Assets", "Current Financial Assets" and "Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheet at 31 December 2012 and 2011.

	Intangible assets	Financial assets	Jointly controlled entities	Associates	Total investment
2012					
Water services	1,185,524	26,620	104,095	20,455	1,336,694
Motorways and tunnels	279,277	—	368,386	57,280	704,943
Other	138,773	73,901	1,661	72,029	286,364
TOTAL	1,603,574	100,521	474,142	149,764	2,328,001
Accumulated amortisation	(450,792)	—	—	—	(450,792)
Impairments	(8,550)	—	—	—	(8,550)
	1,144,232	100,521	474,142	149,764	1,868,659
2011					
Water services	1,127,147	30,188	81,510	34,420	1,273,265
Motorways and tunnels	190,357	—	424,616	59,912	674,885
Other	129,667	72,651	1,922	86,936	291,176
TOTAL	1,447,171	102,839	508,048	181,268	2,239,326
Accumulated amortisation	(420,044)	—	—	—	(420,044)
Impairments	(4,393)	—	—	—	(4,393)
	1,022,734	102,839	508,048	181,268	1,814,889

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

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

It should also be noted that under the concession contracts the concession operators in which the Group holds ownership interests are obliged to purchase or construct, during the term of the related concession, property, plant and equipment items assigned to concessions amounting to EUR 120,990 thousand at 31 December 2012 (31 December 2011: EUR 219,769 thousand).

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	2012	2011
Jointly controlled entities	645,795	806,545
Associates	289,244	309,174
	935,039	1,115,719

There were no impairment losses in the years ended 31 December 2012 and 2011 since the fair value was equal to or higher than the carrying amount of the investments accounted for using the equity method.

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

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a) Jointly controlled entities

The changes in 2012 and 2011 were as follows:

	Acquisitions and disbursements	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Sales	Changes in consolidation method and transfers	Translation differences and other changes	Value of the investment	Loans granted	Total
Balance at 31/12/10								818,889	89,284	908,173
Realia Business Group	—	374	—	523	—	—	(6,847)	(5,950)	(52,531)	(58,481)
Globalvía Group	—	(14,468)	—	(35,097)	—	—	(9,993)	(59,558)	—	(59,558)
Sociedad Concesionaria Tranvía de Murcia, S.A.	3,400	186	—	8	—	—	—	3,594	644	4,238
Proactiva Group	—	5,665	(3,393)	2,360	—	—	(913)	3,719	—	3,719
ACE Caet XXI Construçoes	—	4,539	(164)	—	—	—	—	4,375	—	4,375
Mercia Waste Management Ltd.	—	3,093	(9,578)	—	—	—	469	(6,016)	—	(6,016)
Atlas Gestión Medioambiental, S.A.	1,250	(906)	—	3	—	—	(77)	270	—	270
Other	988	4,152	(5,569)	(561)	(946)	—	2,065	129	9,696	9,825
Total 2011	5,638	2,635	(18,704)	(32,764)	(946)	—	(15,296)	(59,437)	(42,191)	(101,628)
Balance at 31/12/11								759,452	47,093	806,545
Realia Business Group	—	(87,413)	—	4,787	—	—	(118)	(82,744)	—	(82,744)
Globalvía Group	—	(52,862)	—	(14,481)	—	—	11,113	(56,230)	—	(56,230)
Sociedad Concesionaria Tranvía de Murcia, S.A.	—	560	—	—	—	—	(1)	559	940	1,499
Proactiva Group	—	6,962	(1,500)	1,019	—	—	601	7,082	—	7,082
Ebesa	—	859	(1,225)	—	—	—	(485)	(851)	—	(851)
Ibisan Soc. Concesionaria, S.A.	—	1,090	—	(1,228)	—	—	—	(138)	—	(138)
ACE Caet XXI Construçoes	—	(3,657)	(4,539)	—	—	—	—	(8,196)	—	(8,196)
Mercia Waste Management Ltd.	—	2,959	—	—	—	—	109	3,068	—	3,068
Atlántica de Graneles y Moliendas, S.A.	—	(1,227)	—	—	—	—	—	(1,227)	—	(1,227)
Other	475	(9,728)	(6,085)	396	—	—	(698)	(15,640)	(7,373)	(23,013)
Total 2012	475	(142,457)	(13,349)	(9,507)	—	—	10,521	(154,317)	(6,433)	(160,750)
Balance at 31/12/12								605,135	40,660	645,795

The most significant changes in the foregoing table in 2012 were contributed by the Realia Business and Globalvía Infraestructuras groups.

Following are the main aggregates in the financial statements of the jointly controlled entities, in proportion to the percentage of ownership held therein, at 31 December 2012 and 2011.

	2012	2011
Non-current assets	2,828,848	2,569,146
Current assets	982,819	872,011
Non-current liabilities	1,948,662	1,625,709
Current liabilities	1,004,358	831,542
Income statement		
Revenue	910,371	823,670
Profit (Loss) from operations	4,963	127,736
Profit (Loss) before tax	(159,788)	11,232
Profit (Loss) attributable to the Parent	(142,457)	2,635

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

Guarantees amounting to EUR 232,426 thousand (2011: EUR 348,508 thousand) were provided, mostly to government agencies and private customers, for businesses managed jointly with non-FCC Group third parties, as security for the performance of contracts in the Group's various business activities.

b) Associates

The changes in 2012 and 2011 were as follows:

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	Acquisitions and disbursements	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Sales	Translation differences and other changes	Value of the investment	Loans granted	Total
Balance at 31/12/10							181,531	133,191	314,722
Shariket Miyeh Ras Djinet, SpA	802	1,361	—	—	—	166	2,329	—	2,329
Shariket Tahlya Miyah Mostaganem, SpA	—	4,214	—	—	—	284	4,498	—	4,498
Time Group	—	1,196	(385)	—	—	—	811	—	811
Concessió Estacions Aeroport L9, S.A.	—	7,587	—	(33,921)	—	—	(26,334)	—	(26,334)
Nihg South WestvHealth Partnership Ltd.	—	3,064	—	(12,052)	—	(390)	(9,378)	—	(9,378)
N6 (Construction) Limited	—	(7,763)	—	—	—	—	(7,763)	—	(7,763)
M50 (D&C) Limited	—	868	—	—	—	—	868	—	868
FCC Elliot Construction Limited	—	4,309	—	—	—	239	4,548	—	4,548
Urbs Iudex et Causidicus, S.A.	—	1,021	—	(5,089)	—	(3,085)	(7,153)	—	(7,153)
Cedinsa	22,700	1,250	—	(2,003)	—	(2,132)	19,815	—	19,815
Alpine Group companies	—	3,693	—		—	(7,039)	(3,346)	—	(3,346)
Nova Bocana Business, S.A.	2,789	(288)	—	—	—	—	2,501	—	2,501
Orasqualia Construction S.A.E.	—	4,287	(4,661)	—	—	(188)	(562)	—	(562)
Other	6,400	5,852	(7,941)	3,500	—	4,267	12,078	1,540	13,618
Total 2011	**32,691**	**30,651**	**(12,987)**	**(49,565)**	**—**	**(7,878)**	**(7,088)**	**1,540**	**(5,548)**
Balance at 31/12/11							174,443	134,731	309,174
Shariket Miyeh Ras Djinet, SpA	—	1,552	—	—	—	(571)	981	—	981
Shariket Tahlya Miyah Mostaganem, SpA	—	5,377	—	—	—	(1,304)	4,073	—	4,073
Time Group	—	1,381	(502)	—	—	(2)	877	—	877
Concessió Estacions Aeroport L9, S.A.	—	9,379	—	(17,456)	—	1	(8,076)	506	(7,570)
Nihg South WestvHealth Partnership Ltd.	—	268	—	2,675	—	(613)	2,330	(1,142)	1,188
N6 (Construction) Limited	—	(8,341)	—	—	—	—	(8,341)	—	(8,341)
M50 (D&C) Limited	—	336	—	—	—	—	336	—	336
FCC Elliot Construction Limited	—	1,583	—	(7,329)	—	—	(5,746)	—	(5,746)
Urbs Iudex et Causidicus, S.A.	5,779	—	—	—	(7,705)	(1)	(1,927)	—	(1,927)
Cedinsa	14,791	1,235	—	(18,422)	(72)	10	(2,458)	—	(2,458)
Costa Verde Habitat, S.L.	7,000	(1,855)	—	—	—	—	5,145	—	5,145
Alpine Group companies	—	2,156	—	—	(791)	247	1,612	—	1,612
Nova Bocana Business, S.A.	—	258	—	—	—	—	258	—	258
Other	6,921	708	(4,918)	(1,411)	(134)	2,614	3,780	(12,138)	(8,358)
Total 2012	**34,491**	**14,037**	**(5,420)**	**(41,943)**	**(8,702)**	**381**	**(7,156)**	**(12,774)**	**(19,930)**
Balance at 31/12/12							167,287	121,957	289,244

There were no significant changes in the valuation of the associates in 2012 or 2011. However, it should be noted that an investment of EUR 14,791 thousand was made in the Cedinsa Group in 2012. This investment in the same group amounted to EUR 22,700 thousand in 2011.

The detail of the assets, liabilities, revenue and profit or loss for 2012 and 2011 of the associates, in proportion to the percentage of ownership held in each associate, is as follows:

	2012	2011
Non-current assets	1,574,560	1,660,585
Current assets	356,120	463,961
Non-current liabilities	1,472,598	1,561,327
Current liabilities	362,888	403,767
Revenue	338,359	410,933
Profit (Loss) from operations	87,806	92,961
Profit (Loss) before tax	21,888	41,298
Profit (Loss) attributable to the Parent	14,037	30,986

13. JOINTLY MANAGED CONTRACTS

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

Following are the main aggregates of the jointly operated contracts included in the various headings in the accompanying consolidated balance sheet and consolidated income statement, in proportion to the ownership interest held therein, at 31 December 2012 and 2011.

	2012	2011
Non-current assets	140,466	134,619
Current assets	1,087,755	1,451,311
Non-current liabilities	58,464	33,104
Current liabilities	925,704	1,086,330
Income statement		
Revenue	1,160,469	1,498,631
Gross profit (loss) from operations	63,631	132,274
Net profit (loss) from operations	49,146	107,729

At 2012 year-end, the property, plant and equipment purchase commitments entered into directly by the jointly managed contracts amounted to EUR 21,689 thousand (2011: EUR 17,963 thousand), calculated on the basis of the percentage interest held by the Group companies.

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

Guarantees amounting to EUR 1,462,366 thousand (2011: EUR 604,758 thousand) were provided, mostly to government agencies and private customers, for contracts managed jointly with non-Group third parties, as security for the performance of construction projects and urban cleaning contracts.

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

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

a) Non-current financial assets

The detail of the non-current financial assets at 31 December 2012 and 2011 is as follows:

	Held-for-trading financial assets	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives	Total
2012						
Equity instruments	—	79,819	—	—	—	79,819
Debt securities	—	1,714	2,242	3,658	—	7,614
Derivatives	1,252	—	—	—	136	1,388
Other financial assets	—	—	323,333	476	—	323,809
	1,252	81,533	325,575	4,134	136	412,630
2011						
Equity instruments	—	69,741	—	—	—	69,741
Debt securities	—	1,691	3,166	4,243	—	9,100
Derivatives	12,222	—	—	—	3,597	15,819
Other financial assets	—	—	362,801	4,538	—	367,339
	12,222	71,432	365,967	8,781	3,597	461,999

a.1) Available-for-sale financial assets

Breakdown of the balance at 31 December 2012 and 2011:

	Effective percentage of ownership	Fair value
2012		
Ownership interests of 5% or more:		
Equipamientos Urbanos de México, S.A. de C.V.	50.00	12,234
World Trade Center Barcelona, S.A.	16.52	11,422
Vertederos de Residuos, S.A.	16.03	9,076
Consorcio Traza, S.A.	16.60	11,654
Alpine Bau Group investees		16,201
Other		5,832
Ownership interests of less than 5%:		
Xfera Móviles, S.A.	3.44	11,215
Other		2,185
Debt securities		1,714
		81,533
2011		
Ownership interests of 5% or more:		
Equipamientos Urbanos de México, S.A. de C.V.	50.00	12,234
World Trade Center Barcelona, S.A.	16.52	11,422
Vertederos de Residuos, S.A.	16.03	9,076
Consorcio Traza, S.A.	16.60	10,290
Alpine Bau Group investees		17,533
Other		7,713
Ownership interests of less than 5%:		
Xfera Móviles, S.A.	3.44	—
Other		1,473
Debt securities		1,691
		71,432

With regard to Xfera Móviles, S.A., it is important to note that, at 31 December 2012, the FCC Group recognised fair value of EUR 11,215 thousand as a result of the positive performance of this company, which has begun to obtain positive EBITDA, and the projections for the telephony activity that it carries on are favourable. Furthermore, the Parent, Fomento de Construcciones y Contratas, S.A., had granted loans to Xfera Móviles, S.A. totalling EUR 24,115 thousand (2011: same amount) and had provided guarantees for that company EUR 12,384 thousand had been recognised (2011: EUR 13,286 thousand).

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

The changes in the available-for-sale financial assets in 2012 and 2011 were as follows:

	Investment cost	Impairment	Disposals and reductions	Changes in scope, of consolidation translation differences and other changes	Carrying amount	Changes in fair value	Fair value
Balance at 31/12/10					77,029	(6,732)	70,297
Vertedero de Residuos, S.A.	-	-	-	-	-	78	78
Consorcio Traza, S.A.	1,365	-	-	-	1,365	-	1,365
Other	658	(30)	(47)	(921)	(340)	32	(308)
Total 2011	2,023	(30)	(47)	(921)	1,025	110	1,135
Balance at 31/12/2011					78,054	(6,622)	71,432
Xfera Móviles, S.A.	-	-	-	-	-	11,215	11,215
M Capital	-	-	-	-	-	(350)	(350)
Other	1,987	-	(1,918)	(833)	(764)	-	(764)
Total 2012	1,987	-	(1,918)	(833)	(764)	10,865	10,101
Balance at 31/12/12					77,290	4,243	81,533

a.2) Loans and receivables

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

	2014	2015	2016	2017	2018 and subsequent years	Total
Deposits and guarantees	3,553	1,177	550	761	36,412	42,453
Debt securities	-	-	-	-	2,242	2,242
Non-trade loans	27,035	18,238	14,401	12,205	119,402	191,281
Non-current collection rights - concession arrangement (Notes 3-a and 11)	4,764	4,764	4,764	4,764	70,543	89,599
	35,352	24,179	19,715	17,730	228,599	325,575

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The non-trade loans include mainly the amounts granted to government agencies for the refinancing of debt in the water service and urban cleaning businesses, which earn interest at market rates, in addition to the loans granted to Xfera Móviles, S.A. referred to in the preceding section. In 2012 there were no events that raised doubts concerning the recovery of these loans.

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

a.3) Other non-current financial assets

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

	2014	2015	2016	2017	2018 and subsequent years	Total
Held-to-maturity investments	—	20	—	—	4,114	4,134
Derivatives	1,388	—	—	—	-	1,388
	1,388	20	—	—	4,114	5,522

"Derivatives" includes EUR 1,064 thousand relating to the valuation of financial instruments, namely the call options and cash flow swaps arranged by the Parent in the framework of the share option plan for executives and executive directors (see Notes 19 and 24).

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

b) Other current financial assets

The detail of "Other Current Financial Assets" at 31 December 2012 and 2011 is as follows:

	Held-for-trading financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives	Total
2012					
Equity instruments	745	—	—	—	745
Debt securities	—	—	720	—	720
Derivatives	4,226	—	—	7	4,233
Other financial assets	9	426,348	5,157	—	431,514
	4,980	426,348	5,877	7	437,212
2011					
Equity instruments	1,083	—	—	—	1,083
Debt securities	—	1,093	286	—	1,379
Derivatives	—	—	—	1,893	1,893
Other financial assets	—	388,876	2,458	—	391,334
	1,083	389,969	2,744	1,893	395,689

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

These assets are unrestricted as to their use, except for "Deposits and Guarantees Given" (EUR 64,216 thousand included under "Other Financial Assets" in the foregoing table), which relate to amounts paid to secure certain contracts which will be recovered once the contracts expire.

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

15. INVENTORIES

The detail of "Inventories" at 31 December 2012 and 2011 is as follows:

	2012		2011	
Property assets		494,550		628,020
Raw materials and other supplies		462,546		396,911
Construction	306,731		258,306	
Cement	94,077		84,138	
Versia	18,741		22,858	
Environmental services	42,997		31,609	
Finished goods		32,307		37,484
Advances		139,265		208,940
		1,128,668		1,271,355

"Property Assets" includes building lots earmarked for sale that were acquired by the FCC Construcción group mainly in exchange for outstanding or completed construction work. This heading also includes property assets in the course of construction, on which there are sale commitments representing a final value on delivery to customers of EUR 6,763 thousand (2011: EUR 91,700 thousand). The advances paid by certain customers for the aforementioned "property assets" are secured by insurance contracts or bank guarantees, pursuant to the requirements of Law 57/68, of 27 July, as amended by Law 38/99, of 5 November. The detail of the main unsold real estate products is as follows:

	2012	2011
Properties at Badalona (Barcelona)	26,235	46,167
Properties at Ensanche Vallecas (Madrid)	13,206	25,206
Properties at Sant Joan Despí (Barcelona)	53,003	56,453
Properties at Tres Cantos (Madrid)	99,213	101,059
Residential development - Pino Montano (Sevilla)	19,401	38,284
Residential development - Tres Cantos (Madrid)	-	66,736
Residential development - Terrenos Gran Vía - Hospitalet (Barcelona)	25,136	25,136
Residential development - Vitoria (Álava)	20,725	22,620
Building - Calle Barquillo (Madrid)	16,600	24,600
Other properties and developments	115,568	128,149
	389,087	534,410

It should be noted that the Company recognised inventory write-downs totalling EUR 144,899 thousand in 2012.

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

In 2012 the FCC Construction group transferred EUR 36,357 thousand to property investments relating to the Tres Cantos residential development (Madrid), which began to be held to earn rentals (see Notes 9 and 10-b).

At 2012 year-end there were no significant property asset purchase commitments.

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

At 31 December 2012, there were no material differences between the fair value and the carrying amount of the assets recognised.

16. TRADE AND OTHER RECEIVABLES

a) Trade receivables for sales and services

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

The detail of the balance of accounts receivable from non-Group debtors at 31 December 2012 and 2011 is as follows:

	2012	2011
Progress billings receivable and trade receivables for sales	3,119,011	3,695,674
Amounts to be billed for work performed	872,612	926,689
Retentions	61,867	83,205
Production billed to associates and jointly controlled entities	188,046	248,245
Trade receivables for sales and services	4,241,536	4,953,813
Advances received on orders (Note 23)	(1,071,126)	(1,156,610)
Total net balance of trade receivables for sales and services	3,170,410	3,797,203

The foregoing total is the net balance of trade receivables, after considering the adjustments for the risk of doubtful debts amounting to EUR 301,521 thousand (31 December 2011: EUR 192,904 thousand) and after deducting the balance of the item "Trade and Other Payables - Advances Received on Orders" on the liability side under the "Trade and Other Payables" heading of the accompanying consolidated balance sheet. This item also includes the amounts of progress billings in advance in various connections, irrespective of whether or not they have been collected.

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

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

At 2012 year-end, trade receivables amounting to EUR 310,312 thousand had been factored to banks without recourse against the Group companies in the event of default (31 December 2011: EUR 816,570 thousand). This amount was deducted from the balance of "Progress Billings Receivable and Trade Receivables for Sales". Also, the Group sold EUR 186,624 thousand of future collection rights arising from construction project contracts awarded under the lump-sum payment method (31 December 2011: EUR 251,141 thousand). This amount was deducted from the balance of "Amounts to Be Billed for Work Performed".

The municipal council and autonomous community government payment plan included in Spanish regulations took effect in 2012. This gave rise to collections by the FCC Group of EUR 1,236 million in outstanding invoices.

b) Other receivables

The detail of "Other Receivables" at 31 December 2012 and 2011 is as follows:

	2012	2011
Public Administrations - VAT refundable (Note 25)	200,683	150,806
Public Administrations - Other tax receivables (Note 25)	54,119	69,954
Other receivables	309,588	290,065
Advances and loans to employees	5,502	3,878
Total other receivables	569,892	514,703

17. CASH AND CASH EQUIVALENTS

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

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

The detail, by currency, of cash and cash equivalents for 2012 and 2011 is as follows:

	2012	2011
Euro	711,805	1,930,208
US dollar	147,569	66,859
Pound sterling	104,063	132,741
Czech koruna	23,411	34,981
Europe (other currencies)	45,905	82,645
Latin America (various currencies)	59,541	34,053
Other	73,950	21,154
Total	1,166,244	2,302,641

18. EQUITY

The accompanying consolidated statements of changes in equity for the years ended 31 December 2012 and 2011 show the changes in equity attributable to the shareholders of the Parent and to the non-controlling interests in those years.

I. Equity attributable to the Parent

a) Share capital

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

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

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

The only investment of 10% or more owned directly or indirectly (through subsidiaries) by other companies, according to the information provided pursuant to current legislation, is that held by B-1998, S.L., which has a direct and indirect ownership interest of 53.829% in the share capital.

The aforementioned company, B-1998, S.L., in which Mrs. Esther Koplowitz Romero de Juseu, Larranza XXI, S.L. and Eurocis, S.A. have direct or indirect ownership interests of 89.653%, 5.339% and 5.008%, respectively, has certain commitments to its shareholders which are recorded and published by the Spanish National Securities Market Commission (CNMV) and in the FCC Group's Corporate Governance Report.

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

b) Retained earnings and other reserves

The breakdown of "Retained Earnings and Other Reserves" in the accompanying consolidated balance sheet at 31 December 2012 and 2011 is as follows:

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	2012	2011
Reserves of the Parent	1,205,133	1,132,022
Consolidation reserves	1,692,041	1,837,632
	2,897,174	2,969,654

b.1) Reserves of the Parent

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

The detail at 31 December 2012 and 2011 is as follows:

	2012	2011
Share premium	242,133	242,133
Legal reserve	26,113	26,113
Reserve for retired capital	6,034	6,034
Voluntary reserves	930,853	857,742
	1,205,133	1,132,022

Share premium

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

Legal reserve

Under the Consolidated Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

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

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

At 31 December 2012, the Parent's legal reserve had reached the stipulated level.

Reserve for retired capital

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

Voluntary reserves

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

b.2) Consolidation reserves

"Consolidation Reserves" in the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the business areas since their inclusion in the Group. In accordance with IAS 27 "Consolidated and Separate Financial Statements", it also includes those arising from changes in the ownership interests in Group companies, where control is maintained, at the difference between the amount of the further acquisition or sale and the carrying amount of the ownership interest. The detail of the amounts included under "Consolidation Reserves" at 31 December 2012 and 2011 is as follows:

	2012	2011
Environmental services	325,963	280,463
Versia	77,217	69,780
Construction	532,701	426,367
Cement	350,362	583,867
Energy	(26,238)	(12,666)
Corporate	432,036	489,821
	1,692,041	1,837,632

c) Treasury shares

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

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

The changes in treasury shares in 2012 and 2011 were as follows:

Balance at 31 December 2010	(346,915)
Sales	2,872
Acquisitions	(3,436)
Balance at 31 December 2011	(347,479)
Sales	3,990
Acquisitions	(1,530)
Balance at 31 December 2012	(345,019)

The detail of treasury shares at 31 December 2012 and 2011 is as follows:

	2012		2011	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	3,292,520	(91,323)	3,278,047	(92,070)
Asesoría Financiera y de Gestión, S.A.	9,379,138	(253,696)	9,418,830	(255,409)
TOTAL	12,671,658	(345,019)	12,696,877	(347,479)

At 31 December 2012, the shares of the Parent owned by it or by its subsidiaries represented 9.95% of the share capital (31 December 2011: 9.97%).

d) Other equity instruments

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

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

- The amount of the issue was EUR 450,000,000 with a maturity date of 30 October 2014.
- The bonds were issued at par with a face value of EUR 50,000.
- The bonds accrue interest at a fixed annual rate of 6.50% payable every six months.
- The exchange price of the bonds for shares of the Company is EUR 39.287 per share, which means that each bond will be convertible into 1,272.68 ordinary shares.
- The bonds are convertible or redeemable at the option of the holder or at the option of Fomento de Construcciones y Contratas, S.A., and the terms and conditions for the exercise of the option are included in the "Issue Agreement". Both newly issued shares and old shares held by the Parent may be delivered.
- This issue is backed by the Company's equity and there are no other special third-party guarantees.
- The issue is underwritten by financial institutions and is intended for qualified international investors.

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

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

II) To approve a buy back programme of the Company's treasury shares for the sole purpose of meeting the obligations to deliver treasury shares resulting from the bond issue and capital reduction of the Company mentioned in the following paragraph.

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III) To reduce the share capital by means of the retirement of the shares purchased under the buy back programme mentioned above or of the treasury shares already held, including for such purposes the treasury shares made available through a loan to the underwriters of the transaction. This capital reduction may be for a maximum nominal amount equivalent to the number of new shares issued by the Company to meet the requests to exchange the bonds.

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

At 31 December 2012, the number of loaned securities was 1,144,605 (2011: same number).

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

e) Valuation adjustments

The detail of “Valuation Adjustments” in the accompanying consolidated balance sheet at 31 December 2012 and 2011 is as follows:

	2012	2011
Changes in fair value of financial instruments	(346,237)	(317,523)
Translation differences	(81,289)	(116,617)
	(427,526)	(434,140)

e.1) Changes in fair value of financial instruments:

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

The detail of the adjustments due to changes in the fair value of financial instruments at 31 December 2012 and 2011 is as follows:

	2012		2011	
Available-for-sale financial assets		12,326		(2,415)
World Trade Center Barcelona, S.A.	3,363		3,363	
Vertederos de Residuos, S.A.	7,968		7,968	
SCL Terminal Aéreo de Santiago, S.A.	1,165		1,165	
Xfera Móviles, S.A.	-		(11,215)	
Other	(170)		(3,696)	
Financial derivatives		(358,563)		(315,108)
Fomento de Construcciones y Contratas, S.A.	(29,468)		(43,099)	
Azincourt Investment, S.L.	(10,950)		(19,463)	
Urbs Iudex et Causidicus, S.A.	(33,532)		(26,203)	
Realia Business Group	(12,061)		(16,874)	
Nihg South West Health Partnership Ltd.	(23,898)		(27,006)	
Globalvía Group	(68,729)		(54,248)	
FCC Environment (UK) Group	(25,706)		(23,400)	
Cedinsa Group	(23,884)		(5,920)	
Cementos Portland Valderrivas Group	690		(1,785)	
Concessió Estacions Aeroport L9, S.A.	(52,254)		(34,798)	
Energy Group	(57,648)		(36,373)	
Other	(21,123)		(25,939)	
		(346,237)		(317,523)

e.2) Translation differences

The detail of the amounts included under "Translation Differences" for each of the most significant companies at 31 December 2012 and 2011 is as follows:

	2012		2011	
European Union:				
FCC Environment (UK) Group	(92,271)		(106,497)	
Dragon Alfa Cement Limited	(2,036)		(2,178)	
Other	18	(94,289)	(3,065)	(111,740)
USA:				
Giant Cement Holding, Inc.	(5,925)		(4,024)	
Cemusa Group	(4,458)		(4,910)	
Other	(1,181)	(11,564)	1,417	(7,517)
Latin America:				
Globalvía Group	45,252		34,523	
FCC Construcción de Centroamérica, S.A.	(2,854)		(1,927)	
Proactiva Group	(7,694)		(8,114)	
Cemusa Group	2,004		2,042	
Other	167	36,875	(720)	25,804
Alpine Bau Group companies		(8,061)		(20,626)
Other currencies		(4,250)		(2,538)
		(81,289)		(116,617)

The changes in 2012 were due mainly to the appreciation of the pound sterling and various Latin American currencies against the euro.

The detail, by geographical market, of the net investment in currencies other than the euro (translated to euros as described in Note 3-k) is as follows:

	2012	2011
United Kingdom	791,497	942,542
USA	279,532	366,987
Latin America	232,104	228,427
Czech Republic	131,982	120,558
Other	152,228	148,785
	1,587,343	1,807,299

f) Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to the Parent by the weighted average number of ordinary shares outstanding in 2012, resulting in a loss per share of EUR 8.97 in 2012 (2011: earnings per share of EUR 0.94).

In relation to the bond issue described in paragraph d) above, it should be noted that dilutive effects could exist if the bondholders were to exercise the conversion option under certain conditions. Under IAS 33 "Earnings per Share", diluted earnings per share shall be calculated by adjusting the weighted average number of shares outstanding under the assumption that all the bonds have been converted into ordinary shares. In addition, the earnings attributable to the Parent shall be adjusted by increasing them by the amount of the interest, net of the tax effect, relating to the bonds recognised in the accompanying consolidated income statement. In accordance with the resulting calculations, in both 2012 and 2011 there was no dilution of the earnings per share.

II. Non-controlling interests

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

The detail of "Non-Controlling Interests" at 31 December 2012 and 2011 in relation to the main companies is as follows:

	Equity			
	Share capital	Reserves	Profit or loss	Total
2012				
Cementos Portland Valderrivas Group	15,774	481,078	(60,959)	435,893
Other	18,167	10,929	(3,270)	25,826
	33,941	492,007	(64,229)	461,719
2011				
Cementos Portland Valderrivas Group	15,802	586,233	(102,482)	499,553
Alpine Bau Group	15	6,872	(4,703)	2,184
Other	23,103	9,365	1,851	34,319
	38,920	602,470	(105,334)	536,056

19. EQUITY-INSTRUMENT-BASED PAYMENT TRANSACTIONS

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

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

First tranche

- Commencement date: 1 October 2008.
- Exercise period: from 1 October 2011 to 1 October 2013.
- Number of shares: 1,800,000 shares, of which 700,000 correspond to Executive Directors and Senior Executives (12 persons) and the remaining 1,100,000 to other executives (43 persons).
- The option exercise price is EUR 34.22 per share.

Second tranche

- Commencement date: 6 February 2009.
- Exercise period: from 6 February 2012 to 5 February 2014.
- Number of shares: 1,500,000 shares, of which 147,500 correspond to Executive Directors and Senior Executives (12 persons) and the remaining 1,352,500 to other Executives (award 225 persons).
- The option exercise price is EUR 24.71 per share.

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

At 31 December 2012, EUR 2,323 thousand in staff costs (the same amount as in 2011) (see Note 28-c), net of the hedges indicated in the following paragraph, had accrued in relation to the obligations to employees, while the provision recognised in the accompanying consolidated financial statements amounted to EUR 108 thousand (2011: EUR 2,054 thousand).

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

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

The change in the fair value of the financial derivatives that do not qualify for hedge accounting represented a loss in 2012 of EUR 30,644 thousand (2011: a gain of EUR 14,400 thousand). For information on the fair value of the financial derivatives see Notes 24 and 28-g to these consolidated financial statements.

Lastly, it should be noted in relation to both the first and the second tranches that no options were exercised within the exercise period relating to either year and, accordingly, no amounts were settled.

20. LONG-TERM AND SHORT-TERM PROVISIONS

The detail of the provisions at 31 December 2012 and 2011 is as follows:

	2012		2011	
Long-term		1,114,763		1,083,109
Long-term employee benefit obligations	98,547		88,342	
Dismantling, removal and restoration of non-current assets	136,852		132,356	
Environmental activities	223,985		217,850	
Litigation	241,631		194,496	
Contractual and legal guarantees and obligations	56,963		113,931	
Other long-term provisions	356,785		336,134	
Short-term		303,575		178,887
Construction contract settlement and project losses	291,563		163,605	
Other short-term provisions	12,012		15,282	

The changes in “Long-Term Provisions” and "Short-Term Provisions" in 2012 and 2011 were as follows:

	Long-term provisions	Short-term provisions
Balance at 31/12/10	1,047,836	143,233
Environmental expenses for the removal or dismantling of assets	38,682	—
Provisions recognised/(reversed)	106,655	41,032
Amounts used	(70,574)	(37)
Transfer to "Liabilities Associated with Non-Current Assets Classified as Held for Sale"	(41,906)	—
Changes in the scope of consolidation, translation differences and other changes	2,416	(5,341)
Balance at 31/12/11	1,083,109	178,887
Environmental expenses for the removal or dismantling of assets	39,744	—
Provisions recognised/(reversed)	69,703	124,717
Amounts used	(77,021)	(764)
Transfer to "Liabilities Associated with Non-Current Assets Classified as Held for Sale"	14,161	—
Changes in the scope of consolidation, translation differences and other changes	(14,933)	735
Balance at 31/12/12	1,114,763	303,575

The provisions recognised in 2012 include EUR 15,765 thousand (2011: EUR 26,128 thousand) relating to the adjustment for provision of financial discounting.

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

As described in Note 4, the transfer to or from "Liabilities Associated with Non-Current Assets Classified as Held for Sale" in 2012 related to the increase of EUR 25,935 thousand in relation to the Giant Cement Holding Group, which was reclassified as a continuing operation, and the decrease of EUR 11,773 thousand in relation to the Cementos Lemona Group, which was classified as held for sale. In 2011 Giant Cement Holding and the Energy business were reclassified as held for sale for EUR 29,791 thousand and EUR 12,115 thousand, respectively.

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

The timing of the expected outflows of economic benefits at 31 December 2012 arising from the obligations covered by long-term provisions is as follows:

	Within five years	After five years	Total
Long-term employee benefit obligations	19,180	79,367	98,547
Dismantling, removal and restoration of non-current assets	83,935	52,917	136,852
Environmental activities	50,250	173,735	223,985
Litigation	80,617	161,014	241,631
Contractual and legal guarantees and obligations	56,861	102	56,963
Other provisions	195,790	160,995	356,785
	486,633	628,130	1,114,763

Long-term employee benefit obligations

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

Environmental provisions

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

FCC Group management considers that the Group companies' contingencies relating to environmental protection and improvement at 31 December 2012 would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover any probable environmental risks that might arise.

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

Provisions for litigation

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

Contractual and legal guarantees and obligations

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

Provisions for construction contract settlements and project losses

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

Provisions for other contingencies and charges

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

This heading also includes the Group's obligations relating to share-based payments. Note 19, "Equity-instrument-based payment Translations" includes details on the characteristics of these obligations.

21. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The FCC Group's general policy is to provide all the Group companies with the financing that is best suited to the normal conduct of their business activities. In this connection, the Group companies are furnished with the credit facilities required to cater for their budgetary plans, which are monitored on a monthly basis. Also, risk is generally spread over financial institutuions and the Group companies currently have credit facilities with more than 100 financial institutions.

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

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

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

On 22 May 2012, Alpine Holding GmbH made a EUR 100,000 thousand bond placement on the corporate fixed-rate markets. The issue was for a term of five years with a single repayment at the end of that term, i.e. May 2017, and an annual coupon of 6%. The funds were used to cover corporate needs of the Alpine Group.

On 31 July 2012, Giant Cement Inc. arranged a loan agreement with various investors totalling USD 430,000 thousand for the purpose of refinancing its main debts, which were set to mature mainly in 2012 and 2013. The repayments of this loan will be settled in full in 2018, the annual coupons are 10.0% and there is an option in the first two years to capitalise the interest at 12.0%. An agreement was also arranged for 20% of the EBITDA recognised by Giant Cement Holdings Inc. each year, provided it has a profit, to be paid at the end of the loan term.

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

The new issue launched in 2012 by Alpine Holding GmbH mentioned above was added those launched on 1 July 2010 and 1 June 2011 for total amounts of EUR 100,000 thousand and EUR 90,000 thousand, respectively. In both cases, the issue was for a term of five years with a single repayment at the end of that term and an annual coupon of 5.25%.

The purpose of the issue of subordinated convertible bonds amounting to EUR 450,000 thousand launched on 30 October 2009 by Fomento de Construcciones y Contratas, S.A., which was aimed at international institutional investors, was to strengthen the balance sheet equity structure due to the fact that the bonds are convertible and subordinate to the corporate loans arranged by the Parent, and to diversify the Group's financing base, by supplementing the bank financing.

In accordance with applicable accounting regulations, in addition to their financial component, the convertible bonds have another component that is recognised in equity as described in Note 18-d to these notes to the consolidated financial statements. Note 18-d also describes the terms of the convertible bond issue. The balance recognised in this connection at 31 December 2012 under "Debt Instruments and Other Marketable Securities" in the accompanying consolidated balance sheet amounted to EUR 440,462 thousand. These bonds traded at 93.45% of par at 31 December 2012 according to Bloomberg.

Also, in 2005 Severomoravské Vodovody a Kanalizace Ostrava, A.S. (SmVaK) issued non-convertible bonds amounting to CSK 2,000,000 thousand (EUR 79,788 thousand at 31 December 2012). These bonds, which were traded on the Prague Stock Exchange, mature in 2015 and bear nominal interest of 5%. As security for this issue, the Czech company is obliged not to grant additional pledges on its assets to third parties, not to sell assets above a certain cumulative value and not to incur indebtedness over a certain amount.

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b) Non-current and current bank borrowings

The detail at 31 December 2012 and 2011 is as follows:

	Non-current	Current	Total
2012			
Credit facilities and loans	1,902,999	2,831,344	4,734,343
Borrowings without recourse to the Parent	963,766	680,051	1,643,817
Limited recourse project financing loans	353,308	515,535	868,843
FCC Environment (UK) Group	171,286	494,769	666,055
Other	182,022	20,766	202,788
	3,220,073	4,026,930	7,247,003
2011			
Credit facilities and loans	2,299,303	2,879,689	5,178,992
Borrowings without recourse to the Parent	444,219	650,748	1,094,967
Limited recourse project financing loans	843,982	954,128	1,798,110
FCC Environment (UK) Group	668,974	62,170	731,144
Uniland Group	—	647,171	647,171
Other	175,008	244,787	419,795
	3,587,504	4,484,565	8,072,069

There are three separate groups of borrowings in the foregoing table:

- Credit facilities and loans that include bilateral and syndicated loans granted to Fomento de Construcciones y Contratas, S.A. or any of its investees which, in any event, would be guaranteed ultimately by the Parent of the FCC Group, Fomento de Construcciones y Contratas, S.A.

- Borrowings without recourse to the Parent includes the financing relating to the Cementos Portland Group and the Alpine Group, since there is a limited guarantee on the part of the Parent of the FCC Group, Fomento de Construcciones y Contratas, S.A.
  - In the first case, referring to the Cementos Portland Valderrivas Group, following the refinancing carried out in July 2012, it was established that this would be without recourse to the shareholder Fomento de Construcciones y Contratas, S.A. The only guarantee was the latter's commitment to provide financial support, established under contract, which amounted to EUR 100,000 thousand in 2012. A contingent guarantee amounting to EUR 200,000 thousand was also established for a future year (2014) in the event that the EBITDA of the Cementos Portland Group did not exceed certain parameters in June 2014.
  - In the second case, at 2012 year-end, the Alpine Group was undergoing a refinancing process in which the controlling shareholder, FCC Construcción, S.A. (a wholly-owned investee of Fomento de Construcciones y Contratas, S.A.) contributed EUR 95,000 thousand up to the first week of March 2013. The latter had also planned to contribute up to EUR 52,000 thousand more in the course of 2013, with no other recourse to Fomento de Construcciones y Contratas, S.A.
- Limited-recourse project finance debt comprising all the financing guaranteed solely by the project itself and by its cash generation capacity, which will support all the debt service payments and which will not be guaranteed by the Parent Fomento de Construcciones y Contratas, S.A. or any other FCC Group company under any circumstances.

The main characteristics of the most significant non-current and current bank borrowings arranged by the Group in 2012 are as follows:

- On 26 March 2012, Fomento de Construcciones y Contratas, S.A. completed the refinancing of a syndicated credit of EUR 451 million, which matured on 29 April 2012. The twelve banks that were involved in the original transaction participated in the refinancing. The transaction matures in three years (on 30 April 2015), with a 10% repayment in April 2014 and a 10% repayment in October 2014. It consists of a single tranche loan of EUR 438.5 million.
- On 17 July 2012, Fomento de Construcciones y Contratas, S.A. completed the refinancing of a long-term financing line of EUR 800 million, which matures on 19 July 2012. In December 2011, EUR 140 million were repaid and, accordingly, the outstanding loan amount was EUR 660 million. Sixteen entities took part in the refinancing. The operation matures in three years (19 July 2015), with a 10% repayment in July 2014 and a 10% repayment in January 2015. It consists of two tranches, a loan of EUR 178.1 million and a credit of EUR 330.8 million.
- On 31 July 2012, the Cementos Portland Valderrivas Group arranged the refinancing of its most significant borrowings, which were set to mature mainly in 2012 and 2013. The combined amount of the financing was EUR 1,114.1 million, structured in six

separate tranches. This refinancing matures in four years, with a possibility of extending it a further year in the event of meeting a Net Financial Debt/EBITDA ratio for the reporting period ended 31 December 2015 of 4.75 or less. The spread to be applied to this financing is 4% in the first two years and 4.5% in subsequent years. In accordance with the provisions of the contract, this financing is without recourse to the shareholder Fomento de Construcciones y Contratas, S.A.

- On 17 October 2012, Fomento de Construcciones y Contratas, S.A. again renewed the transaction with Société Générale carried out in order to optimise its treasury share position (the initial transaction was executed on 15 April 2011). In this renewal, 685,000 treasury shares were released. The transaction was on 5,480,000 shares and liquidity amounting to EUR 43 million was obtained. The transaction, with a maturity date of 18 January 2013, was renewed on that date until 18 April 2013 for 5,265,630 shares.
- On 18 October 2012, Fomento de Construcciones y Contratas, S.A. signed a novation of the loan of EUR 175 million granted by the EIB (European Investment Bank) for the financing of a fleet of eco-efficient vehicles, which matured on 6 November 2012. As a result, the principal was reduced to EUR 140 million and the maturity date was extended by two years (until 6 November 2014), with half-yearly repayments of 25% each in 2013 and 2014.
- On 12 November 2012, the Alpine Group requested a standstill agreement from the banks and insurance companies that finance it and, as a result, the banks and insurance companies continue to hold the financing limits in place at 10 October 2012. The standstill agreement, which envisages the same guarantee line exposure until 28 February 2013, provides for the payment of interest but not for the repayment of the loans.

  On 21 January 2013, a business plan until 2015 was submitted to the banks and insurance companies, involving a restructuring of the Alpine Group and its focus on domestic markets. In order to bolster the company's balance sheet, the plan establishes the strengthening of shareholders' equity by the shareholder FCC Construcción, S.A. and the financial institutions. Under this agreement, intra-Group loans amounting to EUR 99 million were capitalised and a further EUR 147 million are scheduled to be capitalised if the second tranche of the standstill agreement until June 2015 is approved. Of these EUR 147 million, FCC Construcción, S.A. contributed EUR 95 million up to the first week of March 2013 and plans to contribute a further EUR 52 million in 2013. The banks will contribute to the strengthening of shareholders' equity by accepting a "haircut" of EUR 150 million. Furthermore, the deadline for approving the second tranche of the standstill agreement was postponed from 28 February until the end of March 2013, in order to enable the banks and insurance companies to confirm their position on the extension of the standstill agreement until 31 March 2015. Until the date of authorisation for issue of these consolidated financial statements, non-binding acceptances exceeding the 95% requirement had been received, subject to certain conditions precedent that must be met.
- In December 2012, the FCC Group obtained an extension to the maturity of the syndicated loan of Aqualia, S.A. with an outstanding amount of EUR 52.3 million and CSK 467.2 million (totalling an amount equal to EUR 70.6 million) until 31 March 2013. Bankia is the agent bank of this loan, in which eight banks participate, all of which gave their consent to the aforementioned extension. The Group is currently working towards obtaining, prior to the new maturity date in March 2013, new structured financing without recourse to the FCC Group, based on the activity of Aqualia, S.A. in the Czech Republic.

The credit facilities and loans arranged by the Group in prior years and maintained in 2012 notably include the following:

- On 30 July 2010, Fomento de Construcciones y Contratas, S.A. refinanced the syndicated loan of EUR 1,225 million that matured on 8 May 2011 under a forward start arrangement. This loan matures in three years (8 May 2014) with repayment of 50% in 2013. It consists of three tranches: the first, a EUR 735 million loan, the second, a EUR 490 million credit facility and the third, a new money tranche of EUR 62 million available from 1 January 2011. Therefore, the amount of the new transaction totals EUR 1,287 million. This loan had been drawn down in full at 31 December 2012.
- On 11 August 2011, Fomento de Construcciones y Contratas, S.A. entered into a syndicated loan to finance part of the 2011 investment plan for EUR 120,000 thousand, maturing in three years (11 August 2014). The participating banks are ICO, BBVA and Santander. The first repayment of 20% falls due in 2013 and the rest upon maturity.
- On 10 July 2008, Fomento de Construcciones y Contratas, S.A. and Dédalo Patrimonial S.L. (wholly owned by Fomento de Construcciones y Contratas, S.A.) arranged a long-term credit facility for USD 186,900 thousand, maturing on 10 October 2013. The purpose of this loan was to finance the acquisition of Hydrocarbon Recovery Services Inc. and International Petroleum Corp of Delaware. The agreement consists of three tranches:

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a) The first, a long-term loan of USD 40,000 thousand granted to Fomento de Construcciones y Contratas, S.A. USD 12,000 thousand and USD 8,000 thousand were repaid on 10 October 2012 and 2011, respectively.
b) The second, a long-term credit facility of USD 58,900 thousand granted to Dédalo Patrimonial S.L., of which USD 17,670 thousand and USD 11,780 thousand were repaid on 10 October 2012 and 2011, respectively.
c) The third, a long-term loan facility of USD 88,000 thousand granted to Dédalo Patrimonial S.L., of which USD 26,400 thousand and USD 17,600 thousand were repaid on 10 October 2012 and 2011, respectively.

The established price comprises the reference rate (Libor) plus a spread based on the variation in the Consolidated Net Debt/Consolidated EBITDA Ratio.

- Syndicated loan arranged on 25 January 2007. This loan replaced the bridge loan of EUR 1,030,000 thousand arranged in 2006 as part of the structured recourse financing for the acquisition of the Brtitish company Waste Recycling Group Ltd and its corporate group, currently the FCC Environment (UK) Group. The loan is structured in two tranches: the first for an initial amount of EUR 819,700 thousand and the second for GBP 200,000 thousand. Both tranches mature in December 2013, with half-yearly settlements of 4.615% of the total initial amount of the loan and a final payment of 40.005% of the loan. The interest rate on the euro tranche is Euribor plus a spread calculated on the basis of the variation in the Net Financial Debt/EBITDA Ratio. The spread established for the euro tranche is also applicable to the tranche denominated in pounds sterling. Various financial derivatives associated with the syndicated loan have been arranged.

  In addition, Azincourt Investment, S.L. obtained a syndicated loan of a maximum of GBP 600,000 thousand (approximately EUR 726 million) which had been drawn down in full at year-end. The loan is repayable in half-yearly instalments until 2013. The interest rate is Libor plus a 1.05% annual spread payable in an interest period of one, three or six months at the borrower's discretion.

The detail of the bank borrowings, by currency and amounts drawn down at 31 December 2012 and 2011, is as follows:

	Euros	US dollar	Pound sterling	Czech koruna	Brazilian real	Other	Total
2012							
Credit facilities and loans	4,359,304	147,541	165,367	22,715	13,035	26,381	4,734,343
Borrowings without recourse to the Parent	1,627,898	8	7	574	—	15,330	1,643,817
Limited recourse project financing loans	126,703	—	666,055	55,349	—	20,736	868,843
	6,113,905	147,549	831,429	78,638	13,035	62,447	7,247,003
2011							
Credit facilities and loans	4,809,337	165,734	127,486	29,467	13,489	33,479	5,178,992
Borrowings without recourse to the Parent	1,066,630	—	184	649	—	27,504	1,094,967
Limited recourse project financing loans	1,045,881	—	731,145	—	—	21,084	1,798,110
	6,921,848	165,734	858,815	30,116	13,489	82,067	8,072,069

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

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

c) Other non-current financial liabilities

	2012	2011
Non-current		
Obligations under finance leases	44,431	50,683
Borrowings - non-Group third parties	79,225	35,146
Liabilities relating to financial derivatives	106,317	200,174
Guarantees and deposits received	27,338	29,846
Street furniture contract financing	483,513	556,569
Other	14,668	5,845
	755,492	878,263

As regards "Liabilities Relating to Financial Derivatives", the detail of which is provided in Note 24 "Derivative Financial Instruments", the following is noteworthy: on the one hand, the EUR 69,230 thousand (2011: EUR 42,789 thousand) relating to the market value of the put option on FCC treasury shares associated with the share option plan for Executives and Executive Directors indicated in Note 19 and, on the other hand, the financial derivatives designated as hedging instruments, mainly interest rate swaps.

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

d) Other current financial liabilities

	2012	2011
Current		
Obligations under finance leases	26,450	45,316
Interim dividend payable	539	80,820
Borrowings - non-Group third parties	32,725	59,504
Payable to non-current asset suppliers and notes payable	43,287	40,543
Payable to associates and joint ventures	28,431	27,127
Liabilities relating to financial derivatives	92,904	14,055
Guarantees and deposits received	2,224	5,475
Street furniture contract financing	55,202	59,721
Other	1,578	2,853
	283,340	335,414

e) Repayment schedule

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

	2014	2015	2016	2017	2018 and subsequent years	Total
2012						
Debt instruments and other marketable securities	435,587	178,896	89,535	98,792	327,517	1,130,327
Non-current bank borrowings	1,102,701	924,721	169,101	764,786	258,764	3,220,073
Other financial liabilities	138,947	58,086	59,667	50,355	448,437	755,492
	1,677,235	1,161,703	318,303	913,933	1,034,718	5,105,892

22. OTHER NON-CURRENT LIABILITIES

The detail at 31 December 2012 and 2011 is as follows:

	2012	2011
Payable to Public Authorities - long-term deferrals	173,258	111,332
Other non-current liabilities	25,535	25,372
	198,793	136,704

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

23. TRADE AND OTHER PAYABLES

The detail of "Trade and Other Payables" in the consolidated balance sheet at 31 December 2012 and 2011 is as follows:

	2012	2011
Payable to suppliers	2,410,701	2,934,933
Current tax liabilities	37,248	58,425
Deferred payables to Public Authorities (Notes 15 and 22)	85,329	71,503
Other accounts payable to Public Authorities	533,708	575,002
Customer advances (Note 16)	1,071,126	1,156,610
Remuneration payable	186,843	193,761
Other payables	507,452	587,180
	4,832,407	5,577,414

In relation to the resolution issued by the Spanish Accounting and Audit Institute (ICAC) on 29 December 2010 implementing Additional Provision Three of Law 15/2010, of 5 July, on combating late payment in commercial transactions, it should be noted with respect to 2012 that in Spain the Group operates mainly with public-sector customers such as the State, Autonomous Communities, local corporations and other public bodies which take considerably longer to settle their payment obligations than the periods established in Public Sector Contract Legislation and in Law 3/2004, of 29 December, on combating late payment. The resulting effects can be seen under "Changes in Working Capital" in the accompanying consolidated statement of cash flows.

It is also important to note that in 2012, the provisions of Article 228.5 of the current Consolidated Public Sector Contract Law ("TRLCSP") were applied to work and supplies arising from agreements entered into by the Group with the various Public Authorities.

Due to this situation, in order to adapt the Group's financial policy to reasonable levels of efficiency, the usual payment periods to the suppliers in the sectors in which the Group operates were maintained throughout 2012, which has offset in part the negative change in working capital mentioned above.

The Group's supplier payment policy described in the two preceding paragraphs is thus supported by a) Payments to suppliers of agreements entered into by the Group with the Public Authorities: in Article 228.5 of the TRLCSP (all the requirements of which were met) and b) Payments to other suppliers: in Transitional Provision Two of Law 15/2010 and, where applicable, the provisions of Article 9 of Law 3/2004, which does not consider "payment deferral due to objective reasons" to be abusive, taking into consideration in both case a) and case b) the usual payment period in the business sectors in which the Group operates.

Furthermore, the Group acknowledges and pays suppliers, always by mutual agreement, the late-payment interest agreed in the agreements and provides them with negotiable payment methods associated with actions for collection of a bill of exchange, and the discount costs, if any, are borne by the Group. Such agreements, which are expressly provided for in the TRLCSP, as described above, are also allowed by Directive 2011/7/EU of 16 February, of the European Parliament and of the Council.

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

PAYMENTS MADE AND OUTSTANDING PAYMENTS AT THE BALANCE-SHEET REPORTING DATE				
	2012	%	2011	%
Within the maximum payment period	1,131,861	61	1,599,325	69
Other	714,203	39	715,451	31
Total payments made in the year	1,846,064	100	2,314,776	100
Weighted average period of late payment	89 days		95 days	
Deffered payments that at year-end exceed the maximum payment period	188,107		171,496	

24. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

At 31 December 2012, the FCC Group had arranged interest rate hedging transactions totalling EUR 5,176,539 thousand (31 December 2011: EUR 6,487,076 thousand) mainly in the form of IRSs in which the Group companies, associates and joint ventures pay fixed rates and receive floating rates.

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

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	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/11	Notional amount at 31/12/12	Value at 31/12/11	Value at 31/12/12	Expiry
Fully consolidated companies								
Fomento de Construcciones y Contratas, S.A.	IRS	CF	100%	129,113	108,545	(9,248)	(4,965)	30/12/2013
	IRS	CF	2%	11,693	9,847	(608)	(374)	30/12/2013
	IRS	CF	20%	97,929	82,469	(5,408)	(3,276)	30/12/2013
	IRS	CF	31%	149,086	125,549	(8,454)	(5,089)	30/12/2013
	IRS	CF	17%	83,313	70,160	(4,577)	(2,776)	30/12/2013
	BASIS SWAP	CF		200,000	—	(994)	—	29/06/2012
	BASIS SWAP	CF		50,000	—	(238)	—	29/06/2012
	BASIS SWAP	CF		92,020	—	(454)	—	29/06/2012
	IRS	CF	100%	24,733	15,076	70	(20)	10/10/2013
	IRS	CF	95%	1,225,000	1,225,000	(28,541)	(21,413)	08/05/2014
	IRS	CF	38%	6,037	9,761	(693)	(1,316)	02/04/2024
	IRS	CF	19%	3,019	4,880	(347)	(658)	02/04/2024
	IRS	CF	12%	1,934	3,127	(222)	(422)	02/04/2024
	IRS	CF	12%	1,704	2,755	(196)	(371)	02/04/2024
	BASIS SWAP	CF	37%	—	150,000	—	362	30/12/2013
	BASIS SWAP	CF	28%	—	111,027	—	251	30/12/2013
	BASIS SWAP	CF	6.69%	—	26,998	—	28	28/06/2013
Azincourt Investment, S.L.	IRS	CF	15%	94,234	86,046	(7,170)	(4,034)	31/12/2013
	IRS	CF	15%	94,234	86,046	(7,170)	(4,034)	31/12/2013
	IRS	CF	15%	94,234	86,046	(7,170)	(4,034)	31/12/2013
	IRS	CF	14%	82,705	75,519	(6,293)	(3,540)	31/12/2013
WRG -RE3	IRS	CF	82%	35,882	34,434	(8,057)	(8,830)	30/09/2029
Kent	IRS	CF	37%	51,177	49,300	(11,700)	(12,384)	31/03/2027
	IRS	CF	16%	21,933	21,129	(5,014)	(5,307)	31/03/2027
	IRS	CF	27%	36,555	35,214	(8,357)	(8,846)	31/03/2027
WRG - Lincolnshire	Currency forward	CF	100%	63,077	27,384	(2,376)	(1,463)	21/03/2014
WRG - WREXHAM	IRS	CF	100%	27,465	27,075	(8,471)	(9,095)	30/09/2032
Depurplan 11, S.A.	IRS	CF	65%	7,825	7,279	(1,305)	(1,639)	01/12/2025

	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/11	Notional amount at 31/12/12	Value at 31/12/11	Value at 31/12/12	Expiry
Ecodeal—Gestao Integral de Residuos Industriais, S.A.	IRS	CF	80%	9,912	8,152	(835)	(867)	15/12/2017
Autovía Conquense, S.A.	IRS	CF	100%	42,111	—	(3,085)	—	01/07/2012
	IRS	CF	100%	21,055	—	(3,085)	—	01/07/2012
Aqualia Czech, S.L.	Forward IRS	CF	17%	11,136	8,834	(467)	(375)	15/05/2015
	Forward IRS	CF	12%	7,424	5,889	(312)	(250)	15/05/2015
	Forward IRS	CF	11%	6,960	5,521	(292)	(234)	15/05/2015
	Forward IRS	CF	7%	4,640	3,681	(195)	(156)	15/05/2015
	Forward IRS	CF	3%	29	126	(3)	(5)	15/05/2015
	Forward IRS	CF		859	3,382	(109)	(152)	15/05/2015
Alpine	IRS	CF	43%	85,714	85,714	(681)	(1,541)	31/12/2014
	IRS	CF	40%	57,143	28,571	(490)	(233)	31/05/2013
	IRS	CF	13%	20,000	20,000	(366)	(333)	29/11/2013
	IRS	CF	25%	40,000	40,000	(687)	(644)	29/11/2013
	IRS	CF	25%	40,000	40,000	(659)	(632)	29/11/2013
	IRS	CF	38%	60,000	60,000	(1,094)	(1,238)	29/11/2013
	IRS	CF	50%	—	25,000	—	(171)	30/01/2014
	Currency forward	CF	100%	39,720	—	(66)	—	14/02/2012
	Currency forward	CF	100%	40,932	—	239	—	09/07/2012
	Currency forward	CF	100%	6,488	—	(113)	—	08/03/2012
	Currency forward	CF	100%	1,623	—	(6)	—	29/02/2012
	Currency forward	CF	100%	—	1,341	—	(8)	11/01/2013
	Currency forward	CF	100%	—	4,150	—	(8)	07/01/2013
	Currency forward	CF	100%	—	30,162	—	(73)	21/01/2013
	Currency forward	CF	100%	—	17,130	—	(149)	04/01/2013
	Currency forward	CF	100%	—	3,495	—	4	21/01/2013
	Currency forward	CF	100%	—	9,116	—	(16)	11/01/2013
	Currency forward	CF	100%	—	1,117	—	2	11/01/2013
	Currency forward	CF	100%	—	413	—	(1)	11/01/2013
Sociedad Concesionaria del Túnel de Coatzacoalcos, S.A. de C.V.	IRS	CF	100%	37,685	38,703	(2,922)	(1,995)	10/06/2014
Integraciones Ambientales de Cantabria, S.A.	IRS	CF	75%	8,329	13,512	(1,027)	(1,814)	21/12/2022

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	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/11	Notional amount at 31/12/12	Value at 31/12/11	Value at 31/12/12	Expiry
Dédalo Patrimonial	IRS	CF	60%	54,412	33,167	122	(45)	10/10/2013
Cementos Portland Valderrivas, S.A.	IRS	CF	14%	11,667	—	(32)	—	15/07/2012
	IRS	CF	14%	11,667	—	(32)	—	15/07/2012
	IRS	CF	14%	11,667	—	(32)	—	15/07/2012
	IRS	CF	60%	81,000	—	(1,049)	—	22/02/2014
	BASIS SWAP	CF	60%	81,000	—	(98)	—	22/02/2012
	BASIS SWAP	CF	60%	27,000	—	(24)	—	22/02/2012
	IRS	CF	60%	27,000	—	(99)	—	24/02/2014
Portland, S.L.	IRS	CF	12%	79,173	—	(933)	—	15/07/2012
	IRS	CF	6%	42,632	—	(507)	—	15/07/2012
	IRS	CF	12%	79,173	—	(933)	—	15/07/2012
	IRS	CF	6%	42,632	—	(507)	—	15/07/2012
	IRS	CF	12%	79,173	—	(933)	—	15/07/2012
	IRS	CF	6%	42,632	—	(507)	—	15/07/2012
	IRS	CF	6%	39,587	—	(466)	—	15/07/2012
	IRS	CF	3%	21,316	—	(253)	—	15/07/2012
	IRS	CF	6%	39,587	—	(466)	—	15/07/2012
	IRS	CF	3%	21,316	—	(253)	—	15/07/2012
Cementos Lemona, S.A.	IRS	CF	50%	800	—	(7)	—	01/06/2012
	IRS	CF	50%	825	—	(9)	—	14/06/2012
	IRS	CF	70%	3,150	—	(132)	—	15/04/2016
Uniland Cementera, S.A.	Currency forward	CF		3,955	—	(151)	—	10/10/2013
Olivento	IRS	CF	7%	30,275	28,290	(2,591)	(3,988)	31/12/2024
	IRS	CF	9%	37,371	34,921	(3,199)	(4,923)	31/12/2024
	IRS	CF	16%	65,383	61,096	(5,596)	(8,630)	31/12/2024
	IRS	CF	6%	26,017	24,311	(2,227)	(3,434)	31/12/2024
	IRS	CF	7%	30,275	28,290	(2,591)	(3,996)	31/12/2024
	IRS	CF	9%	35,108	32,806	(3,005)	(4,634)	31/12/2024
	IRS	CF	6%	24,346	22,750	(2,084)	(3,207)	31/12/2024
	IRS	CF	7%	30,275	28,290	(2,591)	(3,996)	31/12/2024
	IRS	CF	9%	35,108	32,806	(3,005)	(4,625)	31/12/2024

	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/11	Notional amount at 31/12/12	Value at 31/12/11	Value at 31/12/12	Expiry
Helios Patrimonial 1, S.L. and Helios Patrimonial 2, S.L.	IRS	CF	13%	14,373	13,801	(568)	(1,497)	22/12/2023
	IRS	CF	13%	14,373	13,801	(538)	(1,470)	22/12/2023
	IRS	CF	27%	28,776	27,632	(1,107)	(2,970)	22/12/2023
	IRS	CF	27%	28,776	27,632	(1,107)	(2,970)	22/12/2023
Guzmán Energía, S.L.	IRS	CF	80%	38,972	54,360	(9,335)	(13,748)	01/04/2031
	IRS	CF	80%	64,954	90,600	(15,521)	(22,837)	31/03/2031
	IRS	CF	80%	25,981	36,240	(6,224)	(9,165)	01/04/2031
Giant Cement Holding, Inc.	IRS	CF	100%	73,310	—	(4,460)	—	22/05/2013
	IRS	CF	26%	28,984	—	(2,438)	—	05/10/2014
	IRS	CF	26%	28,984	—	(2,438)	—	05/10/2014
Total fully consolidated companies				4,689,667	3,525,468	(227,174)	(210,269)	
Companies accounted for using the equity method								
Tramvia Metropolità, S.A.	IRS	CF	56%	8,044	7,587	(2,018)	(2,301)	31/10/2023
	IRS	CF	24%	3,447	3,252	(863)	(984)	31/10/2023
Tramvia Metropolità del Besòs, S.A.	IRS	CF	64%	10,031	9,468	(1,983)	(2,356)	30/06/2023
	IRS	CF	16%	2,508	2,367	(496)	(589)	30/06/2023
Cedinsa Eix del Llobregat, S.A.	IRS	CF	70%	50,288	49,521	(8,291)	(12,394)	01/05/2033
Urbs Iudex et Causidicus, S.A.	IRS	CF	100%	74,901	72,961	(41,135)	(49,252)	30/12/2033
Cedinsa d'Aro, S.A.	IRS	CF	100%	10,183	9,893	(2,310)	(3,110)	03/01/2033
Ibisan Sociedad Concesionaria, S.A.	IRS	CF	70%	27,428	26,687	(4,252)	(6,023)	31/12/2027
Nova Bocana Barcelona, S.A.	IRS	CF	17%	5,355	5,133	(985)	(1,283)	30/06/2025
	IRS	CF	33%	10,710	10,266	(1,970)	(2,572)	30/06/2025
Betearte, S.A.U.	IRS	CF	33%	1,621	1,405	(178)	(174)	06/02/2018

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	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/11	Notional amount at 31/12/12	Value at 31/12/11	Value at 31/12/12	Expiry
Nihg South West Health Partnership Limited	IRS	CF	33%	35,690	24,730	(6,301)	(6,697)	19/05/2039
	IRS	CF	33%	35,690	24,730	(6,301)	(6,697)	19/05/2039
	IRS	CF	33%	35,690	24,730	(6,301)	(6,697)	19/05/2039
	CAP	CF	18%	21,018	21,325	—	—	31/03/2014
	CAP	CF	18%	21,018	21,325	—	—	31/03/2014
	Inflation swap	CF	50%	883	1,359	(3,069)	(2,609)	31/03/2039
	Inflation swap	CF	50%	883	1,359	(3,069)	(2,609)	31/03/2039
Cedinsa Ter Concessionaria de la Generalitat, S.A.	IRS	CF	32%	28,267	28,267	(1,573)	(1,600)	31/12/2014
	IRS	CF	7%	6,183	6,183	(344)	(350)	31/12/2014
	IRS	CF	14%	12,013	12,013	(668)	(680)	31/12/2014
	IRS	CF	7%	6,183	6,183	(344)	(350)	31/12/2014
	IRS	CF	14%	12,402	12,402	(690)	(702)	31/12/2014
Concessió Estacions Aeroport L9	IRS	CF	9%	42,436	—	(145)	—	23/09/2012
	IRS	CF	3%	13,508	—	(46)	—	23/09/2012
	IRS	CF	3%	14,660	—	(50)	—	23/09/2012
	IRS	CF	3%	13,733	—	(47)	—	23/09/2012
	IRS	CF	3%	5,752	—	(20)	—	23/09/2012
	IRS	CF	3%	3,588	—	(12)	—	23/09/2012
	IRS	CF	36%	169,743	169,899	(21,966)	(36,763)	23/12/2033
	IRS	CF	12%	54,033	54,083	(6,992)	(11,702)	23/12/2033
	IRS	CF	13%	58,642	58,696	(7,589)	(12,701)	23/12/2033
	IRS	CF	12%	54,932	54,983	(7,109)	(11,897)	23/12/2033
	IRS	CF	12%	23,007	23,028	(2,977)	(4,983)	23/12/2033
	IRS	CF	13%	14,351	14,365	(1,857)	(3,108)	23/12/2033
Concesionaria Atención Primaria, S.A.	IRS	CF	75%	3,767	3,327	(140)	(230)	20/12/2018
Aquos El Realito, S.A. de C.V.	IRS	CF	75%	—	22,240	—	(3,954)	22/01/2025
Autopista Central Galega Sociedad Concesionaria Española, S.A., Sole-Shareholder Company	IRS	CF		42,187	42,187	(2,440)	(1,660)	31/07/2013
	IRS	CF		25,312	25,312	(1,464)	(996)	31/07/2013

	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/11	Notional amount at 31/12/12	Value at 31/12/11	Value at 31/12/12	Expiry
Phunciona Gestión Hospitalaria, S.A. (Hospital del Sureste, S.A.)	IRS	CF		13,836	13,465	(2,027)	(2,968)	31/12/2032
	IRS	CF		1,883	1,697	(316)	(419)	31/12/2032
Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra	COLLAR	CF		6,542	6,436	(1,048)	(1,464)	20/07/2022
Tranvía de Parla, S.A.	IRS	CF		24,397	22,783	(4,285)	(5,442)	30/12/2022
Concesiones de Madrid, S.A.	IRS	CF		32,521	31,050	(1,697)	(1,158)	15/12/2013
Terminal Polivalente de Castellón, S.A.	IRS	CF		6,436	6,301	(894)	(1,090)	15/01/2018
	IRS	CF		3,218	3,125	(447)	(545)	15/01/2018
Compañía Concesionaria del Túnel de Sóller, S.A.	IRS	CF		4,773	4,308	(305)	(389)	30/06/2018
	IRS	CF		4,773	4,308	(305)	(389)	30/06/2018
Metro Barajas Sociedad Concesionaria, S.A.	IRS	CF		7,483	7,333	(717)	(1,171)	24/06/2024
Autopista de la Costa Cálida Concesionaria Española de Autopistas, S.A.	IRS	CF		20,109	—	(508)	—	15/12/2012
	IRS	CF		20,109	—	(508)	—	15/12/2012
Madrid 407 Sociedad Concesionaria, S.A.	IRS	CF		11,586	11,571	(3,255)	(4,303)	10/07/2033
N6 (Concession) Limited	IRS	CF		2,486	1,133	(67)	(22)	30/06/2013
	IRS	CF		3,963	3,640	(593)	(721)	30/06/2034
	IRS	CF		347	319	(53)	(64)	30/06/2034
	IRS	CF		1,865	850	(55)	(18)	28/06/2013
	IRS	CF		2,973	2,731	(447)	(539)	30/06/2034
	IRS	CF		260	239	(40)	(48)	30/06/2034
	IRS	CF		2,487	1,133	(74)	(23)	28/06/2013
	IRS	CF		3,964	3,642	(596)	(719)	30/06/2034
	IRS	CF		347	319	(52)	(63)	30/06/2034
	IRS	CF		2,487	1,133	(67)	(22)	28/06/2013
	IRS	CF		3,964	3,642	(584)	(715)	30/06/2034
	IRS	CF		347	319	(52)	(63)	30/06/2034

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	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/11	Notional amount at 31/12/12	Value at 31/12/11	Value at 31/12/12	Expiry
Ruta de los Pantanos, S.A.	IRS	CF		—	15,745	—	(2,977)	02/01/2018
M50 (Concession) Limited	IRS	CF		6,107	6,070	(2,130)	(2,662)	28/03/2040
	IRS	CF		6,107	6,070	(2,194)	(2,729)	28/03/2040
	IRS	CF		6,107	6,070	(2,195)	(2,727)	28/03/2040
	IRS	CF		6,107	6,070	(2,195)	(2,727)	28/03/2040
Autopistas del Sol, S.A.	IRS	CF		34,248	32,992	(8,260)	(8,213)	30/11/2023
Concesionaria Hospital Son Dureta, S.A.	IRS	CF		16,108	15,907	(4,408)	(5,659)	25/07/2029
	IRS	CF		16,108	15,907	(4,408)	(5,659)	25/07/2029
Autovía Necaxa - Tihuatlan, S.A. de C.V.	IRS	CF		25,934	23,108	(4,909)	(6,023)	06/12/2027
	IRS	CF		25,171	22,428	(4,765)	(5,846)	06/12/2027
	IRS	CF		25,171	22,428	(4,765)	(5,846)	06/12/2027
Scutvias-Autoestradas da Beira Interior, S.A.	IRS	CF		10,977	9,728	(1,914)	(1,861)	04/10/2018
	IRS	CF		6,861	6,080	(1,195)	(1,162)	04/10/2018
	IRS	CF		6,861	6,080	(1,195)	(1,162)	04/10/2018
	IRS	CF		2,744	2,432	(480)	(466)	04/10/2018
Aeropuerto de Castellón	IRS	CF		5,431	5,511	(742)	(1,005)	30/09/2019
Auto-Estradas XXI - Subconcessionaria Transmontana, S.A.	IRS	CF		21,276	22,652	(3,745)	(5,083)	31/12/2029
	IRS	CF		7,747	8,248	(1,364)	(1,851)	31/12/2029
	IRS	CF		13,731	14,619	(2,417)	(3,281)	31/12/2029
	IRS	CF		21,276	22,652	(3,745)	(5,083)	31/12/2029
	IRS	CF		21,276	22,652	(3,745)	(5,083)	31/12/2029
	IRS	CF		20,231	21,539	(3,561)	(4,833)	31/12/2029
	IRS	CF		11,525	12,270	(2,029)	(2,753)	31/12/2029
CIRALSA Sociedad Anónima Concesionaria del Estado	IRS	CF		7,083	7,078	(1,122)	(1,698)	30/12/2024
	IRS	CF		7,083	7,078	(1,122)	(1,698)	30/12/2024
	IRS	CF		7,083	7,078	(1,122)	(1,699)	30/12/2024

	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/11	Notional amount at 31/12/12	Value at 31/12/11	Value at 31/12/12	Expiry
Metros Ligeros de Madrid	IRS	CF		17,830	17,830	(5,086)	(6,268)	30/06/2034
	IRS	CF		18,454	18,454	(4,145)	(5,709)	31/12/2026
	IRS	CF		2,664	2,664	(760)	(936)	30/06/2034
Realia Patrimonio, S.L.U.	IRS	CF		15,568	15,485	(1,356)	(998)	30/06/2014
	IRS	CF		15,568	15,485	(1,356)	(998)	30/06/2014
	IRS	CF		15,568	15,485	(1,421)	(1,038)	30/06/2014
	IRS	CF		15,568	15,485	(1,421)	(1,038)	30/06/2014
	IRS	CF		15,568	15,485	(1,421)	(1,038)	30/06/2014
	IRS	CF		15,568	15,485	(1,421)	(1,038)	30/06/2014
	IRS	CF		15,568	15,485	(1,398)	(1,024)	30/06/2014
	IRS	CF		15,568	15,485	(1,398)	(1,024)	30/06/2014
	IRS	CF		7,784	7,742	(710)	(519)	30/06/2014
	IRS	CF		7,784	7,742	(710)	(519)	30/06/2014
	IRS	CF		7,784	7,742	(701)	(513)	30/06/2014
	IRS	CF		7,784	7,742	(701)	(513)	30/06/2014
	IRS	CF		7,784	7,742	(701)	(513)	30/06/2014
	IRS	CF		7,784	7,742	(701)	(513)	30/06/2014
	IRS	CF		7,784	7,742	(699)	(512)	30/06/2014
	IRS	CF		7,784	7,742	(699)	(512)	30/06/2014
Société d'Investissements Inmobiliers Cotée de Paris	IRS	CF		14,929	14,838	(1,301)	(958)	30/06/2014
	IRS	CF		14,929	14,838	(1,301)	(958)	30/06/2014
	IRS	CF		14,929	14,838	(1,363)	(996)	30/06/2014
	IRS	CF		14,929	14,838	(1,363)	(996)	30/06/2014
	IRS	CF		7,465	7,419	(681)	(498)	30/06/2014
	IRS	CF		7,465	7,419	(681)	(498)	30/06/2014
	IRS	CF		7,465	7,419	(672)	(492)	30/06/2014
	IRS	CF		7,465	7,419	(672)	(492)	30/06/2014
	IRS	CF		—	3,022	—	3	30/05/2014
	IRS	CF		—	3,022	—	1	28/02/2014
Hermanos Revilla, S.A.	IRS	CF		473	—	(3)	—	16/01/2012
Total equity method				1,797,409	1,651,071	(269,556)	(341,271)	

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The detail, by expiry date, of the notional amount of the hedging transactions arranged at 31 December 2012 is as follows:

	Notional maturity 2013	2014	2015	2016	2017 and subsequent years
Fully consolidated companies	2.036.709	790.137	62.308	52.816	583.498
Companies accounted for using the equity method	168.380	416.303	30.041	32.263	1.004.084

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

	Type of derivative	Type of hedge	Notional amount at 31/12/11	Notional amount at 31/12/12	Value at 31/12/11	Value at 31/12/12	Expiry
Fully consolidated companies							
.A.S.A. Abfall Service Zistersdorf GmbH	COLLAR	SP	65,333	61,333	(8,631)	(10,440)	28/03/2024
Autovía Conquense, S.A.	IRS	SP	42,111	—	(2,395)	—	30/06/2024
	IRS	SP	21,055	—	(2,395)	—	28/06/2024
Hermeriel, S.A.	IRS	SP	1,500	—	(101)	—	01/03/2014
	IRS	SP	200	—	2	—	10/05/2012
Cementos Portland Valderrivas	IRS	CF	—	63,000	—	(1,106)	22/02/2014
	IRS	CF	—	21,000	—	(255)	24/02/2014
Cementos Lemona	IRS	CF	—	2,756	—	(135)	15/04/2016
Total fully consolidated companies			130,199	148,089	(13,520)	(11,936)	
Companies accounted for using the equity method							
Zabalgarbi, S.A.	COLLAR	SP	3,000	4,500	(226)	(237)	26/01/2014
	BARRIER SWAP R	SP	4,500	3,000	(355)	(153)	27/01/2014
Nihg South West Health Partnership Limited	CAP	SP	21,018	21,325	1	—	31/03/2014
	CAP	SP	21,018	21,325	1	—	31/03/2014
Total equity method			49,536	50,150	(579)	(390)	

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

	Notional expiry 2013	2014	2015	2016	2017 and subsequent years
Fully consolidated companies	28,343	64,343	4,343	3,949	47,111
Companies accounted for using the equity method	—	50,150	—	—	—

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

Type of derivative	Classification	Amount arranged	Expiry	2011 Fair Value Assets	2011 Fair Value Liabilities	2012 Vair Value Assets	2012 Vair Value Liabilities
First tranche							
CALL	Hedge	1,800	30/09/2013	904	-	1	-
PUT	Non-hedging instruments	1,800	30/09/2013		29,560	-	45,217
Swap	Non-hedging instruments	61,596	30/09/2013	3,747	-	538	-
				4,651	29,560	539	45,217
Second tranche							
CALL	Hedge	1,500	10/02/2014	2,513	-	136	-
PUT	Non-hedging instruments	1,500	10/02/2014	-	13,229	-	24,013
Swap	Non-hedging instruments	37,065	10/02/2014	4,148	-	928	-
				6,661	13,229	1,064	24,013

25. TAX MATTERS

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

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

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

With respect to the years audited, it should be noted that the Group has not been issued tax assessments for significant amounts in the last four years and has filed the corresponding appeals, unless it has signed assessments on an uncontested basis. In 2012 the Supreme Court handed down a judgment rejecting the appeal filed previously by the Group against the Corporate Income Tax assessments for 1991 to 1994, which amounted to EUR 25.2 million. However, as indicated in the preceding paragraph, this did not affect equity since provisions had been recognised for the aforementioned assessments.

a) Deferred tax assets and liabilities

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

The tax losses of the subsidiaries were generally offset by deducting from the income tax the investment valuation allowances recognised by the Group companies owning the holding, or by deducting these losses from the consolidated tax base in the case of subsidiaries that file consolidated tax returns. However, certain companies recognised deferred tax assets relating to tax losses amounting to EUR 179,717 thousand (31 December 2011: EUR 71,596 thousand), since they considered that there are no doubts as to their recoverability.

Deferred tax liabilities arose mainly as a result of:

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

In 2012 an increase of EUR 17,040 thousand (31 December 2011: an increase of EUR 30,092 thousand) arising from the tax effect of translation differences and the adjustment of the fair value of financial instruments was recognised in equity under "Valuation Adjustments" and "Non-Controlling Interests" with a balancing entry in the related deferred taxes.

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

	2013	2014	2015	2016	2017 and subsequent years	Total
Assets	259,375	52,418	31,658	12,572	361,174	717,197
Liabilities	29,629	34,264	19,711	19,427	804,235	907,266

b) Public Authorities

The detail at 31 December 2012 and 2011 of "Current Tax Assets" and "Current Tax Liabilities" is as follows:

Current assets

	2012	2011
VAT refundable (Note 16)	200,683	150,806
Current tax	25,813	28,282
Other taxes, etc. (Note 16)	54,119	69,954
	280,615	249,042

Current liabilities

	2012	2011
VAT payable (Note 23)	213,573	258,454
Current tax	37,248	58,425
Accrued social security and other taxes payable (Note 23)	320,135	316,548
	570,956	633,427

c) Income tax expense

The income tax benefit accrued in 2012 amounted to EUR 164,234 thousand (2011: an expense of EUR 20,210 thousand), as shown in the accompanying consolidated income statement. Following is the reconciliation of the expense to the tax charge accured:

	2012			2011		
Consolidated profit (loss) before tax from continuing operations			(1,039,464)			37,120
	Increase	Decrease		Increase	Decrease	
Consolidation adjustments and eliminations	458,523		458,523	204,852	—	204,852
Permanent differences	177,290	(71,083)	106,207	45,182	(99,603)	(54,421)
Adjusted consolidated accounting profit (loss)			(474,734)			187,551
Permanent differences with an impact on reserves (*)			(2,984)			—
Temporary differences						
-Arising in the year	768,006	(158,490)	609,516	262,887	(317,175)	(54,288)
-Arising in prior years	393,473	(297,870)	95,603	300,243	(116,731)	183,512
Changes in the scope of consolidation (Note 5)			(5,272)			(12,331)
Consolidated taxable result			222,129			304,444

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

With respect to the table above, in light of the significance of the amounts, it is important to note that the income tax base is the best estimate available at the date of preparation of these consolidated financial statements. The definitive amount payable will be calculated on settlement of the tax in 2013 and, accordingly, the final cash flow may vary on the basis of any adjustments made for temporary differences until that time, as explained in Note 3-q to these notes to the consolidated financial statements. In 2012 there was a noteworthy increase in "Consolidation Adjustments and Eliminations", due primarily to the impairment losses recognised on the goodwill of the FCC Environment (UK) Group (formerly the WRG Group) and of the Alpine Group (see Notes 7-b and 28-d) and to the write-downs on investments accounted for using the equity method, namely the Realia Group and the Globalvía Group (see Note 28-h).

With regard to 2011, it is important to note, firstly, the increase in “Consolidation Adjustments and Eliminations" arising from the impairment loss on goodwill recognised on the cement business (see Notes 7-b and 28-d) and, secondly, the decrease due to permanent differences arising from the monetary adjustment to determine the tax relief on the gains arising on the sale of the Torre Picasso and Federico Salmón buildings in Madrid and the Balmes building in Barcelona (see Notes 8 and 9).

	2012	2011
Adjusted consolidated accounting profit (loss)	(474,734)	187,551
Income tax charge	153,345	(49,797)
Tax credits and tax relief	8,826	17,616
Adjustments due to change in tax rate (*)	14,766	22,403
Other adjustments	(12,703)	(10,432)
Income tax	164,234	(20,210)

(*) Due mainly to the reduction of the tax rate in the United Kingdom, mainly in the FCC Environment (UK) Group (formerly the WRG Group).

26. PENSION PLANS AND SIMILAR OBLIGATIONS

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

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

a) Unilateral decision of the Company.
b) Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
c) Death or permanent disability.
d) Other causes of physical or legal incapacity.
e) Substantial change in professional terms and conditions.
f) Resignation of the executive on reaching 60 years of age, at the request of the executive and with the consent of the Company.
g) Resignation of the executive on reaching 65 years of age, by unilateral decision of the executive.

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The accompanying consolidated income statement does not include any premium payments in 2012 or 2011 in relation to this insurance policy and there was no income from rebates on the premiums paid previously. At 31 December 2012, the fair value of the contributed premiums covers all of the actuarial obligations assumed.

The liability side of the accompanying consolidated balance sheet for 2012 includes the present value, totalling EUR 2,930 thousand (2011: EUR 2,973 thousand), of the amounts payable in relation to the Spanish Group companies' post-employment benefit obligations to former executives. Also, remuneration amounting to EUR 221 thousand in both 2012 and 2011 was paid with a charge to this provision.

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

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

- The accompanying consolidated balance sheet at 31 December 2012 includes the employee benefit obligations of the companies of the FCC Environment UK) Group (formerly the WRG Group), resident in the United Kingdom. These obligations are represented by certain assets assigned to the plans funding the benefits, the fair value of which amounted to EUR 40,829 thousand (31 December 2011: EUR 36,658 thousand), and the actuarial value of the accrued obligations amounted to EUR 46,770 thousand (31 December 2011: EUR 43,880 thousand). The net difference, representing a liability of EUR 5,941 thousand (31 December 2011: EUR 7,222 thousand), was recognised under "Long-Term Provisions" in the accompanying consolidated balance sheet. "Staff Costs" in the accompanying consolidated income statement includes a cost of EUR 740 thousand (31 December 2011: EUR 643 thousand) relating to the net difference between the service cost and the return on the plan assets. The average actuarial rate applied was 4.5% (2011: 4.7%).
- At 31 December 2012, the Alpine Bau Group companies contributed EUR 64,497 thousand (31 December 2011: EUR 61,386 thousand) relating to the actuarial value of their accrued pension and termination benefit obligations. This amount is recognised under "Long-Term Provisions" in the accompanying consolidated balance sheet. A cost of EUR 8,557 thousand (31 December 2011: EUR 6,527 thousand) is included in the accompanying consolidated income statement in respect of the aforementioned items. The average actuarial rate applied was 4.5% (2011: 4.7%).
- Giant Cement Holding, Inc., a US resident company, has undertaken to supplement the retirement benefits of its employees. The valuation of the plan assets and the accrued obligations was performed by independent actuaries. The projected unit credit method was used for this purpose, with an average actuarial discount rate of 3.75% (4.10% in 2011). At 31 December 2012, the fair value of the plan assets amounted to EUR 41,266 thousand (2011: EUR 40,163 thousand), and the actuarial value of the obligations for benefits earned amounted to EUR 98,875 thousand (2011: EUR 102,217 thousand).

Also, Giant Cement Holding, Inc. has undertaken to continue to pay for the healthcare and life insurance of certain employees after termination of their employment, amounting to EUR 35,401 thousand (2011: EUR 40,091 thousand).

The accrued obligations payable are included in the accompanying consolidated balance sheet under "Long-term Provisions".

At 31 December 2012, the actuarial deficit for pension and healthcare insurance obligations to employees amounted to USD 32,474 thousand approximately EUR 24,612 thousand (2011: USD 32,591 thousand), net of taxes, which are not provided for in the consolidated financial statements of the Group since, as permitted under IAS 19 "Employee Benefits", the Group opted to defer recognition of actuarial gains and losses, which are being systematically recognised in the income statement over the remaining years of the employees' working life in the case of pension benefit obligations, and over the remaining life expectancy of the employees in the case of healthcare insurance obligations.

The detail of the changes in 2012 in the obligations and assets associated with the pension plans is as follows:

2012

Actual evolution of the present value of the obligation

	FCC Environment (UK) Group	Alpine	Giant (**)
Balance of obligations at beginning of year	43,880	82,518	102,217
Current service cost	532	6,467	1,402
Interest cost	2,096	3,197	3,885
Contributions by participants	23	1,544	4,902
Actuarial gains/losses	477	13,039	—
Changes due to exchange rate	1,030	552	(1,984)
Benefits paid in 2012	(1,489)	(8,429)	(7,085)
Past service cost	221	—	(4,462)
Balance of obligations at end of year	46,770	98,888	98,875

Actual evolution of the fair value of the plan assets

	FCC Environment (UK) Group	Alpine	Giant (**)
Balance of plan assets at beginning of year	36,658	19,592	40,163
Expected return on assets	2,109	484	3,265
Actuarial gains/losses	990	344	—
Changes due to exchange rate	861	134	(779)
Contributions by the employer	1,677	1,148	4,984
Contributions by participants	23	1,543	—
Benefits paid	(1,489)	(1,912)	(6,367)
Balance of plan assets at end of year	40,829	21,333	41,266

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

	FCC Environment (*) (UK) Group	Alpine	Giant (**)
Net balance of obligations less plan assets at end of year	5,941	77,555	57,609
Actuarial gains/losses not recognised in the balance sheet (within the 10% corridor)	—	(13,058)	—
Actuarial gains/losses not recognised in the balance sheet to be recognised in subsequent years	—	—	(40,204)
Net balance (liabilities-assets) recognised at end of year	5,941	64,497	17,405

(*) The FCC Environment (UK) Group, formerly the Waste Recycling Group.

(**) In 2011 the Giant Group is included as a discontinued operation (see Note 4).

2011

Actual evolution of the present value of the obligation

	Waste Recycling Group	Alpine	Flightcare
Balance of obligations at beginning of year	40,927	79,693	11,000
Current service cost	627	7,276	-
Interest cost	2,264	2,989	47
Contributions by participants	46	1,419	699
Actuarial gains/losses	(70)	(1,724)	(658)
Changes due to exchange rate	1,247	1,071	-
Benefits paid in 2012	(1,269)	(8,206)	(1,912)
Past service cost	108	-	-
Balance of obligations at end of year	43,880	82,518	9,176

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Actual evolution of the fair value of the plan assets

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

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

	Waste Recycling Group	Alpine	Flightcare
Net balance of obligations less plan assets at end of year	7,222	62,926	9,176
Actuarial gains/losses not recognised in the balance sheet (within the 10% corridor)	-	(1,540)	895
Net balance (liabilities-assets) recognised at end of year	7,222	61,386	10,071

27. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2012, the Group had provided EUR 5,728,988 thousand (31 December 2011: EUR 4,925,272 thousand) of guarantees to third parties, mostly consisting of completion bonds provided to Government Agencies and private-sector customers as security for the performance of construction projects and urban cleaning contracts.

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

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

28. INCOME AND EXPENSES

a) Operating income

The Group classifies operating income under "Revenue", except for that arising from in-house work on non-current assets and other income, such as grants related to income, emission allowances, etc.

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

The detail of "Other Operating Income" in 2012 and 2011 is as follows:

	2012	2011
Income from sundry services	209,912	180,337
CO_2 emission allowances (Note 30)	33,641	44,430
Compensation received from insurance companies	15,550	20,001
Grants related to income	16,260	23,290
Other income	152,598	55,033
	427,961	323,091

b) Procurements

The detail of the balance of “Procurements” and "Other operating expenses at 31 December 2012 and 2011 is as follows:

	2012	2011
Work performed by subcontractors and other companies	3,082,797	3,401,317
Purchases and procurements	2,026,434	2,151,375
	5,109,231	5,552,692

c) Staff costs

The detail of “Staff Costs” in 2012 and 2011 is as follows:

	2012	2011
Wages and salaries	2,508,167	2,627,168
Social security costs	614,659	642,392
Other staff costs	68,506	61,543
	3,191,332	3,331,103

"Staff Costs" at 31 December 2012 includes EUR 2,323 thousand (the same amount as in 2011) relating to the share option plan (see Note 19).

The average number of employees at the Group, by professional category, in 2012 and 2011 was as follows:

	2012	2011
Managers and university graduates	3,780	4,136
Professionals with qualifications	8,570	7,815
Clerical and similar staff	8,756	9,971
Other salaried employees	64,853	69,369
	85,959	91,291

The average number of employees at the Group, by gender, in 2012 and 2011 was as follows:

	2012	2011
Men	68,820	71,910
Women	17,139	19,381
	85,959	91,291

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

The detail of "Impairment and Gains or Losses on Disposals of Non-Current Assets" in 2012 and 2011 is as follows:

	2012	2011
Gain on disposal of: (Note 5)		
Estacionamientos y Servicios, S.A.	-	15,665
Flightcare Group	45,049	-
Sale of buildings:		
Federico Salmón and Balmes (Note 8)	-	44,437
Torre Picasso	-	135,194
Gains or losses on disposals of other items of property plant and equipment and intangible assets	(105)	16,610
Impairment of goodwill (Note 7)	(351,981)	(259,417)
Impairment of other items of property, plant and equipment and intangible assets:		
(Recognition) Reversal (Notes 7 and 8)	(36,876)	(50,417)
Other	1,147	316
	(342,766)	(97,612)

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e) Other gains or losses

"Other Gains or Losses" in the accompanying consolidated income statement includes notably the items relating to the provisions for restructuring costs and non-recurring losses, primarily in the Construction and Cement areas, amounting to EUR 126,753 thousand and EUR 46,948 thousand, respectively.

f) Finance income and costs

The detail of the finance income in 2012 and 2011, based on the assets giving rise thereto, is as follows:

	2012	2011
Held-for-trading financial assets	1,402	5,753
Available-for-sale financial assets	1,889	1,749
Held-to-maturity investments	17,668	9,858
Non-current and current credits	48,435	40,972
"Lump-sum payment" construction projects	8,280	16,758
Cash and cash equivalents and other	13,871	13,993
	91,545	89,083

The detail of the finance costs in 2012 and 2011 is as follows:

	2012	2011
Credit facilities and loans	397,636	317,040
Limited recourse project financing loans	39,366	88,721
Obligations under finance leases	3,767	3,717
Other payables to third parties	28,387	32,778
Assignment of accounts receivable and "lump-sum payment" construction projects	30,491	31,539
Other finance costs	37,115	36,888
	536,762	510,683

g) Changes in fair value of financial instruments

"Changes in Fair Value of Financial Instruments" notably includes the loss in fair value of the derivatives that do not qualify for hedge accounting associated with the share option plan that amounts to EUR 34,648 thousand (2011: a positive change of EUR 14,400 thousand) (see Note 19).

h) Result of companies accounted for using the equity method

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

	2012	2011
Profit (Loss) for the year (Note 12)		
Joint ventures	(142,457)	2,635
Associates	14,037	30,651
	(128,420)	33,286

It is important to note the impairment losses of two investees, the Realia Business Group and the Globalvía Infraestructuras Group, of EUR 87,413 thousand and EUR 52,862 thousand, respectively, which were included in the losses contributed by them.

29. SEGMENT REPORTING

a) Business segments

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

The "Corporate" column includes the financial activity relating to the Group's centralised cash management, operation of the companies that do not belong to any of the Group's business areas mentioned above and the elimination of inter-segment transactions.

Income statement by segment

In particular, the information shown in the following tables includes the following items as the segment result for 2012 and 2011:

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

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	Total Group	Services		Construction	Cement	Energy	Corporate
		Environmental Services	Versia				
2012							
Revenue	11,152,228	3,821,817	569,988	6,148,375	653,739	—	(41,691)
Other income	503,926	109,589	24,187	227,970	58,241	—	83,939
Operating expenses	(10,902,705)	(3,247,978)	(534,751)	(6,467,545)	(642,168)	(962)	(9,301)
Depreciation and amortisation charge	(640,571)	(322,872)	(80,976)	(105,564)	(127,364)	—	(3,795)
Other gains or losses	(515,786)	(209,753)	(13,421)	(212,481)	(75,826)	—	(4,305)
Profit (loss) from operations	(402,908)	150,803	(34,973)	(409,245)	(133,378)	(962)	24,847
Percentage of revenue	(3.61%)	3.95%	(6.14%)	(6.66%)	(20.40%)	—	(59.60%)
Finance income and costs	(445,217)	(255,709)	(26,945)	(97,882)	(79,782)	(15)	15,116
Other financial profit (loss)	(62,917)	(8,358)	(323)	(26,506)	(3,821)	—	(23,909)
Result of companies accounted for using the equity method	(128,420)	28,667	(1,904)	(11,880)	(3,033)	—	(140,270)
Profit (Loss) before tax from continuing operations	(1,039,462)	(84,597)	(64,145)	(545,513)	(220,014)	(977)	(124,216)
Income tax	164,234	(13,419)	14,935	110,948	53,735	293	(2,258)
Profit (Loss) for the year from continuing operations	(875,228)	(98,016)	(49,210)	(434,565)	(166,279)	(684)	(126,474)
Loss for the year from discontinued operations, net of tax	(216,964)					(216,964)	
Consolidated profit (loss) for the year	(1,092,192)	(98,016)	(49,210)	(434,565)	(166,279)	(217,648)	(126,474)
Profit (Loss) attributable to non-controlling interests	64,229	(3,070)	(1)	5,333	19,144	1,008	41,815
Profit (Loss) attributable to the Parent	(1,027,963)	(101,086)	(49,211)	(429,232)	(147,135)	(216,640)	(84,659)
Contribution to FCC Group profit	(1,027,963)	(101,086)	(49,211)	(429,232)	(105,320)	(216,640)	(126,474)
2011							
Revenue	11,896,665	3,735,415	767,330	6,686,208	750,978	-	(43,266)
Other income	376,834	87,485	27,653	151,345	82,029	-	28,322
Operating expenses	(11,017,117)	(3,124,979)	(680,058)	(6,533,605)	(678,850)	-	375
Depreciation and amortisation charge	(656,216)	(334,377)	(94,632)	(104,709)	(114,265)	-	(8,233)
Other gains or losses	(207,011)	2,680	15,912	13,099	(340,638)	-	101,936
Profit (loss) from operations	393,155	366,224	36,205	212,338	(300,746)	-	79,134

	Total Group	Services: Environmental Services	Services: Versia	Construction	Cement	Energy	Corporate
2011							
Percentage of revenue	3.30%	9.80%	4.72%	3.18%	(40.05%)	—	(182.90%)
Finance income and costs	(421,600)	(234,902)	(32,641)	(81,619)	(63,406)	—	(9,032)
Other financial profit (loss)	32,279	(1,349)	(676)	(3,727)	2,660	—	35,371
Result of companies accounted for using the equity method	33,286	28,834	1,659	16,112	(1,840)	—	(11,479)
Profit before tax from continuing operations	37,120	158,807	4,547	143,104	(363,332)	—	93,994
Income tax	(20,210)	(16,346)	2,579	(33,928)	26,625	—	860
Profit (loss) for the year from continuing operations	16,910	142,461	7,126	109,176	(336,707)	—	94,854
Loss for the year from discontinued operations, net of tax	(13,996)	—	—	—	—	(13,996)	—
Consolidated profit (loss) for the year	2,914	142,461	7,126	109,176	(336,707)	(13,996)	94,854
Profit (Loss) attributable to non-controlling interests	105,334	(2,670)	226	5,175	9,270	120	93,213
Profit (loss) attributable to the Parent	108,248	139,791	7,352	114,351	(327,437)	(13,876)	188,067
Contribution to FCC Group profit	108,248	139,791	7,352	114,351	(234,224)	(13,876)	94,854

With regard to "Corporate" in the tables above, the following items are particularly worthy of note with regard to the contribution to FCC Group net profit (net of tax):

Contribution to FCC Group profit (Net of tax)

	2012	2011
Gain on the sale of:		
Federico Salmón and Balmes buildings	—	36,676
Torre Picasso	—	121,340
Results of companies accounted for using the equity method:		
Realia Business Group	(87,413)	374
Globalvía Group	(52,862)	(14,469)
Stock option derivatives	(24,253)	11,881
Operation of Torre Picasso	—	12,723
Sundry provisions	57,820	(48,860)
Non-recurring staff costs	(10,687)	(12,952)
Other	(9,079)	(11,859)
	(126,474)	94,854

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Balance sheet by segment

	Total Group	Services: Environmental Services	Services: Versia	Construction	Cement	Energy	Corporate
2012							
ASSETS							
Non-current assets	**10,577,921**	**5,275,335**	**748,832**	**1,742,426**	**2,207,747**	**—**	**603,581**
Intangible assets	3,821,713	1,913,714	509,921	561,219	763,728	—	73,131
Property, plant and equipment	4,620,674	2,666,983	165,750	552,138	1,254,549	—	(18,746)
Investment property	70,668	6,461	—	70,668	—	—	(6,461)
Investments accounted for using the equity method	935,039	268,909	23,127	168,584	31,867	—	442,552
Non-current financial assets	412,630	247,694	33,755	91,716	17,051	—	22,414
Deferred tax assets	717,197	171,574	16,279	298,101	140,552	—	90,691
Current assets	**9,129,536**	**1,974,161**	**419,855**	**5,280,008**	**705,512**	**1,138,944**	**(388,944)**
Non-current assets classified as held for sale	1,476,190	—	—	—	337,246	1,138,944	—
Inventories	1,128,668	80,478	20,995	903,582	117,108	—	6,505
Trade and other receivables	4,837,241	1,282,495	136,698	3,304,172	137,544	—	(23,668)
Other current financial assets	437,212	319,220	252,487	292,017	16,545	—	(443,057)
Other current assets	83,981	32,023	904	46,317	3,057	—	1,680
Cash and cash equivalents	1,166,244	259,945	8,771	733,920	94,012	—	69,596
Total assets	19,707,457	7,249,496	1,168,687	7,022,434	2,913,259	1,138,944	214,637
EQUITY AND LIABILITIES							
Equity	**1,721,602**	**1,180,618**	**92,416**	**809,441**	**983,353**	**273,792**	**(1,618,018)**
Non-current liabilities	**7,546,953**	**1,797,712**	**543,192**	**1,499,918**	**1,603,293**	**—**	**2,102,838**
Grants	220,239	31,826	367	185,131	2,915	—	—
Long-term provisions	1,114,763	486,074	31,470	322,931	37,265	—	237,023
Non-current financial liabilities	5,105,892	766,978	488,050	856,455	1,324,873	—	1,669,536
Deferred tax liabilities	907,266	470,703	18,987	90,287	238,240	—	89,049
Other non-current liabilities	198,793	42,131	4,318	45,114	—	—	107,230
Current liabilities	**10,438,902**	**4,271,166**	**533,079**	**4,713,075**	**326,613**	**865,152**	**(270,183)**
Liabilities associated with non-current assets classified as held for sale	970,355	—	—	—	105,203	865,152	—
Short-term provisions	303,575	13,989	941	288,636	—	—	9
Current financial liabilities	4,324,620	1,369,373	233,270	871,533	109,354	—	1,741,090
Trade and other payables	4,832 407	1,001,612	148,717	3,486,542	110,171	—	85,365
Other current liabilities	7,945	615	14	5,431	1,885	—	—
Intra-Group transactions	—	1,885,577	150,137	60,933	—	—	(2,096,647)
Total liabilities	19,707,457	7,249,496	1,168,687	7,022,434	2,913,259	1,138,944	214,637

	Total Group	Services: Environmental Services	Services: Versia	Construction	Cement	Energy	Corporate
2011							
ASSETS							
Non-current assets	**11,074,062**	**5,536,070**	**992,273**	**1,668,499**	**1,994,774**	**—**	**882,446**
Intangible assets	4,317,029	2,082,217	689,280	559,592	800,295	—	185,645
Property, plant and equipment	4,601,913	2,714,247	222,531	603,393	1,081,638	—	(19,896)
Investment property	34,458	6,461	—	34,459	—	—	(6,462)
Investments accounted for using the equity method	1,115,719	245,442	25,369	223,385	42,564	—	578,959
Non-current financial assets	461,999	315,811	30,493	76,497	7,172	—	32,026
Deferred tax assets	542,944	171,892	24,600	171,173	63,105	—	112,174
Current assets	**11,373,405**	**2,132,230**	**485,975**	**5,884,545**	**1,287,690**	**1,162,452**	**420,513**
Non-current assets classified as held for sale	1,846,971	—	—	—	684,519	1,162,452	—
Inventories	1,271,355	85,906	25,316	1,043,195	110,441	—	6,497
Trade and other receivables	5,496,798	1,590,407	210,042	3,591,808	139,141	—	(34,600)
Other current financial assets	395,689	167,635	235,240	132,506	99,444	—	(239,136)
Other current assets	59,951	28,111	2,894	24,825	2,023	—	2,098
Cash and cash equivalents	2,302,641	260,171	12,483	1,092,211	252,122	—	685,654
Total assets	22,447,467	7,668,300	1,478,248	7,553,044	3,282,464	1,162,452	1,302,959
EQUITY AND LIABILITIES							
Equity	**2,914,940**	**669,677**	**135,381**	**861,726**	**1,149,550**	**230,550**	**(131,944)**
Non-current liabilities	**7,535,310**	**2,476,494**	**677,710**	**1,499,934**	**382,329**	**—**	**2,498,843**
Grants	159,721	33,771	376	122,168	3,406	—	—
Long-term provisions	1,083,109	486,091	52,250	191,763	37,494	—	315,511
Non-current financial liabilities	5,160,308	1,426,845	582,173	1,058,083	132,017	—	1,961,190
Deferred tax liabilities	995,468	491,798	36,410	103,305	209,412	—	154,543
Other non-current liabilities	136,704	37,989	6,501	24,615	—	—	67,599
Current liabilities	**11,997,217**	**4,522,129**	**665,157**	**5,191,384**	**1,750,585**	**931,902**	**(1,063,940)**
Liabilities associated with non-current assets classified as held for sale	1,396,653	—	—	—	464,751	931,902	—
Short-term provisions	178,887	13,299	544	165,003	41	—	—
Current financial liabilities	4,830,637	936,519	291,238	846,994	1,177,779	—	1,578,107
Trade and other payables	5,577,414	1,023,430	208,347	4,119,980	101,810	—	123,847
Other current liabilities	13,626	1,579	14	5,732	6,204	—	97
Intra-Group transactions	—	2,547,302	165,014	53,675	—	—	(2,765,991)
Total liabilities	22,447,467	7,668,300	1,478,248	7,553,044	3,282,464	1,162,452	1,302,959

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Cash flows by segment

	Total Group	Services: Environmental Services	Services: Versia	Construction	Cement	Corporate
2012						
From operating activities	701,965	858,783	106,940	(209,514)	38,306	(92,550)
From investing activities	(448,553)	(319,936)	(45,575)	(273,651)	(23,415)	214,024
From financing activities:	(1,395,405)	(541,901)	(64,930)	124,519	(128,051)	(785,042)
Other cash flows	5,596	2,828	(147)	356	(44,950)	47,509
Cash flows for the year	**(1,136,397)**	**(226)**	**(3,712)**	**(358,290)**	**(158,110)**	**(616,059)**
2011						
From operating activities	995,124	540,124	102,735	59,448	93,238	199,579
From investing activities	7,705	(316,992)	(115,410)	(73,486)	(32,956)	546,549
From financing activities:	(394,470)	(229,086)	4,921	271,551	(230,884)	(210,972)
Other cash flows	15,631	3,264	(260)	(3,071)	(1,235)	16,933
Cash flows for the year	**623,990**	**(2,690)**	**(8,014)**	**254,442**	**(171,837)**	**552,089**

b) Activities and investments by geographical market

Approximately 56% of the Group's business is conducted abroad (2011: 53%).

The breakdown, by market, of the revenue earned abroad by the Group companies in 2012 and 2011 is as follows:

	Total Group	Services: Environmental Services	Services: Versia	Construction	Cement
2012					
European Union	4,429,224	1,349,767	141,165	2,902,068	36,224
USA	353,183	135,698	47,331	4,753	165,401
Latin America	719,435	34,453	18,769	666,213	-
Other	764,098	24,895	-	625,573	113,630
	6,265,940	1,544,813	207,265	4,198,607	315,255
2011					
European Union	4,740,506	1,224,364	204,685	3,268,218	43,239
USA	325,191	137,713	39,350	41	148,087
Latin America	467,561	26,351	18,484	422,726	-
Other	771,876	25,860	738	673,850	71,428
	6,305,134	1,414,288	263,257	4,364,835	262,754

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

	Total Group	Spain	UK	Czech Republic	Other European Union countries	USA	Latin America	Other
2012								
ASSETS								
Intangible assets	3,821,713	2,078,765	566,636	1,064	457,444	524,470	193,301	33
Property, plant and equipment	4,620,674	1,525,339	1,455,522	301,623	704,521	543,954	25,948	63,767
Investment property	70,668	36,558	—	—	26,643	—	—	7,467
Deferred tax assets	717,197	455,082	116,943	2,071	20,346	116,696	5,197	862
2011								
ASSETS								
Intangible assets	4,317,029	2,308,335	741,749	1,014	609,691	527,344	128,888	8
Property, plant and equipment	4,601,913	1,883,448	1,456,173	294,328	753,185	103,665	31,537	79,577
Investment property	34,458	—	—	—	27,344	—	—	7,114
Deferred tax assets	542,944	373,282	119,661	1,772	27,696	15,013	5,995	(475)

The amounts in the "USA" column in 2012 in the foregoing table include notably the inclusion of Giant Cement Holding, Inc., which was classified as a continuing operation (see Note 4).

c) Headcount

The average number of employees in 2012 and 2011, by business area, was as follows:

	2012	2011
Services		
Environmental services	47,130	49,345
Versia	7,233	10,384
Construction	28,018	27,811
Cement	3,011	3,245
Corporate	567	506
	85,959	91,291

30. INFORMATION ON THE ENVIRONMENT

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

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

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

On-going improvement

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

Control and monitoring

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

Climate change and prevention of pollution

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

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

Observation of the environment and innovation

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

Life cycle of the products and services

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

Everyone's participation is needed

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

To share experience of the most excellent practices with the various stakeholders to promote alternative solutions to those already established to help achieve a sustainable environment.

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

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

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

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

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

The performance of production activities in the Environmental Services area requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2012, the acquisition cost of the non-current assets assigned to production in the Services Area, net of depreciation and amortisation, totalled EUR 4,580,696 thousand (31 December 2011: EUR 4,796,463 thousand). The environmental provisions, mainly for landfill sealing and shutdown expenses, totalled EUR 382,158 thousand (31 December 2011: EUR 356,556 thousand).

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

At 31 December 2012, the Cementos Portland Valderrivas Group had made environmental investments amounting to EUR 160,602 thousand (2011: EUR 176,909 thousand), which were recognised under "Intangible Assets" and "Property, Plant and Equipment". The related accumulated depreciation and amortisation charge amounted to EUR 71,772 thousand (2011: EUR 76,506 thousand).

Due to the cement business, the Group receives CO2 emission allowances for no consideration in accordance with the corresponding national allocation plans. In this respect, it should be noted that in 2012 and 2011 the Group received for no consideration emission allowances equivalent to 7,763 thousand tonnes per annum relating to Cementos Portland Valderrivas, S.A., Cementos Alfa, S.A., Lemona Industrial, S.A. and Uniland Cementera, S.A.

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

"Other Operating Income" in the accompanying consolidated income statement includes the income of EUR 33,641 thousand (2011: EUR 44,430 thousand) from sales of greenhouse gas emission allowances in 2012 (see Note 28-a).

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

Also, it is considered that there were no significant contingencies in relation to the protection and improvement of the environment at 31 December 2012 that might have a material impact on the accompanying consolidated financial statements.

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

31. FINANCIAL RISK MANAGEMENT POLICIES

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

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

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

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

Capital risk management

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

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

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

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

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

Interest rate risk

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

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

Even so, the FCC Group performed interest rate hedging transactions in 2012, ending the year with various hedging instruments of varying maturities on 57.50% of the Group's total net debt, including project structured financing hedges.

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

Foreign currency risk

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

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

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in the currency of the consolidated group or in the most closely correlated foreign currency.

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

Solvency risk

At 31 December 2012, the FCC Group's net financial debt presented on the accompanying consolidated balance sheet amounted to EUR 7,087,663 thousand, as shown in the following table:

	2012	2011
Bank borrowings	7,247,003	8,072,069
Debt instruments and other marketable securities	1,144,677	705,199
Other interest-bearing financial debt	299,439	195,328
Current financial assets	(437,212)	(392,766)
Cash and cash equivalents	(1,166,244)	(2,302,641)
Net financial debt	7,087,663	6,277,189
Net limited recourse debt	(2,824,805)	(2,052,298)
Net borrowings with recourse	4,262,858	4,224,891

The most relevant ratio for the purposes of measuring solvency and debt repayment capacity is Net Debt/EBITDA, which the Group achieves as part of the conditions negotiated with the banks.

It is important to note with regard to "Solvency Risk" that, although the Group's consolidated financial statements present losses of EUR 1,027,963 thousand, these relate mostly to accounting losses as a result of asset write-downs, the impairment of goodwill and adjustments to various investments at the FCC Environment (UK) Group (formerly the WRG Group), and at the Alpine, FCC Logística, Energy, Realia Business and Globalvía Infraestructuras groups. These are operating losses that have no effect on cash and that will not affect the FCC Group's borrowings in the future (and, therefore, will not affect its solvency risk either).

Liquidity risk

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

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

The adverse performance of certain markets and businesses in which the Group has been carrying on its activity gave rise to recognition of considerable losses in 2012, as a result mainly of the need to recognise significant write-downs and to implement actions aimed at laying the foundations of a strategic refocus, involving the withdrawal from certain Construction and Cement markets, restructuring costs of certain activities and the write-down of goodwill of various investees, associates and discontinued operations. As a result of these far-reaching adjustments, 2012 may be regarded as the year that marked the turning point in the current economic cycle.

At 31 December 2012, the Group had a working capital deficiency of EUR 1,309 million and current bank borrowings amounting to EUR 4,152 million. Despite the above, the Parent's Directors prepared these consolidated financial statements in accordance with the going-concern principle of accounting, since they have no doubts regarding the Group's capacity to refinance or restructure its financial debt, or to generate resources from its operations and through the disposal of non-strategic assets to enable it to adapt the Group's financial structure to the situation of the businesses and the cash flows forecast in the 2013-2015 Business Plan. This period is also covered by the Strategic Plan undertaken by the Group, which includes the following main objectives:

- To substantially improve the profitability of the activities carried on by the Group, particularly its international operations, which provide the Group's main source of growth.
- To reduce the net financial debt through the disposal of non-strategic businesses.
- To focus investment on businesses offering higher returns and development possibilities, either directly or through financial partners.
- To adapt the organisational structure and the management systems to this new scenario.

Furthermore, in the preparation of the accompanying consolidated financial statements, the following mitigating factors were taken into consideration with regard to any possible uncertainty as to the applicability of the going-concern principle:

- At 31 December 2012, the Group was current in payment with all its obligations, it achieved the ratios required in its financing agreements and it had refinanced in 2012 all the major syndicated financing agreements maturing in the year, for a total amount of EUR 946.5 million, as well as the debt of the Cementos Portland Valderrivas Group and the Alpine Group.
- The Group also had cash and current financial assets amounting to EUR 1,603 million (see Notes 14 and 17).
- At 31 December 2012, the Group had drawable credit amounting to EUR 510 million in various working capital credit facilities, as shown in the table at the end of this section.
- A significant portion of the current bank borrowings, amounting to EUR 1,195 million, is without recourse to the Parent. The following items are worthy of note in these borrowings without recourse:
  - The Alpine Group's financial debt without recourse to the Parent, amounting to EUR 605 million. In this regard, Alpine will enter into an agreement with its creditor banks whereby the latter will grant a "haircut" on the debt of EUR 150 million and a standstill agreement for the remaining debt until the end of March 2015. In this period, Alpine will only have to meet payment of the interest on the debt, not on the principal. At the same time, funds amounting to approximately EUR 150 million are expected to be generated in the short term from the disposal of certain assets. Alpine has also launched a plan for the orderly withdrawal from markets that do not meet the minimum profitability and risk assumption requirements established by the FCC Group. The aforementioned financial restructuring represents a commitment to contribute a maximum of EUR 246 million to Alpine, EUR 35 million of which were outstanding at 21 March 2013.
  - Limited recourse project financing loans: EUR 515 million. These relate mainly to the debt associated with the acquisition of the FCC Environment (UK) Group (formerly

the WRG Group). This acquisition was financed in two tranches, one without recourse (approximately EUR 484 million) and another with recourse to the Parent (EUR 472 million). The Group is currently in the process of restructuring this financing and it expects to complete this process in the first half of 2013.

- The remaining EUR 75 million of the total of EUR 1,195 million relate to the Cementos Portland Valderrivas Group.

- The financial restructuring of its cement group, which refinanced debt totalling EUR 1,114 million associated with its domestic activity (with a four-year term) and USD 430 million relating to its activity in the US (maturing in 2018). The recourse of this debt to the Parent is limited to a contingent contribution of the FCC Group up to a maximum of EUR 200 million in the event that the minimum EBITDA target is not achieved in the period from 1 July 2013 to 30 June 2014.
- The Group intends to launch a global financial restructuring process for all the syndicated loans with recourse to the Parent and a significant portion of the bilateral financing. This process envisages raising additional liquidity in order to meet certain short-term fund contribution obligations. Initial contact has been made with the main financing providers.
- The Strategic Plan envisages certain disposals in 2013, the amount of which will depend on the pace at which the disposal plan is carried out from 2013 to 2015.
- Royal Decree-Law 4/2013, of 22 February, on measures to support entrepreneurs, stimulate growth and create employment approved a new phase (phase 2) of the extraordinary mechanism for financing payments to suppliers. The FCC Group expects to receive funds from this plan in the first half of 2013.
- In addition, on the basis of the positive performance of certain businesses (mainly those associated with the Services Area), the Parent's Directors and Managers deem it feasible to obtain additional resources from the capital markets. This process will be carried out in the course of 2013.

All of these factors, together with the strategic guidelines mentioned above that have already been launched, should contribute to a significant improvement in the Group's gross profit from operations, enhanced management of working capital and of the risks associated with international expansion, and a reduction in net financial debt. The objective established in the Strategic Plan is to increase gross profit from operations and to reduce the net financial debt to levels considered appropriate to the characteristics and recurrent nature of most of the Group's businesses.

To ensure adequate management of this risk, the FCC Group closely monitors the maturities of all the credit lines and financing so that they can be renewed in sufficient time and on the best terms offered by the market, analyses the suitability of the financing on a case-by-case basis and studies any alternatives with more favourable terms. In this regard, we would highlight as examples of the foregoing the refinancing carried out in 2012 of the two syndicated loans renewed in April for EUR 483,500 thousand and in July for EUR 508,000 thousand (see Note 21-b).

For the same reason as explained in the previous section with reference to "Solvency Risk", the losses recognised at 2012 year-end will not affect the Group's future liquidity as they refer mainly to accounting losses.

In order to diversify its liquidity risk, the FCC Group operates with over 100 Spanish and international financial institutions.

The detail of the credit lines granted at consolidated level at 31 December 2012, taking into account only current and non-current bank borrowings and excluding the items accounted for as non-recourse borrowings, amounts payable under finance leases and accrued interest payable, is as follows:

	Amount granted	Undrawn balance	Balance drawn down
Consolidated	6,950,747	509,816	6,440,931

Credit risk

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

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

The following risks arose in 2012:

- The budgetary adjustments carried out by the government agencies as a requirement of the Budgetary Stability Law gave rise to reviews of the services provided at levels that are sustainable with the customers' available budget funds. As a result, there was a reduction in investment in infrastructure construction. This situation was offset by the presence in foreign markets, which was increased selectively in certain geographical markets.
- Despite the special supplier payment plan launched by the Spanish Government with the aim of settling uncollected invoices receivable from Government Agencies, which gave rise to a significant injection of liquidity for the Group in May and June 2012, delays continued to arise in collections from certain public customers for the provision of urban environmental services due to the economic crisis that has affected the financial equilibrium of public customers. Permanent monitoring and control committees have been established to minimise the volume of assets generated and thereby reduce the financial cost assumed and prevent it from increasing in the future.
- Credit risk can also be due to counterparty breach of a financial asset, equivalent instruments or derivatives contract. To manage this risk, the FCC Group restricts the use of these contracts to cases where the counterparties are credit institutions with proven creditworthiness and solvency. These contracts are also arranged with a large number of institutions, thereby diversifying the risk.

Concentration risk

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

- Sources of financing: the FCC Group obtains financing from over 100 Spanish and international financial institutions.
- Markets/geographical area (Spanish, foreign): the FCC Group operates in a wide variety of Spanish and international markets and 85% of the Group’s debt is concentrated in euros and 15% in various currencies in several international markets.
- Products: the FCC Group arranges a broad spectrum of financial products, including loans, credit facilities, debt instruments, syndicated transactions and discounting facilities.
- Currency: the FCC Group finances its operations in a wide variety of currencies. Although there is a significant concentration of investments in euros, US dollars and pounds sterling, investments tend to be financed in the local currency provided this is possible in the country of origin.

Sensitivity analysis

In relation to the sensitivity test on hedging derivatives and net debt, the amounts obtained in relation to the derivatives in force at year-end with an impact on equity and on the income statement after applying, where applicable, the related percentage of ownership, are shown below (in thousands of euros): In this respect, in view of the possible instability of the financial markets, the sensitivity test was performed using, on the one hand, three rising basic yield curve scenarios at around 0.50% at 31 December 2012, assuming an increase in the curve of 50 bp, 100 bp and 125 bp and, on the other hand, a falling yield curve scenario, assuming a fall of 25 bp at year-end.

	Hedging derivatives			
	-25 bp	+50 bp	+100 bp	+125 bp
Impact on equity:				
Fully consolidation	(4,167)	13,094	25,820	32,050
Equity method	(25,350)	49,001	94,764	116,493

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

As in the case of derivatives, a table is shown below summarising the effect that the aforementioned increases and decreases in the yield curve and in interest rates on the net debt, after excluding any hedged debt, would have on the FCC Group's consolidated income statement:

	Net debt			
	-25 bp	+50 bp	+100 bp	+125 bp
Impact on the income statement	(9,386)	18,772	37,544	46,929

32. INFORMATION ON RELATED PARTY TRANSACTIONS

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

The amounts accrued in 2012 in relation to bylaw stipulated emoluments and attendance fees for members of the Board of Directors of Fomento de Construcciones y Contratas, S.A. to be paid by the Company or any of the Group companies, joint ventures or associates, totalled EUR 829 thousand (2011: EUR 2,025 thousand).

The detail of the fixed and variable remuneration earned by the executive directors of Fomento de Construcciones y Contratas, S.A. in 2012 and 2011 and payable to them by the Company or by any of the Group companies, joint ventures or associates is as follows:

	2012	2011
Fixed remuneration	3,445	3,778
Variable remuneration	450	888
	3,895	4,666

The senior executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 6,015 thousand in 2012 (2011: EUR 6,951 thousand).

2012	
José Luís de la Torre Sánchez	Chairman of FCC Servicios
Miguel Hernanz Sanjuan	General Internal Audit Manager
Juan Béjar Ochoa	Chairman and CEO of Cementos Portland Valderrivas
José Mayor Oreja	Chairman of FCC Construcción, S.A.
Victor Pastor Fernández	General Finance Manager
Antonio Gómez Ciria	General Administration and Information Technologies Manager
Eduardo González Gómez	General Energy and Sustainability Manager
José Manuel Velasco Guardado	General Communication and Corporate Responsibility Manager
Francisco Martín Monteagudo	General Human Resources Manager

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

The information in relation to the insurance policy taken out for, among others, certain executive directors and executives of Fomento de Construcciones y Contratas, S.A. or the Group are disclosed in Note 26, "Pension Plans and Similar Obligations".

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

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

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

The foregoing does not include the director Mr. Henri Proglio, who is a member of the Board of Directors of Veolia Environnement, S.A. and Chairman of Electricité de France (EDF).

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

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

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

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

Name or company name of the directors or executives	Name or company name of the Group company or entity	Type of transaction	Type of relationship	Amount
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of Services	2
B-1998, S.L.	FCC Medio Ambiente, S.A.	Contractual	Rendering of Services	3

b) Transactions between Group companies or entities

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

The revenue recognised in the accompanying consolidated income statement includes EUR 234,988 thousand (2011: EUR 313,222 thousand) relating to Group company billings to associates and joint ventures.

The Group's consolidated financial statements also include purchases from associates and joint ventures amounting to EUR 132,934 thousand (2011: EUR 104,409 thousand).

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

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

33. FEES PAID TO AUDITORS

The 2012 and 2011 fees for financial audit services and for other professional services provided to the various Group companies and joint ventures composing the FCC Group by the principal auditor and by other auditors participating in the audit of the various Group companies, and by entities related to them, both in Spain and abroad, are shown in the following table:

	2012		2011	
Fees for financial audit services		7,272		6,361
Principal auditor	4,812		3,810	
Other auditors	2,460		2,551	
Fees for other services		8,023		5,166
Principal auditor	447		584	
Other auditors	7,576		4,582	
		15,295		11,527

34. EVENTS AFTER THE REPORTING PERIOD

In relation to the Energy activity segment, it is important to note that, after the reporting period, Royal Decree-Law 2/2013, of 1 February, on urgent measures in the electricity system and in the financial sector, was approved. These measures amended the methodology for updating the remuneration and the economic regime is now based solely on the regulated tariff option, as a result the option of obtaining a premium on the market price is eliminated. These amendments were not taken into consideration in the assessment of the recoverability of the Energy assets recognised in the accompanying consolidated financial statements at 31 December 2012, since they arose as a result of a regulatory change occurring after the reporting period. The FCC Group's directors consider that in 2013 a need could arise to recognise additional impairment on the assets classified as held for sale recognised in the consolidated financial statements as a result of the regulatory change described above.

Also, with regard to the Cement area, it should be noted that, on 25 February 2013, the Cementos Portland Valderrivas (CPV) Group entered into a share exchange agreement with the CRH Group. Under this agreement, the CPV Group will deliver its 99.03% ownership interest in the share capital of Cementos Lemona, S.A. in exchange for the 26.34% of the shares of Corporación Uniland S.A. held by the CRH Group. Accordingly, the CPV Group's ownership interest in the Uniland Group will rise to virtually 100%. This transaction, which was measured on the basis of external independent valuations, will not have any effect whatsoever on cash and will not have a significant effect on the equity attributable to the FCC Group. At the same time as this transaction, Uniland Internacional, B.V. sold all of its ownership interest in Southern Cement, Ltd (a UK-registered company) to the CRH Group for EUR 22.5 million.

35. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2-a). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

CONSOLIDATED FINANCIAL STATEMENTS

APPENDIX I SUBSIDIARIES (FULLY CONSOLIDATED)

Company	Registered office	Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES			
Abastecimientos y Saneamientos del Norte, S.A., Sole-Shareholder Company	Uruguay, 11 - Vigo (Pontevedra)	100.00	
Abrantaqua-Serviço de Aguas Residuais Urbanas do Municipio de Abrantes, S.A.	Portugal	60.00	Ernst & Young
Acque di Caltanissetta, S.p.A.	Italy	98.48	Ernst & Young
AEBA, Ambiente y Ecología de Buenos Aires, S.A.	Argentina	52.50	Estudio Torrent Auditores
Aigües de l'Alt Empordà, S.A. - in liquidation-	Lluis Companys, 43 - Roses (Girona)	51.40	
Aigües de Vallirana, S.A., Sole-Shareholder Company	Conca de Tremp, 14 - Vallirana (Barcelona)	100.00	
Alfonso Benítez, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Aqua Campiña, S.A.	Avda. Blas Infante, 6 - Écija (Sevilla)	90.00	Audinfor
Aquaelvas - Aguas de Elvas, S.A.	Portugal	100.00	Ernst & Young
Aquafundalia-Agua do fundao, S.A.	Portugal	100.00	Ernst & Young
Aqualia Czech, S.L.	Av. Camino de Santiago, 40 - Madrid	100.00	Ernst & Young
Aqualia Gestión Integral del Agua, S.A.	Federico Salmón, 13 - Madrid	100.00	Ernst & Young
Aqualia Infraestructuras Inzenyring, s.r.o.	Czech Republic	100.00	Ing. Ladislav Balaz
Aqualia Infraestructuras de México, S.A. de C.V.	Mexico	100.00	Ernst & Young
Aqualia Infraestructuras, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	Ernst & Young
Aqualia Infraestructuras Montenegro (AIM) DOO Niksic	Montenegro	100.00	
Aqualia New Europa B.V.	The Netherlands	51.00	Ernst & Young
Aqua Management Solutions, B.V.	The Netherlands	30.60	
Aquamaior-Aguas de Campo Maior, S.A.	Portugal	99.92	Ernst & Young
Armigesa, S.A.	Plaza de la Constitución, s/n - Armilla (Granada)	51.00	
Augas Municipais de Arteixo, S.A.	Plaza Alcalde Ramón Dopico - Arteixo (La Coruña)	51.00	PriceWaterhouseCoopers
Azincourt Investment, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	Deloitte
Baltecma, Gestión de Residuos Industriales, S.L.	Conradors, parcela 34 P.I. Marratxi - Marratxi (Baleares)	70.00	
Cartagua, Aguas do Cartaxo, S.A.	Portugal	60.00	Ernst & Young
Castellana de Servicios, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Chemipur Químicos, S.L., Sole-Shareholder Company	Pincel, 25 - Sevilla	100.00	
Colaboración, Gestión y Asistencia, S.A.	Federico Salmón, 13 - Madrid	100.00	
Compañía Catalana de Servicios, S.A.	Balmes, 36 - Barcelona	100.00	PriceWaterhouseCoopers
Compañía de Control de Residuos, S.L.	Peña Redondo, 27 P.I. Silvota - Llanera	64.00	
Compañía Onubense de Aguas, S.A.	Avda. Martín Alonso Pinzón, 8 - Huelva	60.00	
Corporación Inmobiliaria Ibérica, S.A.	Ulises, 18 - Madrid	100.00	
Dédalo Patrimonial, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	

Company	Registered office	Effective percentage of ownership	Auditor
Depurplan 11, S.A.	San Miguel, 4 3°B - Zaragoza	100.00	Audinfor
Depurtebo, S.A.	San Pedro, 57 - Zuera (Zaragoza)	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25 Zaragoza	60.00	
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53.62	PriceWaterhouseCoopers
Ecogenesis Société Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 - Madrid	100.00	Audinfor
Egypt Environmental Services, S.A.E.	Egypt	100.00	PriceWaterhouseCoopers
Ekostone Áridos Siderúrgicos, S.L.	Las Mercedes, 25 - Las Arenas (Vizcaya)	51.00	
Empresa Comarcal de Serveis Mediambientals del Baix Penedés - ECOBP, S.L.	Plaza del Centre, 3 - El Vendrell (Tarragona)	66.60	Audinfor
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 - Madrid	70.00	
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L.	Plaza Vázquez de Molina, s/n - Úbeda (Jaén)	90.00	Audinfor
Entemanser, S.A.	Castillo, 13 - Adeje (Santa Cruz de Tenerife)	97.00	Ernst & Young
Enviropower Investments Limited	United Kingdom	100.00	Deloitte
F.S. Colaboración y Asistencia, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	
FCC Ámbito, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
FCC Environmental, Llc.	USA	100.00	
FCC Environment Services (UK) Limited (1)	United Kingdom	100.00	Deloitte
FCC Lubricants, Llc.	USA	51.00	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Focsa Serviços de Saneamento Urbano de Portugal, S.A.	Portugal	100.00	PriceWaterhouseCoopers
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n - Los Barrios (Cádiz)	85.00	PriceWaterhouseCoopers
Gandia Serveis Urbans, S.A.	Llanterners, 6 - Gandia (Valencia)	65.00	
GEMECAN, Gestora Medioambiental y de Residuos, S.L.	Josefina Mayor, 12 - Telde (Las Palmas)	100.00	
Geneus Canarius, S.L., Sole-Shareholder Company	Electricista, 2. U. I. de Salinetas - Telde (Las Palmas)	100.00	
Gestió i Recuperació de Terrenys, S.A.	Rambla Catalunya, 2-4 - Barcelona	80.00	Audinfor
Graver Española, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	
A.S.A. Group	Austria		
1. Polabská	Czech Republic	100.00	
.A.S.A. Abfall Service AG	Austria	100.00	PriceWaterhouseCoopers
.A.S.A. Abfall Service Betriebs, GmbH	Austria	100.00	
.A.S.A. Abfall Service Halbenrain, GmbH	Austria	100.00	
.A.S.A. Abfall Service Industrieviertel Betriebs, GmbH	Austria	100.00	
.A.S.A. Abfall Service Neunkirchen, GmbH	Austria	100.00	
.A.S.A. Abfall Service Zistersdorf, GmbH	Austria	100.00	PriceWaterhouseCoopers
.A.S.A. AbfallService Halbenrain, GmbH & Co Nfg KG	Austria	100.00	PriceWaterhouseCoopers
.A.S.A. AbfallService Industrieviertel, GmbH & Co Nfg KG	Austria	100.00	

(1)Change of name. Formerly Focsa Services U.K., Ltd.

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Company	Registered office	Effective percentage of ownership	Auditor
.A.S.A. AbfallService Wiener Neustadt, GmbH	Austria	100.00	
.A.S.A. Bulgaria E.O.O.D.	Bulgaria	100.00	PriceWaterhouseCoopers
.A.S.A. Ceské Budêjovice, s.r.o	Czech Republic	75.00	PriceWaterhouseCoopers
.A.S.A. Dacice, s.r.o	Czech Republic	60.00	
.A.S.A. EKO, d.o.o	Serbia	100.00	PriceWaterhouseCoopers
.A.S.A. EKO Polska, sp. z.o.o.	Poland	100.00	PriceWaterhouseCoopers
.A.S.A. EKO Znojmo, s.r.o	Czech Republic	49.72	PriceWaterhouseCoopers
.A.S.A. Es Únanov, s.r.o.	Czech Republic	66.00	
.A.S.A. Finanzdienstleistungen, GmbH	Austria	100.00	
.A.S.A. Hódmezövásárhel y Köztisztasági Kft	Hungary	61.83	PriceWaterhouseCoopers
.A.S.A. Hp spol., s.r.o.	Czech Republic	100.00	PriceWaterhouseCoopers
.A.S.A. International Environmental Services, GmbH	Austria	100.00	
.A.S.A. Kikinda d.o.o.	Serbia	80.00	PriceWaterhouseCoopers
.A.S.A. Liberec, s.r.o.	Czech Republic	55.00	PriceWaterhouseCoopers
.A.S.A. Lubliniec, sp. z.o.o.	Poland	61.97	
.A.S.A. Magyarország Környezetvédelem És H Kft	Hungary	100.00	PriceWaterhouseCoopers
.A.S.A. Odpady Litovel, s.r.o.	Czech Republic	49.00	
.A.S.A. Olsava spol., s.r.o.	Slovakia	100.00	
.A.S.A. Slovensko spol., s.r.o.	Slovakia	100.00	PriceWaterhouseCoopers
.A.S.A. Sluzby Zabovresky, s.r.o.	Czech Republic	89.00	
.A.S.A. spol., s.r.o.	Czech Republic	100.00	PriceWaterhouseCoopers
.A.S.A. Tarnobrzeg, sp. z.o.o.	Poland	60.00	
.A.S.A. TRNAVA spol., s.r.o.	Slovakia	50.00	PriceWaterhouseCoopers
.A.S.A. TS Prostejov, s.r.o.	Czech Republic	49.00	PriceWaterhouseCoopers
.A.S.A. Vrbak d.o.o.	Serbia	51.02	
.A.S.A. Zabcice spol., s.r.o.	Czech Republic	80.00	PriceWaterhouseCoopers
.A.S.A. Zohor spol., s.r.o.	Slovakia	85.00	PriceWaterhouseCoopers
Abfallwirtschaftszentrum Mostviertel, GmbH	Austria	100.00	
Bec Odpady, s.r.o.	Czech Republic	100.00	PriceWaterhouseCoopers
EKO-Radomsko, sp. z.o.o.	Poland	100.00	
Entsorga Entsorgungs, GmbH Nfg KG	Austria	100.00	
EnviCon G a.s.	Czech Republic	100.00	PriceWaterhouseCoopers
Erd-Kom Érdi Kommunális Hulladékkezelö	Hungary	90.00	PriceWaterhouseCoopers
Inerta Abfallbehandlungs, GmbH	Austria	100.00	
Kreindl, GmbH	Austria	100.00	
Miejska Przedsiebiorstwo Gospodarki Komunalnej, sp. z.o.o. Zabrze	Poland	80.00	PriceWaterhouseCoopers
Obsed a.s.	Czech Republic	100.00	

Company	Registered office	Effective percentage of ownership	Auditor
Quail spol., s.r.o.	Czech Republic	100.00	PriceWaterhouseCoopers
Regios AS	Czech Republic	99.99	PriceWaterhouseCoopers
S.C. A.S.A. Servicii Ecologice, SRL	Romania	100.00	PriceWaterhouseCoopers
Siewierskie Przedsiebiorstwo Gospodarki Komunalnej, sp. z.o.o.	Poland	60.00	
Skladka Uhy spol., s.r.o.	Czech Republic	100.00	PriceWaterhouseCoopers
Technické Sluzby - A S A, s.r.o.	Slovakia	100.00	PriceWaterhouseCoopers
Textil Verwertung, GmbH	Austria	100.00	
Valmax Impex SRL (2)	Romania	60.00	
FCC Environment Group:	United Kindgdom		
3C Holdings Limited	United Kingdom	100.00	Deloitte
3C Waste Limited	United Kingdom	100.00	Deloitte
Allington O & M Services Limited	United Kingdom	100.00	Deloitte
Allington Waste Company Limited	United Kingdom	100.00	Deloitte
Anti-Waste (Restoration) Limited	United Kingdom	100.00	Deloitte
Anti-Waste Limited	United Kingdom	100.00	Deloitte
Arnold Waste Disposal Limited	United Kingdom	100.00	Deloitte
BDR Property Limited	United Kingdom	80.02	Deloitte
BDR Waste Disposal Limited	United Kingdom	100.00	Deloitte
Darrington Quarries Limited	United Kingdom	100.00	Deloitte
Derbyshire Waste Limited	United Kingdom	100.00	Deloitte
East Waste Limited	United Kingdom	100.00	Deloitte
Enviropower Investments, Ltd.	United Kingdom	100.00	Deloitte
FCC Buckinghamshire Holdings Limited	United Kingdom	100.00	
FCC Buckinghamshire Limited	United Kingdom	100.00	
FCC Buckinghamshire (Support Services) Limited	United Kingdom	100.00	
FCC Energy Limited	United Kingdom	100.00	
FCC Environmental Services Limited	United Kingdom	100.00	
FCC Environmental Services UK Limited	United Kingdom	100.00	
FCC Environment (UK) Limited (3)	United Kingdom	100.00	Deloitte
FCC Environment (Lincolnshire), Ltd. (4)	United Kingdom	100.00	Deloitte
FCC Environment (Berkshire), Ltd. (5)	United Kingdom	100.00	Deloitte
FCC PFI Holdings Limited (6)	United Kingdom	100.00	Deloitte
FCC Recycling (UK) Limited (7)	United Kingdom	100.00	Deloitte
FCC Wrexham PFI (Phase II Hol), Ltd.	United Kingdom	100.00	

(2) Change of name. Formerly SC Valmax SRL
(3) Change of name. Formerly Waste Recycling Group Limited
(4) Change of name. Formerly WRG (Lincolnshire) Limited
(5) Change of name. Formerly WRG Berkshire Limited
(6) Change of name. Formerly WRG PFI Holdings Limited
(7) Change of name. Formerly Waste Recycling Limited

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Company	Registered office	Effective percentage of ownership	Auditor
FCC Wrexham PFI (Phase II), Ltd.	United Kingdom	100.00	
FCC Waste Services (UK) Limited (8)	United Kingdom	100.00	Deloitte
FCC Wrexham PFI Limited (9)	United Kingdom	65.00	Deloitte
FCC Wrexham PFI Holdings Limited (10)	United Kingdom	65.00	Deloitte
Finstop Limited	United Kingdom	100.00	
Focsa Services (U.K.) Limited (11)	United Kingdom	100.00	Deloitte
Herrington Limited	United Kingdom	100.00	
Integrated Waste Management Limited	United Kingdom	100.00	Deloitte
Kent Conservation & Management Limited	United Kingdom	100.00	
Kent Energy Limited	United Kingdom	100.00	Deloitte
Kent Enviropower Limited	United Kingdom	100.00	Deloitte
Landfill Management Limited	United Kingdom	100.00	Deloitte
Lincwaste Limited	United Kingdom	100.00	Deloitte
Norfolk Waste Limited	United Kingdom	100.00	Deloitte
Pennine Waste Management Limited	United Kingdom	100.00	Deloitte
RE3 Holding Limited	United Kingdom	100.00	Deloitte
RE3 Limited	United Kingdom	100.00	Deloitte
T Shooter Limited	United Kingdom	100.00	Deloitte
Waste Recovery Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Central) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (UK) Limited (12)	United Kingdom	100.00	Deloitte
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	Deloitte
Wastenotts (Reclamation) Limited	United Kingdom	100.00	Deloitte
Wastenotts O & M Services Limited	United Kingdom	100.00	Deloitte
Welbeck Waste Management Limited	United Kingdom	100.00	Deloitte
Winterton Power Limited	United Kingdom	100.00	
WRG (Midlands) Limited	United Kingdom	100.00	Deloitte
WRG (Northern) Limited	United Kingdom	100.00	Deloitte
WRG Adquisitions 2 Limited	United Kingdom	100.00	Deloitte
WRG Environmental Limited	United Kingdom	100.00	Deloitte
WRG Properties Limited	United Kingdom	100.00	
WRG Waste Services Limited (13)	United Kingdom	100.00	
Hidrotec Tecnología del Agua, S.L., Sole-Shareholder Company	Av. San Francisco Javier, 15 - Sevilla	100.00	
Infraestructuras y Distribución General de Aguas S.L.U. (14)	La Presa, 14 - Adeje (Santa Cruz de Tenerife)	100.00	Ernst & Young

(8) Change of name. Formerly WRG Waste Services Limited
(9) Change of name. Formerly WRG Wrexham PFI Limited
(10) Change of name. Formerly WRG Wrexham PFI Holdings Limited
(11) Change of name. Formerly Oxfordshire Waste Limited
(12) Change of name. Formerly WRG (Management) Limited
(13) Change of name. Formerly Aridriehill Quarris Limited
(14) Change of name. Formerly Instugasa, S.L., Sole-Shareholder Company

Company	Registered office	Effective percentage of ownership	Auditor
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 - Castañedo (Cantabria)	90.00	PriceWaterhouseCoopers
International Petroleum Corp. of Delaware	USA	100.00	
International Services Inc., S.A., Sole-Shareholder Company	Arquitecto Gaudí, 4 - Madrid	100.00	
Inversora Riutort, S.L.	Berlín, 38-43 - Barcelona	100.00	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D49 - Barcelona	100.00	
Jaume Oro, S.L.	Avda. de Les Garrigues, 15 - Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 6 - Cartagena (Murcia)	90.00	PriceWaterhouseCoopers
Limpiezas Urbanas de Mallorca, S.A.	Ctra. San Margalida-Can Picafort - Santa Margalida (Baleares)	100.00	Audinfor
Manipulación y Recuperación MAREPA, S.A.	Av. San Martín de Valdeiglesias, 22 - Alcorcón (Madrid)	100.00	PriceWaterhouseCoopers
Municipal de Serveis, S.A.	Joan Torrà i Cabratosa, 7 - Girona	80.00	Cataudit Auditors Associats
Nilo Medioambiente, S.L., Sole-Shareholder Company	Pincel, 25 - Sevilla	100.00	
Ovod spol., s.r.o.	Czech Republic	100.00	Ing. Ladislav Balaz
Recuperació de Pedreres, S.L.	Rambla de Catalunya, 2 - Barcelona	80.00	PriceWaterhouseCoopers
Saneamiento y Servicios, S.A.	Federico Salmón, 13 - Madrid	100.00	
Serveis d'Escombreries i Neteja, S.A.	Coure, s/n - P.I. Riu Clar - Tarragona	100.00	
Servicios de Levante, S.A.	Ctra. de Valencia Km. 3 - Castellón de la Plana (Castellón)	100.00	PriceWaterhouseCoopers
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	75.00	
Severomoravské Vodovody a Kanalizace Ostrava, A.S.	Czech Republic	98.67	Ernst & Young
Sociedad Española de Aguas Filtradas, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	Ernst & Young
Sociedad Ibérica del Agua, S.I.A., S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	
Societat Municipal Medioambiental d'Igualada	Pl. del Ajuntament, 1 - Igualada (Barcelona)	65.91	Audinfor
Telford & Wrekin Services, Ltd.	United Kingdom	100.00	Deloitte
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13 - Madrid	100.00	Audinfor
Tratamiento y Reciclado Integral de Ocaña, S.A.	Federico Salmón, 13 - Madrid	100.00	
Tratamientos y Recuperaciones Industriales, S.A.	Rambla de Catalunya, 2-4, P.5 - Barcelona	75.00	PriceWaterhouseCoopers
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 - P.I. Patada del Cid - Quart de Poblet (Valencia)	80.00	
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4° A - Bilbao (Vizcaya)	100.00	
VERSIA			
Aparcamientos Concertados, S.A.	Arquitecto Gaudí, 4 - Madrid	100.00	PriceWaterhouseCoopers
Beta de Administración, S.A.	Federico Salmón, 13 - Madrid	100.00	
C.G.T. Corporación General de Transportes, S.A.	Federico Salmón, 13 - Madrid	100.00	
Camusa Corporación Americana de Mobiliario Urbano, S.A.	Argentina	100.00	
Cemusa Amazonia, S.A.	Brazil	100.00	PriceWaterhouseCoopers

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Company	Registered office	Effective percentage of ownership	Auditor
Cemusa Boston, Llc.	USA	100.00	
Cemusa Brasilia, S.A.	Brazil	100.00	PriceWaterhouseCoopers
Cemusa do Brasil, Ltda.	Brazil	100.00	PriceWaterhouseCoopers
Cemusa, Corporación Europea de Mobiliario Urbano, S.A.	Francisco Sancha, 24 - Madrid	100.00	PriceWaterhouseCoopers
Cemusa, Inc.	USA	100.00	PriceWaterhouseCoopers
Cemusa Italia, S.R.L.	Italy	100.00	
Cemusa NY, Llc.	USA	100.00	
Cemusa Portugal, Companhia de Mobiliario Urbano e Publicidade, S.A.	Portugal	100.00	PriceWaterhouseCoopers
Cemusa Rio, S.A.	Brazil	100.00	PriceWaterhouseCoopers
Cemusa Salvador, S.A.	Brazil	65.00	PriceWaterhouseCoopers
Conservación y Sistemas, S.A.	Federico Salmón, 13 - Madrid	99.98	PriceWaterhouseCoopers
Equipos y Procesos, S.A.	Basílica, 19 - Madrid	80.73	
FCC Logística Portugal, S.A.	Portugal	100.00	PriceWaterhouseCoopers
FCC Logística, S.A., Sole-Shareholder Company	Buenos Aires, 10 P.I. Camporroso - Alcalá de Henares (Madrid)	100.00	PriceWaterhouseCoopers
FCC Versia, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Geral I.S.V. Brasil, Ltda.	Brazil	100.00	
Newlog Logístico, S.A., Sole-Shareholder Company (15)	Federico Salmón, 13 - Madrid	100.00	
Sistemas y Vehículos de Alta Tecnología, S.A.	Basílica, 19 - Madrid	100.00	PriceWaterhouseCoopers
Zona Verde-Promoçao e Marketing Limitada	Portugal	100.00	PriceWaterhouseCoopers
CONSTRUCTION			
Alpetrol, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	
Alpine Consulting d.o.o.	Slovenia	100.00	
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n - Barajas de Melo (Cuenca)	100.00	Centium
Autovía Conquense, S.A.	Pedro Texeira, 8 - Madrid	100.00	Deloitte
BBR Pretensados y Técnicas Especiales, S.L.	Av. Camino de Santiago, 40 - Madrid	100.00	Centium
Binatec Al Maghreb, S.A.	Morocco	100.00	
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.59	Deloitte
Concesiones Viales de Costa Rica, S.A.	Costa Rica	100.00	
Concesiones Viales S. de R.L. de C.V.	Mexico	99.97	Deloitte
Construcción y Filiales Mexicanas, S.A. de C.V.	Mexico	100.00	Deloitte
Construcción Infraestructuras y Filiales de México, S.A. de C.V. (16)	Mexico	52.00	Deloitte
Construcciones Hospitalarias, S.A.	Panama	100.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55.60	Deloitte
Contratas y Ventas, S.A.	Avda. De Santander, 3-1º - Asturias	100.00	Deloitte
Desarrollo y Construcción DEYCO CRCA, S.A.	Costa Rica	100.00	

(15) Change of name. Formerly Navegación y Servicios Aeroportuarios, S.A., Sole-Shareholder Company

(16) Change of name. Formerly Impulsa Infraestructuras, S.A. de C.V.

Company	Registered office	Effective percentage of ownership	Auditor
Dezvoltare Infraestructura, S.A.	Romania	51.03	
Dizara Inversión, S.L.	Avda. Camino de Santiago, 40 - Madrid	99.98	
EHST - European High-Speed Trains SGPS, S.A.	Portugal	85.71	Deloitte
European Healthcare Projects Limited	United Kingdom	100.00	
FCC Actividades de Construcción Industrial	Av. Camino de Santiago, 40 - Madrid	100.00	Deloitte
FCC Canadá, Ltd.	Canada	100.00	
FCC Colombia, S.A.S.	Colombia	100.00	
FCC Construcción, S.A.	Balmes, 36 - Barcelona	100.00	Deloitte
FCC Construcción de Centroamérica, S.A.	Costa Rica	100.00	Deloitte
FCC Construcción Chile, SPA	Chile	100.00	
FCC Construcción Perú, S.A.C.	Peru	100.00	
FCC Construcción Polska, SP Z.o.o.	Poland	100.00	
FCC Constructii Romania, S.A.	Romania	100.00	
FCC Construction Hungary Kft	Hungary	100.00	Deloitte
FCC Construction I-95, Llc.	USA	100.00	Deloitte
FCC Construction, Inc.	USA	100.00	Deloitte
FCC Construction International, B.V.	The Netherlands	100.00	
FCC Construction Northern Ireland Limited	Ireland	100.00	Deloitte
FCC Construçoes do Brasil, Ltd.	Brazil	100.00	
FCC Elliot UK Limited	United Kingdom	50.10	Deloitte
FCC Industrial Colombia, S.A.S.	Colombia	100.00	
FCC Industrial de Panamá, S.A.	Panama	100.00	
FCC Industrial e Infraestructuras Energéticas, S.L., Sole-Shareholder Company	Rabe de las Calzadas, 1 - Fuencarral (Madrid)	100.00	Deloitte
FCC Industrial Perú	Peru	100.00	
FCC Industrial UK Limited	United Kingdom	100.00	
FCC Industriale, SRL	Italy	100.00	
FCC Saudi Company	Saudi Arabia	99.99	
FCC Servicios Industriales y Energéticos, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	Deloitte
FCC Servicios Industriales y Energéticos México, S.A.C.V.	Mexico	100.00	
Fomento de Construcciones y Contratas Construction Ireland Limited	Ireland	100.00	Deloitte
Gavisa Portugal Montagens Eléctricas, Lda.	Portugal	97.00	
Alpine Group:			
Acoton Projekmanagement & Bauträger, GmbH	Austria	99.00	
AJS Acoton Projekmanagement & Bauträger, GmbH Co. KG	Austria	100	
Alpine Aleksandar d.o.o.	Macedonia	96.00	
Alpine Bau CZ, s.r.o.	Czech Republic	100.00	Deloitte

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Company	Registered office	Effective percentage of ownership	Auditor
Alpine Bau Deutschland AG	Germany	100.00	Deloitte
Alpine Bau, GmbH	Austria	100.00	Deloitte
Alpine Bau, GmbH A-1 sp.j	Poland	100.00	
Alpine Bau, GmbH Filiali Tirane SH PK	Albania	100.00	Deloitte
Alpine Bau, GmbH Schweiz	Switzerland	100.00	Deloitte
Alpine Bau India Private Limited	India	100.00	Thingna & Contractor
Alpine BeMo Tunnelling, GmbH	Austria	100.00	Deloitte
Alpine BeMo Tunnelling Canada, Inc.	Canada	100.00	
Alpine BeMo Tunnelling, GmbH Eching (17)	Germany	100.00	Deloitte
Alpine Building Services, GmbH	Germany	100.00	
Alpine Bulgaria AD	Bulgaria	51.00	
Alpine Construction Aserbaidschan	Azerbaijan	100.00	
Alpine Construction, L.L.C	Oman	70.00	
Alpine Construction Polska, sp z.o.o.	Poland	100.00	Deloitte
Alpine d.o.o. Banja Luka	Bosnia Herzegovina	100.00	
Alpine d.o.o. Beograd	Serbia	100.00	Deloitte
Alpine Energie Cesko spol., s.r.o.	Czech Republic	100.00	Deloitte
Alpine Energie Deutschland, GmbH	Germany	100.00	Deloitte
Alpine Energie Holding AG (Austria)	Austria	100.00	Deloitte
Alpine Energie Holding AG (Germany)	Germany	100.00	
Alpine Energie Italy, SRL (18)	Italy	100.00	
Alpine Energie Luxembourg, SARL	Luxembourg	100.00	Deloitte
Alpine Energie Magyarország KFT	Hungary	100.00	
Alpine Energie Osterreich, GmbH	Austria	100.00	Deloitte
Alpine Energie Schweiz AG	Switzerland	100.00	Deloitte
Alpine Energie Solar Italia, GmbH	Austria	100.00	
Alpine Green Energie, sp. z.o.o.	Poland	74.87	
Alpine Holding, GmbH	Austria	100.00	Deloitte
Alpine Hungaria Bau, GmbH	Hungary	100.00	
Alpine Investment d.o.o.	Bosnia Herzegovina	95.00	
Alpine Kamen d.o.o. (19)	Serbia	100.00	Deloitte
Alpine Liegenschaftsverwertungs, GmbH	Austria	100.00	
Alpine Mayreder Construction Co, Ltd. AMCC	China	100.00	Beijing Tongdaoxing Certified Public Accountants
Alpine Podgorica d.o.o.	Montenegro	100.00	
Alpine Project Finance and Consulting, GmbH	Germany	100.00	

(17) Change of name. Formerly Alpine Untertagebau, GmbH

(18) Change of name. Formerly Alpine Green Energy Italy, SRL

(19) Change of name. Formerly Strazevica Kamenolom d.o.o.

Company	Registered office	Effective percentage of ownership	Auditor
Alpine Rudnik Krecnjaka Lapisnica d.o.o.	Bosnia Herzegovina	51.00	
Alpine Skopje DOOEL	Macedonia	100.00	
Alpine - Slask Budowa, sp. z.o.o.	Poland	100.00	
Alpine Slovakia spol, s.r.o.	Slovakia	100.00	Deloitte
Alpine, S.A.	Romania	100.00	Deloitte
Andezit Stanceni SRL	Romania	100.00	
Arb Holding, GmbH	Austria	100.00	
Bautechnische Prüf und Versuchsanstalt, GmbH	Austria	100.00	
Bewehrungszentrum Linz, GmbH	Austria	100.00	
Bürozentrum U3 Projekt, GmbH	Austria	100.00	
CSS - City Service Solution, GmbH	Germany	100.00	
E Gottschall & Co, GmbH	Germany	100.00	
Ecoenergetika d.o.o.	Slovenia	100.00	
Fröhlich Bau und Zimmereiunternehmen, GmbH	Austria	100.00	
Geotechnik Systems, GmbH	Austria	100.00	
GmbH "Alpine" (20)	Russia	100.00	Deloitte
Grados d.o.o. Novi Sad	Serbia	99.98	Deloitte
Grund Pfahl und Sonderbau, GmbH	Austria	100.00	
Grund und Sonderbau, GmbH	Austria	100.00	Deloitte
Grund und Sonderbau GmbH ZNL Berlin	Austria	100.00	Deloitte
Hazet Bauunternehmung, GmbH	Austria	100.00	Deloitte
Hoch & Tief Bau Beteiligungs, GmbH	Austria	100.00	
Ing Arnulf Haderer, GmbH	Austria	100.00	
Ingenieurbüro Für Energie - Und Haustechnik Andreas Duba, GmbH	Germany	90.00	Deloitte
Kai Center Errichtungs und Vermietungs, GmbH	Austria	100.00	
KAPPA d.o.o.	Croatia	99.98	Deloitte
Klöcher Bau, GmbH	Austria	100.00	Deloitte
Konrad Beyer & Co Spezialbau, GmbH	Austria	100.00	Deloitte
MLA Beteiligungen, GmbH	Austria	100.00	
Oekotechna Entsorgungs und Umwelttechnik, GmbH	Austria	100.00	Deloitte
OKTAL Plus d.o.o.	Croatia	99.98	
Osijek - Koteks d.d.	Croatia	99.98	Deloitte
PRO - PART AG	Switzerland	100.00	
PRO-PART Energie, GmbH	Switzerland	100.00	
PRO - PART in Austria Handels, GmbH	Austria	100.00	
Project Development, GmbH	Austria	100.00	

(20) Change of name. Formerly GmbH Alpine

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Company	Registered office	Effective percentage of ownership	Auditor
RMG d.o.o.	Bosnia Herzegovina	51.00	
Salzburger Lieferasphalt HmbH Co. OG	Austria	40.00	
Schauer Eisenbahnbau, GmbH	Austria	100.00	
Solar Park Serena, SRL	Italy	70.00	
Stump - Geospol s.r.o. Prag	Czech Republic	100.00	
Stump Hydrobudowa, sp. zo.o. Warschau	Poland	100.00	Deloitte
Stump Spezial Tiefbau, GmbH	Czech Republic	100.00	Deloitte
TAKUS Beteiligungs, GmbH	Germany	100.00	
TAKUS, GmbH & Co KG	Germany	100.00	
Terra e Sole S.R.L.	Italy	67.00	
Thalia Errichtungs und Vermietungs, GmbH	Austria	99.00	
Universale Bau, GmbH	Austria	100.00	Deloitte
Velicki Kamen d.o.o.	Croatia	99.98	Deloitte
Walter Hamann Hoch Tief und Stahlbetonbau, GmbH	Germany	100.00	
Weinfried Bauträger, GmbH	Austria	100.00	
Wellnesshotel Épito Kft	Hungary	100.00	
Ibervia Construcciones y Contratas, S.L.	Av. Camino de Santiago, 40 - Madrid	100.00	
Impulsora de Proyectos PROSERME, S.A. de C.V.	Mexico	100.00	
M&S Concesiones, S.A.	Costa Rica	100.00	
Mantenimiento de Infraestructuras, S.A.	Avda. General Perón, 36 - Madrid	100.00	Deloitte
Megaplás Italia, S.p.A.	Italy	100.00	
Megaplás, S.A.	Hilanderas, 4-14 - La Poveda - Arganda del Rey (Madrid)	100.00	Deloitte
Motre, S.L.	Bonastruc de Porta, 20 - Girona	100.00	
Moviterra, S.A.	Bonastruc de Porta, 20 - Girona	100.00	Deloitte
MWG Wohnbau, GmbH	Austria	100.00	
Naturaleza, Urbanismo y Medio Ambiente, S.A.	Avda. Camino de Santiago, 40 - Madrid	100.00	
Nevasa Inversión, S.L.	Avda. Camino de Santiago, 40 - Madrid	99.98	
PPP Infraestructure Investments, B.V.	The Netherlands	100.00	
Participaciones Teide, S.A.	Avda. General Perón, 36 - Madrid	100.00	
Pedrera Les Gavarres, S.L.	Bonastruc de Porta, 20 - Girona	100.00	
Pinturas Jaque, S.L.	Avda. General Perón, 36 - Madrid	100.00	
Prefabricados Delta, S.A.	Retama, 7 - Madrid	100.00	Deloitte
Proyectos y Servicios, S.A.	Torregalindo, 1 - Madrid	100.00	Centium
Ramalho Rosa Cobetar Sociedade de Construçoes, S.A.	Portugal	100.00	Deloitte
Servià Cantó, S.A.	Bonastruc de Porta, 20 - Girona	100.00	Deloitte
Servicios Dos Reis, S.A. de CV	Mexico	100.00	

Company	Registered office	Effective percentage of ownership	Auditor
Sincler, S.A., Sole-Shareholder Company	Avda. Camino de Santiago, 40 - Madrid	100.00	
Tema Concesionaria, S.A.	Porto Pi, 8 - Palma de Mallorca (Baleares)	100.00	
Tulsa Inversión, S.L.	Avda. Camino de Santiago, 40 - Madrid	99.98	
Vela Borovica Koncem d.o.o.	Croatia	100.00	
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Avda. General Perón, 36 - Madrid	100.00	Deloitte
CEMENT			
Áridos de Navarra, S.A.	Estella, 6 - Pamplona (Navarra)	47.24	
Áridos Uniland, S.A., Sole-Shareholder Company	Córcega, 299 - Barcelona	52.62	Deloitte
Áridos y Canteras del Norte, S.A.U.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.88	Deloitte
Áridos y Premezclados, S.A., Sole-Shareholder Company	José Abascal, 59 - Madrid	71.58	Deloitte
Arriberri, S.L., Sole-Shareholder Company	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.88	Deloitte
Atracem, S.A., Sole-Shareholder Company	José Abascal, 59 - Madrid	71.58	Deloitte
Cántabra Industrial y Minera, S.A., Sole-Shareholder Company	Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)	63.03	Deloitte
Cantera Zeanuri, S.L.	Uribitarte, 10 - Bilbao (Vizcaya)	70.88	Deloitte
Canteras de Aláiz, S.A.	Estella, 6 - Pamplona (Navarra)	50.12	Deloitte
Canteras Villallano, S.L.	Poblado de Villallano - Villallano (Palencia)	63.03	Deloitte
Cemensilos, S.A.	Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)	63.03	Deloitte
Cementos Alfa, S.A.	Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)	63.03	Deloitte
Cementos Lemona, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.88	Deloitte
Cementos Portland Valderrivas, S.A.	Estella, 6 - Pamplona (Navarra)	71.58	Deloitte
Cementos Villaverde, S.L., Sole-Shareholder Company	Almagro, 26 - Madrid	71.58	Deloitte
Coastal Cement Corporation	USA	52.72	
Compañía Auxiliar de Bombeo de Hormigón, S.A., Sole-Shareholder Company	José Abascal, 59 - Madrid	71.58	
Corporación Uniland, S.A.	Córcega, 299 - Barcelona	52.73	Deloitte
Dragon Alfa Cement Limited	United Kingdom	63.03	Deloitte
Dragon Energy, Llc.	USA	52.73	
Dragon Products Company, Inc.	USA	52.73	
Egur Birziklatu Bi Mila, S.L.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.74	
Explotaciones San Antonio, S.L., Sole-Shareholder Company	Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)	63.03	Deloitte
Giant Cement Company	USA	52.73	
Giant Cement Holding, Inc.	USA	52.73	Deloitte
Giant Cement NC, Inc.	USA	52.73	
Giant Cement Virgina, Inc.	USA	52.73	
Giant Resource Recovery, Inc.	USA	52.73	
Giant Resource Recovery - Arvonia, Inc.	USA	52.73	
Giant Resource Recovery - Attalla, Inc.	USA	52.73	
Giant Resource Recovery - Harleyville, Inc.	USA	52.73	

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Company	Registered office	Effective percentage of ownership	Auditor
Giant Resource Recovery - Sumter, Inc.	USA	52.73	
Hormigones de la Jacetania, S.A.	Llano de la Victoria - Jaca (Huesca)	44.74	KPMG
Hormigones Premezclados del Norte, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.88	Deloitte
Hormigones Reinosa, S.A., Sole-Shareholder Company	Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)	63.03	Deloitte
Hormigones Uniland, S.L., Sole-Shareholder Company	Córcega, 299 - Barcelona	52.62	Deloitte
Hormigones y Morteros Preparados, S.A., Sole-Shareholder Company	José Abascal, 59 - Madrid	71.58	Deloitte
Horminal, S.L., Sole-Shareholder Company	José Abascal, 59 - Madrid	71.58	
Keystone Cement Company	USA	52.73	
Morteros Bizkor, S.L.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	38.17	Deloitte
Morteros Valderrivas, S.L., Sole-Shareholder Company	José Abascal, 59 - Madrid	71.58	Deloitte
Participaciones Estella 6, S.L., Sole-Shareholder Company	Estella, 6 - Pamplona (Navarra)	71.58	
Portland, S.L., Sole-Shareholder Company	José Abascal, 59 - Madrid	71.58	Deloitte
Prebesec Mallorca, S.A.	Conradors, 48 - Marratxi - Palma de Mallorca (Baleares)	36.02	
Prebesec, S.A., Sole-Shareholder Company	Córcega, 299 - Barcelona	52.62	Deloitte
Santursaba, S.L., Sole-Shareholder Company	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.88	
Sechem, Inc.	USA	52.73	
Select Béton, S.A.	Tunisia	46.33	Consulting Members Group
Société des Ciments d'Enfidha	Tunisia	46.32	Consulting Members Group/ Cabinet Deloitte
Southern Cement Limited	United Kingdom	52.73	Deloitte
Telsa, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.88	Deloitte
Telsa, S.A. y Compañía Sociedad Regular Colectiva	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.88	Deloitte
Transportes Gorozteta, S.L., Sole-Shareholder Company	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.88	
Tratamiento Escombros Almoguera, S.L.	José Abascal, 59 - Madrid	36.53	
Uniland Acquisition Corporation	USA	52.73	
Uniland Cementera, S.A.	Córcega, 299 - Barcelona	52.62	Deloitte
Uniland International, B.V.	The Netherlands	52.73	
Uniland Trading, B.V.	The Netherlands	52.73	
Utonka, S.A., Sole-Shareholder Company	Córcega, 299 - Barcelona	52.62	
ENERGY			
Enerstar Villena, S.A.	San Vicente Ferrer, 16 - Gandía (Valencia)	100.00	Deloitte
FCC Energía, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
FCC Energia Catalunya, S.L.	Balmes, 36 - Barcelona	80.04	
FM Green Power Investments, S.L. (21)	Federico Salmón, 13 - Madrid	100.00	Deloitte
Fomento Internacional Focsa, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	
Olivento, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	Deloitte

(21) Change of name. Formerly Saisei Renovable, S.L., Sole-Shareholder Company

Company	Registered office	Effective percentage of ownership	Auditor
Guzmán Energía, S.L., Sole-Shareholder Company	Portada, 11 - Palma del Río (Córdoba)	70.00	Deloitte
Guzmán Energy O&M, S.L.	Federico Salmón, 13 - Madrid	70.00	
Helios Patrimonial 1, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	Deloitte
Helios Patrimonial 2, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	Deloitte
OTHER ACTIVITIES			
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
Compañía Auxiliar de Agencia y Mediación, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	
Compañía General de Servicios Empresariales, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	
Corporación Española de Servicios, S.A.	Federico Salmón, 13 - Madrid	100.00	
Corporación Financiera Hispánica, S.A.	Federico Salmón, 13 - Madrid	100.00	Centium
Europea de Gestión, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	
Eusko Lanak, S.A.	Federico Salmón, 13 - Madrid	100.00	
F-C y C, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	
FCC 1, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	
FCC Construcciones y Contratas Internacional, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	
FCC Fomento de Obras y Construcciones, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	
FCC Inmobiliaria Conycon, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid	100.00	
Fedemes, S.L.	Federico Salmón, 13 - Madrid	100.00	
Per Gestora Inmobiliaria, S.L.	Federico Salmón, 13 - Madrid	100.00	
Puerto Cala Merced, S.A.	Arquitecto Gaudí, 4 - Madrid	100.00	

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

Company	Registered office	Carrying amount of the investment 2012	2011	Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES					
Aguas de Langreo, S.L.	Alonso del Riesgo, 3 - Sama de Langreo (Asturias)	639	646	49.00	Audinfor
Aguas de Narixa, S.A.	Málaga, 11 - Nerja (Málaga)	281	71	50.00	Audinfor
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	Plaza de la Aurora - Motril (Granada)	803	805	51.00	Attest Servicios Empresariales
Aigües de Girona, Salt i Sarrià de Ter, S.A.	Ciutadans, 11 - Girona	182	183	26.89	Cataudit Auditors Associats
Aquagest Medioambiente Aqualia, A.I.E.	Condado de Jaruco, s/n - Lloret de Mar (Barcelona)	41	50	37.50	
Atlas Gestión Medioambiental, S.A.	Roma, 25 - Barcelona	13,219	13,765	50.00	Deloitte
Beacon Waste Limited	United Kingdom	1,559	1,564	50.00	Deloitte
Compañía de Servicios Medioambientales Do Atlántico, S.A.	Ctra. de Cedeira Km. 1 - Narón (La Coruña)	305	298	49.00	Audinfor
Costa Brava Abastament Aqualia-Sorea, A.I.E.	Sector Carlit, s/n - Empuriabrava (Girona)	—	—	50.00	
Ecoparc del Besòs, S.A.	Rambla Cataluña, 91-93 - Barcelona	4,484	5,335	49.00	Castellà Auditors Consultors
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n - Lloret de Mar (Girona)	213	292	50.00	
Electrorecycling, S.A.	Ctra. BV - 1224 Km. 6,750 - El Pont de Vilomara i Rocafort (Barcelona)	1,445	1,647	33.33	KPMG
Empresa Mixta d'Aigües de la Costa Brava, S.A.	Pz Josep Pla Casadevall, 4 - Girona	188	194	25.00	Ernst & Young
Empresa Mixta de Aguas y Servicios, S.A.	Elisa Cendreros, 14 - Ciudad Real	68	68	41.25	Centium
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 - Torrox (Málaga)	429	440	50.00	Audinfor
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Avda. Zorreras, 8 - Rincónde la Victoria (Málaga)	425	344	50.00	Audinfor
Empresa Municipal de Aguas de Benalmádena, EMABESA, S.A.	Av. Juan Luis Peralta, s/n - Benalmádena (Málaga)	2,175	2,047	50.00	Audinfor
Fisersa Ecoserveis, S.A.	Alemania, 5 - Figueres (Girona)	252	256	36.36	Cataudit Auditors Associats
FTS 2010 Societa Consortile a Resp. Lim	Italy	6	6	60.00	
Gestión y Valoración integral del Centro, S.L.	Tecnología, 2. P.I. Los Olivos - Getafe (Madrid)	(105)	2	50.00	
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.	Ramírez de Arellano - Madrid	(56)	(56)	75.00	
Girona, S.A.	Travessera del Carril, 2 - Girona	1,577	1,448	33.61	Cataudit Auditors Associats
Proactiva Group	Cardenal Marcelo Espinola, 8 - Madrid	54,858	47,776	50.00	Deloitte
Hades Soluciones Medioambientales, S.L.	Mayor, 3 - Cartagena (Murcia)	60	60	50.00	
Ingeniería Urbana, S.A.	Calle 1 esquina calle 3, P.I. Pla de la Vallonga - Alicante	4,957	4,901	35.00	Deloitte
ITAM Delta de la Tordera, A.I.E.	Berlin, 38-48 - Barcelona	—	—	50.10	
Mediaciones Comerciales Ambientales, S.L.	Roma, 25 - Barcelona	185	197	50.00	
Mercia Waste Management, Ltd.	United Kingdom	8,829	5,761	50.00	Deloitte
Orasqualia Construction, S.A.E.	Egypt	1,688	1,959	50.00	KPMG
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	16,714	14,049	50.01	KPMG

Company	Registered office	Carrying amount of the investment 2012	2011	Effective percentage of ownership	Auditor
Orasqualia Operation and Maintenance SAE	Egypt	436	1,541	50.00	KPMG
Palacio de exposiciones y congresos de Granada	Ps del Violón, s/n - Granada	91	255	50.00	Centium
PB El Caracol S de RL de CV	Mexico	698	134	50.00	Grant Thornton
Pilagest, S.L.	Ctra. BV - 1224 Km. 6,750 - El Pont de Vilomara i Rocafort (Barcelona)	713	718	50.00	
Reciclado de Componentes Electrónicos, S.A.	E - Pol. Actividades Medioambientales - Aznalcóllar (Sevilla)	2,648	2,988	37.50	KPMG
Senblen, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	(90)	(149)	50.00	
Servicios de Limpieza Integral de Málaga III, S.A.	Camino de la Térmica, 83 - Málaga	1,894	1,878	26.01	PriceWaterhouseCoopers
Servicios Urbanos de Málaga, S.A.	Ulises, 18 - Madrid	570	572	51.00	
Severn Waste Services Limited	United Kingdom	188	197	50.00	Deloitte
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 - Barcelona	712	43	33.33	Castellà Auditors Consultors
Zabalgarbi, S.A.	Camino de Artigas, 10 - Bilbao (Vizcaya)	14,581	15,583	30.00	KPMG
VERSIA					
Converty Service, S.A.	Camino de los Afligidos P.I. La Esgaravita, 1 - Alcalá de Henares (Madrid)	2,027	5,420	50.00	Pérez y Asociados Auditores
Corporación Jerezana de Transportes Urbanos, S.A., Sole-Shareholder Company	P.I. El Portal - Jerez de la Frontera (Cádiz)	3,537	3,111	50.00	
Detren Compañía General de Servicios Ferroviarios, S.L.	Av. Camino de Santago, 40 - Madrid	1,793	1,924	50.00	KPMG
FCC-CONNEX Corporación, S.L.	Av. Camino de Santiago, 40 - Madrid	14,104	12,983	50.00	
Tranvía de Parla, S.A.	Camino de la Cantuela, 2 - Parla (Madrid)	6	109	5.00	Deloitte
Versia Holding, GmbH - in liquidation - (1)	Austria	5	7	100.00	
CONSTRUCTION					
ACE CAET XXI Construçoes	Portugal	(3,657)	4,539	50.00	Horwath & Associados
ACE Edifer Construçoes Ramalho R.C. E.C.	Portugal	2	1	33.33	
ACE Metrexpo	Portugal	—	17	44.90	
ACE Ribeiradio-Ermida	Portugal	(1,698)	(350)	55.00	Horwath & Associados
ACE Túnel Rua de Ceuta, Construçao e Obras Publicas	Portugal	(10)	13	49.50	
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	8	19	50.00	Grant Thornton
Constructores del Zapotillo, S.A. de C.V.	Mexico	1,052	566	50.00	Grant Thornton
Construcciones Olabarri, S.L.	Ripa, 1 - Bilbao (Vizcaya)	4,930	4,943	49.00	Charman Auditores, S.A.
Constructora de Infraestructura de Agua de Queretaro, S.A. de C.V.	Mexico	(812)	(290)	49.00	Deloitte
Constructora Durango-Mazatlan, S.A. de C.V.	Mexico	1,582	(2,971)	51.00	Deloitte
Constructora Nuevo Necaxa Tihuatlan, S.A.C.V.	Mexico	4,768	1,825	40.00	Deloitte
Dragados FCC, Canada, Inc.	Canada	(776)	(1,151)	50.00	

(1) Change of name. Formerly Versia Holding, GmbH

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered office	Carrying amount of the investment 2012	2011	Effective percentage of ownership	Auditor
EFI Túneles Necaxa, S.A. de C.V.	Mexico	31	(1)	45.00	
Elaboración de Cajones Pretensados, S.L.	Avda. General Perón, 36 - Madrid	1	2	50.00	
FCC Construction Kipszer Ktf	Hungary	1	1	50.00	
FCC Elliot Construction Limited	Ireland	390	6,928	50.00	Deloitte
Ibisan Sociedad Concesionaria, S.A.	Porto Pi, 8 - Palma de Mallorca (Baleares)	6,620	6,758	50.00	Deloitte
Integral Management Future Renewables, S.L.	A Condomiña, S7N - Ortoño (La Coruña)	1,492	1,102	50.00	Deloitte
Marina de Laredo, S.A.	Pasaje de Puntida, 1 - Santander (Cantabria)	1,135	1,444	50.00	PriceWaterhouseCoopers
MDM-Teide, S.A.	Panama	1,132	1,166	50.00	P&A Palacios y Asociados
North Tunnels Canada Inc. (2)	Canada	(12,652)	74	50.00	
Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V.	Mexico	(138)	(36)	50.00	Deloitte
Peri 3 Gestión, S.L.	General Álava, 26 - Vitoria Gasteiz (Álava)	2	2	50.00	
Proyecto Front Marítim, S.A.	Paseo de Gracia, 120 - Barcelona	(6,671)	(6,119)	50.00	
Servicios Empresariales Durango-Mazatlan, S.A. de C.V.	Mexico	106	39	51.00	Deloitte
Sociedad Concesionaria Tranvía de Murcia, S.A.	Olof Palmer, s/n - Murcia	20,101	19,542	50.00	Deloitte
Teide-MDM Quadrat, S.A.	Panama	192	203	50.00	P&A Palacios Asociados Contadores Públicos Autorizados
Western Carpathians Motorway Investors Company, GmbH	Austria	12	13	50.00	
Zílinská Dialnica, s.r.o.	Slovakia	(215)	(211)	48.97	KPMG
CEMENT					
Atlántica de Graneles y Moliendas, S.A.	Muelle de Punta Sollana, s/n - Zierbena (Vizcaya)	0	2,042	35.44	
Carbocem, S.A.	Paseo de la Castellana, 45 - Madrid	73	73	57.33	
Corporación Uniland, S.A.	Córcega, 299 - Barcelona	(7)	(7)	52.73	
Pedrera de l'Ordal, S.L.	Ctra. N 340 km. 1229,5 La Creu del L'Ordal - Subirats (Barcelona)	3,812	3,885	26.31	
ENERGY					
Sigenera, S.L.	Av. De Linares Rivas, 1 - La Coruña	—	0	50.00	Deloitte
OTHER ACTIVITIES					
Globalvía Group	Paseo de la Castellana, 141 Edificio Cuzco IV - Madrid	368,386	424,616	50.00	Deloitte
Realia Business Group	Paseo de la Castellana, 216 - Madrid	56,609	139,353	30.19	Deloitte
TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (JOINT VENTURES)		605,135	759,452		

(2) Change of name. Formerly OHL-FCC Dibco North Tunnels Canada, Inc.

APPENDIX III ASSOCIATES (ACCOUNTED FOR USING THE EQUITY METHOD)

Company	Registered office	Carrying amount of the investment 2012	2011	Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES					
Abastament en Alta Costa Brava Empresa Mixta, S.A.	Plaza Josep Pla Casadevall, 4 3º 1ª - Girona	148	108	26.00	
Aguas de Archidona, S.L.	Plaza Ochavada, 1 - Archidona (Málaga)	63	58	48.00	Centium
Aguas de Denia, S.A.	Pare Pere, 17 - Denia (Alicante)	408	404	33.00	
Aguas de Priego, S.L.	Plaza de la Constitución, 3 - Priego de Córdoba (Córdoba)	173	152	49.00	Audinfor
Aguas de Ubrique, S.A.	Avda. España, 9 - Ubrique (Cádiz)	(17)	(13)	49.00	
Aigües de Blanes, S.A.	Canigó, 5 - Blanes (Girona)	55	43	16.47	Auditoría i Control Auditors, S.L.
Aigües del Tomoví, S.A.	Plaza Vella, 1 - El Vendrell (Tarragona)	545	426	49.00	GM Auditors
Apex/FCC, Llc.	USA	1,977	—	50.00	
Aprochim Getesarp Rymoil, S.A.	P.I. Logrenzana La Granda - Carreño (Asturias)	1,144	1,410	23.49	Mendez Auditores
Aqualia Mace, llc.	United Arab Emirates	449	—	51.00	Deloitte
Aquos El Realito, S.A. de CV	Mexico	5,916	272	49.00	Deloitte
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 - Zaragoza	30	10	18.60	Laes Nexia & Castillero
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58 - Zaragoza	647	681	33.00	
Betearte, S.A.U.	Cr. BI - 3342 pk 38 Alto de Areitio - Mallabia (Vizcaya)	999	993	33.33	Attest Servicios Empresariales
Clavegueram de Barcelona, S.A.	Acer, 16 - Barcelona	799	814	20.33	Bove Montero y Asociados
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n - Ibiza	745	618	32.00	
Conducció del Ter, S.L.	Bourg de Peage, 89 - Sant Feliu de Guíxols (Girona)	5	5	48.00	
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	614	39	49.00	
EMANAGUA Empresa Mixta Municipal de Aguas de Níjar, S.A.	Plaza de la Goleta, 1 - Níjar (Almería)	186	223	49.00	Audinfor
Empresa Municipal de Aguas de Algeciras, S.A.	Avda. Virgen del Carmen - Algeciras (Cádiz)	(12)	61	49.00	KPMG
Empresa Municipal de Aguas de Jodar, S.A.	Plaza España, 1 - Jodar (Jaén)	38	1	49.00	Centium
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 - Linares (Jaén)	4	31	49.00	Centium
Empresa Municipal de Aguas de Toxiria, S.A.	Cristóbal Colón, 104 - Torredonjimeno (Jaén)	10	5	49.00	Centium
Generavila, S.A.	Plaza de la Catedral, 11 - Ávila	75	155	36.00	Audinfor
Gestión Integral de Residuos Sólidos, S.A.	Profesor Bertrán Baquena, 4 - Valencia	947	1,124	49.00	BDO
.A.S.A. Group:	Austria	6,175	5,274		
A S A + AVE Környezetvédelmi H Kft	Hungary	—	—	50.00	PriceWaterhouseCoopers
.A.S.A. Hlohovec, s.r.o.	Slovakia	—	—	50.00	
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	—	—	25.50	PriceWaterhouseCoopers
ASTV s.r.o.	Czech Republic	—	—	49.00	
Huber Abfallservice Verwaltungs, GmbH	Austria	—	—	49.00	

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Company	Registered office	Carrying amount of the investment 2012	Carrying amount of the investment 2011	Effective percentage of ownership	Auditor
Huber Entsorgungs GmbH Nfg KG	Austria	—	—	49.00	
Killer, GmbH	Austria	—	—	50.00	
Killer GmbH & Co KG	Austria	—	—	50.00	
Recopap, s.r.o.	Slovakia	—	—	50.00	PriceWaterhouseCoopers
Technické a Stavební Sluzby, AS	Czech Republic	—	—	50.00	
Tirme Group	Ctra. Soller Km. 8,2 Camino de Son Reus - Palma de Mallorca (Baleares)	11,131	10,254	20.00	KPMG
La Unión Servicios Municipales, S.A.	Salvador Pascual, 7 - La Unión (Murcia)	-	127	49.99	Audinfor
Nueva Sociedad de Aguas de Ibiza, S.A.	Avda. Bartolomé de Rosselló, 18 - Ibiza (Baleares)	92	76	40.00	
Pallars Jussà Neteja i Serveis, S.A.	Pau Casals, 14 - Tremp (Lleida)	43	43	40.80	
Proveïments d'Aigua, S.A.	Asturies, 13 - Girona	302	288	15.12	Antoni Riera Economistes Auditors
Sera Q A Duitama E.S.P., S.A.	Colombia	32	31	30.60	
Shariket Miyeh Ras Djinet, S.p.A.	Algeria	8,557	7,576	25.50	Cooperative Mohamed Boudiaf
Shariket Tahlya Miyah Mostaganem, S.p.A.	Algeria	20,091	16,018	25.50	Cooperative Mohamed Boudiaf
Sogecar, S.A.	Polígono Torrelarragoiti - Zamudio (Vizcaya)	556	498	30.00	
Suministro de Agua de Queretaro, S.A. de C.V.	Mexico	11,205	9,237	28.84	Deloitte
CONSTRUCTION					
Aigües del Segarra Garrigues, S.A.	Avenida de Tarragona, 6 - Tárrega (Lleida)	4,956	4,819	25.00	Deloitte
Auto-Estradas XXI - Subconcessionaria Transmontana, S.A.	Portugal	1,640	1,639	26.52	
Autopistas del Valle, S.A.	Costa Rica	6,394	6,427	48.00	Deloitte
Baross Ter Ingatlanprojekt-Fejlszto Kft	Hungary	430	405	20.00	Sölch Ágostonné
BBR VT International, Ltd.	Switzerland	1,634	1,597	22.50	Trewitax Zürich AG
Ctra. Cabo San Lucas San José, S.A. de C.V.	Mexico	(124)	—	26.00	Deloitte
Cleon, S.A.	Avda. General Perón, 36 - Madrid	24,797	24,889	25.00	KPMG
Concesionaria Atención Primaria, S.A.	Plaza Es Fortí, 4 - Palma de Mallorca	1,550	1,434	33.00	Deloitte
Concessió Estacions Aeroport L9, S.A.	Av. Carrilet, 3 Edificio D - L'Hospitalet de Llobregat (Barcelona)	(14,456)	(6,380)	49.00	Deloitte
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	613	39	49.00	
Constructora San José - Caldera CSJC, S.A.	Costa Rica	2,303	3,446	50.00	Deloitte
Constructora San José-San Ramón SJSR, S.A.	Costa Rica	27	78	50.00	
Costa Verde Habitat, S.L.	Orense, 11 - Madrid	5,145	—	50.00	
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	1,904	1,840	25.00	
Desarrollos y Promociones Costa Cálida, S.A.	Saturno, 1 - Pozuelo de Alarcón (Madrid)	258	261	35.75	
Design Build and Operation, S.L.	Avda. Eduardo Dato, 69 - Sevilla	8	—	40.00	
Gesi -9, S.A.	Sorolla, 27 - Alcalá de Guadaira (Sevilla)	10,613	12,997	74.90	Antonio Moreno Campillo

Company	Registered office	Carrying amount of the investment 2012	2011	Effective percentage of ownership	Auditor
Alpine Group:	Austria	13,517	11,905		
ABO Asphalt-Bau Oeynhausen, GmbH	Austria	—	—	30.00	KPMG
AMW Asphaltwerk, GmbH	Austria	—	—	22.00	
AMW Leopoldau Teerag-Asdag AG & ALPINE Bau, GmbH OG	Austria	—	—	50.00	
Asphaltmischwerk Betriebs, GmbH & Co KG	Austria	—	—	20.00	
Asphaltmischwerk Greinsfurth, GmbH & Co OHG	Austria	—	—	25.00	
Asphaltmischwerk Steyregg, GmbH & Co KG	Austria	—	—	20.00	
Asphaltwerk Sierning, GmbH	Austria	—	—	40.00	
ASW-Asphaltmischonlage Innsbruck, GmbH	Austria	—	—	26.00	
ASW-Asphaltmischonlage Innsburck, GmbH & Co KG	Austria	—	—	26.00	
AWT Asphaltwerk, GmbH	Austria	—	—	33.00	
AWW Asphaltmischwerk Wölbiling, GmbH	Austria	—	—	50.00	
Bonaventura Strassenerhaltungs, GmbH	Austria	—	—	25.00	Agitas
Bonaventura Strassenerrichtungs, GmbH	Austria	—	—	44.00	Agitas
D1 Construction Sro -in liquidation- (1)	Slovakia	—	—	50.00	
Dolomit-Beton Lieferbetonwerk, GmbH	Austria	—	—	48.00	
Draubeton, GmbH	Austria	—	—	35.00	
FMA Asphaltwerk, GmbH & Co KG	Austria	—	—	10.00	
Hemmelmair Frästechnik, GmbH	Austria	—	—	25.00	
Kieswerk-Betriebs, GmbH & Co. Kg	Austria	—	—	25.00	
Intergeo Umweltmangament, GmbH	Austria	—	—	50.00	Grant Thornton Unitreu
Lieferasphaltgesellschaft Jauntal, GmbH	Austria	—	—	24.00	
MSO Mischanlagen Süd-Ost Betriebs, GmbH und Co KG	Austria	—	—	11.00	
Paltentaler Beton Erzeugungs, GmbH	Austria	—	—	24.00	
Porr Alpine Austriarail, GmbH	Austria	—	—	50.00	
PPE Malzenice, s.r.o.	Slovakia	—	—	50.00	
Rastätten Betriebs, GmbH	Austria	—	—	50.00	Agitas
RBA Recycling und Betonanlagen, GmbH & Co Nfg KG	Austria	—	—	25.50	
RFM Asphaltmischwerk, GmbH & Co KG	Austria	—	—	33.33	KPMG
Salzburger Lieferasphalt, GmbH & OG	Austria	—	—	40.00	
Schaberreiter, GmbH	Austria	—	—	11.00	
Silasfalt, s.r.o.	Czech Republic	—	—	50.00	Deloitte
Straka Bau, GmbH	Austria	—	—	51.00	KPMG
Transportbeton und Asphalt, GmbH	Austria	—	—	50.00	
Transportbeton und Asphalt, GmbH & Co KG	Austria	—	—	50.00	

(1) Change of name. Formerly D1 Construction, s.r.o.

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Company	Registered office	Carrying amount of the investment 2012	2011	Effective percentage of ownership	Auditor
Waldviertler Lieferasphalt, GmbH & Co KG	Austria	—	—	50.00	
Cedinsa Concesionaria Group	Tarragona, 141 - Barcelona	44,481	46,939	34.00	Deloitte
Foment de Construccions i Consulting Group	Andorra	12	12	33.30	
Las Palmeras de Garrucha, S.L. - in liquidation -	Mayor, 19 - Garrucha (Almería)	1,083	1,079	20.00	
M50 (D&C) Limited	Ireland	(3,381)	(3,717)	42.50	Deloitte
Metro de Málaga, S.A.	Camino de Santa Inés, s/n - Málaga	13,672	12,534	17.67	KPMG
N6 (Construction) Limited	Ireland	(37,339)	(28,998)	42.50	Deloitte
Nihg South West Health Partnership Limited	Ireland	(23,701)	(26,031)	39.00	Deloitte
Nova Bocana Barcelona, S.A.	Avda. Josep Tarradellas, 123 - Barcelona	8,268	8,882	25.00	Deloitte
Nova Bocana Business, S.A.	Avda. Josep Tarradellas, 123 - Barcelona	3,691	3,433	25.00	Deloitte
Omszki-Tó Part Ingatlanfejlesztö És Befektetö Kft	Hungary	(37)	(35)	20.00	
Port Premià, S.A. -in liquidation-	Balmes, 36 - Barcelona	(555)	(555)	39.72	
Promvias XXI, S.A.	Vía Augusta, 255 Local 4 - Barcelona	(507)	(404)	25.00	
Teide Gestión del Sur, S.L.	José Luis Casso, 68 - Sevilla	2,886	3,732	49.94	
Terminal Polivalente de Huelva, S.A.	La Marina, 29 - Huelva	(263)	(263)	31.50	
Torres Porta Fira, S.A.	Pza. Europa, 31-5º - L'Hospitalet de Llobregat - Barcelona	17	5	40.00	
Tramvia Metropolità, S.A.	Córcega, 270 - Barcelona	6,625	6,024	18.07	KPMG
Tramvia Metropolità del Besòs, S.A.	Córcega, 270 - Barcelona	4,611	6,207	19.29	KPMG
Urbs Iudex et Causidicus, S.A.	Av. Carrilet, 3 - L'Hospitalet de Llobregat - Barcelona	(15,146)	(9,400)	29.00	Deloitte
Urbs Iustitia Commodo Opera, S.A.	Avda. Carrilet, 3, planta 11ª, Ciutat de la Justícia de Barcelona i l'Hospitalet de Llobregat - l'Hospitalet de Llobregat (Barcelona)	490	2,417	35.00	
CEMENT					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	390	480	33.25	
Áridos Unidos, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	0	19	26.91	
Canteras y Hormigones Quintana, S.A.	Ctra. Santander-Bilbao Km. 184 - Barcena de Cicero (Cantabria)	3,745	4,177	18.91	
Canteras y Hormigones VRE, S.A.	Arieta, 13 - Estella (Navarra)	633	692	35.79	KPMG
Comercial de Prefabricados Lemona	Barrio Inzurza, 1 - Lemona (Vizcaya)	0	19	67.11	
Hormigones Calahorra, S.A.	Brebicio, 25 - Calahorra (La Rioja)	(355)	(181)	35.79	
Hormigones Castro, S.A.	Ctra. Irún-La Coruña Km. 153 - Islares - (Cantabria)	338	367	25.21	
Hormigones del Baztán, S.L.	Suspeltxiki, 25 - Vera de Bidasoa (Navarra)	889	931	35.79	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarra)	487	696	35.79	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 0 - Valtierra (Navarra)	1,446	1,603	35.79	
Hormigones Galizano, S.A.	Ctra. Irún-La Coruña Km. 184 - Gama (Cantabria)	193	208	31.52	
Hormigones Reinares, S.A.	Praje Murillo de Calahorra, s/n - Calahorra (La Rioja)	506	712	35.79	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Biescas - Sabiñanigo (Huesca)	6,197	6,876	35.79	KPMG

Company	Registered office	Carrying amount of the investment 2012	2011	Effective percentage of ownership	Auditor
Lázaro Echevarría, S.A.	Isidoro Melero - Alsasua (Navarra)	9,873	10,372	20.05	KPMG
Navarra de Transportes, S.A.	Ctra. Pamplona-Vitoria Km. 52 - Olazagutia (Navarra)	1,136	1,167	23.86	KPMG
Neuciclaje, S.A.	Alameda de Urquijo, 10 - Bilbao	-	540	21.26	
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria Gasteiz (Álava)	209	219	17.89	KPMG
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona - Barcelona	1,140	902	17.54	
Quinsa Prefabricados de Hormigón, S.L., Sole-Shareholder Company	Ctra. S. Sebastián-Coruña Km. 184 - Barcena de Cicero (Cantabria)	(113)	(34)	18.91	
Silos y Morteros, S.L.	Ctra. De Pamplona Km. 1 - Logroño (La Rioja)	121	161	23.86	Expertos Independientes Auditores S.L.P.
Terminal Cimentier de Gabes-Gie	Tunisia	98	103	15.44	Ernst & Young
Terrenos Molins	Llobregat - Molins de Rei (Barcelona)	4	4	13.16	
Transportes Cántabros de Cemento Portland, S.L.	Ctra. S. Sebastián-Coruña Km. 184 - Barcena de Cicero (Cantabria)	26	37	18.16	
Vescem-LID, S.L.	Valencia, 245 - Barcelona	76	72	13.15	
TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES)		167.287	174.443		

APPENDIX IV CHANGES IN THE SCOPE OF CONSOLIDATION

ADDITIONS	Registered office
Fully consolidated companies	
AQUA MANAGEMENT SOLUTIONS, BV	Netherlands
FCC WREXHAM PFI (PHASE II HOL), LTD	United Kingdom
FCC WREXHAM PFI (PHASE II), LTD	United Kingdom
FCC BUCKINGHAMSHIRE HOLDINGS LIMITED	United Kingdom
FCC BUCKINGHAMSHIRE LIMITED	United Kingdom
FCC BUCKINGHAMSHIRE (SUPPORT SERVICES) LIMITED	United Kingdom
CONSTRUCCIONES HOSPITALARIAS, S.A.	Panama
EUROPEAN HEALTHCARE PROJECTS LIMITED	United Kingdom
FCC INDUSTRIAL COLOMBIA, S.A.S.	Colombia
FCC INDUSTRIAL DE PANAMÁ, S.A.	Panama

ADDITIONS	Registered office
Fully consolidated companies	
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS, S.L., SOLE-SHAREHOLDER COMPANY	Rabé de las Calzadas, 1 - Fuencarral (Madrid)
FCC INDUSTRIAL PERU	Peru
FCC INDUSTRIAL UK LIMITED	United Kingdom
FCC SAUDI COMPANY	Saudi Arabia
ALPINE BEMO TUNNELLING CANADA, INC.	Canada
ALPINE CONSTRUCTION ASERBAIDSCHAN	Azerbaijan
ALPINE CONSTRUCTION, L.L.C.	Oman
TAKUS BETEILIGUNGS, GmbH	Germany
TAKUS GmbH & CO KG	Germany
TERRA E SOLE S.R.L.	Italy
PPP INFRAESTRUCTURE INVESTMENTS, B.V.	Netherlands
SERVICIOS DOS REIS, S.A. DE C.V.	Mexico

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ADDITIONS	Registered office
Companies accounted for using the equity method	
ASSOCIATES	
AQUALIA MACE, LLC.	United Arab Emirates
CTRA. CABO SAN LUCAS SAN JOSE, S.A. DE C.V.	Mexico
COSTA VERDE HABITAT, S.L.	Orense, 11 - Madrid
DESIGN BUILD AND OPERATION, S.L.	Av. Eduardo Dato, 69 - Sevilla
AMW LEOPODAU TEERAG-ASDAG AG & ALPINE BAU, GmbH OG	Austria
REMOVALS	Registered office
Fully consolidated companies	
AD GRUNDBESITZVERNALTING, GmbH (2)	Germany
ADOBS ORGÀNICS (1)	Sant Benet, 21 - Manresa (Barcelona)
AGUAS TORRELAVEGA, S.A. (1)	La Viña, 4 - Torrelavega (Cantabria)
A.S.A. EKO, s.r.o. (4)	Slovakia
.A.S.A. V.O.D.S. SANACIE s.r.o. (5)	Slovakia
CONSERVIAL, S.L. (7)	Manuel Losada, 36 - Zaragoza
CRISTALES MOLIDOS, S.L. (3)	Partida San Gregorio - Caudete (Zaragoza)
EKONOR (3)	Jarras de San Juan - Iruña de Oca (Álava)
FCC FINANCE, B.V. (5)	The Netherlands
FCC INTERNATIONAL, B.V. (5)	The Netherlands
FLIGHTCARE BELGIUM, NAAMLOZE VENNOOTSCHAP (1)	Belgium
FLIGHTCARE CYPRUS LIMITED (5)	Cyprus
FLIGHTCARE ITALIA, S.p.A. (1)	Italy
FLIGHTCARE, S.L. (1)	Federico Salmón, 13 - Madrid
GONZALO MATEO, S.L. (3)	Partido San Gregorio - Caudete (Zaragoza)
HERMERIEL, S.A. (6)	Ferrocarril, 10 - Palencia
NORSEÑAL, S.L. (7)	Juan Flórez, 64 - La Coruña
ONYX GIBRALTAR, LTD. (5)	United Kingdom

REMOVALS	Registered office
PREFABRICADOS UNILAND, S.A. (8)	Córcega, 299 - Barcelona
SERVICIOS PARA VIALES PÚBLICOS, S.L. (7)	Avda. de Barber, 2 - Toledo
TRANSPORTES LEMONA, S.A. (1)	Alameda de Urquijo, 10 - Bilbao
SISTEMAS ENERGÉTICOS ABADÍA, S.A. (9)	Albareda, 1 - Zaragoza
WASTE CITY SPOL s.r.o. -in liquidation- (5)	Slovakia
Companies accounted for using the equity method	
JOINT VENTURES	
INFOSER ESTACIONAMIENTOS, A.I.E. (10)	Manuel Silvela, 8 - Madrid
ACE METREXPO (12)	Portugal
ASSOCIATES	
ASPHALTMISCHWERK LEOPOLDOU -TEERAG - ASDAG - MAYREDER BAU, GmbH (5)	Austria
ASPHALMISCHWERK LEOPOLDOU -TEERAG - ASDAG - MAYREDER BAU, GmbH & CO. (5)	Austria
COMERCIAL DE PREFABRICADOS LEMONA, S.A. (11)	Barrio Inzunza, 1 - Lemona (Vizcaya)
LA UNION SERVICIOS MUNICPALES, S.A. (1)	Salvador Pascual, 7 - La Unión (Murcia)
METRO DE MÁLAGA, S.A. (13)	Camino de Santa Inés, s/n - Málaga
REPAP CZECH SPOL, s.r.o. (5)	Czech Republic

(1) Exclusion due to sale
(2) Exclusion due to merger with Alpine Bau Deutschland AG
(3) Exclusion due to merger by absorption of FCC Ámbito, S.A.
(4) Exclusion due to merger with .A.S.A. Slovensko Spol s.r.o.
(5) Exclusion due to liquidation
(6) Exclusion due to merger by absorption of FCC Servicios Industriales y Energéticos, S.A.U.
(7) Exclusion due to merger by absorption of Pinturas Jaque, S.L.
(8) Exclusion due to merger by absorption of Uniland Cementera, S.A.
(9) Exclusion due to merger by absorption of Olivento, S.L.
(10) Exclusion due to sale of the holding company Estacionamientos y Servicios, S.A.
(11) Exclusion due to merger by absorption of Prefabricados Lemona
(12) Exclusion due to dissolution
(13) Exclusion due to reclassification to investment securities

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

	Percentage of ownership at 31 December 2012
ENVIRONMENTAL SERVICES	
PASAIA UTE	70.00
PUERTO UTE	50.00
UTE A GUARDA	50.00
UTE A GUARDA SANEAMIENTO	50.00
UTE ABASTECIMIENTO EXTREMADURA	20.00
UTE ABASTECIMIENTO ZARAGOZA	70.00
UTE ABSA - PERICA	60.00
UTE ABSA - PERICA I	60.00
UTE ABSA - PERICA II	60.00
UTE ACTUACIÓN 11 TERUEL	50.00
UTE AEROPUERTO V	50.00
UTE AEROPUERTO VI	50.00
UTE AGARBI	60.00
UTE AGNITA-EPTISA-AISA	50.00
UTE AGUAS ALCALÁ	37.50
UTE AGUAS DEL DORAMÁS	50.00
UTE AIGÜES ELS POBLETS	95.00
UTE AMPLIACIÓN IDAM SANT ANTONI	50.00
UTE AMPLIACIÓN ITAM DELTA DE LA TORDERA	66.66
UTE AQUALIA - FCC - MYASA	94.00
UTE ARGI GUEÑES	70.00
UTE ARUCAS II	70.00
UTE BILBOKO LORATEGIAK	60.00
UTE BILBOKO SANEAMENDU	50.00
UTE BILBOKO SANEAMENDU BI	50.00
UTE BIOCOMPOST DE ÁLAVA	50.00
UTE BOADILLA	50.00
UTE CÁDIZ	50.00
UTE CANA PUTXA	20.00
UTE CAP DJINET	50.00
UTE CARMA	50.00

	Percentage of ownership at 31 December 2012
UTE CARPA - FCC PAMPLONA	50.00
UTE CASTELLANA - PO	50.00
UTE CASTELLAR DEL VALLÈS	50.00
UTE CASTELLAR POLÍGONOS	50.00
UTE CEMENTERIOS PERIFÉRICOS II	50.00
UTE CENTRO DEPORTIVO VILLENA	81.83
UTE CHIPIONA	50.00
UTE CGR GUIPUZCOA	35.14
UTE COLECTOR MAGRANERS	50.00
UTE COLECTORES A GUARDA	50.00
UTE COLECTORES A GUARDA 2012	50.00
UTE COLEGIOS SANT QUIRZE	50.00
UTE CONDUCCIÓN A EL VISO Y DEPÓSITOS	70.00
UTE COSTA TROPICAL	51.00
UTE CTR. DE L'ALT EMPORDÀ	45.00
UTE CTR - VALLÈS	20.00
UTE DEPURACIÓN PONIENTE ALMERIENSE	75.00
UTE DEPURADORA A GUARDA	50.00
UTE EDAR A GUARDA 2012	50.00
UTE DOS AGUAS	35.00
UTE ECOPARQUE CACERES	50.00
UTE ECOURENSE	50.00
UTE EDAR A GUARDA	50.00
UTE EDAR ÁVILA	55.00
UTE EDAR BAEZA	50.00
UTE EDAR CULEBRO EQUIPOS	50.00
UTE EDAR DE KRISPIJANA	70.00
UTE EKOFERRO	85.00
UTE EDAR GIJON	60.00
UTE ENERGÍA SOLAR ONDA	25.00
UTE EPTISA - AISA (ZIMNICEA)	50.00
UTE EPTISA - ENTEMANSER	48.50

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	Percentage of ownership at 31 December 2012
UTE ERETZA	70.00
UTE ETAP LAS ERAS	50.00
UTE EXPLOTACIÓN ITAM TORDERA	50.00
UTE EXPLOTACIÓN PISCINAS VIGO	50.00
UTE EXPLOTACIÓN PRESAS DEL SEGURA	60.00
UTE F.L.F. LA PLANA	47.00
UTE FCC - ANPE	80.00
UTE FCC - ERS LOS PALACIOS	50.00
UTE FCC - HIJOS DE MORENO, S.A.	50.00
UTE FCC - PAS SALAMANCA	100.00
UTE FCC - PERICA	60.00
UTE FCC - SUFI MAJADAHONDA	50.00
UTE FCCMA - RUBATEC STO. MOLLET	50.00
UTE FCCSA - GIRSA	89.80
UTE FCCSA - VIVERS CENTRE VERD, S.A.	50.00
UTE FS BADAJOZ	100.00
UTE FS PARLA	100.00
UTE FS PARLA II	100.00
UTE F.S.S.	50.00
UTE GALERÍAS III	50.00
UTE GESTIÓ INTEGRAL DE RUNES DEL PAPIOL	40.00
UTE GESTIÓN FANGOS MENORCA	55.00
UTE GESTIÓN INSTALACIÓN III	34.99
UTE GESTION PISCINAS VIGO	50.00
UTE GESTIÓN SERVICIOS DEPORTES CATARROJA	100.00
UTE GIREF	20.00
UTE GIRSA - FCC	59.20
UTE HIDC-HIR-IND. DO CENTR. ACE	50.00
UTE HIDRANTES	50.00
UTE IBIZA - PORTMANY EPC	32.00
UTE IDAM SANT ANTONI	50.00
UTE IDAM SANT ANTONI II	50.00
UTE INFILCO	50.00
UTE INTAGUA	50.00
UTE INTERIORES BILBAO	80.00
UTE JARDINES MOGÁN	51.00
UTE JARDINES TELDE	95.00

	Percentage of ownership at 31 December 2012
UTE JUNDIZ	51.00
UTE JUNDIZ II	51.00
UTE KABIEZESKO KIROLDEGIA	60.00
UTE LA LLOMA DEL BIRLET	80.00
UTE LEA - ARTIBAI	60.00
UTE LEGIO VII	50.00
UTE LEKEITIOKO MANTENIMENDUA	60.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE ALCORA	50.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE BURRIANA	50.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE CASTELLÓN	50.00
UTE LIMPIEZA BENICASSIM	35.00
UTE LIMPIEZA SANTA COLOMA	50.00
UTE LIMPIEZA Y RSU LEZO	55.00
UTE LOCALES JUSTICIA LOTE II	50.00
UTE LOCALES JUSTICIA LOTE V	50.00
UTE LODOS ARAZURI	50.00
UTE LOGROÑO LIMPIO	50.00
UTE LOURO	65.00
UTE LV Y RSU ARUCAS	70.00
UTE MANTENIMIENTO REG CORNELLÁ	60.00
UTE MANTENIMIENTO COLEGIOS II	60.00
UTE MANTENIMIENTO DE EDIFICIOS	60.00
UTE MANTENIMIENTO PRESAS DEL SEGURA	80.00
UTE MAREPA - CARPA PAMPLONA	50.00
UTE MEJORA ABASTECIMIENTO SESEÑA	50.00
UTE MELILLA	50.00
UTE MOLLERUSSA	60.00
UTE MOSTAGANEM	50.00
UTE MUSKIZ III	70.00
UTE OBRAS AGUAS ALCALÁ	55.00
UTE ONDA EXPLOTACIÓN	33.33
UTE OYM CAP DJINET	50.00
UTE OYM MOSTAGANEM	50.00
UTE PÁJARA	70.00
UTE PAMPLONA	80.00
UTE PARQUES SINGULARES MÓSTOLES	50.00
UTE PISCINA CUBIERTA BENICARLÓ	65.00

	Percentage of ownership at 31 December 2012
UTE PISCINA CUBIERTA MUNICIPAL ALBATERA	93.00
UTE PISCINA CUBIERTA MUNICIPAL L'ELIANA	100.00
UTE PISCINA CUBIERTA CLUB DEPORTIVO ALBORAYA	99.00
UTE PISCINA CUBIERTA MANISES	100.00
UTE PISCINA CUBIERTA PAIPORTA	90.00
UTE PLAN RESIDUOS	47.50
UTE PLANTA RSI TUDELA	60.00
UTE PLANTA TRATAMIENTO VALLADOLID	60.00
UTE PLAYAS	50.00
UTE PLAYAS GIPUZKOA	55.00
UTE PLAYAS GIPUZKOA II	55.00
UTE PONIENTE ALMERIENSE	50.00
UTE POSU - FCC VILLALBA	50.00
UTE POTABILIZADORA ELS POBLETS	70.00
UTE PUERTO II	70.00
UTE PUERTO DE PASAIA	55.00
UTE PUERTO DE PTO DEL ROSARIO	70.00
UTE QUINTO CONTENEDOR	50.00
UTE R.S. UTE PONIENTE ALMERIENSE	50.00
UTE RBU VILLA-REAL	47.00
UTE RESIDENCIA	50.00
UTE RSU TOLOSALDEA	60.00
UTE S.U. BENICASSIM	35.00
UTE S.U. BILBAO	70.00
UTE SALTO DEL NEGRO	50.00
UTE SAN MATEO	70.00
UTE SANEAMIENTO URBANO CASTELLÓN	65.00
UTE SANT QUIRZE	50.00
UTE SANT QUIRZE DEL VALLÉS	50.00
UTE SANTA COLOMA DE GRAMANET	61.00
UTE SANTURTZIKO GARBIKETA	60.00
UTE SANTURTZIKO GARBIKETA II	60.00
UTE SASIETA	75.00
UTE SAV - FCC TRATAMIENTOS	35.00
UTE SEAFSA LANZAROTE	60.00
UTE SELECTIVA LAS PALMAS	55.00
UTE SELECTIVA SAN MARCOS	65.00

	Percentage of ownership at 31 December 2012
UTE SELECTIVA UROLA KOSTA	60.00
UTE SELLADO VERTEDERO LOGROÑO	50.00
UTE SON ESPASES	50.00
UTE SENTINAS	50.00
UTE TIRVA FCC - FCCMA RUBÍ	51.00
UTE TORRIBERA IV	50.00
UTE TORRIBERA V	50.00
UTE TOSSA DE MAR	20.00
UTE TRANSPORTE SAN MARCOS	80.00
UTE TRANSPORTE DE BARRENA TXINGUDI	60.00
UTE TREMP	51.00
UTE TXINGUDI	75.00
UTE TXINGUDIKO GARBIKETA	73.00
UTE UROLA ERDIA	60.00
UTE URRETXU Y ZUMARRAGA	65.00
UTE VERTEDERO ARTIGAS	50.00
UTE VERTEDERO GARDALEGUI II	70.00
UTE VERTEDERO TALES Y CORTES	51.00
UTE VERTRESA	10.00
UTE VIGO RECICLA	70.00
UTE VILOMARA	33.33
UTE VINAROZ	50.00
UTE ZARAGOZA DELICIAS	51.00
UTE ZARAUZKO GARBIKETA	60.00
UTE ZUMAIA	60.00
UTE ZURITA	50.00
UTE ZURITA II	50.00
VERSIA	
CLEAR CHANNEL - CEMUSA UTE	50.00
CYCSA - ISOLUX INGENIERÍA UTE	50.00
EDIFICIO ARGANZUELA UTE	95.00
TRAMBESÓS UTE	33.00
UTE BYPASS SUR	50.00
UTE C-17 SERVEI	50.00
UTE CC CLOT ARAGÓ	60.00
UTE EIX LLOBREGAT	50.00
UTE FCC ACISA AUDING	45.00

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	Percentage of ownership at 31 December 2012
UTE MENDIZULOA	30.00
UTE SCC SICE	50.00
UTE S.G.V.V.	50.00
UTE TRAMBAIX	33.00
CONSTRUCTION	
ACP DU PORT DE LA CONDAMINE	45.00
ASTALDI - FCC J.V.	50.00
CONSORCIO ICA - FCC - MECO PAC-4	43.00
J.V. ALPINE - WIEBE KORRIDOR 10 RAILWAY PR. D.o.o. SKOPJE	50.00
J.V. ARAD-TIMISOARA FCC-ASTALDI	50.00
J.V. ASOCIEREA ARAD-TIMISOARA	50.00
J.V. BBR PTE SL - TENSACCAI SPA	51.00
J.V. BYPASS CONSTATA	50.00
J.V. ESTENSION OF LINE 2 TO ANTOHOUPOLI	50.01
J.V. FCC CO-MCM	95.00
J.V. METRO DEHLI C1	51.00
J.V. PETROSERV LTD. & FCC CONSTRUCCIÓN, S.A.	60.00
OHL CO. CANADA & FCC CANADA LTD.	50.00
SHIMMICK CO. INC. FCC CO. IMPREGILO SPA JV	30.00
UTE 2º FASE DIQUE DE LA ESFINGE	35.00
UTE 57 VIVIENDAS PC-6 CERRO DE REYES	90.00
UTE 77 VIVIENDAS EN ELCHE	55.00
UTE ACCESO NORTE A VIGO NUEVA ESTACIÓN	50.00
UTE ACCESO ZAMORA	65.00
UTE ACCESOS A LA ESTACIÓN DE LA SAGRERA	37.50
UTE ACON. Y PEATON. SAN BARTOLOMÉ TIRAJANA	70.00
UTE ACTUACIONES AEROPUERTO DE LOGROÑO	80.00
UTE ADAMUZ	33.33
UTE AEROPUERTO DE CASTELLÓN	50.00
UTE AL - DEL OURENSE	50.00
UTE AL - DEL PALENCIA	50.00
UTE AL - DEL SANTIAGO	50.00
UTE AL - DEL XÁTIVA	50.00
UTE AL - DEL OLMEDO	50.00
UTE ALARCÓN	55.00
UTE ALBACETE - ALMANSA	50.00
UTE ALBUERA	50.00

	Percentage of ownership at 31 December 2012
UTE ALCAR	45.00
UTE ALMANSA CAUDETE	60.00
UTE ALMENDRALEJO II	50.00
UTE AMOREBIETA	66.66
UTE AMPLIACIÓN EDAR GIRONA	67.00
UTE AMP. PLAT COSTERA REC. GUINIGUADA	50.00
UTE AMPLIACIÓN SAIH	50.00
UTE AMPLIACIÓN MUELLE SANTA CATALINA	80.00
UTE AMPLIACIÓN SUPERFICIE DIQUE DE CONEXIÓN	50.00
UTE ANAGA	33.33
UTE APARCAMIENTO TERM. ACT. AEROPUERTO G.C.	70.00
UTE ARINAGA III	50.00
UTE ARMILLA INSTALACIONES	50.00
UTE ARRIXACA GASES	26.00
UTE ARROYO DEL FRESNO	50.00
UTE AUCOSTA CONSERVACIÓN	50.00
UTE AUDITORIO DE BURGOS	65.00
UTE AUDITORIO DE LUGO	50.00
UTE AUTOPISTA CARTAGENA - VERA	50.00
UTE AUTOVÍA COSTA BRAVA	65.00
UTE AUTOVÍA DE LA SAGRA	50.00
UTE AUTOVÍA EL BATAN - CORIA	50.00
UTE AVE ALCÁNTARA-GARROVILLAS	85.00
UTE AVE GIRONA	40.00
UTE AVE MASIDE	67.00
UTE AVE MONTBLANC	75.00
UTE AVE TÚNEL DE SERRANO	42.00
UTE ÁVILA 6	35.00
UTE BALLONTI ARDANZA	9.80
UTE BARBADOS	50.00
UTE BENTA AUNDI	50.00
UTE BERGARA ANTZUOLA	50.00
UTE BIBLIOTECA DE NAVARRA	65.00
UTE BILBAO MANTENDU	24.50
UTE BIMENES	70.00
UTE BIMENES III	70.00
UTE BOCANA PUERTO TARRAGONA	70.00

	Percentage of ownership at 31 December 2012
UTE BOETTICHER	50.00
UTE BOETTICHER CLIMA	50.00
UTE BOETTICHER ELECTRICIDAD	50.00
UTE BOQUILLA SUR TÚNEL VIGO - DAS MACEIRAS	50.00
UTE BULEVAR PINTO RESINA	50.00
UTE BUÑEL - CORTES	80.00
UTE BUSINESS	25.00
UTE BUSINESS ELECTRICIDAD	57.00
UTE BUSINESS MECÁNICAS	40.00
UTE C31-ACCESOS MATARÓ	50.00
UTE C&F JAMAICA	50.00
UTE C.A.R.E. CÓRDOBA	75.00
UTE CÁCERES II	50.00
UTE CÁCERES NORTE	50.00
UTE CAMPO DE GIBRALTAR	50.00
UTE CAMPUS CLIMA	50.00
UTE CAN TUNIS	70.00
UTE CANAL PRINCIPAL DE ORBIGO	50.00
UTE CANALES DEL JÚCAR	60.00
UTE CANONADA SANT JUST	60.00
UTE CÁRCEL MARCOS PAZ	35.00
UTE CARCHUNA - CASTELL	75.00
UTE CARRETERA HORNACHOS - LLERA	65.00
UTE CARRETERA IBIZA - SAN ANTONIO	50.00
UTE CASON II	50.00
UTE CASTELLÓ D'AMPÚRIES	50.00
UTE CASTILLO SAN JUAN	85.00
UTE CATENARIA - CERRO NEGRO	50.00
UTE CATLANTICO	25.00
UTE CECOEX	20.00
UTE CEIP OROSO	60.00
UTE CENTRO COMERCIAL ARANJUEZ	50.00
UTE CENTRO COMERCIAL ARANJUEZ PLAZA F. II	50.00
UTE CENTRO COMERCIAL LA GRELA	50.00
UTE CENTRO COMERCIAL MESOIRO	50.00
UTE CERRO GORDO	75.00
UTE CHUAC	50.00

	Percentage of ownership at 31 December 2012
UTE CIBELES	50.00
UTE CIBELES ELECTRICIDAD	50.00
UTE CINE AVENIDA	50.00
UTE CIRCUITO	70.00
UTE CIUDAD DE LAS COMUNICACIONES	50.00
UTE CIUDAD DEPORTIVA VALDEBEBAS II	50.00
UTE CIUTAT DE LA JUSTÍCIA	30.00
UTE CLIMA "LA FE"	38.00
UTE CLIMATIZACIÓN CIBELES	50.00
UTE CLIMATIZACIÓN SON DURETA	42.00
UTE CLIMATIZACIÓN W.T.C.	50.00
UTE CLUB NÁUTICO CASTELLÓN	50.00
UTE COALVI - CONVENSA	25.00
UTE COIMA, S.A. - T.P. D ARMENGOLS C.P.	29.97
UTE COLADA	63.00
UTE COLECTOR ABOÑO II	80.00
UTE COLECTOR NAVIA	80.00
UTE CONEXIÓN CORREDOR MEDITERRÁNEO	40.00
UTE CONSEJERÍA AGRICULTURA	85.00
UTE CONSERVACION ANTEQUERA	50.00
UTE CONSERVACION MALPARTIDA	50.00
UTE CONSERVACION BADAJOZ	50.00
UTE CONSTRUCCIÓN HOSPITAL SURESTE	50.00
UTE CONSTRUCCIÓN HOSPITAL TORREJÓN	66.70
UTE CONSTRUCCIÓN TRANVÍA ZARAGOZA	50.00
UTE CONSTRUCTORA ATENCIÓN PRIMARIA	33.00
UTE CONTROL MOGÁN	33.33
UTE COORDINACIÓN	34.00
UTE COPERO	70.00
UTE CORREDOR	55.00
UTE COSTA DEL SOL	50.00
UTE CP NORTE I	50.00
UTE CREAA	50.00
UTE CARRETERAS ACCESO PUERTO CASTELLÓN	50.00
UTE CYCSA - ISOLUX INGENIERÍA	50.00
UTE CYM - ESPELSA INSTALACIONES	50.00
UTE CYS - IKUSI - GMV	43.50

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	Percentage of ownership at 31 December 2012
UTE DE SUMINISTROS PUENTE RÍO OZAMA	50.00
UTE DESALADORA BAJO ALMANZORA	60.00
UTE DESDOBLAMIENTO CV - 309 EN SAGUNTO	50.00
UTE DESARROLLO PUERTO DE AVILES FASE I	80.00
UTE DESDOBLAMIENTO DE LA AS-17 I	70.00
UTE DESDOBLAMIENTO EX-100 BADAJOZ	50.00
UTE DIQUE ESTE	35.00
UTE DIQUE ESTE DÁRSENA SUR PUERTO DE CASTELLÓN	50.00
UTE DIQUE TORRES	27.00
UTE DIQUE TORRES II	27.00
UTE DOCENCIA HOSPITAL SON ESPASES	33.00
UTE DOZÓN	29.60
UTE DRAGADO CANAL ENTRADA Y DÁRSENA SUR	50.00
UTE DRAGADO MUELLE COMERCIAL VILAGARCÍA	50.00
UTE DRENAJES ADAMUZ	33.33
UTE EBRACONS	68.00
UTE EDAM OESTE	70.00
UTE EDAR LOIOLA	89.80
UTE EDAR NAVIA	80.00
UTE EDIFICIO 4 WTC	56.25
UTE EDIFICIO 6-7-8 WTC	36.00
UTE EDIFICIO C. CULT. POLIV., F. II-V. D'UIXO	60.00
UTE EDIFICIO DE LAS CORTES	65.00
UTE EDIFICIO IDI 5 TERCERA FASE CPI	75.00
UTE EDIFICIO TERMINAL	40.00
UTE EDIFICIOS TÉCNICOS CIUDEN	80.00
UTE EIX BERGUEDÀ	34.00
UTE EL CONDADO	40.00
UTE ELECTRICIDAD BY PASS SUR CALLE 30	33.33
UTE ELECTRICIDAD CIBEK	50.00
UTE ELECTRICIDAD CIUDAD COMUNICACIONES	50.00
UTE ELECTRICIDAD SON DURETA	50.00
UTE ELECTRIFICACION ARRIONDAS RIBADESELLA	60.00
UTE ELECTRIFICACIÓN BURGOS	33.33
UTE ELECTRIFICACIÓN GRANOLLERS	20.00
UTE ELECTRIFICACIÓN TRANVÍA DE MURCIA	55.00
UTE EMISARIO MOMPAS	89.80

	Percentage of ownership at 31 December 2012
UTE ENCAUZAMIENTO BARRANCO DE FRAGA	60.00
UTE EQUIPAMIENTO AUDITORIO BURGOS	65.00
UTE ESCLUSA SEVILLA	70.00
UTE ESCUELA DE ARTES Y DISEÑOS	70.00
UTE ESPELSA - CYMI INSTALACIONES NORTE	50.00
UTE ESPELSA - OCESA	75.00
UTE ESTACIÓN FGV MERCADO - ALICANTE	60.00
UTE ESTACIÓN LUCERO ALICANTE	33.33
UTE ESTACIÓN GIRONA	40.00
UTE ESTACIÓN METRO SERRERÍA	50.00
UTE ESTACIONS AEROPORT L9	49.00
UTE ESTACIONS LÍNEA 9	33.00
UTE ESTACIONS TERRASSA	36.00
UTE ESTEPONA	25.00
UTE EZKIO ITSASO	40.00
UTE F.I.F. GNL FB 301/2	35.96
UTE F.I.F. GNL TK-3.002/3	39.06
UTE FASE II C.I.C.C.M.	60.00
UTE FASE II HOSPITAL DE MÉRIDA	50.00
UTE FASE II PABELLÓN REYNO DE NAVARRA	50.00
UTE FCC - SCENIC LIGHT	80.00
UTE FCC - TECYSU	80.00
UTE FGV ALICANTE TRAMO 2	60.00
UTE FGV VARIANTE TRAMO FINCA ADOC	55.00
UTE FIBER	50.00
UTE FUENTE DE CANTOS	50.00
UTE FUENTE LUCHA	77.00
UTE GANGUREN	11.03
UTE GASODUCTOS ENAGAS GD	50.00
UTE GC - 1 PUERTO DE RICO - MOGÁN	40.00
UTE GEDERIAGA	24.50
UTE GIRONA NORTE	70.00
UTE GIRONA NORTE II	70.00
UTE GOIAN	70.00
UTE GOIERRIALDEA	55.00
UTE GOIERRIALDEA 2010	55.00
UTE GRAN VÍA HOSPITALET	50.00

	Percentage of ownership at 31 December 2012
UTE GRAU DE LA SABATA	90.00
UTE GUADARRAMA 3	33.33
UTE GUADARRAMA 4	33.33
UTE GUICYCSA TORDESILLAS	60.00
UTE HABILITACIÓN ED. C. COMUNICACIONES	50.00
UTE HORCHE	65.00
UTE HORKASITAS	24.50
UTE HOSPITAL ALCÁZAR	60.00
UTE HOSPITAL CAMPUS DE LA SALUD	80.00
UTE HOSPITAL DE CARTAGENA	70.00
UTE HOSPITAL DE MIRANDA	65.00
UTE HOSPITAL DE SALAMANCA	100.00
UTE HOSPITAL DEL SUR	80.00
UTE HOSPITAL DEL SUR, SEGUNDA FASE	40.00
UTE HOSPITAL FCC - VVO	80.00
UTE HOSPITAL MARQUÉS VALDECILLA FASE III	33.33
UTE HOSPITAL NORTE TENERIFE	80.00
UTE HOSPITAL SON DURETA	33.00
UTE HOSPITAL UNIVERSITARIO DE MURCIA	50.00
UTE HUELVA NORTE II	55.00
UTE HUELVA SUDESTE	40.00
UTE HUESNA CONSTRUCCIÓN	33.33
UTE IBAI EDER	24.50
UTE IBARRETA	24.50
UTE IFEVI	50.00
UTE IMPERMEABILIZACION TUNEL PAJARES NORTE	50.00
UTE INSTALACIONES C - 17 VIC - RIPOLL	33.30
UTE INSTALACIONES ELECTRICAS MOGÁN	50.00
UTE INSTALACIONES FONTFREDA	50.00
UTE INSTALACIONES METRO MÁLAGA	54.00
UTE INSTALACIONES TÚNELES MUROS-DUEÑAS	50.00
UTE INSTITUTO DE SUANCES	70.00
UTE INTERFICIES AEROPORT C9	49.00
UTE INTERMODAL PRAT	35.00
UTE IRO	80.00
UTE JAÉN - MANCHA REAL	80.00
UTE JEREZ - LA BARCA	80.00

	Percentage of ownership at 31 December 2012
UTE JONCADELLA	34.00
UTE JUAN DE LA COSA	80.00
UTE JUAN GRANDE	50.00
UTE L9 HOSPITALET	50.00
UTE LA ALDEA	35.00
UTE LAKUA 796	24.50
UTE LAS ROSAS I - 7	33.33
UTE LASGARRE	50.00
UTE LAUDIO	24.50
UTE LINEA 1 TRANVÍA DE MURCIA	50.00
UTE LÍNEA 2	50.00
UTE LÍNEA 5	40.00
UTE LÍNEA 9	33.00
UTE LLAGOSTERA	50.00
UTE LLOVIO 2012	70.00
UTE LUKO	45.00
UTE M-407	50.00
UTE M-30 TÚNEL SUR	50.00
UTE MÁLAGA COCHERAS	50.00
UTE MALLABIA	14.70
UTE MANTENIMENT RONDES II	70.00
UTE MANTENIMENT RONDES 2012	70.00
UTE MANTENIMIENTO ARANJUEZ II	76.00
UTE MANTENIMIENTO CÓRDOBA	49.00
UTE MANTENIMIENTO TDM	50.00
UTE MANTENIMIENTO TRANVÍA ZARAGOZA	50.00
UTE MANTENIMIENTO TÚNELES CÁDIZ	40.00
UTE MANTENIMIENTO TÚNELES GUADALHORCE	40.00
UTE MANTENIMIENTO TÚNELES SEVILLA	40.00
UTE MANTENIMIENTO VÍA ARANJUEZ	50.00
UTE MANTENIMIENTO VÍA SEVILLA	50.00
UTE MANZANAL	50.00
UTE MAQUINARIA PESADA INFOMA	50.00
UTE MATADERO	57.50
UTE MECÁNICA VILLENA	65.00
UTE MEDINACELI	22.40
UTE MEJORA VIADUCTOS LORCA	50.00

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	Percentage of ownership at 31 December 2012
UTE MEL9	49.00
UTE METRO DE MÁLAGA	36.00
UTE MONTAJE VIA MOLLET - GIRONA	50.00
UTE MONTAJE VIA O IRIXO - SANTIAGO	50.00
UTE MONTAJE VIA SIETE AGUAS - VALENCIA	50.00
UTE MONT-RAS	50.00
UTE MONTSERRAT	35.00
UTE MORA	30.00
UTE MORALEDA	66.00
UTE MUELLE BOUZAS	70.00
UTE MUELLE COMERCIAL VILAGARCÍA	70.00
UTE MUELLES COMERCIALES	60.00
UTE MUELLE DE LA QUÍMICA	70.00
UTE MUNGUIA	13.72
UTE MURCIA	40.00
UTE MUSEO NACIONAL DE LA ENERGÍA	45.00
UTE N.O.M.	63.00
UTE NACIMIENTO	54.00
UTE NANCLARES	95.00
UTE NOU PONT DE FUSTA	50.00
UTE NTC CÁDIZ	50.00
UTE NUDO DE MOLLET	50.00
UTE NUEVA SEDE JUDICIAL LAS PALMAS G.C.	100.00
UTE NUEVO ESTADIO VCF	49.00
UTE NUEVO HOSPITAL DE CÁCERES	33.33
UTE NUEVO PUERTO DE IGOUMENITZA	50.00
UTE OFICINAS HOSPITALET	50.00
UTE OLOT MONTAGUT	45.00
UTE OPERACIÓN TRANVÍA DE MURCIA	50.00
UTE OPERADORA TERMOSOLAR GUZMÁN	67.50
UTE ORDIZIA	90.00
UTE ORENSE - MELÓN	50.00
UTE PABELLÓN ARENA	50.00
UTE PABELLÓN REYNO DE NAVARRA	50.00
UTE PAGO DE ENMEDIO	75.00
UTE PALACIO DE CONGRESOS DE LEÓN	50.00
UTE PALACIO DE LOS DEPORTES	50.00

	Percentage of ownership at 31 December 2012
UTE PANADELLA	50.00
UTE PARADOR DE EL SALER	75.00
UTE PARANINFO ZARAGOZA	60.00
UTE PARQUE MÁLAGA	60.00
UTE PARQUE MAYORDOMÍA	50.00
UTE PARQUE TECNOLÓGICO	60.00
UTE PASAIA BERRI	50.00
UTE PASEO PARQUE RIBALTA CASTELLÓN	65.00
UTE PAVONES VIVIENDAS	50.00
UTE PCI METRO DE MALAGA	40.00
UTE PERI AR.8 LA MADRAZA	99.00
UTE PIEDRAFITA	66.67
UTE PINO MONTANO P 5	50.00
UTE PLANTA BARAJAS MELO	50.00
UTE PLANTA DE RESIDUOS	50.00
UTE PLASENCIA	50.00
UTE PLATAFORMA TPTE PBCO CASTELLÓN	55.00
UTE PLATAFORMA TRANSPORTE UJI DE CASTELLÓN	65.00
UTE PLATAFORMA TTE.PUB. TRAMO I COLUMBRETES	55.00
UTE POBLA TORNESA	50.00
UTE POLÍGONO BOBES	50.00
UTE POLÍGONO DE TANOS	50.00
UTE POLÍGONO LLOREDA	70.00
UTE POLÍGONO VICÁLVARO	80.00
UTE PONT DEL CANDI	75.00
UTE PORT DE LLANÇÀ	60.00
UTE PREFABRICADOS POLA	50.00
UTE PRESA ENCISO	50.00
UTE PRESAS ITOIZ	33.00
UTE PRESAS EBRO	50.00
UTE PRESAS JÚCAR	53.00
UTE PREVENCIÓN DE INCENDIOS NORESTE	50.00
UTE PREVENCIÓN DE INCENDIOS NORTE	50.00
UTE PROLONGACIÓN DIQUE REINA SOFÍA	40.00
UTE PROSER - GEOCONTROL	60.00
UTE PROSER - GEOCONTROL II	62.00
UTE PROSER - NORCONTROL	50.00

	Percentage of ownership at 31 December 2012
UTE PROSER - NORCONTROL II	50.00
UTE PROSER - PAYMACOTAS IV	50.00
UTE PROSER - UG 21	70.00
UTE PROSER - LA ROCHE TF5 III	50.00
UTE PROSER - BATLLE I ROIG	50.00
UTE PSIR CASTRO URDIALES	50.00
UTE PT ADRIÁTICO	30.00
UTE PUENTE RIO OZAMA (DFC-COCIMAR)	35.00
UTE PUENTE DE PONFERRADA	55.00
UTE PUENTE DEL REY	33.33
UTE PUENTE Ma - 1110	33.00
UTE PUENTE PISUERGA	50.00
UTE PUENTE SERRERÍA	60.00
UTE PUERTO DE GRANADILLA	40.00
UTE PUERTO DE LAREDO	50.00
UTE PUERTO DEL ROSARIO	90.00
UTE RADIALES	35.00
UTE RANILLA CONSTRUCCIÓN	85.00
UTE RECINTOS FERIALES	50.00
UTE RED ARTERIAL PALENCIA FASE I	80.00
UTE REFORÇ C-25	40.00
UTE REFORMA HOSPITAL V SALUD (TOLEDO)	60.00
UTE RELLENO EXPLANADA MUELLE QUÏMICA	70.00
UTE RELLENO UBE CHEMICAL PTO. CASTELLÓN	50.00
UTE RESIDENCIAS REAL MADRID	50.00
UTE REVLON	60.00
UTE RÍO LLOBREGAT	55.00
UTE ROCKÓDROMO	50.00
UTE ROCKÓDROMO 2	40.00
UTE ROCKÓDROMO FASE 3	40.00
UTE RODADURA I	50.00
UTE RODADURA II	50.00
UTE RONDA HISPANIDAD	45.00
UTE RUTA NACIONAL HAITÍ	55.00
UTE S.A.I.H. CHJ	50.00
UTE S.A.I.H. SUR	40.00
UTE S.A.I.H. VALENCIA	50.00

	Percentage of ownership at 31 December 2012
UTE SAGUNTO	60.00
UTE SAGUNTO PARCELA M17-3	50.00
UTE SAN PEDRO	24.50
UTE SAN VICENTE	43.00
UTE SANEAMIENTO ARCO SUR	56.50
UTE SANEAMIENTO PAS-PISUEÑA	100.00
UTE SANEAMIENTO DE VILLAVICIOSA	80.00
UTE SANTA BRÍGIDA	50.00
UTE SANTA COLOMA DE FARNERS	50.00
UTE SANTA MARÍA D'OLO-GURB	60.00
UTE SANTO DOMINGO	70.00
UTE SECTOR M-5 2012	70.00
UTE SEGUNDA FASE DELICIAS ZARAGOZA	50.00
UTE SEMINARIO P3-2	99.00
UTE SERVEIS AFECTATS CASTELLÓ D'AMPÚRIES	50.00
UTE SIETE AGUAS - BUÑOL	66.66
UTE SISTEMA INTEGRAL ALICANTI SUR	66.67
UTE SISTEMAS METRO MALAGA	25.00
UTE SISTEMAS TRANVÍA DE MURCIA	32.00
UTE SOMOSAGUAS	50.00
UTE SOTIELLO	50.00
UTE SOTO DE HENARES	70.00
UTE SSAA AP - 7	50.00
UTE STA Mª DEL CAMÍ	45.00
UTE STADIUM	70.00
UTE SUBESTACIÓN SERANTES	50.00
UTE TALLERES METRO	80.00
UTE TARRAGONA LITORAL	70.00
UTE TARRAGONA SUR	70.00
UTE TECSACON	20.00
UTE TELENEO	50.00
UTE TEMPLO Y C. ECUM. EL SALVADOR F1	65.00
UTE TERMINAL SUR MUELLE LEÓN Y CASTILLO	35.00
UTE TERMOSOLAR GUZMÁN	67.50
UTE TF-5 2ª FASE	70.00
UTE TINDAYA	50.00
UTE TORQUEMADA	50.00

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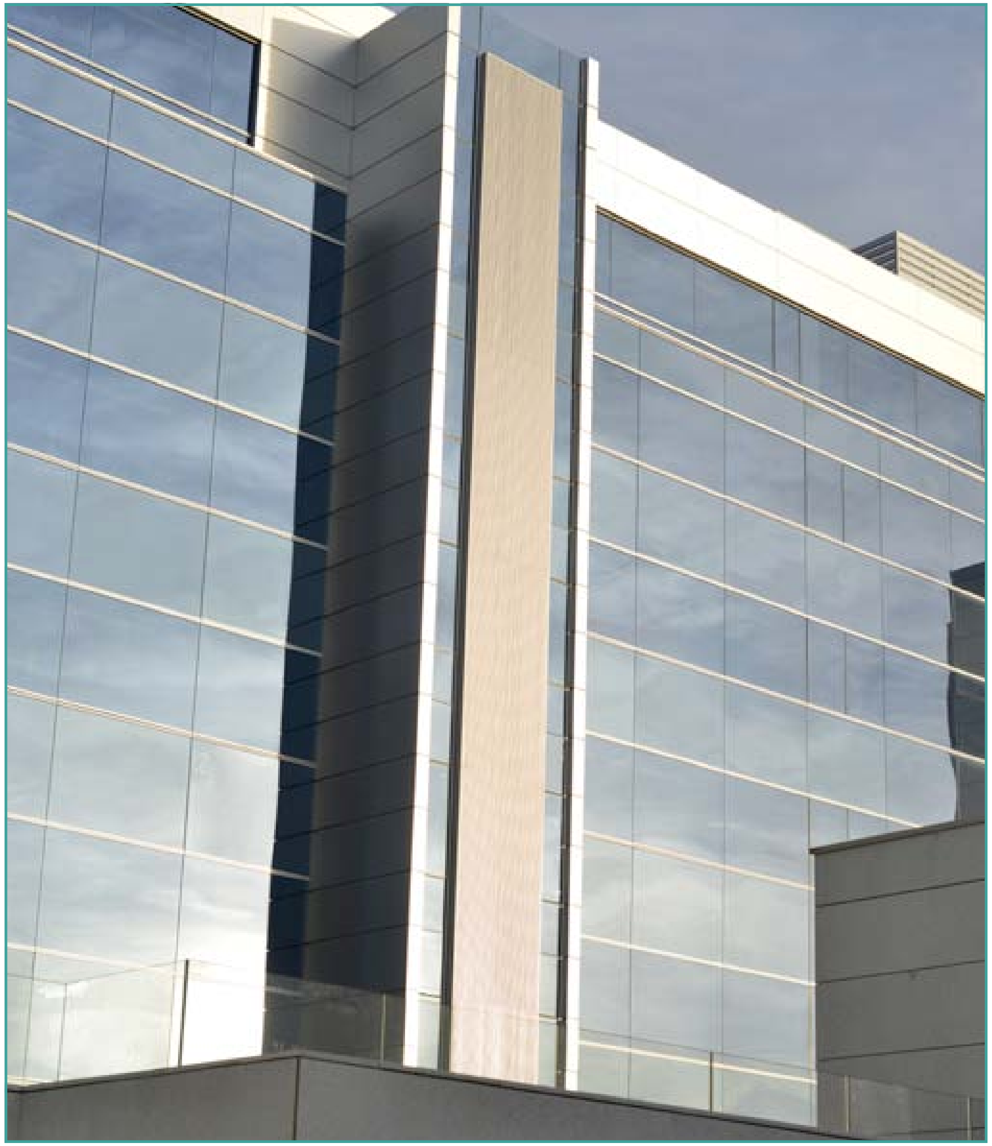
	Percentage of ownership at 31 December 2012
UTE TORRE DON JIMENO	50.00
UTE TORREBLANCA	50.00
UTE TORRE ISLA CARTUJA	80.00
UTE TRAGSA - FCC A.P.	50.00
UTE TRAMBESÒS	50.00
UTE TRAMMET	50.00
UTE TRAMO DE NUEVA CONSTRUCCIÓN JÚCAR-VINALOPO	70.00
UTE TRANVÍA DE PARLA	50.00
UTE TRANVÍA L-2 PARQUE ALICANTE	55.00
UTE TRANVÍA LUCEROS-MERCADO ALICANTE	60.00
UTE TRASVASE JÚCAR VINALOPÓ	50.00
UTE TREN TRAM I	50.00
UTE TRIANGLE LÍNEA 9	33.00
UTE TS VILLENA	88.00
UTE TÚNEL AEROPORT	33.00
UTE TÚNEL AEROPORT II	33.00
UTE TÚNEL C.E.L.A.	50.00
UTE TÚNEL AVE CHAMARTÍN - ATOCHA	42.00
UTE TÚNEL DE BRACONS	75.00
UTE TÚNEL DE PAJARES 1	50.00
UTE TÚNEL FIRA	33.00
UTE TÚNEL PROVISIONAL ESTACIÓN ATOCHA	42.00
UTE TÚNEL PASANTE ESTACION DE ATOCHA	42.00
UTE TÚNEL SANT JUST	60.00
UTE TÚNEL TERRASSA	36.00
UTE TUNELADORA METRO	33.00
UTE TUNELES BARAJAS	50.00
UTE TÚNELES DE GUADARRAMA	33.33
UTE TÚNELES DE SORBES	67.00
UTE TÚNELES DELICIAS	65.00
UTE UE 1 ARROYO DEL FRESNO	50.00
UTE UE 2 ARROYO DEL FRESNO	50.00
UTE UNIVERSIDAD DE MÁLAGA	65.00
UTE UNQUERA - PENDUELES	80.00
UTE URBANIZACIÓN PARC SAGUNT	50.00
UTE URBANIZACIÓN VIA PARQUE TRAMO A.V.L. CARB.-P	60.00
UTE VALDEVIVIENDAS II	33.33

	Percentage of ownership at 31 December 2012
UTE VALLE INFERIOR	80.00
UTE VARIANTE DE MONZÓN	70.00
UTE VARIANTE MANCHA REAL	67.00
UTE VELA BCN	33.33
UTE VELÓDROMO	60.00
UTE VERTEDERO CASTAÑEDA	62.50
UTE VÍA ACCESOS SANTIAGO	50.00
UTE VÍAS COLECTORAS LA CARPETANIA	50.00
UTE VIC - RIPOLL	34.00
UTE VIDRERES	34.00
UTE VIGO-DAS MACEIRAS	50.00
UTE VILARIÑO (VIA IZQUIERDA)	90.00
UTE VILLAR - PLASENCIA	70.00
UTE VULLPALLERES	65.00
UTE WTC ELECTRICIDAD	50.00
UTE YELTES	75.00
UTE YESA	33.33
UTE ZONAS VERDES ENSANCHE DE VALLECAS	33.33
CEMENT	
UTE A-27 VALLS-MONTBLANC	26.30
UTE AVE GIRONA	26.30
UTE BCN SUD	7.89
UTE GROUPEMENT EUROBETON	23.16
UTE LAV SAGRERA	17.54
UTE NUEVA ÁREA TERMINAL	26.31
UTE OLÉRDOLA	31.57
UTE ULLÁ	26.31
UTE VILADECAVALLS 92	17.54



DIRECTOR'S REPORT

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

DIRECTOR'S REPORT

1. HIGHLIGHTS

FCC strengthens its presence in the Americas with its first contract in Brazil and new adjudications in Latam

FCC, in consortium, landed a contract last December to build the Açu super port (Rio de Janeiro) for 407 million euro, and it also obtained new works amounting to 100 million euro in other Latin American countries where it is already established. FCC also obtained its first contract in Bogota, Colombia, to build the new control tower of El Dorado airport for 45 million euro.

Also, in the context of new markets, the company has landed in Latvia by a contract to refurbish Riga airport for 96 million euro.

FCC reinforces its presence in the UK market with a 310 million euro contract in Wales

The company, in consortium with a Welsh construction group, will build the high-speed motor racing track and various ancillary installations in Blaenau Gwent.

This contract is added to several projects that the company has in development in the UK, including a 300 million euro contract to build a section of Crossrail in London, the country's most important railway project; in the last two years, it has completed the construction of other healthcare, services and transport infrastructure.

FCC, the first Spanish company to be awarded a water management contract in the United Arab Emirates

In the first quarter of the year, FCC's water subsidiary Aqualia obtained a contract to manage the sewage system in eastern Abu Dhabi (United Arab Emirates).This contract includes the operation and maintenance of more than 2,400 km of sewers, 68 wastewater pumping stations and 19 wastewater treatment plants in the city of Al Ain.

In Spain, Aqualia renewed existing contracts and obtained new contracts in 2012 amounting to 1,144.4 million euro to provide end-to-end water management and related infrastructure services.

Aqualia is also in charge of the EU project "All gas", which aims to obtain biofuels from wastewater treatment; the project is aligned with the EU's commitment to research with a view to discovering new sources of clean energies, which has a budget of over 12 million euro.

FCC reinforces the waste management component of its environmental services portfolio

Buckinghamshire (UK) awarded FCC Environment UK a 30-year waste management services contract worth 350 million euro. The project includes the construction and commissioning of an energy-from-waste (EfW) plant, with capacity to treat more than 300,000 tonnes of waste per year and a generating capacity of 22 MW.

The cement division implements its New Val industrial plan for 2012-2013

CPV, the listed company which heads the FCC Group's cement division, commenced the operational restructuring plan, entitled New Val, in the third quarter; the plan, which was drafted during the first half of 2012, will run until the end of 2013. The goal is to adapt CPV's operating structure to the market situation.

The company also successfully closed a refinancing agreement in July, which ensures its financial stability in the long term.

Spanish city and regional governments' Supplier Payment Plans

Starting in the first quarter of 2012, two Royal Decrees were introduced to align Spanish regulations on public administration payment deadlines for suppliers with the new EU regulation. As Spain's leading municipal services group and its second-largest infrastructure company in terms of revenues, FCC collected 1,236 million euro in outstanding invoices during the year; around 600 million euro were outstanding at year-end.

FCC successfully completes all of its major refinancing operations

In March and July, FCC completed the refinancing of two 3-year syndicated loans totalling 946 million euro (438 and 508 million euro, respectively) with a large syndicate of banks. In July, the cement division successfully renegotiated a long-term loan amounting to 1,400 million euro.

Consequently, the company successfully refinanced all maturities in 2012.

FCC sells its airport handling business

In May, FCC reached an agreement to sell Flightcare, its handling business in Spain and Belgium, to Swissport for 128.3 million euro. Flightcare had been part of FCC subsidiary Versia, which specializes in non-environmental municipal services. The transaction was completed on 11 September.

2. EXECUTIVE SUMMARY

- Revenues declined to 11,152.2 million euro and EBITDA to 753.4 million euro as a result of the process of strategic and market reorganisation that commenced in 2012.
- EBITDA in Environmental Services (683.4 million euro) was stable, contrasting with a decline in the Construction division (-91.2 million euro) due to a non-recurring restructuring charge.
- Net attributable result amounted to -1,028 million euro, derive from a combination of losses in subsidiaries, write-downs due to regulatory changes and goodwill impairments amounting to 1,146.8 million euro.
- Net interest-bearing debt totalled 7,087.7 million euro at year-end. The year-on-year change (494.4 million euro) is attributable to the impact of losses and working capital requirements in Alpine.

Earnings in 2012 reflect a significant write down and actions aimed at laying the foundation of a strategic reorganisation, which affects several line items of the company's income statement.

Comprehensive restructuring charges in the Group as a whole amounted to 1,146.8 million euro, reducing net profit to -1,028 million euro. Specifically, operating losses in Construction in Central/Eastern Europe (Alpine) amounted to 300.5 million euro partially compensated by a 82.6 million euro charge provisioned in previous years; restructuring provisions and non-recurrent losses in connection with the strategic reorganisation and the exit from specific Construction and Cement markets totalled 204.4 million euro; losses due to write-downs on equity-accounted affiliates and discontinued businesses (FCC Energy) were 372.5 million euro, and impairments in goodwill at several companies totalled 352 million euro. In view of these sweeping adjustments, 2012 represented a turning point in the current cycle, following a lengthy period of contraction in the Group's construction related activities (see page 236 for details).

Consolidated revenues amounted to 11,152.2 million euro, evidencing the effects of the Construction area's reorganisation and withdrawal from certain markets in Central and Eastern Europe, together with the decline in the area's activity in Spain. But for these adjustments, growth outside Spain totalled 8.4% in the areas of Environmental Services, Cement and Versia.

This performance contrasts with Spain, where Construction and Cement continue to be affected by cutbacks in capital expenditure. However, these two areas' results do not yet reflect the impact of the restructuring plans implemented in 2012.

Interest-bearing debt, which was also affected by the one-off restructuring process, increased by 494.4 million euro in the year, to 7,087.7 million euro at 31 December 2012.

KEY FIGURES			
(million euro)	Dec. 12	Dec. 11	Chg. (%)
Net sales	11,152.2	11,896.7	-6.3%
EBITDA	753.4	1,256.4	-40.0%
EBITDA margin	6.8%	10.6%	-3.8 p.p.
EBIT	(402.9)	393.2	-202.5%
EBIT margin	-3.6%	3.3%	-6.9 p.p.
Income attributable to equity holders of the parent company	(1,028.0)	108.2	N/A
Operating cash flow	702.0	995.1	-29.5%
Investing cash flow	(448.6)	7.7	N/A
Equity (excl. non-controlling interests)	1,259.9	2,378.9	-47.0%
Net interest-bearing debt	(7,087.7)	(6,593.3)	7.5%

3. SUMMARY BY BUSINESS AREA

Area (million euro)	Dec. 12	Dec. 11	Chg. (%)	% of 2012	% of 2011
REVENUES BY BUSINESS AREA					
Environmental services	3,821.8	3,735.4	2.3%	34.3%	31.4%
Construction	6,148.4	6,686.2	-8.0%	55.1%	56.2%
Cement	653.7	750.9	-12.9%	5.9%	6.3%
Versia	570.0	767.3	-25.7%	5.1%	6.4%
Corporate and other*	(41.7)	(43.1)	-3.3%	-0.4%	-0.4%
Total	11,152.2	11,896.7	-6.3%	100.0%	100.0%
REVENUES BY GEOGRAPHIC AREA					
Spain	4,886.3	5,591.5	-12.6%	43.8%	47.0%
Austria and Germany	2,228.1	2,446.9	-8.9%	20.0%	20.6%
Eastern Europe	1,066.0	1,299.3	-18.0%	9.6%	10.9%
United Kingdom	903.8	770.4	17.3%	8.1%	6.5%
Rest of Europe	590.7	657.1	-10.1%	5.3%	5.5%
The Americas and others	1,477.2	1,131.6	30.5%	13.2%	9.5%
Total	11,152.2	11,896.7	-6.3%	100.0%	100.0%
EBITDA					
Environmental services	683.4	697.9	-2.1%	90.7%	55.5%
Construction	(91.2)	303.9	-130.0%	-12.1%	24.2%
Cement	69.8	154.1	-54.7%	9.3%	12.3%
Versia	59.4	114.9	-48.3%	7.9%	9.1%
Corporate and adjustments	32.0	(14.4)	N/A	4.2%	-1.1%
Total	753.4	1,256.4	-40.0%	100.0%	100.0%
EBIT					
Environmental services	150.8	366.2	-58.8%	-37.4%	93.1%
Construction	(409.2)	212.3	N/A	101.6%	54.0%
Cement	(133.4)	(300.8)	-55.7%	33.1%	-76.5%
Versia	(35.0)	36.2	-196.7%	8.7%	9.2%
Corporate and adjustments	23.9	79.3	-69.9%	-5.9%	20.2%
Total	(402.9)	393.2	-202.5%	100.0%	100.0%

Area (million euro)	Dec.12	Dec. 11	Chg. (%)	% of 2012	% of 2011
NET DEBT					
Environmental services	3,274.6	4,303.9	-23.9%	46.2%	65.3%
Construction	754.3	656.0	15.0%	10.6%	9.9%
Cement	1,320.5	1,285.0	2.8%	18.6%	19.5%
Versia	83.0	189.6	-56.2%	1.2%	2.9%
Corporate and adjustments*	1,655.3	158.8	N/A	23.4%	2.4%
Total	7,087.7	6,593.3	7.5%	100.0%	100.0%
BACKLOG					
Environmental services	24,980.8	25,719.4	-2.9%	74.4%	73.0%
Construction	8,595.2	9,518.2	-9.7%	25.6%	27.0%
Total	33,576.0	35,237.6	-4.7%	100.0%	100.0%

*In 2012, Corporate and adjustments includes the financing of the stake in Global via, FCC Energy and the reclassification of acquisition debt of the Environmental Services companies.

ASSETS DESIGNATED AS DISCONTINUED OPERATIONS:

The assets and liabilities corresponding to FCC Energy have been designated as "discontinued operations" since September 2011 and are classified under assets and liabilities available for sale (Section 5.2). The assets and liabilities corresponding to Giant Cement (the cement area's main company in the US) have been reclassified as continuing operations. Accordingly, and to enable comparison, the income statement and cash flow statement for 2011 have been restated.

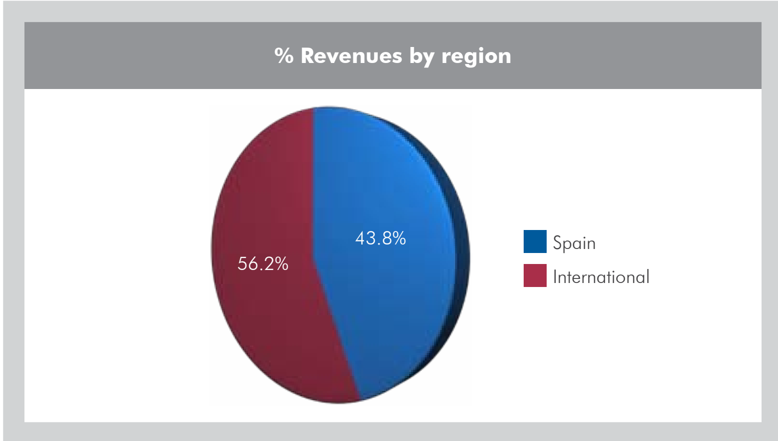
4. INCOME STATEMENT

(million euro)	Dec. 12	Dec. 11	Chg. (%)
Net sales	11,152.2	11,896.7	-6.3%
EBITDA	753.4	1,256.4	-40.0%
EBITDA margin	6.8%	10.6%	-3.8 p.p.
Depreciation and amortisation charge	(640.6)	(656.2)	-2.4%
Other operating result	(515.8)	(207.0)	149.2%
EBIT	(402.9)	393.2	-202.5%
EBIT margin	-3.6%	3.3%	-6.9 p.p.
Financial result	(445.2)	(421.6)	5.6%
Other financial results	(62.9)	32.3	N/A
Result of companies accounted for using the equity method	(128.4)	33.3	N/A
Earnings before taxes (EBT) from continuing activities	(1,039.5)	37.1	N/A
Corporate income tax expense	164.2	(20.2)	N/A
Result from continuing operations	(875.2)	16.9	N/A
Result from discontinued operations	(217.0)	(14.0)	N/A
Net result	(1,092.2)	2.9	N/A
Non-controlling interests	64.2	105.3	-39.0%
Result attributable to equity holders of the parent company	(1,028.0)	108.2	N/A

4.1 Net Sales

Revenues totalled 11,152.2 million euro in 2012, a decline of 6.3% year-on-year. In Spain, revenues fell by 12.6% to 4,886 million euro due to the impact of lower government expenditure in the Construction and Cement areas. Revenues from outside Spain were affected by the implementation in the second half of the year of the plan to exit specific construction markets, mainly in Eastern Europe.

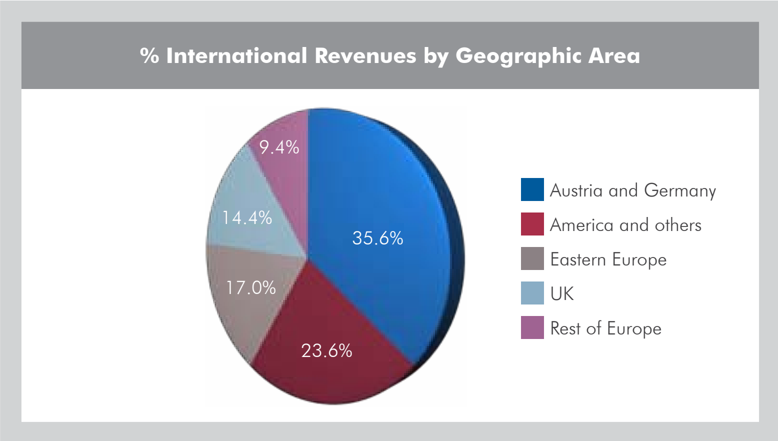
Environmental services, Versia and Cement increased their activity outside Spain by 8.4%, cushioning the adjustment in Construction in Europe. As a result, revenues from international markets amounted to 6,265.9 million euro, i.e. a decline of just 0.6%, continuing to account for the lion's share and setting a new record of 56.2% of the year's total. In year-on-year terms, business volume (excluding Spain and Central-Eastern Europe in the Construction area) expanded by 8.2%, as a result of the Group's renewed focus on a selective and profitable internationalisation strategy.



By geographic area, growth was notable in the Americas and in other new markets, where revenues increased by 30.5% with respect to 2011 due to progress with large infrastructure projects and to the good performance of the urban services business in the US. Revenues in the United Kingdom increased by 17.3%, mainly driven by the construction of a new waste treatment plant and a number of infrastructure projects. In contrast, revenues declined by a considerable 18% in Eastern Europe due to the implementation of the plan to restructure and concentrate the construction business, despite the good performance by the waste management business in this region.

International Revenue Breakdown

(million euro)	Dec. 12	Dec. 11	Chg. (%)
Austria and Germany	2,228.1	2,446.9	-8.9%
Eastern Europe	1,066.0	1,299.3	-18.0%
United Kingdom	903.8	770.4	17.3%
Rest of Europe	590.7	657.1	-10.1%
The Americas and others	1,477.2	1,131.5	30.5%
Total	6,265.9	6,305.1	-0.6%

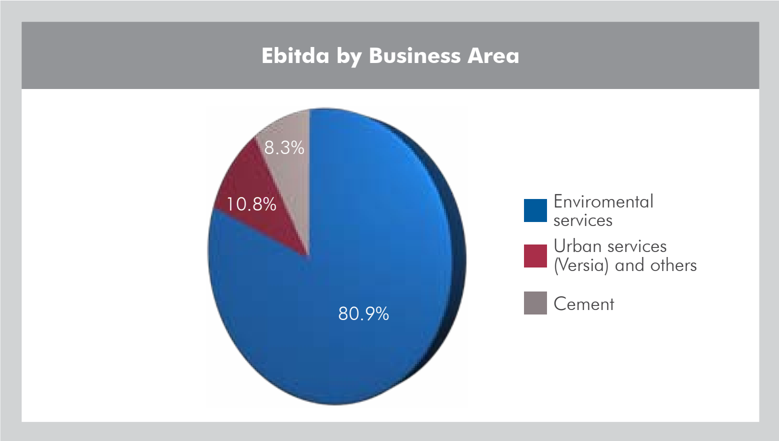


4.2 EBITDA

EBITDA totalled 753.4 million euro in 2012, i.e. 40% less than in 2011, due mainly to the impact of the -300.5 million euro gross operating result at Alpine that arose from exceptional losses, operating provisions and to the discontinuation and progressive withdrawal from certain contracts and markets, mainly in Eastern Europe. This adjustment was partially offset by earnings amounting to 32 million euro at the parent company and reflects the release of provisions booked in previous years (82.6 million euro) in anticipation of foreign risks.

Excluding the net effect of write-downs at Alpine, EBITDA would have amounted to 971.3 million euro, i.e. a decline of 22.7%, due mainly to weak Construction and Cement demand in Spain; the latter does not yet reflect the positive effect of the operating restructuring plan implemented in the second half of the year.

Additionally, the Environmental Services area, which is a recurrent and increasingly important business, notably expanded its share of operating profit, although this effect was due entirely to exceptional losses in the Construction area.



4.3 EBIT

EBIT in 2012 included an adjustment of 352 million euro to goodwill at several companies, detailed as follows:

Environment (213 million euro, of which 190.2 million euro at FCC Environment UK-WRG).
Construction (80 million euro at Alpine).
Versia (59 million euro at FCC Logistics).

These adjustments, which did not affect Group cash flow, are due to restructuring in those areas and lower future demand projections.

Moreover, it is worth nothing that other operating result also reflects provisions for restructuring and non-recurrent losses totalling 204.1 million euro, mainly in the Construction and Cement areas, broken down as follows:

Construction: 126.8 million euro to adapt productive assets to projected demand.

Cement: 46.9 million euro, and another 30.7 million euro due to the closure and write-downs of concrete and aggregate plants.

This line item also reflects 45 million euro in gains from the sale of the airport holding business in the third quarter of 2012.

The depreciation and amortisation charge in 2012 amounted to 640.6 million euro, i.e. down by 2.4% with respect to 2011, due to the decline in asset usage. The consolidation of Cement assets in the US that were previously booked as available-for-sale required the recognition of depreciation and amortisation charges not only for 2012, but also for the second half of 2011 (when those assets were classified as available-for-sale), which amounted to 13.3 million euro in that period. That figure includes 76.7 million euro for the ordinary depreciation of assets that were stepped up on consolidation in the FCC Group (78.3 million euro in 2011).

Given the impact of goodwill write-downs and restructuring provisions, EBIT amounted to -402.9 million euro in 2012, contrasting sharply with 2011 due to exceptional factors this year.

4.4 Earnings before taxes (EBT) from continuing activities

EBT from continuing activities in the period amounted to -875.2 million euro, after applying the following to EBIT:

4.4.1 Financial result

A net financial expense of 445.2 million euro, i.e. 5.6% more than last year and with a similar performance during the year.

Other financial results totalling -62.9 million euro, compared with +32.3 million euro in 2011. The Other financial result item primarily reflects the -54.6 million euro effect of fair value changes in financial instruments and of exchange rate fluctuations, which did not impact cash flow.

4.4.2 Result on companies accounted for using the equity method

The contribution from equity-accounted affiliates amounted to -128.4 million euro in 2012, compared with +33.3 million euro in 2011.

This notable decline is due entirely to the negative results from GVI (Globalvia Infraestructuras) and Realia, which amounted to -155.5 million euro, compared with -16.6 million euro in 2011. Of those, -68.1 million euro are attributable to GVI, due to full provisioning of the capital and funding provided to transport concessions in Spain that have been affected by restructuring or impairment. Realia accounted for -87.4 million euro, following the notable fair value adjustment of its portfolio of residential assets in Spain, to enable it to complete its refinancing plan and focus principally on property rentals.

4.5 Result attributable to equity holders of the parent company

Net attributable profit amounted to -1,028 million euro (compared with +108.2 million euro in 2011), after including the following items in EBT:

4.5.1 Corporate income tax expense

The corporate income tax expense reflects a tax credit of 164.2 million euro, compared with an expense of 20.2 million euro in 2011, due to the Construction area and, to a lesser extent, to Cement.

4.5.2 Income from discontinued operations

This item reflects only the -217 million euro in net profit at FCC Energy following a 262.5 million euro value adjustment in its portfolio of operational renewable assets.

4.5.3. Non-controlling interests

Losses attributable to non-controlling interests amounted to 64.2 million euro (compared with 105.3 million euro in 2011), almost entirely in the Cement division.

DIRECTOR'S REPORT

4.6 Extraordinary write-down in 2012

The 2012 income statement includes exceptional expenses and provisions as a result of the decision to provide the group with the necessary flexibility and positioning to be able to execute its strategic objectives, following a lengthy five-year period of declining demand in several areas of the business.

The company has also adjusted the value of several assets in view of the current market situation, and a reorganisation and restructuring of operations is already under way in certain business areas and geographies.

Below are the details of the various exceptional adjustments, the impact of which is already reflected in the specific sections referring to the income statement:

4.6.1. EBITDA

It includes -300.5 million euro gross operating result at Alpine due to losses and provisions in work contracts. They reflect the decision to focus that subsidiary on a smaller number of markets in the EU. Losses are concentrated in 5-6 countries which the company will exit in an orderly fashion by 2013 year-end, as those contracts are finalised.

These losses have been partially compensated by the release of provisions booked at corporate level, in previous years (82.6 million euro) in anticipation of overseas risks.

4.6.2. EBIT

The item other operating result includes several provisions for restructuring, amounting to 204.4 million euro, attributable to the actions implemented in the two business areas affected by the exceptional lack of investment (Spain) and by business reorganisation (Alpine).

Construction reflects a provision of 126.8 million euro, of which 60 million euro are attributable to expenses associated with adapting the personnel structure in Spain to the decline in activity; the remainder corresponds to write-downs in the area as a whole.

The Cement area includes another 77.6 million euro in provisions and adjustments to adapt production capacity to the temporary dip in demand in Spain.

In connection with the strategic objectives and reorganisation of its market presence, the Group has also booked an adjustment in the goodwill associated with a range of assets.

Accordingly, it has amortised 80 million euro corresponding to Alpine group, following a sweeping reorganisation, 59 million euro in connection with Versia area FCC Logistics, and another 213 million euro in Environment, mostly in the UK. The total, 352 million euro, reduced net profit notably but had no impact on the Group's cash flow in 2012.

4.6.3 Result of companies accounted for using the equity method

Write-downs for equity-accounted affiliates as a whole amounted to 155.5 million euro. The main equity-accounted affiliates are:

Realia, with 87.4 million euro in losses attributable to FCC's 30% stake, due to the adjustment in value of its housing stock (268 million euro), in accordance with current market conditions and with a view to monetising them and reducing future debt.

GVI, with 68.1 million euro, from the provision (113.6 million euro) for its stakes in several transport concessions (roads and metro) in Spain. This adjustment covers the risks arising from the ongoing financial restructuring of certain concessions, and projected risks at others due to the decline in activity.

Both negative contributions have a notable accounting impact on the Group's net attributable result but with no effect on cash generation. This enables the company to adapt to the tough conditions in some of its markets and position itself to undertake its plans to enhance profitability and earnings.

4.6.4 Result from discontinued operations

This item includes negative net of taxes impact of FCC Energy as a discontinued activity (217 million euro), which includes an extraordinary provision of 262.6 million euro relating to certain operating renewable assets, following various regulatory revisions made during the year. Following this adjustment, and since they are considered assets held for sale, plans are still in place to proceed with their divestment in the future.

The total cost of write-downs and restructuring by FCC Group had a negative impact of 1,146.8 million euro on the bottom line.

Of that amount, 217.9 million euro had a non-recurrent impact on EBITDA in 2012.

Another 204.4 million euro corresponds to provisions in connection with the adjustment process needed to remain competitive in Construction and Cement, the activities which were most affected by the decline in investment but enables to enjoy an adequate structure when the recovery will come in these areas.

Additionally, provisions for restructuring, together with the adjustment in goodwill and losses at equity-accounted affiliates and assets held for sale amounted to 928.9 million euro, but had no impact on interest-bearing debt, allowing the Group to adjust the value of its assets and address strategic objectives of enhancing cash flow and profitability more quickly and successfully.

In connection with the write-downs in 2012, sweeping restructuring of Alpine led to a temporary distortion and expansion of working capital at that company in Central and Eastern Europe. Although this had no impact on profit and loss account, it did lead to a temporary increase in operating finance needs, as visible in FCC Group's balance sheet and cash flow statement at year-end (see next sections).

5. BALANCE SHEET

(million euro)	Dec. 12	Dec. 11	Change (M€)
Intangible assets	3,821.7	4,317.0	(495.3)
Property, plant and equipment	4,691.3	4,636.4	54.9
Investments accounted for using the equity method	935.0	1,115.7	(180.7)
Non-current financial assets	412.6	462.0	(49.4)
Deferred tax assets and other non-current assets	717.2	542.9	174.3
Non-current assets	10,577.9	11,074.1	(496.2)
Non-current assets classified as held for sale	1,476.2	1,847.0	(370.8)
Inventories	1,128.7	1,271.4	(142.7)
Trade and other receivable	4,921.2	5,556.7	(635.5)
Other current financial assets	437.2	395.7	41.5
Cash and cash equivalents	1,166.2	2,302.6	(1,136.4)
Current assets	9,129.5	11,373.4	(2,243.9)
TOTAL ASSETS	19,707.5	22,447.5	(2,740)
Equity attributable to equity holders of parent company	1,259.9	2,378.9	(1,119.0)
Non-controlling interests	461.7	536.1	(74.4)
Equity	1,721.6	2,915.0	(1,193.4)
Grants	220.2	159.7	60.5
Long-term provisions	1,114.8	1,083.1	31.7
Long-term interest-bearing debt	4,540.0	4,565.1	(25.1)
Other non-current financial liabilities	565.9	595.2	(29.3)
Deferred tax liabilities and other non-current liabilities	1,106.1	1,132.2	(26.1)
Non-current liabilities	7,547.0	7,535.3	11.7
Liabilities associated with non-current assets classified as held for sale	970.4	1,396.7	(426.3)
Short-term provisions	303.6	178.9	124.7
Short-term interest-bearing debt	4,151.8	4,635.3	(483.5)
Other current financial liabilities	172.8	195.3	(22.5)
Trade and other payables	4,840.4	5,591.0	(750.6)
Current liabilities	10,483.9	11,997.2	(1,558.3)
TOTAL LIABILITIES	19,707.5	22,447.5	(2,740.0)

5.1 Investments accounted for using the equity method

The investment in equity-accounted companies (935 million euro) comprised mainly the following at the end of 2012:

1) 368.4 million euro corresponding to the 50% stake in Globalvia Infraestructuras (GVI), which reflects the adjustment in the value of several concessions.
2) 56.6 million euro corresponding to the 30% stake in Realia, including the impairment recognised in the real estate portfolio.
3) 23.6 million euro corresponding to concession companies not contributed to GVI.
4) 54.8 million euro corresponding to the 50% stake in the Proactiva Group (Environmental Services).
5) 431.6 million euro corresponding to the other stakes in, and credit lines to, equity-accounted affiliates.

The carrying value of FCC's holdings in infrastructure concessions amounted to 414 million euro at the end of December 2012. That figure includes the value attributable to FCC for its 50% stake in GVI (368.4 million euro) and the value of its holdings in other concession companies, both equity-accounted (23.6 million euro) and fully consolidated (22 million euro).

5.2 Non- current assets and liabilities classified as held for sale

The 1,476.2 million euro in non-current assets classified as held for sale at 31 December 2012 corresponds mainly to FCC Energy, which continues to be classified as a discontinued operation.

FCC has total associated liabilities amounting to 970.4 million euro. FCC Energy's net interest-bearing debt to third parties, project exclusively, amounted to 674.7 million euro at 31 December 2012.

5.3 Net equity

Net equity amounted to 1,721.6 million euro at the end of 2012, equivalent to 11 euro per share (adjusted for treasury stock), the component of which was the consolidated result for the period (-1,092.2 million euro).

5.4 Net interest-bearing debt

At the end of 2012, net interest-bearing debt amounted to 7,087.7 million euro, having increased by 494.4 million euro (+7.5%) with respect to December 2011.

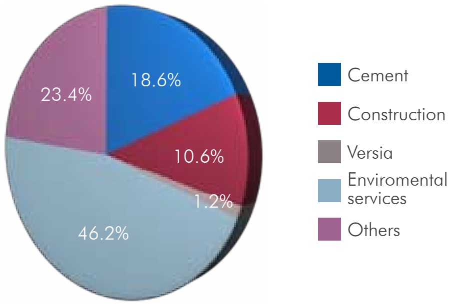
(million euro)	Dec. 12	Dec. 11	Change (M€)
Bank borrowings	7,247.0	8,190.3	(943.3)
Debt instruments and other loans	1,144.7	779.8	364.9
Accounts payable due to financial leases	70.9	96.2	(25.3)
Other financial liabilities	229,2	134.1	95.1
Gross interest-bearing debt	8,691.8	9,200.4	(508.6)
Cash and other financial assets	(1,604.1)	(2,607.1)	1,003.0
Net interest-bearing debt	7,087.7	6,593.3	494.4
With recourse	4,262.9	4,224.9	38.0
Without recourse	2,824.8	2,368.4	456.4

The main component of the year-on-year comparison is the decline in operating profit at Alpine. The temporary increase in working capital at Alpine (303.6 million euro) due to its operations in Eastern Europe also contributed to that increase. The gradual normalisation expected at Alpine after completing its restructuring in 2013 should pave the way for a gradual recovery in the cash invested in working capital at 31 December 2011.

Environmental Services accounted for 46.2% of net debt, connected to stable, regulated long-term public service contracts. Cement, a business which represents a large proportion of fixed assets on the balance sheet, accounted for 18.6% of total net debt. Construction accounted for 10.6% as a result of temporary demand for operating finance at Alpine, and Versia for just 1.2%.

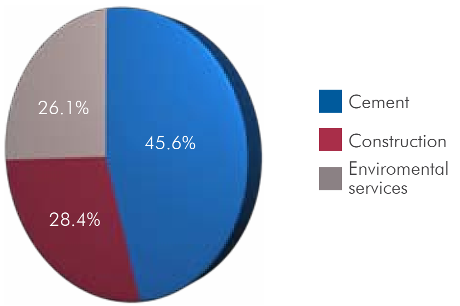
It's worth noting that 23.4% corresponds to the Parent company, which reflects the reclassification of debt from the acquisition of subsidiaries outside Spain in the Environment area and also the effect of the contribution of funds to the parent company which heads the Construction area.

Net debt, by business area



Moreover, 2,824.8 million euro of net debt, i.e. 39.9% of the total, is without recourse. The breakdown by business area is as follows:

Net debt without recourse, by area



It is important to note that most of the debt related to the Cement area is without recourse to the rest of FCC Group, as stipulated in the refinancing agreement for the area that was signed in July. Another 777.2 million euro correspond to Alpine subgroup, and are classified is in line with the current financial restructuring process, which is expected to be completed before the end of the first quarter of 2013. The remaining debt with recourse is confined to the projects and assets it finances and corresponds almost entirely to water and waste management activities performed by Environmental Services.

5.5 Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities amounts to 738.7 million euro and includes other financial liabilities not classified as interest-bearing debt, such as those linked to suppliers of property, plant and equipment (operation permits for urban furniture at Versia, amounting to 539 million euro), deposits and guarantees received, and stock options.

6. CASH FLOW

From continuing activities (million euro)	Dec. 12	Dec. 11	Chg. (%)
Funds from operations	1,001.7	1,289.2	-22.3%
(Increase)/decrease in working capital	(145.8)	(233.1)	-37.5%
Other items (taxes, dividends, etc.)	(153.9)	(61.0)	152.3%
Operating cash flow	702.0	995.1	-29.5%
Investing cash flow	(448.6)	7.7	N/A
Cash flow from business operations	253.4	1,002.8	-74.7%
Financing cash flow	(654.1)	(585.3)	11.8%
Other cash flow (exchange differences, change in consolid ation scope, etc.)	(93.7)	165.5	-156.6%
(Increase) / decrease in net interest-bearing debt	(494.4)	583.0	-184.8%

6.1 Operating cash flow

Operating cash flow totalled 702 million euro in 2012, compared with 995.1 million euro in 2011. The decline is attributable in its entirety to operating losses of 300.5 million euro in the Construction area (Alpine), which reduced cash flow to 1,001.7 million euro. The restructuring under way at Alpine reduced working capital improvement as usual at year end, which notably lessened the net impact of the smaller balance of customer receivables in Spain, mainly in the Environmental Services area.

(million euro)	Dec. 12
Construction	(469.3)
Environmental services	230.5
Versia	31.0
Cement	13.3
Corporate and adjustments	48.7
(Increase)/decrease in working capital	(145.8)

The 230.5 million euro decline in working capital in the Environmental Services division reflects the impact of the collection of accounts receivable under the Supplier Payment Plan implemented by the Spanish central government as from the second quarter of 2012.

In contrast, the increase in working capital in the construction area, totalling 469.3 million euro (243.9 million euro in 2011), is attributable to Alpine's subgroup special situation at the end of the year. Alpine was engaged in an operating and financial restructuring process at year-end which led to a temporary increase in working capital needs, in terms of both collections from clients and payments to suppliers. At 31 December 2011, Alpine's working capital had increased by 303.6 million euro. The restructuring process is expected to be completed shortly and then working capital should normalise in the area along 2013, in view of the expected gradual resumption of regular operating conditions.

6.2 Investing cash flow

Investing cash flow totalled 448.6 million euro in 2012, which reflects the divestment of Versia's airport handling business and, to a lesser extent, the ongoing rationalisation of capital expenditure and its adaptation to the pace of activity. Adjusting for this impact, capital expenditure in the period is on par with maintenance capex in 2011.

The breakdown of net investments by activity is as follows:

(Investment/Divestment, million euro)	Dec. 12	Dec. 11	Chg. (%)
Environmental services	(215.3)	(295.6)	-27.2%
Construction	(144.6)	(86.7)	66.8%
Cement	(22.7)	(39.1)	-41.9%
Versia	(16.5)	(7.0)	135.7%
Corporate and adjustments	(49.5)	436.1	-111.4%
Total	(448.6)	7.7	N/A

The variation in total capital expenditure with respect to 2011 is attributable to the large number of divestments in the fourth quarter of that year, which totalled 575 million euro.

As a result, cash flow from business operations amounted to 253.4 million euro in 2012, compared with 1,002.8 million euro in 2011.

6.3 Financing cash flow

Financing cash flow increased by 11.8% year-on-year, to 654.1 million euro. In addition to debt servicing, this item includes 150.7 million euro in dividend payments by the FCC Group parent company, and 52.6 million euro for the acquisition in the first quarter of 2012 of the remaining non-controlling interests (13.5%) in Alpine, in accordance with the agreement signed in 2011.

6.4 Others

This item includes a 93.7 million euro increase in debt which comprises 226 million euro in capital expenditure in FCC Energy during the year to build two solar thermal plants (50 MW each). The first one was commissioned on 1 November 2012, and the second one is expected to enter into operation around the same time in 2013.

7. BUSINESS PERFORMANCE

7.1 Environmental Services

7.1.1 Results

(million euro)	Dec. 12	Dec. 11	Chg. (%)
Revenues	3,821.8	3,735.4	2.3%
Spain	2,258.1	2,321.1	-2.7%
International	1,563.7	1,414.3	10.6%
EBITDA	683.4	697.9	-2.1%
EBITDA margin	17.9%	18.7%	-0.8 p.p.
EBIT	150.8	366.2	-58.8%
EBIT margin	3.9%	9.8%	-5.9 p.p.

Revenues from Environmental Services increased by 2.3% in 2012, to 3,821.8 million euro, driven by the notable increase in activity outside Spain, where revenues expanded by 10.6%, compared with a 2.7% decline in Spain.

(million euro)	Dec. 12	Dec. 11	Chg. (%)
Revenues - Spain	2,258.1	2,321.2	-2.7%
Environment	1,458.3	1,493.4	-2.4%
Water	669.7	668.4	0.2%
Industrial Waste	130.1	159.4	-18.4%
Revenues - International	1,563.7	1,414.3	10.6%
Environment	1,195.6	1,078.4	10.9%
Water	196.7	176.6	11.4%
Industrial Waste	171.4	159.3	7.6%

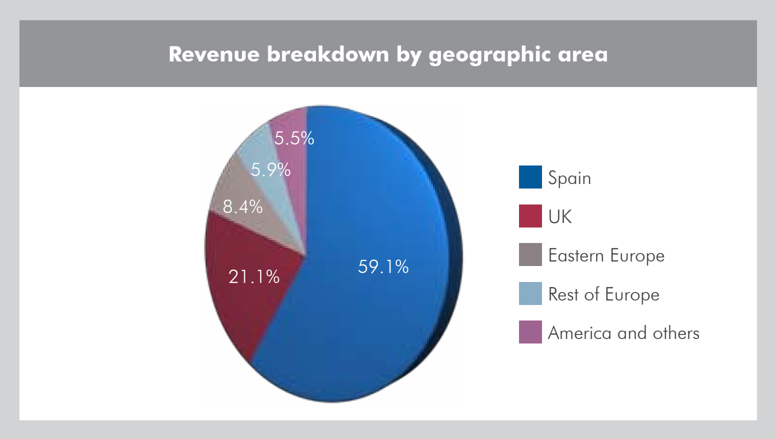
International Water revenues expanded by 11.4%, attributable to the contribution from the contracts to operate desalination plants in Algeria and to progress with the end-to-end water management contract in Riyadh (Saudi Arabia).

Revenues in the International Environment area rose by 10.9%, driven in large part by progress in the construction of a new waste treatment plant in Lincolnshire (UK) and increased use of the incineration plant in Allington (UK). In contrast, the Environment unit in Spain reflects the partial adjustment in services provided to certain clients to adapt to their financial situation; this process is expected to be completed in 2013.

Industrial Waste revenues continued to expand rapidly outside Spain, rising 7.6% and driven by business in the US, offsetting the impact of the shrinkage in industrial waste treatment in Spain (-18.4%).

International Revenue Breakdown (million euro)	Dec. 12	Dec. 11	Chg. (%)
United Kingdom	806.9	688.3	17.2%
Eastern Europe	321.4	317.5	1.2%
Rest of Europe	226.9	222.4	2.0%
The Americas and others	208.4	186.1	12.0%
Total	1,563.7	1,414.3	10.6%

The most important international markets are the UK (accounting for 21.1% of this area's revenues), for municipal solid waste treatment and disposal; the rest of Europe (14.3%), primarily the Czech Republic and Austria, for municipal solid waste and end-to-end water management; and the US, for industrial waste management.



EBITDA declined by 2.1% in 2012, to 683.4 million euro, and the EBITDA margin was 17.9%, compared with 18.7% in 2011 (which included several non-recurring items—sale of material and release of provisions—totalling 12 million euro). EBITDA in the Industrial Waste area fell in the year due to the decline in industrial activity in Spain and Portugal together with lower sales margins in the US.

EBIT fell by 58.8%, to 150.8 million euro, due entirely to the 213 million euro goodwill impairment, of which a large part (190.2 million euro) is due to adaptation to current business projections at FCC Environment-WRG.

The area's backlog amounted to 24,980.8 million euro, i.e. down just 2.9% with respect to 2011 yearend, due to a combination of factors in Spain and in other markets. It is important to note the delay in adjudication of certain contracts (e.g. MSW collection in specific areas of Madrid) and the above-mentioned effect of adjustments agreed with certain Environmental Services clients in Spain. The backlog outside Spain (-4.3%) does not reflect various waste treatment contracts, including the Buckinghamshire plant (preferred bidder), which is expected to be signed in the first half of 2013.

Backlog breakdown by region (million euro)	Dec. 12	Dec. 11	Chg. (%)
Spain	16,723.3	17,092.6	-2.2%
International	8,257.5	8,626.8	-4.3%
Total	24,980.8	25,719.4	-2.9%

7.1.2 Proactiva

Proactiva is the leading municipal waste and end-to-end water management company in Ibero-America (Brazil, Chile, Mexico, Peru, Colombia, etc.). The group is owned 50% by FCC and is equity-accounted, in line with FCC accounting policy.

Proactiva's revenues in 2012 totalled 538.4 million euro, i.e. an increase of 14.5% year-on-year. EBITDA amounted to 104.8 million euro, and the EBITDA margin was 19.5%. Net interest-bearing debt amounted to 107.8 million euro at 31 December.

7.1.3 Cash flow

(million euro)	Dec. 12	Dec. 11	Chg. (%)
Funds from operations	684.1	714.4	-4.2%
(Increase) / decrease in working capital	230.5	(130.9)	N/A
Other items (taxes, dividends, etc.)	(55.8)	(43.4)	28.6%
Operating cash flow	858.8	540.1	59.0%
Investing cash flow	(215.3)	(295.6)	-27.2%
Cash flow from business operations	643.5	244.5	163.2%
Financing cash flow	334.8	(318.5)	-205.1%
Other cash flow (exchange differences, change in consolidation scope, etc.)	51.1	122.8	-58.4%
(Increase) / decrease in net interest-bearing debt	1,029.3	48.7	N/A

(million euro)	Dec. 12	Dec. 11	Change (M€)
Net interest-bearing debt	3,274.6	4,303.9	(1,029.3)
With recourse	2,537.8	3,545.8	(1,008.0)
Without recourse	736.8	758.1	(21.3)

Operating cash flow totalled 858.8 million euro in 2012, i.e. an increase of 318.7 million euro compared with 2011. This is attributable primarily to the recovery of 230.5 million euro in working capital, compared with an investment of 130.9 million euro in 2011. That recovery is the result of the collection of 991 million euro in outstanding invoices, most of them from local governments in Spain under the Spanish central government's Supplier Payment Plan. That amount also reduced non-recourse discounting of customer receivables with banks by 506.3 million euro in the year.

Past-due accounts receivable from public sector clients at the end of 2012 remained stable since the implementation of the Local Adjustment Plans, and totalled approximately 600 million euro. Their gradual reduction and realisation is one of the area's main objectives, following the measures already taken by the public administrations (budget adjustment and control plans), together with additional measures expected in the first half of 2013.

Net investments in the period, amounting to 215.3 million euro (down 27.2% year-on-year), were primarily for maintenance capex and fulfilment of operating contracts.

After applying financing cash flow and other changes, the area's net interest-bearing debt declined considerably year-on-year, by 1,029.3 million euro, to 3,274.6 million euro. This debt reduction was attributable partly to the 643.5 million euro operating cash flow and to the classification of 647.9 million euro for financing the acquisition of FCC Environment-WRG group as parent company debt at year-end (consolidated in that business area in previous years), whose effect is reflected under financing cash flows.

7.2 Construction

7.2.1 Results

(million euro)	Dec. 12	Dec. 11	Chg. (%)
Revenues	6,148.4	6,686.2	-8.0%
Spain	1,948.8	2,320.4	-16.0%
International	4,199.6	4,365.8	-3.8%
EBITDA	(91.2)	303.9	-130.0%
EBITDA margin	-1.5%	4.5%	-6.0 p.p.
EBIT	(409.2)	212.3	N/A
EBIT margin	-6.7%	3.2%	-9.8 p.p.

Revenue in the Construction area fell by 8% with respect to 2011, to 6,148.4 million euro, due to the decline in activity in Spain (-16%) together with the effect of the gradual withdrawal from certain markets in Eastern Europe, with the result that international revenues fell by 3.8%.

International Revenue Breakdown (million euro)	Dec. 12	Dec. 11	Chg. (%)
Austria and Germany	2,117.8	2,335.4	-9.3%
Eastern Europe	744.5	981.7	-24.2%
Rest of Europe	395.9	386.5	2.4%
The Americas and others	941.4	662.2	42.4%
Total	4,199.6	4,365.8	-3.8%

By geographic area, revenues in the Americas and other new markets expanded by 42.4%, due mainly to progress in major contracts, including the metro and road reorganisation in

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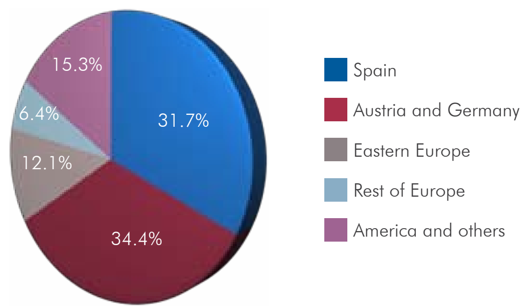
Panama. Revenues from the rest of Europe expanded by 2.4%, boosted by the execution of several projects, such as the tunnel for the London Underground, a thermal power plant in The Netherlands, and several projects in Norway, including a bridge, two tunnels and a section of railway. Revenues in Central and Eastern Europe fell by 9.3% and 24.2%, respectively, due to the ongoing reorganisation and withdrawal in certain markets.

Revenue breakdown by region



Civil engineering projects account for 56.5% of revenues, non-residential building for 18.4%, industrial services for 13.7%, and residential building for 11.4%.

Revenue breakdown by segment (million euro)	Dec. 12	Dec. 11	Chg. (%)
Civil engineering	3,474.4	3,840.2	-9.5%
Non-residential building	1,131.0	1,386.5	-18.4%
Industrial services	841.8	880.0	-4.4%
Residential building	701.2	579.5	21.0%
Total	6,148.4	6,686.2	-8.0%

EBITDA amounted to -91.2 million euro, due to the negative contribution of Alpine with 300.5 million euro.

EBIT, which totalled -409.2 million euro, includes an 80 million euro adjustment in Alpine's goodwill as well as 126.8 million euro in extraordinary losses and provisions associated with write downs and restructuring in the area as a whole.

The backlog amounted to 8,595.2 million euro, reflecting the withdrawal from certain markets where Alpine operated and the ongoing adjustment in demand for public works in Spain. In the International Construction area, fewer contracts in Eastern Europe were broadly offset by the addition of large contracts in other areas, including road reorganisation in Panama City (284 million euro), the Gerald Desmond bridge in the US (162 million euro), and a section of the northwest high-speed railway in Spain (75 million euro). The backlog does not yet reflect some very important contracts, such as construction of a hospital complex in Panama (416 million euro).

Backlog breakdown by region (million euro)	Dec. 12	Dec. 11	Chg. (%)
Spain	3.807,5	4.610,2	-17,4%
International	4.787,7	4.908,0	-2,5%
Total	8.595,2	9.518,2	-9,7%

At the end of 2012, civil engineering and industrial services continued to account for the bulk of the backlog, i.e. 78.3% of the total, while non-residential building accounted for 14.3% and residential building for 7.4%.

Backlog breakdown by business segment (million euro)	Dic.12	Dic. 11	Var. (%)
Civil engineering	6,274.7	6,601.2	-4.9%
Non-residential building	1,229.8	1,913.0	-35.7%
Industrial services	457.2	653.0	-30.0%
Residential building	633.5	351.0	80.5%
Total	8,595.2	9,518.2	-9.7%

7.2.2 Cash flow

(million euro)	Dec. 12	Dec. 11	Chg. (%)
Funds from operations	282.8	361.5	-21.8%
(Increase) / decrease in working capital	(469.3)	(243.9)	92.4%
Other items (taxes, dividends, etc.)	(23.0)	(58.2)	-60.5%
Operating cash flow	(209.5)	59.4	N/A
Investing cash flow	(144.6)	(86.7)	66.8%
Cash flow from business operations	(354.1)	(27.3)	N/A
Financing cash flow	209.2	(175.2)	-219.4%
Other cash flow (exchange differences, change in consolidation scope, etc.)	46.7	65.9	-29.1%
(Increase)/decrease in net interest-bearing debt	(98,3)	(136,5)	-28,0%

(million euro)	Dec. 12	Dec. 11	Change (M€)
Net interest-bearing debt	754.3	656.0	98.3
With recourse	(46.6)	670.0	(716.6)
Without recourse	800.9	(14.0)	814.9

Operating cash flow totalled -209.5 million euro in 2012, compared with 59.4 million euro in 2011, due mainly to two factors: an increase in working capital to 469.3 million euro, compared with 243.9 million euro in 2011, and a 102.3 million euro contraction in funds from operations, affected primarily by the exceptional losses in connection with certain Alpine contracts. Alpine accounts for 303.6 million euro (64.7% over total) of the aforementioned increase in working capital, due to the impact of the restructuring process under way, which distorted payment and collection conditions. Working capital is expected to normalise gradually once the restructuring process is successfully completed.

Investing cash flow totalled 144.6 million euro, compared with 86.7 million euro in 2011.

Financing cash flow amounted to 209.2 million euro, compared with -175.2 million euro in 2011, and includes an increase in the area's equity to offset losses from write-downs in the year.

The area's net debt was 754.3 million euro. All of the debt is concentrated in the Alpine subgroup, where it amounts to 777.2 million euro and is classified as interest-bearing debt without recourse.

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7.3 Cement

7.3.1 Results

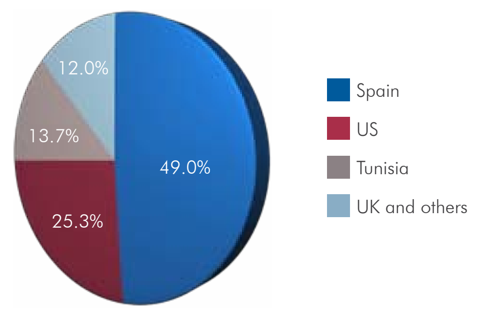
(million euro)	Dec. 12	Dec. 11	Chg. (%)
Revenues	653.7	750.9	-12.9%
Spain	320.1	488.2	-34.4%
International	333.6	262.7	27.0%
EBITDA	69.8	154.1	-54.7%
EBITDA margin	10.7%	20.5%	-9.8 p.p.
EBIT	(133.4)	(300.8)	55.7%
EBIT margin	-20.4%	-40.1%	19.7 p.p.

Revenues in the Cement area amounted to 653.7 million euro in 2012, down 12.9% year-on-year. Revenues from outside Spain expanded by a notable 27%, to account for 51% of the total. In Spain, the decline in revenues of 34.4% reflects the reduction in domestic cement consumption in the year, due mainly to less investment in civil engineering.

International Revenue Breakdown (million euro)	Dec. 12	Dec. 11	Chg. (%)
United States	165.3	141.9	16.5%
Tunisia	90.0	68.8	30.7%
UK and Others	78.4	52.0	50.8%
Total	333.6	262.7	27.0%

Revenues in the US expanded by 16.5%, driven by the gradual recovery in residential construction, while the 30.7% growth in Tunisia was due to the favourable comparison with the 2011 results, which were affected by socio-political tensions in the Maghreb region during that year. Exports expanded by 50.8%, with a special emphasize on UK (44.7% of the total) and Algeria.

Revenue breakdown by region



EBITDA declined by 54.7% to 69.8 million euro and the EBITDA margin fell by 9.8 percentage points, to 10.7%. This was due mainly to a combination of falling business volume in Spain, higher energy costs, and lower revenues from the sale of emission rights in the period.

It is important to note that the New Val operational restructuring plan, which aims to restore profitability in this area by adjusting capacity in Spain, was implemented in the second half of 2012; consequently, its impact is not yet visible.

The negative EBIT (-133.4 million euro) includes 46.9 million euro in restructuring costs as part of the new operating plan, 30.7 million euro in asset write-downs in the concrete and aggregate businesses in Spain, and 13.3 million euro for the depreciation and amortisation of assets in the US in the second half of 2011, after reclassification as continuing operations this year.

7.3.2 Cash flow

From continuing operations (million euro)	Dec. 12	Dec. 11	Chg. (%)
Funds from operations	30.3	119.9	-74.7%
(Increase) / decrease in working capital	13.3	(2.5)	N/A
Other items (taxes, dividends, etc.)	(5.3)	(24.2)	-78.1%
Operating cash flow	38.3	93.2	-58.9%
Investing cash flow	(22.7)	(39.1)	-41.9%
Cash flow from business operations	15.6	54.1	-71.2%
Financing cash flow	(70.3)	(70.3)	0.0%
Other cash flow (exchange differences, change in consolidation scope, etc.)	19.3	18.7	3.2%
(Increase) / decrease in net interest-bearing debt	(35.5)	2.5	N/A

(million euro)	Dec. 12	Dec. 11	Change (M€)
Net interest-bearing debt	1,320.5	1,285.0	35.5
With recourse	33.4	6.1	27.3
Without recourse	1,287.1	1,278.9	8.2

Operating cash flow declined to 38.3 million euro in 2012, due to lower activity and profitability of operations in Spain. Funds from operations amounted to 30.3 million euro and include a cash outflow of 41 million euro for workforce restructuring.

Investing cash flow amounted to 22.7 million euro and was focused on increasing the use of alternative fuels and raw materials and developing new products. At the end of 2012, the fossil fuel replacement rate was 21%, compared with 16.2% at the end of 2011. The decline in investing cash flow with respect to 2012 is attributable to the sale of non-core assets, including the terminal in Norfolk (US) and minor assets in Spain.

After applying financing cash flow and other changes, the area's net interest-bearing debt increased by 35.5 million euro in the year, to 1,320.5 million euro.

Nearly all of the Cement area's net interest-bearing debt is without recourse to FCC Group (the controlling shareholder with a 70% stake), as stipulated in the refinancing contracts signed in July. Linked to the fulfilment of those contracts, FCC has committed up to 200 million euro in contingent capital for CPV, the company which heads this area.

7.4 Versia

7.4.1 Results

(million euro)	Dec. 12	Dec. 11	Chg. (%)
Revenues	570.0	767.3	-25.7%
Spain	364.9	504.1	-27.6%
International	205.1	263.2	-22.1%
EBITDA	59.4	114.9	-48.3%
EBITDA margin	10.4%	15.0%	-4.6 p.p.
EBIT	(35.0)	36.2	-196.7%
EBIT margin	-6.1%	4.7%	-10.9 p.p.

Revenues from urban services (Versia) amounted to 570 million euro in 2012, a year-on-year reduction of 25.7% due both to declining business in Spain and to the divestment of the on-street parking business (EYSSA) in December 2011 and of the handling business in the third quarter of 2012. Excluding that effect, revenues would have declined by 8.6% in like-for-like terms.

Breakdown of revenues by business (million euro)	Dec. 12	Dec. 11	Chg. (%)
Logistics	253.0	270.8	-6.6%
Handling*	151.8	239.1	-36.5%
Urban Furniture	123.1	135.9	-9.4%
Others**	42.1	121.5	-65.3%
Total	570.0	767.3	-25.7%

*Figures are not comparable due to the divestment of this business in September 2012

**Others include SVAT, Maintenance-Systems and Car Parks (the latter was divested in 2011)

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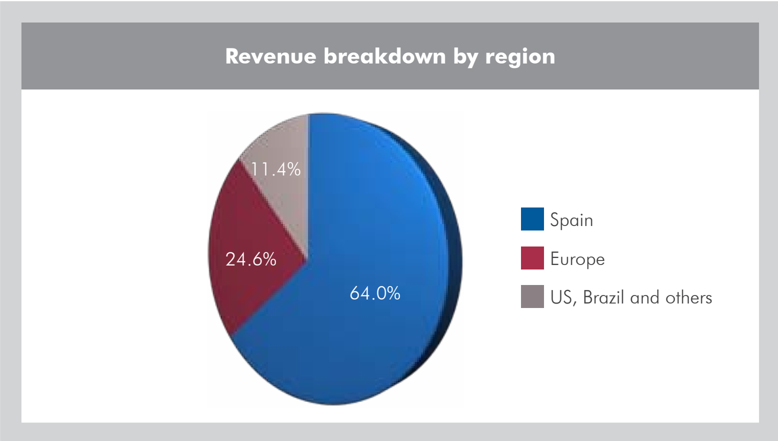
Revenues reflect the impact of the widespread decline in consumer spending, particularly in Spain, Portugal and Italy, in all of this division's activities.

On 11 September, FCC completed the sale of the Handling business for 128 million euro; the earnings from that activity are included only until 31 August. In like-for-like terms, revenues in that activity would have declined by 5.5% in the first eight months of 2012.

International Revenue Breakdown (million euro)	Dec. 12	Dec. 11	Chg. (%)
Europe	140.2	205.3	-31.7%
US, Brazil and others	64.9	57.9	12.1%
Total	205.1	263.2	-22.1%

Revenues in Spain accounted for 64% of the total. The international component is particularly important in Urban Furniture (where 64.1% of revenues come from the USA, Portugal and Brazil). Revenues in the USA, Brazil and other countries increased by 12.1%, boosted by good performance in the New York urban furniture contract.



EBITDA totalled 59.4 million euro, down 48.3% year-on-year. Excluding the effect of the sale of the on-street parking business at the end 2011 and the handling business in the third quarter of 2012, EBITDA would have declined by 33.1% in like-for-like terms. That reduction is attributable mainly to the decline in the margin in Urban Furniture caused by a sharp decrease in ad space occupancy in Spain and Portugal.

EBIT, which amounted to -35 million euro, reflects the goodwill impairment in the Logistics area (59 million euro) and gains from the sale of the airport handling business in the third quarter (45 million euro).

7.4.2 Cash flow

(million euro)	Dec. 12	Dec. 11	Chg. (%)
Funds from operations	57.3	115.9	-50.6%
(Increase) / decrease in working capital	31.0	7.4	N/A
Other items (taxes, dividends, etc.)	18.6	(20.6)	-190.3%
Operating cash flow	106.9	102.7	4.1%
Investing cash flow	(16.5)	(7.0)	135.7%
Cash flow from business operations	90.4	95.7	-5.5%
Financing cash flow	(15.7)	(27.6)	-43.1%
Other cash flow (exchange differences, change in consolidation scope, etc.)	31.8	33.1	-3.9%
(Increase) / decrease in net interest-bearing debt	106.6	101.2	5.3%

(million euro)	Dec. 12	Dec. 11	Change (M€)
Net interest-bearing debt	83.0	189.6	(106.6)
With recourse	83.0	189.6	(106.6)
Without recourse	0.0	0.0	0.0

Operating cash flow increased 4.1% in 2012, to 106.9 million euro, due primarily to the recovery of working capital and to lower taxes, which more than offset the decline in funds from operations.

Investing cash flow totalled -16.5 million euro, vs. -7 million euro in 2011. This item includes the sale of the airport handling business for 128 million euro in 2012, whereas in 2011 in included mainly the sale of EYSSA for 115 million euro.

After applying financing cash flow and other changes, net interest-bearing debt declined by 106.6 million euro with respect to December 2011, to 83 million euro.

8. TREASURY SHARES TRANSACTION

At 2012 year-end Fomento de Construcciones y Contratas, S.A. held 3,292,520 treasury shares representing 2,59% of shared capital, valued at EUR 91,323 thousand.

Also, at year-end Asesoría Financiera y de Gestión, S.A. (Afigesa), a company wholly-owned by the Parent Fomento de Construcciones y Contratas, S.A. held 9.379.138 shares of Fomento de Construcciones y Contratas, S.A., representing 7,4% of its share capital, with a carrying amount of EUR 253,696 thousand.

In accordance with Article 148-d of the Consolidated Spanish Limited Liability Companies Law, the changes in the number of shares during the year are detailed in the table below:

	FCC, S.A.	Asesoria Financiera y de Gestión ,S.A.	FCC Group
At 31 December 2011	3.278.047	9.418.830	12.696.877
Acquisitions or additions	5.482.183	80.000	5.562.183
Sales or disposals	(5.467.710)	(119.692)	(5.587.402)
At 31 December 2012	3.292.520	9.379.138	12.671.658

9. RESEARCH AND DEVELOPMENT ACTIVITIES

In 2012 the **Innovation Committee**, the body responsible for coordinating innovation at the FCC Group, analysed and monitored R&D+i activity with a view to determining the Group's future measures and guidelines. It monitored the lines of research of each business area, the R&D+i indicators and the main R&D+i projects underway, to name a few, and analysed ideas for future projects, finance optimization and the use of systems for effective innovation management.

In 2012 the FCC Group's R&D+i activity materialised into more than 70 projects.

Regarding to the **Invierte Sustainable Economy programme**, approved in 2011 by the Centre for Industrial Technological Development (CDTI), a co-investement agreement has been formalized between Invierte Economía Sostenible Coinversión, S.A., S.C.R. de Régimen Simplificado and Fomento de Construcciones y Contratas S.A.. The estimated five-year investment to support innovative SMEs in the Energy and Environment sectors is EUR 21 million. FCC will have a majority holding in each of the joint investments, head the transactions required to implement the investment, perform the related follow-up and, if applicable, the subsequent divestment, and will collaborate on the administration and management of the investees.

Among the **Corporate R&D&I** projects, the following must be highlighted:

- IISIS Project – Integrated Research on Sustainable Islands: It is led by FCC S.A. through the Environment and Energy areas, with the participation of other Group areas such as Aqualia, FCC Construcción and Cementos Portland Valderrivas, together with various outside companies (Acerinox, Prainsa, etc.). Its objective is to conduct advanced and ambitious research into sustainable property developments for the future, including:
  - Elements, materials, technologies and systems required to develop the building in a marine environment, without constituting a threat to the environment. Hydraulic tests have begun on the models on what would be the island's support platform.
  - Self-sufficiency in every aspect (energy, water, basic feed, waste treatment and recycling), achieved through all kinds of integrated facilities.
  - A smart management and control system. All the processes and sub-processes involved in all stages of the lifecycle of the island have been identified which will be used to create the smart control and management orders, based on achieving maximum efficiency and sustainability.

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In 2012 the business areas performed the following R&D&I activities:

ENVIRONMENTAL SERVICES

- BIO+ Project: With a view to making the urban waste treatment process more eco-efficient.
- "Secado de los rechazos de las plantas de tratamiento" project (both for mechanical-biological treatment plants and packaging classification plants).
- "Microgeneración de biogás de vertedero mediante turbina" project.
- Hybrid electric vehicle projects. Hybrid electric vehicle developments have continued in the field of machinery, both for tanks and refuse collection vehicles.
- Projects in the field of new technologies. Advanced solution for the global management of all of the processes and agents in environmental contracts.
- HUELLA DE CARBONO Project. The objective of this project is to design a methodology and functional model that make it possible to calculate the carbon footprint of the services rendered within the framework of an urban services contract. In short, it is about achieving energy efficiency and combating climate change.

WATER

In 2012 the following projects were completed in the three priority target areas:

Quality

- ACRILAMIDA Project. The objective of this project is the substitution of acrylamide in the treatment of water and in sludge drying at the Drinking Water Treatment Plants (ETAP).

Sustainability

- FANGOS SALAMANCA Project. A modern system that increases efficiency in the treatment of the sludge resulting from the water treatment process.

Integral management

- MANTENIMIENTO PREDICTIVO Project. Analysis of systems that predict mechanical faults.

Following the end of these projects, it is worth mentioning various returns on the investment for the company such as patents, know-how, new services or products available for production, as well as synergies and elements that can be used for other projects underway.

In 2012 the removable human decontamination chamber was registered as a utility model. The ELAN brand was also registered for a specific process (Anammox) and two patent requests were submitted.

Projects in progress in 2012 include the following:

- ITACA Project. Research of water treatment, reuse and control technologies for the sustainable use of water. The project is being carried out in conjunction with Universidad de Alcalá and Universidad de Santiago de Compostela. It comprises the research of new advanced concepts in industrial and urban wastewater treatment, minimising the impacts on the natural environment.
- Customer management tools project to improve the capture and evaluation of the technical and economic processes of operation of the services.

Progress has also been made on major projects relating to the production of bioenergy from wastewater:

- ALL-GAS Project biofuels sustainable production based on the low cost microalgae cultivation: included in the "Algae to Biofuel" initiative of the EU's Seventh Framework Programme overcame its first milestone in September 2012 with the approval of the initial results. The project is based on the recycling of organic material from agricultural waste and effluents from water treatment to produce biogas in order to minimize costs and the impact on the environment.
- CENIT VIDA Project. Research of advanced technologies for the integral valuation of algae. This project envisages the development of a sustainable and self-sufficient city based on the cultivation of microalgae, used as both a source of clean and renewable energy, and to supply the basic needs and requirements of its residents. Aqualia's work focuses on the efficient conversion of nutrients from wastewater into biomass and in the transformation of algae into biogas with a high purity.
- DOWNSTREAM Project. The objective of the project is to optimise the drying and storage of microalgae on a pre-industrial scale. It is jointly financed by the Ministry of Economy and Competitiveness with the support of the Innpacto

programme.

- SWAT Project. Salsnes water to algae treatment: With the help of the VII Framework Programme, the aim is to develop a universal very low-energy technology for the collection of algae. A study will be performed of SWAT technology in the growing biofuels market.

In addition, in 2012 the EU's Life financing was obtained for the following project:

- REMEMBRANE Project. Strategic research on the recycling of desalination membranes to reduce investment and operating costs, as well as open up new perspectives on waste reduction and the reuse of water.

The **"R&D+i Project Management"** certification approved in December 2010 was audited and renewed by AENOR in November 2012 for a period of one year. This renewal was outstanding and not one "disagree" was received.

The R&D+i management system implemented at Aqualia pays special attention to technology surveillance and, specifically, it has internal systems such as half-yearly surveillance reports prepared by experts at Aqualia on 17 priority areas and external systems such as those indicated below:

- AINIA Project. As members of the AINIA Technology Centre, Aqualia has access to important scientific databases and receives information and support on strategic aspects.
- ISLE UTILITIES Project. It provides information on innovations in the water sector, specifically, on key areas and consultancy "on demand". Also, as a member of the Technology Approval Group, Aqualia collaborates on the assessment of innovations.
- 10 Universities collaborate on Aqualia projects. Salamanca, Cádiz, Valladolid, Valencia, Politécnica de Valencia, Alcalá de Henares, Santiago de Compostela, Almería and Vigo among others.
- Technology Centres as strategic partners in Aqualia projects. LEITAT, CEIT, AINIA, TECNALIA, ITC, and more.

The focus of the Company's innovation activities was further strengthened by I Aqualia R&D Day held in December 2012 under the title "R&D at a water company: challenges and opportunities". Authorities, companies, clients and collaborating entities shared experiences during this day thanks to the support of the IMDEA Agua Institute and the participation of the Spanish Ministry of Economy and Competitiveness and the CDTI.

INDUSTRIAL WASTE

The following projects should be noted:

- Participation in European consortia. In 2012 a European consortium took part in the "On-site Integrated Process for Soil Treatment and Recycling Leachate" project, which is in the final stage of research.
- Assessment of plastic material. Work was carried out with the Technological Institute for Plastic (AIMPLAS) to look for alternatives to assess paper pulp waste.
- Organic waste assessment. An agreement with AZTI-TECNALIA is in the process of being closed to carry out a project to assess by-products from the food and distribution industry as a raw material in the manufacture of pet food.

Various research projects have been started, the most noteworthy being as follows:

- CEMESMER Project. Together with GCPV and FCC Construcción, to meet the demand for management of mercury-related waste in the face of the upcoming obsolescence of certain industrial processes.

ENERGY

The following projects, which commenced in prior years, continued:

- Undigen. Efficiency through Energy Capture Control: the main objective is the design, development, testing and entry into service of an ocean-wave energy linear generator.
- Ecoe. Efficiency through Energy Capture Control: the purpose of the project is to develop and run a pilot test of an energy management methodology and technology in the construction of buildings that is capable of minimising the construction and wiring needs and energy consumption, by making use of the excess energy available in the building environment.
- Buildsmart. Efficient energy solutions on the market: FCC Construcción and FCC Energía are taking part. The objective of the project is to develop and demonstrate innovative and profitable techniques and methods to construct low-energy buildings under a number of climate conditions.

In 2012 the following project was approved:

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- Enerciudad 2020. Experimental development of an energy harvesting system for urban environments using the latest generation flexible OPV technology.

VERSIA

1. Urban Furniture

Work continued on projects launched in prior years:

- C-CYCLES. Development of a complete unattended bicycle hire system of CEMUSA. The project responds to the need for sustainable urban mobility promoting multi-modal transport.
- LED Lighting Projects. For the reduction of energy consumption and, accordingly, greenhouse gases, an LED lighting project is being carried out along with the required lighting research to reduce light pollution.
- Solar PV Projects Development of a solar PV power system which, together and in conjunction with LED lighting, enables greenhouse gas emissions to be reduced to zero and grid connection costs to be lowered.
- Digital Advertising Projects. Implementation of digital advertising systems incorporating LCD screens and LED screens and, in both cases, the technology required for them to be viewed properly outdoors.
- WiFi EN PARADAS Project: Development of a bus stop WiFi system compatible with the system that could be built into the buses so that the user does not lose his connection and can continue his session when moving from bus stop to bus or vice versa.

The following projects were started up in 2012:

- PANTALLAS COLESTÉRICAS EN CUADRO HORARIO Project. It comprises the development of an SAE (operating support system) information system for SAE (together with solutions that bring together various technologies to improve transportation service and management) and warnings on very low-energy screens.
- INFORMACIÓN MEDIANTE SERVICIOS MÓVILES Project. A free system used to improve accessibility to information on public transportation, as well as to improve the accessibility of the visually impaired.
- SMARTQUESINA Project. It envisages the development, through a multidisciplinary team, and integration of a set of technologies at bus shelters that bring added value to the CEMUSA product, and increases the satisfaction of customers, users of urban moveable property and municipal councils.

2. Logistics

- CITA PREVIA Project. In 2012 software was prepared for the integration of the customs and excise monitoring system and, accordingly, once the freight in the container has been reviewed the haulage truck is automatically allowed to leave.
- "DIRECTOS" Project: Software developed with a view to optimising goods loading and shipment to the delivery point using geopositioning.
- C+D Project. In 2012, the software was updated with respect to the transfer of freight before arriving at the destination and without having to be stored again from more than a few hours (cross docking), adapting it to the requirements of the store suppliers.
- FARMA Project. Upon commencing the development of the specific software for the adaptation of the system to the new requirements of our client in the pharmaceutical sector, migration of its corporate management system to data processing systems, applications and products, integrating Spain and Portugal.
- SEGURIDAD Project. New in-client management functionalities have been developed through the "Inversa" application to manage returns and the "RP" application for product repairs.

CONSTRUCTION

In 2012 FCC Construcción registered the patent consisting of a low-cost wireless system with automatic localization, based on the processing of images for dynamic tests on infrastructure, and a patent request was submitted.

The following lines of research were established as a priority focus of R&D+i projects to be launched: new construction materials and techniques, auscultation and monitoring of rail infrastructures, energy efficiency, aerodynamic interaction with rail tunnels and infrastructure, ICT and rail signalling systems.

Among the projects carried out in 2012, the following should be highlighted:

- DEPOSITOS Project: aims to analyse the storage mechanisms for bitumen rubber, which make it possible to provide the tanks at the paving mixture plants with the devices required to enable the correct use of these materials.

- OLIN Project: Study of improved embankment and subgrade qualities and treatments to enable the construction of sustainable linear structures.
- DAÑOS EN PUENTES Project: preventative maintenance of structures by tuning up operating equipment to detect any damage to the bridge structures without jeopardizing their functionality (traffic is not held up).
- ECORASA Project: this project intends to maximize the recycling of waste generated by urbanisation construction work performed in urban areas, which can then be used to fill in drainage ditches.
- VITRASO Project: based on the detection of paths of transmission of noise and the most harmful vibrations in an existing building, as well as the subsequent design and implementation during construction to neutralize this transmission.
- EXPLOSIVOS Project. The purpose is to draft and implement practical systems for the design (including a selection of protection materials and systems) and recommendations of the construction and operation of car parks at transport centres in order to improve security.

The projects started in prior years and still in progress in 2012 are as follows:

- SR (Sustainable Remodelling) Project. Development of an integrated system for the sustainable remodelling of buildings, including improvement of its energy efficiency.
- NEWCRETE Project. Consists of the implementation from the earliest stages to the verification of applicability at industrial level of a concrete with new performance and sustainability profiles.
- BAHORIS Project. It aims to research and develop a new concrete barrier produced in-situ to install on central reservations and roadsides, which has high-performance safety features that can be produced and installed for a low cost and are environmentally friendly to produce.
- INMBERS Project. It aims to develop a production methodology for low-energy mixes (low emission, low energy) which can be applied in the construction of firms, both in work to conserve and restore road surfaces and to build new roads.
- SPIA Project. It consists of the development and implementation of new industrial security systems based on smart materials (photoluminescence, electroluminescence) and energy harvesting devices for individual use.
- BUILD SMART Project. It aims to change buildings to achieve increased energy efficiency, based on the new legislation for 2020.
- CETIEB Project. The main objective of the project is to develop innovative solutions to improve the monitoring of the quality of the environmental inside buildings.

- PRECOIL Project. The purpose of this project is to reduce the number of industrial accidents by building of anti-accident linear infrastructure. The objective is the evaluation, design and implementation of a totally functional localization system in real time of employees and hazardous areas in non-controlled environments and warnings to employees of possible risky situations.

The most noteworthy projects that began in 2012 are as follows:

- SMARTBLIND Project. The objective of this project is to develop an energy-efficient smart window that includes a hybrid film made up of an electrochromic LC film and a PV film both printed on the same long-lasting flexible substrate.
- SEA MIRENP Project. The ultimate objective of this project is to make practical reuse possible in market conditions of construction and demolition waste material such as recycled aggregates in applications in a port setting.
- APANTALLA Project. It consists in the development of new materials that act as a screen to shield electromagnetic waves, with a particular emphasis on its integration in construction materials or paints.
- SETH Project. Developing an ongoing monitoring system to detect and assess the evolution of damage, using modes of vibration, based on statistical and technical methods of signal processing which, due to their efficiency, low cost and easy adaptability, can be installed easily in various types of building structures that could be the subject of vibration-type disturbances.
- TRILOBITES Project. The development of a complete system is proposed in order to identify and measure the benzene in the air, with a mobile version to protect employees.

In addition, in 2012 it is worth mentioning the participation in national and European R&D+i organisations and special working groups: the purpose of these organisations is to bring together the efforts of research centres, industries and universities with respect to Research, Development and Technology Innovation.

2012 saw participation in:

- The European Construction Technology Platform (ECTP).

- The Spanish Construction Technology Platform (PTEC).
- The E2BA Association.
- The ENCORD Group (European Network of Construction Companies for Research and Development).
- reFINE (Research for future infrastructure networks in Europe).
- Chairmanship of the SEOPAN R&D+i Committee.
- The "Smart-Cities" working group.
- The R&D+i working group of the Advisory Board for the Certification of Construction Companies.

A framework research, innovation and technology development agreement was entered into between Adif and FCC Construcción, in collaboration with Alpine and FCC Industrial, for their inclusion in the Adif Centre for Rail Technologies (CTF) at the Andalusia Technology Park (PTA) in Malaga. This centre has been designed as a space to boost innovation and corporate collaboration focused on rail technology development through R&D+i projects.

FCC Construcción has had R&D+i Management System Certificate no. IDI-0009/2007 under the UNE standard 166002:2006 since August 2007.

CEMENTOS PORTLAND VALDERRIVAS

Although the crisis continues to set the pace in the construction industry and the drastic fall in sales has turned into a regular occurrence, the Cementos Portland Valderrivas Group has made significant progress on the road to becoming the leader in innovation over its direct competitors.

If 2011 was the year in which R&D+i was consolidated at the Group, then 2012 was the year that saw the start of the results of all of the efforts invested, with five new research projects approved, the increased integration of employees across all of the projects in progress, the development of three new products with a well-defined niche market, which are already used in various applications at national level, and a successful first international experience in Poland, which demonstrated the huge advantages of the new products now being marketed.

Reduced greenhouse gas emissions, improved energy efficiency, natural resources savings, the decontamination and stabilization of land and better quality of life remain common objectives in most projects and new products developed, in line with the Group's commitment to sustainable development across three lines of results: economic, social and environmental.

The Cementos Portland Valderrivas Group does not conceive innovation without a support network, which begins with the research activity and ends with the sale of technology after having passed through a stage of laboratory tests, the industrial infrastructure for the production of new products, the related implementation and application in actual construction work and, lastly, their sales and marketing at national and international level.

The Cementos Portland Valderrivas Group is convinced that the road taken is the right one and that the cultural change being endured by the company will end successfully. The road to achieving it is mapped out in the 2012-2015 Master Plan for Innovation - a result of the work of more than 100 people across all areas of the company.

The pilot project for open innovation has played a key role in this regard. Consequently, a working group has been created to identify the large construction work planned globally and the various groups of consultants, from subject experts to engineers, construction companies or architectural studies, who had to be contacted to present the Cementos Portland Valderrivas Group and its new products to them.

Consequently, in 2012 TP3 was produced within the microcement family; Hormigón Exprés, which was developed in a research project that had already been completed and CEM II/B-V 52,5 R ULTRAVAL.

In addition, various cement applications from the Ultraval family were researched and developed to provide support for the study of their advantages in each one of them and to continue the optimization process.

This strategy, supported by FCC, together with the excellent properties shown, which are capable of creating added value for clients, and the performance of the materials tested, have made it possible to make the jump to sales and marketing. The personalised technical assistance service during the full term of the projects, working together directly with the clients' technicians, has been another strong point.

However, the biggest success in 2012 was probably the first international sales and marketing experience in Poland, where Ultraval cement, used to manufacture the concrete used in the towers of various WTGSs, performed extraordinarily in record time; enabling the construction company to complete the construction work way ahead of schedule, along with the concomitant economic benefits, while generating interest from a large number of producers and application companies in various countries.

However, the starting point for obtaining new product development is undoubtedly research activity; the new approved projects involve almost 70 of the more than 150 people at the company, who are actively collaborating in this area. The projects are as follows:

- CEMESMER Project. This project, which ends in December 2014, aims to develop a new range of products to stabilize and solidify mercury in the ground, water and industrial waste. It is headed by Cementos Portland Valderrivas, S.A. and includes FCC Construcción, FCC Ámbito, the National Technology Centre for Mercury Decontamination and the Eduardo Torroja Institute of Construction Materials.
- HORMALVID Project. The development of new alkaline concrete based on the reuse of urban and industrial vitreous waste.
- MERLIN Project. The objective of the project is to develop a new type of firm rigid bilayer with high-performance features in terms of the comfort (noise and vibrations), safety and efficiency of the tread. FCC Construcción, IECA and the Cidaut technology centre are also taking part in this project.
- BALLAST Project. This project focuses on the research of a high-density heavy ballast that stops it from lifting. Cementos Portland Valderrivas, Adif, CyE laboratories, Universidad Politécnica de Madrid, Universitat Politècnica de Valencia and Comsa are all taking part.
- MAVIT Project. Approved in the CDTI's 2012 INNTERCONECTA session in Andalusia, and led by Cementos Portland Valderrivas, S.A., this project aims to develop a new range of cement materials in a vitreous state produced with greater energy efficiency and a reduced impact on the environment.

Intellectual property is a key issue right from the start of the chain and, therefore, special attention is being paid to the protection of the developed technologies, and a request for two new patents was submitted in 2012.

The sale of technology is the final objective of the R&D+i area of the Cementos Portland Valderrivas Group. The logistical costs may limit the exportation of the products but not the expansion of the technology or new developments. This activity, which began in 2011 with the creation of Technology Packages for new products and the related market studies, has continued in 2012 with the drafting of the corresponding action plans and information memorandums, and the marketing and sales strategy for both the new products and the related technology.

All of these achievements clearly show the huge effort invested by the Cementos Portland Valderrivas Group in R&D+i activity over the last three years. However, considering that there is still a long way to go, work will continue along the same lines, putting the focus on the sales area of new products and the international sale of technology, which are areas that will eventually contribute to achieving results.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the financial statements. The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner. In line with this risk policy, the FCC Group arranges hedges initially to hedge the underlying transaction and not for speculative purposes.

In order to ensure a position that is in the FCC Group's best interest, an interest rate risk management policy is actively implemented based on the on-going monitoring of markets and assuming different positions based primarily on the asset financed. Given the nature of the Group's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group's debt are partially tied to floating interest rates. Even so, the FCC Group performed interest rate hedging transactions using various hedging instruments of varying maturities. Complying with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly swaps (IRSs) in which the Group companies pay a fixed rate and receive a floating rate.

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in the currency of the consolidated group or in the most closely correlated foreign currency.

The FCC Group is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk. This risk results from the timing mismatches between the funds generated by the activities and the funds needed for the payment of debts, working capital etc. Despite the adverse situation that affected the financial markets throughout 2012, the FCC Group has remained adequately positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

The Group also strives to reduce credit risk as far as possible, is careful to ask for commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in on-going monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Group follows the policy of not accepting projects without an allocated budget and financial approval. The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Group, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position could result in the risk of non-payment of the amounts owed.

11. EVENTS AFTER THE REPORTING PERIOD

In relation to the Energy activity segment, it is important to note that, after the reporting period, Royal Decree-Law 2/2013, of 1 February, on urgent measures in the electricity system and in the financial sector, was approved. These measures amended the methodology for updating the remuneration and the economic regime is now based solely on the regulated tariff option, as a result the option of obtaining a premium on the market price is eliminated. These amendments were not taken into consideration in the assessment of the recoverability of the Energy assets recognised in the accompanying consolidated financial statements at 31 December 2012, since they arose as a result of a regulatory change occurring after the reporting period. The FCC Group's directors consider that in 2013 a need could arise to recognise additional impairment on the assets classified as held for sale recognised in the consolidated financial statements as a result of the regulatory change described above.

Also, with regard to the Cement area, it should be noted that, on 25 February 2013, the Cementos Portland Valderrivas (CPV) Group entered into a share exchange agreement with the CRH Group. Under this agreement, the CPV Group will deliver its 99.03% ownership interest in the share capital of Cementos Lemona, S.A. in exchange for the 26.34% of the shares of Corporación Uniland S.A. held by the CRH Group. Accordingly, the CPV Group's ownership interest in the Uniland Group will rise to virtually 100%. This transaction, which was measured on the basis of external independent valuations, will not have any effect whatsoever on cash and will not have a significant effect on the equity attributable to the FCC Group. At the same time as this transaction, Uniland Internacional, B.V. sold all of its ownership interest in Southern Cement, Ltd (a UK-registered company) to the CRH Group for EUR 22.5 million.

12. OUTLOOK FOR 2013

Set forth below are the prospects for 2013 for the various business areas composing the FCC Group. The construction and services backlog at 2012 year-end, which amounted to EUR 33,576, guarantees the continuation of a high level of activity over the coming years.

In 2013 the **Services** Area is generally expected to continue to be affected at national level by the general economic crisis, which will be reflected by a slight drop in activity. On the other hand, at international level our current activity is expected to be consolidated with significant growth therein.

The **Environmental Services** area reflects a general economic situation which has a direct effect on budgets and the financial situation of local municipal corporations, which has led city councils to request service reductions. However, despite the foregoing, the most important contracts are expected to remain in operation as well as various renewals and extensions and some new additions. New additional services are also expected to be obtained as an alternative to the reductions expected.

Also, the introduction of RD 4/2012, which envisaged the local entity financing mechanism for payment to suppliers, has led to a considerable improvement in accounts receivable and, accordingly, the average collection period has been reduced by approximately 6 months. This improvement will be underpinned by the new supplier payment plan estimated for the first quarter of 2013.

In the **International** area, levels of activity improved in all countries in 2012.

In the specific case of the UK, although the downturn in landfill activity is proving considerable (caused mainly by the regulatory changes in the UK and the increase in the cost of the waste disposal rate), the development of other activities relating to recycling, together with the improved performance of the Allington incinerator, have contributed to an increase in revenue.

New investments are planned in 2013 and beyond -mainly with respect to the development of PFIs (Private Finance Initiatives)– particularly in Buckinghamshire. They will account for revenue of approximately 98 million per year and a significant increase in EBITDA.

Also, work is being performed on the construction of wind farms and on other activities relating to the recycling and recovery of materials, composting, landfill energy and hazardous household waste collection points, etc.

Activity at the ASA Group has remained stable, with slight growth due mainly to the exchange rate.

Activity is expected to be up as a result of the legal changes in the waste market in Poland since all municipalities are now obligated to subject waste collection to a tender process, which accounts for a service provision to a market of approximately 840,000 inhabitants.

The **Industrial Waste sector**, which will continue to experience the downward trend already detected in the last part of 2011 and in 2012, will also continue to be affected by a significant cutback across the volumes and margins in national industrial activity and, therefore, in the management of waste produced as a result of this activity.

Spanish companies in the sector estimate a reduction in the volume of business in 2012 of around an extra 20% more than in 2011 and an accumulation of more than 50% since the start of the crisis in 2008.

In 2013, irrespective of the ongoing uncertainty of the possibility of a reactivation of the industrial activity, the measures adopted to resize the current production reality and adapt thereto, executed in 2012, and those that will be implemented in 2013, are expected to mark an important cornerstone in the company's results at national level.

In 2013, the sludge extraction and treatment stage of the Flix project will also begin after completion of the construction, implementation and preliminary preparation stage performed in prior years.

At international level, it is worth noting the considerable rise in billing, up around 8% on last year, which puts the percentage of billing outside of Spain at 57% of the total of the **Industrial Waste Division**.

Particularly noteworthy are the performances which were higher than expected in terms of EBITDA and EBT in Italy and Portugal. However, this was not the case in the US where, due

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to a chain of specific non-recurring adverse circumstances that have now been resolved, margins declined considerably in 2012. However during the last part of 2012 they began to pick up and it is trusted that this recovery will be consolidated and will continue in 2013.

Sludge management activities will be completed this year in Siracusa although these are potential one-off projects in the pipeline that could offer continuity to operations in Italy.

In Portugal it is also expected that, despite the significant fall in recurring flows due to the effect of the crisis in industrial activity in this country, non-recurring operations for which bids have already been submitted and which are yet to be awarded, will once again offer good returns in 2013.

Also, exploratory drilling and commercial activities that have already started in Latin America and the Persian Gulf are expected to be translated into the beginning of medium-term activities.

In the **Water Management** area, the Group maintains its leadership position in the Spanish market as the first integrated cycle operator funded by Spanish capital. In 2012, and even more so in 2013, the Water Management sector has held a preferential place in public opinion due to the Spanish authorities' need to reduce deficits and adjust their investment and expenditure budgets for the 2013-2015 period.

This will mean that an invitation to tender will be made for a considerable number of integral water management projects that will require significant capital investments. In order to get these investments, a stable regulatory framework is required that will make it possible to attract international finance and a promotional public debate that will boost the inflow of investor capital.

As an expert in water management, FCC can offer the Public Authorities its technical ability, knowledge and experience as an effective partner or "technology partner", and a social commitment that is evident through the renewal of the distinctive "Equality at Work". This accolade -the first in the sector– is part of its Corporate Social Responsibility management, for which the last report was drafted under the parameters of the Global Reporting Initiative who have awarded it an A+ rating (the highest score possible) for another year running.

In 2012, as a result of the geographical, national and international diversification process, the Water Management area continued its line of growth, with an increase in billing of around 2.5%, underpinned by double digit international growth in terms of billing. Growth was accompanied by improved efficiency which was translated into an increase in operating results of 6%, making it possible to mitigate the huge impact of the finance costs, improve competitiveness and put the business portfolio at a historical figure of EUR 13,600 million. The intense commercial efforts have resulted in contracts of EUR 1,272 million in 2012.

In 2012, international activity was bolstered by the allocation of new and important contracts such as the management of the water sanitation and treatment system in the eastern region of Abu Dhabi (United Arab Emirates) which consists of a network of 2,400 kilometres, 68 wastewater pumping stations and 19 water treatment plants, for a seven-year period. This contract is the first water management contract that has been awarded to a Spanish company in the United Arab Emirates. In Mexico, the FCC subsidiary will build the Tierra Nueva drinking water treatment plant (ETAP), valued at EUR 12 million, in San Luís de Potosí. Also noteworthy is the shortlisted consortium including Aqualia for a mega contract in Kuwait -valued at USD 3,500 million to be performed under a Public Private Partnership– which includes the design, finance, construction and maintenance of a wastewater treatment system that is expected to enter into service in 2015.

In 2013, expansion outside of Spain continues to grow as a result of projects in areas such as Central and Eastern Europe, MENA (Middle East and North Africa), Mexico, Peru, Colombia, Chile and Brazil, without ruling out countries such as the US, India and China more so in the medium to long term, strengthened thanks to agreements such as the implementation of investor vehicles with the EBRD (European Bank for Reconstruction and Development) and the World Bank, which make it possible to bid for water projects in the areas of influence of these multilateral entities.

The firm commitment to the international market by FCC's water activity has been rewarded with various prizes. Recently, the company was honoured by Frost&Sullivan due to its expansion in the Middle East and North Africa and, nationally, it was awarded as the "Spanish Company with the Biggest International Expansion" in the I Energy and Environmental Awards organised by the InfoPower and InfoEnviro publications.

Also, Aqualia's capacity to finance international projects has been awarded through prizes received by the El Realito project in Mexico. Both the prestigious Global Water Intelligence publication and Euromoney's Project Finance Magazine have given both awards to praise the way in which the company resolved the financing of this massive infrastructure.

In the national market, the company has extended important concessions such as Lleida (to 2037) and Vigo. National contracts, the value of which is even greater given the medium- and long-term scale thereof, their marked anti-cyclical nature, low late payment- they are services for which payment is collected directly from customers as with any other utility– and the guaranteed economic-financial balance over the life of these contracts.

Also, in Spain a number of contracts were won in various municipalities, including most notably: Piedrahita (Ávila); Barbate (Cádiz); Arcos de la Frontera (Cádiz); Almansa (Albacete); Valverde del Camino (Huelva); Tomelloso (Ciudad Real) and Yecla (Murcia). In addition, Algeciras (Cádiz) and Écija (Seville) have entrusted Aqualia with the operation of their wastewater treatment plants.

At the start of 2013, the **Services Area portfolio** is EUR 24,981 million, which equals almost 7 years' production.

The **Versia** area is expecting a reduction in revenue in 2013 as a result of the asset divestment process started, described by the FCC Group as non-strategic. Therefore, in 2012 company shares corresponding to the **Airport Handling** sector were sold, which accounted for the volume of business up to September 2012. By sector, in **Urban Movable Property** the New York contract is expected to continue to be consolidated together with a cyclical change in demand in Europe and the start of a new advertising contract awarded by AENA on the Spanish mainland and in the Balearic Islands, all of which will boost growth in sales in the sector indicated. In **Logistics**, the negative impact on the profit margin caused by the continual fall in consumption that has been ongoing since the start of the crisis will be alleviated by the reduction in the level of operating expenditure. With respect to the **Conservation and Systems sector**, revenue will fall as a result of the segregation and internal transfer of the traffic systems branch of activity to the Construction Area of the FCC Group. The main objective will be focused on the renewal of maintenance contracts due to expire.

The gross operating margin will, in relative terms, be up on the margin obtained in 2012.

In the **Construction** area, 2013 revenue in Spain is expected to be lower than that recognised in 2012, since there is a lull in residential building construction caused by the property market crisis and public sector budget restrictions which will affect the execution of civil engineering works.

To offset the weakness of the Spanish market, the companies composing the area are making a strong effort to expand their activities abroad.

Some of the activity outside of Spain is performed through the Alpine group of companies, the headquarters of which is based in Austria. It operates in several countries in Central and Eastern Europe.

Alpine plans to reduce its activities in countries that have the worst results and to concentrate them in countries that offer better returns.

Another important part of international activity is being performed through the American market, where Alpine has a presence as a result of the investees that operate mainly in Central America and Mexico and, on the other hand, in North Africa (Algeria) and certain areas of the Middle East.

With respect to the area of Cement, it must be pointed out that in Spain, where the Cementos Portland Valderrivas Group has most of its production facilities, the estimates for 2013 by Oficimen -the Cement Production Grouping in Spain– point towards a fall in cement consumption, which could reach 20% at national level. Therefore, the level of sales in Spain will depend on the market and the rate of completion of certain infrastructure projects planned in recent years, located in areas where the company houses its production facilities. These domestic sales will complement the opportunities that arise on the international market although, as is generally the case with Spanish producers, the group has a limited capacity for exports due to the higher costs that it must bear, particularly in terms of energy and, therefore, its reduced competitiveness compared to other countries in the sector.

In the US, estimates by the PCA (Portland Cement Association) indicate annual growth of 8% for the 2012-2017 period, which will be headed by the residential sector, while

AUDIT REPORT

civil works will see more moderate increases due to the budgetary restrictions of the union's government and states. In view of this market performance, as well as the various improvements in management started by the group in mid-2012, which will continue in 2013, the outlook is bright for the inflows of funds over the coming years in this market.

Although the social-political situation is still unstable in Tunisia, certain development projects (social accommodation, deep-water ports, motorways, etc.) will make it possible to ensure that activity is sustained and that the outlook is good for the medium and long term. The resurgence of export activities to bordering countries in August following several months of inactivity also points towards a bright future.

In this context the Cementos Portland Valderrivas group will continue to develop its cost containment and limited investment policies, as well as to adjust all of its organisational structures to the reality of the various markets in which it operates in order to improve the inflow of funds.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 35). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES ("the Group"), which comprise the consolidated balance sheet at 31 December 2012 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2-a to the accompanying consolidated financial statements, the directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

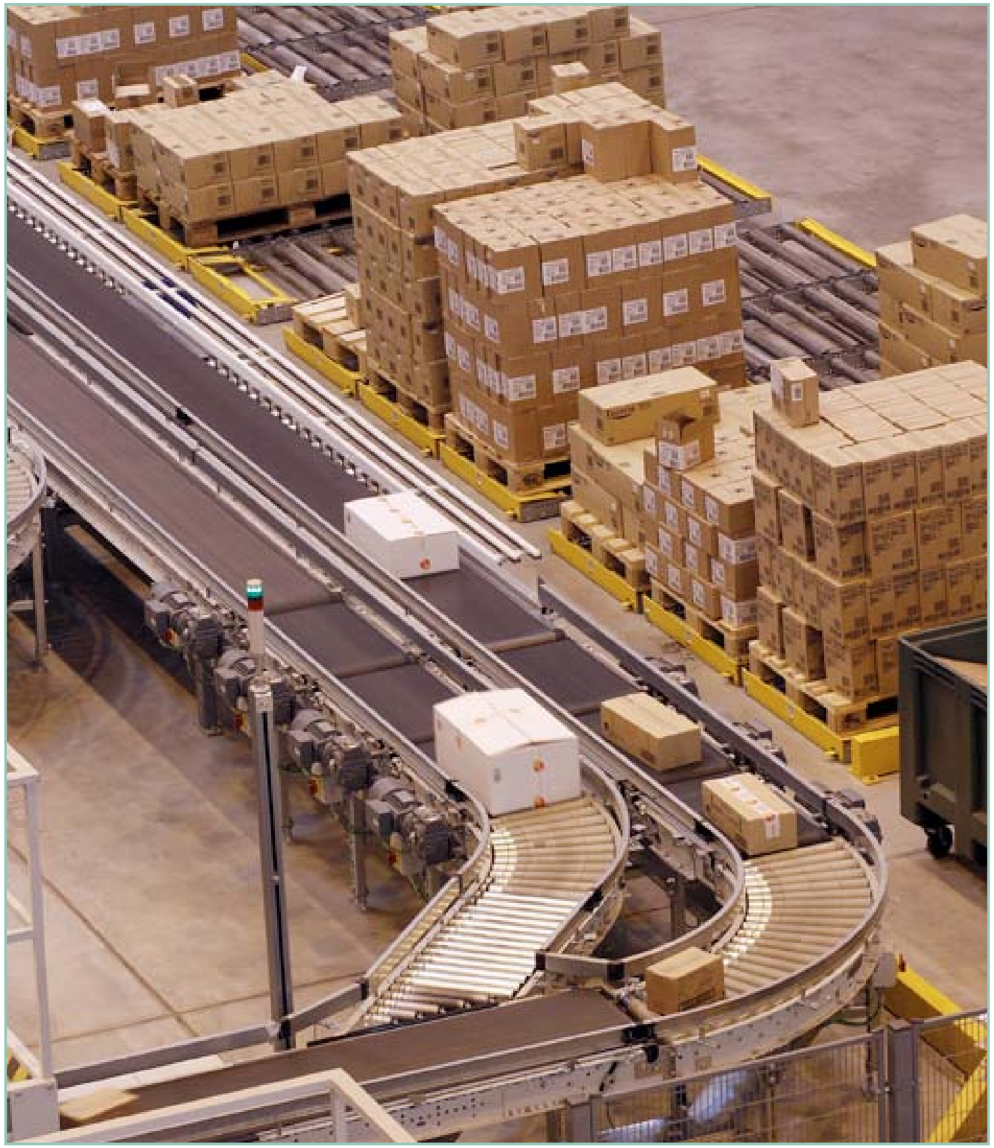
2. In our opinion, the accompanying consolidated financial statements for 2012 present fairly, in all material respects, the consolidated equity and consolidated financial position of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2012, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

3. Without qualifying our audit opinion, we draw attention to Note 31 to the accompanying consolidated financial statements, which details the main debt maturities and the uncertainty relating to the refinancing processes in progress at the Group, which could have an impact on the accompanying consolidated financial statements. In this respect, the Parent's directors have approved a strategic plan which envisages divestments and the refinancing of the Group's debt in order to bring the debt servicing into line with the funds expected to be generated by the businesses and to adequately finance the Group's operations.

4. The accompanying consolidated directors' report for 2012 contains the explanations which the directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2012. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Miguel Laserna Niño
21 March 2013



FOMENTO DE CONSTRUCCIONES Y CONTRATAS S.A.

FINANCIAL STATEMENTS

BALANCE SHEET AT 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

ASSETS	31/12/2012		31/12/2011	
NON-CURRENT ASSETS		4,883,244		5,004,313
Intangible assets (Note 5)		169,484		134,001
Concessions	24,937		6,706	
Computer software	16,831		15,350	
Concession arrangements, regulated assets	91,607		68,943	
Concession arrangements, capitalised borrowing costs	2,117		2,741	
Advances on concession arrangements, regulated assets	26,805		30,414	
Other intangible assets	7,187		9,847	
Property, plant and equipment (Note 6)		397,591		451,846
Land and buildings	70,467		69,973	
Plant and other items of property, plant and equipment	312,239		365,057	
Property, plant and equipment in the course of construction and advances	14,885		16,816	
Non-current investments in Group companies and associates (Notes 9-a & 22-b)		4,110,116		4,207,490
Equity instruments	2,783,215		2,291,908	
Loans to companies	1,326,684		1,913,206	
Derivatives (Note 12)	217		2,376	
Non-current financial assets (Note 8-a)		61,295		98,365
Equity instruments	20,559		9,344	
Loans to third parties	30,692		37,806	
Derivatives (Note 12)	1,388		15,697	
Other financial assets	8,656		35,518	
Deferred tax assets (Nota 19)		144,758		112,611

The accompanying Notes 1 to 26 and Appendixes I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2012.

BALANCE SHEET AT 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

ASSETS	31/12/2012		31/12/2011	
CURRENT ASSETS		1,853,146		3,014,131
Non-current assets classified as held for sale (Note 10)		277,247		—
Inventories		38,626		49,738
Goods held for resale	21,736		16,282	
Raw materials and other supplies	6,133		5,630	
Advances to suppliers	10,757		27,826	
Trade and other receivables		673,475		769,820
Trade receivables for sales and services (Note 11)	607,385		697,489	
Receivables from Group companies and associates (Note 22-b)	46,009		47,485	
Sundry accounts receivable	9,212		13,279	
Employee receivables	1,014		1,427	
Current tax assets (Note 19)	—		78	
Other accounts receivable from public authorities (Note 19)	9,855		10,062	
Current investments in Group companies and associates		648,638		1,399,671
Loans to companies (Notes 9-b & 22-b)	643,748		1,388,204	
Derivatives (Note 12)	1,247		—	
Other financial assets	3,643		11,467	
Current financial assets (Note 8-b)		43,099		26,263
Loans to companies	13,398		18,887	
Derivatives (Note 12)	4,227		888	
Other financial assets	25,474		6,488	
Current prepayments and accrued income		5,499		6,513
Cash and cash equivalents		166,562		762,126
Cash	106,061		361,047	
Cash equivalents	60,501		401,079	
TOTAL ASSETS		6,736,390		8,018,444

The accompanying Notes 1 to 26 and Appendixes I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2012.

BALANCE SHEET AT 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

EQUITY AND LIABILITIES	31/12/2012		31/12/2011	
EQUITY (Note 13)		542,618		1,325,297
Shareholders' equity		562,363		1,359,472
Share capital		127,303		127,303
Registered share capital	127,303		127,303	
Share premium		242,133		242,133
Reserves		963,000		889,889
Legal and bylaw reserves	26,114		26,114	
Other reserves	936,886		863,775	
Treasury shares		(90,228)		(90,975)
Profit (Loss) for the year		(715,759)		235,824
Interim dividend		—		(80,616)
Other equity instruments		35,914		35,914
Valuation adjustments		(21,462)		(36,073)
Available-for-sale financial assets	8,007		8,007	
Hedges (Note 12)	(29,469)		(44,080)	
Grants, donations and legacies received		1,717		1,898
NON-CURRENT LIABILITIES		2,801,361		3,149,927
Long-term provisions (Note 15)		297,686		394,768
Provisions for third-party liability	121,494		148,477	
Other provisions	176,192		246,291	
Non-current payables (Note 16)		2,298,803		2,557,050
Debt instruments and other marketable securities	435,587		428,548	
Bank borrowings	1,800,182		2,001,670	
Obligations under finance leases	10,825		14,163	
Derivatives (Note 12)	48,410		105,146	
Other financial liabilities	3,799		7,523	
Deferred tax liabilities (Note 19)		101,740		130,509
Trade and other non-current payables (Note 17)		103,132		67,600

The accompanying Notes 1 to 26 and Appendixes I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2012.

BALANCE SHEET AT 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

EQUITY AND LIABILITIES	31/12/2012		31/12/2011	
CURRENT LIABILITIES		3,392,411		3,543,220
Short-term provisions		1,367		976
Current payables (Note 16)		1,928,578		2,263,567
Debt instruments and other marketable securities	4,875		4,888	
Bank borrowings	1,839,547		2,151,426	
Obligations under finance leases	9,059		25,637	
Derivatives (Note 12)	66,012		888	
Other financial liabilities	9,085		80,728	
Current payables to Group companies and associates (Notes 9-c & 22-b)		992,983		748,530
Trade and other payables (Note 19)		469,134		529,969
Payable to suppliers	116,669		127,429	
Payable to suppliers - Group companies and associates (Note 22-b)	15,351		19,677	
Sundry accounts payable (Note 17)	121,518		145,359	
Remuneration payable	41,951		39,312	
Current tax liabilities (Note 19)	4,067		22,195	
Other accounts payable to public authorities (Note 19)	79,349		67,372	
Customer advances (Note 11)	90,229		108,625	
Current accruals and deferred income		349		178
TOTAL EQUITY AND LIABILITIES		6,736,390		8,018,444

The accompanying Notes 1 to 26 and Appendixes I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2012.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

	31-12-2012	31-12-2011
CONTINUING OPERATIONS		
Revenue (Note 21)	1,975,923	1,691,470
Sales and services	1,541,297	1,454,468
Income from investments in Group companies and associates (Notes 21 & 22-a)	300,404	120,800
Finance income from marketable securities and other financial instruments of Group companies and associates (Notes 9, 21 & 22-a)	134,222	116,202
In-house work on non-current assets	119	893
Procurements	(383,189)	(291,072)
Cost of goods held for resale sold	(1,473)	(1,436)
Cost of raw materials and other consumables used	(133,411)	(133,117)
Work performed by other companies	(248,305)	(156,519)
Other operating income	141,998	62,100
Non-core and other current operating income	139,342	53,108
Income-related grants transferred to profit or loss	2,656	8,992
Staff costs	(819,641)	(823,899)
Wages, salaries and similar expenses	(616,915)	(621,548)
Employee benefit costs	(202,726)	(202,351)
Other operating expenses	(188,386)	(263,236)
Outside services	(179,368)	(171,247)
Taxes other than income tax	(5,581)	(8,686)
Losses on, impairment of and changes in allowances for trade receivables	(1,840)	373
Other current operating expenses (Note 21)	(1,597)	(83,676)
Depreciation and amortisation charge (Notes 5 & 6)	(87,786)	(88,964)
Allocation to profit or loss of grants related to non-financial non-current assets and other grants (Note 13-h)	262	549
Excessive provisions (Note 15)	27,855	15,538
Impairment and gains or losses on disposals of non-current assets	1,400	140,673
Gains or losses on disposals and other	1,400	140,673
Other gains or losses	(4,174)	—
PROFIT FROM OPERATIONS	664,381	444,052

The accompanying Notes 1 to 26 and Appendixes I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2012.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

	31/12/2012	31/12/2011
Finance income	5,624	3,846
From marketable securities and other financial instruments of non-Group third parties	5,624	3,846
Finance costs	(273,220)	(233,899)
On debts to Group companies and associates (Note 22-a)	(48,235)	(17,050)
On debts to third parties	(220,462)	(213,081)
Interest cost relating to provisions	(4,523)	(3,768)
Changes in fair value of financial instruments (Note 12)	(34,648)	16,973
Held-for-trading financial assets/liabilities and other	(34,648)	16,973
Exchange rate differences	(1,331)	(928)
Impairment and gains or losses on disposals of financial instruments	(1,107,320)	18,279
Impairment and other losses (Notes 9-d & 10)	(1,111,449)	18,319
Gains or losses on disposals and other (Note 9-a)	4,129	(40)
FINANCIAL PROFIT (LOSS)	(1,410,895)	(195,729)
PROFIT (LOSS) BEFORE TAX	(746,514)	248,323
INCOME TAX (Note 19)	30,755	(12,499)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	(715,759)	235,824
PROFIT (LOSS) FOR THE YEAR	**(715,759)**	**235,824**

The accompanying Notes 1 to 26 and Appendixes I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2012.

CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE (in thousands of euros)

	31/12/2012	31/12/2011
Profit (Loss) per income statement	(715,759)	235,824
Income and expense recognised directly in equity		
Arising from available-for-sale financial assets	—	76
Arising from cash flow hedges	(21,859)	(34,440)
Grants, donations and legacies received	17	51
Tax effect	6,555	10,313
Income and expense recognised directly in equity	(15,287)	(24,000)
Transfers to income statement		
Arising from cash flow hedges	42,732	18,617
Grants, donations and legacies received	(262)	(549)
Tax effect	(12,753)	(5,430)
Total transfers to income statement	29,717	12,638
TOTAL RECOGNISED INCOME AND EXPENSE	(701,329)	224,462

B) STATEMENT OF CHANGES IN TOTAL EQUITY (in thousands of euros)

	Share capital (Note 13-a)	Share premium (Note 13-b)	Reserves (Notes 13-c, -d &-e)	Treasury shares (Note 13-e)	Profit (Loss) for the year	Interim dividend	Other equity instruments (Note 13-f)	Valuation adjustments (Notes 8-a & 13-g)	Grants (Note 13-h)	Equity
Equity at 31 December 2010	127,303	242,133	867,741	(89,130)	200,034	(88,746)	35,914	(25,072)	2,259	1,272,436
Total recognised income and expense					235,824			(11,001)	(361)	224,462
Transactions with shareholders and owners			22,148	(1,845)	(200,034)	8,130				(171,601)
Dividends paid			22,541		(200,034)	8,130				(169,363)
Treasury share transactions (net)			(393)	(1,845)						(2,238)
Equity at 31 December 2011	127,303	242,133	889,889	(90,975)	235,824	(80,616)	35,914	(36,073)	1,898	1,325,297
Total recognised income and expense					(715,759)			14,611	(181)	(701,329)
Transactions with shareholders and owners			73,111	747	(235,824)	80,616				(81,350)
Dividends paid			74,627		(235,824)	80,616				(80,581)
Treasury share transactions (net)			(1,516)	747						(769)
Equity at 31 December 2012	127,303	242,133	963,000	(90,228)	(715,759)	-	35,914	(21,462)	1,717	542,618

The accompanying Notes 1 to 26 and Appendixes I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2012. In particular, Note 13 "Equity" explains this statement.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

	31/12/2012		31/12/2011	
Profit (Loss) for the year before tax		(746,514)		248,323
Adjustments to profit (loss)		958,025		(23,002)
Depreciation and amortisation charge (Notes 5 & 6)	87,786		88,964	
Impairment losses (Note 9-d)	1,111,449		(18,934)	
Changes in provisions (Note 15)	(104,355)		72,060	
Recognition of grants in profit or loss (Note 13-h)	(262)		(558)	
Losses on derecognition and disposal of non-current assets	(1,400)		(140,697)	
Gains/Losses on derecognition and disposal of financial instruments (Note 9-a)	(4,128)		40	
Finance income (Note 21)	(440,251)		(240,848)	
Finance costs	273,220		233,899	
Exchange differences	1,331		928	
Changes in fair value of financial instruments (Note 12)	34,648		(16,973)	
Other income and expenses	(13)		(883)	
Changes in working capital		123,630		72,233
Inventories	16,583		(28,092)	
Trade and other receivables	86,310		(57,125)	
Other current assets	1,014		(3,929)	
Trade and other payables	20,432		163,388	
Other current liabilities	(709)		(2,009)	
Other cash flows from operating activities		47,858		11,593
Interest paid	(255,972)		(195,684)	
Dividends received	305,576		140,314	
Interest received	96,387		77,031	
Income tax recovered (paid)	(97,095)		(4,734)	
Other amounts received (paid)	(1,038)		(5,334)	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		382,999		309,147

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012 (IN THOUSANDS OF EUROS)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

	31/12/2012		31/12/2011	
Payments due to investments		(355,639)		(322,307)
Group companies and associates (Note 9-a)	(252,285)		(210,896)	
Intangible assets (Note 5)	(45,361)		(16,852)	
Property, plant and equipment (Note 6)	(33,101)		(65,162)	
Investment property	—		(1,191)	
Other financial assets	(24,892)		(28,206)	
Proceeds from disposals		125,122		384,218
Group companies and associates (Note 9-a)	61,977		332	
Intangible assets (Note 5)	1,717		144	
Property, plant and equipment (Note 6)	14,512		8,597	
Investment property	—		364,824	
Other financial assets	46,916		10,321	
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		(230,517)		61,911
Proceeds and payments relating to equity instruments		(964)		(2,187)
Disposal of treasury shares	(69,217)		43,129	
Purchase of treasury shares	68,448		(45,367)	
Grants, donations and legacies received	(195)		51	
Proceeds and payments relating to financial liability instruments (Note 16)		(585,613)		400,569
Proceeds from issue of:				
Bank borrowings	841,863		509,620	
Borrowings from Group companies and associates	4,153		216,543	
Other borrowings	706		4,649	
Repayment of:				
Bank borrowings	(1,374,562)		(311,530)	
Borrowings from Group companies and associates	(50,166)		(8,704)	
Other borrowings	(7,607)		(10,009)	
Dividends and returns on other equity instruments paid		(161,469)		(177,404)
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		(748,046)		220,978
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		(595,564)		592,036
Cash and cash equivalents at beginning of year		762,126		170,090
Cash and cash equivalents at end of year		166,562		762,126

The accompanying Notes 1 to 26 and Appendixes I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2012.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2012

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (MILLION EUROS)

FINANCIAL STATEMENTS

1. COMPANY ACTIVITIES

Fomento de Construcciones y Contratas, S.A. is a company incorporated in Spain in accordance with the Spanish Limited Liability Companies Law, the core business of which is to provide general services, which include the collection and treatment of solid waste, the cleaning of public streets and sewer systems, the maintenance of green areas and buildings, water treatment and distribution and other complementary services. It also occasionally carries on construction activities as a member of the Panama Consortium (see Note 2). The Company's registered office is at c/ Balmes, 36 (Barcelona) and it carries on its activities basically in Spain.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which comprises a broad spectrum of Spanish and foreign subsidiaries and associates that engage in activities such as construction, urban cleaning and integrated water cycle services, street furniture, upkeep and traffic systems, logistics, cement, real estate, energy, infrastructure management, etc.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of the joint ventures and consortia in which it has interests, and authorised for issue in accordance with the Spanish Commercial Code, Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Spanish Limited Liability Companies Law and Royal Decree 1514/2007 introducing the Spanish National Chart of Accounts. Also included were all the accounting principles and rules contained in the legislative amendments established by Royal Decree 1159/2010, of 17 September, on industry plans, including Order EHA/3362/2010 implementing the Spanish National Chart of Accounts adapted for public infrastructure concession operators, and the applicable mandatory rules, resolutions and recommendations of the Spanish Accounting and Audit Institute (ICAC) and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2012. It should be noted that, as a result of the publication in 2009 by the ICAC of a request for a ruling regarding the presentation for accounting purposes of the income of holding companies, "Income from Investments in Group Companies and Associates" and "Finance Income from Marketable Securities and Other Financial Instruments of Group Companies and Associates" were classified under "Revenue" in the accompanying income statement.

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2011 were approved by the shareholders at the Annual General Meeting held on 31 May 2012.

The balance sheets, income statements, statements of changes in equity and statements of cash flows of the unincorporated temporary joint ventures (UTEs) in which the Company has interests were proportionately consolidated on the basis of the Company's percentage of ownership of each joint venture.

The joint ventures were included by making the required timing and measurement uniformity adjustments, reconciliations and reclassifications and by eliminating reciprocal asset and liability balances and income and expenses. The detail of any material amounts relating to the joint ventures and the community association is included in these notes to the financial statements.

The accompanying balance sheet and income statement include the assets and liabilities at the percentage of ownership in the joint ventures shown below:

	2012	2011
Revenue	194,599	209,629
Profit from operations	19,724	22,409
Non-current assets	151,019	129,219
Current assets	245,127	257,285
Non-current liabilities	68,066	43,698
Current liabilities	301,426	307,890

Appendix II lists the joint ventures and indicates the percentage share of their results.

The Company also holds a 45% interest in the Consortium awarded the contract to construct Line 1 of the Panama City metro. The accompanying financial statements include the assets, liabilities, income and expenses, by percentage of ownership, as shown below:

	2012	2011
Revenue	262,276	120,098
Profit from operations	24,724	11,312
Non-current assets	3,720	3,818
Current assets	139,626	125,634
Current liabilities	126,192	121,767

The financial statements are expressed in thousands of euros.

Since Fomento de Construcciones y Contratas, S.A. is the head of the FCC Group, it is obliged under current legislation to prepare separate consolidated financial statements. The aforementioned consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, as well as all the provisions and interpretations implementing it. The consolidated financial statements of the FCC Group for 2012, prepared by the directors, will also be submitted for approval by the shareholders at the Annual General Meeting.

The consolidated financial statements of Fomento de Construcciones y Contratas, S.A. prepared in conformity with International Financial Reporting Standards (IFRSs) present total assets of EUR 19,707 million (31 December 2011: EUR 22,447 million) and equity attributable to the Company's shareholders of EUR 1,260 million (31 December 2011: EUR 2,379 million). In addition, consolidated sales amounted to EUR 11,152 million (31 December 2011: EUR 11,897 million). Lastly, consolidated loss attributable to the Parent amounted to EUR 1,028 million (31 December 2011: EUR 108 million).

3. ALLOCATION OF LOSS

The directors of Fomento de Construcciones y Contratas, S.A. will submit for approval by the shareholders at the Annual General Meeting the allocation of the loss for 2012, amounting to EUR 715,759 thousand, to "Prior Years' Losses".

4. ACCOUNTING POLICES

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for 2012, in accordance with the Spanish National Chart of Accounts, were as follows:

a) Intangible assets

a.1) Service concession arrangements

The service arrangements are recognised in accordance with the provisions of Ministry of Economy and Finance Order EHA/3362/2010 approving the rules for adapting the Spanish National Chart of Accounts for public infrastructure concession operators. In relation to the foregoing, a distinction must be drawn between two clearly different phases:

- the first in which the concession operator provides construction or upgrade services which are recognised under intangible or financial assets in accordance with recognition and measurement standard 14, Income from Sales and Services of the Spanish National Chart of Accounts and the rules on the percentage of completion method contained in measurement standard 18, Sales, Income from Completed Work and Other Income of the rules for adapting the Spanish National Chart of Accounts for construction companies;
- and a second phase in which the concession operator provides a series of maintenance or operation services of the related infrastructure which are recognised in accordance with recognition and measurement standard 14, Income from Sales and Services of the Spanish National Chart of Accounts.

In addition, an intangible asset is recognised when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. In certain mixed arrangements, the operator and the grantor may share the demand risk, although this practice is practically non-existent at the Company.

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

In addition, the borrowing costs arising from the financing of the infrastructure accruing from the construction until the entry into service of the infrastructure are included in the initial measurement of the intangible asset. When the infrastructure becomes operable, the aforementioned costs are capitalised if they meet the requirements under the rules, provided that there is reasonable evidence that future income will enable the capitalised amount to be recovered.

These intangible assets are amortised on the basis of the demand for, or the use of, the infrastructure, taken to be the changes in and best estimates of the production units of each activity.

Concessions classified as a financial asset are recognised at the fair value of the construction or upgrade services provided. In accordance with the amortised cost method, the related finance income is recognised as revenue in profit or loss based on the effective interest rate resulting from the expected cash inflows and outflows of the concession. The borrowing costs arising from the financing of these assets are classified under “Finance Costs” in the income statement. As explained above, the income and expenses from the provision of maintenance or operation services are recognised in profit or loss in accordance with recognition and measurement standard 14, Income from Sales and Services of the Spanish National Chart of Accounts.

a.2) Other intangible assets

Other intangible assets, concessions and software, inter alia, are recognised at acquisition or production cost. They are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. At 2012 year-end there were no indications that any of the Company's intangible assets had suffered an impairment loss. The Company does not own any assets with indefinite useful lives.

In accordance with Order EHA/3362/2010 mentioned in the previous point, “Intangible Assets - Concessions” in the balance sheet includes the royalties paid for the award of the concession arrangements.

Computer software maintenance costs are recognised in the income statement for the year in which they are incurred.

As a general rule, intangible assets are amortised on a straight-line basis over their years of useful life.

b) Property, plant and equipment

Property, plant and equipment and investment property are carried at acquisition or production cost if the Company has performed in-house work thereon and are subsequently reduced by the related accumulated depreciation and by any impairment losses. At 31 December 2012, there was no indication that any of the Company's property, plant and equipment or investment property had suffered an impairment loss and, therefore, the recoverable amount of the assets is higher than or the same as their carrying amount and, accordingly, no impairment losses were recognised in this connection.

Property, plant and equipment upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Non-current assets that necessarily take a period of more than twelve months to get ready for their intended use include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets.

In-house work on non-current assets is measured at accumulated cost (external costs plus in-house costs, determined on the basis of in-house materials consumption, direct labour and general manufacturing costs).

The Company depreciates its property, plant and equipment by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

	Years of estimated useful life
Buildings and other structures	25 - 50
Plant and machinery	5 - 15
Other fixtures, tools and furniture	8 - 12
Other items of property, plant and equipment	4 - 10

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

c) Impairment of intangible assets and property, plant and equipment

Whenever there are indications of impairment of assets with a finite useful life (i.e. all the Company's intangible assets and property, plant and equipment), the Company tests the tangible and intangible assets for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. To determine the recoverable amount of the assets tested for impairment, an estimate is made of the present value of the net cash flows arising from the cash-generating units (CGUs) to which the assets belong, and to discount the cash flows, a pre-tax discount rate is applied that reflects current market assessments of the time value of money and the risks specific to each cash-generating unit.

Where an impairment loss on assets subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the value that would have been determined had no impairment loss been recognised for in prior years. The reversal of the impairment loss is recognised as income in the income statement.

d) Leases

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

d.1) Finance leases

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

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

The assets recognised for transactions of this nature are depreciated on the basis of their nature and useful lives using criteria similar to those applied to items of property, plant and equipment taken as a whole.

There are no finance leases in which the Company acts as lessor.

d.2) Operating leases

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

When the Company acts as the lessor, lease income and expenses from operating leases are recognised in income on an accrual basis. Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset, increased by the investments arising from the lease agreements directly attributable to the lease, which are recognised as an expense over the term of such agreements, applying the same method as that used to recognise lease income.

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

e) Financial instruments

e.1) Financial assets

Classification

The financial assets held by the Company are classified in the following categories:

- Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.
- Held-to-maturity investments: debt securities with fixed maturity and determinable payments that are traded in an active market and which the Company has the positive intention and ability to hold to the date of maturity.
- Held-for-trading financial assets: assets acquired with the intention of selling them in the near term and assets that form part of a portfolio for which there is evidence of a recent actual pattern of short-term profit-taking. This category also includes financial derivatives that are not financial guarantees and that have not been designated as hedging instruments.
- Equity investments in Group companies, associates and jointly controlled entities: Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other investors.
- Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the aforementioned categories.

Initial recognition

These financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs, except for held-for-trading assets and investments in Group companies affording control, the costs of which are recognised directly in the income statement.

Subsequent measurement

- Loans and receivables and held-to-maturity investments are measured at amortised cost.
- Held-for-trading financial assets are measured at fair value and the changes in the fair value are recognised in profit or loss.
- Investments in Group companies and associates and interests in jointly controlled entities are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity (consolidated, as the case may be) of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including any goodwill).
- Available-for-sale financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the net profit or loss for the year, or if it is determined that it has become impaired, once the pre-existing gains in equity have been derecognised, they are taken to the income statement.

At least at each reporting date the Company makes valuation adjustments to financial assets not measured at fair value through profit or loss where there is objective evidence of impairment if the value is less than the carrying amount, in which case the impairment loss is recognised in the income statement. In particular, the Company calculates valuation adjustments relating to trade and other receivables by taking into account the specific insolvency risk of each account receivable.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk, provide any kind of guarantee or assume any other kind of risk. These transactions bear interest at market rates and the factor assumes the risk of insolvency and late payment of the debtor. Fomento de Construcciones y Contratas, S.A. continues to manage collection.

e.2) Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

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

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

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

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

e.3) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and the securities issued are recognised in equity at the proceeds received, net of issue costs.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in profit or loss.

The Company currently has in force a remuneration scheme for its executive directors and executive personnel, linked to the value of the Company's shares. This scheme is described in Note 14 "Share-based Payment Transactions".

e.4) Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its business activities, operations and future cash flows are exposed. Basically, these risks relate to changes in interest rates and the market prices of certain financial instruments. The Company arranges hedging financial instruments in this connection (see Note 12).

In order for these financial instruments to qualify for hedge accounting, they are initially designated as such and the hedging relationship is documented. Also, the Company verifies, both at inception and periodically over the term of the hedge (at least at the end of each reporting period), that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument and that, retrospectively, the gain or loss on the hedge was within a range of 80-125% of the gain or loss on the hedged item.

The Company uses hedges of the following types, which are accounted for as described below:

- Fair value hedges: in this case, changes in the fair value of the hedging instrument and the hedged item attributable to the hedged risk are recognised in profit or loss.
- Cash flow hedges: in hedges of this nature, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the income statement in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or a non-financial liability, in which case the amounts recognised in equity are included in the initial cost of the asset or liability when it is acquired or assumed.
- Hedges of net investments in foreign operations: the purpose of hedges of this nature is to hedge foreign currency risk relating to investments in subsidiaries and associates, and the foreign currency component is taken to the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

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

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

The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Company and the entities financing it.

f) Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

Assets received in payment of loans are measured at the lowest of the following three values: the amount at which the loan relating to the asset was recognised, production cost and net realisable value.

Production cost includes the costs of direct materials and, where applicable, direct labour and production overheads.

Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Company recognises the appropriate write-downs as an expense in the income statement when the net realisable value of the inventories is lower than acquisition or production cost.

g) Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the period in which they arise.

h) Income tax

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

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

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

i) Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

The Company recognises each year as the period result on its contracts the difference between period production (measured at the selling price of the service provided during the period, as specified in the principal contract or in approved amendments thereto, and the selling price of other as yet unapproved services for which there is reasonable assurance of collection) and the costs incurred. Additionally, late-payment interest is recognised as income when it is approved or finally collected.

The difference between the amount of production and the amount billed until the date of the financial statements is recorded as "Unbilled Production" under "Trade Receivables for Sales and Services". Pre-billings for various items are recognised under "Current Liabilities – Trade and Other Payables – Customer Advances".

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income.

In accordance with the accounting principle of prudence, the Company only records realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recognised as soon as they become known, by recording the appropriate provisions.

j) Provisions and contingencies

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

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

Provisions for dismantling, removal or rehabilitation and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. The impact on profit or loss arises when the asset concerned is depreciated (as described in previous sections of this Note) and when the provisions are discounted to present value (as described in the preceding paragraph).

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

It should be noted that contingent liabilities due to possible obligations that arise from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control, are not recognised in the financial statements as the probability that such obligation will have to be settled is remote.

k) Environmental assets and liabilities

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

The acquisition costs of these non-current assets used in environmental conservation are recognised under "Property, Plant and Equipment" or "Intangible Assets" based on the nature of the investment, and are depreciated or amortised over the useful lives of the assets or on the basis of the demand for or the use of the infrastructure in the service concession arrangements. Also, in accordance with current accounting legislation, the Company recognises the expenses and provisions arising from its environmental obligations.

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

Company management considers that the possible contingencies relating to environmental protection and improvement at 31 December 2012 would not have a significant impact on the accompanying financial statements, which include provisions to cover any probable environmental risks that might arise.

l) Pension obligations

The Company has not established any pension plans to supplement the social security pension benefits. In accordance with the Consolidated Pension Plan and Fund Law, in specific cases where similar obligations exist, the Company externalises its obligations to its employees in this connection.

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

- Unilateral decision of the Company.
- Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
- Death or permanent disability.
- Other causes of physical or legal incapacity.
- Substantial change in professional terms and conditions.
- Resignation of the executive on reaching 60 years of age, at the request of the executive and with the consent of the Company.
- Resignation of the executive on reaching 65 years of age, by unilateral decision of the executive.

The contributions made by the Company in this connection are recognised under “Staff Costs” in the income statement.

m) Grants

The Company accounts for grants received as follows:

m.1) Non-refundable grants

These are measured at the amount received or the fair value of the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders, which are recognised directly in equity.

m.2) Grants related to income

Grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

n) Use of estimates

In preparing the accompanying financial statements estimates were made by the Company's directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The evaluation of possible impairment losses on certain assets (see Notes 4-c and 10).
- The assumptions used in the calculation of the fair value of share-based payments (see Note 14).
- The useful life of intangible assets and property, plant and equipment (see Notes 4-a and 4-b).
- The fair value of certain financial instruments (see Note 12).
- The calculation of certain provisions (see Notes 4-j and 15).

In light of the general economic environment and certain legislative changes, a review was carried out in the last quarter of 2012 of the estimates made previously, the amounts of which related most notably to the impairment losses on the investments and loans of Group companies and associates, such as Azincourt Investment, S.L., holding company of the FCC Environment (UK) Group, FM Green Power Group and Globalvia Infraestructuras Group (see Notes 9 and 10 and Appendices I and III).

Although these estimates were made on the basis of the best information available at 31 December 2012, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively.

ñ) Related party transactions

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

Note 22, "Related party transactions and balances" details the main transactions with the significant shareholders of the Company, its directors and senior executives and between Group companies.

o) Non-current assets and associated liabilities classified as held for sale

The Company classifies assets under "Non-Current Assets Classified as Held for Sale" if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

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

The associated liabilities are classified under "Liabilities Associated with Non-Current Assets Classified as Held for Sale".

5. INTANGIBLE ASSETS

The changes in "Intangible Assets" in the accompanying balance sheet in 2012 and 2011 were as follows:

	Concessions	Computer software	Concession arrangements	Other intangible assets	Accumulated amortisation	Total
Balance at 31/12/10	24,481	20,296	3,317	18,808	(31,195)	35,707
Additions or charge for the year	358	5,228	17,625	1,684	(12,086)	12,809
Disposals or reductions	(209)	(551)	(682)	(776)	1,961	(257)
Transfers and reclassifications due to concession arrangements	—	—	148,270	(2,905)	(59,623)	85,742
Balance at 31/12/11	24,630	24,973	168,530	16,811	(100,943)	134,001
Additions or charge for the year	20,440	5,182	25,155	450	(13,135)	38,092
Disposals or reductions	(2,387)	—	(7,058)	(41)	6,877	(2,609)
Transfers	—	—	1,819	(1,819)	—	—
Balance at 31/12/12	42,683	30,155	188,446	15,401	(107,201)	169,484

With respect to 2011, it should be noted that "Transfers and Reclassifications Due to Concession Arrangements", shown in the table above, was a consequence of the entry into force on 1 January 2011 of the adaptation of the Spanish National Chart of Accounts for public infrastructure concession operators.

The detail of the intangible assets and of the related accumulated amortisation at 31 December 2012 and 2011 is as follows:

	Cost	Accumulated amortisation	Net
2012			
Concessions	42,683	(17,746)	24,937
Computer software	30,155	(13,324)	16,831
Concession arrangements	188,446	(67,917)	120,529
Other intangible assets	15,401	(8,214)	7,187
	276,685	(107,201)	169,484

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	Cost	Accumulated amortisation	Net
2011			
Concessions	24,630	(17,924)	6,706
Computer software	24,973	(9,623)	15,350
Concession arrangements	168,530	(66,432)	102,098
Other intangible assets	16,811	(6,964)	9,847
	234,944	(100,943)	134,001

The detail of the Company's most significant contracts due to service concession arrangements is as follows:

- El Campello urban solid waste treatment plant.
  Construction and operation of the Integrated Urban Solid Waste Centre of El Campello (Alicante). It was awarded to the Company in 2003 and the construction phase was completed in November 2008, when the initial operation phase of 20 years began, which was subsequently extended to 21 years and 9 months. The net assets relating to the aforementioned contract total EUR 44,414 thousand (31 December 2011: EUR 46,197 thousand).

- Integrated management of the municipal water supply and sewerage service of Vigo.
  Award to the Aqualia-FCC-Vigo joint venture (50% Fomento de Construcciones y Contratas, S.A. and 50% Aqualia Gestión Integral del Agua, S.A., wholly owned by the Company) of the operation of the concession, including investments for the extension, renovation and/or improvement of the existing infrastructures that the grantor placed at the disposal of the joint venture. It was awarded in 1991 for an initial term of 25 years, extendible for five-year periods up to a maximum legal term of 50 years. The grantor extended the concession in 2011 for an additional five years until 2020. The net assets relating to the aforementioned contract amount to EUR 24,341 thousand (31 December 2011: EUR 24,716 thousand).

- Urban solid waste treatment plant in San Justo de la Vega (León).
  Award to the Legio VII joint venture (with Fomento de Construcciones y Contratas, S.A. holding a 50% interest) of the construction and operation of the urban solid waste management system of the province of León. It was awarded in 2000 for an initial period of 20 years from the operational start-up of the recycling and composting plant in 2005. The net assets relating to the aforementioned contract total EUR 7,536 thousand (31 December 2011: EUR 8,195 thousand).

- Urban solid waste treatment plant in Manises (Valencia).
  Award to the Gestión Instalación III joint venture (in which Fomento de Construcciones y Contratas, S.A. holds a 34.99% interest) for the construction and operation of the urban solid waste management system of certain areas of the province of Valencia. It was awarded in 2005 for an initial period of 20 years from the operational start-up of the plant, and at the end of the reporting period it was in the construction phase. The net assets relating to the aforementioned contract amount to EUR 25,201 thousand (31 December 2011: EUR 11,260 thousand).

- Integrated management of the municipal water supply and sewerage service of Lleida.
  Award to the Aigües de Lleida joint venture (50% Fomento de Construcciones y Contratas, S.A. and 50% Aqualia Gestión Integral del Agua, S.A., wholly owned by the Company) of the operation of the concession, including investments for the extension, renovation and/or improvement of the existing infrastructures that the grantor placed at the disposal of the joint venture. It was awarded in 1993 for an initial term of 25 years, extendible for five-year periods up to a maximum legal term of 50 years. The grantor extended the concession in 2012 for a further 19 years until 2037. The net assets relating to the aforementioned contract amount to EUR 5,860 thousand (31 December 2011: EUR 144 thousand).

At the end of 2012 the Company did not have any material fully amortised intangible assets still in use.

At 31 December 2012, the Company did not have any intangible assets located outside Spain. There were also no assets used as security.

6. PROPERTY, PLANT AND EQUIPMENT

The changes in "Property, Plant and Equipment" in the accompanying balance sheet in 2012 and 2011 were as follows:

	Land and buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction and advances	Accumulated depreciation	Total
Balance at 31/12/10	115,827	969,153	52,783	(584,841)	552,922
Additions or charge for the year	3,140	54,537	7,461	(72,926)	(7,788)
Disposals or reductions	(1,393)	(47,269)	(307)	41,203	(7,766)
Transfers and reclassifications due to concession arrangements (Note 5)	(18,792)	(84,692)	(43,121)	61,083	(85,522)
Balance at 31/12/11	98,782	891,729	16,816	(555,481)	451,846
Additions or charge for the year	851	23,114	8,929	(74,652)	(41,758)
Disposals or reductions	(7,428)	(20,914)	(47)	16,245	(12,144)
Transfers	8,421	2,324	(10,813)	(285)	(353)
Balance at 31/12/12	100,626	896,253	14,885	(614,173)	397,591

The main changes in "Property, Plant and Equipment" relate to assets associated with the services and water concession arrangements operated by the Company.

The detail of the property, plant and equipment and of the related accumulated depreciation at 31 December 2012 and 2011 is as follows:

	Cost	Accumulated depreciation	Net
2012			
Land and buildings	100,626	(30,159)	70,467
Plant and other items of property, plant and equipment	896,253	(584,014)	312,239
Property, plant and equipment in the course of construction and advances	14,885	—	14,885
	1,011,764	(614,173)	397,591

	Cost	Accumulated depreciation	Net
2011			
Land and buildings	98,782	(28,809)	69,973
Plant and other items of property, plant and equipment	891,729	(526,672)	365,057
Property, plant and equipment in the course of construction and advances	16,816	—	16,816
	1,007,327	(555,481)	451,846

The Company owns buildings, the value of which, net of depreciation, and that of the land, were as follows at 2012 year-end:

	2012	2011
Land	24,455	24,338
Buildings	46,012	45,635
	70,467	69,973

Of the net amount of property, plant and equipment, EUR 43,901 thousand relate to assets used in joint ventures (31 December 2011: EUR 48,708 thousand).

In 2012 and 2011 the Company did not capitalise borrowing costs to "Property, Plant and Equipment".

At 2012 year-end the Company held various items of property, plant and equipment under finance leases (see Note 7).

At year-end all of the items of property, plant and equipment were used in the various production processes although some of the property, plant and equipment has been fully depreciated, amounting to EUR 298,385 thousand (31 December 2011: EUR 260,103 thousand), of which EUR 12,788 thousand related to buildings (31 December 2011: EUR 10,718 thousand). The amounts relating to joint ventures were not material.

At 31 December 2012, the Company did not have any significant investments in property, plant and equipment abroad. It also did not have any significant firm property, plant and equipment purchase commitments.

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The Company's property, plant and equipment subject to restrictions on title relates mainly to assets held under finance leases.

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At 2012 year-end the property, plant and equipment were fully insured against these risks.

7. LEASES

a) Finance leases

The Company, as lessee, has recognised assets leased under leases with basically a maximum term of two to five years and, in general, lease payments payable in arrears. Consequently, the present value of the payments does not differ significantly from their nominal value. The leased assets include notably the lorries and machinery used in the waste collection and cleaning services provided by the Company.

The detail of the finance leases in force at the end of 2012 and 2011 are as follows:

	2012	2011
Carrying amount	38,980	82,421
Accumulated depreciation	15,067	23,482
Cost of the assets	54,047	105,903
Finance costs	3,199	4,171
Cost of the assets plus capitalised borrowing costs	57,246	110,074
Lease payments paid in the year	(16,009)	(32,451)
Lease payments paid in prior years	(20,186)	(36,374)
Lease payments outstanding, including purchase option	21,051	41,249
Unaccrued borrowing costs	(1,167)	(1,449)
Present value of lease payments outstanding, including purchase option	19,884	39,800
Contract term (years)	2 to 5	2 to 5
Value of purchase options	463	977

The payment dates of the outstanding lease payments of the committed payments are shown in Note 16.

The finance leases arranged by the Company do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2012 no expense was incurred in connection with contingent rent.

b) Operating leases

As lessee, the Company makes operating lease payments basically for the use of buildings and structures relating to the Central Services offices in Madrid and Barcelona, and for the leases of premises and industrial buildings used by the Company as offices, warehouses, changing rooms and garages in the course of its activities.

The amount relating to the aforementioned leases in 2012 totalled EUR 37,884 thousand (31 December 2011: EUR 32,200 thousand).

Also worthy of note among the operating lease agreements entered into by Fomento de Construcciones y Contratas, S.A. due to the magnitude of the sums involved are those relating to the corporate headquarters of the FCC Group:

- Office buildings located at Federico Salmón, 13, Madrid and Balmes, 36, Barcelona. On 29 December 2011, the owners of these buildings and Fomento de Construcciones y Contratas, S.A. entered into two lease agreements relating thereto for a minimum period of 30 years, extendable for two five-year periods at the discretion of the Company, with an initial annual rent adjustable based on the CPI. The owners, in turn, granted a purchase option to the Company, which can be exercised only at the end of the lease term at the higher of fair value and the CPI-adjusted selling price.

- Office building located in Las Tablas (Madrid). On 19 December 2010, the owner and the Company entered into an agreement to lease the aforementioned building, the lease period commencing once construction of the building had been completed on 23 November 2012. The term of this lease is 18 years, extendable at the Company's discretion by two five-year periods, each with an annual rent adjustable each year based on the CPI.

At 2012 year-end there were non-cancellable future committed payments in relation to the aforementioned items amounting to EUR 335,934 thousand (2011: EUR 239,391 thousand). The detail, by maturity, of the non-cancellable future minimum payments at 31 December 2012 and 2011 is as follows:

	2012	2011
Within one year	31,601	24,591
Between one and five years	95,178	75,557
After five years	209,155	139,243
	335,934	239,391

As lessor, the Company, as the holder of the aforementioned leases, billed the FCC Group investees for the space that they occupy in the aforementioned buildings, which although of scantly material amount, is recognised as operating income.

8. NON-CURRENT AND CURRENT FINANCIAL ASSETS

a) Non-current financial assets

The detail of "Non-Current Financial Assets" at the end of 2012 and 2011 is as follows:

	Equity instruments	Loans to third parties	Derivatives	Other financial assets	Total
2012					
Loans and receivables	—	30,692	—	8,656	39,348
Available-for-sale financial assets	20,559	—	—	—	20,559
Held-for-trading financial assets (Note 12)	—	—	1,252	—	1,252
Hedging derivatives (Note 12)	—	—	136	—	136
	20,559	30,692	1,388	8,656	61,295

	Equity instruments	Loans to third parties	Derivatives	Other financial assets	Total
2011					
Loans and receivables	—	37,806	—	35,518	73,324
Available-for-sale financial assets	9,344	—	—	—	9,344
Held-for-trading financial assets (Note 12)	—	—	12,222	—	12,222
Hedging derivatives (Note 12)	—	—	3,475	—	3,475
	9,344	37,806	15,697	35,518	98,365

The detail, by maturity, of the loans and receivables is as follows:

	2014	2015	2016	2017	2018 and subsequent years	Total
Loans and receivables	4,269	52	34	120	34,873	39,348

Loans and receivables

"Loans and Receivables" includes mainly the participating loans granted to Xfera Móviles, S.A., disclosed in Note 9-b below. This heading also includes the guarantees and deposits relating to legal and contractual obligations in the pursuit of the Company's business activities, and long-term deposits, together with the amounts granted to public entities to carry out works and build facilities in the water supply network.

Available-for-sale financial assets

The detail at 31 December 2012 and 2011 is as follows:

	Effective percentage of ownership	Fair value
2012		
Vertederos de Residuos, S.A.	16.03%	9,076
Xfera Móviles, S.A.	3.44%	11,215
Other		268
		20,559
2011		
Shopnet Brokers, S.A.	14.88%	—
Vertederos de Residuos, S.A.	16.03%	9,076
Xfera Móviles, S.A.	3.44%	—
Other		268
		9,344

With regard to Xfera Móviles, S.A., it is important to note that, at 31 December 2012, Fomento de Construcciones y Contratas, S.A. recognised fair value of EUR 11,215 thousand as a result of the positive performance of this company, which has begun to obtain positive EBITDA, and the projections for the telephony activity that it carries on are favourable. Furthermore, the Company had granted loans to Xfera Móviles, S.A. totalling EUR 24,115 thousand (2011: same amount) and had provided guarantees for that company amounting to EUR 12,384 thousand (2011: EUR 13,286 thousand).

Also, on 18 October 2012, the Company sold the 14.88% ownership interest in Shopnet Brokers, S.A. for EUR 135 thousand.

b) Current financial assets

The detail of "Current Financial Assets" at the end of 2012 and 2011 is as follows:

	Loans to companies	Derivatives	Other financial assets	Total
2012				
Held-to-maturity investments	—	—	38	38
Loans and receivables	13,398	—	25,436	38,834
Held-for-trading financial assets (Note 12)	—	4,225	—	4,225
Hedging derivatives (Note 12)	—	2	—	2
	13,398	4,227	25,474	43,099
2011				
Held-to-maturity investments	—	—	62	62
Loans and receivables	18,887	—	6,426	25,313
Held-for-trading financial assets (Note 12)	—	888	—	888
	18,887	888	6,488	26,263

In 2012 the Company did not recognise any impairment losses on either its non-current or current financial assets.

9. INVESTMENTS IN AND PAYABLES TO GROUP COMPANIES AND ASSOCIATES

a) Non-current investments in Group companies and associates

At 31 December 2012 and 2011, the detail of "Non-Current Investments in Group Companies and Associates" is as follows:

	Cost	Accumulated impairment losses	Total
2012			
Equity instruments of Group companies	2,303,958	(10,902)	2,293,056
Equity instruments of associates	736,431	(246,272)	490,159
Loans to Group companies	1,968,406	(647,966)	1,320,440
Loans to associates	6,244	—	6,244
Derivatives	217	—	217
	5,015,256	(905,140)	4,110,116
2011			
Equity instruments of Group companies	1,634,920	(3,492)	1,631,428
Equity instruments of associates	736,064	(75,584)	660,480
Loans to Group companies	1,907,486	—	1,907,486
Loans to associates	5,720	—	5,720
Derivatives	2,376	—	2,376
	4,286,566	(79,076)	4,207,490

The changes in the line items in the foregoing table are as follows:

	Equity instruments of Group companies	Equity instruments of associates	Loans to Group companies	Loans to associates	Derivatives	Net impairment losses	Total
Balance at 31/12/10	1,590,260	735,809	1,878,135	59,371	—	(78,995)	4,184,580
Additions or charge for the year	44,700	255	29,361	48	2,376	(2,281)	74,459
Disposals or reversals	(40)	—	(3)	(799)	—	2,200	1,358
Transfers	—	—	(7)	(52,900)	—	—	(52,907)
Balance at 31/12/11	1,634,920	736,064	1,907,486	5,720	2,376	(79,076)	4,207,490
Additions or charge for the year	725,451	367	49,058	1,006	2,166	(836,696)	(58,648)
Disposals or reversals	(49,910)	—	(1,086)	(167)	—	10,632	(40,531)
Transfers	(6,503)	—	12,948	(315)	(4,325)	—	1,805
Balance at 31/12/12	2,303,958	736,431	1,968,406	6,244	217	(905,140)	4,110,116

Equity instruments of Group companies

The most significant changes in 2012 detailed in the foregoing table were as follows:

- The Company subscribed in full the capital increase of EUR 400,000 thousand at the wholly-owned investee FCC Construcción, S.A. that it approved on 28 December 2012, through the conversion into capital of the loan for the same amount that the Company had granted in prior years to FCC Construcción, S.A. (see Note 9-b).
- Non-monetary contribution to the equity of the wholly-owned investee (directly and indirectly) Fedemes, S.L. of 99% of the equity that Fomento de Construcciones y Contratas, S.A. owned in the joint property entities Parcela A-1 de Azca and its buildings, valued at EUR 325,374 thousand (see Note 9-c).
- Liquidation of the wholly-owned investee FCC Internacional B.V. valued in the balance sheet at EUR 49,910 thousand, giving rise to a gain of EUR 8,033 thousand, recognised under "Impairment and Gains or Losses on Disposals of Financial Instruments" of the Income Statement.

Also, in 2011 worthy of note was the payment of EUR 5,506 thousand to settle the capital transactions of the companies in the energy industry, the settlement of the payables of the investees Ecoparque Mancomunidad del Este, S.A. and Valoración y Tratamiento de Residuos Urbanos, S.A., amounting to EUR 4,201 thousand and EUR 1,500 thousand, respectively, and the investment in the form of a direct contribution to reserves of EUR 22,000 thousand at Alpine Bau GmbH and EUR 10,500 thousand at Alpine Holding GmbH, both investees wholly owned (directly and indirectly) by the wholly-owned subsidiary FCC Construcción, S.A.

The detail, by company, of the investments in Group companies and associates is presented in Appendixes I and III, respectively, indicating for each company in which a direct ownership interest is held the company name, registered office, line of business, the percentage of capital held directly or indirectly, the amount of equity (capital, reserves and other), profit or loss, dividends received, whether or not it is listed and the carrying amount of the ownership interest.

Long-term loans to Group companies

The most significant amounts are as follows:

	2012	2011
Azincourt Investment, S.L. (Sole-Shareholder Company)	1,100,728	1,100,728
FCC Construcción, S.A.	400,000	400,000
Aqualia Gestión Integral del Agua, S.A.	153,752	149,250
FCC Versia, S.A.	140,000	140,000
FCC PFI Holdings Group	46,962	40,370
Enviropower Investments, Ltd.	35,864	19,819
Cementos Portland Valderrivas, S.A.	35,652	—
Dédalo Patrimonial, S.L. (Sole-Shareholder Company)	30,316	30,916
.A.S.A. Abfall Services AG	14,000	14,000
Other	11,132	12,403
	1,968,406	1,907,486
Impairment of Azincourt Investment, S.L. (Sole-Shareholder Company)	(647,966)	—
	1,320,440	1,907,486

In the foregoing table the following is noteworthy:

- This heading included most notably the participating loan of EUR 1,100,728 thousand granted to Azincourt Investment, S.L. (Sole-Shareholder Company), a wholly-owned investee of Fomento de Construcciones y Contratas, S.A., the former being the holder of all the shares of FCC Environment (UK), formerly WRG, acquired in 2006. This loan earns fixed interest at 2.95% on a portion thereof and floating interest on another portion based on certain performance indicators of the borrower. At 2012 year-end interest of EUR 35,040 thousand had been earned on the participating loan (31 December 2011: EUR 34,309 thousand), which was recognised under "Finance Income from Marketable Securities and Other Financial Instruments of Group Companies and Associates" in the accompanying income statement. As indicated in Note 4-n, "Use of Estimates", in 2012 impairment losses of EUR 647,966 thousand were recognised on the aforementioned loans, which arose from the adjustment of the goodwill and the exchange differences relating to the investment in the FCC Environment (UK) Group.
- The long-term loan of EUR 400,000 thousand granted to the subsidiary FCC Construcción, S.A., which was renewed on 31 December 2012, earns interest at a market rate. This loan earned interest of EUR 23,001 thousand in 2012 (2011: EUR 15,644 thousand).
- The participating loan of EUR 149,250 thousand granted on 1 May 2010 to the subsidiary Aqualia Gestión Integral del Agua, S.A. It matures on 31 January 2014 and is automatically renewable for successive one-year periods. The interest is calculated on the basis of various accounting indicators of the borrower. This loan earned interest of EUR 4,595 thousand in 2012 (2011: EUR 5,428 thousand).
- The long-term loan of EUR 140,000 thousand granted on 9 February 2007 to the investee FCC Versia, S.A., which initially matured in two years, automatically extendable by successive two-year periods. The interest rate is established on the basis of the average 3-month Euribor of the month prior to the month on which it is to be reviewed, plus a spread of 0.75%. At 2012 year-end this loan had earned interest of EUR 2,216 thousand (31 December 2011: EUR 2,901 thousand).
- Subordinated loan of EUR 35,000 thousand granted to Cementos Portland Valderrivas, S.A. in relation to the obligation of Fomento de Construcciones y Contratas, S.A. to contribute equity of up to EUR 100,000 thousand to Cementos Portland Valderrivas, S.A. in a future capital increase thereat. This obligation was assumed in the framework of the bank refinancing of the aforementioned investee.

The other loans relate to amounts granted to Group companies that mature in more than one year and earn interest at market rates.

b) Current investments in Group companies and associates

"Current Investments in Group Companies and Associates" includes basically the loans and other non-trade credit facilities granted to Group companies and associates, among other things, to cater for certain specific cash situations and other short-term investments. These investments are measured at the lower of cost and market, plus the related interest at market rates.

The most significant amounts are as follows:

	2012	2011
Azincourt Investment, S.L. (Sole-Shareholder Company)	278,522	246,714
Aqualia Gestión Integral del Agua, S.A.	100,785	118,918
Dédalo Patrimonial, S.L. (Sole-Shareholder Company)	58,919	21,657
Realia Business, S.A.	56,441	54,475
FCC Construcción, S.A. (Note 9-a)	53,155	526,924
Corporación Financiera Hispánica, S.A.	40,114	—
FM Green Power Investments, S.L. (Note 10)	—	366,746
Other	60,702	64,237
	648,638	1,399,671

These loans mature annually and earn interest at market rates.

c) Current payables to Group companies and associates

The most noteworthy balances of “Current Payables to Group Companies and Associates”, which includes the loans received by the Company bearing interest at market rates and trade accounts payable to these companies, recognised under liabilities in the accompanying balance sheet, are as follows:

	2012	2011
Fedemes, S.L.	403,424	69,219
FCC Versia, S.A.	202,194	170,044
FCC Medio Ambiente, S.A.	177,532	32,109
FCC Construcción, S.A.	68,064	16,746
Asesoría Financiera y de Gestión, S.A.	38,483	58,776
Aqualia Gestión Integral del Agua, S.A.	21,351	14,523
Ecoparque Mancomunidad del Este, S.A.	18,829	17,060
Azincourt Investment, S.L. (Sole-Shareholder Company)	13,758	17,845
Proactiva Medio Ambiente, S.A.	7,234	17,395
Corporación Financiera Hispánica, S.A.	—	196,515
FCC Finance, B.V.	—	55,618
Alpine Group	—	32,500
Other	42,114	50,180
	992,983	748,530

Of particular note in 2012 was the change included by Fedemés, S.L., which resulted from this company transferring cash arising from the non-monetary contribution described in Note 9-a to the Company. This transfer was performed in the framework of the centralised cash management system implemented in the Group. Also noteworthy was the repayment of the debt of Corporación Financiera Hispánica, S.A. relating to the distribution of dividends thereof (see Appendix I).

d) Impairment losses

As indicated in Note 4-n "Use of Estimates", various impairment losses were recognised on the equity investments in Group companies, jointly controlled entities and associates, which are presented in Appendices I and III to these notes to the consolidated financial statements. Also, an impairment loss was recognised on a participating loan in Note 4-a.

10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

At 2012 year-end Fomento de Construcciones y Contratas, S.A., the Parent of the FCC Group, recognised the investment relating to the energy industry under “Non-Current Assets Classified as Held for Sale” to reflect the sales plan thereof open to potential new investors and thereby meet the objectives set. This energy segment is identified at the Company as the FM Green Power Group.

In accordance with the provisions of the Spanish National Chart of Accounts, the Company presented under “Non-Current Assets Classified as Held for Sale” a net amount of EUR 277,247 thousand, the detail being as follows:

Portfolio investment	6,503
Loans	366,746
Initial investment at 31/12/11	373,249
Capital increase	100,000
Loans	104,284
Impairment	(300,286)
Ending balance at 31/12/12	277,247

In addition, the Company does not have any liabilities associated with the aforementioned assets.

11.TRADE RECEIVABLES FOR SALES AND SERVICES

"Trade Receivables for Sales and Services" in the accompanying balance sheet includes the present value of the Company's sales and services.

	2012	2011
Production billed not yet collected	460,737	570,576
Unbilled production	146,648	126,913
Trade receivables for sales and services	607,385	697,489
Customer advances	(90,229)	(108,625)
Total trade receivables, net	517,156	588,864

The foregoing total is the net balance of trade receivables after deducting the balance of “Customer Advances” on the liability side of the accompanying balance sheet which, as required by accounting regulations, includes the collected and uncollected pre-billings for various items and the advances received (normally in cash).

"Production Billed Not Yet Collected" reflects the amount of the billings issued to customers for services provided not yet collected at the balance sheet date.

"Unbilled Production" reflects the difference between the production recognised by the Company on each contract and the amount of the billings issued to the customers. The balance of this account relates basically to the price revisions under the various contracts which, although as yet unapproved, the Company considers will be duly billed since there are no doubts as to their being accepted.

The Company factors trade receivables to banks without recourse against Fomento de Construcciones y Contratas, S.A. in the event of default. The amount deducted from the trade receivables balance at 2012 year-end in this connection amounted to EUR 106,427 thousand (31 December 2011: EUR 452,263 thousand).

Of the net balance of trade receivables, EUR 82,019 thousand (31 December 2011: EUR 124,907 thousand) relate to balances from contracts performed through joint ventures.

12. DERIVATIVE FINANCIAL INSTRUMENTS

The assets and liabilities relating to derivatives included in the accompanying balance sheet and the impact thereof on equity and the income statement are as follows:

	Fair value			
	Assets (Note 8)	Liabilities (Note 16)	Impact on equity	Impact on the income statement
2012				
Hedging derivatives	138	40,039	(29,469)	—
Other derivatives	6,941	74,383	—	(34,648)
	7,079	114,422	(29,469)	(34,648)
2011				
Hedging derivatives	3,475	59,981	(44,080)	—
Other derivatives	15,486	46,053	—	16,973
	18,961	106,034	(44,080)	16,973

Hedging derivatives

Following is a detail of the hedging derivatives arranged by the Company for 2012 and 2011, all of which are cash flow hedges, subdivided according to the hedged transaction, and including the type of derivative, the amounts arranged or notional amounts, the expiry date, the fair value at year-end and the impact on equity net of the tax effect:

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Hedged transaction	Type of derivative	Amount arranged	Expiry	Fair value Assets	Fair value Liabilities	Impact on equity
2012						
Syndicated loan (Note 16-b)	IRS	125,549	30/12/2013	—	5,089	(3,562)
	IRS	9,847	30/12/2013	—	374	(262)
	IRS	82,469	30/12/2013	—	3,276	(2,293)
	IRS	108,545	30/12/2013	—	4,965	(3,476)
	IRS	70,160	30/12/2013	—	2,776	(1,943)
	BASIS SWAP	150,000	30/12/2013	—	(362)	253
	BASIS SWAP	111,027	30/12/2013	—	(251)	176
	BASIS SWAP	26,998	28/06/2013	—	(27)	19
				—	15,840	(11,088)
Syndicated loan (Note 16-b)	IRS	1,225,000	08/05/2014	—	21,413	(14,989)
	IRS	15,076	10/10/2013	—	20	(14)
				—	21,433	(15,003)
Other payables (Note 16-b)	IRS	9,761	02/04/2024	—	1,316	(921)
	IRS	4,880	02/04/2024	—	658	(461)
	IRS	3,127	02/04/2024	—	422	(295)
	IRS	2,755	02/04/2024	—	370	(259)
				—	2,766	(1,936)
Share option plan (Note 14)	CALL (1st plan)	61,596	30/09/2013	2	—	(674)
	CALL (2nd plan)	37,065	10/02/2014	136	—	(768)
				138	—	(1,442)
Total				138	40,039	(29,469)

Hedged transaction	Type of derivative	Amount arranged	Expiry	Fair value Assets	Fair value Liabilities	Impact on equity
2011						
Syndicated loan (Note 16-b)	IRS	149,086	30/12/2013	—	8,454	(5,917)
	IRS	11,693	30/12/2013	—	608	(426)
	IRS	97,928	30/12/2013	—	5,408	(3,786)
	IRS	129,113	30/12/2013	—	9,248	(6,473)
	IRS	83,313	30/12/2013	—	4,577	(3,204)
	BASIS SWAP	200,000	30/06/2012	—	994	(696)
	BASIS SWAP	50,000	30/06/2012	—	239	(167)
	BASIS SWAP	92,020	30/06/2012	—	454	(318)
				—	29,982	(20,987)
Syndicated loan (Note 16-b)	IRS	1,225,000	08/05/2014	—	28,541	(19,978)
	IRS	24,733	10/10/2013	57	—	40
				57	28,541	(19,938)
Other payables (Note 16-b)	IRS	6,037	02/04/2024	—	694	(486)
	IRS	3,019	02/04/2024	—	347	(243)
	IRS	1,934	02/04/2024	—	222	(155)
	IRS	1,704	02/04/2024	—	195	(137)
				—	1,458	(1,021)
Share option plan (Note 14)	CALL (1st plan)	61,596	30/09/2013	904	—	(1,350)
	CALL (2nd plan)	37,065	10/02/2014	2,514	—	(784)
				3,418	—	(2,134)
Total				3,475	59,981	(44,080)

The detail, by maturity, of the notional amount of the hedging transactions arranged at 31 December 2012 is as follows:

	Notional maturity 2013	2014	2015	2016	2017 and subsequent years
IRS (syndicated loan)	396,570	—	—	—	—
BASIS SWAP	288,025	—	—	—	—
IRS (syndicated loan)	627,576	612,500	—	—	—
IRS (other payables)	834	1,016	1,062	1,135	16,476
CALL	61,596	37,065	—	—	—

Other derivatives

Following is the detail for 2012 and 2011 of the derivative financial instruments that do not qualify for hedge accounting, subdivided according to the hedged transaction, and including a detail of the type of derivative, the amounts arranged or the notional amount, the expiry date, the fair value at year-end and the impact on the income statement under "Changes in Fair Value of Financial Instruments":

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	Type of derivative	Amount arranged	Expiry	Fair value Assets	Fair value Liabilities	Impact on the income statement
2012						
Share option plan (Note 14)	PUT (1st plan)	61,596	30/09/2013	—	45,218	(15,657)
	PUT (2nd plan)	37,065	10/02/2014	—	24,014	(10,784)
	IFE (1st plan)	61,596	30/09/2013	538	—	(1,719)
	IFE (2nd plan)	37,065	10/02/2014	928	—	(2,484)
				1,466	69,232	(30,644)
Convertible bonds (Note 13-f)	Trigger call	450,000	31/01/2014	324	—	(4,004)
				324	—	(4,004)
Exchange rate hedge	IRS	73,201	21/03/2014	1,464	—	(912)
	IRS	36,600	21/03/2014	—	732	456
	IRS	36,600	21/03/2014	—	732	456
				1,464	1,464	—
Equity swap	Share Swap	94,990	18/01/2013	—	3,687	(4,576)
	Share Forward	94,990	18/01/2013	3,687	—	4,576
				3,687	3,687	—
				6,941	74,383	(34,648)
2011						
Share option plan (Note 14)	PUT (1st plan)	61,596	30/09/2013	—	29,560	8,351
	PUT (2nd plan)	37,065	10/02/2014	—	13,229	5,260
	IFE (1st plan)	61,596	30/09/2013	3,747	—	711
	IFE (2nd plan)	37,065	10/02/2014	4,148	—	78
				7,895	42,789	14,400
Convertible bonds (Note 13-f)	Trigger call	450,000	31/01/2014	4,327	—	2,573
				4,327	—	2,573
Exchange rate hedge	IRS	73,201	21/03/2014	2,376	—	2,376
	IRS	36,600	21/03/2014	—	1,188	(1,188)
	IRS	36,600	21/03/2014	—	1,188	(1,188)
				2,376	2,376	—
Equity swap	Share Swap	94,990	16/01/2012	888	—	888
	Share Forward	94,990	16/01/2012	—	888	(888)
				888	888	—
				15,486	46,053	16,973

13. EQUITY

a) Share capital

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

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

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

The only investment of 10% or more owned directly or indirectly (through subsidiaries) by other companies, according to the information provided pursuant to current legislation, is that held by B-1998, S.L., which has a direct and indirect ownership interest of 53.829% in the share capital.

The aforementioned company, B-1998, S.L., in which Mrs. Esther Koplowitz Romero de Juseu, Larranza XXI, S.L. and Eurocis, S.A. have direct or indirect ownership interests of 89.653%, 5.339% and 5.008%, respectively, has certain commitments to its shareholders which are recorded and published by the Spanish National Securities Market Commission (CNMV) and in the FCC Group's Corporate Governance Report.

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

b) Share premium

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

c) Legal reserve

Under the Consolidated Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

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

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

At 31 December 2012, the legal reserve had reached the stipulated level.

d) Restricted reserves

"Other Reserves" in the accompanying balance sheet notably includes EUR 6,034 thousand of restricted reserves, equal to the par value of the treasury shares retired in 2002 and 2008 which, in accordance with Article 335.c of the Spanish Limited Liability Companies Law, are restricted, unless the same requirements as those stipulated for capital reductions are met.

e) Treasury shares

At 31 December 2012, the Company held 3,292,520 treasury shares (31 December 2011: 3,278,047 treasury shares), accounting for 2.59% of the share capital and amounting to EUR 90,228 thousand (31 December 2011: EUR 90,975 thousand).

In addition, at 31 December 2012 through Asesoría Financiera y de Gestión, S.A., (wholly owned by Fomento de Construcciones y Contratas, S.A.), the Company held 9,379,138 treasury shares (31 December 2011: 9,418,830), accounting for 7.37% of the share capital and amounting to EUR 253,696 thousand (31 December 2011: EUR 255,409 thousand).

f) Other equity instruments

In accordance with recognition and measurement standard 9 of the Spanish National Chart of Accounts, "Other Equity Instruments" includes the measurement of the equity component resulting from accounting for the issue of bonds convertible into shares of the Company, which when added to the amount expressed under "Debt Instruments and Other Marketable Securities" in the accompanying balance sheet, makes up the total amount of the issue of such bonds.

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

- The amount of the issue was EUR 450,000,000 with a maturity date of 30 October 2014.
- The bonds were issued at par and with a face value of EUR 50,000.
- The bonds accrue interest at a fixed annual rate of 6.50% payable every six months.
- The exchange price of the bonds for shares of the Company is EUR 39.287 per share, which means that each bond will be convertible into 1,272.68 ordinary shares.
- The bonds are convertible or redeemable at the option of the holder or at the option of Fomento de Construcciones y Contratas, S.A., and the terms and conditions for the exercise of the option are included in the "Issue Agreement". Both newly issued shares and old shares held by the Company may be delivered.
- This issue is backed by the Company's equity and there are no other special third-party guarantees.
- The issue is underwritten by financial institutions and is intended for qualified international investors.

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

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

II) To approve a buy back programme of the Company's treasury shares for the sole purpose of meeting the obligations to deliver treasury shares resulting from the bond issue and capital reduction of the Company mentioned in the following paragraph.

III) To reduce the share capital by means of the retirement of the shares purchased under the buy back programme mentioned above or of the treasury shares already held, including for such purposes the treasury shares made available through a loan to the underwriters of the transaction. This capital reduction may be for a maximum nominal amount equivalent to the number of new shares issued by the Company to meet the requests to exchange the bonds.

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

At 31 December 2012, the number of loaned securities was 1,144,605 (2011: same number).

It should also be noted in relation to this transaction that the Company has a trigger call option that allows it to call the bonds under certain circumstances (see Note 12).

g) Valuation adjustments

The valuation adjustments relating to hedges are disclosed in Note 12, "Derivative financial instruments", and those relating to available-for-sale financial assets are disclosed in Note 8, "Non-current and current financial assets".

h) Grants

The accompanying balance sheet includes grants received amounting to EUR 6,642 thousand (31 December 2011: EUR 6,627 thousand), net of the tax effect, with EUR 4,925 thousand having been taken to income statement (31 December 2011: EUR 4,729 thousand), of which EUR 262 thousand related to 2012 (31 December 2011: EUR 549 thousand). The above amount relates mainly to grants received by the joint ventures through which the Company jointly performs contracts.

14. EQUITY INSTRUMENT-BASED PAYMENT TRANSACTIONS

In accordance with a decision by the Board of Directors of 29 July 2008, Fomento de Construcciones y Contratas, S.A. has a remuneration plan in force for the Executive Directors and Executives which is linked to the value of the Company's shares. The participants in the plan receive a cash amount equivalent to the difference between the value of the shares at the date of exercise and at the reference date set in the plan.

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

First tranche

- Commencement date: 1 October 2008.
- Exercise period: from 1 October 2011 to 1 October 2013.
- Number of shares: 1,800,000 shares, of which 700,000 correspond to Executive Directors and Senior Executives (12 persons) and the remaining 1,100,000 to other Executives (43 persons).
- The option exercise price is EUR 34.22 per share.

Second tranche

- Commencement date: 6 February 2009.
- Exercise period: from 6 February 2012 to 5 February 2014.
- Number of shares: 1,500,000 shares, of which 147,500 correspond to Executive Directors and Senior Executives (12 persons) and the remaining 1,352,500 to other Executives (around 225 persons).
- The option exercise price is EUR 24.71 per share.

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

At 31 December 2012, EUR 2,323 thousand in staff costs (the same amount as in 2011), net of the hedges indicated in the following paragraph, had accrued in relation to the obligations to employees, while the provision recognised in the accompanying financial statements amounted to EUR 108 thousand (2011: EUR 2,054 thousand).

The Group has arranged with financial institutions a call option and a put option for each of the tranches described above, together with an interest rate/dividend swap with the same exercise price, nominal amount and maturity as the plan. The treasury shares linked to this hedge were delivered to the aforementioned financial institutions. These treasury shares were delivered by Asesoría Financiera y de Gestión, S.A., which is wholly owned by Fomento de Construcciones y Contratas, S.A.

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

The impact on equity and on the income statement of the aforementioned derivative financial instruments at 31 December 2012 and 2011 is disclosed in Note 12.

Lastly, it should be noted in relation to the first tranche that no options were exercised within the exercise period relating to 2012 and, accordingly, no amounts were settled.

15. LONG-TERM PROVISIONS

The changes in 2012 were as follows:

	Litigation	Guarantees and obligations	Other provisions	Total
Balance at 31/12/10	67,522	51,472	195,461	314,455
Charge for the year	22,194	25,166	53,101	100,461
Amounts used	—	(2,604)	(2,006)	(4,610)
Reversals	—	(14,816)	(722)	(15,538)
Transfers	(457)	—	457	—
Balance at 31/12/11	89,259	59,218	246,291	394,768
Charge for the year	2,194	3,318	13,134	18,646
Amounts used	(275)	(752)	(468)	(1,495)
Reversals	—	(30,866)	(83,367)	(114,233)
Transfers	—	(602)	602	—
Balance at 31/12/12	91,178	30,316	176,192	297,686

Provisions for litigation

Provisions for litigation cover the contingencies of the Company acting as defendant in certain proceedings in relation to the liability inherent to the business activities carried on by it.

Provisions for guarantees and obligations

Provisions for guarantees and obligations include the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Other provisions

"Other Provisions" include the items not classified in the foregoing accounts, such as provisions to cover environmental contingencies, risks inherent to the business and international expansion, activities at concessions and the Company's obligations in relation to share-based payments(see Note 14), inter alia.

16. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

"Non-Current Payables" and "Current Payables" include the following:

	Non-current	Current
2012		
Debt instruments and other marketable securities	435,587	4,875
Bank borrowings	1,800,182	1,839,547
Obligations under finance leases	10,825	9,059
Derivatives (Note 12)	48,410	66,012
Other financial liabilities	3,799	9,085
	2,298,803	1,928,578
2011		
Debt instruments and other marketable securities	428,548	4,888
Bank borrowings	2,001,670	2,151,426
Obligations under finance leases	14,163	25,637
Derivatives (Note 12)	105,146	888
Other financial liabilities	7,523	80,728
	2,557,050	2,263,567

The detail, by maturity, of "Non-Current Payables" is as follows:

	Maturity				
	2014	2015	2016	2017	2018 and subsequent years
Debt instruments and other marketable securities	435,587	—	—	—	—
Bank borrowings	969,730	797,584	1,942	5,986	24,940
Obligations under finance leases	3,208	1,906	3,949	1,358	404
Derivatives	45,643	—	—	—	2,767
Other financial liabilities	753	128	54	48	2,816
	1,454,921	799,618	5,945	7,392	30,927

a) Debt instruments and other marketable securities

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

In accordance with applicable accounting regulations, in addition to their financial component, the convertible bonds have another component that is recognised in equity as described in Note 13-f to these financial statements. Note 13-f also describes the terms of the convertible bond issue. The balance recognised in this connection at 31 December 2012 under "Debt Instruments and Other Marketable Securities" in the accompanying balance sheet amounts to EUR 440,462 thousand (31 December 2011: EUR 433,436 thousand).

b) Non-current and current bank borrowings

The short-term and long-term credit limit granted to the Company by the banks amounted to EUR 3,829,935 thousand (31 December 2011: EUR 4,099,422 thousand), EUR 195,998 thousand of which had been drawn down at 31 December 2012 (31 December 2011: EUR 182,598 thousand).

The main characteristics of the most significant non-current and current bank borrowings arranged by the Company in 2012 are as follows:

- On 26 March 2012, Fomento de Construcciones y Contratas, S.A. completed the refinancing of a syndicated credit of EUR 451,000 thousand, which matured on 29 April 2012. The twelve banks that were involved in the original transaction participated in the refinancing. The transaction matures in three years (on 30 April 2015), with a 10% repayment in April 2014 and a 10% repayment in October 2014. It consists of a single tranche loan of EUR 438,500 thousand.

- On 17 July 2012, Fomento de Construcciones y Contratas, S.A. completed the refinancing of a long-term financing line of EUR 800,000 thousand, which matures on 19 July 2012. In December 2011, EUR 140,000 thousand were repaid and, accordingly, the outstanding loan amount was EUR 660,000 thousand. Sixteen entities took part in the refinancing. The operation matures in three years (19 July 2015), with a 10% repayment in July 2014 and a 10% repayment in January 2015. It consists of two tranches, a loan of EUR 178,000 thousand and a credit of EUR 330,000 thousand.

- On 17 October 2012, the Company again renewed the transaction with Société Générale carried out in order to optimise its treasury share position (the initial transaction was executed on 15 April 2011). In this renewal, 685,000 treasury shares were released. The transaction was on 5,480,000 shares and liquidity amounting to EUR 43,000 thousand was obtained. The transaction, with a maturity date of 18 January 2013, was renewed on that date until 18 April 2013 for 5,265,630 shares.

- On 18 October 2012, Fomento de Construcciones y Contratas, S.A. signed a novation of the loan of EUR 175,000 thousand granted by the EIB (European Investment Bank) for the financing of a fleet of eco-efficient vehicles, which matured on 6 November 2012. As a result, the principal was reduced to EUR 140,000 thousand and the maturity date was extended by two years (until 6 November 2014), with half-yearly repayments of 25% each in 2013 and 2014.

The credit facilities and loans arranged by Fomento de Construcciones y Contratas, S.A. in prior years and maintained in 2012 notably include the following:

- On 30 July 2010, the Company refinanced the syndicated loan of EUR 1,225,000 thousand that matured on 8 May 2011 under a forward start arrangement. This loan matures in three years (8 May 2014) with repayment of 50% in 2013. It consists of three tranches: the first, a EUR 735,000 thousand loan, the second, a EUR 490,000 thousand credit facility and the third, a new money tranche of EUR 62,000 thousand available from 1 January 2011. Therefore, the amount of the new transaction totals EUR 1,287,000 thousand. This loan had been drawn down in full at 31 December 2011.

- On 11 August 2011 the Parent entered into a syndicated loan to finance part of the 2011 investment plan for EUR 120,000 thousand which matures in three years (11 August 2014). The participating banks are ICO, BBVA and Santander. The first repayment of 20% falls due in 2013 and the rest upon maturity.

- Syndicated loan arranged on 25 January 2007. This loan replaced the bridge loan of EUR 1,030,000 thousand arranged in 2006 as part of the structured recourse financing for the acquisition of the British company Waste Recycling Group Ltd and its corporate group, currently the FCC Environment (UK). The loan is structured in two tranches: the first for an initial amount of EUR 819,700 thousand and the second for GBP 200,000 thousand. Both tranches mature in December 2013, with half-yearly settlements of 4.615% of the total initial amount of the loan and a final payment of 40.005% of the loan. The interest rate on the euro tranche is Euribor plus a spread calculated on the basis of the variation in the Net Financial Debt/EBITDA ratio. The spread established for the euro tranche is also applicable to the tranche denominated in pounds sterling. Various financial derivatives associated with the syndicated loan have been arranged.

With regard to the Company's financing, it should be noted that certain ratios must be achieved concerning coverage of borrowing costs and levels of net debt in relation to EBITDA, which the Company meets as negotiated with the finance providers.

The Senior Executives of the FCC Group expect to successfully complete the refinancing processes for the financial debt maturing in 2013 described in the paragraphs above.

17. TRADE AND OTHER NON-CURRENT AND CURRENT PAYABLES

a) Accounts payable to Public Authorities. Deferred payments

“Trade and Other Non-Current Payables" and "Sundry Accounts Payable" under "Trade and Other Payables" include the deferred payments of certain taxes and Social Security contributions, authorised by the Large Taxpayers Central Office of the State Tax Agency and the Social Security General Treasury, respectively, due to the delay in collection from public customers. The deferred amounts are payable monthly up to a maximum of four years at an interest rate of 5%.

The detail of the aforementioned deferred payments is as follows:

	2012	2011
Trade and other non-current payables	103,132	67,600
Sundry accounts payable	46,288	63,406
	149,420	131,006

b) Deferral of payment to suppliers in commercial transactions

In relation to the resolution issued by the Spanish Accounting and Audit Institute (ICAC) on 29 December 2010 implementing Additional Provision Three of Law 15/2010, of 5 July, on combating late payment in commercial transactions, it should be noted with respect to 2012 that in Spain the Company operates mainly with public-sector customers such as the State, Autonomous Communities, local corporations and other public bodies which take longer to settle their payment obligations than the periods established in Public Sector Contract Legislation and in Law 3/2004, of 29 December, on combating late payment.

It is also important to note that in 2012, the provisions of Article 228.5 of the current Consolidated Public Sector Contract Law ("TRLCSP") were applied to work and supplies arising from agreements entered into by the Company with the various public authorities.

Due to this situation, in order to adapt the Company's financial policy to reasonable levels of efficiency, the usual payment periods to the suppliers in the sectors in which the Company operates were maintained throughout 2012.

The Company's supplier payment policy described in the two preceding paragraphs is thus supported by a) Payments to suppliers of agreements entered into by the Company with the Public Authorities: in Article 228.5 of the TRLCSP (all the requirements of which were met) and b) Payments to other suppliers: in Transitional Provision Two of Law 15/2010 and, where applicable, the provisions of Article 9 of Law 3/2004, which does not consider "payment deferral due to objective reasons" to be abusive, taking into consideration in both case a) and case b) the usual payment period in the business sectors in which the Company operates.

Furthermore, the Company acknowledges and pays suppliers, always by mutual agreement, the late-payment interest agreed in the agreements and provides them with negotiable payment methods associated with actions for collection of a bill of exchange, and the discount costs, if any, are borne by the Company. Such agreements, which are expressly provided for in the TRLCSP, as described above, are also allowed by Directive 2011/7/EU of 16 February, of the European Parliament and of the Council.

In compliance with the aforementioned resolution, the following table shows the payments made and the outstanding payments to suppliers.

PAYMENTS MADE AND OUTSTANDING PAYMENTS AT THE BALANCE SHEET REPORTING DATE	2012		2011	
	Amount	%	Amount	%
Within the maximum payment period	114,764	70	116,726	76
Other	49,056	30	36,912	24
Total payments made in the year	163,820	100	153,638	100
Weighted average period of late payment	76 days		82 days	
Deferred payments that at year-end exceed the maximum payment period	13,257		11,341	

18. INFORMATION ON THE NATURE AND RISKS OF FINANCIAL INSTRUMENTS

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

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

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

The main financial risks affecting the Company are as follows:

Capital risk management

The Company manages its capital to ensure the profitability of its businesses whilst maximising shareholders' returns.

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

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

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

Interest rate risk

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

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

Even so, the Company performed interest rate hedging transactions in 2012, ending the year with various hedging instruments of varying maturities on 86.4% of the total net debt.

Complying with the policy of classifying original instruments as hedges, the Company has arranged interest rate hedges, mainly swaps (IRSs) in which the Company pays a fixed rate and receives a floating rate.

Foreign currency risk

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

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

The Company and the Group actively manage the foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in euros or in the most closely correlated foreign currency.

Solvency risk

The most relevant ratio for the purposes of measuring solvency and debt repayment capacity is Net Debt/EBITDA, which the Company achieves as part of the conditions negotiated with the banks.

It is important to note with regard to "Solvency Risk" that, although the Company's financial statements present losses of EUR 715,759 thousand, these relate mostly to accounting losses as a result of asset write-downs and adjustments to various investments at the Azincourt groups performed by FCC Environment (UK), Energy, Realia Business and Globalvía Infraestructuras. These are operating losses that have no effect on cash and that will not affect Fomento de Construcciones y Contratas, S.A.'s borrowings in the future (and, therefore, will not affect its solvency risk either).

Liquidity risk

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

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

Fomento de Construcciones y Contratas, S.A., as the parent of the Group, states that the adverse performance of certain markets and businesses in which the Group has been carrying on its activity gave rise to recognition of considerable losses in 2012, as a result mainly of the need to recognise significant write-downs and to implement actions aimed at laying the foundations of a strategic refocus, involving the withdrawal from certain Construction and Cement markets, restructuring costs of certain activities and the write-down of goodwill of various investees, associates and discontinued operations. As a result of these far-reaching adjustments, 2012 may be regarded as the year that marked the turning point in the current economic cycle.

At 31 December 2012, the Group had a working capital deficiency of EUR 1,309 million and current bank borrowings amounting to EUR 4,152 million. Despite the above, the Parent's directors prepared the financial statements in accordance with the going-concern principle of accounting, since they have no doubts regarding the Group's capacity to refinance or restructure its financial debt, or to generate resources from its operations and through the disposal of non-strategic assets to enable it to adapt the Group's financial structure to the situation of the businesses and the cash flows forecast in the 2013-2015 Business Plan. This period is also covered by the Strategic Plan undertaken by the Group, which includes the following main objectives:

- To substantially improve the profitability of the activities carried on by the Group, particularly its international operations, which provide the Group's main source of growth.
- To reduce the net financial debt through the disposal of non-strategic businesses.
- To focus investment on businesses offering higher returns and development possibilities, either directly or through financial partners.
- To adapt the organisational structure and the management systems to this new scenario.

Furthermore, in the preparation of the accompanying financial statements, the following mitigating factors were taken into consideration with regard to any possible uncertainty as to the applicability of the going-concern principle:

- At 31 December 2012, the Group was current in payment with all its obligations, it achieved the ratios required in its financing agreements and it had refinanced in 2012 all the major syndicated financing agreements maturing in the year, for a total amount of EUR 946.5 million, as well as the debt of the Cementos Portland Valderrivas Group and the Alpine Group.
- The Group also had cash and current financial assets amounting to EUR 1,603 million.
- At 31 December 2012, the Group had drawable credit amounting to EUR 510 million in various working capital credit facilities, as shown in the table at the end of this section.
- A significant portion of the current bank borrowings, amounting to EUR 1,195 million, is without recourse to the Parent. The following items are worthy of note in these borrowings without recourse:
    - The Alpine Group's financial debt without recourse to the Parent, amounting to EUR 605 million. In this regard, Alpine will enter into an agreement with its creditor banks

whereby the latter will grant a "haircut" on the debt of EUR 150 million and a standstill agreement for the remaining debt until the end of March 2015. In this period, Alpine will only have to meet payment of the interest on the debt, not on the principal. At the same time, funds amounting to approximately EUR 150 million are expected to be generated in the short term from the disposal of certain assets. Alpine has also launched a plan for the orderly withdrawal from markets that do not meet the minimum profitability and risk assumption requirements established by the FCC Group. The aforementioned financial restructuring represents a commitment to contribute a maximum of EUR 246 million to Alpine, EUR 35 million of which were outstanding at 21 March 2013.

  - Limited recourse project financing loans: EUR 515 million. These relate mainly to the debt associated with the acquisition of the FCC Environment (UK) Group (formerly WRG). This acquisition was financed in two tranches, one without recourse (approximately EUR 484 million) and another with recourse to the Parent (EUR 472 million). The Group is currently in the process of restructuring this financing and it expects to complete this process in the first half of 2013.
  - The remaining EUR 75 million of the total of EUR 1,195 million relate to the Cementos Portland Valderrivas Group.

- The financial restructuring of its cement group, which refinanced debt totalling EUR 1,114 million associated with its domestic activity (with a four-year term) and USD 430 million relating to its activity in the US (maturing in 2018). The recourse of this debt to the Parent is limited to a contingent contribution of the FCC Group up to a maximum of EUR 200 million in the event that the minimum EBITDA target is not achieved in the period from 1 July 2013 to 30 June 2014.
- The Group intends to launch a global financial restructuring process for all the syndicated loans with recourse to the Parent and a significant portion of the bilateral financing. This process envisages raising additional liquidity in order to meet certain short-term fund contribution obligations. Initial contact has been made with the main financing providers.
- The Strategic Plan envisages certain disposals in 2013, the amount of which will depend on the pace at which the disposal plan is carried out from 2013 to 2015.
- Royal Decree-Law 4/2013, of 22 February, on measures to support entrepreneurs, stimulate growth and create employment approved a new Phase (Phase 2) of the extraordinary mechanism for financing payments to suppliers. The FCC Group expects to receive funds from this plan in the first half of 2013.
- In addition, on the basis of the positive performance of certain businesses (mainly those associated with the Services Area), the Parent's Directors and Managers deem it feasible to obtain additional resources from the capital markets. This process will be carried out in the course of 2013.

All of these factors, together with the strategic guidelines mentioned above that have already been launched, should contribute to a significant improvement in the Group's gross profit from operations, enhanced management of working capital and of the risks associated with international expansion, and a reduction in net financial debt. The objective established in the Strategic Plan is to increase gross profit from operations and to reduce the net financial debt to levels considered appropriate to the characteristics and recurrent nature of most of the Group's businesses.

To ensure adequate management of this risk, the Company closely monitors the maturities of all the credit lines and financing so that they can be renewed in sufficient time and on the best terms offered by the market, analyses the suitability of the financing on a case-by-case basis and studies any alternatives with more favourable terms. In this regard, we would highlight as examples of the foregoing the refinancing carried out in 2012 of the two syndicated loans renewed in April for EUR 483,500 thousand and in July for EUR 508,000 thousand (see Note 16).

For the same reason as explained in the previous section with reference to "Solvency Risk", the losses recognised at 2012 year-end will not affect the Company's future liquidity as they refer mainly to accounting losses.

In order to diversify its liquidity risk, the Company operates with over 100 Spanish and international financial institutions.

Credit risk

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

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

The following risks arose in 2012:

- The budgetary adjustments carried out by the Government Agencies as a requirement of the Budgetary Stability Law gave rise to reviews of the services provided at levels that are sustainable with the customers' available budget funds. As a result, there was a reduction therein.
- Despite the special Supplier Payment Plan launched by the Spanish government with the aim of settling uncollected invoices receivable from Government Agencies, which gave rise to a significant injection of liquidity for the Company in May and June 2012, delays continued to arise in collections from certain public customers for the provision of urban environmental services due to the economic crisis that has affected the financial equilibrium of public customers. Permanent monitoring and control committees have been established to minimise the volume of assets generated and thereby reduce the financial cost assumed and prevent it from increasing in the future.
- Credit risk can also be due to counterparty breach of a financial asset, equivalent instruments or derivatives contract. To manage this risk, the Company restricts the use of these contracts to cases where the counterparties are credit institutions with proven creditworthiness and solvency. These contracts are also arranged with a large number of institutions, thereby diversifying the risk.

Concentration risk

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

- Sources of financing: the Company and the FCC Group obtain financing from a large number of Spanish and international financial institutions.
- Markets: the Company operates basically in the domestic market and, therefore, the debt is concentrated mainly in euros.
- Products: the Company arranges a broad spectrum of financial products, including loans, credit facilities, debt instruments, syndicated transactions and discounting facilities.

Sensitivity analysis

In relation to the sensitivity test on derivatives and net debt, the amounts obtained in relation to the derivatives in force at year-end with an impact on equity are shown below (in thousands of euros). In this respect, in view of the possible instability of the financial markets, the sensitivity test was performed using, on the one hand, three rising basic yield curve scenarios at around 0.50% existing at 31 December 2012, assuming an increase in the curve of 50 bp, 100 bp and 125 bp and, on the other hand, a falling yield curve scenario, assuming a fall of 25 bp at year-end.

Derivatives	-25 bp	+50 bp	+100 bp	+125 bp
Impact on equity	(480)	5,710	11,370	14,170

As in the case of derivatives, a table is shown below summarising the effect that the aforementioned increases and decreases in the yield curve and in interest rates on the net debt, after excluding any hedged debt, would have on the Company's income statement:

Net debt	-25 bp	+50 bp	+100 bp	+125 bp
Impact on the income statement	(1,207)	2,414	4,828	6,035

19. DEFERRED TAXES AND TAX MATTERS

a) Tax receivables and payables

The detail of the tax receivables and payables with Public Authoreties is as follows:

a.1) Tax receivables

	2012	2011
Non-current		
Deferred tax assets	144,758	112,611
	144,758	112,611
Current		
Current tax assets	—	78
Other accounts receivable from Public Authorities	9,855	10,062
	9,855	10,140

"Deferred Tax Assets" includes basically, inter alia, the temporary differences arising from period depreciation and amortisation, provisions, impairment losses on investments and finance costs recognised that will be tax deductible in subsequent years, the deferral of losses contributed by joint ventures which will be included in the tax base for the following year and the temporary differences arising from the liability balance on measurement of derivatives.

a.2) Tax payables

		2012		2011
Non-current				
Deferred tax liabilities		101,740		130,509
		101,740		130,509
Current				
Current tax liabilities		4,067		22,195
Other accounts payable to Public Authorities:		79,349		67,372
Tax withholdings payable	10,762		9,817	
VAT and other indirect taxes payable	27,017		17,849	
Accrued Social Security taxes payable	19,734		18,525	
Other	21,836		21,181	
		83,416		89,567

"Deferred Tax Liabilities" includes mainly the deferral of the depreciation charge relating to the non-current assets held under leases and that relating to investments in property, plant and equipment subject to accelerated depreciation pursuant to Law 4/2008, in addition to the deferral of the profits contributed by joint ventures which are included in the tax base for the following year.

b) Reconciliation of the accounting profit (loss) to the taxable profit

The reconciliation of the accounting profit (loss) to the taxable profit for income tax purposes is as follows:

	2012			2011		
Accounting profit (loss) for the year before tax			(746,514)			248,323
	Increase	Decrease		Increase	Decrease	
Permanent differences	954,870	(26,646)	928,224	93	(70,848)	(70,755)
Adjusted accounting profit			181,710			177,568
Temporary differences						
- Arising in the year	220,089	(22,095)	197,994	78,463	(78,036)	427
- Arising in prior years	59,486	(118,306)	(58,820)	71,381	(28,371)	43,010
Taxable profit			320,884			221,005

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The above table includes notably the permanent differences relating to 2012. These differences arose from the impairment losses on the investments in investees which form part of the tax group 18/89 and, therefore, the reversal of the impairment loss in question will be performed, if appropriate, in the coming years under the same item. The permanent differences relating to 2011 shown in the foregoing table include notably those arising from the monetary adjustment of EUR 58,227 thousand to determine the tax relief on the gains on the sale of the Torre Picasso building.

The changes in deferred tax assets and liabilities in 2012 and 2011 were as follows:

	Deferred tax assets	Deferred tax liabilities
Taxable timing differences		
Balance at 31/12/10	77,592	102,245
Arising in the year	23,539	23,411
Arising in prior years	(8,511)	(21,414)
Other adjustments	(462)	650
Balance at 31/12/11	92,158	104,892
Arising in the year	66,027	6,629
Arising in prior years	(35,492)	(17,846)
Tax assets	6,736	—
Other adjustments	(126)	(18,753)
Balance at 31/12/12	129,303	74,922
Temporary differences arising in the balance sheet		
Balance at 31/12/10	15,281	25,329
Arising in the year	5,172	288
Balance at 31/12/11	20,453	25,617
Arising in the year	—	1,201
Arising in prior years	(4,998)	—
Balance at 31/12/12	15,455	26,818
Total at 31/12/12	144,758	101,740

c) Tax recognised in equity

At 31 December 2012, the tax recognised in equity related basically to the change in value of the Company's hedging instruments amounting to EUR 12,069 thousand (31 December 2011: EUR 18,269 thousand).

d) Reconciliation of accounting result to the income tax expense

The reconciliation of the accounting result to the income tax expense is as follows:

	2012	2011
Adjusted accounting profit	181,710	177,568
Income tax charge (30%)	54,513	53,270
Tax credit for intra-Group double taxation	(89,761)	(34,757)
Reinvestment tax credit	(297)	(9,987)
Other tax credits and tax relief	(2,098)	(824)
Other adjustments	6,888	4,797
Income tax expense	(30,755)	12,499

The income tax expense relates in full to continuing operations.

e) Tax loss and tax credit carryforwards

At 2012 year-end the Company did not have any tax loss carryforwards.

In addition, it should be noted that the Company had tax credit carryforwards and, consequently, recognised the tax credit for reinvestment of extraordinary income arising in 2011 from the sale of the Torre Picasso building, amounting to EUR 6,736 thousand, which will be invested in subsequent years. The income qualifying for the tax credit for reinvestment amounted to EUR 81,700 thousand. This reinvestment must be made by 2014 at the latest in the assets listed in Article 42 of Legislative Royal Decree 4/2004, which will be retained during the legally established periods.

f) Years open for review and tax audits

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to it. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the Group's Senior Executives consider that any resulting liabilities would not significantly affect the Company's equity.

With respect to the years reviewed, it should be noted that the Company has not been issued tax assessments for significant amounts in the last four years although, where necessary, it has filed the corresponding appeals, unless it has signed assessments on an uncontested basis. In 2012 the Supreme Court handed down a negative decision on the appeal previously filed by the Company in relation to the income tax assessments for the years from 1991 to 1994, which amounted to EUR 25.2 million. However, as indicated in the paragraph above, this decision did not affect the Company's equity since an impairment loss had been recognised for the aforementioned tax assessments.

To comply with the legal requirements concerning transfer pricing, the Company has established the necessary procedures to support its transfer prices and considers that there are no significant risks that they could give rise to any contingent liabilities.

g) Other tax disclosures

Under authorisation 18/89, Fomento de Construcciones y Contratas, S.A. files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation.

20. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2012, Fomento de Construcciones y Contratas, S.A. had provided guarantees amounting to EUR 523,723 thousand (31 December 2011: EUR 608,407 thousand) to Government Agencies and private-sector customers, mainly as performance bonds for services provided under urban cleaning contracts.

At 2012 year-end the Company had also provided guarantees to third parties for certain Group companies amounting to EUR 509,714 thousand (31 December 2011: EUR 725,892 thousand).

Fomento de Construcciones y Contratas, S.A. and the joint ventures in which it has interests are acting as defendants in lawsuits in relation to the liability inherent to the various business activities carried on by the Company in the performance of the contracts awarded, for which the related provisions have been recognised (see Notes 15 and 4-j). Accordingly, any resulting liabilities would not have a significant effect on the Company's equity.

21. INCOME AND EXPENSES

The net revenue and the income from sales and services include the dividends and the accrued interest on the financing granted to investees. The Company's total "Sales and Services" include most notably EUR 262,276 thousand (31 December 2011: EUR 120,098 thousand), which were earned abroad, due specifically to the construction of Line 1 of the Panama City metro (see Note 2). The other items in "Sales and Services" relate to the business activities carried on in Spain.

“Finance Income - From Marketable Securities and Other Financial Instruments - Group Companies and Associates” includes the interest earned on the financing granted to investees (see Note 9), which includes most notably that relating to FCC Construcción, S.A., amounting to EUR 56,286 thousand (31 December 2011: EUR 43,814 thousand), to Azincourt Investment, S.L., amounting to EUR 35,040 thousand (31 December 2011: EUR 34,309 thousand), and to FM Green Power Investments, S.L., amounting to EUR 18,595 thousand (31 December 2011: EUR 16,831 thousand).

As regards the transactions with Group companies and associates, Fomento de Construcciones y Contratas, S.A. performed work and services amounting to EUR 61,998 thousand (31 December 2011: EUR 69,020 thousand). These include most notably EUR 15,928 thousand (31 December 2011: EUR 27,450 thousand) billed to FCC Construcción, S.A., which is wholly owned by the Company. In addition, the Company also acquired services and purchased consumables from Group companies and associates amounting to EUR 39,712 thousand (31 December 2011: EUR 29,355 thousand).

With regards to 2011, of particular note is “Impairment and Gains or Losses on Disposals of Non-Current Assets”, which included EUR 139,916 thousand relating to the sale of the Torre Picasso building.

22. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party transactions

The detail of the transactions with related parties in 2012 and 2011 is as follows:

	Group companies	Joint ventures	Associates
2012			
Services rendered	50,311	10,765	922
Services received	39,167	334	211
Dividends	296,486	3,844	74
Finance costs	48,205	30	—
Finance income	131,678	2,533	11
2011			
Services rendered	64,990	3,847	183
Services received	29,128	227	—
Dividends	115,959	4,703	138
Finance costs	16,920	130	—
Finance income	113,774	2,415	13

b) Related party balances

The detail of the related party balances at 31 December 2012 is as follows:

	Group companies	Joint ventures	Associates
2012			
Current financial assets (Note 9)	582,513	62,628	3,497
Non-current financial assets (Note 9)	3,613,713	483,528	12,875
Current payables (Note 9)	971,445	21,538	—
Trade receivables	40,673	4,935	401
Trade payables	14,918	373	60
2011			
Current financial assets (Note 9)	1,337,819	58,648	3,204
Non-current financial assets (Note 9)	3,541,290	650,160	16,040
Current payables (Note 9)	731,132	17,398	—
Trade receivables	42,145	5,246	94
Trade payables	19,354	282	41

The detail of the trade receivables from and payables to Group companies and associates is as follows:

	2012		2011	
Company	Receivable	Payable	Receivable	Payable
FCC Construcción, S.A.	17,569	862	4,006	2,051
Limpieza e Higiene de Cartagena, S.A.	4,649	—	4,427	—
Aqualia Gestión Integral del Agua, S.A.	3,853	1,504	10,606	1,497
Ingeniería Urbana, S.A.	1,656	—	1,195	—
Ecoparc del Besòs, S.A.	1,654	27	701	12
Serveis Municipals de Neteja de Girona, S.A.	1,285	—	—	—
FCC Ámbito, S.A.	1,242	308	1,411	—
Societat Municipal Mediambiental d'Igualada, S.L.	1,160	—	915	—
FCC Medio Ambiente, S.A.	1,134	451	2,121	1,125
Empresa Comarcal de Serveis Mediambientals del Baix Penedès ECOBP, S.A.	1,102	—	885	—
Conservación y Sistemas, S.A.	1,070	175	5,086	970
Servicios Urbanos de Málaga, S.A.	1,029	—	471	—
.A.S.A. Group	1,016	—	970	—
Tratamiento Industrial de Aguas, S.A.	55	5,233	53	4,668
Sistemas y Vehículos de Alta Tecnología, S.A.	65	1,673	57	418
Sistemas Especiales de Limpieza, S.A.	417	1,130	383	703
Empr. Mixta M.A. Rincón de la Victoria, S.A.	248	209	2,296	158
Tirme, S.A.	—	13	1,581	9
Gandia Serveis Urbans, S.A.	305	—	1,452	2
Emp. Municipal Desarrollo Sost. de Úbeda, S.A.	104	—	1,236	—
Other	6,396	3,766	7,633	8,064
	46,009	15,351	47,485	19,677

c) Remuneration of the directors of the Company and Senior Executives of the FCC Group

The bylaw stipulated emoluments for members of the Board of Directors of Fomento de Construcciones y Contratas, S.A. amounted to EUR 699 thousand in 2012 (31 December 2011: EUR 1,974 thousand).

The executive directors of Fomento de Construcciones y Contratas, S.A. earned the following amounts (in thousands of euros):

	2012	2011
Fixed remuneration	3,445	3,778
Variable remuneration	450	888
	3,895	4,666

The senior executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 6,015 thousand in 2012 (2011: EUR 6,951 thousand).

2012	
José Luís de la Torre Sánchez	Chairman of FCC Servicios
Miguel Hernanz Sanjuan	General Internal Audit Manager
Juan Béjar Ochoa	Chairman and CEO of Cementos Portland Valderrivas.
José Mayor Oreja	Chairman of FCC Construcción, S.A.
Victor Pastor Fernández	General Finance Manager
Antonio Gómez Ciria	General Administration and Information Technologies Manager
Eduardo González Gómez	General Energy and Sustainability Manager
José Manuel Velasco Guardado	General Communication and Corporate Responsibility Manager
Francisco Martín Monteagudo	General Human Resources Manager
2011	
José Luís de la Torre Sánchez	Chairman of FCC Servicios
Miguel Hernanz Sanjuan	General Internal Audit Manager
Dieter Kiefer	Chairman and CEO of Cementos Portland Valderrivas.
José Mayor Oreja	Chairman of FCC Construcción, S.A.
Victor Pastor Fernández	General Finance Manager
Antonio Gómez Ciria	General Administration and Information Technologies Manager
Eduardo González Gómez	General Energy and Sustainability Manager
José Manuel Velasco Guardado	General Communication and Corporate Responsibility Manager
Francisco Martín Monteagudo	General Human Resources Manager

An insurance policy was taken out and a premium was paid to cover payments arising from contingencies relating to death, permanent disability benefits, retirement bonuses and other items in relation to certain Executive Directors and Directors of Fomento de Construcciones y Contratas, S.A. (see Note 4-l).

Except as indicated in the foregoing paragraphs, no other remuneration, advances, loans or guarantees have been granted to the Directors and there are no pension or life insurance obligations to former or current Directors.

d) Detail of investments in companies engaging in similar activities and performance of similar activities by the directors or persons related to them as independent professionals or as employees

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

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

The foregoing does not include the director Mr. Henri Proglio, who is a member of the Board of Directors of Veolia Environnement, S.A. and Chairman of Electricité de France (EDF).

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

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

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

23. INFORMATION ON THE ENVIRONMENT

As indicated in Note 1, by its very nature, the Company's Services line of business is geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, wastewater treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact in accordance with the limits established in the relevant legislation.

The performance of production activities described above requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2012, the acquisition cost of the non-current assets assigned to the above activity totalled EUR 1,156,403 thousand (31 December 2011: EUR 1,125,887 thousand), with accumulated depreciation amounting to EUR 682,090 thousand (31 December 2011: EUR 621,914 thousand).

Company management considers that any possible contingencies in relation to the protection and improvement of the environment at 31 December 2012 would not have a material impact on the accompanying financial statements.

As indicated in Note 1, Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group which operates various business lines and, due to the nature thereof, pays particular attention to controlling the impact on the environment. These matters are discussed in detail in the Group's Corporate Social Responsibility report, which is published annually on FCC's website, www.fcc.es, among other channels, and provides the reader with more representative information than that included in this Note.

24. OTHER DISCLOSURES

a) Employees

The average number of employees at the Company in 2012 and 2011 was as follows:

	2012	2011
Managers and university graduates	440	433
Professionals with qualifications	377	355
Clerical and similar staff	901	930
Other salaried employees	23,431	24,838
	25,149	26,556

At 31 December 2012 and 2011, the number of employees, directors and senior executives of the Company, by gender, was as follows:

	Men	Women	Total
2012			
Directors	13	5	18
Senior executives	7	—	7
Managers and university graduates	305	130	435
Professionals with qualifications	293	84	377
Clerical and similar staff	444	474	918
Other salaried employees	17,573	4,868	22,441
	18,635	5,561	24,196
2011			
Directors	13	5	18
Senior executives	7	—	7
Managers and university graduates	307	118	425
Professionals with qualifications	292	73	365
Clerical and similar staff	449	480	929
Other salaried employees	18,471	5,703	24,174
	19,539	6,379	25,918

b) Fees paid to auditors

In 2012 and 2011 the fees for financial audit and other services provided by the Company's auditors, Deloitte, S.L., or by a company related to the auditors as a result of a relationship of control, common ownership or common management were as follows: fees paid to auditors: EUR 214 thousand (31 December 2011: EUR 212 thousand), fees for other attest services: EUR 31 thousand (31 December 2011: EUR 8 thousand), and fees for other services: EUR 41 thousand (31 December 2011: EUR 7 thousand).

25. EVENTS AFTER THE REPORTING PERIOD

In relation to the investment in the Energy activity, represented as "Assets Classified as Held for Sale", it is important to note that, after the reporting period, Royal Decree-Law 2/2013, of 1 February, on urgent measures in the electricity system and in the financial sector, was approved. These measures amended the methodology for updating the remuneration and eliminated the option of obtaining a premium on the market price. As a result, the economic regime is now based solely on the regulated tariff option. These amendments were not taken into consideration in the assessment of the recoverability of the Energy assets recognised in the accompanying financial statements at 31 December 2012, since they arose as a result of a regulatory change occurring after the reporting period. The Company's directors consider that in 2013 a need could arise to recognise additional impairment on the assets classified as held for sale recognised in the financial statements as a result of the regulatory change described above.

26. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

FINANCIAL STATEMENTS

APPENDIX I GROUP COMPANIES

Company	Carrying amount		% of ownership	Dividends received	Share capital	Reserves	Other net equity items	2012 Profit (Loss)	
	Assets	Impairment						From operations	From continuing operations
AEBA, Ambiente y Ecología de Buenos Aires, S.A. Tucumán, 1321 - 3º - Buenos Aires - Argentina -Urban cleaning-	834	834	Direct 50.00 Indirect 2.50	—	1,000 (ARS)(*)	94 (ARS)(*)	—	(1,303) (ARS)(*)	(959) (ARS)(*)
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13 - Madrid -Water management-	254,768	—	Direct 99.99 Indirect 0.01	—	145,000	328,669	6,264	96,406	57,274
Armigesa, S.A. Pza. Constitución, s/n - Armilla (Granada) -Urban cleaning-	612	—	51.00	82	1,200	14	—	258	134
.A.S.A. Abfall Service AG Hans-Hruschka-Gasse, 9 - Himberg (Austria) -Urban cleaning-	226,784	—	Direct 99.98 Indirect 0.02	—	5,000	38,450	432	(9,271)	(7,943)
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13 - Madrid -Financial services-	3,008	—	Direct 43.84 Indirect 56.16	29,812	6,843	339,551	—	2,838	(85,327)
Azincourt Investment, S.L., Sole-Shareholder Company Federico Salmón, 13 - Madrid -Holding company-	3	3	100.00	—	3	(339,293)	(10,950)	1,677	(42,473)
Cementos Portland Valderrivas, S.A. Estella, 6 - Pamplona -Cement-	298,705	—	Direct 59.30 Indirect 12.23	—	56,896	1,134,076	1,255	20,681	(34,681)
Compañía Auxiliar de Agencia y Mediación, S.A., Sole-Shareholder Company Federico Salmón, 13 - Madrid -Holding company-	1,657	—	100.00	—	61	13,254	—	293	205
Compañía General de Servicios Empresariales, S.A., Sole-Shareholder Company Federico Salmón, 13 - Madrid -Corporate vehicle-	60	—	100.00	1	60	17	—	4	4
Corporación Española de Servicios, S.A. Federico Salmón, 13 - Madrid -Corporate vehicle-	44	—	Direct 99.99 Indirect 0.01	1	60	16	—	3	2
Corporación Financiera Hispánica, S.A. Federico Salmón, 13 - Madrid -Holding company-	69,818	—	Direct 99.99 Indirect 0.01	242,800	58,393	116,516	—	49,245	(27,895)
Dédalo Patrimonial, S.L., Sole-Shareholder Company Federico Salmón, 13 - Madrid -Holding company-	61	61	100.00	—	61	(1,469)	(31)	(33)	(2,740)
Ecoparque Mancomunidad del Este, S.A. Federico Salmón, 13 - Madrid -Urban cleaning-	16,803	—	Direct 99.99 Indirect 0.01	—	16,805	3,875	—	1,452	1,659

Company	Carrying amount		% of ownership	Dividends received	Share capital	Reserves	Other net equity items	2012 Profit (Loss)	
	Assets	Impairment						From operations	From continuing operations
Egypt Environmental Services SAE Cairo - Egypt -Urban cleaning-	7,760	3,573	Direct 97.00 Indirect 3.00	1,202	36,400 (EGP)(*)	(2,359) (EGP)(*)	—	5,535 (EGP)(*)	461 (EGP)(*)
Empresa Comarcal de Serveis Mediambientals del Baix Penedés - ECOBP, S.L. Plaza del Centre, 3 - El Vendrell (Tarragona) -Urban cleaning-	200	—	66.60	151	540	86	—	507	275
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L. Pza. Vázquez Molina, s/n - Úbeda (Jaén) -Urban cleaning-	720	—	90.00	282	800	392	—	398	243
Europea de Gestión, S.A., Sole-Shareholder Company Federico Salmón, 13 - Madrid -Corporate vehicle-	63	—	100.00	3	60	22	—	5	4
FCC Construcción, S.A. Balmes, 36 - Barcelona -Construction-	958,051	—	Direct 99.99 Indirect 0.01	—	220,000	1,020,223	—	57,820	(395,522)
FCC Construcciones y Contratas Internacional, S.L., Sole-Shareholder Company Federico Salmón, 13 - Madrid -Corporate vehicle-	3	—	100.00	—	3	—	—	—	—
FCC Fomento de Obras y Construcciones, S.L., Sole-Shareholder Company Federico Salmón, 13 - Madrid -Corporate vehicle-	3	—	100.00	—	3	—	—	—	—
FCC Inmobiliaria Conycon, S.L., Sole-Shareholder Company Federico Salmón, 13 - Madrid -Corporate vehicle-	3	—	100.00	—	3	—	—	—	—
FCC Medio Ambiente, S.A. Federico Salmón, 13 - Madrid -Urban cleaning-	35,102	—	Direct 98.98 Indirect 1.02	—	43,272	187,475	74	20,502	6,316
FCC Power Generation, S.L., Sole-Shareholder Company Federico Salmón, 13 - Madrid -Energy -	3	3	100.00	—	3	—	—	(947)	(673)
FCC Versia, S.A. Federico Salmón, 13 - Madrid -Management company-	62,625	—	Direct 99.99 Indirect 0.01	—	40,337	194,802	—	(83)	76,108
FCC 1, S.L., Sole-Shareholder Company Federico Salmón, 13 - Madrid -Corporate vehicle-	3	—	100.00	—	3	—	—	(2,345)	(1,642)
F-C y C, S.L., Sole-Shareholder Company Federico Salmón, 13 - Madrid -Corporate vehicle-	3	—	100.00	—	3	—	—	—	—

FINANCIAL STATEMENTS

Company	Carrying amount		% of ownership	Dividends received	Share capital	Reserves	Other net equity items	2012 Profit (Loss)	
	Assets	Impairment						From operations	From continuing operations
Fedemés, S.L. Federico Salmón, 13 - Madrid -Property development-	336,138	—	Direct 92.67 Indirect 7.33	21,554	10,301	343,602	—	(1,983)	10,536
Gandia Serveis Urbans, S.A. Llanterners, 6 - Gandia (Valencia) -Urban cleaning -	78	—	65.00	—	120	385	—	1,997	841
Geral I.S.V. Brasil Ltda. Río Bravo, 138 - 10º - Andar Parte Centro Rio de Janeiro (Brazil) -Vehicle roadworthiness testing-	11	—	100.00	—	—	—	—	—	—
Limpiezas Urbanas de Mallorca, S.A. Fusters, 18 - Manacor (Baleares) -Urban cleaning-	5,097	833	Direct 99.92 Indirect 0.08	—	308	3,008	—	865	559
Per Gestora Inmobiliaria, S.L. Pza. Pablo Ruiz Picasso, s/n - Madrid -Property management and administration-	68	—	Direct 99.00 Indirect 1.00	—	60	60	—	(1,081)	(779)
Serveis Municipals de Neteja de Girona, S.A. Pl. del Vi, 1 - Girona -Urban cleaning-	45	—	75.00	—	60	—	—	453	(184)
Societat Municipal Medioambiental d'Igualada, S.L. Pl. del Ajuntament, 1 - Igualada (Barcelona) -Urban cleaning-	870	—	65.91	—	1,320	35	—	214	31
Tratamientos y Recuperaciones Industriales, S.A. Anglí, 31 - Barcelona -Waste treatment-	21,455	5,595	Direct 74.92 Indirect 0.08	598	72	8,092	—	(90)	(161)
Valoración y Tratamiento de Residuos Urbanos, S.A. Riu Magre, 6 - Pol. Ind. Patada del Cid - Quart de Poblet (Valencia) -Waste treatment-	2,500	—	80.00	—	3,125	(134)	—	(155)	77
TOTAL	2,303,958	10,902		296,486					

NOTE:

(*) (ARS): Argentinian peso, (EGP): Egyptian pound.

- Of the companies shown above, only Cementos Portland Valderrivas, S.A. is a listed company and its market price at the balance sheet date was EUR 2.99. The average market price in the last quarter of 2012 was EUR 3.385.
- As required by Article 155 of the Consolidated Spanish Limited Liability Companies Law, in 2012 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

APPENDIX II JOINT VENTURES

	% of ownership
ABASTECIMIENTO VILLALÓN	20.00
AGARBI	60.00
AGUAS TOMELLOSO	20.00
AIGÜES DE LLEIDA	50.00
AQUALBAL	20.00
AQUALIA - FCC - MYASA	20.00
AQUALIA - FCC - OVIEDO	5.00
AQUALIA - FCC - SAN VICENTE	20.00
AQUALIA - FCC VIGO	50.00
ARGÍ GUEÑES	70.00
ARUCAS II	70.00
ASEOS EMT	50.00
AZUD VILLAGONZALO	20.00
BARRIO CARMELITAS	20.00
BILBOKO LORATEGIAK	60.00
BILBOKO SANEAMENDU	50.00
BILBOKO SANEAMENDU BI	50.00
BIOCOMPOST DE ÁLAVA	50.00
BOADILLA	50.00
BOMBEO VALMOJADO	20.00
CAMÍ SA VORERA	20.00
CANA PUTXA	20.00
CANAL DEL ARAMO	20.00
CANDAS	20.00
CANGAS	50.00
CASTELLAR DEL VALLÈS	50.00
CASTELLAR POLÍGONOS	50.00
CEMENTERIOS PERIFÉRICOS II	50.00
CENTRO DEPORTIVO GRANADILLA DE ABONA	20.00
CENTRO DEPORTIVO VILLENA	81.83
CGR GUIPUZCOA	35.14
CHIPIONA	50.00
COLEGIOS SANT QUIRZE	50.00
COMPLEJO DP. CABEZO DE TORRES	20.00
CONSERVACIÓN ALCORCON	50.00

	% of ownership
CONSERVACIÓN Y SISTEMAS	60.00
CONSERVACIÓN DE GALERÍAS	50.00
CONTENEDORES MÓSTOLES	30.00
CTR DE L'ALT EMPORDÀ	45.00
CTR-VALLÈS	20.00
CUENCA	20.00
CYCSA-EYSSA VIGO	50.00
DEIXALLERIES	20.00
DOS AGUAS	35.00
ECOPARQUE CÁCERES	50.00
ECOURENSE	50.00
EDAR ALMANSA	5.00
EDAR CUERVA	5.00
EDAR RANILLA	25.00
EDAR REINOSA	5.00
EDAR SAN VICENTE DE LA BARQUERA	5.00
EDIFICIO ARGANZUELA	95.00
ENERGÍA SOLAR ONDA	25.00
ERETZA	70.00
EXPL. PL. BIO LAS DEHESAS	50.00
F.L.F. LA PLANA	47.00
F.S.S.	50.00
FCC - ACISA - AUDING	45.00
FCC - ANPE	80.00
FCC - AQUALIA SALAMANCA	5.00
FCC - ERS LOS PALACIOS	50.00
FCC - FCCMA ALCOY	20.00
FCC - FCCMA R.B.U. - L.V. JAVEA	20.00
FCC - FCCMA R.B.U. SAN JAVIER	20.00
FCC - FCCMA R.B.U TUDELA	20.00
FCC - FCCMA SEGRIÀ	20.00
FCC - FCCMA S.U. DENIA	20.00
FCC - HIJOS DE MORENO, S.A.	50.00
FCC - LUMSA	50.00
FCC - PALAFRUGELL	20.00

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	% of ownership
FCC - PAS SALAMANCA	100.00
FCC - PERICA	60.00
FCC - SUFI MAJADAHONDA	50.00
FCCSA - GIRSA	80.00
FCCSA - VIVERS CENTRE VERD, S.A.	50.00
FUENTES XÀTIVA	50.00
GESTIÓ INTEGRAL DE RUNES DEL PAPIOL	40.00
GESTIÓN INSTALACIÓN III	34.99
GESTIÓN PISCINA DE MULA	20.00
GESTION SERVICIOS DEPORTES CATARROJA	100.00
GIREF	20.00
GIRSA - FCC	20.00
G. RESIDUOS AENA PALMA	100.00
GUADIANA	20.00
INTERIORES BILBAO	80.00
JARDINES MOGAN	51.00
JARDINES PROTECCIÓN ESPECIAL	50.00
JARDINES TELDE	51.00
JUNDIZ	51.00
JUNDIZ II	51.00
KABIEZESGO KIROLDEGIA	60.00
LA CANDA	30.00
LA LLOMA DEL BIRLET	80.00
LAS YUCAS	50.00
LEA - ARTIBAI	60.00
LEGIO VII	50.00
LEKEITIOKO MANTENIMENDUA	60.00
L.V. SAN SEBASTIÁN	20.00
L.V. Y RBU ARUCAS	70.00
LIMPIEZA BENICASSIM	35.00
LIMPIEZA CARRIL BUS	30.00
LIMPIEZA Y RSU LEZO	55.00
LODOS ARAZURI	50.00
LOGROÑO LIMPIO	50.00
LOTES A Y B FUENLABRADA 2010	50.00
MANACOR	30.00
MANCOMUNIDAD DE ORBIGO	20.00
MANTENIMENT REG DE CORNELLÀ	60.00

	% of ownership
MANTENIMIENTO DE COLEGIOS II	60.00
MANTENIMIENTO DE EDIFICIOS	60.00
MANTENIMIENTO INSPECCION DE TRABAJO	100.00
MELILLA	50.00
MÉRIDA	10.00
MOLINA	5.00
MOLLERUSA	60.00
MURO	20.00
MUSKIZ III	70.00
NIGRÁN	10.00
NÍJAR	20.00
ONDA EXPLOTACIÓN	33.33
PÁJARA	70.00
PAMPLONA	80.00
PARQUES SINGULARES MÓSTOLES	50.00
PASAIA	70.00
PAVIMENTO ZONA I	50.00
PINTO	50.00
PISCINA CUBIERTA BENICARLO	65.00
PISCINA CUBIERTA C. DEP. ALBORAYA	99.00
PISCINA CUBIERTA MANISES	100.00
PISCINA CUBIERTA MUN. L'ELIANA	100.00
PISCINA CUBIERTA PAIPORTA	90.00
PISCINA MUNICIPAL ALBATERA	93.00
PLA D'URGELL	100.00
PLANTA BIOMETANIZACIÓN LAS DEHESAS	50.00
PLANTA DE TRATAMIENTOS VALLADOLID	60.00
PLANTA RSI TUDELA	60.00
PLAYAS GIPUZKOA	55.00
PLAYAS GIPUZKOA II	55.00
PONIENTE ALMERIENSE	50.00
POSU - FCC VILLALBA	50.00
POZUELO	20.00
PUENTE LADRILLO	20.00
PUERTO	50.00
PUERTO DE PASAIA	55.00
PUERTO DE PTO. DEL ROSARIO	70.00
PUERTO II	70.00

	% of ownership
QUINTO CONTENEDOR	50.00
RBU VILLA-REAL	47.00
R.S. PONIENTE ALMERIENSE	50.00
REDONDELA	10.00
REFORMA PLAZA DEL CRISTO	20.00
REPARACIONES CASA CAMPO	100.00
REPOSTADOS ENTREVÍAS	50.00
RESIDENCIA	50.00
RIVAS	30.00
RSU TOLOSALDEA	60.00
S.U. BENICASSIM	35.00
S.U. BILBAO	70.00
SALTO DEL NEGRO	50.00
SAN FERNANDO	20.00
SANEAMIENTO URBANO CASTELLÓN	65.00
SANT QUIRZE	50.00
SANT QUIRZE DEL VALLÉS	50.00
SANTA COLOMA DE GRAMANET	61.00
SANTOMERA	60.00
SANTURTZIKO GARBIKETA	60.00
SANTURTZIKO GARBIKETA II	60.00
SASIETA	75.00
SAV - FCC TRATAMIENTOS	35.00
SELECTIVA LAS PALMAS	55.00
SELECTIVA SAN MARCOS	65.00
SELECTIVA UROLA-KOSTA	60.00
SELLADO VERTEDERO LOGROÑO	50.00
SIMÓN HERNÁNDEZ	50.00
TABLADA	20.00

	% of ownership
TIRVA FCC - FCCMA RUBÍ	20.00
TORREJÓN	25.00
TORRIBERA IV	50.00
TORRIBERA V	50.00
TRANSPORTE DE TXINGUDI	60.00
TRANSPORTE SAN MARCOS	80.00
TREMP	51.00
TÚNEL PUERTO ALGECIRAS	30.00
TXINGUDI	75.00
TXINGUDICO GARBIKETA	73.00
URNIETA	20.00
UROLA ERDIA	60.00
URRETXU Y ZUMARRAGA	65.00
VALDEMORO	100.00
VALDEMORO 2	100.00
VERTEDERO ARTIGAS	50.00
VERTEDERO GARDELEGUI II	70.00
VERTEDERO TALES Y CORTES	50.00
VERTRESA	10.00
VIGO RECICLA	70.00
VILLALÓN DE CAMPOS	20.00
VINAROZ	50.00
ZARAGOZA DELICIAS	51.00
ZARAUTZ	20.00
ZARAUZKO GARBIETA	60.00
ZUMAIA	60.00
ZURITA	50.00
ZURITA II	50.00

APPENDIX III ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Company	Carrying amount		% of ownership	Dividends received	Share capital	Reserves	Other net equity items	2012 Profit (Loss)	
	Assets	Impairment						From operations	From continuing operations
Clavegueram de Barcelona, S.A. Acer, 16 - Barcelona -Urban cleaning-	733	—	20.33	72	3,606	3,963	—	417	322
Ecoparc del Besòs, S.A. Rambla Cataluña, 91-93 - Barcelona -Urban cleaning-	2,621	—	Direct 31.00 Indirect 18.00	775	7,710	(785)	21,300	4,416	1,754
Ecoserveis Urbans de Figueres, S.L. Pg. Empordà Internacional, Calle A, parcela 50 - Vilamalla (Girona) -Urban cleaning-	301	—	50.00	196	601	124	—	298	233
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Pz. de la Constitución, 1 - Torrox (Malaga) -Urban cleaning-	300	—	50.00	329	600	280	—	384	257
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pz. Al Andalus, 1 - Rincón de la Victoria (Málaga) -Urban cleaning-	301	—	50.00	166	601	229	—	538	248
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2 - Valencia -Urban cleaning-	4,732	3,783	49.00	2	781	1,510	61	(842)	(357)
Globalvía Infraestructuras, S.A. Paseo de la Castellana, 141 (Edificio Cuzco) IV - Madrid -Infrastructure management-	529,570	161,185	50.00	—	957,274	51,478	—	(134,091)	(133,288)
Ingeniería Urbana, S.A. Saturno, 6 - Alicante -Urban cleaning-	3,786	—	35.00	878	6,010	5,484	—	4,503	2,671
Palacio de Exposiciones y Congresos de Granada, S.A. Ps del Violón, s/n - Granada -Equipment management-	255	—	50.00	—	510	—	—	(476)	(328)
Pallars Jussà Neteja i Serveis, S.A. Pau Casals, 14 - Tremp (Lleida) -Urban cleaning-	25	—	40.80	—	60	53	—	—	—
Port Torredembarra, S.A. Edificio Capitanía Puerto Deportivo y Pesquero Torredembarra (Tarragona) -Operation of marinas-	367	—	Direct 15.71 Indirect 12.04	—	2,265	35	—	(120)	(82)

Company	Carrying amount		% of ownership	Dividends received	Share capital	Reserves	Other net equity items	2012 Profit (Loss)	
	Assets	Impairment						From operations	From continuing operations
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	284	Direct 23.75 Indirect 27.05	—	2,250,000 (COP)(*)	(2,953,167) (COP)(*)	—	(1,992,322) (COP)(*)	(1,992,016) (COP)(*)
Proactiva Medio Ambiente, S.A. Cardenal Marcelo Spínola, 8 - Madrid -Urban cleaning-	119,542	64,667	50.00	1,500	56,250	17,163	—	5,240	9,546
Realia Business, S.A. Paseo de la Castellana, 216 - Madrid -Property development-	67,637	16,353	Direct 27.20 Indirect 2.98	—	66,570	439,054	—	(268,666)	(277,877)
Servicios Urbanos de Málaga, S.A. Ulises, 18 - Madrid -Urban cleaning-	1,610	—	51.00	—	3,156	1,031	—	(4)	(4)
Suministros de Agua de Queretaro S.A. de C.V. Santiago de Queretaro (Mexico) -Water management-	4,367	—	Direct 24.00 Indirect 2.75	—	347,214 (MXN)(*)	308,822 (MXN)(*)	—	242,235 (MXN)(*)	105,019 (MXN)(*)
TOTAL	736.431	246.272		3.918					

(*) (COP): Colombian peso, (MXN): Mexican peso.

NOTE :

- Of the companies shown above, only Realia Business, S.A. is a listed company and its market price at the balance sheet date was EUR 0.75. The average market price in the last quarter of 2012 was EUR 0.616.

- As required by Article 155 of the Consolidated Spanish Limited Liability Companies Law, in 2012 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

DIRECTOR´S REPORT
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

1. COMPANY ACTIVITIES, PERFORMANCE IN 2012.

The Company's core business is to provide general services, which include the collection and treatment of solid waste, the cleaning of public streets and sewer systems, the maintenance of green areas and buildings, water treatment and distribution and other complementary services. Occasionally, it also performs construction activities as a member of a consortium in Panama.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which comprises a broad spectrum of subsidiaries that engage in activities such as construction, urban cleaning and integrated water cycle services, urban furniture, maintenance and traffic systems, logistics, cement, real estate, energy, infrastructure management, etc., and therefore the reader should refer to the consolidated report which provides more representative information of the financial highlights.

The economic and financial information included in this directors' report has been prepared in accordance with the Code of Commerce and the Consolidated Spanish Limited Liability Companies Law.

The figures below are expressed in millions of euros.

Company's performance in 2012

Main aggregates	2012	2011	Change Absolute	Change %
Revenue	1.975,9	1.691,5	284,4	16,8%
Result from operations	664,4	444,1	220,3	49,6%
Margin (%)	33,6%	26,3%		
Financial result	(1.410,9)	(195,7)	(1.215,2)	-621,0%
Result before tax	(746,5)	248,3	(994,8)	-400,6%
Net profit	(715,8)	235,8	(951,6)	-403,6%
Distributable dividend per share (euros)	—	1,30		

Revenue in 2012 increased by 16.8%, to reach EUR 1,975.9 million. This item includes the dividends received from the Company's subsidiaries, which amounted to EUR 300.4 million whereas in 2011 they amounted to EUR 120.8 million.

Profit from operations amounted to EUR 664.4 million, up 49.6% from the EUR 444.1 million recognised in 2011.

Financial loss, at EUR 1,410.9 million was lower than the 2011 figure of EUR 195.7 million. This item includes the write-down recognised on the investments and loans to Group companies and associates of EUR 1,111.4 million, within the context of the extraordinary restructuring process performed in 2012 on the investments in Azincourt Investment, S.L., the FCC Environment (UK) Group holding company, FM Green Power Group and Globalvia Infraestructuras Group.

The net loss for the year amounted to EUR 715.8 million while the net profit in the prior year amounted to EUR 235.8 million.

2. TREASURY SHARE TRANSACTIONS

At 2012 year-end Fomento de Construcciones y Contratas, S.A. held 3,292,520 treasury shares, representing 2,59% of share capital, valued at EUR 90,228 thousand.

Also, at year-end Asesoría Financiera y de Gestión, S.A. (Afigesa), a company wholly-owned by the Parent Fomento de Construcciones y Contratas, S.A. held 9,379,138 shares of Fomento de Construcciones y Contratas, S.A., representing 7.4% of its share capital, with a carrying amount of EUR 253,696 thousand.

In accordance with Article 148-d of the Consolidated Spanish Limited Liability Companies Law, the changes in the number of shares during the year are detailed in the table below:

	FCC, S.A.	Asesoría Financiera y de Gestión ,S.A.	FCC Group
At 31 December 2011	3.278.047	9.418.830	12.696.877
Acquisitions or additions	5.482.183	80.000	5.562.183
Sales or disposals	(5.467.710)	(119.692)	(5.587.402)
At 31 December 2012	3.292.520	9.379.138	12.671.658

3. RESEARCH AND DEVELOPMENT ACTIVITIES

In 2012 the **Innovation Committee**, the body responsible for coordinating innovation at the FCC Group, analysed and monitored R&D+i activity with a view to determining the Group's future measures and guidelines. It monitored the lines of research of each business area, the R&D+i indicators and the main R&D+i projects underway, to name a few, and analysed ideas for future projects, finance optimization and the use of systems for effective innovation management.

In 2012 the FCC Group's R&D+i activity materialised into more than 70 projects.

Regarding to the **Innvierte Sustainable Economy programme**, approved in 2011 by the Centre for Industrial Technological Development (CDTI) a co-investment agreement has been formalized between, Invierte Economía Sostenible Coinversión, S.A., S.C.R. de Régimen Simplificado and Fomento de Construcciones y Contratas S.A.. The estimated five-year investment to support innovative SMEs in the Energy and Environment sectors is EUR 21 million. FCC will have a majority holding in each of the joint investments, head the transactions required to implement the investment, perform the related follow-up and, if applicable, the subsequent divestment, and will collaborate on the administration and management of the investees.

Among the **Corporate R&D&I projects**, the following must be highlighted:

- IISIS Project – Integrated Research on Sustainable Islands: It is led by FCC S.A. through the Environment and Energy areas, with the participation of other Group areas such as Aqualia, FCC Construcción and Cementos Portland Valderrivas, together with various outside companies (Acerinox, Prainsa, etc.). Its objective is to conduct advanced and ambitious research into sustainable property developments for the future, including:
  - Elements, materials, technologies and systems required to develop the building in a marine environment, without constituting a threat to the environment. Hydraulic tests have begun on the models on what would be the island's support platform.
  - Self-sufficiency in every aspect (energy, water, basic food, waste treatment and recycling), achieved through all kinds of integrated facilities.
  - A smart management and control system. All the processes and sub-processes involved in all stages of the lifecycle of the island have been identified which will be used to create the smart control and management orders, based on achieving maximum efficiency and sustainability.

In 2012 the business areas performed the following R&D&I activities:

ENVIRONMENTAL SERVICES

- BIO+ Project: With a view to making the urban waste treatment process more eco-efficient.
- "Secado de los rechazos de las plantas de tratamiento" Project (both for mechanical-biological treatment plants and packaging classification plants).
- "Microgeneración de biogás de vertedero mediante turbina" project.
- Hybrid electric vehicle projects. Hybrid electric vehicle developments have continued in the field of machinery, both for tanks and refuse collection vehicles.
- Projects in the field of new technologies. Advanced solution for the global management of all of the processes and agents in environmental contracts".
- HUELLA DE CARBONO Project. The objective of this project is to design a methodology and functional model that make it possible to calculate the carbon footprint of the services rendered within the framework of an urban services contract. In short, it is about achieving energy efficiency and combating climate change.

WATER

In 2012 the following projects were completed in the three **priority target** areas:

Quality

- "ACRILAMIDA" Project. The objective of this project is the substitution of acrylamide in the treatment of water and in sludge drying at the Drinking Water Treatment Plants (ETAP).

Sustainability

- "FANGOS SALAMANCA" Project. A modern system that increases efficiency in the treatment of the sludge resulting from the water treatment process.

Integrated management

- "MANTENIMIENTO PREDICTIVO" Project. Analysis of systems that predict mechanical faults.

Following the end of these projects, it is worth mentioning various returns on the investment for the company such as patents, know-how, new services or products available for production, as well as synergies and elements that can be used for other projects underway.

In 2012 the removable human decontamination chamber was registered as a utility model. The ELAN brand was also registered for a specific process (Anammox) and two patent requests were submitted.

Projects in progress in 2012 include the following:

- ITACA Project. Research of water treatment, reuse and control technologies for the sustainable use of water. The project is being carried out in conjunction with Universidad de Alcalá and Universidad de Santiago de Compostela. It comprises the research of new advanced concepts in industrial and urban wastewater treatment, minimising the impacts on the natural environment.
- Customer management tools Project. To improve the capture and evaluation of the technical and economic processes of operation of the services.

Progress has also been made on mayor projects relating to the production of bioenergy from waste water.

- "ALL-GAS" Project, biofuels sustainable production based on the low cost microalgae cultivation: included in the “Algae to Biofuel” initiative of the EU’s Seventh Framework Programme overcame its first milestone in September 2012 with the approval of the initial results. The project is based on the recycling of organic material from agricultural waste and effluents from water treatment to produce biogas in order to minimize costs and the impact on the environment.
- "CENIT VIDA" Project. Research of advanced technologies for the integral valuation of algae. This project envisages the development of a sustainable and self-sufficient city based on the cultivation of microalgae, used as both a source of clean and renewable energy, and to supply the basic needs and requirements of its residents. Aqualia’s work focuses on the efficient conversion of nutrients from wastewater into biomass and in the transformation of algae into biogas with a high purity.
- "DOWNSTREAM" Project. The objective of the project is to optimise the drying and storage of microalgae on a pre-industrial scale. It is jointly financed by the Ministry of Economy and Competitiveness with the support of the Innpacto programme.
- SWAT Project. Salsnes water to algae treatment: With the help of the VII Framework Programme, the aim is to develop a universal very low-energy technology for the collection of algae. A study will be performed of SWAT technology in the growing biofuels market.

In addition, in 2012 the EU’s Life financing was obtained for the following project:

- REMEMBRANE Project. Strategic research on the recycling of desalination membranes to reduce investment and operating costs, as well as open up new perspectives on waste reduction and the reuse of water.

The **“R&D+i Project Management”** certification approved in December 2010 was audited and renewed by AENOR in November 2012 for a period of one year. This renewal was outstanding and not one “disagree” was received.

The R&D+i management system implemented at Aqualia pays special attention to technology surveillance and, specifically, it has internal systems such as half-yearly surveillance reports prepared by experts at Aqualia on 17 priority areas and external systems such as those indicated below:

- AINIA Project. As members of the AINIA Technology Centre, Aqualia has access to important scientific databases and receives information and support on strategic aspects.
- ISLE UTILITIES Project. It provides information on innovations in the water sector, specifically, on key areas and consultancy “on demand”. Also, as a member of the Technology Approval Group, Aqualia collaborates on the assessment of innovations.
- 10 Universities collaborate on Aqualia projects. Salamanca, Cádiz, Valladolid, Valencia, Politécnica de Valencia, Alcalá de Henares, Santiago de Compostela, Almería and Vigo among others.
- Technology Centres as strategic partners in Aqualia projects. LEITAT, CEIT, AINIA, TECNALIA, ITC, and more.

The focus of the Company’s innovation activities was further strengthened by I Aqualia R&D Day held in December 2012 under the title “R&D at a water company: challenges and opportunities”. Authorities, companies, clients and collaborating entities shared experiences during this day thanks to the support of the IMDEA Agua Institute and the participation of the Spanish Ministry of Economy and Competitiveness and the CDTI.

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INDUSTRIAL WASTE

The following projects should be noted:

- Participation in European consortia. In 2012 a European consortium took part in the "On-site Integrated Process for Soil Treatment and Recycling Leachate" project, which is in the final stage of research.
- Assessment of plastic material. Work was carried out with the Technological Institute for Plastic (AIMPLAS) to look for alternatives to assess paper pulp waste.
- Organic waste assessment. An agreement with AZTI-TECNALIA is in the process of being closed to carry out a project to assess by-products from the food and distribution industry as a raw material in the manufacture of pet food.

Various research projects have been started, the most noteworthy being as follows:

- CEMESMER Project. Together with GCPV and FCC Construcción, to meet the demand for management of mercury-related waste in the face of the upcoming obsolescence of certain industrial processes.

ENERGY

The following projects, which commenced in prior years, continued:

- Undigen. Efficiency through Energy Capture Control: the main objective is the design, development, testing and entry into service of an ocean-wave energy linear generator.
- Ecoe. Efficiency through Energy Capture Control: the purpose of the project is to develop and run a pilot test of an energy management methodology and technology in the construction of buildings that is capable of minimising the construction and wiring needs and energy consumption, by making use of the excess energy available in the building environment.
- Buildsmart. Efficient energy solutions on the market: FCC Construcción and FCC Energía are taking part. The objective of the project is to develop and demonstrate innovative and profitable techniques and methods to construct low-energy buildings under a number of climate conditions.

In 2012 the following project was approved:

- Enerciudad 2020. Experimental development of an energy harvesting system for urban environments using the latest generation flexible OPV technology.

VERSIA

1. Urban Furniture

Work continued on projects launched in prior years:

- C-CYCLES. Bicycle hire system of CEMUSA. The project responds to the need for sustainable urban mobility promoting multi-modal transport.
- LED Lighting Projects. For the reduction of energy consumption and, accordingly, greenhouse gases, an LED lighting project is being carried out along with the required lighting research to reduce light pollution.
- Solar PV Projects Development of a solar PV power system which, together and in conjunction with LED lighting, enables greenhouse gas emissions to be reduced to zero and grid connection costs to be lowered.
- Digital Advertising Projects. Implementation of digital advertising systems incorporating LCD screens and LED screens and, in both cases, the technology required for them to be viewed properly outdoors.
- WiFi EN PARADAS Project: Development of a bus stop WiFi system compatible with the system that could be built into the buses so that the user does not lose his connection and can continue his session when moving from bus stop to bus or vice versa.

The following projects were started up in 2012:

- "PANTALLAS COLESTÉRICAS EN CUADRO HORARIO" Project. It comprises the development of an SAE (operating support system) information system for SAE (together with solutions that bring together various technologies to improve transportation service and management) and warnings on very low-energy screens.
- "INFORMACIÓN MEDIANTE SERVICIOS MÓVILES" Project. A free system used to improve accessibility to information on public transportation, as well as to improve the accessibility of the visually impaired.
- "SMARTQUESINA" Project. It envisages the development, through a multidisciplinary team, and integration of a set of technologies at bus shelters that bring added value to the CEMUSA product, and increases the satisfaction of customers, users of urban moveable property and municipal councils.

2. Logistics

- "CITA PREVIA" Project. In 2012 software was prepared for the integration of the customs and excise monitoring system and, accordingly, once the freight in the container has been reviewed the haulage truck is automatically allowed to leave.
- "DIRECTOS" Project: Software developed with a view to optimising goods loading and shipment to the delivery point using geopositioning.
- "C+D" Project. In 2012, the software was updated with respect to the transfer of freight before arriving at the destination and without having to be stored again from more than a few hours (cross docking), adapting it to the requirements of the store suppliers.
- "FARMA" Project. Upon commencing the development of the specific software for the adaptation of the system to the new requirements of our client in the pharmaceutical sector, migration of its corporate management system to data processing systems, applications and products, integrating Spain and Portugal.
- "SEGURIDAD" Project. New in-client management functionalities have been developed through the "Inversa" application to manage returns and the "RP" application for product repairs.

CONSTRUCTION

In 2012 FCC Construcción registered the patent consisting of a low-cost wireless system with automatic localization, based on the processing of images for dynamic tests on infrastructure, and a patent request was submitted.

The following lines of research were established as a priority focus of R&D+i projects to be launched: new construction materials and techniques, auscultation and monitoring of rail infrastructures, energy efficiency, aerodynamic interaction with rail tunnels and infrastructure, ICT and rail signalling systems.

Among the projects carried out in 2012, the following should be highlighted:

- "DEPOSITOS" Project: aims to analyse the storage mechanisms for bitumen rubber, which make it possible to provide the tanks at the paving mixture plants with the devices required to enable the correct use of these materials.
- "OLIN" Project: Study of improved embankment and subgrade qualities and treatments to enable the construction of sustainable linear structures.
- "DAÑOS EN PUENTES" Project: preventative maintenance of structures by tuning up operating equipment to detect any damage to the bridge structures without jeopardizing their functionality (traffic is not held up).
- "ECORASA" Project: this project intends to maximize the recycling of waste generated by urbanisation construction work performed in urban areas, which can then be used to fill in drainage ditches.
- "VITRASO" Project: based on the detection of paths of transmission of noise and the most harmful vibrations in an existing building, as well as the subsequent design and implementation during construction to neutralize this transmission.
- "EXPLOSIVOS" Project. The purpose is to draft and implement practical systems for the design (including a selection of protection materials and systems) and recommendations of the construction and operation of car parks at transport centres in order to improve security.

The projects started in prior years and still in progress in 2012 are as follows:

- "SR" (Sustainable Remodelling) Project. Development of an integrated system for the sustainable remodelling of buildings, including improvement of its energy efficiency.
- NEWCRETE Project. Consists of the implementation from the earliest stages to the verification of applicability at industrial level of a concrete with new performance and sustainability profiles.
- BAHORIS Project. It aims to research and develop a new concrete barrier produced in-situ to install on central reservations and roadsides, which has high-performance safety features that can be produced and installed for a low cost and are environmentally friendly to produce.
- INMBERS Project. It aims to develop a production methodology for low-energy mixes (low emission, low energy) which can be applied in the construction of firms, both in work to conserve and restore road surfaces and to build new roads.
- SPIA Project. It consists of the development and implementation of new industrial security systems based on smart materials (photoluminescence, electroluminescence) and energy harvesting devices for individual use.
- BUILD SMART Project. It aims to change buildings to achieve increased energy efficiency, based on the new legislation for 2020.
- CETIEB Project. The main objective of the project is to develop innovative solutions to improve the monitoring of the quality of the environmental inside buildings.

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- PRECOIL Project. The purpose of this project is to reduce the number of industrial accidents by building of anti-accident linear infrastructure. The objective is the evaluation, design and implementation of a totally functional localization system in real time of employees and hazardous areas in non-controlled environments and warnings to employees of possible risky situations.

The most noteworthy projects that began in 2012 are as follows:

- SMARTBLIND Project. The objective of this project is to develop an energy-efficient smart window that includes a hybrid film made up of an electrochromic LC film and a PV film both printed on the same long-lasting flexible substrate.
- SEA MIRENP Project. The ultimate objective of this project is to make practical reuse possible in market conditions of construction and demolition waste material such as recycled aggregates in applications in a port setting.
- APANTALLA Project. It consists in the development of new materials that act as a screen to shield electromagnetic waves, with a particular emphasis on its integration in construction materials or paints.
- SETH Project. Developing an ongoing monitoring system to detect and assess the evolution of damage, using modes of vibration, based on statistical and technical methods of signal processing which, due to their efficiency, low cost and easy adaptability, can be installed easily in various types of building structures that could be the subject of vibration-type disturbances.
- TRILOBITES Project. The development of a complete system is proposed in order to identify and measure the benzene in the air, with a mobile version to protect employees.

In addition, in 2012 it is worth mentioning the participation in national and European R&D+i organisations and special working groups: the purpose of these organisations is to bring together the efforts of research centres, industries and universities with respect to Research, Development and Technology Innovation.

2012 saw participation in:

- The European Construction Technology Platform (ECTP).
- The Spanish Construction Technology Platform (PTEC).
- The E2BA Association.
- The ENCORD Group (European Network of Construction Companies for Research and Development).
- reFINE (Research for future infrastructure networks in Europe).
- Chairmanship of the SEOPAN R&D+i Committee.
- The “Smart-Cities” working group.
- The R&D+i working group of the Advisory Board for the Certification of Construction Companies.

A framework research, innovation and technology development agreement was entered into between Adif and FCC Construcción, in collaboration with Alpine and FCC Industrial, for their inclusion in the Adif Centre for Rail Technologies (CTF) at the Andalusia Technology Park (PTA) in Malaga. This centre has been designed as a space to boost innovation and corporate collaboration focused on rail technology development through R&D+i projects.

FCC Construcción has had R&D+i Management System Certificate no. IDI-0009/2007 under the UNE standard 166002:2006 since August 2007.

CEMENTOS PORTLAND VALDERRIVAS

Although the crisis continues to set the pace in the construction industry and the drastic fall in sales has turned into a regular occurrence, the Cementos Portland Valderrivas Group has made significant progress on the road to becoming the leader in innovation over its direct competitors.

If 2011 was the year in which R&D+i was consolidated at the Group, then 2012 was the year that saw the start of the results of all of the efforts invested, with five new research projects approved, the increased integration of employees across all of the projects in progress, the development of three new products with a well-defined niche market, which are already used in various applications at national level, and a successful first international experience in Poland, which demonstrated the huge advantages of the new products now being marketed.

Reduced greenhouse gas emissions, improved energy efficiency, natural resources savings, the decontamination and stabilization of land and better quality of life remain common objectives in most projects and new products developed, in line with the Group’s commitment to sustainable development across three lines of results: economic, social and environmental.

The Cementos Portland Valderrivas Group does not conceive innovation without a support network, which begins with the research activity and ends with the sale of technology after having passed through a stage of laboratory tests, the industrial infrastructure for the production of new products, the related implementation and application in actual construction work and, lastly, their sales and marketing at national and international level.

The Cementos Portland Valderrivas Group is convinced that the road taken is the right one and that the cultural change being endured by the company will end successfully. The road to achieving it is mapped out in the 2012-2015 Master Plan for Innovation - a result of the work of more than 100 people across all areas of the company.

The pilot project for open innovation has played a key role in this regard. Consequently, a working group has been created to identify the large construction work planned globally and the various groups of consultants, from subject experts to engineers, construction companies or architectural studies, who had to be contacted to present the Cementos Portland Valderrivas Group and its new products to them.

Consequently, in 2012 TP3 was produced within the microcement family; Hormigón Exprés, which was developed in a research project that had already been completed and CEM II/B-V 52,5 R ULTRAVAL.

In addition, various cement applications from the Ultraval family were researched and developed to provide support for the study of their advantages in each one of them and to continue the optimization process.

This strategy, supported by FCC, together with the excellent properties shown, which are capable of creating added value for clients, and the performance of the materials tested, have made it possible to make the jump to sales and marketing. The personalised technical assistance service during the full term of the projects, working together directly with the clients' technicians, has been another strong point.

However, the biggest success in 2012 was probably the first international sales and marketing experience in Poland, where Ultraval cement, used to manufacture the concrete used in the towers of various WTGSs, performed extraordinarily in record time; enabling the construction company to complete the construction work way ahead of schedule, along with the concomitant economic benefits, while generating interest from a large number of producers and application companies in various countries.

However, the starting point for obtaining new product development is undoubtedly research activity; the new approved projects involve almost 70 of the more than 150 people at the company, who are actively collaborating in this area. The projects are as follows:

- CEMESMER Project. This project, which ends in December 2014, aims to develop a new range of products to stabilize and solidify mercury in the ground, water and industrial waste. It is headed by Cementos Portland Valderrivas, S.A. and includes FCC Construcción, FCC Ámbito, the National Technology Centre for Mercury Decontamination and the Eduardo Torroja Institute of Construction Materials.
- HORMALVID Project. The development of new alkaline concrete based on the reuse of urban and industrial vitreous waste.
- MERLIN Project. The objective of the project is to develop a new type of firm rigid bilayer with high-performance features in terms of the comfort (noise and vibrations), safety and efficiency of the tread. FCC Construcción, IECA and the Cidaut technology centre are also taking part in this project.
- BALLAST Project. This project focuses on the research of a high-density heavy ballast that stops it from lifting. Cementos Portland Valderrivas, Adif, CyE laboratories, Universidad Politécnica de Madrid, Universitat Politècnica de Valencia and Comsa are all taking part.
- MAVIT Project. Approved in the CDTI's 2012 INNTERCONECTA session in Andalucía, and led by Cementos Portland Valderrivas, S.A., this project aims to develop a new range of cement materials in a vitreous state produced with greater energy efficiency and a reduced impact on the environment.

Intellectual property is a key issue right from the start of the chain and, therefore, special attention is being paid to the protection of the developed technologies, and a request for two new patents was submitted in 2012.

The sale of technology is the final objective of the R&D+i area of the Cementos Portland Valderrivas Group. The logistical costs may limit the exportation of the products but not the expansion of the technology or new developments. This activity, which began in 2011 with the creation of Technology Packages for new products and the related market studies, has continued in 2012 with the drafting of the corresponding action plans and information memorandums, and the marketing and sales strategy for both the new products and the related technology.

All of these achievements clearly show the huge effort invested by the Cementos Portland Valderrivas Group in R&D+i activity over the last three years. However, considering that there is still a long way to go, work will continue along the same lines, putting the focus on the sales area of new products and the international sale of technology, which are areas that will eventually contribute to achieving results.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the financial statements. The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner. In line with this risk policy, the FCC Group arranges hedges initially to hedge the underlying transaction and not for speculative purposes.

In order to ensure a position that is in the FCC Group's best interest, an interest rate risk management policy is actively implemented based on the on-going monitoring of markets and assuming different positions based primarily on the asset financed. Given the nature of the Group's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group's debt are partially tied to floating interest rates. Even so, the FCC Group performed interest rate hedging transactions using various hedging instruments of varying maturities. Complying with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly swaps (IRSs) in which the Group companies pay a fixed rate and receive a floating rate.

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in the currency of the consolidated group or in the most closely correlated foreign currency.

The FCC Group is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk. This risk results from the timing mismatches between the funds generated by the activities and the funds needed for the payment of debts, working capital etc. Despite the adverse situation that affected the financial markets throughout 2012, the FCC Group has remained adequately positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

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

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

5. EVENTS AFTER THE REPORTING PERIOD

In relation to the investment in the Energy activity represented as "Assets Classified as Held for Sale", it is important to note that, after the reporting period, Royal Decree-Law 2/2013, of 1 February, on urgent measures in the electricity system and in the financial sector, was approved. These measures amended the methodology for updating the remuneration and the economic regime is now based solely on the regulated tariff option, as a result the option of obtaining a premium on the maket price is eliminated. These amendments were not taken into consideration in the assessment of the recoverability of the Energy assets recognised in the accompanying consolidated financial statements at 31 December 2012, since they arose as a result of a regulatory change occurring after the reporting period. The Company's directors consider that in 2013 a need could arise to recognise additional impairment on the assets classified as held for sale recognised in the financial statements as a result of the regulatory change described above.

6. OUTLOOK FOR 2013

Set forth below are the prospects for 2013 for the various business areas composing the FCC Group. The construction and services backlog at 2012 year-end, which amounted to EUR 33,576, guarantees the continuation of a high level of activity over the coming years.

In 2013 the **Services** Area, is generally expected to continue to the affected at national level by the general economic crisis, which will be reflected by a slight drop in activity. On the other hand, at international level our current activity is expected to be consolidated with significant growth therein.

The **Environmental Services** area reflects a general economic situation which has a direct effect on budgets and the financial situation of local municipal corporations, which has led city councils to request service reductions. However, despite the foregoing, the most important contracts are expected to remain in operation as well as various renewals and extensions and some new additions. New additional services are also expected to be obtained as an alternative to the reductions expected.

Also, the introduction of RD 4/2012, which envisaged the local entity financing mechanism for payment to suppliers, has led to a considerable improvement in accounts receivable and, accordingly, the average collection period has been reduced by approximately 6 months. This improvement will be underpinned by the new supplier payment plan estimated for the first quarter of 2013.

In the **International** area, levels of activity improved in all countries in 2012.

In the specific case of the UK, although the downturn in landfill activity is proving considerable (caused mainly by the regulatory changes in the UK and the increase in the cost of the waste disposal rate), the development of other activities relating to recycling, together with the improved performance of the Allington incinerator, have contributed to an increase in revenue.

New investments are planned in 2013 and beyond -mainly with respect to the development of PFIs (Private Finance Initiatives)– particularly in Buckinghamshire. They will account for revenue of approximately 98 million per year and a significant increase in EBITDA.

Also, work is being performed on the construction of wind farms and on other activities relating to the recycling and recovery of materials, composting, landfill energy and hazardous household waste collection points, etc.

Activity at the ASA Group has remained stable, with slight growth due mainly to the exchange rate.

Activity is expected to be up as a result of the legal changes in the waste market in Poland since all municipalities are now obligated to subject waste collection to a tender process, which accounts for a service provision to a market of approximately 840,000 inhabitants.

The **Industrial Waste** sector, which will continue to experience the downward trend already detected in the last part of 2011 and in 2012, will also continue to be affected by a significant cutback across the volumes and margins in national industrial activity and, therefore, in the management of waste produced as a result of this activity.

Spanish companies in the sector estimate a reduction in the volume of business in 2012 of around an extra 20% more than in 2011 and an accumulation of more than 50% since the start of the crisis in 2008.

DIRECTOR'S REPORT

In 2013, irrespective of the ongoing uncertainty of the possibility of a reactivation of the industrial activity, the measures adopted to resize the current production reality and adapt thereto, executed in 2012, and those that will be implemented in 2013, are expected to mark an important cornerstone in the company's results at national level.

In 2013, the sludge extraction and treatment stage of the Flix project will also begin after completion of the construction, implementation and preliminary preparation stage performed in prior years.

At international level, it is worth noting the considerable rise in billing, up around 8% on last year, which puts the percentage of billing outside of Spain at 57% of the total of the Industrial Waste Division.

Particularly noteworthy are the performances which were higher than expected in terms of EBITDA and EBT in Italy and Portugal. However, this was not the case in the US where, due to a chain of specific non-recurring adverse circumstances that have now been resolved, margins declined considerably in 2012. However during the last part of 2012 they began to pick up and it is trusted that this recovery will be consolidated and will continue in 2013.

Sludge management activities will be completed this year in Siracusa although these are potential one-off projects in the pipeline that could offer continuity to operations in Italy.

In Portugal it is also expected that, despite the significant fall in recurring flows due to the effect of the crisis in industrial activity in this country, non-recurring operations for which bids have already been submitted and which are yet to be awarded, will once again offer good returns in 2013.

Also, exploratory drilling and commercial activities that have already started in Latin America and the Persian Gulf are expected to be translated into the beginning of medium-term activities.

In the **Water Management** area, the Group maintains its leadership position in the Spanish market as the first integrated cycle operator funded by Spanish capital. In 2012, and even more so in 2013, the Water Management sector has held a preferential place in public opinion due to the Spanish Authorities' need to reduce deficits and adjust their investment and expenditure budgets for the 2013-2015 period.

This will mean that an invitation to tender will be made for a considerable number of integral water management projects that will require significant capital investments. In order to get these investments, a stable regulatory framework is required that will make it possible to attract international finance and a promotional public debate that will boost the inflow of investor capital.

As an expert in water management, FCC can offer the Public Authorities its technical ability, knowledge and experience as an effective partner or "technology partner", and a social commitment that is evident through the renewal of the distinctive "Equality at Work". This accolade -the first in the sector– is part of its Corporate Social Responsibility management, for which the last report was drafted under the parameters of the Global Reporting Initiative who have awarded it an A+ rating (the highest score possible) for another year running.

In 2012, as a result of the geographical, national and international diversification process, the Water Management area continued its line of growth, with an increase in billing of around 2.5%, underpinned by double digit international growth in terms of billing. Growth was accompanied by improved efficiency which was translated into an increase in operating results of 6%, making it possible to mitigate the huge impact of the finance costs, improve competitiveness and put the business portfolio at a historical figure of EUR 13,600 million. The intense commercial efforts have resulted in contracts of EUR 1,272 million in 2012.

In 2012, international activity was bolstered by the allocation of new and important contracts such as the management of the water sanitation and treatment system in the eastern region of Abu Dhabi (United Arab Emirates) which consists of a network of 2,400 kilometres, 68 wastewater pumping stations and 19 water treatment plants, for a seven-year period. This contract is the first water management contract that has been awarded to a Spanish company in the United Arab Emirates. In Mexico, the FCC subsidiary will build the Tierra Nueva drinking water treatment plant (ETAP), valued at EUR 12 million, in San Luís de Potosí. Also noteworthy is the shortlisted consortium including Aqualia for a mega contract in Kuwait -valued at USD 3,500 million to be performed under a Public Private Partnership– which includes the design, finance, construction and maintenance of a wastewater treatment system that is expected to enter into service in 2015.

In 2013, expansion outside of Spain continues to grow as a result of projects in areas such as Central and Eastern Europe, MENA (Middle East and North Africa), Mexico, Peru, Colombia, Chile and Brazil, without ruling out countries such as the US, India and China more so in the medium to long term, strengthened thanks to agreements such as the implementation of investor vehicles with the EBRD (European Bank for Reconstruction and Development) and the World Bank, which make it possible to bid for water projects in the areas of influence of these multilateral entities.

The firm commitment to the international market by FCC's water activity has been rewarded with various prizes. Recently, the company was honoured by Frost&Sullivan due to its expansion in the Middle East and North Africa and, nationally, it was awarded as the "Spanish Company with the Biggest International Expansion" in the I Energy and Environmental Awards organised by the InfoPower and InfoEnviro publications.

Also, Aqualia's capacity to finance international projects has been awarded through prizes received by the El Realito project in Mexico. Both the prestigious Global Water Intelligence publication and Euromoney's Project Finance Magazine have given both awards to praise the way in which the company resolved the financing of this massive infrastructure.

In the national market, the company has extended important concessions such as Lleida (to 2037) and Vigo. National contracts, the value of which is even greater given the medium- and long-term scale thereof, their marked anti-cyclical nature, low late payment- they are services for which payment is collected directly from customers as with any other utility– and the guaranteed economic-financial balance over the life of these contracts.

Also, in Spain a number of contracts were won in various municipalities, including most notably: Piedrahita (Ávila); Barbate (Cádiz); Arcos de la Frontera (Cádiz); Almansa (Albacete); Valverde del Camino (Huelva); Tomelloso (Ciudad Real) and Yecla (Murcia). In addition, Algeciras (Cádiz) and Écija (Seville) have entrusted Aqualia with the operation of their wastewater treatment plants.

At the start of 2013, the **Services Area portfolio** is EUR 24,981 million, which equals almost 7 years' production.

The **Versia** area is expecting a reduction in revenue in 2013 as a result of the asset divestment process started, described by the FCC Group as non-strategic. Therefore, in 2012 company shares corresponding to the **Airport Handling** sector were sold, which accounted for the volume of business up to September 2012. By sector, in **Urban Movable Property** the New York contract is expected to continue to be consolidated together with a cyclical change in demand in Europe and the start of a new advertising contract awarded by AENA on the Spanish mainland and in the Balearic Islands, all of which will boost growth in sales in the sector indicated. In **Logistics**, the negative impact on the profit margin caused by the continual fall in consumption that has been ongoing since the start of the crisis will be alleviated by the reduction in the level of operating expenditure. With respect to the **Conservation and Systems sector**, revenue will fall as a result of the segregation and internal transfer of the traffic systems branch of activity to the Construction Area of the FCC Group. The main objective will be focused on the renewal of maintenance contracts due to expire.

The gross operating margin will, in relative terms, be up on the margin obtained in 2012.

In the **Construction** area, 2013 revenue in Spain is expected to be lower than that recognised in 2012, since there is a lull in residential building construction caused by the property market crisis and public sector budget restrictions which will affect the execution of civil engineering works.

To offset the weakness of the Spanish market, the companies composing the area are making a strong effort to expand their activities abroad.

Some of the activity outside of Spain is performed through the Alpine group of companies, the headquarters of which is based in Austria. It operates in several countries in Central and Eastern Europe.

Alpine plans to reduce its activities in countries that have the worst results and to concentrate them in countries that offer better returns.

Another important part of international activity is being performed through the American market, where Alpine has a presence as a result of the investees that operate mainly in

DIRECTOR'S REPORT

Central America and Mexico and, on the other hand, in North Africa (Algeria) and certain areas of the Middle East.

With respect to the area of **Cement**, it must be pointed out that in Spain, where the Cementos Portland Valderrivas Group has most of its production facilities, the estimates for 2013 by Oficimen -the Cement Production Grouping in Spain– point towards a fall in cement consumption, which could reach 20% at national level. Therefore, the level of sales in Spain will depend on the market and the rate of completion of certain infrastructure projects planned in recent years, located in areas where the company houses its production facilities. These domestic sales will complement the opportunities that arise on the international market although, as is generally the case with Spanish producers, the group has a limited capacity for exports due to the higher costs that it must bear, particularly in terms of energy and, therefore, its reduced competitiveness compared to other countries in the sector.

In the US, estimates by the PCA (Portland Cement Association) indicate annual growth of 8% for the 2012-2017 period, which will be headed by the residential sector, while civil works will see more moderate increases due to the budgetary restrictions of the union's government and states. In view of this market performance, as well as the various improvements in management started by the group in mid-2012, which will continue in 2013, the outlook is bright for the inflows of funds over the coming years in this market.

Although the social-political situation is still unstable in Tunisia, certain development projects (social accommodation, deep-water ports, motorways, etc.) will make it possible to ensure that activity is sustained and that the outlook is good for the medium and long term. The resurgence of export activities to bordering countries in August following several months of inactivity also points towards a bright future.

In this context the Cementos Portland Valderrivas group will continue to develop its cost containment and limited investment policies, as well as to adjust all of its organisational structures to the reality of the various markets in which it operates in order to improve the inflow of funds.

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

1. We have audited the financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., which comprise the balance sheet at 31 December 2012 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

2. In our opinion, the accompanying financial statements for 2012 present fairly, in all material respects, the equity and financial position of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2012, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

3. Without qualifying our audit opinion, we draw attention to Note 18 to the accompanying financial statements, which details the main debt maturities and the uncertainty relating to the refinancing process in progress at the Group of companies of which FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. is the Parent, which could have an impact on the accompanying financial statements. In this respect, the directors have approved a strategic plan which envisages divestments and the refinancing of the Group's debt in order to bring the debt servicing into line with the funds expected to be generated by the businesses and to adequately finance the Group's operations.

4. The accompanying directors' report for 2012 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2012. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Miguel Laserna Niño
21 March 2013

Deloitte, S.L. inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

End of fiscal year: 31/12/2012
TAX ID. A-28037224
Corporate Name:
Fomento de Construcciones y Contratas, S.A.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES FORM

In order to better understand the form and how it should be completed, the instructions that are at the end of this report on how to fill it in should be read

A. OWNERSHIP STRUCTURE

A.1. Complete the table below on the Company's share structure:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
30/06/2008	127,303,296	127,303,296	127,303,296

Indicate whether there are different classes of shares with different associated rights:

YES NO ☒

A.2. Indicate direct and indirect owners of significant stakes in the entity at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
HM TREASURY	0	4,330,938	3.402

(*) Through:

Name of indirect owner of stake	Through: Name of direct owner of stake	Number of direct voting rights	% of total voting rights
The Royal Bank of Scotland PLC	The Royal Bank of Scotland PLC	4,323,586	3.396

Indicate significant changes in the ownership structure during the year:

A.3. Complete the tables below regarding the members of the Company's Board of Directors who own shares with voting rights in the Company:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr Baldomero Falcones Jaquotot (see note)	48,473	85,150	0.105
B-1998, S.L. (1)	59,871,785	8,653,815	53.829
Dominum Desga, S.A.	4,132	0	0.003
Mr Antonio Pérez Colmenero	35,323	0	0.028
Cartera Deva, S.A.	100	0	0.000
Dominum Dirección y Gestión, S.A.	10	0	0.000
EAC Inversiones Corporativas, S.L.	32	0	0.000
Mr Fernando Falcó y Fernández de Córdova	35,677	0	0.028
Mr Gonzalo Anes y Álvarez de Castrillón	11,350	0	0.009
Mr Javier Ribas	8,000	0	0.006
Mr Juan Castells Masana	17,509	8,100	0.020
Larranza XXI, S.L.	10	0	0.000
Mr Marcelino Oreja Aguirre	14,000	0	0.011
Mr Rafael Montes Sánchez	98,903	20,697	0.094
Mr Felipe Bernabé García Pérez	55,571	0	0.044

(*) Through:

Name of indirect owner of stake	Through: Name of direct owner of stake	Number of direct voting rights	% of total voting rights
Mr Baldomero Falcones Jaquotot (see note)	ORAVLA INVERSIONES, S.L.	73,650	0.058
Mr Baldomero Falcones Jaquotot (see note)	AMOLAP INVERSIONES SICAV, S.A.	11,500	0.009

CORPORATE GOVERNANCE

Name of indirect owner of stake	Through: Name of direct owner of stake	Number of direct voting rights	% of total voting rights
B-1998, S.L.	AZATE, S.A	8,653,815	6.798
Don Rafael Montes Sánchez	Doña Josefa Fernández Mayo	20,697	0.016
Don Juan Castells Masana	Doña Heather M. Randall Snell	8,100	0.006
Total percentage of voting rights held by the Board of Directors			54.177

Complete the tables below regarding the members of the Company's Board of Directors who own shares with voting rights in the Company:

Name of Director	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	% of total voting rights capital
Mr Baldomero Falcones Jaquotot	95,000	0	95,000	0.075
Mr Antonio Pérez Colmenero	72,500	0	72,500	0.057
Mr Felipe Bernabé García Pérez	72,500	0	72,500	0.057

NOTE:

Fomento de Costrucciones y Contratas, S.A. (hereinafter, FCC) is controlled by B-1998, S.L.,; this company holds 53.829% of the shares of FCC, of which:
59,871,785 are controlled directly and 8,653,815 are indirectly held through its affiliate Azate, S.A.

B-1998, S.L.,, in turn, is controlled by Ms Esther Koplowitz Romero de Juseu, who is the holder of 89.65% of its shares, and this percentage is broken down as follows:

- She directly holds 22.87%, and

- She holds the rest indirectly through Dominum Desga, S.A. (0.000001%) and Dominum Dirección y Gestión, S.L. (66.78%), both fully owned by Ms Esther Koplowitz Romero de Juseu.

Ms Esther Koplowitz Romero de Juseu also holds directly 123,313 shares of FCC, and indirectly 39,172 shares of FCC, through Dominum Desga, S.A. (4,132 shares), Dominum Dirección y Gestión, S.L. (10 shares), and Ejecución y Organización de Recursos, S.L. (35,040 shares), fully owned by Ms Esther Koplowitz Romero de Juseu.

10.35% of the company B-1998, S.L., is held by several investors (hereinafter, the investors) according to the following breakdown: Eurocis, S.A. (5.01%); Larranza XXI, S.L. (5.34%).

A.4. Indicate, where appropriate, any family, commercial, contractual or business relationships among owners of significant stakes, insofar as they are known to the Company, unless they are insignificant or are derived from ordinary commercial transactions:

A.5. Indicate, where appropriate, any commercial, contractual or corporate relationships between owners of significant stakes and the Company and/or its group, unless they are insignificant or are derived from ordinary commercial transactions:

A.6. Indicate whether the Company has been notified of any shareholders' agreements which affect the Company as set out in Article 112 of the Spanish Securities Market Act. If so, list the shareholders involved and briefly describe the agreements:

YES ☒ NO

Participants in the shareholders' agreement	% of share capital affected	Brief description
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 30/07/2004 www.cnmv.es (see note).
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 13/01/2005 www.cnmv.es (see note).
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 13/01/2005 www.cnmv.es (see note).
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 19/07/2007 www.cnmv.es (see note).
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 26/12/2007 www.cnmv.es (see note).
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 04/02/2008 www.cnmv.es (see note).
Ms Esther Koplowitz Romero de Juseu	53.829	Relevant event of 26/05/2011 www.cnmv.es (see note).

Indicate whether the Company is aware of any concerted actions among its shareholders. If so, give a brief description:

YES	NO ☒

If the shareholders' agreements or concerted actions have been amended or terminated in the year, indicate this expressly:

NOTE:

Note On 30 July 2004 a Relevant Event was published on the CNMV website consisting of the acquisition of part of the equity interests of Ms Esther Koplowitz Romero de Juseu in the company B-1998, S.L., by the companies Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Cartera Deva, S.A, and the Peugeot family in France through the company Simante, S.L.

On 13 January 2005 a Relevant Event was published whereby the company Dominum Dirección y Gestión, S.A. Sociedad Unipersonal (fully held by Ms Esther Koplowitz Romero de Juseu) agreed with the company Larranza XXI, S.L. (a company belonging to the Bodegas Faustino Group) 'the transfer to the latter of a minority interest that the former held in the company B-1998, S.L.,, a company which in turn directly or indirectly holds 52.483% of the share capital of Fomento de Construcciones y Contratas, S.A.'

Also on 13 January 2005 a Relevant Event was published whereby the company Dominum Dirección y Gestión, S.A. Sociedad Unipersonal (Sole Corporation) (fully held by Ms Esther Koplowitz Romero de Juseu) agreed with the companies Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Ibersuizas Holdings, S.L., Cartera Deva, S.A., Arzubi Inversiones, S.A. and EBN Banco de Negocios, S.A., 'the transfer to the latter of a minority interest that the former held in the company B-1998, S.L.,, a company which in turn directly or indirectly holds 52.483% of the share capital of Fomento de Construcciones y Contratas, S.A.'

On 19 July 2007 a Relevant Event was published consisting of 'the renewal with amendments of the contracts of the partners of the company B-1998, S.L.,, without altering the full direct and indirect holding of Ms Esther Koplowitz Romero de Juseu in B-1998, S.L., or the agreements between the parties in relation to the governance of both B-1998, S.L., and indirectly of Fomento de Construcciones y Contratas, S.A., or any provisions regarding the control of those two companies.'

On 26 December 2007 a Relevant Event was published consisting of 'the reorganisation of the holding in the company B-1998, S.L., Ms Esther Koplowitz Romero de Juseu, through the company Dominum Dirección y Gestión, S.L., of which she owns 100% of its capital, has signed with Ibersuizas Holdings, S.L. the purchase and sale, effective 30 January 2008, of 10.55% of the equity interests in the company B-1998, S.L.,, which is the holder of 52.483% of the share capital of Fomento de Construcciones y Contratas, S.A.

This transaction, done at the request of Ms Esther Koplowitz, who increases her holding in FCC, represents the disinvestment of Ibersuizas Group from the share capital of B-1998, S.L., and consequently from FCC Group. Ibersuizas Holdings, S.L. shall no longer be a party to the shareholder agreement regulating the relations between partners of B-1998, S.L., At the same time, on the above-mentioned effective date of the contract, Ibersuizas Holdings, S.A. shall tender its resignation as a member of the Board of Directors of B-1998, S.L., and Ibersuizas Alfa, S.L. shall tender its resignation as a member of the Board of Directors of Fomento de Construcciones y Contratas, S.A.

On 4 February 2008 a Relevant Event was published consisting of 'the effective purchase by Ms Esther Koplowitz of the holding that Ibersuizas Holdings owned in B-1998, S.L., as the primary shareholder of Fomento de Construcciones y Contratas, S.A. (FCC) with 52.483%. The agreement was reached on 24 December 2007.

CORPORATE GOVERNANCE

On 12 July 2010 a Relevant Event was published whereby 'The entrepreneur Esther Koplowitz has reached an agreement with Simante, S.L. to acquire the latter's holding in the share capital of B-1998, S.L., for 88 million euros.

By virtue of the agreement, Simante shall assign all of its shares in B 1998 to Dominum Dirección y Gestión S.A. The transaction, involving 5.7% of the equity interests in B 1998, shall take place in the month of September.'

Following the reorganisation of the capital of B-1998, S.L.,, the capital ownership is as follows:

- Esther Koplowitz (directly or indirectly) holds 89.65%
- Eurocis, S.A. holds 5.01%
- Larranza XXI, S.L. holds 5.34%
- Total 100.00%

In the above-mentioned Relevant Events, of note are the main agreements regarding the control of the companies (FCC and B-1998, S.L.,) reached by Ms Esther Koplowitz Romero de Juseu and the investors, following the respective acquisition transactions:

- Ms Esther Koplowitz Romero de Juseu will retain control of B-1998, S.L., and, therefore, of Azate, S.A. and FCC.
- The Board of Directors of B-1998, S.L., shall be made up by twelve directors, and the investors, as a whole, are entitled to designate a maximum of three directors, and in no event may they designate more than one third of the members of the Board of Directors of B-1998, S.L.,
- Ms Esther Koplowitz Romero de Juseu in any event may appoint the majority of the members of the Boards of Directors of FCC and its subsidiaries. The investors may designate, as a whole, a maximum of two members, and in no event more than one third of the members of the Board of Directors de FCC.
- Ms Esther Koplowitz Romero de Juseu shall be entitled to designate the Chairman of the Board of Directors of FCC, the CEO of FCC and at least two thirds of the members of its Executive Committee.
- FCC's pay-out will be at least 50%.

There are a number of agreements between Ms Esther Koplowitz Romero de Juseu and the investors with the aim of protecting the investment of the latter in B-1998, S.L.,, in their capacity as minority shareholders, which is described below:

In relation to B-1998, S.L.,

In relation to B-1998, S.L., and subject to the general rule that the resolutions (whether of the General Meeting of Partners or of the Board of Directors) are subject to the principle of approval by simple majority of the share capital, as an exception, a number of special cases are established where the approval must be by consensus:

- Amendments of the Bylaws implying the transfer of the registered office abroad, the change of the corporate purpose or the increase or reduction of the share capital, unless said transactions are imposed by the law or, in the case of capital reductions, they are to be carried out via the acquisition of equity interests of B-1998, S.L., directly or indirectly held by Ms Esther Koplowitz Romero de Juseu or by Dominum Dirección y Gestión, S.L., by B-1998, S.L., itself, for the subsequent redemption thereof, or they are to be carried out via the redemption of the equity interests of B-1998, S.L.,, directly or indirectly held by Ms Esther Koplowitz Romero de Juseu or by Dominum Dirección y Gestión, S.L., and charged to reserves which, pursuant to the Bylaws or due to provisions no included in the Bylaws, only Ms Esther Koplowitz Romero de Juseu is entitled to use.
- Any type of transformation, merger or spin-off or the total transfer of assets and liabilities;
- The dissolution or winding-up of B-1998, S.L.,;
- The overriding of pre-emptive subscription rights in capital increases and the exclusion of shareholders;
- The amendment of the management regime of B-1998, S.L.,;
- The establishment or amendment of the dividend policy agreed to among the investors in respect of the rights stated in the Bylaws or those not included in the Bylaws corresponding to the equity interests owned by the investors;
- Acts of disposal or encumbrance, under any title, of any relevant assets of B-1998, S.L.,, specifically of FCC shares or of shares or equity interests of any other companies in which B-1998, S.L., owns or may own holdings in the future;
- The increase of structural costs such that, on an annual basis, exceed those stated on the balance sheet of the company as of 31 December 2003, increased by the general year-on-year CPI plus two percentage points; excluded from the above calculation is

the remuneration received by B-1998, S.L., as a consequence of its presence on the Board of Directors of FCC (hereinafter, Remuneration of the Board of FCC), as well as the remuneration of the members of the Board of Directors of B-1998, S.L., insofar as they do not exceed the remuneration of the Board of FCC;

- Granting or maintaining powers that allow for the disposal of FCC shares, by any means;
- The borrowings of B-1998, S.L., and obtaining or providing guarantees which, overall, exceed 500,000 euros;
- Creating or acquiring direct subsidiaries (other than FCC subsidiaries) or acquiring shares in entities other than those in which B-1998, S.L., already owns a holding.

In relation to FCC:

In relation to FCC and subject to the general rule that the resolutions (whether of the General Meeting or of the Board of Directors) are subject to the principle of approval by simple majority of the share capital and, as an exception, a number of special cases are established where the approval must be by consensus:

- Amendments of the Bylaws implying the transfer of the registered office abroad, the increase or reduction of the share capital, unless said transactions are imposed by the law;
- Changing the corporate purpose, as doing so it includes the incorporation of activities not related to construction, services, cement and real estate;
- The transformation, merger or division in any of its ways.
- The merger of FCC Construcción, S.A., Cementos Portland Valderrivas, S.A. and FCC Servicios, S.A. as a consequence of which B-1998, S.L., indirectly ceases to hold over 50% of the voting rights of the entity resulting from the merger.
- The overriding of pre-emptive subscription rights in capital increases.
- The amendment of the management regime.
- Acts of disposal, encumbrance or acquisition, under any title, of FCC assets outside the corporate purpose of said entity, provided that they are relevant and, in any event, the above-mentioned acts, included within the corporate purpose of FCC, when they entail a total or aggregate value equal to or above 700,000,000 euros (increased annually by the CPI), or a significant amendment of the current structure of FCC Group or represent more than 10% of the consolidated assets of FCC Group.
- Any transactions that may lead to or represent a variation of more than 20% of FCC's equity or over 10% of the FCC Group's consolidated assets.
- The granting of powers that could allow, under any title, the above-mentioned disposals, encumbrances or acquisitions; the foregoing in no way whatsoever limits the right of Ms Esther Koplowitz Romero de Juseu to designate and revoke the FCC CEO.
- The borrowings of FCC and the obtainment or provision of guarantees by the latter (excluding, in any event, for the purpose of the above-mentioned calculation, guarantees within the ordinary course of business and borrowing without recourse or project finance) which, collectively, exceed 2.5 times the gross operating profit registered on the last consolidated balance sheet of FCC.

If it is not possible to reach the necessary consensus between Ms Esther Koplowitz Romero de Juseu and the Investors for the adoption of decisions in the above-mentioned special cases, they shall act as required in order to preserve the pre-existing situation.

On 26 May 2011 a Relevant Event was published, consisting of the renewal with amendments of the purchase and sale agreement of investment and disinvestment of partners of B-1998, S.L., and the extension thereof, between Dominum Dirección y Gestión S.L., Eurocis, S.L., and Larranza XXI, S.L. Said Relevant Event publishes the contents of the notarial deed of renewal.

For further information, please check the full contents of the shareholder agreements available on the CNMV website, as Relevant Events of the company dated 30 July 2004, 13 January 2005, 19 July 2007, 26 December 2007, 4 February 2008 and 26 May 2011.

CORPORATE GOVERNANCE

A.7. Indicate if there is an individual or legal entity that exercises or can exercise control over the Company in accordance with Article 4 of the Securities Market Law: If so, name the person.

YES ☒ NO

Name
Ms Esther Koplowitz Romero de Juseu
Remarks

A.8. Complete the tables below about the Company's treasury shares:

As of year end:

Number of direct shares	Number of indirect shares (*)	% of share capital
3,292,520	9,379,138	9.950

(*) Through:

Name of direct owner of stake	Number of direct shares
Asesoría Financiera y de Gestión, S.A.	9,379,138
Total:	9,379,138

Detail the significant changes in the year, in accordance with Royal Decree 1362/2007:

Date of disclosure	Total number of direct shares acquired	Total number of indirect shares acquired	% of share capital
31/01/2012	1,302,444	0	1.023
03/04/2012	1,165,367	0	0.915
18/06/2012	1,297,554	0	1.019
31/08/2012	1,112,141	0	0.874
30/11/2012	1,282,137	0	1.007
Capital gain/ (Capital loss) on own shares disposed of during the period			-2,656

A.9. Detail the conditions and term of the current authorisation that the Shareholders' Meeting has given to the Board of Directors to buy or sell own shares.

Resolution by the Extraordinary Shareholders' Meeting of 30 November 2009 (Item 2 on the Agenda)

Under the provisions of Article 3 et seq. of European Commission Regulation 2273/2003, of 22 December, to approve a Company share buyback programme whose only purpose is (i) to fulfil the obligations deriving from the issuance of exchangeable bonds for a maximum amount of four hundred and fifty million euros (€450,000,000) approved by the Company under the decision by the General Meeting of Shareholders on 18 June 2008 and by virtue of an Executive Committee decision dated 6 October 2009, by delegation of the Board of Directors on 30 September 2009, and (ii) to reduce the Company's capital by amortising the shares acquired by virtue of the programme or those already held as treasury stock (including, for this purpose, the 5,090,000 shares loaned to the Underwriters), which shall henceforth be deemed to be subject to the terms and conditions of the programme approved by the General Meeting of Shareholders. As a result of the foregoing, decision six adopted by the General Meeting of Shareholders on 10 June 2009 is annulled to the extent that it has not been executed and the Company is authorised so that, directly or via any of its subsidiaries and within a maximum period of five years from the date of this Meeting of Shareholders, it may acquire, at any time and on as many occasions as it sees fit, shares of the Company by any means allowed by law, all in conformity with Article 75 and matching Articles of the Consolidated text of the Public Limited Companies Act.

It is also decided to approve the limits or requirements of such acquisitions, as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not at any time exceed ten per cent of the Company's capital.
- The shares acquired must have been fully paid up.
- The acquisition price may not be less than the par value or more than 20 per cent of the market price.

The shares acquired under the buyback programme shall be used by the Company to fulfil its exchange or conversion obligations arising from the issuance of the Bonds and/or to reduce the Company's capital, as the case may be.

Resolution of the Ordinary General Meeting of 27 May 2010 (Item 7 on the Agenda)

B. Share repurchase program of the Company and capital reduction

Under the provisions of Article 3 et seq. of Commission Regulation (EC) No 2273/2003 of 22 December, to approve a programme to buy back shares of the Company whose sole purpose is (i) to meet obligations to deliver shares that arise from the issuance of securities giving entitlement to acquire outstanding shares, or to amortise them in order to limit the dilution of the pre-existing shareholders in case of issuance, while overriding the pre-emptive subscription right, of securities that are convertible into, or give entitlement to subscribe for, newly-issued shares, that may be adopted by the Board of Directors of the Company under the provisions of paragraph A above of this Decision for a maximum of three hundred million euros (€ 300,000,000) (the 'Securities'), and (ii) to reduce the Company's capital by amortising the shares acquired by virtue of the programme or those already held as treasury stock (provided they are not already assigned to preceding share buyback programmes that have not been completed), which will be deemed to be subject to the terms and conditions of the programme approved by the General Meeting of Shareholders.

The Company is authorised so that, directly or via any of its subsidiaries, within a maximum period of five years from the date of this Meeting of Shareholders, it may acquire, at any time and on as many occasions as it sees fit while executing the approved share buyback programme, shares of the Company by any means allowed by law, all in conformity with Article 75 and matching articles of the Consolidated Text of the Public Limited Companies Act.

It is also decided to approve the limits or requirements of such acquisitions, as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not at any time exceed ten per cent of the Company's capital.
- The shares acquired must have been fully paid up.
- The acquisition price may not be less than the par value or more than 20 per cent of the market price.

The shares acquired under the buyback programme shall be used by the Company to fulfil its obligations to deliver existing shares in connection with the securities issue or to proceed, where appropriate, to reduce the Company's capital so as to limit the dilution of existing shares if the shareholders exercise their right to convert or subscribe the newly issued shares in connection with the Securities issue.

This agreement neither eliminates nor alters the terms and conditions of prior share buyback programmes approved by the Company or authorisations for the derivative acquisition of own stock, which remain in full force. This share buyback programme is compatible with previous programmes in place. However, this programme may only be carried out to the extent that it does not preclude the complete fulfilment of prior share buyback programmes and hence the achievement of the aims for which they were approved.

CLARIFICATION:

A relevant event was reported to the CNMV on 1 July 2011 under number 146731 communicating the suspension of the Share Buyback Programme by the Company under the following terms:

The Share Buyback Programme, which was reported to the CNMV in relevant event number 116937 on 1 December 2009, was intended to fulfil the Company's obligations stemming from the subordinated exchangeable bond issue in October 2009 by amortising a number of a treasury shares with a face value equivalent to the new shares of the Company to be issued to satisfy the exchange requests of bondholders. The fundamental objective of this programme is to avoid the risk of future dilution for current shareholders.

In keeping with the objectives of the Buyback Programme and given the current treasury stock positions and number of shares needed to cover the conversion or swap of the bonds, which at this time is equivalent to 9.11% of the share capital, there is not dilution risk for current shareholders derived from this bond issue. For the reasons mentioned above, FCC proceeds to cancel the share Buyback Programme and to communicate this fact as a Relevant Event. This suspension shall remain in effect until such time as there is a change in the percentage of share capital indicated above (9.11%) needed to satisfy conversion or swap requirements, accordingly.

Furthermore, on 6 July 2011, a Relevant Event was reported to the CNMV under number 146998, communicating the subscription of a liquidity contract under the following terms:

By resolution of the Board of Directors at the meeting held on 30 June 2011, on 6 July 2011 Fomento de Construcciones y Contratas, S.A. signed a Liquidity Contract pursuant to the terms of Circular 3/2007 of 19 December published by the CNMV with Santander Investment Bolsa, Sociedad de Valores, S.A. This contract is applicable to Spanish stock exchanges and the object of the agreement is to favour trading liquidity and regularity. The term of the Liquidity Contract is twelve months, tacitly renewable for 12-month periods and a total of 95,465 shares and 2 million euros is assigned.

A.10. Indicate any legal or bylaw restrictions on the exercise of voting rights or any legal restrictions on the acquisition or sale of stakes in share capital. Indicate whether there are any legal restrictions on the exercise of voting rights

YES	NO ☒

Maximum percentage of voting rights that a shareholder may exercise under legal restrictions	0

Indicate whether there are restrictions in the bylaws on the exercise of voting rights:

YES	NO ☒

Maximum percentage of voting rights that a shareholder may exercise under restrictions in the bylaws	0

Indicate whether there are any restrictions on the acquisition or sale of stakes in share capital:

YES	NO ☒

A.11. Has the General Meeting of Shareholders has resolved to adopt neutralisation measures in the event of a takeover bid as provided in Law 6/2007?

YES	NO ☒

Detail if appropriate, any such methods that have been approved and the terms in which the restrictions will be rendered ineffective:

B. STRUCTURE OF THE COMPANY'S ADMINISTRATION

B.1 Board of Directors

B.1.1 Indicate the maximum and minimum number of Directors provided in the bylaws:

Maximum number of directors	22
Minimum number of directors	5

B.1.2 Fill in the table below with the members of the Board:

Name of director	Representative	Board position	Date of first appointment	Date of last appointment	Election procedure
Mr. Baldomero Falcones Jacquotot (See Note)		Chairman - CEO	18/12/2007	18/06/2008	Voting at General Shareholders Meeting
B-1998, S.L.,	Mrs. Esther Koplowitz Romero de Juseu	1St Vice-Chairman	17/12/1996	31/05/2012	Voting at General Shareholders Meeting
Dominum Desga, S.A.	Mrs. Esther Alcocer Koplowitz	2Nd Vice-Chairman	27/09/2000	01/06/2011	Voting at General Shareholders Meeting
Mr Antonio Pérez Colmenero		Director	30/03/2005	27/05/2010	Voting at General Shareholders Meeting
Cartera Deva, S.A.	Jaime Llantada Aguinaga	Director	15/09/2004	27/05/2010	Voting at General Shareholders Meeting
Mr. César Ortega Gómez		Director	28/06/2007	31/05/2012	Voting at General Shareholders Meeting
Dominum Dirección y Gestión, S.L.	Mrs. Carmen Alcocer Koplowitz	Director	26/10/2004	27/05/2010	Voting at General Shareholders Meeting
E.A.C. Inversiones Corporativas, S.L.	Mrs. Alicia Alcocer Koplowitz	Director	30/03/1999	10/06/2009	Voting at General Shareholders Meeting
Mr. Fernando Falcó y Fernández de Córdova		Director	18/12/2003	27/05/2010	Voting at General Shareholders Meeting
Mr. Gonzalo Anes y Álvarez de Castrillón		Director	30/06/1991	27/05/2010	Voting at General Shareholders Meeting
Mr. Henri Proglio		Director	27/05/2010	27/05/2010	Voting at General Shareholders Meeting
Mr. Javier Ribas		Director	11/06/2009	27/05/2010	Voting at General Shareholders Meeting
Mr. Juan Castells Masana		Director	21/06/2000	27/05/2010	Voting at General Shareholders Meeting
Larranza XXI, S.L.	Mrs. Lourdes Martínez Zabala	Director	13/01/2005	27/05/2010	Voting at General Shareholders Meeting
Mr. Marcelino Oreja Aguirre		Director	21/12/1999	27/05/2010	Voting at General Shareholders Meeting
Mr. Nicolás Redondo Terreros		Director	18/06/2008	18/06/2008	Voting at General Shareholders Meeting
Mr. Rafael Montes Sánchez		Director	06/03/1992	10/06/2009	Voting at General Shareholders Meeting
Mr. Felipe Bernabé García Pérez		Deputy Secretary Director	30/03/1999	27/05/2010	Voting at General Shareholders Meeting
Total Number Of Directors					**18**

Indicate any cessations from the Board of Directors in the period:

NOTA:

Mr Francisco Vicent Chuliá holds the position of Secretary of the Board of Directors, having been appointed at the Board meeting held on 26 October 2004.

B.1.3 Fill in the tables below on the members of the Board and their status:

EXECUTIVE DIRECTORS

Name of Director	Committee that proposed the appointment	Position in the Company
Mr. Baldomero Falcones Jaquotot (see note)	Appointments and Remuneration Committee	Chairman and CEO
Mr. Felipe Bernabé García Pérez	Appointments and Remuneration Committee	Company Secretary
Total number of executive directors		**2**
%. of the Board		**11.111**

EXTERNAL PROPIETARY DIRECTORS

Name of Director	Committee that proposed the appointment	Name of major shareholder being represented or that proposed the appointment
B-1998, S.L.	Appointments and Remuneration Committee	B-1998, S.L.
Dominum Desga, S.A.	Appointments and Remuneration Committee	B-1998, S.L.
Mr. Antonio Pérez Colmenero	Appointments and Remuneration Committee	B-1998, S.L.
Cartera Deva, S.A.	Appointments and Remuneration Committee	B-1998, S.L.
Dominum Dirección y y Gestión, S.L.	Appointments and Remuneration Committee	B-1998, S.L.
EAC Inversiones Corporativas, S.L.	Appointments and Remuneration Committee	B-1998, S.L.
Mr. Fernando Falcó y Fernández de Córdova	Appointments and Remuneration Committee	B-1998, S.L.
Mr. Juan Castells Masana	Appointments and Remuneration Committee	B-1998, S.L.
Larranza XXI, S.L.	Appointments and Remuneration Committee	B-1998, S.L.
Mr. Marcelino Oreja Aguirre	Appointments and Remuneration	B-1998, S.L.
Mr. Rafael Montes Sánchez	Appointments and Remuneration	B-1998, S.L.
Total number of proprietary directors		**11**
% of the Board		**61.111**

EXTERNAL INDEPENDENT DIRECTORS

Name of director	Profile
Mr. César Ortega Gómez	General manager of Banco Santander. Holds a Degree in Economics and Business and a Masters in Tax Consulting from ICADE. He studied Law and Philosophy. Partner at Arthur Andersen Asesores Legales y Tributarios and Garrigues law firm for 12 years. Board member of Grupo Empresarial Santander, S.L., Bancos Latinoamericanos Santander, S.L., Santusa Holding, S.L., Santander Holding Gestión, S.L. and Santander Investment, S.A.
Mr. Gonzalo Anes y Álvarez de Castrillón	Director of FCC, S.A.; Chairman of its Audit and Control Committee and member of its Appointment and Remuneration Committee. Holds a PHD in Economics from Madrid University. Professor of History and Economic Institutions at the Madrid Complutense University School of Economics. Full member of the Spanish Royal Academy of History, and Director since 1998. Member of the Prado Museum Board of trustees since 1982 and was its Chairman from 1986 to 1990. Former director of the Bank of Spain and of Repsol-YPF. He holds the title of Marquis of Castrillón.
Mr. Henri Proglio	Hold a Degree from the LaHEC, Business School de Paris (1971). currently Chairman and CEO of EDF and member of the Board of Directors and Supervisory Committee of Dassault Aviation, Natixis, CNP seguros. In the past he has been Chairman of the Board of Directors of Veolia Medio Ambiente, chairman of the Board of Directors of the following Vivendi Environment Businesses: Aguas Generales y Vivendi Agua, CGEA (Onyx: Waste Management- Connex: transport), and Dalkia (Energy Services), Vice-President of Vivendi, chairman of Génerale des Eaux, managing director and member of the board of directors of Vivendi Agua, executive vice president of Compagnie Générale des Eaux, member of the executive committee of la Compagnie Générale des Eaux. He is also a former senior officer of Compagnie Générale des Eaux and Chairman and

Name of director	Profile
	CEO of CGEA, a subsidiary of la Compagnie Générale des Eaux in the transport and waste management area. Recipient of the french legion of honour medal.
Mr. Javier Ribas	Holds a law degree from Deusto University; Chairman of Fundación Diploma in operational research from the French Petroleum Institute (Paris). Engineer at Compañía Francesa de Petróleo; head of research at Esso France; head of the industrial sector for Liga Financiera de Madrid; Deputy General Manager of Electronic Data Systems (EDS) Spain. Currently Executive Vice-Chairman of EDS Spain. Served on the Board of Directors of Telson, S.A. and Hidrocantábrico, S.A.; is currently Director at Inforsistem, S.A. and Hewlett-Packard/EDS (Advisory Board).
Mr. Nicolás Redondo Terreros	Degree in Law studied at Deusto University, Chairman of the Foundation for Freedom, Member of the Editorial Board of the Journal 'El Economista', of the Editorial Board of the Magazine of the Land Registrars and Economists Associations of Spain and of the Advisory Committee of the Middle East Information Agency. Recipient of the 2003 Constitutional Merit Award from the Spanish Government. He Formerly Held a Position in the Government of the Province of Biscay, M.P. in the Basque Parliament, Secretary General of the Basque Socialist Parliamentary Group in Vitoria, Spokesman of the Socialist Group in the General Assembly of Biscay, An M.P. Representing the Historical Territory of Biscay and President of the Basque Socialist Parliamentary Group.
Total number of independent directors	**5**
% of total Board members	**27,778**

OTHER EXTERNAL DIRECTORS

State why these directors cannot be considered proprietary or independent, and indicate any relations between them and the Company, its executives or shareholders:

Indicate any changes in directors' status in the period:

B.1.4 Explain, if appropriate, the reasons why proprietary directors have been appointed as requested by shareholders whose stake is below 5% of the share capital.

Indicate whether formal requests for a seat on the Board submitted by shareholders whose stake is equal to or higher than that of others who requested and had proprietary directors appointed. Detail the reasons for any such rejections if applicable:

YES NO ☒

B.1.5 Indicate whether any directors have been removed from office before the end of their appointment, whether they have explained the reasons to the Board and via what means and, if a written explanation was given to the whole Board, explain below the reasons given by that director:

YES NO ☒

B.1.6. Indicate any powers delegated to the CEO(s), if any:

Name of director	Brief description
Mr. Baldomero Falcones Jaquotot	See note

NOTE:

Article 35.2 of the Rules of the Board establishes that the Board of Directors may permanently delegate, to one or several of its members, the powers vested in the Board of Directors, with the exception of those which, by law or under the Bylaws or these Rules, may not be delegated.

The permanent delegation of powers of the Board of Directors and the designation of the Director or Directors, to whom delegated powers are attributed, regardless of their office, shall require, in order to be valid, the vote of at least two thirds of the members of the Board of Directors.

The CEO will be entrusted with effectively representing and managing the business of the company, always in accordance with the decisions and criteria set by the General Meeting of Shareholders and the Board of Directors, within the scope of their respective powers.

The effective representation and management of the Company's business affairs includes, but is not limited to:

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- Supporting the Board of Directors in defining the Group's strategy.
- Drafting the Business Plan and Annual Budgets to be submitted to the Board of Directors for approval.
- Drawing up and respectively submitting for approval to the Board of Directors or to the Executive Committee, depending on whether their individual amount exceeds eighteen million euros or otherwise, the proposals on investments, disinvestments, credit, loans, bond or guarantee facilities or any other type of financial facilities.
- The appointment and revoking of all the company personnel, with the exception of those whose appointment corresponds to the Board of Directors, as established by these Rules.

Once a year, at the first meeting of each financial year, the CEO shall inform the members of the Executive Committee of the degree of real fulfilment of the forecasts made regarding the investment proposals submitted to the Committee itself and to the Board of Directors.

Article 7.2 of the Rules of the Board of Directors establishes that: 'In any event, the Board of Directors in full session, by means of the adoption of resolutions that are to be passed in each case as provided in the Law or in the Bylaws, is vested with the handling of the following matters, which are established as a formal catalogue of matters reserved exclusively to the Board, and they cannot be delegated:

a. The appointment and removal of the Chairman, Vice-chairman, CEOs, Secretary and Vice-secretary of the Board of Directors, as well as, following a proposal of the CEO, the appointment, removal and, as the case may be, indemnity clauses of the heads of the functional areas of the company (Administration, Finance, Human Resources and Company Secretary's office), of the members of the Management Committee and, in general, of the Senior Managers of the Company.

b. Proposing to the respective Boards of Directors, under the initiative of the CEO and via the Company's representatives therein, the appointment and removal, as the case may be, together with any indemnity clauses, of the Chairmen and General Managers of the head companies in each of the FCC Group areas, acting in this respect in conformity with the corporate interest of each one of them.

c. Delegating powers to any of the members of the Board of Directors in the terms established by law and the Articles of Association, and revoking such powers.

d. The appointment and removal of directors as members of the various Committees envisaged in these Rules.

e. Supervising the Board's Internal Committees.

f. The appointment of Directors by co-opting in the event of vacancies until the next General Meeting.

g. The acceptance of resignations tendered by Directors.

h. Drawing up the financial statements and dividend policy for submission and proposal to the General Meeting, and agreeing, if applicable, on the payment of interim dividends.

i. The definition and structure of the Group and the coordination, within the legal limits, of the general Group strategy in the interest of the Company and its subsidiaries, supported by the Strategy Committee and the CEO, disclosing in the Annual Corporate Governance Report any business relations between the Company and the listed subsidiaries in its Group, as well as between the latter and other Group companies, and the mechanisms established to solve any possible conflicts of interest that might arise.

j. The investment and financing policy, in particular the approval of investments, disinvestments, credit facilities, loans, bond or guarantee facilities or any other type of financial facilities within the limits established by the Board itself, as well as the approval of any investments or operations of any kind which owing to their special circumstances are of a strategic nature.

k. In general, organising the powers of the Board of Directors, particularly the power to amend these Rules.

l. The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting.

Also, article 8.1 (General functions – Balance in the development of functions) establishes that the Board of Directors is vested with developing any acts that are necessary for the performance of the corporate purpose provided in the Bylaws, pursuant to the applicable laws. On the other hand, article 8.2 states that the delegation of powers by the Board to any of its members, within the limits allowed by Law, does not deprive the Board of those powers.

The Board of Directors, at its meeting of 18 December 2007, delegated to Mr Baldomero Falcones Jaquotot, effective from 1 January 2008, powers of a varied nature such as financial powers, powers to liaise with customers and suppliers, labour, administration and drawdown related powers, in relation to companies and associations, and powers of a legal and internal nature. The delegation of these powers facilitates Group management and expedites the external manifestation of the Company's activities.

B.1.7 Identify, if appropriate, the members of the Board who hold director or senior executive positions in other companies that are part of the group of the listed company:

Name of director	Name of Group company	Position
Mr. Baldomero Falcones Jaquotot (véase nota)	Alpine Holding GMBH	Chairman of Surveillance Committee
Mr. Baldomero Falcones Jaquotot (véase nota)	FCC Energía, S.A. Unipersonal	Chairman
Mr. Baldomero Falcones Jaquotot (véase nota)	FCC Power Generation, S.L. Unipersonal	Chairman
Cartera Deva, S.A.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	FCC Construcción, S.A.	Director
Mr. Fernando Falcó Fernández de Córdova	FCC Construcción, S.A.	Director
Mr. Fernando Falcó Fernández de Córdova	FCC Enviroment (UK) Limited	Director
Mr. Javier Ribas	Alpine Holding Gmbh	Director
Mr. Javier Ribas	FCC Environmental LLC	Director
Mr. Juan Castells Masana	Alpine Holding Gmbh	Director
Mr. Juan Castells Masana	Cementos Portland Valderrivas, S.A.	Director
Mr. Juan Castells Masana	FCC Enviroment (UK) Limited	Director
Mr. Rafael Montes Sánchez	Cementos Portland Valderrivas, S.A.	Director
Mr. Rafael Montes Sánchez	FCC Construcción, S.A.	Director
Mr. Rafael Montes Sánchez	Alpine Holding Gmbh	Director
Mr. Felipe Bernabé García Pérez	FCC Energía, S.A. Unipersonal	Director-Secretary
Mr. Felipe Bernabé García Pérez	FCC Environmental LLC	Consejero
Mr. Felipe Bernabé García Pérez	FCC Power Generation, S.L. Unipersonal	Consejero-Secretario

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B.1.8 Indicate, if appropriate, the directors of your company who are members of the Board of Directors of other companies listed on official securities exchanges in Spain that are not in your same group of companies, which have been communicated to your company:

Name of director	Name of listed company	Position
EAC Inversiones Corporativas, S.L.	Realia Business, S.A.	Director
Mr. Javier Ribas	S.A. Damm	Director
Mr. Rafael Montes Sánchez	Realia Business, S.A.	Director

B.1.9. Indicate whether the Company has established rules about the number of directorships its Board members can hold, and describe any such rules:

YES ☒ NO

EXPLANATION OF THE RULES

Article 24.3 of the Board Regulations establishes that before accepting a senior executive position or office on the Board of another company or entity the Director must first check with the Appointment and Remuneration Committee.

Article 22.3 establishes that Directors must report any other professional obligations they may have to the Appointment and Remuneration Committee, in case they might interfere with their dedication to their office, and the Board of Directors, following a proposal from the Appointment and Remuneration Committee, must establish on how many boards the Directors may hold office.

B.1.10 In relation to recommendation number 8 of the Unified Code, state the policies and general strategies that the Board in full session has reserved the right to approve:

	Yes	No
Investment and financing policy	☒	
Definition of the structure of the group of companies	☒	
Corporate governance policy	☒	
Corporate social responsibility policy	☒	
Strategic or business plan and the annual management and budget objectives	☒	
Remuneration policy and assessment of senior management performance	☒	
Risk control and management policy and periodical follow-up	☒	
of internal control and reporting systems	☒	
Dividend and treasury share policy and, especially its limits	☒	

B.1.11 Fill in the tables below in respect of the aggregate remuneration of the directors accrued during the year:

a) At the Company to which this report refers:

Remuneration item	In thousand euros
Fixed remuneration	3,445
Variable remuneration	450
Per diem allowance	0
Considerations in the bylaws	699
Share options and/or other financial instruments	0
Other	0
Total:	4,594

Other benefits	In thousand euros
Advances	0
Loans granted	0
Funds and Pension Plans: Contributions	0
Funds and Pension Plans: Obligations undertaken by company	0
Life insurance premiums	0
Guarantees established by the company for the directors	0

b) As members of Boards of Directors and/or undertaking senior management in other group companies:

Remuneration item	In thousand euros
Fixed remuneration	0
Variable remuneration	0
Per diem allowance	0
Considerations in the bylaws	130
Share options and/or other financial instruments	0
Other	0
Total:	130

Other benefits	In thousand euros
Advances	0
Loans granted	0
Funds and Pension Plans: Contributions	0
Funds and Pension Plans: Obligations undertaken by company	0
Life insurance premiums	0
Guarantees established by the company for the directors	0

c) Total remuneration per type of director:

Type of director	Paid by company	Paid by group
Executive	3,967	0
External proprietary directors	484	130
External independent	143	0
Other external	0	0
Total:	4,594	130

d) With regard to the profits attributed to the parent company:

Total remuneration of directors (in thousand euros)	4,724
Total remuneration of directors/profit attributed to parent company (as a pct.)	0.0

B.1.12 Identify the senior executives who are not executive directors, and indicate the total remuneration they accrued during the year:

Name	Position
Mr. Francisco Martín Monteagudo	General Manager of Human Resources
Mr. José Manuel Velasco Guardado	General Manager of Communication and Corporate Responsibility
Mr. Eduardo González Gómez	General Manager of Energy and Sustainability
Mr. José Mayor Oreja	Chairman of FCC Construcción, S.A.
Mr. Víctor Pastor Fernández	General Manager of Finance
Mr. Antonio Gómez Ciria	General Manager of Administration and Information Technology
Mr. Miguel Hernanz Sanjuan	General Manager of Internal Auditing
Mr. José Luis de la Torre Sánchez	Chairman of FCC Servicios
Mr. Juan Béjar Ochoa	Chairman And CEO of Cementos Portland Valderrivas, S.A.
Total remuneration of senior executives (in thousand euros)	6,015

B.1.13 Identify in an aggregated way whether there are any guarantee or golden parachute clauses for senior executives, including executive directors of the company or group in the event of removal or change of control. Indicate whether these contracts have to be notified to and/or approved by the company's or the group's bodies:

Number of beneficiaries	7

	Board of Directors	General Meeting
Body authorising the clauses	☒	

	YES	NO
Are the clauses reported to the General Meeting?		☒

NOTE:

As set out in the Notes to the Financial Statements for each year, drawn up by the Board of Directors and submitted to the approval of the General Meeting, an insurance policy was taken out and paid in order to meet the contingencies related to the death, permanent

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disability for working, retirement bonuses or other items to the benefit, among others, of some of the Executive Directors and Senior Managers mentioned in sections B. 1. 3 and B.1.12 respectively.

In particular, the contingencies giving rise to indemnity are those that entail the termination of the employment relationship for any of the following reasons:

a) Unilateral decision by the Company.
b) Winding up or disappearance of the parent company for any reason, including merger or spin-off.
c) Death or permanent disability.
d) Declaration of physical disability or legal incompetence for any other reason.
e) A substantial change in professional conditions
f) Termination, upon reaching the age of 60, at the manager's request and with the Company's consent.
g) Termination at age 65, by unilateral decision of the manager.

The Company has subsequently agreed to include indemnity clauses for other senior managers, when hiring them, only in the event of the unilateral termination of their contracts by the Company before a certain minimum period of time has elapsed. Clauses of this kind are also included in the contracts signed with the Board of Directors, Chairman and CEO's approval.

FCC Group did not pay any insurance premiums in 2012 and it did not receive any premium rebates.

B.1.14 Indicate the process for establishing the remuneration of the members of the Board of Directors and the relevant related clauses in the bylaws.

Process to establish the remuneration for Board members and the corresponding clauses in the Bylaws.

Article 37 of the Company Bylaws establishes the following:

'The post of Board member is remunerated. The remuneration shall consist of a share of the net profits which shall not exceed two per cent (2%) of the financial year profits attributed to Fomento de Construcciones y Contratas, S.A. in the Group's consolidated financial statements, in which it is the Parent Company. This amount will be paid to the Board of Directors once all legal reserves have been covered and a minimum dividend of four per cent (4%) has been paid to shareholders. The remuneration for each financial year will be decided by the General Meeting of Shareholders.

The Board will distribute the remuneration resolved at the General Meeting of Shareholders among its members, taking into account the functions and responsibilities of each one on the Board members or its Internal Committees and other criteria provided in the Rules of the Board of Directors, including, within the amount referred to in the previous paragraph of this article, fixed remuneration as well as variable remuneration and benefit schemes.

Subject to the foregoing, Directors shall be remunerated for attendance at the Board and Internal Committee meetings. For this purpose, the General Meeting shall determine the amount corresponding to this item in each financial year, which shall be divided by the Board among its members taking into account their effective attendance at the meetings of the Board and of the Internal Committees of which they are members.

Also, the Company shall in any event take out civil liability insurance for its Directors.

In accordance with the resolution adopted by the General Meeting in this respect, and regardless of provisions of the foregoing paragraphs, director remuneration may also consist of the delivery of shares or share options, or it may be referenced to the value of the Company shares.

The remuneration mentioned in the preceding paragraphs for Board members will be compatible with the other wages, service or professional remuneration paid to the Board members for the performance of their duties, whether managerial, executive, advisory or of any other nature, including the Directors' functions of supervision and collective decision-making which they perform for the Company, under the form of hired employment, lease of services or any other form legally applicable to them based on their nature.

The Board of Directors shall draw up an annual report on Director remuneration, which shall include the Company's remuneration policy approved by the Board for the current year, the one foreseen for future years, the overall summary of how the remuneration policy was applied during the year and the detail of the individual remuneration accrued by each one of the Directors, which shall be disseminated and submitted to vote, for consultation *purposes and as a separate item on the Agenda at the Annual General Meeting of Shareholders.'*

On the other hand, Article 42.3 f) of the Rules of the Board of Directors states that the Appointment and Remuneration Committee's functions include, among others, overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior managers, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior managers, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares.

State whether the Board in a plenary session has reserved the right to approve the following matters:

	YES	NO
On proposal from the Company's chief executive, the appointment and possible discharge of senior managers, and the indemnity clauses.	☒	

	YES	NO
The Board members' remuneration and the additional remuneration of executive directors due to their executive functions and other terms their contracts must comply with.	☒	

B.1.15 Indicate whether the Board of Directors has approved a detailed remuneration policy and specify the matters it deals with:

	YES	NO
Fixed remuneration items, including a breakdown of attendance expenses accrued to the members for Board of Directors and Committee meetings and an estimate of the annual fixed remuneration accrued	☒	
Variable remuneration items	☒	
Main features of pension systems, including an estimate of their equivalent annual cost	☒	
Conditions under senior management contracts, including executive officers	☒	

B.1.16 Indicate whether the Board submits a report on the directors' remuneration policy to the vote of the General Meeting as a separate item on the agenda and for consultation purposes. If so, describe the points in the report dealing with remuneration policies approved by the Board for future years, the main policy changes this year and a general summary of how the remuneration policies were applied throughout the year. Describe the role of the Remuneration Committee and, if external advisors were engaged, state their identity:

YES ☒ NO

Matters dealt with by the remuneration policy

At the time the Ordinary General Meeting of Shareholders scheduled for 31 May 2012 was announced, a report on the Board of Directors remuneration policy was made available to the shareholders (for the year 2012 and how it was applied to the year 2011). The report was approved by the Board of Directors on 12 April 2012 and submitted to vote for consultation purposes prior to that Meeting, where it was approved by the majority (96.0832% votes for).

These are the most significant changes in this policy applied during the year:

The last Annual General Meeting resolved to amend the system established in article 37 of the Bylaws of Fomento de Construcciones y Contratas, S.A. in order to consider the actual attendance of Board and Committee meetings, as well as the subsequent dedication that the preparation and discussion of the matters to be discussed requires of each one of the directors, as something to be remunerated which is not directly linked to the results of the financial year.

Because of this, the specific regulation of this item was amended (Remuneration for effective attendance), as opposed to participation in profits.

Following this amendment, directors will be remunerated for attending meetings of the Board and of its Internal Committees. For the purpose herein, the General Meeting will determine the amount corresponding to each year for this item, which will be distributed by the Board among its members taking into account their actual attendance of Board meetings and meetings of the Internal Committees of which they are members.

Aspects of the report referred to the remuneration policy approved by the Board for future years:

The remuneration system detailed in the report is the one expected to be applied in future years unless the corporate bodies decide to amend it because of future circumstances making it advisable to do so.

Global summary of how the remuneration policy was applied in the year 2011:

The Board proposed to the Annual General Meeting held in 2012 to pay out a total remuneration of 1,974,356 euros, which was distributed among all of the members according to their membership of the different Board Committees. This remuneration consisted of a share in the net profit (1.82%), which is therefore below two per cent (2%) of the profit of the year attributed to Fomento de Construcciones y Contratas, S.A. in the consolidated financial statements of the Group of which it is the parent company, for all the Board of Directors, after meeting the Legal Reserve and having allocated a minimum dividend of four per cent (4%) to the shareholders.

The amount of the module serving as the basis for the different remuneration items to be received by the members of the Board for the performance of their functions during the year 2011 was the same as for the years 2007, 2008, 2009 and 2010, where it was frozen at 66,720 euros.

Remuneration item	Amount in euros
Membership on the Board	66,720
Membership on the Executive Committee	44,480
Membership on the Audit Committee	33,360
Membership on the Appointment and Remuneration Committee	33,360

There are no other remuneration items such as attendance bonuses or per diem allowances, or variable remuneration items.

Further details on the Board remuneration policy in 2012 and that scheduled for 2013 and subsequent years, may be reviewed in the report on these policies to be approved by the Board of Directors and following submission to the Annual General Meeting dedicated to the past year.

Role of the Remuneration Committee

Pursuant to article 42 of the Rules of the Board of Fomento de Construcciones y Contratas, S.A., the powers of the Appointment and Remuneration Committee include:

f) Overseeing compliance with the remuneration policy set by the Company and proposing to the Board of Directors the remuneration policy for Directors and senior managers, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior managers, reporting and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares.

Also, proposing to the Board of Directors the distribution among the Directors of the remuneration arising from their membership on the Board that is resolved by the General Meeting of Shareholders, pursuant to the provisions in the Bylaws and in the Regulations herein.

Each and every one of the members of the Appointments and Remuneration Committee have played an active role in drawing up the Report, directed and coordinated by the Chairman, taking into account the remarks and suggestions made by all of them.

Also, the information and advice provided by the internal services of the Company were used, and for the purpose herein no advice was received from external consultants (Art. 32.2 RCA).

Last of all, data on the remuneration paid in the market by companies of a similar size and activities were taken into consideration, together with the recommendations and indications of the Unified Code of Corporate Governance published by the Spanish National Securities Market Commission (CNMV) regarding the structure of Director remunerations.

	YES	NO
Has external advice been used?		☒
Identity of the external consultants		

B.1.17 Indicate, as the case may be, the identity of the members of the Board of Directors who are, at the same time, members of the Board of Directors, managers or employees of companies holding significant interests in the listed company and/or in other entities of its Group:

Name of Director	Name of significant shareholder	Position
Dominum Desga, S.A.	B-1998, S.L.	Director
Cartera Deva, S.A.	B-1998, S.L.	Director
Dominum Dirección y Gestión, S.L.	B-1998, S.L.	Director
EAC Inversiones Corporativas, S.L.	B-1998, S.L.	Director
Don Fernando Falcó Fernández de Córdova	B-1998, S.L.	Director
Don Juan Castells Masana	B-1998, S.L.	Director
Larranza XXI, S.L.	B-1998, S.L.	Director
Don Rafael Montes Sánchez	B-1998, S.L.	Director

Detail, if applicable, the relevant relations other than those contemplated in the section above, of the members of the Board of Directors that link them to significant shareholders and/or Group entities:

Name of related director	Name of related significant shareholder	Description of relationship
Cartera Deva, S.A.	B-1998, S.L.	B-1998, S.L. Shareholder Agreements
Larranza XXI, S.L.	B-1998, S.L.	B-1998, S.L. Shareholder Agreements

B.1.18. Indicate whether there were any amendments to the Rules of the Board in the year:

YES ☒ NO

Description of the amendments

Go to this link: http://www.fcc.es/fccweb/wcm/idc/groups/public/documents/document/mdaw/mde4/~edisp/ucm_012592.pdf

B.1.19. Indicate the procedure for appointing, re-election, assessing and removing directors. Indicate the competent bodies, the process and the criteria for each procedure.

The Shareholders' Meeting is in charge of appointing and removing Board members. Directors may be re-elected indefinitely one or more times, for five-year terms.

By virtue of the shareholders' agreements referred to in section A.6. of this report as regards the FCC Directors approved by B-1998, S.L., the Investors may appoint two (2) directors to FCC's Board.

Ms Esther Koplowitz Romero de Juseu, or her designated representative, may appoint all of the members of FCC's Board of Directors to which B-1998, S.L. is entitled other than those appointed by the Investors.

Moreover, Chapter IV of the Rules of the Board of Directors, 'Appointment and Removal of Directors,' establishes the following:

Article 16. Appointment, ratification or re-election of directors

1. *Proposals for the appointment or re-election of Directors submitted by the Board of Directors to the General Meeting of Shareholders for its consideration, and the appointments made by the Board using the powers of co-optation attributed to it by law must fall upon people of recognised integrity, solvency, technical competence and experience, and must be approved by the Board based on a proposal from the Appointments and Remuneration Committee, in the case of independent directors, and*

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based on a prior report of the Appointments and Remuneration Committee, in the case of other directors.

2. *If a corporate body is appointed as a director it will be necessary that it appoint one individual only for the permanent exercise of the functions attached to the position, who shall be subject to the requirements of good name, solvency, technical competence and experience and to the regime of incompatibilities and prohibitions stated in these Regulations, and on a personal basis he/she shall fulfil the director duties established in these regulations. The revocation of the representative by the corporate body acting as a director shall not be effective until a person is designated as a replacement.*

Article 18. Term of office

'1. The term of office of directors will be that established in the Bylaws, which cannot be more than six years, although directors may be re-elected.

2. *The directors appointed by co-optation will hold office until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.*

3. Directors whose mandates expire or who cease to sit on the Board for any reason cannot render services to FCC competitors for two years.

4. The Board of Directors, at its discretion, may waive or reduce this limitation for directors who are leaving.'

Article 19. Re-election of Directors

Prior to proposing re-election of any director to the General Meeting of Shareholders, the Appointments and Remuneration Committee must issue a report evaluating the quality of work and dedication of the proposed directors during their previous mandate.

Article 38.6.

'The Board in full session will devote its first meeting each year to an assessment of its own performance during the preceding year, evaluating the quality of its work and the efficacy of its rules and correcting any aspects which have been shown to be dysfunctional, if applicable. Also, based on a report drawn up by the Appointments and Remuneration Committee, that meeting will assess the performance of the Chairman of the Board and the Company's chief executive, and the performance of the Committees on the basis of the reports issued by them.

Article 20. Removal of Directors

'1. Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Bylaws.'

Article 21. Nature of the Resolutions of the Board on this subject

'Pursuant to the provisions of Article 25 of these Rules, the directors being proposed for appointment, re-election or removal may not participate in the debates or vote on these issues.'

B.1.20 Indicate the reasons for which directors may be forced to resign

Article 20 of the Rules of the Board of Directors states:

'1. Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Bylaws.

2. The directors must tender their resignation to the Board of Directors and officially resign at the Board's request in the following cases:

   a. In the case of executive directors, when they no longer occupy the positions or perform the functions by virtue of which they were appointed.
   b. In the case of proprietary directors, when the shareholder whose interests they represent disposes of its entire holding in FCC or reduces it to such a level that its number of proprietary directors must be reduced.
   c. When they fall under a situation of incompatibility or legal disqualification provided by law.
   d. When the Board, by a two-thirds majority, asks the director to resign:

      - if he or she receives a severe reprimand from the Board due to breach of his or her duties as director, based on a proposal or report by the Appointments and Remuneration Committee or

- when his or her permanence on the Board may jeopardise the Company's credibility and reputation; directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in Article 213 of the Capital Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether the director must resign or not, and it must give a justification in the Annual Corporate Governance Report.

B.1.21. Explain whether the functions of the Company's chief executive are performed by the Chairman of the Board. If so, indicate the measures taken to limit the risk of a single person accumulating power:

YES ☒ NO

Measures taken to limit risks
The FCC, S.A. Rules of the Board of Directors control these risks by vesting the powers set out in the following section in an independent director. At the meeting held on 27 January 2010, FCC's Board of Directors appointed Mr Gonzalo Anes and Álvarez de Castrillón as the independent director to undertake the functions envisaged in the last paragraph of Article 34 of the Rules of the Board of Directors.

State whether the Company has established rules to empower an independent director to request a Board meetings or the inclusion of new items on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the evaluation by the Board.

YES ☒ NO

Explanation of the rules
Article 34.3 of the Rules of the Board establishes the following: *When a Company's Chairman is also its CEO or top executive, an independent director should be empowered by the Board to request the calling of Board meetings or the inclusion of new business on the agenda, to coordinate and give voice to the concerns of external directors, and to lead the Board's evaluation of the Chairman.*

B.1.22 Is a supermajority, other than the legal majority, required in some decisions

YES NO ☒

Explain how resolutions are adopted by the Board of Directors, stating at least the minimum quorum and type of majority required to adopt resolutions:

Description of the resolution:	Quorum	Type of majority
Permanent delegation of delegable powers to the Executive Committee, the Chairman or the Managing Directors and the appointment of the Directors who will hold such posts. (All other resolutions of the Board require an absolute majority in order to be approved.)	Two-thirds of the Board members must be present or represented at the meeting 66.66%	Two-thirds of the Board members 66.66%

B.1.23 Detail whether there are specific requirements, other than those relating to directors, to be appointed Chairman.

YES NO ☒

B.1.24 Indicate whether the chairman has a casting vote:

YES NO ☒

B.1.25 Indicate whether the Bylaws or the Rules of the Board establish an age limit for Directors:

YES NO ☒

Age limit for chairman	Age limit for CEO	Age limit for directors
0	0	0

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B.1.26. Indicate whether the Bylaws or the Rules of the Board establish a term limit for Independent Directors:

YES ☒ NO

Maximum number of years in office	12

B.1.27 When there are few or no female directors, indicate the reasons for this situation and the measures taken to correct it:

In particular, state whether the Appointments and Remuneration Committee has established procedures to ensure that the selection processes have no implicit bias that might hamper the selection of female candidates, and to ensure that female candidates with the right profile are actively sought:

YES ☒ NO

Describe the main procedures
Article 42.3.h) of the Rules of the Board establishes that the Appointments and Remuneration Committee's functions include: 'Ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women candidates with the necessary professional profile, and it should explain to the Board, if applicable, via the Annual Corporate Governance Report the reason why there are few or no female directors and the initiatives adopted to correct this situation.

B.1.28 Indicate whether there are formal processes for delegating votes in the Board of Directors. If so, give a brief description.

There are no are formal processes for delegating votes on the Board of Directors.

B.1. 29 Indicate the number of Board of Directors meetings held in the year. Also, state the number of times that the Chairman did not attend the Board meeting:

Number of meetings of the Board of Directors	11
Number of Board meetings without the attendance of its Chairman	0

Indicate the number of meetings held by different Board Committees in the year:

Number of Executive or Delegated Committee meetings	9
Number of Audit Committee meetings	8
Number of Appointments and Remuneration Committee meetings	9
Number of Appointments Committee meetings	0
Number of Remuneration Committee meetings	0

B.1.30. Indicate the number of Board of directors meetings held in the year which were not attended by all members. To calculate this, absence will be considered to be those proxies granted without specific instructions.

Number of absences of directors during the year	19
% of absences over the total votes during the year	9.600

B.1.31 Indicate whether the individual and consolidated financial statements that are presented for Board approval have been certified:

YES ☒ NO

Indicate, as the case may be, the person(s) who have certified the separate and consolidated financial statements of the Company, prior to submitting them to the Board:

Nombre	Cargo
Mr. Juan Béjar Ochoa	Deputy Chairman and CEO
Mr. Víctor Pastor Fernández	Director of Finance
Mr. Antonio Gómez Ciria	Director of Administration and Information Technology

B.1.32. Detail whether the Board of Directors has established any mechanisms to avoid that the individual and consolidated financial statements authorised by it be presented to the General Meeting with audit qualifications.

One of the Audit and Control Committee's functions is the revision of the financial and economic information published periodically by the FCC Group. This revision is particularly important in the case of the annual report; therefore, prior to the Board of Directors' authorisation of the 2012 financial statements, the Audit and Control Committee thoroughly examined the statements and requested that the external auditor explain the conclusions of its review so that, once the statements were approved by the Board, the external auditor's report would contain no qualifications.

B.1.33. Is the Secretary of the Board a Director?

YES ☐ NO ☒

B.1.34. Describe the procedures for appointment and removal of the Secretary of the Board, stating whether the Appointments Committee was consulted and the appointment or removal was approved by the full session of theBoard:

Appointment and removal procedure
Art. 36.1 of the Rules of the Board: 'His appointment and removal must be approved by a full Board meeting based on a proposal by the Appointments and Remuneration Committee'.

	Yes	No
Is the Appointments Committee consulted on the appointment?	☒	
Is the Appointments Committee consulted on the removal?	☒	
Does the full Board approve the appointment?	☒	
Does the full Board approve the removal?	☒	

Is the Secretary of the Board entrusted in particular with ensuring compliance with corporate governance recommendations?

YES ☒ NO ☐

Comments
Art. 36.2 of the Rules of the Board: The Secretary shall especially see to it that the Board's actions: (i) are adjusted to the letter and spirit of the Laws and regulations, including those approved by regulatory bodies; (ii) are in conformity with the Bylaws and the Rules of the General Meeting, the Board and any others that the Company may have; (iii) and that they bear in mind the recommendations on governance included in the Bylaws and Rules of the Company.

NOTE:

The current Secretary was appointed before the Appointments and Remuneration Committee was created.

B.1.35. Indicate the mechanisms, if there are any, established by the Company to maintain the independence of auditors, financial analysts, investment banks and rating agencies.

These mechanisms are included in Article 41.4 of the Rules of the Board which states as follows:

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external Auditor.

In particular, the matters that the Board of Directors may entrust to the Audit and Control Committee include, but are not limited to, the following:

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a) Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.

b) Liaising between the Board of Directors and the Company's external Auditor, evaluating the results of each audit, with the following additional duties with respect to the external Auditor:
(i) Making recommendations to the Board of Directors for the selection, appointment, re-election and removal of the external Auditor, and the terms and conditions of his or her engagement;
(ii) receiving regular information from the external Auditor on the progress and findings of the audit programme, and checking that senior management are acting on its recommendations;
(iii) discussing with the external Auditors any significant weaknesses found in the internal control system as a result of the audits conducted;
(iv) ensuring the independence of the external Auditor and, in particular, establishing appropriate measures to ensure that:
1) contracting consulting and advisory services with that Auditor or a company of its group does not jeopardise its independence, to which end the Committee will receive an annual report from the Auditors confirming in writing their independence in respect of the Company or the entities directly or indirectly related to it and information on any additional services of any kind rendered to the companies by the Auditors or by persons or entities related to the Auditors, as provided for in the Auditing Act; and
2) the Company issues a relevant event to the CNMV as regards the change in Auditor, with a statement about any disagreements with the outgoing Auditor and their nature; where the external Auditor resigns, the Committee must examine the reasons;
(v) and seeking to ensure that the Company's Auditor takes responsibility for auditing the companies comprising the Group.

c) Issuing a report each year, prior to the publication of the audit report, expressing an opinion on the independence of the Company's Auditors or auditing companies. This report must necessarily address any additional services of the kind referred to in section b) (iv) 1 above.

d) Supervising the Company's internal audits that oversee the good operation of the information and internal control systems; the head of internal audit is obliged to present an annual work plan to the Committee and inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.

e) Supervising and analysing the risk control and management policy, identifying at least:
(i) the different types of risk to which the Company is exposed, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
(ii) the determination of the risk level the Company sees as acceptable;
(iii) the measures in place to mitigate the impact of risk events, should they occur;
(iv) and the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks, and submission to the Board for approval.

f) Supervising the preparation and presentation of the annual financial statements and management report of the Company and the consolidated group, and of the information released periodically to the markets, checking for compliance with legal provisions and the correct application of generally accepted accounting principles, and informing the Board before it adopts any of the following decisions:
(i) the financial information that the Company must release periodically by virtue of being listed, ensuring that the interim financial statements are drawn up in accordance with the same accounting principles as the annual financial statements and, to this end, considering the advisability of a limited review by the Company's external Auditor;
(ii) and the creation, or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the FCC group.

g) With respect to internal control and reporting systems:

(i) monitoring the preparation and the integrity of the financial information prepared on the Company and, as the case may be, the Group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles;
(ii) reviewing internal control and risk management systems on a regular basis, to ensure that the main risks are properly identified, managed and disclosed;

(iii) monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the head of internal audit; proposing that department's budget; receiving regular reports on its activities; and verifying that senior management are acting on the findings and recommendations of its reports;

(iv) periodically receiving information from the Response Committee and the Management Control and Risk Management Department, respectively, on how they carry out their activities and on how internal controls work;

(v) and ensuring that the internal codes of conduct and the rules of corporate governance comply with the requirements of law and are appropriate for the Company, and reviewing compliance, by the persons governed by those codes and governance rules, of their obligations to inform the Company.

h) Issuing reports and proposals as requested by the Board of Directors or the Chairman of the Board and those it deems appropriate for the best performance of its functions, particularly the report on proposed amendments to these Rules, as provided in Article 4.3.

i) Deciding on requests for information presented by directors, by virtue of Article 30.3 of these Rules, to the Committee, and requesting the inclusion of any items on the agenda of Board meetings, in the conditions and time periods established in Article 38.3 of these Rules.

B.1.36 State whether the Company changed its external auditor during the year. As the case may be, identify the outgoing and incoming auditors:

YES ☐ NO ☒

If there was a disagreement with the outgoing auditor, describe it:

YES ☐ NO ☒

B.1.37 Indicate whether the audit firm performs other work for the Company and/or its group other than auditing and, if so, state the fees received for such work and those fees as a percentage of total fees billed to the Company and/or its group:

YES ☒ NO ☐

	Company	Group	Total
Amount of other non-audit jobs (thousand euros)	52	447	499
Amount of non-audit jobs / total amount billed by audit firm (as a %.)	18.186	8.492	8.990

B.1.38 State whether the auditors' report on the previous year's financial statements had any reservations or was qualified. If it was, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualification or reservation.

SÍ ☐ NO ☒

B.1.39 Indicate the number of consecutive years that the current audit firm has been auditing the financial statements of the Company and/or its group. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Company	Group
Number of consecutive years	11	11
Number of years the current audit firm has audited / number of years the Company has been audited (as a %)	48.0	48.0

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B.1.40 Indicate the shareholdings of the members of the Company's Board of Directors in the share capital of companies engaged in the same, similar or complementary activities as that of the corporate purposes of the Company and group, of which the Company is aware. Likewise, include the offices or functions held or undertaken in such companies:

B.1.41 Indicate whether there is a procedure for directors to engage external consultants and, if so, provide details:

YES ☒ NO

Details of the procedure

Article 31 Expert assistance, of the Rules of the Board states that:

1. *In order to assist them in performing their duties, external directors are entitled to obtain the necessary assistance from the Company to perform their duties and, where necessary, to obtain advice, at FCC's expense, from legal, accounting and financial consultants and other experts.*

2. *Requests to engage external consultants or experts must be referred to the Chairman of FCC and will be approved by the Board of Directors if it considers that:*
   a. *it is necessary for the proper performance by independent directors of their assigned duties,*
   b. *the cost is reasonable, in view of the importance of the problem and the assets and revenues of FCC, and*
   c. *the technical assistance cannot be properly provided by internal FCC experts or technical personnel.*

3. *Requests for expert assistance by any of the Board Committees should not be denied except when a majority of the Board members considers that the conditions envisaged in paragraph 2 of this article are not met.*

B.1.42 Indicate whether there is a procedure for directors to have the necessary information to prepare for the meetings of the governing bodies with sufficient time and, if so, provide details:

YES ☒ NO

Details of the procedure

Article 38 Meetings of the Board of Directors, of the Rules of the Board defines the procedure as follows:

1. *The Board of Directors must meet with the necessary frequency to properly perform its functions, and whenever the interests of FCC so require, in accordance with a calendar and agendas set at the beginning of the year, to which each director, along with any of the Board's Committees, may propose the addition of other items not initially envisaged in the agenda, such proposal must be made not less than thirteen days prior to the date scheduled for the meeting. The calendar of the ordinary meetings will be set by the Board at the beginning of each year. The calendar may be modified by decision of the Board itself or of the Chairman, who will notify the directors of the change at least ten days in advance of the original meeting date, or of the modified meeting date if it is earlier.*

2. *The announcement of the ordinary meetings will be sent by post, fax, e-mail or telegram and will be authorised with the signature of the Chairman or his alternate or the Secretary or Vice-Secretary, by order of the Chairman. Notwithstanding the provisions of Article 30 of the Bylaws, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and if applicable, to vote on the issues submitted to them for their consideration. In emergency situations, at the Chairman's discretion, an immediate meeting of the Board of Directors may be called, in which case the meeting agenda will be limited to the urgent matters.*

3. *The Chairman will decide the meeting agenda. The directors and the Board Committees may ask the Chairman to include items on the agenda in the terms envisaged in section 1 of this article, and the Chairman will be obliged to include them. When a specific item is included on the meeting agenda as requested by the directors, then the directors who requested the inclusion of that item must forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the*

rest of the Board members. In view of the directors' duty of confidentiality, every effort will be made to ensure that the importance and confidential nature of the information is not used as a pretext for breaching this rule, except under exceptional circumstances at the Chairman's discretion.

4. *Board meetings may be held via telephone multi-conference, videoconference or any other analogous system so that one or more directors can attend the meeting via that system. For that purpose, in addition to stating the location where the meeting is physically held, which is where the Board Secretary must be located, the announcement must state that directors can attend via telephone conference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct, simultaneous communication among attendees. The Secretary of the Board of Directors must enter, in the minutes of meetings held in this way, in addition to the names of the directors who physically attended or those represented by another director, those who attended via telephone multi-conference, videoconference or an equivalent system.*

B.1.43 Indicate whether the Company has rules obliging directors to inform and, if appropriate, to resign in any circumstance that might harm the organisation's name or reputation, and describe any that exist:

YES ☒ NO

Explain the rules

According to Article 29 of the Rules of the Board of Directors' duty of disclosure, *'Directors must disclose the following to FCC's Appointments and Remuneration Committee through the Corporate Responsibility Department or any other that takes its place: d. Legal, governmental, or any other type of claim which, due to its significance, could have a serious effect on the reputation of FCC.'*

Also, article 20.2.d) on Removal of Directors states that *'Directors must tender their resignation to the Board of Directors and, if the latter sees fit, resign in the following cases: when their permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is indicted or tried for any of the crimes indicated in Article 213 of the Public Limited Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report.'*

B.1.44 State whether any member of the Board of Directors has informed the Company that he has been charged with, or tried for, any of the crimes indicated in Article 124 of the Public Limited Companies Act:

YES NO ☒

State whether the Board of Directors has analysed the case. If it has, give a reasoned explanation on the decision made regarding whether it is fit for the director to remain in office.

YES NO ☒

Decision made	Reasoned explanation	Typology

B.2 Board of Director Committees

B.2.1 List the Committees of the Board of Directors and their members:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type of director
Mr. Baldomero Falcones Jaquotot (see note)	Chairman	Executive
Carteda Deva, S.A.	Director	Proprietary
Dominum Desga, S.A.	Director	Proprietary
EAC Inversiones Corporativas, S.L.	Director	Proprietary
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary
Mr. Juan Castells Masana	Director	Proprietary

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AUDIT COMMITTEE

Name	Position	Type of director
Mr. Gonzalo Anes y Álvarez de Castrillón	Chairman	Independent
Dominum Desga, S.A.	Director	Proprietary
EAC Inversiones Corporativas, S.L.	Director	Proprietary
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary
Mr. Juan Castells Masana	Director	Proprietary

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type of director
Dominum Desga, S.A.	Chairman	Proprietary
Mr. Antonio Pérez Colmenero	Director	Proprietary
Cartera Deva, S.A.	Director	Proprietary
Dominum Dirección y Gestión, S.L.	Director	Proprietary
EAC Inversiones Corporativas, S.L.	Director	Proprietary
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary
Mr. Gonzalo Anes y Álvarez de Castrillón	Director	Independent
Mr. Juan Castells Masana	Director	Proprietary
Mr. Rafael Montes Sánchez	Director	Proprietary

STRATEGY AND INVESTMENT COMMITTEE

Name	Position	Type of director
B-1998, S.L.	Chairman	Proprietary
Cartera Deva, S.A.	Director	Proprietary
Dominum Desga, S.A.	Director	Proprietary
Dominum Dirección y Gestión, S.L.	Director	Proprietary
EAC Inversiones Corporativas, S.L.	Director	Proprietary
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary
Mr. Javier Ribas	Director	Independent
Mr. Juan Castells Masana	Director	Proprietary
Larranza XXI, S.L.	Director	Proprietary
Mr. Rafael Montes Sánchez	Director/ Secretary	Proprietary

B.2.2 Indicate whether the following functions are attributed to the Audit Committee:

	Yes	No
Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the Group, checking for compliance with legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles.	☒	
Periodically check the systems of internal control and risk management, in order that the principal risks are identified, managed and announced adequately.	☒	
Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-election and removal of the head of internal audit; propose the department's budget; receive regular reports on its activities; and verify that senior management are acting on the findings and recommendations of its reports.	☒	
Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.	☒	
Make recommendations to the Board for the selection, appointment, re-election and removal of the external auditor, and the terms and conditions of his/her engagement.	☒	
Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.	☒	
Monitor the independence of the external auditor	☒	
In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.	☒	

B.2.3 Give a description of the rules of organisation and functioning, together with the responsibilities attributed to each one of the Board committees.

Committee name
STRATEGY AND INVESTMENT COMMITTEE

Brief description
STRATEGY COMMITTEE:
This Committee is governed by Article 43 of the Rules of the Board of Directors.

1. *… made up by the Directors appointed by the Board of Directors for a period not to exceed their terms as directors, notwithstanding the possibility that they may be re-elected indefinitely to the extent that they are also re-elected as directors. The majority of the members of the Strategy Committee will be external directors.*

2. *The Strategy Committee will choose a Chairman from among its non-executive members. The Committee will also designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted.*

3. *The members of the Strategy Committee will step down from the Committee when they cease to be Directors or when decided by the Board.'*

4. *It is a function of the Strategy Committee to assist the Board of Directors in determining the Group's strategy based on the guidelines set out by the Board, preparing such reports and proposals as may be necessary.*

[…]

6. *To perform its functions optimally, the Strategy Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Rules will apply.*

7. *The members of the Strategy Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers may speak at the meetings but cannot vote.*

8. *The Strategy Committee will meet periodically and as convened by the Chairman or requested by two Committee members. On a yearly basis, the Committee will draft an action plan for the coming year which it will submit to the Board.*

9. *The minutes of each Committee meeting will be drafted and signed by the Committee members in attendance.*

10. *Any member of the Company's management team or personnel of FCC Group who is asked to attend the Strategy Committee's meetings will be obliged to attend, collaborate and provide the information at his disposal.*

11. *The Strategy Committee will have access to all of the documentation and information needed to perform its functions.*

12. *The Strategy Committee will regulate its own operations to the extent that they are not regulated in these Rules and in the Bylaws, whose provisions relating to the operations of the Board of Directors will apply specifically insofar this is possible considering the nature and functions of the Committee.*

Committee name
APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description
This Committee is governed by Article 42 of the Rules of the Board of Directors.
1. It will be composed of a minimum of three Board members appointed by the Board of Directors. The majority of its members will be external directors and the Chairman will be appointed from among the latter. The term of the members of the Appointments and Remuneration Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-elected indefinitely so long as they are also re-elected as directors.

2. The Appointments and Remuneration Committee will regulate its own functioning pursuant to the Corporate Bylaws and these Rules. The Committee will designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the development of the deliberations, the contents of the deliberations and the

resolutions adopted; the minutes must be signed by the members of the Committee who attended the meeting in question. The members of the Appointments and Remuneration Committee will step down from the Committee when they step down as directors or when decided by the Board of Directors.

There shall be a quorum at the Appointments and Remuneration Committee meetings when the majority of its members are present or represented; its resolutions are to be passed by an absolute majority of the members present or represented and the Chairman shall have a casting vote in the event of a tie.

3. The Appointments and Remuneration Committee will have the powers to inform, advise and propose within its areas of competence, and it will have the following functions in particular, in addition to those already indicated in these Rules:

a) Evaluating the balance of skills, knowledge and experience on the Board, defining the roles and capabilities required of the candidates to fill each vacancy, and deciding the time and dedication necessary for them to properly perform their duties. Any director member may suggest directorship candidates to the Appointments and Remuneration Committee for its consideration.

b) Examining or organising appropriately the succession of the Chairman and CEO, making recommendations to the Board so the handover proceeds in a planned and orderly manner.

c) Proposing the appointment and re-election of independent directors and advising on proposals for the appointment and re-election of the other directors.

d) Advising on proposals to maintain independent directors in their positions after 12 years and advising on proposals for the removal of independent Directors, in accordance with Article 20.3.

e) Advising on the appointment and removal of senior managers proposed to the Board by the CEO, and proposing the candidates for senior executive positions in the Company, in addition to those envisaged in Article 2.2. of these rules, and making the proposals for reprimands envisaged in Article 20.2.d) of these Rules. The Committee will also issue a report before any appointment to a position or office whose annual remuneration is equal to or greater than the figure established by the Appointments and Remuneration Committee and reported to the Board of Directors in each case.

f) Overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior managers, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior managers, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares. It may also propose to the Board of Directors the distribution among the Directors of the remuneration arising from their membership of the Board that is resolved by the General Meeting of Shareholders, pursuant to the provisions in the Corporate Bylaws and in these Rules.

g) Preparing and maintaining a record of the status of Directors and senior managers of FCC.

h) Ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile, and the Annual Corporate Governance Report must disclose the reason why there are few or no female directors and the initiatives adopted to correct this situation.

i) Advising on the proposed appointment of members of the Board of Directors Committees.

j) Advising on the appointment and removal of the Secretary of the Board.

k) Verifying the qualifications of the directors under Article 6.4.

l) Receiving the information provided by directors under Article 24.2 of these Rules.

m) Advising on any professional or commercial transactions referred to in Article 25.3 of these Rules, if applicable.

n) Advising on the use, for the benefit of a director, of business opportunities or assets of FCC which have been previously studied and ruled out by the FCC Group, as referred to in Article 27.1 and 27.3 of these Rules.

o) Receiving and keeping in custody the registration of situations mentioned in section e) above and the personal information furnished by the Directors, as established in article 29 of these Rules.

p) Requesting, as the case may be, the inclusion of items on the Agenda of Board meetings, under the conditions and in the terms provided in article 38.3 of these Rules.

When dealing with matters referring to the Executive Directors and Senior Managers, the Appointments and Remuneration Committee will consult with the Chairman and the CEO of the Company.

4. The Appointments and Remuneration Committee will regulate its own operations to the extent that they are not regulated in the Bylaws and these Rules, whose provisions relating to the operation of the Board of Directors will apply specifically insofar as this is possible considering the nature and functions of the Committee.

5. The Appointments and Remuneration Committee will have access to all of the documentation and information needed to perform its functions. The members of the Appointments and Remuneration Committee may be assisted during their meetings by up to two advisers per Committee member, as required. Such advisors may attend meetings but not vote, and the provisions of Article 31 of these Rules will apply to them.

6. The Committee will meet periodically, at least once per quarter, and when convened by the Chairman or requested by two Committee members. On a yearly basis, the Committee will draft an action plan for the coming year which it will submit to the Board.

Committee name
EXECUTIVE OR STANDING COMMITTEE

Brief description
EXECUTIVE COMMITTEE
Its rules are determined by Article 36 of the Bylaws of FCC, which are extracted below:

'... The Executive Committee will be convened by the Chairman, on its own initiative or upon the request of two Committee members. The notice will be sent by letter, telegram, e-mail or fax to each of the Committee members at least 48 hours in advance of the meeting date. The Executive Committee may be convened immediately for reasons of urgency, in which case the meeting agenda will be limited to the issues which caused the urgency.

The meetings shall be held at the Company's registered offices or another location designated by the Chairman and indicated in the announcement.

In order for the Executive Committee to be quorate, there must be a majority of members present or represented. Absent members may be represented by another member of the Executive Committee by notifying the Chairman in writing.

The deliberations will be directed by the Chairman. If the Chairman is absent, the meeting will be chaired by a Committee member chosen by majority vote of those in attendance

The Chairman will give the floor to those attendees who wish to speak.

Resolutions will be passed by absolute majority of the Committee members.

In the event of a tie, the matter will be forwarded to the Board of Directors. In this case, the members of the Executive Committee will request that a meeting be convened as provided for in Article 30 of the Bylaws...'

Additionally, Article 40 of the Rules of the Board of Directors establishes that:

2. *....The Board of Directors will designate the directors to form part of the Executive Committee, ensuring as far as possible that its structure is similar to that of the Board*

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itself in terms of the various categories of director. The Secretary of the Board will also be the Secretary of the Executive Committee.

3. *The Executive Committee will be composed of a minimum of five and a maximum of ten members.*

4. *The members of the Executive Committee will step down from the Committee when they cease to be Directors or when decided by the Board.*

5. *Any vacancies arising will be filled as quickly as possible by the Board of Directors.*

6. *In the absence of the Chairman of the Executive Committee, a Committee member will be chosen to perform his functions.*

7. *The Executive Committee will hold ordinary meetings in the months when a Board of Directors meeting is not scheduled, apart from the month of August, and it may meet on an extraordinary basis when required by the Company's interests. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and vote.*

8. *The Executive Committee will be convened as established in Article 35 of the Bylaws, although, except in the event of a justified emergency, every effort will be made to ensure at least ten days' advance notice. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to vote.*

9. *The Executive Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting.*

10. *The Executive Committee, through its Chairman, will inform the Board of the business transacted and the decisions made by the Committee, and a copy of the minutes of each meeting will be given to each director.*

11. *In all other matters, the Executive Committee will be governed by the pertinent provisions of the Bylaws and, specially, by the provisions relating to the Board of Directors contained in the Bylaws and these Rules.*

Committee name
AUDIT COMMITTEE

Brief description
AUDIT AND CONTROL COMMITTEE

This Committee is governed by Article 41 of the Rules of the Board of Directors. It must comprise at least three Directors designated by the Board of Directors taking into consideration their knowledge and experience of accounting, auditing or risk management; all of its members will be external directors, and the Committee will appoint a Chairman from among its members, who will hold office for no more than four years; it may also appoint a Vice-Chairman. The term of the members of the Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-elected indefinitely so long as they are also re-elected as directors.

At least one of the members of the Audit and Control Committee must be an independent director and will be appointed based on his/her accounting and/or auditing expertise and experience.

The Secretary and Vice-Secretary, if any, shall be chosen by the Committee and need not be Board members.

The members of the Committee may obtain advice from external professionals. These advisers will attend the meetings and may speak but not vote.

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervision duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors.

Its main responsibilities include:

- Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.
- Liaising between the Board of Directors and the external auditor, evaluating the results of each audit.

- Supervising the Company's internal auditing services.
- Analysing the risk control and management policy.
- Supervising the process of drafting the separate and consolidated financial statements and management reports and the regular financial disclosures to the market.
- Issuing a report each year, prior to the publication of the audit report, expressing an opinion on the independence of the Company's auditors. This report must necessarily address any additional services rendered.

B.2.4 Indicate the advisory and consultative powers and, where applicable, any powers delegated to each Committee:

Committee name
EXECUTIVE OR STANDING COMMITTEE

Brief description
The delegation of powers to the Board Committees is governed by Article 40 of the Rules of the Board of Directors and Article 35 of the Bylaws.

All the duties and powers necessary to conduct the Company's business are permanently vested in the Executive Committee, except for those powers declared to be non-delegable under Article 141.1 of the Public Limited Companies Act and those reserved for the full Board of Directors as non-delegable, as set out in Article 7 of the Rules of the Board of Directors.

In the exercise of the powers and duties referred to above, the Executive Committee may empower others to act either individually or jointly with other representatives, setting the scope, limitations and conditions it deems pertinent. The Executive Committee may also revoke the powers thus granted.

Article 40.1 of the Rules of the Board of Directors establishes that 'The Board may set up an Executive Committee in which it may permanently delegate all of the powers vested in the Board of Directors with the exception of those which, by law or under the Bylaws or these Rules, may not be delegated. Unless otherwise stipulated in the delegation of powers by the Board of Directors, the Executive Committee will have specific responsibility for deciding on investments, divestments, credits, loans, guarantee and bonds and other financial facilities for unit amounts not exceeding the figure that is established in each case in accordance with Article 7.2.j).

Also, in situations of emergency the Executive Committee will exercise the following powers attributed to the Board of Directors, under Article 8 of these Rules, which must be reported to the Board of Directors for subsequent ratification: the appointments and removal of senior managers and their indemnity clauses, periodic public financial information, strategic investment and transactions, and those covered by Article 8.3.f).'

As regards the advisory and consultation powers of Committees, see section B.2.3.

B.2.5 Indicate any rules governing the Committees of the Board of Directors, where they are made available for consultation and any changes to these rules during the year. Also, indicate whether an annual report on each Committee's activities has been drafted voluntarily.

Committee name
EXECUTIVE OR STANDING COMMITTEE

Brief description
The Rules of the Board of Directors, amended on 12 April 2012, govern the regulation of the functioning of the different Board Committees: Executive Committee (article 40), Audit and Control Committee (article 41), Appointments and Retribution Committee (article 42) and Strategy Committee (article 43).

As established in article 38.6 of the Board Rules ('The Board in full session will devote its first meeting each year to an assessment of its own performance during the preceding year, evaluating the quality of its work and the efficacy of its rules and correcting any aspects which have been shown to be dysfunctional. Also, based on a report drawn up by the Appointments and Remuneration Committee, that meeting will assess the performance of the Chairman of the Board and the Company's chief executive, and the performance of the Committees on the basis of the reports issued by them.'), the Board of Directors, at its meeting of 3 February 2012, evaluated its performance and that of its Committees compared to the year 2011.

This evaluation analysed not only the performance of the Board but also that of each and every one of the different Committees (Executive Committee, Audit and Control Committee, Appointments and Remuneration Committee and Strategy Committee).

Both the Board and its Committees and the Chairman and CEO have performed their powers and functions with quality, organising their work in compliance with all the procedures, while at the same time undertaking to continuously improve their management. The evaluation also highlights the fact that the different Committees supported the launch of a number of projects aligned with the Group strategy, which has given the Board greater efficacy and transparency in its management to fulfil its main purpose: to protect the corporate interest, understood as the maximisation, in a sustainable manner, of the economic value of the Company, in accordance with article 22.1 of the Rules of the Board of Directors and recommendation no. 7 of the Unified Code of Governance for Listed Companies.

B.2.6 Indicate whether the executive Committee's composition reflects the composition of the Board in terms of director type:

YES	NO ☒

If it does not, detail the composition of the Executive Committee

The composition of the Executive Committee is as follows: 83.3% external Directors and 16.7% executive Directors; the composition of the Board of Directors is: 88.9% external directors and 11.1% executive directors.

C. RELATED PARTY TRANSACTIONS

C.1 State whether the Board of Directors, in full session, has reserved for itself the power to approve, subject to a favourable report by the Audit Committee or any other Committee entrusted with such duties, the Company's transactions with directors, significant shareholders or shareholders with Board representation or with persons related to any of them.

YES ☒	NO

C.2 Detail any significant transactions involving a transfer of funds or liabilities between the Company or subsidiaries in its group and significant shareholders of the Company:

C.3 Detail any transactions involving a transfer of funds or liabilities between the Company or subsidiaries in its group and directors or executives of the Company:

Name of significant shareholder	Name of group company or entity	Nature of relationship	Type of transaction	Amount (thousand euros)
B-1998, S.L.	FCC Medio Ambiente, S.A.	Contractual	Rendering of services	3
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of services	2

C.4 Detail the significant transactions between the Company and other companies in the group, except those that are eliminated in consolidation or do not form part of the Company's normal operations with regard to their purpose and conditions:

NOTE:

Numerous transactions have been carried out between Group companies that are part of the ordinary course of business and, in any case, they are eliminated in the process of drawing up the consolidated financial statements.

C.5 Indicate whether the members of the Board of Directors have been in situations of conflict of interest throughout the year, pursuant to Article 127.3 of the Public Limited Companies Act.

YES		NO	☒

NOTE:

The directors of Fomento de Construcciones y Contratas, S.A. have communicated that they do not perform any professional duties, as independent professionals or as employees, at companies whose business is identical, similar or supplementary to that of the company.
Mr Henri Proglio is also a member of the Board of Directors of FCC, a member of the Board of Directors of Veolia Environnement, S.A. and Chairman of Electricité de France (EDF).
The rest of the members of the Board of Directors of the company do not own holdings in the capital of companies with activities that are identical, similar or supplementary to those comprised in the corporate purpose of Fomento de Construcciones y Contratas, S.A.

C.6 Describe the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or the group and its directors, executives or significant shareholders.

Article 25.2, 25.3, 25.4, 25.5 and 25.6 of the Rules of the Board of Directors establishes that Directors must give due advance notice to the Board, via the Corporate Responsibility Department or any other that takes its place, of any situation that may give rise to a conflict of interest with the Company or any of the companies in the FCC group of companies or their related companies. Under Article 25.3, in the following cases, the prior written consent of the Board of Directors of FCC, which may not be delegated, based on a favourable report from the Appointments and Remuneration Committee, will be required:

a. Provision by a director or a related party to companies of the FCC Group of professional services other than those deriving from the employment relationship with executive Directors.

b. Sale or disposal by any other means, for good and valuable consideration of any type, of supplies, materials, goods or rights in general by a director, significant shareholder or shareholder represented on the Board, or their related parties, to companies of the FCC Group. For this purpose, related party is as defined in Article 127ter.5 of the Public Limited Companies Act.

c. Transfer of supplies, materials, goods or rights in general outside the seller's normal course of business by a company of the FCC Group to a Director, significant shareholder or shareholder represented on the Board, or their related parties.

d. Provision of works or services or the sale of materials by companies of the FCC Group to a director, significant shareholder or shareholder represented on the Board, or their related parties, in the normal course of the former's business, at lower than market prices.

4. The authorisation referred to in item 4 above will not be necessary for related-party transactions that fulfil all of the following three conditions:

   a) They are governed by standard form agreements applied on an across-the-board basis to a large number of clients.

   b) They are performed at market prices or rates generally set by the person supplying the goods or services.

c) Their amount does not exceed 1% of the Company's annual revenues.

5. In any event, all material transactions of any kind between directors and FCC, its subsidiaries or associated companies must be disclosed in the Annual Corporate Governance Report. This obligation extends to material transactions between the Company and its significant shareholders (direct and indirect).

Under Article 25.1, a Director is likewise considered to have an indirect interest when that matter affects a related party.

C.7 Is more than one Group company listed in Spain?

YES ☒ NO

Identify the subsidiaries that are listed:

Listed subsidiary
Cementos Portland Valderrivas, S.A.

Indicate whether a public definition been established describing precisely the respective business relationships between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies:

YES NO ☒

Define any business relationships between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms for resolving conflicts of interest

D. RISK CONTROL SYSTEMS

D.1. Describe the risk policy of the Company and/or its group, detailing and assessing the risks covered by the system, and justify why those systems conform to each type of risk.

1. Risk Management at FCC Group

As established in the eighth recommendation of the Unified Code of Corporate Governance for Listed Companies published by the CNMV, and as described in the eighth article of the Rules of the Board of Directors, among the Group's general policies and strategies that are reserved for the approval of the Board of Directors due to their impact on the Company's business are the risk control and management policies and the regular monitoring of internal reporting and control systems.

The Board of Directors is supported in this regard by the different governing bodies and Committees described in part D.3. FCC's general commitment to risk management takes the form of a series of corporate policies, including those established in the Manual of General Standards, a specific, universal and dynamic risk management system and other risk control systems that are described later in this section.

2. General Rules of Organisation and Operation

The Group's general organisational and operating rules provide the framework applicable to all members of the organisation, the powers vested at each hierarchical level and the basic principles guiding the operating processes in order to mitigate the most significant risks. These principles serve as the foundation for the more specific rules governing the processes in each business area or function.

The Manual of General Standards, which encompasses all of these, is divided into different sections, chapters and parts:

3. Risk management system

3.1 Organisation and operation

FCC Group has a comprehensive risk management policy, which is gradually being extended, that will enable it to deal effectively with all of the risks to which its business operations are exposed. The chosen model includes devising an advance risk map using Enterprise Risk Management (Coso II) methodology which provides management with valuable information and contributes to the definition of the Group's strategy. The tool is used at the regularly scheduled risk Committee meetings to analyse and evaluate the risks of the different business areas. Supported by the people responsible for risk management in the different business areas, as 'risk management coordinators', the Group Management is currently in the process of redefining and improving the management of the above-mentioned risks, including those related to financial reporting and the drawing up of those reports, both in the definition and assignment of responsibilities on risk management in the operating area and in the preparation of procedures and methods, which include:

- Identifying key risks for FCC Group based on the potential threat they pose to the achievement of the Group's objectives.

- Evaluating risks. The risk evaluation scales are defined in terms of the potential impact they could have if they were to materialise and the likelihood that they will occur.

- Additionally, for risks exceeding the Risk Accepted for each sector of activity, the necessary action plans are established with corrective measures to keep their critical levels within the Accepted Risk area. These action plans include the actions needed to reinforce existing controls and they even incorporate new controls thereto.

- From time to time Risk Committees are held in the different Business Areas, analysing the identified risks and monitoring them.

- Mechanisms for periodically reporting the results of the risk evaluation and monitoring process.

- Implementation of specific procedures for documenting risk management in the decision-making process.

3.2. Risk Classification

FCC Group, in keeping with the best business practices in this field and applying the Coso II methodology, has classified its risks as follows:

a) **Strategic risks.** These are the key risks related to the Group's strategy and hence managed on a priority basis. These risks are related to the markets/countries/sectors where FCC Group operates. Also included in this category are reputational, innovation and economic planning risks.

b) **Operating risks.** These risks are related to operations management and the value chain of each one of the business areas where FCC Group operates. They include the risks related to tender and contracting processes, selection of partners, subcontractors and suppliers, human resource management and permanent personnel training.

c) **Compliance risks.** These are the risks affecting internal and external regulatory compliance, including those relative to the compliance with FCC Group's code of ethics, compliance with applicable laws regarding legal, fiscal, ICFR, data protection, quality, environmental, information safety and occupational risk prevention matters.

d) **Financial risk.** Risks associated with the financial markets and with the generation and management of cash. Financial risks include those related to liquidity, cash management, access to financial market, exchange rates and interest rates.

4. Risk control systems

4.1 Strategic risk control

The key systems for controlling strategic risks include the following:

Strategic planning/market/country

FCC Group's strategic planning process identifies the objectives to be met in each business area based on the improvements to be introduced, the market opportunities and the level of risk considered acceptable. On the basis of this process, the Group designs operating plans specifying the targets to be achieved each year.

To mitigate the market risks inherent to each business area, the Group maintains a diversified position between businesses related to infrastructure construction and management, environmental services, energy and others. In the field of geographic diversification, in 2012 foreign activity accounted for 57% of total sales, being particularly important in the Group's most significant areas, infrastructure construction and environmental services.

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Technological capacity/Innovation

FCC Group is aware that its success in the highly competitive markets where it operates depends on offering clients added value through technical and economic capabilities. In this regard, FCC Group is very active in the field of technological research and innovation and also places a great deal of importance on the on-going training of its personnel.

FCC has outsourced the management of its information infrastructure and telecommunications systems. FCC Group has also implemented a common information system which is intended to cover its individual financial reporting needs and to standardise the process of consolidating the Group's economic-financial information. Furthermore, the Group is currently in the process of implementing a corporate balance scorecard card that will automatically provide management indicators, which will increase the quantity and quality of the information available to management.

In terms of supplier, purchasing and billing management, personnel training and tender submission, FCC Group is implementing new technological systems intended to mitigate the risk of material error or fraud. These systems are described in other sections of this report.

Reputation management / Corporate governance

Reputation management is part of FCC Group's Code of Ethics and of the work developed in matters related to Corporate Responsibility and ethics. Social responsibility policies are an integral part of FCC Group's philosophy which holds that the operation of a business requires a firm commitment to society.

Once again in 2012, the Company's corporate responsibility performance and results have been recognised by a number of renowned independent observers. Most notable among them, the selective responsible investment indices DJSI World, Stoxx. FTSE4good and, the FTSE Ibex 35.

The Spanish Carbon Disclosure Project (CDP) report recognised FCC for its system of analysing risks and opportunities in the field of climate change.

4.2. Operating risk control systems

Some of the most significant operating risk control systems for FCC Group are listed below:

Contracting and tendering management systems

The risks and opportunities arising during the tendering and contracting process constitute one of the main challenges faced by FCC Group. The Company has formally established policies and procedures that focus on technical quality, technological capacity, economic feasibility and competitive bidding. Accordingly, the process of preparing, submitting and monitoring bids must be authorised at various levels within the organisation, the main bid preparation tasks being entrusted to the highly qualified technical staff of the specific departments. To this end, FCC Group is in the process of implementing a specific risk management procedure for bidding, contracting and execution phases.

Selection of partners, subcontracting and suppliers

The Group has a rigorous process for selecting the partners with whom it works in different business areas which consists of applying the procedures contained in FCC Group's Manual of General Standards.

The risks associated with subcontracting are controlled by uniformly applying the subcontracting model established by FCC Group in accordance with the aforementioned Manual of General Standards, which establishes a protocol of action indicating the minimum requirements for FCC Group companies to be able to subcontract public or private sector contracts.

The Human Resources Manual also defines the labour responsibilities assumed by FCC Group in connection with the personnel subcontracted for projects or services.

Regarding supplier management, the e-commerce platform implemented by FCC Group makes it possible to manage all of the processes on the procurement and supply chain as well as supplier relations, from requests for proposals to billing, all of which is handled electronically to minimise the risk of material errors and fraud.

Human resources management and on-going personnel training

FCC Group is working on an ambitious project to modernise its information system and personnel management system, incorporating all of the information into a single, global database for the entire Group in order to support and facilitate the human resources management process.

The project also includes a SAP computer tool for designing and implementing the payrolls of all FCC Group companies in Spain in order to enhance the security, quality and uniformity of the payroll process.

To coordinate the entire process and mitigate the risks involved, FCC Group has created a 'shared services centre' where these projects are being carried out.

FCC Group has training procedures in place which take the form of structured training plans based on both regularly scheduled basic and refresher training courses as well as 'ad hoc' training to cover specific needs as they arise. In particular, FCC Group has training plans in place for all personnel involved in the preparation of the Group's financial statements. This plan is constantly being updated to adapt to the business and regulatory environments in which FCC Group's companies are operating and to be updated on changes to International Financial Reporting Standards and the regulation and evolution of internal controls on financial reporting.

In the 2012 Corporate Training Plan, specific training has been included related to Risk Management, including risks associated to ICFR and its evaluation, as well as criminal risks derived from the responsibility of legal entities.

4.3. Compliance risk control systems

The key systems for controlling regulatory compliance risks are as follows:

Code of Ethics

FCC Group has a Code of Ethics in place that regulates the guiding principles of Group employees' conduct and the relations between Group employees and other stakeholders. Compliance with the Code of Ethics is mandatory for all Group employees and for those third parties who accept it voluntarily.

FCC Group's Code of Ethics is a tool for guiding the Group's actions in matters of a social, environmental or ethical nature of certain significance. The Group offers an online training tool for the Code of Ethics. Persons bound by the Code of Ethics have the obligation to report any breaches of the Code. To do so, they may use the established channels and procedures to report incidents confidentially, in good faith and without fear of reprisals. FCC Group has established a general communication procedure for matters related to the Code of Ethics, and motivated by the recent reform of the Criminal Code, FCC Group has drafted a Crime Response and Prevention Manual which is explained in the following section on legal risk management.

Legal risk management systems

FCC Group has implemented procedures to guarantee compliance with the laws regulating each one of the Group's business activities. The departments that specialize in regulatory compliance stay abreast of regulatory changes, advising the Group's units accordingly and issuing standards as needed to standardize the Group's criteria and guarantee compliance with the law.

For operations outside of Spain, FCC Group seeks legal advice from local professionals in relation to the specific laws and regulations that affect the Group's business in each country.

Regarding the recent reform of the Criminal Code as it relates to the criminal liability of legal entities, FCC Group has drafted a Crime Response and Prevention Manual which has two clearly differentiated parts:

- The first part deals with prevention and consists of identifying and updating any conduct within the Group that may involve the risk of committing a crime and then planning and implementing controls to mitigate these risks. To do so, the Group has set up certain oversight bodies and mandatory procedures. In the year 2012 a report was drawn up on the operation of the internal controls established in the catalogue of priority of offences and risk behaviours.

- The second part deals with the bodies and procedures implemented to respond to behaviours which could constitute the commission of a crime within FCC Group, especially conduct which could be interpreted as illegal.

Fiscal risk management systems

Within the context of the delegation of powers agreed by the Board of Directors and the Chairman and the business model established in the FCC General Standards and the Financial-Economic Manual, in addition to the specific powers vested in the person responsible for the Fiscal Division, the functions of this Division include: proposing standards relative to the Group's fiscal policies; advising on and coordinating corporate acquisitions and reorganisations; and providing advice to the different business areas in connection with their activities.

In addition, in order to minimise fiscal risks and ensure proper reporting and control, FCC, along with other large Spanish Corporations and the Spanish tax authorities, is a signatory

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to the Code of Good Tax Practices approved by the Business Forum, and it complies with the contents thereof. In compliance with the terms of the Code, the Tax Division reports to the Audit and Control Committee on the Group's tax policies through the Directorate General of Administration and Information Technology.

Internal Control over Financial Reporting (ICFR)

Publicly listed companies are obligated to disclose information in the Annual Corporate Governance Report (ACGR) on their Internal Control over Financial Reporting (hereinafter ICFR) and the Audit Committees of publicly listed companies have assumed new internal control responsibilities as well.

In this regard and in connection with the good practices proposed in the report published by the CNMV, FCC Group has prepared an ICFR Report for 2012 which is enclosed with this Annual Corporate Governance Report and has been subject to an external audit.

Personal data protection systems

The processing of personal data, primarily for compliance with the Data Protection Act (LOPD) is specifically regulated in the markets where FCC operates. To manage the risk of non-compliance, there is a programme that measures the impact on each business area and then establishes the necessary legal, organisational and technical controls in each case. This programme defines the legal, organisational and technical controls necessary for each case.

Quality Management Systems

Formal quality control systems are firmly in place in the different activity areas of FCC Group. These Quality Mangement Systems have been certified according to UNE-EN ISO 9001 standard, and regularly pass the periodic evaluations performed by external professionals.

The quality control committees in the different areas of the Group are the supreme executive bodies with the authority to establish guidelines, oversee compliance and review systems.

Environmental management systems

FCC Group's business areas apply environmental management systems that focus on:

a) Compliance with the environmental regulations applicable to the activities of each area.

b) Establishment and attainment of continuous improvement targets beyond those required by prevailing legislation or contracts.

c) Minimising environmental impacts through proper operational control.

d) An on-going analysis of risks and possible improvements.

By implementing these quality assurance systems in the different business units according to UNE-EN, the Group has obtained ISO 14001 certification for its Environmental Management System.

Information security systems

FCC Group has an operating unit entrusted with analysing and mitigating the factors that could lead to a security failure in its information systems.

For each new project that involves changes to FCC Group's information system, the risks are analysed to determine the specific threats and define the pertinent measures. With regard to information processing risk, FCC Group has established a Corporate Information Security Policy laying down common information management criteria to mitigate those risks which could affect the confidentiality, availability and integrity of information. These criteria are based on the internationals standards of the International Standardisation Organisation (ISO) contained in the ISO 27000 family standards.

As a consequence of this policy, the Company has defined a Code of Conduct for the use of information technologies and different protocols for managing incidents in relation thereto. Controls have been implemented to guarantee user access to the resources for which they are authorised based on their need to know and their assigned roles.

FCC Group has a monitoring system known as 'Data Leak Prevention' to detect and prevent the risk of classified data leaks through information systems.

FCC Group has a Security Operation Centre (SOC) that operates 24/7 to address the growing threat of attacks from the internet and information leaks.

As mentioned above, FCC Group has outsourced the rendering of information infrastructure management services. Furthermore, investments are being made to standardise the architecture of FCC's system and to remove any differences between the environments managed by Group companies in terms of availability and integrity.

FCC has thus guaranteed the efficient use of its information system while ensuring the most effective operation and management of its information system based on best practices for information technology service management (ITSM).

Occupational risk prevention systems

One of FCC Group's priorities is to guarantee top level health and safety of its personnel and to strictly comply with all labour legislation, as evidenced by the Occupational Risk Prevention Policy approved by the Board of Directors. To achieve this, occupational risk prevention systems have been implemented in all business areas and the Group companies received OHSAS 18001 certification, successfully passing the periodic evaluations conducted by external professionals. For standardisation purposes and as a global management instrument to ensure that the organisation's standards are met, a new Corporate Occupational Health and Safety Manual that entered into force in 2012, the guidelines of which are being incorporated into existing management systems. This is aimed at permanently reducing occupational accidents with a horizon of 'Zero Accidents'.

The certification of the occupational risk prevention management systems has been incorporated as a global strategic objective in Human Resources.

4.4. Financial risk control systems

Financial risk refers to changes in the value of financial instruments contracted by FCC Group due to political, market and other factors, and the effect of such changes on the financial statements. FCC Group's risk management philosophy is consistent with its business strategy, as it strives for maximum solvency and efficiency at all times. In that regard, the Group has set out stringent financial risk management and control criteria for identifying, measuring, analysing and controlling the risks faced in the course of the Group's operations. This risk policy is correctly integrated into the Group's organisational structure.

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

Capital risk

FCC Group manages its capital to ensure that FCC Group companies are able to continue as profitable businesses, while maximising shareholder returns.

FCC Group's overall strategy continues to focus on geographical diversification, developing and expanding activities in OECD countries and selectively in emerging economies.

The Finance Department that is responsible for the management of financial risks, periodically reviews the capital structure of subsidiaries as well as the debt-equity ratio and compliance with the financing covenants.

Interest rate risk

In order to ensure a position that is in FCC Group's best interest, an interest-rate risk management policy is actively implemented, constantly monitoring the market and taking different positions mainly depending on the asset that is financed.

Foreign exchange risk

A noteworthy consequence of FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

Solvency risk

The most relevant ratio for measuring solvency and repayment capacity is: the Net Debt/EBITDA ratio. FCC Group's ratios are reasonable and comply with the covenants agreed with lenders.

Liquidity risk

This risk arises from timing differences between the resources generated by the business and the need for financing.

To properly manage this risk, FCC monitors the maturity dates on the policies and financing agreements of all Group companies very closely in order to negotiate the renewals in a timely manner under the best conditions the market has to offer. The conditions of the financing are analysed on a case-by-case basis and if they are found not to be advantageous to the Group alternatives are considered.

Also, with the purpose of mitigating liquidity risk, FCC Group is present in various markets in order to facilitate the obtainment of financing.

Concentration risk

This risk arises from the concentration of financing transactions with common features and is broken down a follows:

- Sources of financing: In order to diversify this risk, FCC Group works with a large number of domestic and international financial institutions to obtain financing.
- Markets/geographical area (Spanish, abroad): FCC Group operates in a wide variety of markets in Spain and other countries; the Group's debt is denominated primarily in euros and the rest is in various international markets with different currencies.
- Products: FCC Group uses diverse financial products: loans, credit facilities, debentures, syndicated operations, assignments, discounts, etc.
- Currency: FCC Group finances its operations using a number of different currencies depending on the country where the investment is being made.

Credit risk

Rendering services to or accepting orders from clients whose financial soundness is not guaranteed at the time of acceptance or which cannot be evaluated by the Group as well as situations that may occur during the rendering of the service or fulfilment of the order that can affect a client's financial situation can give rise to the risk of outstanding balances not being paid.

FCC Group obtains commercial reports and evaluates the financial solvency of clients before entering into agreements with them and then monitors their solvency on a regular basis. There is a procedure in place for dealing with cases of insolvency. For public sector clients, FCC Group has a policy of not accepting work that does not have an assigned budget and prior economic approval. Proposals for work that exceed a particular payment deadline must be authorised by the Manager of Finance. Defaults are monitored continuously with specific bodies such as risk committees.

Risk-hedging financial derivatives

Generally speaking, the financial derivatives contracted by FCC Group are treated, from an accounting perspective, as provided for in the rules governing accounting hedges, as explained in the Notes to the Consolidated Financial Statements. The main financial risk hedged by FCC Group using derivatives is the variation in floating interest rates to which FCC Group companies' finance is referenced. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts are independent from the Group and the entities financing it.

D.2 State whether operating, technological, financial, legal, reputational, tax or other risks arisen during the year with an effect on the Company and/or group:

YES ☒ NO

If so, indicate the circumstances giving rise to them and whether the established control systems worked.

Risk materialised in the year	Circumstances that gave rise to it	How the control systems operated
Cut-backs in investments forecast by Public Administration bodies and private customers.	As a consequence of the current economic and financial crisis, there have been cuts and investment restrictions for the construction of infrastructures for domestic clients. Budget adjustments required because of the implementation of the Budget Stability Act have led to reviews of services rendered to levels sustainable according to clients Budget	This situation has been mitigated by increasing presence abroad, selectively in certain geographical markets, and by incorporating new contracts with a growth of the portfolio of works abroad. The continuing sales relationship with clients involved has allowed for the modulation of the services rendered without losing orders and keeping up the market share in Spain. Also, a restructuring plan has been implemented in the cement area in

Risk materialised in the year	Circumstances that gave rise to it	How the control systems operated
	availability. This has led to a lower demand of cement, with a significant decline of sales and EBITDA.	order to adjust the operating and production capacity starting in the second half of the year.
Country risk. Insufficient knowledge of some local markets.	Insufficient knowledge of certain foreign markets has led to the reprogramming of works, leaving certain construction markets, with the subsequent negative effect on the Group's financial statements.	In 2012 there was the implementation of a comprehensive strategic, operational and financial reorganisation in the markets where those risks materialised, with the purpose of mitigating them.
Limitations in the access to financial markets and to refinancing.	The current financial and economic crisis has caused difficulties in terms of accessing the Group's sources of financing, or refinancing the existing ones, in the best possible conditions, with the subsequent negative effect on the Group's financial statements.	In order to mitigate this risk, FCC Group works with over 140 domestic and international financial institutions to obtain financing. It also closely monitors the maturity of policies and financing in order to renew them in a timely manner, analysing the most favourable alternatives on the market.
Insecurity in terms of legislation.	Recent legislative changes in the field of Energy have caused the reduction of future revenues from the production of renewable energies, with the subsequent negative impact on the business models. Also, the unilateral amendment of the regulations in force for the rendering of certain public services has led to a significant decline in revenues and to the incorporation of entry barriers that were formerly not considered.	The returns or profitability of projects in the new legislative scenarios is being analysed, including a process of geographic and technology diversification.
Improvements in terms of delays in collecting funds for executed works or services rendered.	The Supplier Payment Fund Act in 2012 allowed the Group to reduce the effects of this risk.	

D.3 Indicate whether there are any committees or governing bodies entrusted with establishing and supervising these control mechanisms.

YES ☒ NO

If so, detail their functions.

Name of Committee or Body	Description of functions
Executive Committee	The Board may permanently delegate in the Executive Committee each and every one of the powers of the Board of Directors with the exception of those which are reserved by law or the bylaws for the Board. Like the plenary Board, the Committee ensures that the FCC Group's organisation structure, planning systems and management processes are designed to deal effectively with the different risks to which the FCC Group's business is exposed.
Auditing and Control Committee	According to article 41 of the Rules of the Board of Directors and as established in Recommendation 50 of the Unified Code of Corporate Governance for Listed Companies, the principal function of the Audit Committee is to support the Board of Directors in its supervisory and oversight efforts, particularly with regard to risk management and control policies and the supervision of the Company's internal audit services.
Management Committee	The Management Committee is chaired by the Chairman and CEO of FCC Group and composed of members assigned to the Committee by the plenary Board of Directors. Its functions include reviewing the FCC Group's financial information on a monthly basis, especially when the information must be reported to the CNMV, monitoring the FCC Group's risk map and implementing the actions plans needed to mitigate the most significant risks identified.
Strategy Committee	The Strategy Committee supports the Board of Directors in determining the Group's strategy based on the guidelines agreed by the Board, preparing the corresponding reports and proposed agreements in this regard. The Strategy Committee is responsible for ensuring that the objectives of the strategy plan can be achieved by the Company assuming an acceptable level of controlled risk so as to protect the interests of shareholders, other stakeholders and society in general, as well as the Group's reputation.
Information Technology Committee	The Information Technology (IT) Committee, chaired by the Chairman and CEO, establishes IT and telecommunications strategy for the entire Group, striving for uniformity in the actions taken in this area by the different business areas in order to obtain important synergies.

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D.4 Identify and describe the compliance processes for each legislative framework to which the Company and/or group is subject.

FCC Group has procedures in place to guarantee compliance with the regulations governing each one of its economic activities. Different departments within the Group specialise in the regulations applicable to the Company and the Group.

These departments are in charge of:

- Staying fully abreast of and up to date on the different regulations
- Overseeing regulatory compliance
- Drafting the standards needed to unify Group criteria
- Advising different operating units

The economic activities carried out in countries other than Spain receive local advice in relation to the specific regulations and laws affecting the FCC Group's business operations in those countries. The managers of the different business units collaborate with corporate on risk management.

As stipulated in the Rules of the Board of Directors, the Audit and Control Committee oversees compliance with legal requirements and the Company's internal control process adhering to the principles contained in the risk management policies approved by the FCC Group's Board of Directors at any given time.

E. GENERAL MEETING

E.1 Indicate whether there are any differences between the minimum requirements established in the Public Limited Companies Act (LSA) and the quorum required for a General Meeting to be held and, of appropriate, detail them.

YES ☒ NO

	Quorum percentage other than that established in art. 102 of LSA for general cases	Quorum percentage other than that established in art. 103 of LSA for special cases
Quorum required at first call	50	0
Quorum required at second call	45	45

Description of differences

The ordinary and extraordinary General Meetings are quorate when:

The shareholders present or represented at first call possess at least fifty per cent of the share capital with voting rights. At second call, the General Meeting is quorate when the shareholders present or represented possess at least forty-five per cent of the share capital with voting rights.

- In order for the General Meeting to validly decide on bond issues, capital increases or decreases, changes of corporate form, mergers and spinoffs, the assignment en bloc of assets and liabilities, to suspend or limit the pre-emptive right to acquire new shares, the transfer of the Company's domicile to another country and, in general, any amendment to the Bylaws, shareholders possessing at least fifty per cent of the share capital with voting rights must be present or represented at the meeting at first call. At second call, it will suffice for shareholders accounting for at least forty-five per cent of the subscribed voting capital to be present or represented.

When the shareholders in attendance or represented at second call account for less than fifty per cent of the subscribed capital with voting rights, the types of resolutions referred to above may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

E.2 Indicate whether there are differences in respect of the system established in the Public Limited Companies Act (LSA) for the adoption of corporate resolutions and, if appropriate, describe them.

YES		NO	☒

Describe the differences in respect of the system provided in LSA.

E. 3 Detail shareholders' rights in relation to general meetings that differ from those established in the Public Limited Companies Act.

There are no differences with respect to the rights set out in the Capital Companies Act.

E.4 Indicate any measures adopted to encourage shareholders to participate in general meetings, if appropriate.

The Rules of the General Meeting establish a series of measures intended to encourage shareholder participation at the General Meeting. These measures are defined in the shareholders' information rights regulated in the following articles:

Article 6. Information available as soon as the General Meeting is announced

As from the date of the notification of the meeting, the Company will make available to its shareholders, at its registered offices, at the **National Securities Market Commission**, on the stock exchanges where its stocks are traded and on the Company's website, the following:

a) The full text of the notice of the meeting.

b) The total number of shares and voting rights on the date of the notice, broken down by classes of shares, if any.

c) The full text of all of the motions to be submitted by the Board of Directors in relation to the items on the agenda, as well as the motions presented by shareholders as they are received.

When the proposal consists of the appointment or ratification of directors, the following information with regard to the directors will also be included:

(i) professional and biographical profile;
(ii) other Boards of Directors to which they belong, both listed and unlisted companies;
(iii) indication of the category of director to which they belong, specifying, in the case of proprietary directors, the shareholder at whose request the appointment, ratification or re-election has been proposed, or with whom they have ties;
(iv) date of their first appointment as a director of the Company, and date of their subsequent appointments;
(v) Company shares and share options which they possess.

d) The documents or information that will be presented at the meeting especially, the independent experts reports and the account auditors-administrators reports which by law must be made available to the shareholders on the items on the meeting agenda as from the date of the notification of the General Meeting of Shareholders.

e) Information on the channels of communication between the Company and its shareholders for the purposes of obtaining information or making suggestions, in accordance with the applicable regulations.

f) The means and procedures of appointing proxies for the General Meeting, as well as for exercising distance voting rights. In particular, the forms for accrediting attendance and for voting by proxy and remotely at the General Meeting, except when they are sent directly by the Company to each shareholder. In the event they cannot be published on the website owing to technical reasons, the Company must indicate how hard copy forms may be obtained, and these are to be sent to any shareholders requesting them.

g) The rules of operation of the Shareholders' Electronic Forum

Article 7. Right to Information prior to the General Meeting

1. Up to seven calendar days before the first scheduled date for the Meeting, at the first call,

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shareholders may request any information or explanations they require and raise any questions they consider pertinent regarding the items on the agenda or the information accessible to the public reported by the Company to the **National Securities Market Commission** since the last General Meeting and on the audit report.

2. Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, delivered by hand, post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.

3. Once the identity and status of the requesting shareholder is verified, the information requests regulated in this article will be answered up to the date of the General Meeting of Shareholders but prior to the start of the meeting.

4. The Chairman may refuse to supply the requested information when, in his opinion, the publication of the requested information might be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.

5. The Board of Directors may empower any of its members, its Secretary and Vice-Secretary to answer shareholders' requests for information through the Stock Market and Investor Relations Department.

6. Subject to the foregoing, the Directors shall not be obligated to reply to shareholder questions when, prior to the question, the requested information is clearly and directly available for all shareholders on the Company website in Q&A format.

Article 14. Information.

1. The Directors must provide the information requested by shareholders, except under the circumstances envisaged in Article 7.4 of these rules or when the requested information is not available during the meeting. In this case, the information will be provided in writing within seven days from the meeting date, to which end the shareholders will indicate the mailing address where the information should be sent.

2. The requested information or clarifications will be provided by the Chairman or, at the Chairman's request, by the CEO, the Chairman of the Audit Committee, the Secretary, a Director or any employee or expert on the subject in question, if suitable, in accordance with Article 9.2 of these Rules.

Article 15. Voting on Proposals

1. Upon conclusion of the shareholders' discourses and once the questions have been answered as provided for in these Rules, the proposed resolutions in the agenda and any others which by law need not be included in the agenda will be voted on.

2. The Secretary will ask the shareholders whether or not they wish to have the proposed resolutions read, the text of which was delivered to the shareholders before the meeting and is available on the Company's website. If any shareholder wishes them to be read or if the Chairman deems it appropriate, the proposed resolutions will be read aloud. In any event, the shareholders will be informed of the agenda item to which each proposed resolution refers that will be put to a vote.

3. Notwithstanding the alternative systems which may be employed by the Chairman, the procedure for voting on the proposed resolutions referred to above will be as follows:
   a) The system for voting on the proposed resolutions relating to the items on the agenda will be by a negative deduction system. This means that, for each proposal, the votes corresponding to all of the shares present and represented will be considered as votes in favour, deducting those corresponding to the shares whose owners or representatives state that they are voting against or abstaining, to which will be added the votes corresponding to proxies received by the Board of Directors, indicating whether voters are against the motion or abstentions. Votes against and abstentions will be counted separately.
   b) The system for voting on the proposed resolutions relating to items not on the agenda, when such proposals may legitimately be voted upon, will be a positive deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered votes against, deducting those corresponding to the shares whose owners or representatives state that they are voting for the proposal or abstaining.

c) When technically possible and provided that compliance with all legal requirements can be guaranteed, the Board of Directors may establish the use of electronic vote counting systems.
d) Issues which are substantially independent will be voted on separately so that the shareholders can exercise separately their voting preferences; this rule will be applied when adopting resolutions on:
   (i) the appointment or ratification of directors, which must be voted on individually; and
   (ii) amendments to the Bylaws where each article or group of articles is substantially independent.
f) Provided that it is legally possible and that the requirements provided for in this respect are met, financial intermediaries who are legitimised as shareholders, but who act on behalf of different customers, will be allowed to split the vote as per the instructions of their customers.

4. The statements containing votes submitted to the notary or the meeting officers as envisaged in paragraph 3 above may be made individually for each of the proposals or jointly for several or all of them, indicating to the notary or the officers the identity of the shareholder or representative, the number of shares in question, and whether the shareholder/representative votes in favour or against, or abstains.

Article 15 bis. Distance voting

1. Shareholders may vote on proposals of items on the agenda by post, electronically or by any other distance communication medium allowing to duly guarantee the shareholder's identity and, if appropriate, the security of electronic communications, all pursuant to the law in force from time to time.

2. In order to cast votes by post, shareholders may send the Company a written document specifying their vote or abstention, together with the attendance card issued in their name by the Company or by the entity or entities in charge of the book entries. However, the attendance card, duly filled in and signed, may suffice when it is established that it may be used for the purpose of distance voting.

3. Votes by electronic communication shall be cast using a recognised electronic signature or any other type of guarantee that the Board of Directors deems fit to ensure the authenticity and the identification of the shareholder exercising his/her voting right, which is to be accompanied by a Copy of the attendance card in an unalterable electronic format.

   Subject to the foregoing, the Company may create on its website a specific software application for exercising distance voting rights, in which case it will not be necessary to send a Copy in an unalterable electronic format of the documents stated in the preceding section.

4. Votes cast by any of the means provided in the preceding sections must be received by the Company before 12 midnight of the day immediately prior to that scheduled for the General Meeting to be held at first call. Otherwise, the vote shall be deemed as not having been cast.

5. Votes cast at a distance as referred to in this article shall be void:

   a) When subsequently and expressly revoked via the same means used to cast the vote and within the term established for voting.
   b) When the shareholder who cast the vote attends the meeting in person.

6. The Board of Directors is authorised to develop the preceding provisions, establishing the rules, means and procedures suited to the state of technique to implement the casting of votes and the appointment of proxies by electronic means, adjusting, as the case may be, to the rules passed for the purpose and to the Bylaws.

   In particular, the Board of Directors may
   (i) regulate the use of guarantees as alternatives to the electronic signature for casting votes electronically according to the provisions under section 3 above and
   (ii) reduce the term established in section 4 above regarding the deadline for the Company to receive votes cast by post or by electronic mail.

In any event, the Board of Directors shall adopt precise measures to avoid possible duplications and to ensure that those casting their vote or appointing a proxy by post or electronically are legitimated for the purpose pursuant to the provisions in the Bylaws and in these Rules.

CORPORATE GOVERNANCE

7. The developing rules which, as the case may be, are adopted by the Board of Directors pursuant to the provisions in this Article shall be published on the Company's website.

Article 20. Shareholders' Electronic Forum

Around the time of each General Meeting of Shareholders, an electronic forum will be set up for shareholders on the Company's website which will be available to individual Company shareholders and voluntary shareholders' associations validly formed and registered in the special register of the Spanish **National Securities Market Commission** to facilitate communications between the Company and its shareholders with regard to the call. The website will be available up to the date of the general meeting.

The rules of operation of the Forum are included as an exhibit to the Rules of the General Meeting.

E. 5 Indicate whether the position of chairman of the General Meeting coincides with that of the chairman of the Board of Directors. Detail any measures adopted to guarantee the independence and smooth operation of the General Meeting:

YES ☒	NO

Detail the measures

Article 10.2 of the Rules of the General Meeting of Shareholders establishes that, '2. The General Meeting of Shareholders shall be presided over by the Chairman and, in his absence, by the Vice-Chairmen of the Board of Directors, in order; if there is no pre-set order, it will go in order of seniority on the Board. If there is no Vice-Chairman in attendance, the General Meeting will be chaired by the oldest director.'

Measures to guarantee the independent and smooth operation of the General Meeting:

The Rules of the General Meeting of Shareholders, which are available on the Company's website, contain a detailed set of measures to guarantee the independence and good working of the General Meeting.

They include, notably, Article 7 'Right to Information prior to the General Meeting of Shareholders'

1. Up to seven calendar days before the first call for the Meeting, shareholders may request any information or explanations they require and raise any questions they consider pertinent regarding the items on the agenda or the information accessible to the public reported by the Company to the **National Securities Market Commission** since the last General Meeting and related to the auditor's report.

2. Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting of Shareholders or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, delivered by hand, post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.

3. Once the identity and status of the requesting shareholder is verified, the information requests regulated in this article will be answered up to the date of the General Meeting of Shareholders but prior to the start of the meeting.

4. The Chairman may refuse to supply the requested information when, in his opinion, the publication of the requested information might be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.

5. The Board of Directors may empower any of its members, its Secretary and Vice-Secretary to answer shareholders' requests for information through the Stock Market and Investor Relations Department.

6. Subject to the foregoing, the Directors shall not be obligated to reply to shareholder questions when, prior to the question, the requested information is clearly and directly available for all shareholders on the Company website in Q&A format

Article 23 of the Bylaws establishes shareholders' right to information:

Shareholders may request, either in writing or using other electronic or distance communication media, up to seven calendar days before the date of the General Meeting at first call, any information or explanations they require or pose any questions they may have on the agenda items or about the information available to the public provided by the Company to the **National Securities Market Commission** since the last General Meeting was held. The information or explanation so requested will be provided by the directors in writing no later than the date of the General Meeting.

Any information or explanations requested verbally from the Chairman by the shareholders in relation to the items on the agenda during the General Meeting itself before the Meeting turns to the items contained in the agenda, or requested in writing up to the seventh day before the scheduled meeting date, will be provided verbally during the General Meeting by any one of the directors in attendance, at the Chairman's request. If the requested information or explanations refer to items falling under the jurisdiction of the Audit Committee, they shall be provided by any of the members or advisors to the Committee in attendance at the meeting. If in the Chairman's opinion it is not possible to provide the shareholder with the requested information or explanations during the Meeting, they will be provided in writing to the requesting shareholder within seven calendar days of the Meeting date.

The Directors are obliged to provide the information referred to in the two preceding paragraphs unless, in the Chairman's opinion, the publication of the requested information could be detrimental to the Company's interests.

This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

Subject to the foregoing, the directors shall not be obligated to reply to shareholder questions when, prior to the question, the requested information is clearly and directly available for all shareholders on the Company website in Q&A format.

The Company has a website which contains the legally-required information and through which the Company can respond to the shareholders' requests for information, according to the legislation in force at any given time.

E.6 Indicate, if applicable, the amendments made during the year to the Rules of the General Meeting.

At the last ordinary General Meeting of Shareholders held on 31 May 2012, a motion was passed to modify the Rules of the General Meeting.

The purpose of the amendment was to reform the Rules of the General Meeting of Shareholders of the Company, with the fundamental goal of adapting them to the recent legislative amendment incorporated to the Consolidated Text of the Capital Companies Act by Act 25/2011, of 1 August, on the partial reform of the Capital Companies Act and incorporation of Directive 2007/36/EC of the European Parliament and of the Council, of 11 July 2007, on the exercise of certain rights of shareholders in listed companies. Also, certain technical enhancements have been introduced for the harmonisation with other internal regulatory texts of the Company, in particular the Bylaws.

- It was resolved to amend the following articles in order to adapt them to the current wording of the Capital Companies Act: Article 1 (General Meeting of Shareholders), Article 4 (Notice of General Meeting), Article 5 (Advertising the Notice), Article 6 (Information available from the date of the notice), Article 7 (Right to information before the General Meeting is held), Article 8 (Proxies), Article 11 (Quorum for the General Meeting of Shareholders), Article 16 (Adoption of resolutions and announcement of the result), and Article 15 bis (Publicity of resolutions).

- It was also resolved to amend to amend several articles with the purpose of incorporating technical enhancements or to harmonise them with other internal regulatory texts of the Company, in particular the Bylaws: Article 3 (Functions of the Meeting), Article 4 (Notice of General Meeting), Article 9 (Right and duty of attendance), Article 11 (Quorum for the General Meeting of Shareholders), Article 15 (Voting of proposals), and Article 15 bis (Distance voting).

E.7 Indicate the attendance data of the shareholders' General meetings held in the year of this report:

Attendance figures

Date of Meeting General	%. of attendance	%. by proxy	%. of distance vote Electronic	Other	Total
31/05/2012	54.626	7.829	0.0	0.1	62.555

NOTE:
The final attendance list was as follows:

- 225 shareholders in attendance controlling 69,666,917 shares accounting for 54.725% of the share capital.

CORPORATE GOVERNANCE

- 1,299 shareholders represented controlling 9,967,094 shares accounting for 7.829% of the share capital.

As provided in the Capital Companies Act, the 86 shareholders controlling a total of 125,957 shares who voted by remote means prior to the meeting were counted as being present.

Thus the General Meeting was attended, whether present or represented, by a total of 79,634,011 shares, equivalent to an amount of 79,634,011.00 Euros, which is 62.555% of the subscribed share capital.

The Company held 11,578,732 treasury shares, equivalent to 9.095% of the share capital.

E.8. Briefly indicate the resolutions adopted by the general meetings held in the year of this report and the percentage of votes that approved each resolution.

In the year that this report refers to one General Meeting was held (the AGM of 31 May 2012). Below are the resolutions that were passed and the voting percentages for each of the resolutions:

One. Financial statements of the Company and its consolidated Group and the directors' reports for this period.

	%
Votes for	99.8313
Votes against	0.1681
Abstentions	0.0006
Blank votes	0.0000
Votes cast (*)	100.00

Two. Application of profits (loss) for the year 2011.

	%
Votes for	99.9862
Votes against	0.0132
Abstentions	0.0006
Blank votes	0.0000
Votes cast (*)	100.00

Three. Appointment and re-election of Directors.

	%
Votes for	99.9968
Votes against	0.0011
Abstentions	0.0021
Blank votes	0.0000
Votes cast (*)	100.00

Four. 1. Appointment of the Director B-1998, S.L.,

	%
Votes for	97.9315
Votes against	2.0681
Abstentions	0.0004
Blank votes	0.0000
Votes cast (*)	100.00

Four. 2. Appointment of the Director Mr César Ortega Gómez

	%
Votes for	98.4737
Votes against	1.5259
Abstentions	0.0004
Blank votes	0.0000
Votes cast (*)	100.00

Five. 1. Amendment of the Bylaws in order to adapt their contents to recent legislative amendments in the field of Company Law.

	%
Votes for	99.9975
Votes against	0.0000
Abstentions	0.0025
Blank votes	0.0000
Votes cast (*)	100.00

Five. 2. Amendment of the Bylaws in order to make technical corrections or for coordination with the rest of the corporate texts.

	%
Votes for	99.8274
Votes against	0.0000
Abstentions	0.1726
Blank votes	0.0000
Votes cast (*)	100.00

Five. 3. Amendment of article 2 (Corporate purpose) of the Bylaws.

	%
Votes for	99.9975
Votes against	0.0000
Abstentions	0.0025
Blank votes	0.0000
Votes cast (*)	100.00

Five. 4. Amend of article 37 (Remuneration of the Board) of the Bylaws.

	%
Votes for	99.8274
Votes against	0.0000
Abstentions	0.1726
Blank votes	0.0000
Votes cast (*)	100.00

Six. Amendment of the Rules of the General Meeting to update its contents in keeping with the recent legislative amendments in the field of Company Law.

	%
Votes for	99.8280
Votes against	0.0000
Abstentions	0.1720
Blank votes	0.0000
Votes cast (*)	100.00

Seven. Approval of the Company's website.

	%
Votes for	99.9934
Votes against	0.0047
Abstentions	0.0019
Blank votes	0.0000
Votes cast (*)	100.00

Eight. Resolution on the term for calling Extraordinary General Meetings pursuant to the terms of article 515 of the Capital Companies Act

	%
Votes for	98.9565
Votes against	1.0416
Abstentions	0.0019
Blank votes	0.0000
Votes cast (*)	100.00

CORPORATE GOVERNANCE

Nine. Extend the term granted to the Board of Directors by the Annual General Meeting of 10 June 2009 to execute the resolution of capital reduction.

	%
Votes for	99.8388
Votes against	0.1591
Abstentions	0.0021
Blank votes	0.0000
Votes cast (*)	100.00

Ten. Subjection of the annual report of the director remuneration policy, for consultation purposes.

	%
Votes for	96.0832
Votes against	3.9168
Abstentions	0.0000
Blank votes	0.0000
Votes cast (*)	100.00

Eleven. Grant of extensive powers to the directors for the development. Public recording, registration, correction and enforcement of resolutions adopted.

	%
Votes for	99.9978
Votes against	0.0001
Abstentions	0.0021
Blank votes	0.0000
Votes cast (*)	100.00

Twelve. Approval of the minutes of the Meeting.

There was no vote on this agenda item since the minutes were prepared by the notary public of Barcelona, Mr Santiago Gotor Sánchez.

(*) Percentage of voting capital present or represented at the Meeting (total valid votes).

E.9 Indicate whether there are any restrictions in the Bylaws establishing a minimum number of shares to be entitled to attend the General Meeting.

YES	NO	☒

Number of shares required to attend the General Shareholder's Meeting.

E.10. Indicate and explain the Company's policy on delegating votes at the General Meeting.

Notwithstanding the provisions of Bylaws with respect to proxy voting, the Board of Directors does not require unnecessary formalities in the proxy voting procedure which might hinder the rights of shareholders wishing to exercise their right to attend the General Meeting. Nevertheless, pertinent procedures are in place to verify the validity of proxy authorisations.

E.11. Indicate whether the Company is aware of the institutional investors' policy of participation in company decisions:

YES	NO	☒

E.12. Give the address and instructions for accessing corporate governance content on your web page.

On the FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. website, www.fcc.es, there are specific sections on the home page under 'Information for shareholders and investors' and 'Corporate responsibility', which include the information required by Act 26/2003, of 18 July, the Ministry of Economy Order ECO/3722/2003, of 26 December, Circular 1/2004, of 17 March, of the National Stock Market Commission, the Ministry of Economy and Finance Order EHA/3050/2004, of 15 December, and Royal Decree 1333/2005, of 11 November.

This page is two clicks away from the home page. Its contents are structured in order by rank, under shortcut titles. All of its pages can be printed.

The FCC website has been designed and programmed according to the WAI (Web Accessibility Initiative) guidelines, which sets international standards for the creation of web contents accessible across the world. The AENOR Accessibility Consultants, after conducting a technical analysis of accessibility, established that the FCC Group website complies with all of the priority 2 and priority 1 checkpoints, according to the UNE 139803:2004 Standard, which is in turn based on the Web 1.0 Content Accessibility Guidelines of W3C (known as WAI guidelines).

The site includes a link to the Fomento de Construcciones y Contratas, S.A. data reported to the CNMV website.

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations of the Unified Code of Corporate Governance. In the event of not complying with some recommendations, detail the recommendations, rules, practices or criteria applied by the Company.

1. The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the Company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2.

COMPLIANT ☒	EXPLAIN

2. When a parent and a subsidiary company are stock market listed, the two should provide detailed disclosure on:
   a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other Group companies;
   b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

COMPLIANT	PARTIALLY COMPLIANT	EXPLAIN ☒	NOT APPLICABLE

Article 7.2.i) of the Rules of the Board of Directors provides that the Board of Directors is responsible for 'Defining the structure of the Group and coordinating, within the legal limits, the Group's general strategy in the interests of the Company and its subsidiaries with the support of the Strategy Committee and the CEO, and disclosing in the Annual Corporate Governance Report the respective areas of activity and any business relations between the Company and its listed subsidiaries that are part of the Group, and between those companies and the other Group companies, and the mechanisms established to resolve any conflicts of interest that may arise'.

3. Even when not expressly required under company Acts, any decisions involving a structural corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:
   a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating to subsidiaries core activities that were previously carried out by the original company, even though the latter retains full control of the former;
   b) Any acquisitions or disposals of key operating assets that would effectively alter the company's corporate purpose;
   c) Operations that are equivalent to the Company's liquidation.

COMPLIANT	PARTIALLY COMPLIANT ☒	EXPLAIN

Article 8.6 of the Rules of the Board of Directors establishes that the Board must seek the authorisation of the shareholders at the General Meeting prior to an acquisition or disposal of key operating assets that would effectively alter the corporate purpose of the Company or prior to any operations that are equivalent to the Company's liquidation.

To avoid impairing the Board of Directors' ability to operate, this does not include subsidiarisation operations, since these operations often require quick decisions for opportunity reasons and are governed by ample legal mechanisms to protect the interests of the shareholders and the Company. Nevertheless, the Board duly reports such operations at the General Meeting.

CORPORATE GOVERNANCE

4. Detailed proposals of the resolutions to be adopted at the General Meeting of Shareholders, including the information stated in Recommendation 28, should be made available at the same time as the publication of the notice of Meeting.

COMPLIANT ☒ EXPLAIN

5. Separate votes should be taken at the General Meeting of Shareholders on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:
   a) The appointment or ratification of directors, with separate voting on each candidate;
   b) Amendments to the Bylaws, with votes taken on all articles or groups of articles that are materially different.

See section: E.8

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

COMPLIANT ☒ EXPLAIN

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders should be treated in the same way. It should be guided at all times by the Company's best interest and, as such, strive to maximise its value over time in a sustained manner.
   It should likewise ensure that the Company abides by the laws and rules in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

8. The Board should seek, as core components of its mission, to approve the Company's strategy and the organisation required to carry it forward, and supervise and control that the management meets the objectives set while pursuing the Company's interests and corporate purpose. For such purpose, the Board in full should reserve the right to approve:
   a) The Company's general policies and strategies, and, in particular:
      i) The strategic or business plan, management targets and annual budgets;
      ii) The investment and financing policy;
      iii) The design of the structure of the corporate group;
      iv) The corporate governance policy;
      v) The corporate social responsibility policy management;
      vi) The remuneration policy and the evaluation of the performance of senior Managers;
      vii) Risk control and management, policy and the periodic monitoring of internal information and control systems.
      viii) The dividend policy, as well as the policies and limits applying to treasury shares.

See sections: B. 1.10, B.1.13, B.1.14 and D.3

   b) The following decisions:
      i) On the proposal of the Company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

See section: B.1.14.

ii) Directors' remuneration and, in the case of executive Directors, the additional consideration for their management duties and other contract conditions.

See section: B. 1.14.

iii) The financial information that all listed companies must periodically disclose.
iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Meeting of Shareholders;
v) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the Company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto ('related-party transactions'). However, Board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:
   1. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;
   2. They are arranged at market rates, generally set by the person supplying the goods or services;
   3. The amount is no more than 1% of the Company's annual revenues.
   It is advisable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other Committee entrusted with the same function; and that the directors involved should neither exercise nor delegate their votes, and should leave the meeting room while the Board debates and votes.

Ideally the above powers conferred to the Board should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full Board.

See sections: C. 1 and C.6

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

COMPLIANT	EXPLAIN ☒

Article 27 of the Bylaws states that the Board of Directors shall comprise a minimum of five and a maximum of 22 members. As of 31 December 2011, there were 18 directors.

Given the characteristics of the Company, the size of the Board is considered to be appropriate for proper management, direction and administration of the Company's businesses. Furthermore, the size of the Board makes it possible for different types of directors to sit on the Board without jeopardising the Board's effectiveness.

10. External directors, both proprietary and independent, should occupy an ample majority of seats on the Board, while the number of executive directors should be the minimum required bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.2, A.3, B.1.3 and B.1.14

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

CORPORATE GOVERNANCE

11. In the event that an external director can be deemed neither proprietary nor independent, the Company should disclose this circumstance and the links that person maintains with the Company or its senior officers, or its shareholders.

See section: B.1.3

COMPLIANT	EXPLAIN	NOT APPLICABLE ☒

12. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the Board by proprietary directors and the remainder of the Company's capital.
This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:
    1. In large capitalization companies where few or no equity stakes attain the legal threshold for significant shareholdings, but where there are shareholders with blocks of shares with high absolute value.
    2. In companies with a plurality of shareholders represented on the Board that are not otherwise related.

See sections: B.1.3, A.2 and A.3

COMPLIANT ☒	EXPLAIN

13. The number of independent directors should represent at least one third of all Board members.

See section: B.1.3

COMPLIANT	EXPLAIN ☒

Article 6.3 of the Rules of the Board of Directors establishes that the Board of Directors must have an appropriate number of independent Directors to ensure a reasonable balance between proprietary and independent Directors, and that external Directors must represent an ample majority on the Board.

There are five independent Directors on the Board (which is very close to the 6 needed to comply with this recommendation). Pursuant to the OECD Principles of Corporate Governance and the Recommendation of the European Commission of 15 January 2006, it is understood that they are a sufficient number of independent Directors to guarantee that the interests of other shareholders are adequately protected.

14. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Appointments Committee. That Report should also disclose the reasons for the appointment of proprietary directors upon request of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3 and B.1.4

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

15. When there are few or no women directors, the Board should state the reasons for this situation and the measures taken to correct it; in particular, the Appointments Committee should take steps to ensure that:
    a) The process of filling Board vacancies has no implicit bias against women candidates;
    b) The Company makes a conscious effort to include women with the professional profile among the candidates for Seats on the Board.

See sections: B.1.2, B.1.27 and B.2.3.

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN NOT APPLICABLE

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of Board meetings, and work to obtain a good level of debate and the active involvement of all directors, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the Board and, where appropriate, the Company's chief executive, along with the chief executive.

See section: B.1.42

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

17. When a Chairman of the Board is also its chief executive, an independent director should be empowered to request the calling of Board meetings or the inclusion of new items on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the Board's evaluation of the Chairman.

See section: B.1.21

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN NOT APPLICABLE

18. The Secretary of the Board should take care to ensure that the Board's actions:
   a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
   b) Comply with the Company Bylaws and the Rules of the General Shareholders' Meeting, the Board of Directors and others;
   c) Are informed by those good governance recommendations of the Unified Code that the Company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Appointments Committee and approved by a full Board meeting; the relevant appointment and removal procedures being stated in the Rules of the Board of Directors.

See section: B.1.34

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

19. The Board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items not initially envisaged.

See section: B.1.29

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

20. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so giving instructions.

See sections: B.1.28 and B.1.30

CORPORATE GOVERNANCE

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

21. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the Board meeting, the person expressing them can request that they be recorded in the minutes.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

22. The Board in full should evaluate the following points on a yearly basis:
    a) The quality and efficiency of the Board's operation;
    b) Starting from a report submitted by the Appointments Committee, how well the Chairman and chief executive have carried out their duties;
    c) The performance of its Committees on the basis of the reports furnished by them.

See section: B.1.19

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

23. All directors should be able to exercise their right to receive any additional information they require on matters within the Board's competence. Unless the Bylaws or Rules of the Board of Directors indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B. 1.42

COMPLIANT ☒	EXPLAIN

24. All directors should be entitled to call on the Company for the advice and guidance they need to carry out their duties. The Company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the Company's expense.

See section: B.1.41

COMPLIANT ☒	EXPLAIN

25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the Company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:
    a) Directors should inform the Appointments Committee of any other professional obligations, in case they might interfere with the necessary dedication;
    b) Companies should lay down rules about the number of directorships their Board members can hold.

See sections: B.1.8, B.1.9 and B. 1. 17

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

27. The proposal for the appointment or re-election of directors which the Board submits to the General Meeting of Shareholders, as well as provisional appointments by the method of co-option, should be approved by the Board:
   a) On the proposal of the Appointments Committee, in the case of independent directors.
   b) Subject to a report from the Appointments Committee in all other cases.

See section: B.1.3

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

28. Companies should post the following Director particulars on their websites, and keep them permanently updated:
   a) Professional experience and background;
   b) Directorships held in other companies, listed or otherwise;
   c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.
   d) The date of their first and subsequent appointments as a Company Director, and;
   e) Shares held in the Company and any options on the same.

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2

COMPLIANT ☒ EXPLAIN

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and B.1.2

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

31. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board, based on a proposal from the Appointments Committee. In particular, just cause will be presumed when a director is in breach of his or her duties or comes under one of the disqualifying grounds enumerated in section III.5 of this Code.
The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the Company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

COMPLIANT ☒ EXPLAIN

CORPORATE GOVERNANCE

32. Companies should establish rules obliging Directors to inform the Board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.
The moment a director is indicted or tried for any of the crimes stated in Article 124 of the Public Limited Companies Act, the Board should examine the matter as soon as possible and, in view of the particular circumstances and potential harm to the Company's name and reputation, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

33. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.
When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.
The terms of this Recommendation should also apply to the Secretary of the Board; director or otherwise.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

34. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the reason for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

35. The Company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:
   a) The amount of the fixed components, itemised where necessary, of Board and Board Committee attendance fees, with an estimate of the fixed annual payment to which they give rise;
   b) Variable remuneration components, including, in particular:
      i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
      ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;
      iii) The main parameters and grounds for any system of annual bonuses or other non-cash benefits; and
      iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.
   c) The main characteristics of pension schemes (e.g. supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.
   d) The conditions applicable to the contracts of executive directors performing senior management functions, including:
      i) Duration;
      ii) Notice periods; and

iii) Any other clauses covering hiring bonuses, as well as indemnities or golden parachutes in the event of early termination of the contractual relation between Company and executive director.

See section: B.1.1 5

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

36. Remuneration comprising the giving of shares in the Company or other companies in the group, share options or other share price-based instruments, remuneration linked to the Company's performance or membership of pension schemes should be confined to executive directors.
The giving of shares is excluded from this limitation when directors are obligated to retain them until the end of their tenure.

See sections: A.3 and B.1.3

COMPLIANT ☒ EXPLAIN

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

COMPLIANT ☒ EXPLAIN

38. In the case of remuneration linked to company earnings, any qualifications stated in the external auditor's report which may reduce said results should be considered.

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

39. In the case of variable remuneration, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, or other circumstances of this kind.

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

40. The Board should submit a report on the directors' remuneration policy to the vote of the General Meeting of Shareholders, as a separate point on the agenda. This report should be supplied to shareholders separately or in the manner each company sees fit.
The report will focus on the remuneration policy the Board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will highlight the most significant changes in such policies in respect of those applied in the prior year that the General Meeting is reviewing, with a global summary of how the policy was applied over the last year.
The role of the Remuneration Committee in designing the policy should be reported to the Meeting by the Board, along with the identity of any external advisors engaged.

See section: B.1.16

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

CORPORATE GOVERNANCE

41. The Notes to the Financial Statements should list individual Directors' remuneration in the year, including:
    a) A breakdown of the compensation obtained by each company director, to include where appropriate:
        i) Participation and attendance fees and other fixed Director payments;
        ii) Additional compensation for acting as Chairman or member of a Board Committee;
        iii) Any payments made under profit-sharing or bonus schemes, and the reason for being granted;
        iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
        v) Any severance packages agreed or paid;
        vi) Any compensation they receive as directors of other companies in the group;
        vii) The remuneration executive directors receive in respect of their senior management posts;
        viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
    b) An individual breakdown of shares given to directors, as well as share options or other share-based instruments, itemised by:
        i) Number of shares or options awarded in the year, and the terms set for their execution;
        ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
        iii) Number of options outstanding at year-end, specifying their price, date and other exercise conditions;
        iv) Any change in the year in the exercise terms of previously awarded options.
    c) Information on the relation in the year between the remuneration obtained by executive directors and the Company's profits or losses, or some other measure of enterprise results.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

NOTE:
In compliance with article 61.3 of the Stock Market Act, FCC's Annual Remuneration Report complies with the contents of this recommendation.

42. When the Company has an Executive Committee, the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See sections: B.2.1 and B.2.6

COMPLIANT	PARTIALLY COMPLIANT ☒	EXPLAIN	NOT APPLICABLE

The composition of the Executive Committee is as follows: 83.3% external directors and 16.7% executive directors; the composition of the Board of Directors is: 88.9% external directors and 11.1% executive directors.

The Secretary of the Board is the Secretary of the Executive Committee.

43. The Board should be kept fully informed of the business performed and decisions made by the Executive Committee. To this end, all Board members should receive a copy of the Committee's minutes.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

44. In addition to the Audit Committee required under the Securities Market Act, the Board of Directors should form a Committee, or two separate Committees, of Appointments and Remuneration.
The rules governing the composition-up and operation of the Audit Committee and the Committee or Committees of Appointments and Remuneration should be set forth in the Rules of the Board, and include the following:
a) The Board of Directors will designate the members of the Committees, taking into account the directors' knowledge, skills and experience and each Committee's area of competence; discuss their proposals and reports; and at the first Board meeting following each Committee meeting, should inform on the business and activities performed, and respond to the work carried out.
b) These Committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.
c) Committee Chairmen must be independent directors.
d) These Committees may engage external advisors when they feel this is necessary to carry out their duties.
e) Committee meetings should write-up minutes and a copy sent to all Board members.

See sections: B.2.1 and B.2.3

COMPLIANT | PARTIALLY COMPLIANT ☒ | EXPLAIN

The Board has taken into account the knowledge, skills and experience of the directors and the mission of each Committee when appointing Committee members. Committees are also expressly given the power to obtain external advice and the Board has debated the proposals and reports presented by the Committees, which reported on their activities and performance at the first full Board meeting after each of their meetings.

When appointing the Committee members and chairs, the Board gave priority to the skills, experience and qualifications that will enable directors to contribute to better performance by the Committees of the duties entrusted to them (rather than to the directors' categories).

The Audit and Control Committee is chaired by Mr Gonzalo Anes y Álvarez de Castrillón, an independent director of FCC.

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Appointments Committee or, if they are separate, Compliance or Corporate Governance Committees.

COMPLIANT ☒ | EXPLAIN

46. All members of the Audit Committee, particularly its Chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

COMPLIANT ☒ | EXPLAIN

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

COMPLIANT ☒ | EXPLAIN

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

COMPLIANT ☒ | PARTIALLY COMPLIANT | EXPLAIN

CORPORATE GOVERNANCE

49. The control and risk management policy should specify at least:
    a) The different types of risk (operational, technological, financial, legal, reputational, etc.) to which the Company is exposed, with the inclusion of contingent liabilities and other off-balance-sheet risks under financial or economic risks;
    b) The determination of the risk level the Company considers as acceptable;
    c) Measures in place to mitigate the impact of risks identified should they occur;
    d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

50. The Audit Committee's role should be:
    1. With respect to internal control and reporting systems:
        a) Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the group, checking for compliance with legal provisions, the accurate definition of the consolidation perimeter, and the correct application of accounting principles.
        b) Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.
        c) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-election and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
        d) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the company.
    2. With respect to the external auditor:
        a) Make recommendations to the Board for the selection, appointment, re-election and removal of the external auditor, and the terms and conditions of the engagement.
        b) Receive regular information from the external auditor regarding the audit plan and the results thereof, and verify that senior executives act on the recommendations of the external auditor.
        c) Ensure the independence of the external auditor, to which end:
            i) The Company should notify any change of auditor to the CNMV as a relevant event, accompanied by a statement of any disagreements arising with the outgoing auditor and with the contents, if appropriate.
            ii) The Committee should ensure that the Company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
            iii) Investigate the issues giving rise to the resignation of any external auditor, in the case thereof.
        d) In the case of groups, urge the group auditor to take on the audit of all group companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

51. The Audit Committee should be empowered to call a meeting with any Company employee or manager, even ordering their appearance without the presence of another senior officer.

COMPLIANT ☒	EXPLAIN

52. The Audit Committee should prepare information on the following points from Recommendation 8 prior to the Board decision-making:
    a) The financial information that all listed companies must disclose periodically. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
    b) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
    c) Related-party transactions, except where the prior report has been entrusted to another supervision and control Committee.

See sections: B.2.2 and B.2.3

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

53. The Board of Directors should seek to present the annual accounts to the General Meeting of Shareholders without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: B.1.38

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

54. The majority of Appointments Committee members, or Appointments and Remuneration Committee members, as the case may be, should be independent directors.

See section: B.2.1

COMPLIANT	EXPLAIN ☒	NOT APPLICABLE

As indicated under Recommendation 44, when appointing Appointments and Remuneration Committee members, the Board focuses more on the skills, experience and qualifications that will enable the different Committees to best perform their duties rather than on the category of director.

All members of the Appointments and Remuneration Committee are external directors and one of them, Mr Gonzalo Anes, is an independent director.

55. The Appointments Committee should have the following functions in addition to those stated in earlier recommendations:
    a) Evaluate the balance of skills, knowledge and experience required on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
    b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner.
    c) Report on the senior officer appointments and removals which the chief executive proposes to the Board.
    d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

CORPORATE GOVERNANCE

56. The Appointments Committee should consult with the Company's Chairman and CEO, especially on matters relating to executive directors.
Any Board member may suggest directorship candidates to the Appointments Committee for its consideration, if they are considered ideal, potential candidates to fill a vacancy.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:
    a) Make proposals to the Board of Directors regarding:
        i) The remuneration policy for directors and senior officers;
        ii) The individual remuneration and other contractual conditions of executive directors.
        iii) The standard conditions for senior officer employment contracts.
    b) Oversee compliance with the remuneration policy set by the Company.

See sections: B.1.14 and B.2.3

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

G. OTHER INFORMATION OF INTEREST

If you consider that there are any relevant principles or aspects of corporate governance applied by your Company which has not been assessed in this report, state and explain the contents thereof below

NOTE:

Mr Baldomero Falcones Jaquotot stepped down as a member of the Board of Directors of FCC on 31 January 2013. On that date, Ms Esther Alcocer Koplowitz was appointed Chairwoman of the Board of Directors and Mr Juan Béjar Ochoa joined the Board of Directors in the capacity of Vice-chariman and CEO of FCC.

Dentro de este apartado podrá incluirse cualquier otra información, aclaración o matiz, relacionados con los anteriores apartados del informe, en la medida en que sean relevantes y no reiterativos.

En concreto, indique si la sociedad está sometida a legislación diferente a la española en materia de gobierno corporativo y, en su caso, incluya aquella información que esté obligada a suministrar y sea distinta de la exigida en el presente informe.

Definición vinculante de Consejero independiente:
Indique si alguno de los Consejeros independientes tiene o ha tenido alguna relación con la sociedad, sus accionistas significativos o sus directivos, que de haber sido suficientemente significativa o importante, habría determinado que el Consejero no pudiera ser considerado como independiente de conformidad con la definición recogida en el apartado 5 del Código Unificado de buen gobiemo:

SÍ	NO ☒

Fecha y firma:
Este Informe anual de gobierno corporativo ha sido aprobado por el Consejo de Administración de la sociedad, en su sesión de fecha 21/03/2013

Indique si ha habido Consejeros que hayan votado en contra o se hayan abstenido en relación con la aprobación del presente informe.

SÍ	NO ☒

REPORT ON THE INTERNAL CONTROL OVER FINANCIAL REPORTING SYSTEM (ICFR)

ADDITIONAL INFORMATION ANNUAL CORPORATE GOVERNANCE REPORT 2012

Description of the main characteristics of the internal control and risk management systems in relation to the financial reporting issuance process (art. 61 bis 4.h Spanish Securities Market Act).

Internal control and risk management systems in relation to the financial reporting issuance process (ICFR)

1. THE COMPANY'S CONTROL ENVIRONMENT

1.1 Bodies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) the implementation and (iii) the supervision thereof.

The bodies and functions within FCC Group that are responsible for overseeing the existence, maintenance, implementation and supervision of an adequate and effective ICFR and the responsibilities attributed to these bodies are the following:

Board of Directors

As set out in article 8 of the Rules of the Board of Directors of FCC, S.A., the Board is ultimately responsible for approving the Company's general policies and strategies and, in particular, the control and risk management policy, identifying the main risks for the

Company and implementing and monitoring the adequate internal control and reporting systems, with the purpose of ensuring their future feasibility and competitiveness, adopting the most relevant decisions for the better development thereof.

Executive Committee

Article 40 of the Rules of the Board of Directors establishes that the Board may set up an Executive Committee to which it may permanently delegate all of the powers vested in the Board of Directors with the exception of those which, by law or under the Bylaws or these Rules, cannot be delegated.

Additionally, like Board as a whole, the Committee ensures that FCC Group's organisation structure, planning systems and operations management processes are designed to deal effectively with the different risks to which FCC Group's business is exposed in the course of business.

The Board of Directors will designate the Directors to form part of the Executive Committee, ensuring as far as possible that its structure is similar to that of the Board itself in terms of the various categories of director.

The functioning of the Executive Committee is determined in article 36 of FCC's Articles of Association.

Audit and Control Committee

Article 41 of the rules of the Board of Directors of FCC establishes that there must be a permanent Audit and Control Committee comprising at least three Directors designated by the Board of Directors taking into consideration their knowledge and experience of accounting, auditing or risk management; all of its members must be external Directors, and the Committee will appoint a Chairman from among its members, who will hold office for no more than four years; it may also appoint a Vice-Chairman. The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the economic and financial information, the internal controls and the independence of the external auditors. In particular, the matters that the Board of Directors may entrust to the Audit and Control Committee include, but are not limited to, the following:

- Supervising the Company's internal audit units that oversee the good working of the information and internal control systems; the head of internal audit has the obligation to present an annual work plan to the Committee and to inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.
- Analysing and submitting the control and risk management policy to the Board for approval; it must at least identify:
  (i) the different types of risk to which the Company is exposed, with the inclusion of contingent liabilities and other off-balance-sheet risks among the financial or economic risks;
  (ii) the determination of the risk level the Company considers acceptable;
  (iii) measures in place to mitigate the impact of identified risks should they occur;
  (iv) the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities or off-balance-sheet risks.
- Supervising the preparation and presentation of the annual financial statements and directors' reports of the Company and the consolidated group, and of the financial information released periodically to the markets, checking for compliance with legal provisions and the correct application of generally accepted accounting principles, and informing the Board before it adopts any of the following decisions:
  (i) the financial information that the Company, being a listed company, must disclose periodically, ensuring that interim financial statements are drawn up using the same accounting principles as the annual statements and, for such purpose, it may consider whether it is appropriate that the Company's external auditor conduct a limited review of those statements;
  (ii) and the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the FCC Group.
- With respect to internal control and reporting systems:
  (i) monitoring the preparation and the integrity of the financial information prepared on the Company and, where appropriate, on the Group, checking for compliance with legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles.
  (ii) periodically reviewing the internal control and risk management systems, so that the main risks are identified, managed and made known adequately, monitoring the Risk Maps and action plans required to mitigate the most relevant risks that are identified, among which are those arising from the internal control of the financial reporting.

Management Committee

The Management Committee is chaired by the Chairman and CEO of the FCC Group and composed of members assigned to the Committee by the plenary Board of Directors. Its functions in relation to the internal control of the financial reporting systems include, among others, the monthly review of the consolidated financial reports of the FCC Group, which is especially relevant in the periods when said reports must be sent to the Spanish Securities Exchange Commission (CNMV).

Management Control and Risk Management Department

Financial risk management is reinforced by the actions, at a corporate level, of the Management Control and Risk Management Department, created by a decision of the Board of Directors, reporting to the General Department of Administration and Information Technology, with the following responsibilities and functions in the field of Corporate Risk management:

- Identifying the risks that the Company faces, according to the potential threat they pose for achieving the organisation's objectives.
- Proposing the procedure it considers adequate for monitoring and controlling such risks, especially those with preferential monitoring.
- Establishing the mechanisms for periodically reporting on the evolution and monitoring of the identified risks.

General Administration and Information Technology Management

The General Administration and Information Technology Management performs the following functions related to the internal control of the financial reporting:

- Coordinating the Administration of the Areas, establishing the administrative processes and procedures for general application in the Group and promoting the uniform application of the accounting and tax policies.
- Defining and issuing the accounting policy to be applied in the Group.
- Drawing up and supervising the consolidated accounting and management information.
- Developing the accounting and tax management of FCC, S.A. and its subsidiaries that are not allocated to the operating Areas.
- Defining and publishing the tax criteria generally applied in FCC Group, both in the separated companies and at a consolidated level.
- Advising the different Areas in tax matters and take part in solving any issues that arise.
- Designing and publishing the procedures, documents and software applications generally used in the FCC Group, both for accounting and taxes.
- Advising the different Areas regarding procedures and taking part in solving the issues they raise.
- Issuing the regulations, drawing up and supervising the FCC Group Budget.

The Information Technology and Systems Department of FCC Group has the following major lines of action: homogenising and improving the functionality of business applications, modernising and optimising the service levels of the infrastructures and, at an organisational level, aligning the needs of the different business activities.

General Finance Department

The General Finance Department is entrusted with the centralised management of the finances of FCC Group. This implies the centralised financial management of the following aspects: financing the Group's activities, managing the Group's debt and financial risks, optimising cash and banks and the financial assets, the Group's financial management and control, relations with investors, the Stock Exchange and the CNMV, analysis and financing of investments, management, monitoring and control of bonds, guarantees and insurance, and management of industrial and equity risks.

General Internal Auditing Management

The goal of the General Internal Auditing Management is to provide the Board of Directors, via the Audit and Control Committee, and the Senior Management of FCC Group, with which it collaborates actively, with the efficient supervision of the Internal Control system, by exercising a unique, independent governance function aligned with professional standards, that contributes to Corporate Governance, verifying the fulfilment of the applicable regulations, both internally and externally, and reducing to reasonable levels the possible impact of risks in the achieving the objectives of FCC Group. (Additional information is included in section 5.1).

1.2 Elements present in the process of drawing up financial information:

- Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clearly defining lines of responsibility and authority,

with an adequate distribution of tasks and functions; and (iii) ensuring that there are sufficient procedures for the proper dissemination in the entity, especially in relation to the process of drawing up the financial information.

As defined in the Rules of the Board of Directors of FCC, the person ultimately responsible for the design and review of the organisational structure and for defining the lines of responsibility and authority is the CEO, supported by the Management Committee and ratified by the Board of Directors.

The rules of the Board of Directors define the responsibilities allocated to each one of the Board Committees as well as the organisational structure of each one of them.

The CEO and the Management Committee determine the distribution of tasks and functions, ensuring that there is an adequate knowledge of the skills, such as to ensure a correct separation of functions and efficient communication between them, including those related to the personnel involved in the preparation of the Group's financial reports.

The Appointments and Remuneration Committee proposes the appointment of senior managers with the most adequate profile for their tasks and functions. It also takes care of overseeing the compliance of the remuneration policy established by the Company and, in particular, it proposes to the Board of Directors the remuneration policy for Directors and senior managers.

The process used to determine the organisational structure is regulated by the Group's General Rules Manual in section 10 "Organisational structure," which regulates the Bodies directly reporting to the Board of Directors, the distribution of functions of the Group management and the Appointment of Management Positions, as well as the rest of the levels within the Organisation.

The Chairman/CEO is entrusted to define the lines of responsibility and authority and each Corporate Director must define the organisational structure and lines of responsibility of his/her Department.

On the other hand, the Human Resources Area is responsible for updating and reviewing, with the support of the corresponding Departments, both the organisational structure and the organisation chart of the Group. It is scheduled that in 2013 the detailed organisation chart with all of the Group functions will be published on the Company's Intranet and it will be reviewed annually.

In this respect, the General Manager of Human Resources is developing a project to modernise the I.T. system and human resources management. Among other objectives, this project is meant to clearly define the organisational structure and the lines of responsibility to optimise the distribution of tasks and functions.

Additionally, the General Communication and Corporate Responsibility Department is in charge of establishing the procedures for the correct dissemination of the organisational structure and the lines of responsibility.

- **Code of conduct, approving body, degree of dissemination and instruction, principles and values included (indicating whether there are specific references to the register of transactions and the preparation of financial reports), body in charge of analysing breaches and of proposing corrective actions and penalties.**

FCC Group has drawn up a Code of Ethics, the latest update of which was approved by the Board of Directors on 27 February 2012, which regulates the principles that must guide behaviour within the Group and guide relations among Group employees and between employees and other stakeholders, being compulsory for all the individuals in the Group and for third parties voluntarily accepting its application.

FCC Group's Code of Ethics is a tool to guide the Group's actions in matters of social, environmental or ethical nature of certain significance. The standards of conduct set out in the Code of Ethics refer to basic principles of behaviour: relations with and among employees; internal control and fraud prevention; commitment to the market, to the Company and to the community.

The FCC Group Code of Ethics includes a chapter closely related to the control of the preparation of financial reports called "Internal control and fraud prevention," which assesses the following issues: "Manipulation of information," "Use and protection of assets," "Intellectual property protection," "Corruption and bribery," and "Money laundering and irregular payments."

FCC Group communicates and disseminates the Code within the Company, so that it may be known by all the employees, who formally accept to comply with it, as well as by third parties voluntarily accepting the application thereof. Also, the Code of Ethics is published on the Group's corporate website, where anybody can access it for consultation purposes.

The Group's training plan for the year 2012, drawn up by the General Management of Human Resources, includes in its welcome course for new employees, among other things, specific training regarding the Code of Ethics.

The Audit and Control Committee, according to article 41 of the Rules of the Board of Directors, has the following powers, among others:

- Receiving information periodically from the Response Committee and from the Management Control and Risk Management Department, respectively, on the development of their activities and the functioning of internal controls.
- Ensuring that the internal codes of conduct and the rules of corporate governance comply with regulatory requirements and are adequate for the Company, as well as reviewing compliance by the individuals affected by said Codes and the rules of governance, of their reporting obligations in respect of the Company.

The persons bound by the Code of Ethics are obliged to report any breaches thereof. To do so, they may use the established channels and procedures to report incidents confidentially, in good faith and without fear of retaliation. FCC Group established a general communication procedure for the matters related to the Code of Ethics which is described in the "Whistleblowing Channel" section. The Response Committee is responsible for supervising and monitoring the Code of Ethics, which is the body in charge of analysing possible breaches, and a system is also established to propose corrective actions and, if it is considered necessary, penalties. This Committee reports to the Audit and Control Committee.

Also, in relation to the reform of the Criminal Code in terms of the criminal liability of legal persons, FCC Group has drawn up a Manual for Preventing and Responding to Criminal Offences. During the year 2012 a report was prepared on the functioning of the internal controls established in the catalogue of priorities in terms of criminal offences and risk behaviours included in this manual.

- **Whistleblowing channel that allows financial and accounting irregularities to be reported to the Audit Committee, as well as possible breaches of the code of conduct and irregular activities in the organisation, reporting the confidential nature thereof, as the case may be.**

FCC Group has set up a procedure allowing one to report, confidentially, any actions representing inappropriate conduct or actions in light of the Code of Ethics.

A specific Response Committee was set up, with the function of overseeing the proper operation of the established reporting channel, assessing possible improvements of the controls and systems established by the Company, processing reports so that they may be solved, encouraging knowledge of the Code of Ethics and regularly drawing up reports on the level of compliance therewith.

The Code of Ethics allows one to report, confidentially, in good faith and preferably not in an anonymous fashion, any actions contrary to the Code of Ethics they may observe. The reporting methods provided in the whistleblowing channel are:

- An html page on the Group's Intranet: internal reporting channel.
- By post, to Apdo. de Correos 19312, 28080-Madrid, managed by the Chairman of the Response Committee.
- An email sent to comitederespuesta@fcc.es, managed by the Response Committee.

In order to guarantee the confidentiality of the whistleblowing channel, the reception of reports is centralised by the General Manager of Internal Audit, who chairs the Response Committee, the body in charge of this procedure.

The Response Committee assesses the acceptability of the report received, according to a preliminary review of the contents, placing on record the reasoned decision it then takes. In any event the documentation that is generated is filed and the acceptance thereof entails the opening of a case file, all of the information of which is entered into the Complaints Management System.

- **Training and periodic refresher programmes for personnel involved in the preparation and review of financial reports, as well as in the evaluation of the ICFR, at least covering accounting standards, auditing, internal control and risk management.**

Ongoing training of personnel is a basic aspect at FCC. It is set out in the values, policies and commitments approved by the Company's Management and it has the following goals:

- Obtaining better performance and efficiency from personnel in the development of their functions and in the functioning of the Company.
- Reaching career development goals (enhancing employment possibilities).

The General Manager of Human Resources of FCC and the General Administración and Information Technology Management jointly develop training plans for all the personnel involved in the preparation of the Group's Financial Statements. This Plan includes the permanent updating of standards affecting financial reporting and internal control in order to guarantee the reliability of the financial information.

In the year 2012, within the Corporate Training Plan, The FCC Management School includes training for the management team in Corporate Finance, Economic Environment, Financial Management, Analytical Accounting, Management Planning and Control, Taxation and Mergers & Acquisitions. Also, the FCC Corporate Processes School includes Finance training for non-financial personnel, Project Finance, Company Valuation, Analysis and valuation of investment projects, Management control, Payments methods for international trade and the accounting thereof, Foreign Trade Finance, Corporate Income Tax, Value Added Tax (VAT), International Taxation, Consolidation of Financial Statements, the New International Financial Reporting Standards (IFRS), Derivative Financial Products, Risk Management and Evaluation of the ICFR.

During the year 2012, 769,947 hours of training were given, mostly externally, of which 46,740 hours (6.1%) were for the acquisition, updating and recycling of economic and financial knowledge, including accounting and auditing standards, internal control and management and risk control, as well as other regulatory and business aspects that need to be known for the satisfactory preparation of the Group's financial reports, attended by an approximate total of 3,157 people.

The Corporate Training Plan prepared for the year 2013 completes the training offer in finance by including, within the FCC Corporate Processes School, advanced training in Finance for non-financial personnel, Valuation, monitoring and financial control of investment projects, Accounting, Advanced accounting, Advanced Excel for Finance, and the Balance Scorecard as a Management Tool.

2. EVALUATION OF RISKS IN FINANCIAL REPORTING

2.1 Main characteristics of the risk identification process, including error or fraud, in respect of:

- Whether the process exists and is documented.

The Group is headed towards an integrated risk management model, allowing it to appropriately face the financial reporting and other risks to which its activities are subject. The chosen model includes development of a top level risk map using the Enterprise Risk Management (Coso II) method, which provides management with valuable information and contributes to the definition of the Group's strategy.

For this purpose risk maps have been drawn up for each one of the Business Areas: FCC Construcción (except Alpine), Aqualia, FCC Medio Ambiente, FCC Energía, FCC Ámbito, VERSIA (FCC Logística, Cemusa, SVAT and CyS), and FCC Environment.

In addition to this, risks maps are being prepared for the major corporate areas that affect all of the Group's activities: Human Resources, Finance, Administration and Information Technology, Internal Audit and Legal Counsel.

Given the singular nature of the different business areas in FCC Group, each one of them carries out its own risk management, and the reported information is used to prepare the Group's consolidated risk map.

FCC Group's risk model is described in the Risk Management procedure, as part of the Management Systems for the different Business Areas in the Group.

Risk maps include the major risks identified in the business areas, as well as the controls established by the Management to mitigate the effect of the aforementioned risks and the evaluation thereof in terms of likelihood of occurrence and impact on the financial statements of the area analysed. Thus, counting on the support of the risk managers of the different business areas, as "risk management coordinators", the Group Management is being guided through a process to redefine and improve the above-mentioned risks, including those related to financial reporting and the preparation thereof, both in terms of the definition and allocation of responsibilities regarding their management in the operational field and in the preparation of procedures and methods, which include the following:

- Identifying key risks for FCC Group based on the potential threat they pose to achieve the Group's objectives.
- Evaluating risks. The risk evaluation scales are defined in terms of the potential impact should they materialise and the likelihood that they will occur.
- Additionally, for those risks exceeding the Accepted Risk for each of the business sectors, the necessary action plans are established with possible corrective measures in order to make their critical scale fall within the Accepted Risk. These action plans include the actions required to reinforce the existing controls and they even incorporate new controls thereto.
- Periodically, the Directors of each business area analyse, in collaboration with the Management Control and Risk Control Department, what risks have materialised in each one of the Group Areas, reporting them to the Audit and Control Committee.
- Periodically Risk Committees are held in the different business areas, to analyse the risks that have been identified and to monitor them.
- Mechanisms for periodically reporting the results of the risk evaluation and monitoring.
- Implementation of specific procedures to document risk management in the decision-making process.

Risk maps, as stated in the Comprehensive Risk Management model, are updated annually.

Periodically, Risk Committees are held in each business area, where the identified risks are monitored and the results are subsequently reported to the Audit and Control Committee. The implementation model is described in the risk management procedure as part of the Management systems in the Group's different business areas.

The entire process of identifying and monitoring risks is done for all the Group's risks and, in particular, it includes the risks arising from the reliability of top level economic and financial reporting.

Regarding the risks arising from the Group's criminal liability, in particular the risk of error or fraud, which are considered ion the Spanish Criminal Code, there has been a preventive identification of risks and controls mitigating them, as well as of the response thereto.

In summary, the main characteristics of the Comprehensive Risk Management model in FCC Group are:

- Preventing and controlling the risks that might affect achieving the objectives set by the Group;
- Ensuring compliance with the legal regulations in force and with the Group's internal rules and procedures;
- Guaranteeing the reliability and integrity of the accounting and financial reporting.

- **Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; assessment; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently.**

The Operating Risks identified in the Risk Map include the risk of reliability of the economic and financial information affecting each one of the business areas. For the global assessment of this risk we generally consider the risk of errors in the financial reporting in each of the business areas that are analysed, to cover all the objectives of financial reporting, mainly registration, integrity, cut-off of operations, homogeneity of the reports, validity and valuation.

The risk maps described above are updated at least annually. The last annual update took place in December 2012. This update was presented to the Audit and Control Committee on 31 January 2013.

- **The existence of a process to identify the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, shell corporations or special purpose vehicles.**

The Group has a register of companies that is continually updated and includes all the Group's holdings, whatever their nature, whether direct or indirect holdings, as well entities in which the Group has the capacity to exercise control regardless of the legal form through which it obtains that control, therefore including both shell corporations and special purpose vehicles. This corporate register is managed and updated according to the procedures regulated in the Group's Economic and Financial Manual.

The Corporate Intranet provides individual entries on each company with all of the relevant information on each one of them: shareholders, corporate purpose, administration body, etc.

ICFR

Each of the areas of the FCC Group organisation is responsible for the maintenance and updating of the consolidated companies corresponding to its business area. The Administrative Coordination Division keeps the database updated in the Corporate Intranet mentioned in the preceding paragraph, as well as the Economic and Financial Manual as regards the list of companies making up the consolidated Group, based on the data provided by the business areas.

- **Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.), insofar as they affect the financial statements.**

The risks associated to achieving the objectives of financial reporting are an integral part of FCC Group's risk map, therefore they do take into account the effect of other types of risk.

FCC Group's global risk management system, following the best business practise in the field and applying the Coso II method, has categorised risks as follows:

- **Strategic risks.** These are key risks for the Group and they are managed as a priority. These risks are related to the markets/countries/sectors where FCC Group operates. They also include risks involving reputation, innovation, economic planning, definition of the structure and objectives and the effectiveness of information disclosure and information flow.
- **Operational risks.** These risks are related to operations management and the value chain of each one of the business areas where FCC Group operates. They include risks related to the tender and contracting processes, selection of partners, outsourcing and suppliers, labour, collection and customer satisfaction processes, as well as risks having an impact on the reliability of the financial reporting.
- **Compliance risks.** Those affecting regulatory compliance, both internally and externally. These include the risks related to compliance with the applicable laws (in the field of quality, the environment, information security, prevention of industrial risks, etc.), the fulfilment of contracts with third parties and compliance with the FCC Group Code of Ethics.
- **Financial risks.** Risks associated with the financial markets and with the generation and management of cash. Financial risks include those related to liquidity, working capital management, access to financial markets, exchange rates and interest rates.

These risks are aligned with FCC Group's global risk policy.

- **What governing body in the Company supervises the process**

The supervision of the process use to identify risks in financial reporting is done by the Audit and Control Committee via the General Manager of Internal Audit and the General Administration and Information Technology Management, as part of their functions of supervising the internal control and risk management systems of FCC Group, as set out in the Rules of the Board of Directors.

Throughout the year 2012 the Audit and Control Committee has been informed of the results of the updates of the risk maps carried out during the period.

3. CONTROL ACTIVITIES

3.1 Procedures for reviewing and authorising financial reports and description of ICFR, that are to be disclosed to securities markets, indicating who is responsible, as well as the documentation describing the activity flows and controls (including those related to the risk of fraud) of the different types of transactions that could materially affect the financial statements, including the procedure for closing the end-of-period accounts and the specific review of relevant judgements, estimates, appraisals and projections.

As mentioned in the preceding section of this document, the Group is headed towards an integrated risk management model, allowing it to appropriately face the financial reporting and other risks to which its activities are subject.

This integrated risk management model is geared towards compliance with the four major objective categories established by this model:

- Effectiveness and efficiency of transactions.
- Safeguarding of assets.
- Reliability of the financial reporting.
- Compliance with applicable laws and regulations.

In this way objectives are related to the risks that could hinder the achievement thereof and to the control activities required to ensure that the response to these risks is conducted adequately in order to achieve the proposed objectives:

OBJECTIVES ▶ **RISKS** ▶ **CONTROL ACTIVITIES**

Control activities are documented in the policies and procedures that tend to ensure that FCC Group management's guidelines are followed, and that the necessary measures are taken to face the risks that jeopardise achieving the Group's objectives. The control activities are carried out in any part of the organisation, at all levels and in all of the functions, and they comprise a number of very different activities. They are applied by Company personnel, using their application systems and other resources established to ensure that the control objectives are reached and that the risk mitigating strategies are executed.

FCC Group has implemented control activities at corporate level and in each one of the business areas, such as to mitigate the risks included in the risk maps indicated in section 2 above. These control activities could be classified in the following groups:

- **High level reviews:** Related to approvals, authorisations, verifications and reconcilements. Senior management reviews the evolution of actual figures compared to the forecasts included in the Strategic Plans and the figures from prior periods.
- **Direct management of specific functions or operating activities:** reviews of the operating functions that are carried out in relation to the objectives sought and the risks that jeopardise them.
- **Processing and security of information:** controls related to the verification of the exactness, integrity and authorisation of transactions.
- **Physical controls:** periodic reconcilements of the inventory and security of the assets.
- **Performance indicators:** these are applied when matching operating and financial data.
- **Separation of functions:** division of functions among different people to reduce the risk of error or fraud.

In order to cover the preceding activities, the different business areas have defined in their procedures, the controls they have considered necessary with the objective of covering the risks in each of the areas. Regarding the controls of information systems, a distinction can be made between general controls such as information technology management, information technology infrastructures, security management and software acquisition, maintenance and development, among others, and application controls such as control digits, reasonability tests, logical tests, predefined data lists, etc.

The control weaknesses detected by the General Manager of Internal Auditing in relation to Internal Control are passed on to the Audit and Control Committee via reports including the recommendations considered necessary for the weaknesses that have been identified.

On the other hand, the specific review of the noteworthy judgments, estimates, valuations and projections in the quantification of certain assets, liabilities, income and expense commitments recorded and/or detailed in the Financial Statements is done by the General Administration and Information Technology Management, supported by the rest of the General Departments. Hypotheses and estimates based on the evolution of business are reviewed and analysed together with the corresponding Business Departments.

Additionally, a review is conducted by the external auditor, supervised by the Audit and Control Committee, at least half-yearly.

The main procedures are included in the Group's General Rules Manual and in the Economic and Financial Manual. These procedures include the closing of the accounting period and the maintenance of the Accounting Plan. In addition, the persons in charge of the Group's accounts receive indications on the registration of transactions that had not taken place in the Group before, and these criteria are incorporated to the next update of the Manual.

FCC Group periodically discloses financial reports to the securities market, on a quarterly basis and whenever relevant events take place that must be disclosed pursuant to the laws in force.

The periodic financial reports are drawn up by the Group's General Administration and Information Technology Management, which performs certain control activities at the end of the accounting periods to ensure the reliability of the reports. Once the financial report has been consolidated in the software application under SAP, it is reviewed by the

General Administration Management, the Management Committee, the Director General of Internal Audit and the external auditor.

Last of all, the Audit and Control Committee presents to the Board of Directors its conclusions on the financial report so that, once it is approved by the Board of Directors, it may be disclosed to the securities markets.

Article 10 of the Rules of the Board of Directors states the following in relation to the specific functions regarding the Financial Statements and the Directors' Report:

- The Board of Directors shall draw up the Financial Statements and the Directors' Report, both separately and on a consolidated basis, such as to give a true and fair view of the assets, the financial position and FCC's results, as provided by Law, following a favourable report by the Audit and Control Committee. The statements shall be certified beforehand, as to their integrity and exactness, by the General Administration and Finance Management with the Approval of the Chairman, if he has executive functions, or otherwise by the CEO.
- The Board of Directors, after reviewing the reports mentioned above, may request any clarifications deemed appropriate from those who issued the reports.
- The Board of Directors shall ensure, in particular, that the above-mentioned accounting documents are drafted in clear and precise terms to that the contents are easy to understand. In particular, they shall include any comments that are useful for that purpose.
- Members of the Board of Directors shall place on record that, before undersigning the Financial Statements as required by Law, they have had access to the report thereon that is to be prepared by the Audit and Control Committee, as well as, in general, to the information required for that act, and they may set down any comments they consider relevant.
- On a quarterly basis, the Board shall review the FCC Group accounts, after receiving a report from the Audit and Control Committee.

Likewise, article 11, in relation to the specific functions with respect to the Securities Market, establishes the following:

- In particular, the Board shall perform, in the manner provided in the Rules, the following specific functions in relation to the Securities Market:
    - The performance of any acts and the adoption of any measures required to ensure the transparency of FCC in the financial markets.
    - The performance of any acts and the adoption of any measures required to promote the proper price formation of FCC shares, particularly preventing manipulation or the use of privileged information.
    - The approval and update of the Internal Rules of Conduct in relation to Securities Markets matters.
    - Approval of the Annual Corporate Governance Report mentioned in article 116 of the Spanish Securities Market Act.

Last of all, article 14 "Market relations," states the following:

- The Board of Directors shall adopt the measures required to ensure that periodic financial information and any other information disclosed to the market is drawn up pursuant to the same principles, criteria and professional usage as the financial statements and is as reliable as the latter.

On the other hand, the Group's Internal Audit Basic Standards establish, among the functions and attributions of the General Internal Audit Management, the "review of the (individual and consolidated) accounting information, the management reports and the financial reports that are periodically disclosed to the markets, evaluating their correctness and reliability, the compliance with the laws in force and the proper application of generally accepted accounting principles" and "suggesting internal control measures to facilitate compliance with the standards when preparing and disclosing financial reports."

3.2 Internal control policies and procedures for information systems (among others, with regard to secure access, control of changes, operation thereof, continuing operations and separation of functions) supporting the Company's relevant processes in relation to the preparation and disclosure of financial reports.

The General Administration and Information Technology Management is responsible for the Information and Telecommunication Systems of all the businesses and countries in which FCC Group operates. It's multiple and varied functions include the definition and monitoring of security policies and standards for applications and infrastructures, including the internal control model within the scope of information technologies.

FCC Group's internal control model considers the computer processes, comprising the I.T. environment, architecture and infrastructures, on the one hand, and the applications affecting the transactions with a direct effect on the company's main business processes and hence on financial reporting and on the end-of-period closing processes. The aforementioned controls may be developed by means of automated activities in the computer programs themselves or through manual procedures.

FCC Group applies an internal control model to the Reporting Systems and it particularly pays attention to the control of the "Financial Environment Map", focusing on ensuring the quality and reliability of the financial reporting in the process of closing periods and hence of the information disclosed to the markets. In this respect, the Company has a governance framework for information technology related environments and it relies on multiple and varied functions that are defined within the security policies and standards for the internal control application within the scope of I.T. management.

In respect of this indicator, the following areas are considered priorities:

- Programs and Data Access.
- Change Management.
- Development Management.
- Transaction Management.
- Documentation Management.

Within these five areas, the following controls over the applications supporting the financial environment are considered especially relevant:

- Information Management Policy.
- Financial environment map.
- Role matrix and responsibility of the applications.
- Demand for developments and functional change management.
- Demand for infrastructure change management.
- Specification and approval of tests and user acceptance.
- Technical and functional requirements specification.
- Incident management.
- Job management.
- Environment continuity management.
- Service level agreement and management thereof with third parties.
- Physical Security of the Data Processing Centres (DPC).

It should be noted that the company has a certified information security management system, based on the ISO/IEC 27001 international standard, for the Construction business area. This standard defines and establishes the principles of functionality, security and responsibility and it may be extrapolated to different areas in the organisation.

FCC Group, aware of the importance of the security of the information it processes, has developed a set of policies and standards that help to ensure the confidentiality, integrity and availability of its information systems. The aspects related to the internal control over the financial reporting are regulated in the "Information Security" Corporate Standard.

This document defines the functional principles and the bodies responsible for Information Security and it directly involves the business, demonstrating its support in this paragraph of the Policy itself:

"The CEO and the Management Committee shall have these responsibilities:

- To establish the general criteria for the classification and management of information assets.
- To approve:
  - The Security Organisation and Management Model.
  - The Information Assets Classification and Management Model.

One of the fundamental principles governing the functioning of the above-mentioned standard is the Principle of Information Integrity: information management shall be governed by policies, standards, procedures and guidelines to ensure its confidentiality, integrity and availability.

FCC Group has a security model that requires, in order to operate, an organisational structure and the allocation of roles and responsibilities in terms of security:

- The Information Technology Committee will act as the highest body coordinating the Group's information security.
- The Information Security and Technology Risk Management Department defines the

security requirements in projects that develop new applications and it successively validates the functionality of the mechanisms and controls implemented in the applications before going into production.

- The Information Security and Technology Risk Management Department is integrated within the Change Management Committee with the object of verifying the conformity of the proposed changes in the I.T. infrastructure with the security requirements established in the FCC Group Information Security Policy.
- The Information Security and Technology Risk Management Department uses different monitoring tools that analyse the operation of FCC Group's information systems, ensuring that they are able to generate warnings in real time when they detect security incidents.

Information security is evaluated periodically. In this respect, the Information Security and Technology Risk Management Department performs the following audits:

- Regulatory compliance regarding Personal Data Protection, biannually.
- Analysis of information system vulnerability.
- Information system intrusion test.

Since the year 2011, the management of the technology infrastructures of FCC Group's information systems is outsourced. The contract with the external firm includes a clause ensuring the rendering of services according to the best practices in the market as regards I.T.

3.3 Internal control policies and procedures used to supervise the management of activities outsourced to third parties, together with evaluations, calculations or assessments entrusted to independent experts, which could materially affect the financial statements.

FCC Group has not outsourced any relevant activities used to execute or process transactions shown on the Group's financial statements, with the exception of the valuation of financial derivative products, the performance of actuarial calculations and the carrying out of certain property appraisals on an ad-hoc basis.

There is an internal procedure for hiring external advisers, which requires certain levels of approval depending on the amount involved, including, if appropriate, the approval of the CEO of the Company. The results or reports by persons hired in the fields of accounting, taxation or legal issues are supervised by the persons in charge of General Administration and Information Technology Management, General Legal Counsel Management and General Internal Auditing Management, and of other Departments if it is considered necessary.

As mentioned above, FCC Group has outsourced the rendering of information and telecommunications infrastructure management services. Furthermore, as part of the contract, investments are being made to standardise the architecture of FCC's system and to remove any differences between the environments managed by Group companies in terms of availability and integrity.

Of the projects being performed, it is important to highlight the following:

- Consolidation of the centralised Information Technology infrastructure in two high availability data centres in Madrid.
- Complete overhaul of the workstations in a virtualised environment or with automatic back-up to guarantee the availability of the information.
- Consolidation of operations in global centres with standard tools.
- Implementation of a single, common Service Desk through which all information system incidents are channelled.
- Implementation of a single wide area network (WAN) to standardise the ability of users to access the Group's information systems.

As an internal control procedure for supervising the management of these outsourced activities, the Group has implemented a catalogue of services managed with unified service quality and measured according to pre-agreed Service Level Agreements (SLA).

Last of all, it should be noted that FCC Group has procedures to supervise the activities the businesses in which it operates by means of corporate structures where either it does not have a controlling interest or they are not administrated directly by the Group, for instance in joint ventures (UTEs).

4. REPORTING AND COMMUNICATION

4.1 This is a specific function in charge of defining and updating the accounting policies (accounting policies area or department) and solving any doubts or disputes arising from the interpretation thereof, communicating constantly with the operations managers in the organisation, together with an updated accounting policy manual that is communicated to the units through which the Company operates.

The responsibility for the application of FCC Group's Accounting Policies lies with the General Administration and Information Technology Management, which includes the Group's Administrative Coordination Division, with the following functions, among others:

- Defining the Group's accounting policies.
- Issuing the accounting standards to be applied in the Group.
- Solving doubts or disputes arising from the interpretation or application of the Group's accounting policies for any company in the Group.
- Analysing special operations and transactions carried out or scheduled to be carried out by the Group to determine how they are to be accounted for according to the Group's accounting policies.
- Monitoring the new regulations being considered by the IASB, the new standards already approved by the aforementioned Body and its validation process by the European Union, determining the impact that the implementation of those standards will have on the Group's Consolidated Financial Statements.

Thus the Administrative Coordination Division keeps all those in charge of preparing financial statements at the different levels of the Group informed of the regulatory modifications, clarifying any doubts that may arise, and at the same time it gathers from the Group companies, the information necessary to ensure the coherent application of the Group's Accounting Policies and determining the impact of the application of the new accounting standards.

FCC Group's General Internal Auditing Management details, within its Internal Auditing Plan, as one of the functions it is responsible for, the task of supplementing, from the standpoint of accounting standards, all the technical queries made from any of the business areas in which the Group operates.

Wherever the application of the accounting standards is subject to different interpretations, the General Internal Auditing Management and/or the General Administration and Information Technology Management may take part in the explanation given to the external auditor of the reasons for the interpretation adopted by FCC Group.

FCC Group is made up of a large number of companies operating in different countries and it is obliged to draw up its consolidated statements according to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) adopted by the European Union, as detailed in the Group' Economic and Financial Manual.

The Group's Economic and Financial Manual establishes, in the first chapter, the accounting base on which FCC Group must function, allowing it to draw up the Group's consolidated financial statements, as well as any other financial statements or periodic information that are to be disclosed.

In FCC group subsidiaries, joint ventures and associated companies where what is established cannot be applied, the necessary information must be available in order to homogenise it by introducing the appropriate adjustments, so that the resulting information complies with the established criteria.

In order to homogenise FCC Group's economic and financial reporting on the basis of international standards, financial statement models and a corporate accounting chart have been developed; they are likewise included in the Economic and Financial Manual.

This Manual is updated, according to the evolution of accounting regulations, by the Administrative Coordination Division, and it is available on the Group's Intranet (FCCnet) under "Regulations" and it may be consulted by Group employees. It is also possible for users to create a warning whenever any updates have taken place in this Manual.

The regulations are updated in a coordinated fashion by the departments that know about, are experienced and involved in the matters at issue, and this is ultimately approved by General Administration and Information Technology Management.

ICFR

4.2 Mechanisms for gathering information and preparing financial reports with homogeneous formats, to be applied and used by all the units in the Company or Group, supporting the main financial statements and the notes thereto, as well as any financial information detailed on ICFR.

FCC Group has implemented a common reporting system based on the application in SAP, with which it intends to cover its individual financial reporting needs as well as to systemise and standardise the consolidating process of the Group's economic-financial information. This application gathers, by reporting units, at a "business-sector" or legal corporation level, as required, the information needed to draw up different types of economic and financial reports, both for internal use and for disclosure to public bodies and institutions.

The tool centralises in a single system all the information corresponding to the accounting of individual financial statements of the subsidiaries making up the Group. The system is centrally managed and it uses a single accounting plan, and the information is automatically loaded into this consolidation system from SAP.

The procedures to gather and prepare financial information are documented in the Economic and Financial Manual, establishing the availability dates, in the Administration and Information Technology Area, of the economic and financial information to be furnished by the Administration and Finance Departments of the different business areas (standard 8.01.01); the consolidated economic and financial documentation, on the one hand, and that of FCC, S.A. (CEBEs and UTEs), on the other hand, to be furnished to the Administration and Information Technology Management by the Administration and Finance Departments of the business areas (standards 8.01.02 and 8.01.03 respectively). These procedures do not specifically consider information on the Internal Control System, this information is obtained via specific requests to the persons in charge of the areas involved.

Additionally, for the closing of the year-end accounts and with the object of disclosing the annual financial report within the two months following the end of the year, pursuant to Royal Decree 1362/2007, of 19 October, in relation to the transparency requirements regarding the information on issuers whose securities are listed on an official secondary market or other regulated markets in the European Union, the General Administration and Information Technology Management sends out the end of period plan by email, which includes instructions for those responsible for providing the corresponding financial information. The Administrative Coordination Division specifies, clarifies or increases the instructions whenever require.

The accounting policies, procedures and internal standards related to the closing, reporting and consolidation processes are described in the Group's Economic and Financial Manual, also detailing the information to be furnished for the consolidation and defining the base documents or forms to provide that information.

Another procedure for capturing financial information is the implementation of a tool in a SAP environment allowing the FCC Group Corporate Finance Division to obtain all the banking information from each company and with all of the financial entities they operate with.

With respect to the description of the internal control over financial reporting (ICFR), FCC Group has identified the controls it has in place to respond to the indicators proposed by the CNMV Internal Control Task Force and those responsible for it. As a result of this process an additional file has been created with the supporting documentation provided by those responsible for each one of the indicators.

5. SUPERVISION OF THE SYSTEM'S FUNCTIONING

5.1 ICFR supervision activities performed by the Audit Committee, and whether the Company has an Internal Audit function authorised to support the Committee in its task of supervising the Internal Control System, including ICFR. Information will also be given on the scope of the ICFR evaluation carried out during the year and on the procedure whereby the person in charge of performing the evaluation communicates the results, whether the company has an action plan detailing any corrective measures, and whether the impact on the financial reporting has been considered.

The FCC Group Internal Audit Basic Standard, heading three, states that "The goal of the General Internal Auditing Management is to provide the Board of Directors, via the Audit and Control Committee and the Senior Management of FCC Group, with which it collaborates actively, with the effective supervision of the internal control system, by exercising a unique and independent governance function aligned with professional standards, contributing to Good Corporate Governance; to check the proper fulfilment of the applicable regulations, both internally and externally, and to reduce the possible impact of risks to achieve the FCC Group objectives to reasonable levels."

The General Internal Auditing Management, delegated by the Audit and Control Committee, has as its goal, as stated in the Group's Internal Audit Basic Standard, sections 4 and 5: to be able to evaluate the adequacy and effectiveness of the internal control systems. To this end the Internal Audit function reaches the entire FCC Group in respect of:

- Reliability and integrity of the economic and financial information, both internal (reports on management) and external.
- Systems and operations review to check the compliance with the policies, procedures and regulations approved by Management, and also compliance with the laws in force.

Heading 9 of this standard establishes the functions and attributions of the General Internal Auditing Management:

- "The General Internal Auditing Management has the fundamental mission of facilitating for the Audit and Control Committee, the compliance with the competencies and responsibilities conferred to that Committee by article 41 of the Rules of the Board of Directors in force."
- "The functions of the General Internal Auditing Management are supervising the efficiency of the internal controls, ensuring compliance with legal requirements, evaluating and improving the risk management processes and ensuring that the financial reports that are prepared are correct and adequate for FCC Group. These functions are specified in:

  - Analyses and evaluation of the systems ensuring compliance with the policies, procedures, standards, regulations and plans. The sufficiency and effectiveness of the internal control systems, making suggestions for improvement.
  - Review of the application and effectiveness of the risk management procedures and its assessment systems.
  - Monitoring compliance with the standards and guidelines established by Management, especially the Code of Conduct and the General Standards Manual.
  - Review of the (individual and consolidated) accounting information, the management reports and the financial information disclosed periodically to the markets, evaluating their correctness and reliability, the compliance with the laws in force and the correct application of generally accepted accounting principles. Suggestion for internal control measures facilitating compliance with the regulations in the preparation and disclosure of financial reports.
  - Checking that the assets really exist and the systems, guaranteeing its integrity and safeguarding.
  - Providing support to the different areas for their technical relations, control and monitoring with the external auditors.
  - Assisting the members of the Group's Organisation, providing them with analyses, recommendations, advice and information on the reviewed activities, informing the Management of any incidents that are detected and recommending corrective actions.
  - Compliance with the Annual Auditing Plan, informing periodically on its evolution.
  - Supervising the work of the external auditors, requesting and receiving information on any aspect related to the auditing process, liaising between the external auditors and the Audit and Control Committee, forwarding the conclusions of the review by the external auditors, especially any circumstances that might jeopardise their independence. It will also make a proposal on the appointment of the external auditors to enable the Audit and Control Committee to fulfil its obligations with the Board of Directors.
  - Any other functions assigned by the Audit and Control Committee.

The General Internal Auditing Management will act independently of the management areas. A resolution of the Board of Directors, dated 26 October 2004, established that the General Internal Auditing Management was functionally dependent on the Audit and Control Committee and organically dependent on the Chairman of FCC Group. The members of the General Internal Auditing Management perform their functions independently without sharing their responsibilities with other management areas.

As mentioned in section 2.1 above, the Group is headed towards an integrated risk management model, allowing it to appropriately face financial information risks and others to which its activities are subject. To this end, the General Administration and Information Technology Management allocated funds to the Management Control and Risk Management Department, which works alongside the General Internal Auditing Management to carry out this task.

ICFR

The deterioration of the economic environment during recent years has increased the exposure of companies to the different risks. In this respect, the Group's General Internal Auditing Management, as detailed in the Auditing Plan drawn up in compliance with the Basic Auditing Standard, considers it necessary to analyse and evaluate, by way of different indicators, the impact caused in the business areas in order to advise the Audit and Control Committee and make the right recommendations to allow to minimise the impact of the risks in relation to the Group's financial reporting.

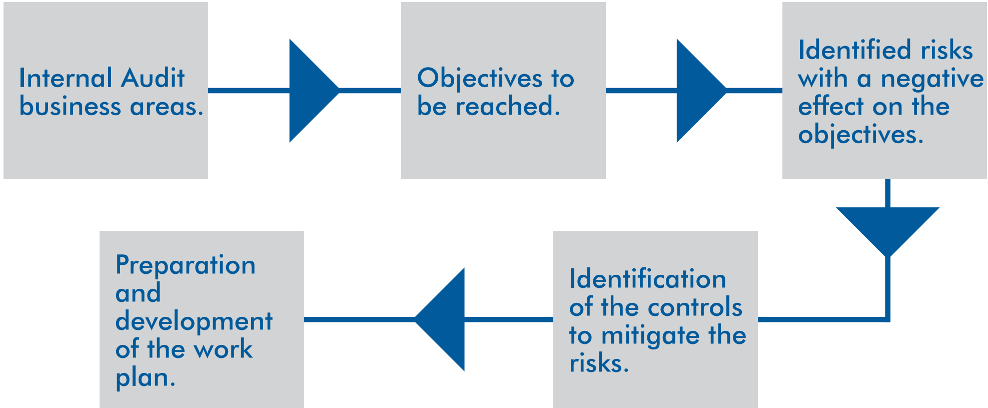
Depending on these variables, the scope of the auditing work is defined, to provide the Audit and Control Committee and Management in general with reasonable security as regards the correct functioning of the internal control systems, on the compliance with the main risk management policies of the Group and the reliability of the economic and financial information prepared by the Management and submitted to the Board of Directors for approval.

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes applied to prepare the economic and financial information, the internal controls and the independence of the external auditors.

The Audit and Control Committee meets with the External Auditor and listens to the explanations given by the General Finance Management and the General Administration and Information Technology Management.

The auditing plan does not include the work that can be performed by the Internal Audit Departments of the FCC Group listed subsidiaries Cementos Portland Valderrivas and Realia, without prejudice to the coordination tasks taking place between the different Internal Audit Departments, with the object of being able to inform FCC Group's Audit and Control Committee of the effect that the risks of these Groups may have on its consolidated financial statements.

The Auditing Plan (prepared in compliance with the Basic Auditing Standard) is done according to the following diagram:



According to the 2012 Auditing Plan communicated to the Auditing Committee for the year 2012, the General Internal Auditing Management has carried out the following tasks in relation to the Group's financial information internal control system, in the areas of:

- **I.T. audit:** there have been reviews of the role and separation of function matrix models in FCC Construcción, Alpine and in Service Business Areas (Aqualia and Medio Ambiente), reviews of the General I.T. Controls in the Construction areas, work to validate the effectiveness of automatic controls in the FCC Construcción SAP for Machinery, validation of the Security of the implementation of SAP Incorpora to manage payrolls in all the business areas of FCC Group, ISO 27001 Audit in the FCC CO area and half-yearly reviews of SAP (the FCC Group financial system).
- **Environmental audit:** review of the models to estimate environmental provisions at FCC Environment.
- **Review of the financial information in the different business areas:** Construction, Industrial waste services, Waters, Energy, Environment and Versia, mainly the information on provisions, judgments and estimates.

- **Analysis of the audit opinions on the audited companies:** systematic analysis of the audit opinions on the FCC Group companies, with the purpose of monitoring the companies that do not receive a favourable opinion of the auditor.
- **Monitoring of the reporting obligations to financial institutions (covenants):** coordination of the work between the external auditors and the business areas, analysing and reviewing the information put together by these areas, which must be certified by the auditor. Involvement in the process of certifying financial ratios determined using statutory financial statements that have already been audited.
- **Criminal liability of the legal person or body corporate:** evaluation of the design of the controls implemented at FCC with respect to the modification of the Criminal Code, verification of the measures and controls established in the Group for the prevention and detection of criminal offences.
- **Internal communication channel:** Review of the fulfilment of the communication obligations established in FCC Group's Internal Rules of Conduct and in its Code of Ethics.
- **Monitoring of internal control recommendations made in prior years.**
- **Other financial reporting review functions:** Supervision of the quarterly, half-yearly and annual accounts its Notes. Internal Audit reviews the consolidated and separate financial statements with the purpose of identifying whether the amounts and the information detailed in the statements are in keeping with the IFRS or the Spanish General Chart of Accounts. Additionally, the reports sent to the CNMV are supervised.
- **Technical queries:** Internal Audit collaborates in responding to queries on the accounting of certain transactions depending on how complex they are.

The outcome of the reviews carried out by the General Internal Auditing Management and the incidents that were detected, have been communicated to the Audit Committee throughout the year.

5.2 Discussion procedure whereby the auditor (in accordance with that provided in the Technical Auditing Standards), the Internal Audit function and other experts can communicate to Senior Management and to the Audit Committee or to Directors of the Company any significant internal control weaknesses identified during the process of reviewing the financial statements or any other reports entrusted to them. It should also be stated whether there is an action plan to correct or mitigate the weaknesses observed.

FCC Group's Basic Internal Audit Standard, in heading 7.i), states that "the Audit and Control Committee is to be informed, through the General Internal Auditing Management and its relations with the external auditors, of the financial reporting preparation process, the correct application of generally accepted accounting principles, and of the fulfilment of legal requirements and the functioning of the internal control systems."

As stated in the preceding section, the goal of the General Internal Auditing Management is to provide the Board of Directors, through the Audit and Control Committee and the Senior Management of FCC Group, with the effective supervision of the internal control system.

This goal is met by providing the FCC Group Management with an independent opinion on the Organisation's preparation to achieve its objectives, by means of a systematic and methodological approach to the evaluation, management and improvement of the effectiveness of these processes:

- **Risk Management:** the processes followed by Management to identify, evaluate and respond to the potential risks that may affect the Organisation being able to achieve the business objectives set out in the Strategy Plan.

- **Internal Control:** the policies, standards, procedures and activities making up the control system set by FCC Group to ensure proper management and to keep risks to a minimum.

As detailed in the preceding section, heading 9 of the Group's Basic Internal Audit Standard establishes, among the functions and powers of Internal Audit: "Assisting the members of the Group's Organisation, providing them with analyses, recommendations, advice and information on the reviewed activities, informing the Management of any incidents that are detected and recommending corrective actions."

AUDIT REPORT

FCC Group's General Internal Auditing Management periodically informs the Audit and Control Committee of the significant internal control weaknesses identified when performing its work, making recommendations for the adequate correction of those weaknesses. In 2012 it attended all the Audit and Control Committee meetings.

With the purpose of ensuring that the financial information forwarded to the Audit and Control Committee has been prepared according to generally accepted accounting principles and gives a true and fair view of FCC Group, the General Internal Auditing Management conducts review processes of the (individual and consolidated) accounting information, the management reports and the financial reports that are periodically disseminated to the markets.

Additionally, the Group's auditor has direct access to the Group's Senior Management and has periodic meetings with them, both to obtain the information needed to perform their work and to report any control weaknesses that have been detected. The external auditors present the conclusions of their reviews to the Audit and Control Committee at least three times a year, detailing the internal control weaknesses that have surfaced when reviewing the Group's financial statements, including any aspects they consider relevant. In 2012 the external auditor attended 4 Audit and Control Committee meetings.

6. OTHER RELEVANT INFORMATION

N/A

7. EXTERNAL AUDITOR'S REPORT

7.1 If the ICFR information disclosed to the markets has been reviewed by the external auditor, the Company must include the relevant report as an Exhibit. Otherwise, the reasons why said report is not available must be explained.

The information included herein on the Internal Control over Financial Reporting System has been reviewed by the External Auditor, and the report is attached as an exhibit to the actual document.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON THE DISCLOSURES ON INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. FOR 2012

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

Under Spanish Securities Market Law 24/1988, of 28 July, as amended by Sustainable Economy Law 2/2011, of 4 March, for financial years beginning on or after 1 January 2011, the Annual Corporate Governance Report ("ACGR") must include a description of the main characteristics of the internal control and risk management systems in relation to the regulated financial reporting issuance process. In this connection, on 26 October 2011 the Spanish National Securities Market Commission (CNMV) published a draft Circular, modifying the specimen Annual Corporate Governance Report to be published and including the manner in which entities should approach the description of the main features of their ICFR system. In its letter, dated 28 December 2011, the CNMV provides a reminder of the aforementioned changes in the law that must be taken into consideration when preparing the "Disclosures on the ICFR system" until final publication of the CNMV Circular defining a new ACGR model.

For the purposes of subparagraph no. 7 of the ICFR of the contents of the specimen annual corporate governance report, included in the draft CNMV Circular, whereby entities are required to indicate whether the description of the ICFR system has been reviewed by an external auditor and, if so, to include the relevant report, on 28 October 2011 the financial auditors' representative bodies published Draft Guidance, together with a specimen guideline auditors' report ("the Draft Guidance"). On 25 January 2012, the Spanish Institute of Certified Public Accountants established certain additional considerations in this connection in its Circular E01/2012.

As requested by the Board of Directors of Fomento de Construcciones y Contratas, S.A. ("the Entity") and in accordance with our proposal-letter dated 5 February 2013, we have applied certain procedures on the accompanying "Report on the system of internal control over financial reporting (ICFR)" of Fomento de Construcciones y Contratas, S.A. for 2012, in which the Entity's internal control procedures relating to its annual financial reporting are summarised.

The Board of Directors is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance and supervision of an adequate system of internal control and for making improvements to that system and for preparing and establishing the contents of the accompanying Disclosures on ICFR.

In this regard, it must be borne in mind that, irrespective of the quality of the design and operativity of the internal control system implemented by the Entity in connection with annual financial reporting, such system can only provide reasonable, but not absolute, assurance in respect of the objectives it pursues, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to the Technical Auditing Standards, the sole purpose of our assessment of the Entity's internal control was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidance on the auditors' report relating to Disclosures on Internal Control over Financial Reporting in Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is substantially less than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2012 described in the accompanying Disclosures on ICFR. Therefore, had procedures additional to those provided for in the aforementioned Guidance been applied or an audit or a review of the system of internal control over the regulated annual financial reporting been performed, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Reading and understanding of the accompanying disclosures on ICFR prepared by the Entity and assessment as to whether such disclosures address all the information required in accordance with the minimum content described in the specimen Annual Corporate Governance Report of the draft CNMV Circular.

2. Making inquiries of the employees responsible for preparing the disclosures detailed in point 1 above, with a view to: (i) gaining an understanding of the preparation process; (ii) obtaining the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtaining information on whether the aforementioned control procedures have been implemented and are in use at the Entity.

3. Review of the explanatory supporting documentation for the information detailed in point 1 above, including the documentation furnished directly to the employees in charge of preparing the information describing the system of ICFR. In this respect, the aforementioned documentation includes reports prepared by the internal audit department, senior executives and other internal or external experts providing support functions to the Audit and Control Committee.

4. Comparison of the information detailed in point 1 above with our knowledge of the Entity's system of ICFR obtained as a result of the application of the procedures carried out as part of the audit of its financial statements.

5. Perusal of minutes of meetings of the Board of Directors, the Audit and Control Committee and of other Entity committees in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by those in charge of the preparation and authorisation for issue of the disclosures detailed in point 1 above.

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The procedures applied to the Disclosures on the system of ICFR did not bring to light any inconsistencies or incidents that might affect the Disclosures.

This report has been prepared exclusively in the context of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and the provisions of the draft CNMV Circular, of 26 October 2011, for the purposes of the description of the system of ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.

Miguel Laserna Niño
21 March 2013

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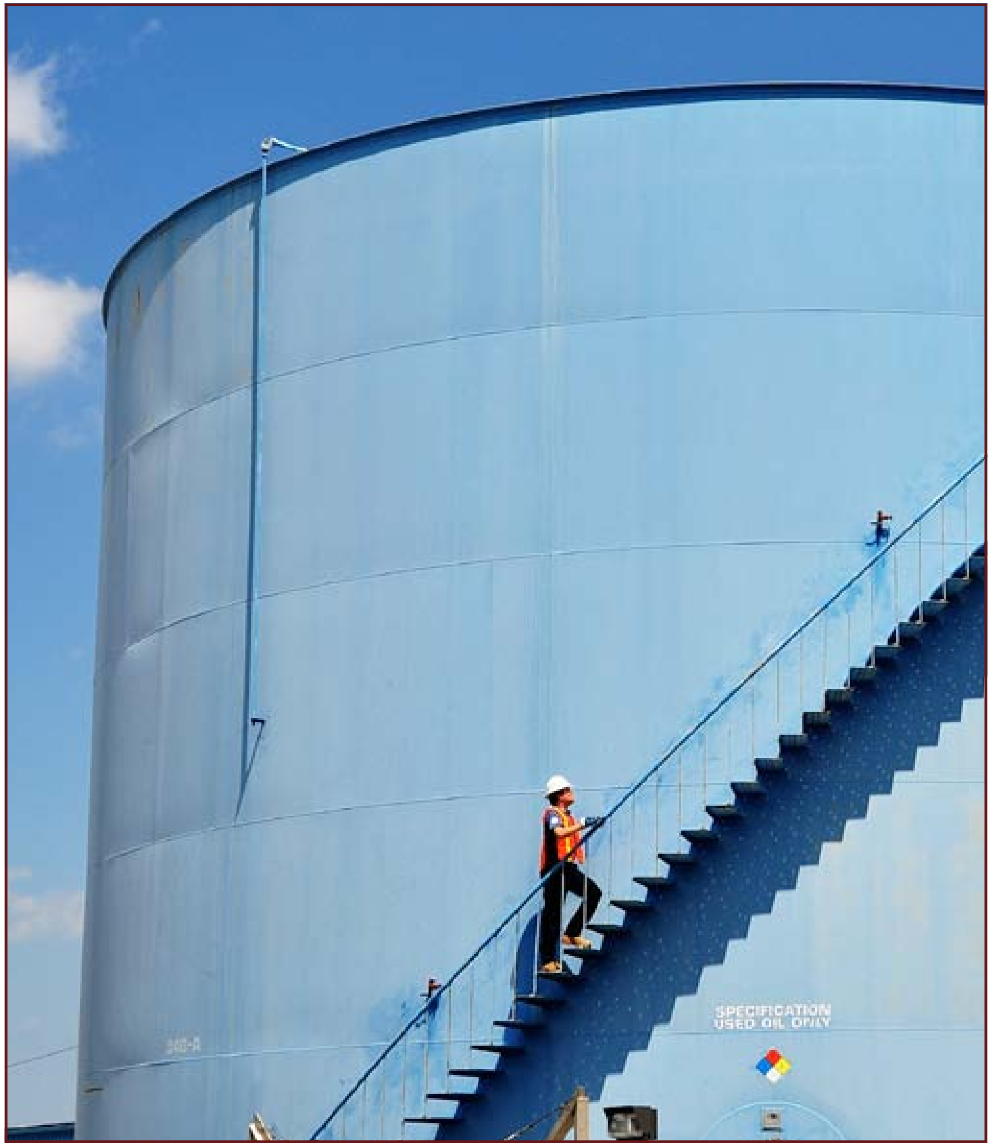


OTHER ADDITIONAL INFORMATION IN RELATION TO THE 2012 ANNUAL CORPORATE GOVERNANCE REPORT

Information on securities that are not listed on a regulated market in the EC, stating, if appropriate, the different classes of shares and, for each class of shares, the rights and obligations they confer, as well as the percentage of the share capital represented by the Company's treasury shares and any significant variations (art. 61 bis 4. a) 3 of the Spanish Securities Market Act).

A) Securities that are not listed on a regulated market in the EC:

At present bonds exchangeable for shares of the company have been issued; their terms and conditions are subject to English Law and they are listed on the unregulated Euro MTF Luxembourg stock exchange (multilateral trading platform).

Their characteristics are mentioned in Relevant Events numbers 114574, 114614, 116937, disclosed to the CNMV and described below:

Relevant Event number 114574

On 7 October 2009, Relevant Event number 114574 was disclosed, which included information on "the issue of bonds exchangeable for Company shares, which are expected to be listed on an unregulated market (Euro MTF Luxembourg)." The contents are the following:

I. "The Executive Committee, pursuant to the resolution of the delegation of the Annual General Meeting of Shareholders of 18 June 2008 and of the Board of Directors of 30 September 2009, unanimously resolved at its meeting of 6 October 2009 to carry out the issue of bonds exchangeable for Company shares (the "Bonds"), establishing the main characteristics thereof, but there are yet to be determined some of the terms and conditions of the Bonds (the "Terms and Conditions"), once the bookbuilding process that is scheduled to be performed by the Joint Lead Managers (as defined later) is completed today.

II. The main characteristics of the bonds offer are the following:

(a) The initial amount of the issue is four hundred and fifty million euros (€450,000,000).
(b) The issue will be underwritten by Barclays Bank PLC and Société Générale (the "Joint Lead Managers"), subject to the signing of the Subscription Agreement (as defined below) and it will cater to qualified international investors.
(c) The bonds will be non-guaranteed debentures of the Company and they will have equal rank among them ("pari passu") and as the rest of the past and future ordinary non-guaranteed loans of the Company, with the exception of certain loans from financial entities amounting to €3,306,554,225, $186,900,000 and £153,850,000 with final maturity on 30 December 2013, in respect of which they will be subordinated debt, and those which have legal preference.
(d) The Bonds will be issued at par value, in registered form, with a principal amount of fifty thousand euros (€50,000). The Bonds are of a single series and they will be represented by registered bonds, initially under the form of a single global certificate ("Global Certificate"), although it is possible that they may be subsequently represented by means of definitive registered certificates ("Definitive Registered Bonds").
(e) The Bonds will accrue a fixed annual interest payable half-yearly, which will ultimately be determined by the Company once the Joint Lead Managers have finished the bookbuilding process, and it is estimated that it will be set between 5.50% and 6.00% per annum.
(f) The redemption price at the maturity of the Bonds will be 100% of the nominal value.
(g) The Bonds will be exchangeable, at the choice of the bondholders, for existing shares in the Company, according to the Terms and Conditions of the issue, which among other things determine the exchange period and price (as defined below).

Pursuant to the provisions in the Terms and Conditions of the issue, the Company may choose the meet its obligations as a consequence of the bondholders exercising their right of Exchange by delivering newly issued shares, provided that (i) the Extraordinary General Meeting of Shareholders of the Company, which is scheduled to be called soon following a resolution of the Board of Directors, approves the exchange of Bonds for newly issued shares in the Company, the exclusion of pre-emptive subscription rights to which shareholders would be entitled, and the corresponding capital increase the allow such exchange, and that (ii) said resolutions are recorded at the corresponding Mercantile Registry.
(h) The exchange price ("Exchange Price") will be established by the Company taking into account:
  (a) The Stock Exchange price of the Company's shares, determined on the basis of the weighted average price of the shares considering their trading volume on the Stock Exchange during the period comprised between this notice of the issue ("launch") and the setting of the above-mentioned Exchange Price today ("pricing"); and
  (b) an exchange premium also to be determined, which will be set between 28% and 33% of that price, determined as a result of the bookbuilding process performed by the Joint Lead Managers.
(i) The issue is backed by the Company's assets and there is no special third-party guarantee.
(j) The Terms and Conditions of the Bonds are subject to English Law and it is expected that the Bonds will be listed on the unregulated Euro MTF Luxembourg stock exchange (multilateral trading platform).
(k) The Terms and Conditions will be set by the Company once the Joint Lead Managers have carried out the bookbuilding process (scheduled for today), and today it is also expected that the subscription agreement ("Subscription Agreement") for the Bonds will be signed with the Joint Lead Managers, subject to English Law.

The Bonds will be subscribed and paid for on the closing date, initially scheduled for 30 October 2009, provided that the conditions provided in the Subscription Agreement are met.

III. The Company will accept a 120 day lock-up commitment as from the signing of the Subscription Agreement, by virtue of which it undertakes not to carry any issues, offers or sales of securities, shares or options during that period. This restriction will not affect the capital increase for the issuance of FCC shares which, as the case may be, could be approved by the Extraordinary General Meeting mentioned in section V. below.

IV. The Company has resolved to furnish liquidity to the investors who are awarded Bonds by making available to the Joint Lead Managers a loan of Company treasury shares representing approximately 4% of the share capital.

V. The Board of Directors is scheduled to call an Extraordinary General Meeting which is to approve, among other matters, (i) the exchangeability of the Bonds for newly issued shares of the Company, the exclusion of the pre-emptive subscription rights to which shareholders would be entitled and the corresponding capital increase to enable this exchange; and (ii) a share buyback program pursuant to European Commission Regulation 2273/2003, the purpose of which is the fulfilment by the Company of the obligations arising from the issuance of Bonds and/or the reduction of capital (also to be resolved by the General Meeting) by means of the redemption of own shares for a nominal amount of new shares of the Company issued in order to meet the applications for exchange or conversion made by the Bondholders.

VI. B-1998, S.L.,, the holder, directly or indirectly, of 53.829% of the share capital of FCC, has undertaken to attend the above-mentioned Extraordinary General Meeting and to vote in favour of the resolutions proposed thereto with respect to section V. above. Also, B-1998, S.L., has undertaken with regard to the Joint Lead Managers a lock-up commitment for 50.01% of the share capital that it holds for 120 days following the signing of the Subscription Agreement."

Relevant Event number 114614

On 8 October 2009, Relevant Event number 114614 was disclosed, with information on the terms and conditions related to the issue of bonds exchangeable for shares of the Company, according to the following terms:

As a continuation of the Relevant Event disclosed today in connection with the issue of bonds exchangeable for Company shares (the "Bonds" and the "Issue"), upon completion of the bookbuilding process by Barclays Bank PLC and Société Générale (the "Joint Lead Managers"), FCC has resolved to establish the following terms and conditions for the Issue:

(a) The Company will issue five-year Bonds for a total amount of four hundred and fifty million euros (€450,000,000).
(b) The Bonds will earn interest at a fixed annual rate of 6.50%, payable half-yearly.
(c) The initial exchange price of the Bonds is €39.287 per share of the Company.

II. On this day the Company signed, with the Joint Lead Managers, a subscription agreement for the Bonds (the "Subscription Agreement") under English law, whereby the Joint Lead Managers underwrite the placement of the Bonds. Nevertheless, the subscription and payment of the Bonds will take place at the completion date, initially scheduled for 30 October 2009, provided that the related conditions established in the Subscription Agreement are fulfilled. By virtue of the Subscription Agreement, the Company has granted the Joint Lead Managers a green shoe option amounting to fifty million euro (€50,000,000) in order to cover oversubscription of the Bonds by investors.

Relevant Event number 116937

On 1 December 2009, Relevant Event number 116937 was disclosed, which included information on the Resolutions adopted at the Extraordinary General Meeting of 30 November 2009, with the following contents:

The Extraordinary General Meeting of Shareholders, held on 30 November 2009, under the provisions of article 75 of the Consolidated Public Corporations Act, has approved the motion, submitted by the Board of Directors meeting held on 27 of October 2009 and under the provisions of article 3 and following of European Commission Regulation 2273/2003, regarding the share buyback programme.

The purpose of this programme is:

(i) to enable the Company to fulfil its obligations deriving from the issuance of exchangeable bonds ("the Bonds") for an amount of four hundred and fifty million euros (€450,000,000) approved by FCC pursuant to the resolution of the Annual General Meeting of Shareholders of 18 June 2008 and by virtue of the resolution of the Executive Committee of 6 October 2009, by delegation of the Board of Directors of 30 September 2009 (Relevant Events nos. 114574, of 7 October 2009, and 114614, of the following day), and
(ii) the reduction of FCC's capital by means of the redemption of the shares acquired by virtue of the buyback programme or those existing among the treasury shares, which will hereinafter be subject to the terms and conditions of the programme

approved by the General Meeting, for an amount equivalent to the number of new shares of the Company issued in order to meet the requests for exchange or conversion made by bondholders.

Likewise, the General Meeting has approved the following limits or requirements for the buyback of own shares:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, cannot at any time exceed ten per cent of the Company's share capital.
- The acquisition price cannot be less than the par value or more than 20 per cent of the market price.
- The shares acquired are to be fully called up.

In any event, shares will be acquired at market price in compliance with volume and price conditions stated under article 5 of European Commission Regulation 2273/2003, as well as under FCC, S.A.'s Internal Code of Conduct. What is stated in article 4.3 (Trade reporting operations under the programme) and 6 (Restrictions) of the above-mentioned European Commission Regulation 2273/2003 will also be fulfilled.

The programme will be valid until 30 October, 2014, maturity date of the exchangeable bonds, unless all of them are exchanged or converted prior to that date, in which case the early completion of the programme will be stated publicly in accordance with article 4 of European Commission Regulation 2273/2003.

B) The percentage of the share capital which are treasury shares and significant variations

This information has been provided in the ACGR, section A8.

Information on the rules applying to the amendment of the Company Bylaws (art. 61 bis 4.a) 4 of Spanish Securities Market Act).

The rules applying to the amendment of the Company bylaws are included in article 17 of the Bylaws:

Article 17. Quorum for the Meeting

There shall be a quorum for the Annual or Extraordinary General Meeting, at first call, when the shareholders present or represented hold at least fifty per cent (50%) of the subscribed capital with the right to vote; at second call, when the shareholders present or represented hold at least forty-five per cent (45%) of the subscribed capital with the right to vote.

In order for the General Meeting to validly decide on bond issues, capital increases or decreases, changes of corporate form, mergers and spinoffs, the assignment en bloc of assets and liabilities, the overriding or limitation of the pre-emptive right to acquire new shares, the transfer of the Company's domicile to another country and, in general, any amendment to the Bylaws, shareholders possessing at least fifty (50%) per cent of the share capital with voting rights must be present or represented at the meeting on the first announced call, and at second call, forty-five per cent (45%) of said capital will be sufficient.

When the shareholders in attendance or represented account for less than fifty per cent (50%) of the subscribed capital with voting rights, the types of resolutions referred to above may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

Restrictions on the transferability of securities and restrictions on the right to vote (art. 61 bis 4.b) of the Spanish Securities Market Act).

There are none.

Information on the powers of the members of the Board of Directors and, in particular, those related to the possibility of issuing or buying back shares (art. 61 bis 4,c, 3° of the Spanish Securities Market Act).

The powers of the members of the Board of Directors, in particular those referring to the possibility of issuing or buying back shares:

A) The following powers have been delegated to Mr Baldomero Falcones Jaquotot, as Chairman and CEO:

Opening and cancelling accounts: Open and cancel all kinds of current accounts, savings accounts or term deposits, in official or private Banks, including the Bank of Spain, Savings

Banks and other credit or financial Institutions. Acquire, dispose of, cancel and pledge deposit certificates. Contract and cancel safe deposit boxes in Banks and other financial institutions.

Operating accounts: Sign cheques, acquire bank drafts, buy and sell foreign currency, order transfers, drafts and payment orders and, in any other form, withdraw sums from the current accounts and any other kinds of accounts, from official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Setting up standing orders: Arrange direct debit payments, receipts, bills of exchange and other trade bills in any kinds of accounts opened in official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Arranging credit facilities and loans: Arrange, in the capacity of borrower, credit facilities, loans and financial discounts, guaranteed or otherwise by certifications or invoices for works and services rendered, as well as by any other personal guarantees, with official or private Banks, even the Bank of Spain, Savings Banks, and other credit or financial entities, as well as with any natural or legal person, setting the interest, term, commission, covenants and conditions that he may freely stipulate. Receive and pay back fully or partially the amount of such loans or credit facilities and, in relation thereto, postpone, divide and modify conditions precedent. Modify, extend and cancel fully or partially said credit facilities or loans and, as a means of implementation, sign the corresponding policies or contracts and accept, issue or endorse, as the case may be, bills of exchange and any other necessary documentation. Request, contract, amend and cancel the opening of simple or documentary credits of any kind.

Credit facilities and loans as lender: Arrange, in the capacity of lender, credit facilities and loans, with or without personal or real guarantees or pledges, setting the interest, term, commission, covenants and conditions that he may freely stipulate and, in relation thereto, postpone, divide and modify conditions precedent. Amend, extend and cancel fully or partially said credit facilities or loans and, as a means of implementation, sign the corresponding policies or contracts and accept, issue or endorse, as the case may be, bills of exchange and any other necessary documentation. Request, contract, amend and cancel the opening of simple or documentary credits of any kind.

Endorsing certifications: Endorse or pledge to official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities, certifications for works or services rendered that are to be received from the State, Self-governing regions or authorities, Provincial Councils, Island Authorities, Town Councils or local authority associations, or from any other public or private entities.

Making deposits: Make deposits in any kind of account.

Collections: Collect credit, whatever the amount, source or nature, owed by the State, Self-governing regions or authorities, Provincial Governments, Island Authorities, Town Councils or Local authority associations and any other entities or natural or legal persons, whether public or private, signing the relevant receipts or discharges, for full amounts or sums paid on account, as well as receive amounts as refundable prepayments. Assign trade credit facilities (factoring).

Collecting by means of registered documents: Collect credit, whatever the source or nature, owed by the State, Self-governing regions or authorities, Provincial Governments, Island Authorities, Town Councils or Local authority associations and any other Entities or natural or legal persons, whether public or private, signing the relevant receipts or discharges, for full amounts or sums paid on account, as well as receive amounts as refundable prepayments. This power may be exercised exclusively when the payment is made by means of a cheque, promissory note, bill of exchange or any other trade bill issued as payable to the creditor Company or at the order thereof.

Issuing and negotiating trade bills: Issue, draft, negotiate, endorse and collect bills of exchange, money orders and letters of instruction, and collect and endorse promissory notes, cheques and bank cheques, prepare re-draft accounts and protest or request the control of the aforementioned mentioned trade bills.

Requesting statements: Request statements of account from official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Accepting statements: Accept or challenge statements of account from official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Contracting guarantees for the principal: Request and contract guarantees for the principal Company with official or private Banks, even the Bank of Spain, Savings Banks and other credit Institutions, finance or insurance companies, by means of the establishment by the above-mentioned entities of bonds, guarantees, surety bonds, rights in rem and other guarantees.

Securing and Collateralising the Principal and its Subsidiaries: Request and contract guarantees for the principal Company, as well as guarantee and collateralise its subsidiaries, with official or private Banks, even the Bank of Spain, Savings Banks and other credit Institutions, finance or insurance companies, by means of the establishment, by the above-mentioned entities, of technical bonds, that is, guarantees related to contracting (provisional or definitive bonds), guarantees of the certification of storing machinery in works contracts or contracts for the rendering of services or supplies, signing for the purpose the documents they freely stipulate among them.

Accepting trade bills and signing promissory notes: Accept bills of exchange and other trade bills and sign promissory notes.

Making and cancelling deposits: Make, with the General Deposits Fund and all its Delegations, as well as with any other bodies of the State, Self-governing region, Provincial Government or Province, Island Authority, Municipality or Local authority association, Banks, or public or private entities, even with individuals, all kinds of bonds, provisional and definitive deposits, made by means of cash, securities, bonds, recognised or any other credit facilities, as guarantee for contracts, offers or bids. Substitute any other securities for those that are paid back. Receive the amount corresponding to the coupons on those securities. Request the return of bonds, guarantees and provisional and definitive deposits, withdrawing cash, guarantees, bonds and securities deposited, receiving the interest yielded by said guarantees or deposits and cancel, as the case may be, and sign evidence of payment, receipts, drafts and any other public or private documents that are pertinent in each case.

Paying: Pay any amounts that are owed, demanding the relevant receipts, discharges and evidence of payment. Assign the handling of invoice payments to credit institutions (confirming).

Submitting offers and bids: Make offers, take part in all kinds of auctions, tenders, tender-auctions or any other type of tenders that may be called. Present, for the purpose, the relevant proposals, even collectively, jointly and severally or jointly, with other entities taking part, whether natural or legal persons, as well as also in Economic Interest Groups, Joint Ventures (UTEs), or any other types of associations. Undersign any public or private documents that are necessary, including drawings, projects and any others related to the bid or tender.

Representing the Company in the opening of sealed bids: Attend the acts where proposals are opened in relation to any kind of tenders called by public or private entities, whether natural or legal persons, as well as present, before the contracting board or the body or entity calling the tender, any claims, reservations or remarks that he deems appropriate, and sign the corresponding minutes that are drawn up.

Contracting the execution of works, the rendering of services and the sale of supplies: Enter into contracts, assign, modify and terminate them and, as the case may be, rescind them, with any person, whether public or private, natural or legal persons, the State, Self-governing regions or authorities, Provincial Governments, Island Authorities, Town Councils or Local authority associations, provided that said contracts have the object of executing or rendering, by the principal, all kinds of works, services, supplies, as well as in any kind of contracts related to concessions, leases and administrative arrangements. Accept all kinds of awards granted to the principal. Negotiate, agree to and accept contradictory, reformed or additional prices. Seek the definitive settlement of the contracts.

Layout for the works: Appear in person to check layouts and when works are being taken over, whether provision or definitive receptions, whatever their nature and the contracting entity, whether it is a natural or legal, public or private person, the State, Self-governing regions or authorities, Provincial Governments, Island Authorities, Town Councils or Local authority associations, or individuals, undersigning the minutes and any documents that are necessary or appropriate and issue the statements and reservations that he considers appropriate.

Buying and contracting: Contract, modify, terminate and, as the case may be, cancel the acquisition and supply of materials or facilities and the rendering of services, as well as the execution of all kinds of works or part of them and the rendering of services by third parties.

Supplies of water, electricity and telephone: Contract water, gas, electricity and telephone supplies and connections with the supplier companies.

Insurance: Contract, modify, redeem, pledge, terminate, cancel and settle all types of insurance, signing the insurance policies and contracts with the Insurance Companies in the conditions he considers appropriate, and collect the indemnities that are due from the insurance companies.

Foreign trade licences: Make all kinds of petitions with Official Authorities, to request concessions, permits or import and export licences, with no limitations whatsoever and, in relation to said concessions, permits and licences, submit documents, appear in person in procedures and proceedings, hear notifications and lodge appeals.

Receiving correspondence: Receive all kinds of correspondence, declared value sealed documents, money orders and packages. Pick up merchandise, packages, envelopes or any other shipments from customs and from carriers and railway companies, lodging the relevant claims when appropriate.

Undersigning correspondence: Undersign postal, telegraphic or any other kinds of correspondence.

Issuing certifications: Issue appraised lists and certifications of works or services performed.

Collective bargaining: Negotiate and undersign collective agreements, whatever their scope.

Labour relations: Open up work centres, contract, modify, extend, terminate and, as the case may be, cancel labour contracts, establishing with personnel the economic, labour and other conditions that it considers appropriate. Undersign the corresponding labour contracts. Institute procedures and adopt disciplinary measures. Carry out, with the Labour Ministry, Social Security offices, Employment Offices, Trade Unions and other Bodies, all kinds of formalities, actions and proceedings, presenting and signing any written documents, applications and other documents that are necessary. Act before the Labour Inspectors in any proceedings or procedures handled by or with them.

Labour procedures: Appear before Labour Courts, High Courts of Justice, the National Criminal Court, the Supreme Court or any administrative or jurisdictional bodies in labour matters. Carry out conciliations, reaching a compromise or otherwise. Agree to issues or differences, submit applications, documents and writs, as plaintiff or defendant, expressly granting powers of attorney to reply to interrogatories, ratify in the latter and in any actions and proceedings where these requirements are necessary, and any other actions he deems convenient.

Urbanise and dividing estates into plots: Urbanise and re-plot property, request the approval of land qualification plans and newly built industrial estates, plotting and re-plotting and accept and, generally, be involved in all the actions covered by the Land and Urban Planning Act and supplementary laws and by the Municipal Ordinances. Assign real estate under any title for urbanisation purposes. Make abuttals and mark-outs, make groupings, aggregations, separations and divisions of estates. Request registrations of properties, recordings of excess and reductions of capacity and rectifications of boundaries, new descriptions and all kinds of entries in the land registry. Request building permits, make new building work declarations, erect buildings as condominiums or any other kind of community, set the holding percentages and draw up, as the case may be, the bylaws and regulations. Divide communal properties and accept awards.

Rights in rem on properties: Establish, accept, modify, redeem and terminate mortgages, usufructs, censuses, easements and all kinds of rights in rem on properties.

Lease of third-party properties: in the capacity of tenant, contract the lease of all kinds of properties, even if the lease can be recorded with the Land Registry, as well as extend, assign, modify, repudiate, terminate, and as the case may be, rescind the corresponding contracts.

Lease-out properties: Lease out all kinds of property, even if the lease can be recorded with the Land Registry. Grant, extend, modify, repudiate, terminate and, as the case may be, rescind the corresponding contracts. Evict occupants, settlers and tenants.

Financial Leasing of Properties: Enter into contracts, assign, modify and terminate them and, as the case may be, rescind them, with any person, whether natural or legal, public or private persons, provided that the object of such contracts are financial lease transaction in respect of properties.

Purchase and sale of vehicles and movable property: Buy, sell, withdraw, swap and, under any other title, acquire or dispose of, purely or conditionally, with deferred or disclosed price or paid cash, all kinds of properties (except the purchase and sale of shares in companies) and vehicles, without exceptions. Pay or receive, as the case may be, the price of the acquisitions or disposals. Establish or accept the rights in rem as guarantee and stated conditions precedent on said movables or vehicles and, in the case of sale, accept any class of guarantees that may be established to secure the deferred price of the disposals of said properties or vehicles.

Determine on his own, freely and with no restrictions or limitations whatsoever, the conditions under which the above-mentioned acquisitions, disposals and swaps must take place and, for such purposes, carry out any proceedings, formalities and acts before the Traffic Authorities, Tax Delegations, Town Councils, Customs and other public and private Authorities, with no exception whatsoever.

Lease third-party vehicles and movable property: in the capacity of lessee, contract the lease of all kinds of vehicles and movable property, as well as grant, extend, modify, repudiate, terminate and, as the case may be, rescind the corresponding contracts.

Lease out vehicles and movable property: Lease out all kinds of vehicles and movable property, as well as grant, extend, modify, repudiate, terminate and, as the case may be, rescind the corresponding contracts.

Financial Leasing of Movable Property: Enter into contracts, assign, modify and terminate them and, as the case may be, rescind them, with any person, whether natural or legal, public or private persons, provided that the object of such contracts are financial lease transaction in respect of movable property.

Rights in rem on movable property: Establish, accept, modify, redeem and terminate mortgages on movable property, pledges, usufructs and all kinds of rights in rem on movable property.

Purchase of credits and other incorporeal rights: Buy and, in any other form, acquire, in one cash payment or in instalments and, under the conditions he deems convenient, all kinds of credit facilities and other incorporeal rights, provided that such credit facilities or rights are not represented by securities or book entries.

Sale of credits and other incorporeal rights: Sell, dispose of, pledge and, in any other form, encumber or transfer, in one cash payment or in instalments and, under the conditions he deems appropriate, all kinds of credit facilities and other incorporeal rights, provided that such credit facilities or rights are not represented by securities or book entries.

Incorporation of companies: Establish civil and commercial-law companies. Subscribe shares, debentures and equity interests and pay out sums in cash or by means of any goods. Waive the pre-emptive subscription rights in the issuance of shares, debentures and equity interests. Accept exchanges, conversions and redemptions. Approve, accept and modify bylaws, and the shareholders' agreements referring to the relations among them or in respect of the company, which supplement, substitute or modify the contents of the rights and obligations of the partners arising from the bylaws. Appoint, accept, waive, remove and replace persons in representative, administration, management and legal representative positions, determining in each case their powers, and appoint Managers, members of the Management Bodies and other positions, being able, as the case may be, to designate, remove and replace third persons as representatives of the principal company in the performance of the functions of the office for which he is appointed.

Incorporation of Joint Ventures (UTEs) and other associations: Incorporate, extend, modify, transform, wind-up and liquidate Associations, Economic Interest Groups, Joint Ventures (UTEs), or any other kind of Associations. Subscribe equity interests and pay out sums in cash or by means of any goods. Waive the pre-emptive subscription rights in the issuance of equity interests. Accept exchanges, conversions and redemptions. Approve, accept and modify bylaws, and the shareholders' agreements referring to the relations between them or in respect of the association, which supplement, substitute or modify the contents of the rights and obligations of the partners arising from the bylaws. Appoint, accept, waive, remove and replace persons in representative, administration and management positions, being able, as the case may be, to designate, remove and replace third persons as representatives of the principal company in the performance of the duties of the office for which he is appointed.

Representation before governing bodies of Companies and other Associations: Attend and vote at Annual, Extraordinary or Universal Meetings, exercising all the rights and fulfilling all the obligations inherent in the capacity of member. Approve or challenge, as the case may be, the company resolutions.

Attend and vote at meetings of Boards of Directors, Committee or any other Administration Bodies of Companies, Joint Ventures (UTEs), Economic Interest Groups or any other types of Associations, approving or challenging, as the case may be, the resolutions that are passed.

Hold office and be present on the committees to which he is designated in the Governing Bodies of Companies, Joint Ventures (UTEs), Economic Interest Groups or any other types of Associations, exercising the rights and fulfilling the obligations inherent thereto.

Representation: Represent the principal in procedures, appeals, proceedings or claims, whatever their nature and amount, before the State, Self-governing regions, Provincial Governments, Island Authorities, Town Councils and Communities, Courts of Law, Tribunals, Prosecution Services and, in general, before any other bodies with jurisdiction and, at them, seek, carry forth and complete, as plaintiff, defendant or in any other capacity, all kinds of proceedings, conciliations, civil, criminal, administrative, economic-administrative, contentious-administrative, governmental and fiscal or tax-related trials and proceedings of all degrees, jurisdictions and classes. Submit petitions and lodge actions and exceptions in any procedures, proceedings and appeals, including appeals for review and other extraordinary appeals. Whenever required, personally ratify and respond to interrogatories and, generally, carry out any court or out-of-court actions supplementing the procedure. Lodge, follow up and withdraw from all kinds of appropriate appeals, against resolutions of the State, Self-governing regions, Provincial Governments, Canary Island Authorities, Town Councils and Local authority associations, or public or private Authorities or Bodies which in any way infringe or might infringe the rights of the principal, making any declarations and executing any documents required to exercise those powers. Appear before all kinds of entities and sign and monitor any proceedings, writs, applications, requests and documents that are necessary.

Transactions: Compromise in all kinds of matters and disputes, and withdraw from actions and appeals, under the conditions, covenants and with the obligations he considers appropriate. Excepted are transactions entailing the acquisition or disposal of property or rights in rem. Arrange, compromise and commit all the credit facilities, rights and actions, controversies and disputes.

Arbitration: Submit the solving of all kinds of controversies and disputes to the judgment of arbitrators. Execute the corresponding public deed designating the arbitrators, setting the matters subject to their decision under the terms and conditions he deems convenient. Accept the arbitration award or lodge the legal appeals and, generally, perform and execute whatever is allowed by the arbitration in force in terms of arbitration.

Grant of powers of attorney to Solicitors and Barristers: Grant powers to Solicitors and Barristers, with general powers of attorney to take part in lawsuits or the special powers for lawsuits he considers fit, even with powers of substitution, and revoke those powers when he thinks it is appropriate.

Accepting debt recognitions and goods as payment: Accept debt recognitions by third parties and the guarantees that are offered and established, whether they are pledges with or without removals, mortgages or antichresis, or the award of movable properties or real estate, establishing, in any event, the clauses and conditions he considers appropriate. Accept as payment of debts all kinds of movable property, real estate and rights at their appraised value or that which he freely agrees to under the conditions he considers appropriate.

Attending Creditor Meetings: Take part representing the company, exercising all its rights in the bankruptcy proceedings of debtors regulated by Act 22/2003, of 9 July, the Bankruptcy Act and, especially, designate, if the company itself is appointed received by one third of the creditors, the professional who fulfils the legal conditions to be appointed by the Judge handling the proceedings, according to article 27 of the Act, and adhere to the arrangement proposals and attend, with voting rights, bankruptcy creditor meetings, accepting or rejecting the arrangement proposal and the guarantees offered as security for the credit facilities, pursuant to articles 103, 108, 121 and related articles of the same Act and take part in the enforcement of the arrangement and, as the case may be, in the liquidation following the bankruptcy. Generally, for everything set out above, exercise the actions and rights to which he is entitled as well as the powers granted to creditors by Law.

Obtaining notarial public deeds: Obtain all kinds of notarial public deeds. Attain records of ownership, resumption of chain, releases from encumbrance and high-profile events. Serve, accept and reply to notifications and notarial injunctions. Formalise public deeds of clarification, modification or correction of errors.

Tax statements: Sign statements, settlements, listings or any other fiscal or tax-related forms.

Purchase of securities: Buy and, in any other way, acquire, in cash or in instalments and under the conditions he considers appropriate, public securities, debentures, bonds, equity interests and other securities. Justify the acquisition and holding thereof and receive them. Make statements and lodge claims.

Sale of securities: Sell, dispose of, pledge and, in any other way, encumber and transfer, in cash or in instalments and under the conditions he considers appropriate, public securities, debentures, bonds, equity interests and other securities. Convert them, exchange them and deliver them, make statements and lodge claims.

Purchase of treasury shares: In compliance with the requirements established in article 75 and the first additional provision of the Consolidated Text of the Spanish Companies Act and within the limits and conditions set by the authorising General Meeting, buy and in any other way acquire, in cash or in instalments, treasury shares of the principal Company.

Sale of treasury shares: Sell, dispose of, pledge and, in any other way, encumber and transfer, in cash or in instalments and under the conditions he considers convenient, treasury shares of the principal Company.

Securing and collateralising third parties: Secure and collateralise third parties and for such purpose provide, in the name of the principal Company, all kinds of guarantees, including mortgages and pledges.

Purchase of properties: Buy, withdraw and, under any other title, acquire, purely or conditionally, for a deferred price (represented by bills of exchange or otherwise), a disclosed price or cash, all kinds of real estate and rights in rem. Grant and cancel the real guarantees he considers convenient as security for the deferred price, even a mortgage encumbering the acquired goods or an express condition precedent, or any combination of these or other guarantees. Establish, in respect of the guarantees that are provided, automatic cancellation formulas or, with the unilateral intervention of the buyer, accept, modify and exercise call options on properties and other rights in rem.

Sale of property: Sell, swap and under any other title dispose of, purely or conditionally, at a deferred or disclosed price or in cash, all kinds of real estate and rights in rem. Accept the personal and real guarantees he considers appropriate to ensure the collection of the deferred price, even a pledge, mortgage or express condition precedent, or any combination of these and other guarantees. Collect the deferred price, provide receipt of payment and cancel the guarantees. Establish, in respect of the guarantees received, automatic cancellation formulas or formulas for the unilateral intervention of the buyer. Grant, modify and waive call options on property and other rights in rem.

Sale of property developments: Sell homes, business premises, offices, storage rooms, parking places and any other property units, setting the prices, payment methods and interest, as the case may be, that he considers appropriate.

Substitution of powers of attorney: Substitute the preceding powers of attorney, fully or partially, granting them to the persons he considers appropriate. Limit, restrict or modify the contents of each of those powers in the cases and in the manner he deems necessary. Revoke the granted powers, regardless of the person or company body that granted them, even if they were granted by the Board of Directors, by the Administrators or by the Executive Committee, as the case may be, and the legal representative shall conserve each and every one of the powers that are substituted for those withdrawn.

In relation to the possibility of issuing or buying back shares, according to the preceding provision, with his signature alone he may:

- sell and buy treasury shares
- buy and sell securities

B) To the Director and Vice-secretary, Mr Felipe Bernabé García Pérez, in his capacity as General Secretary, the following powers of attorney have been granted (not a delegation of powers):

Powers he may exercise with his signature alone:

- Representation in the opening of sealed bids
- Water, electricity and telephone supplies
- Foreign trade permits
- Receive correspondence
- Undersign correspondence
- Lease third-party properties
- Rights in rem to movable property
- Incorporate Companies
- Incorporate Joint Ventures (UTEs) and other associations
- Representation before the governing bodies of Companies and other Associations
- Representation
- Transactions

- Arbitration
- Grant powers of attorney to solicitors and barristers
- Accept debt recognitions and goods as payment
- Attend creditors' meetings
- Obtain notarial deeds
- Tax statements

Powers that he may exercise signing together with another legal representative has been granted the same powers:

- Buying and contracting
- Insurance
- Rights in rem to property
- Lease out property
- Financial leasing of property
- Purchase and sale of vehicles and movable property
- Lease of third-party vehicles and movable property
- Lease out vehicles and movable property
- Financial leasing of securities

Information on significant agreement entered into by the Company which shall enter into force, be amended or terminated in the event of a change of control of the company following a takeover bid, and the effects thereof, except when the dissemination is seriously harmful for the company. This exception shall not apply when the company is legally obliged to publicise this information (art. 61 bis 4. c) 4 of Spanish Securities Market Act).

There are none.

Information on agreements between the company and its administration and management officers and employees with severance pay when they resign or are subject to wrongful dismissal or if the labour relationship ends because of a takeover (art. 61 bis 4. c) 5 of Spanish Securities Market Act).

The Company has not set up pension plans to supplement social security pensions. According to the provisions in the Consolidated Text of the Pension Plans and Funds Regulation Act, in specific cases where there are similar obligations, the Company outsources commitments with its personnel related to this matter.

Following the authorisation of the Executive Committee, an insurance premium was taken out and paid to meet the payment of contingencies related to death, permanent disability for working, retirement bonuses and other items to the benefit, among others, of some of the executive directors and senior management. In particular, the contingencies giving rise to indemnity are those that entail the termination of the employment relationship for any of the following reasons:

a) Unilateral decision by the Company.
b) Winding up or disappearance of the parent company for any reason, including merger or spin-off.
c) Death or permanent disability.
d) Declaration of physical disability or legal incompetence for any other reason.
e) A substantial change in professional conditions
f) Termination, at the age of 60, at the executive's request and with the Company's consent.
g) Termination at the age of 65, by the unilateral decision of the executive.

The Company has subsequently agreed to a severance pay for other executive staff members only in the event of the unilateral termination of their contracts by the Company before a certain minimum period of time has elapsed. Clauses of this kind are also contained in the contracts signed with the Chairman and CEO, with the Board of Directors' approval.

CORPORATE SOCIAL RESPONSIBILITY REPORT 2012

FCC, CONCENTRATING ON ITS STRATEGIC BUSINESSES

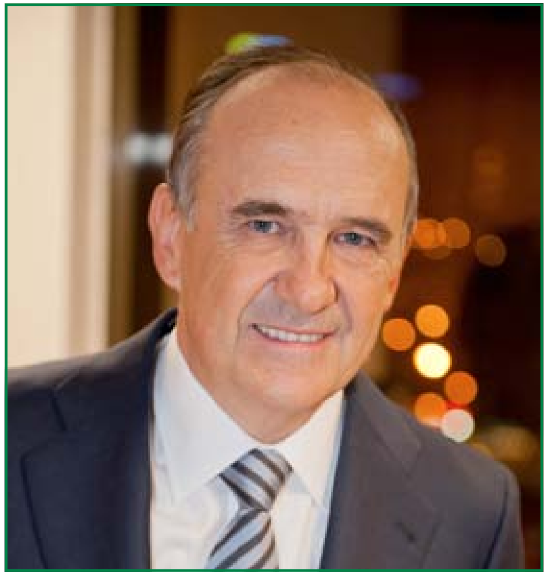
FCC Group is a diversified and international group of public service companies, reference in the Spanish market that, in consonance with its mission and vision, helps create environments for citizens that make life easier, healthier and more comfortable; in short, companies that are meeting the collective desire for more sustainable development.

The Company's focus on citizens and sustainable communities is based on its principles, attitudes and corporate values. These permeate its corporate responsibility strategy, which is defined by the Company's senior management and approved by its Board of Directors.

For over a hundred years, the Company's contribution to the creation of value in the communities it serves has been based on the commitment of its shareholders and its Board of Directors, its extensive experience and technical capabilities, the efficient management of resources and the performance of its employees.

Looking ahead, FCC Group will concentrate its efforts on its core businesses, i.e., those linked to urban and environmental services, related to construction and infrastructure and forming part of integrated water management services. Along with improving the balance and debt situation, FCC Group is initiating a consolidation strategy and a management culture that is more global, international and flexible, that will enable it to continue fulfilling its mission and meet the expectations of its shareholders.

The Group believes that the implementation of a culture of sustainable development in all its business areas promotes corporate responsibility policies that are initiated in senior management and are part of the day-to-day work of FCC Group professionals. The Group's renewed values are based on four corporate principles that guide the Company's business and the daily work of all its employees: integrity, efficiency, proximity and doing things well.



THE CHIEF EXECUTIVE'S VISION

Recently FCC Group has made significant changes in the organisation and refocused its strategy. What message would you like to send to the Company's shareholders?

At FCC, we have begun a period of renewal.

On the business side, we are going to concentrate our efforts on sectors that have been strategic for FCC throughout its history: environmental services, construction and integrated water management. The Group's slogan "Citizen Services" is an excellent summary of our vocation: to contribute to the sustainable development of the countries where we operate, mainly in urban centres or in the connection between them.

The priority of our strategic plan is to reduce the debt, primarily through divestiture and improving the generation of cash flow. This way we will ensure financial stability, improve profit margins and be able to remunerate shareholders as quickly as possible.

On the people side, we are promoting a new global culture so that we can have managers capable of operating in any market with the same effectiveness as in their countries of origin. We are also embarking on a reorganisation that will launch young talent, identify those with the greatest potential and we will design training plans tailored to the needs of business development, especially in the international arena.

What opportunities are emerging from this focus on strategic activities at FCC, and how do they fit with the Company's sustainability strategy?

FCC has great experience in areas related to services that are essential to ensuring the sustainability of cities. Let us not forget that the European Union sees wastes as a resource on the same level as water and energy. Environmental services and managing the integrated water cycle are the backbone of FCC Group's business activities. We have always applied innovation policies to activities that have a direct impact on the environmental quality of urban areas. I would like to offer an example that illustrates our commitment: the world's most efficient waste collection vehicles, in terms of energy consumption and CO_2 emissions per transported tonne, are currently operating in Madrid and Barcelona.

In a difficult economic context that requires the reduction of resources earmarked for certain business projects, what matters would you highlight in terms of the progress made by the Company over the last year?

Among the many other aspects that demonstrate FCC's commitment to social responsibility, one of the most remarkable is our determination to reinforce the ethical framework in the scope of our business activities.

The last two years have seen the implementation of tools such as the management model for the Code of Ethics and for crime prevention, aimed at helping our employees worldwide to act correctly.

The adaptation of our system to the U.S. Federal Sentencing Guidelines is a point of reference not just for our industry, as a number of companies, institutions and business schools have assessed our experience in a very positive fashion.

At FCC we fully understand that we must apply due diligence, and this means accountability at the highest level. This way, we minimise our risks and, at the same time, create confidence in our good practices among stakeholders that are essential to us, such as shareholders, public administration bodies and employees.

We are going to reinforce the concept of accountability so that business managers will be fully responsible for the activities carried out, in financial, economic, environmental and social terms.

The corporate responsibility strategy is the business's way of connecting to the needs and trends of cities. What role does FCC intend to play in the cities of the future?

It is a simple fact that the majority of the world's population is located in cities. For FCC Group, priority is given to the design of activities and services that provide specific answers to the present and future needs of urban communities. At FCC, from a business standpoint, we want to interpret the changes that are affecting the energy, social and demographic scenarios that are emerging in this new century. To do this, we have set up communication channels in some of the cities where we provide services so that citizens can be our main allies in this great effort. This project, which we call "sustainable radar", enables us to promote initiatives that will improve the development of cities by getting citizens involved in the development of innovative solutions.

We are also promoting a "Intelligent Services" strategy. Our vision is that each one of our services must contribute to sustainability. This objective requires open dialogue with the public administration bodies and citizens, so that we can achieve a balance between resource consumption, service quality and business profitability.

Another pillar of your sustainability strategy is the fight against climate change. How is FCC facing this challenge?

The creation of the FCC Group's Climate Change Committee is evidence of the interest and importance this global challenge represents for the Company. With our strategy we believe that the reduction of greenhouse gas emissions will create benefits for people, as well as provide opportunities for new services and products. We are aware that each FCC business has a different impact on climate change. That is why mitigation strategies are designed specifically to reduce emissions in each business activity, and reduce the emissions generated by third parties as they use and enjoy the services offered by FCC.

Among actions carried out by the Group in response to climate change, worthy of mention are the replacement of fossil fuels with alternatives such as biomass, energy efficiency, fleet management, capturing biogas from landfills and innovative ways to develop biofuels, bioclimatic construction and climate change-resistant infrastructure.

The Committee has already been working and carrying out actions aimed at generating new businesses to help mitigate emissions in the urban communities where we operate.

We have just come to the end of what has been a difficult year from a macroeconomic perspective. What was 2012 like for FCC, and what are the expectations for the upcoming years?

In 2012, the Group's management was hampered by the international economic context of uncertainty, especially in relation to the eurozone's capacity to emerge from the crisis that started five years ago. One of our biggest concerns is the sharp rise in unemployment recorded in some of the countries where we operate, particularly in Spain. Globally, we have made every effort to maintain the level of employment, or to only make the reductions in staff as strictly as necessary in order to match resources to the conditions of the markets where we operate, some of which, such as cement and construction in Spain, have experienced accumulated falls of over two-thirds of the total.

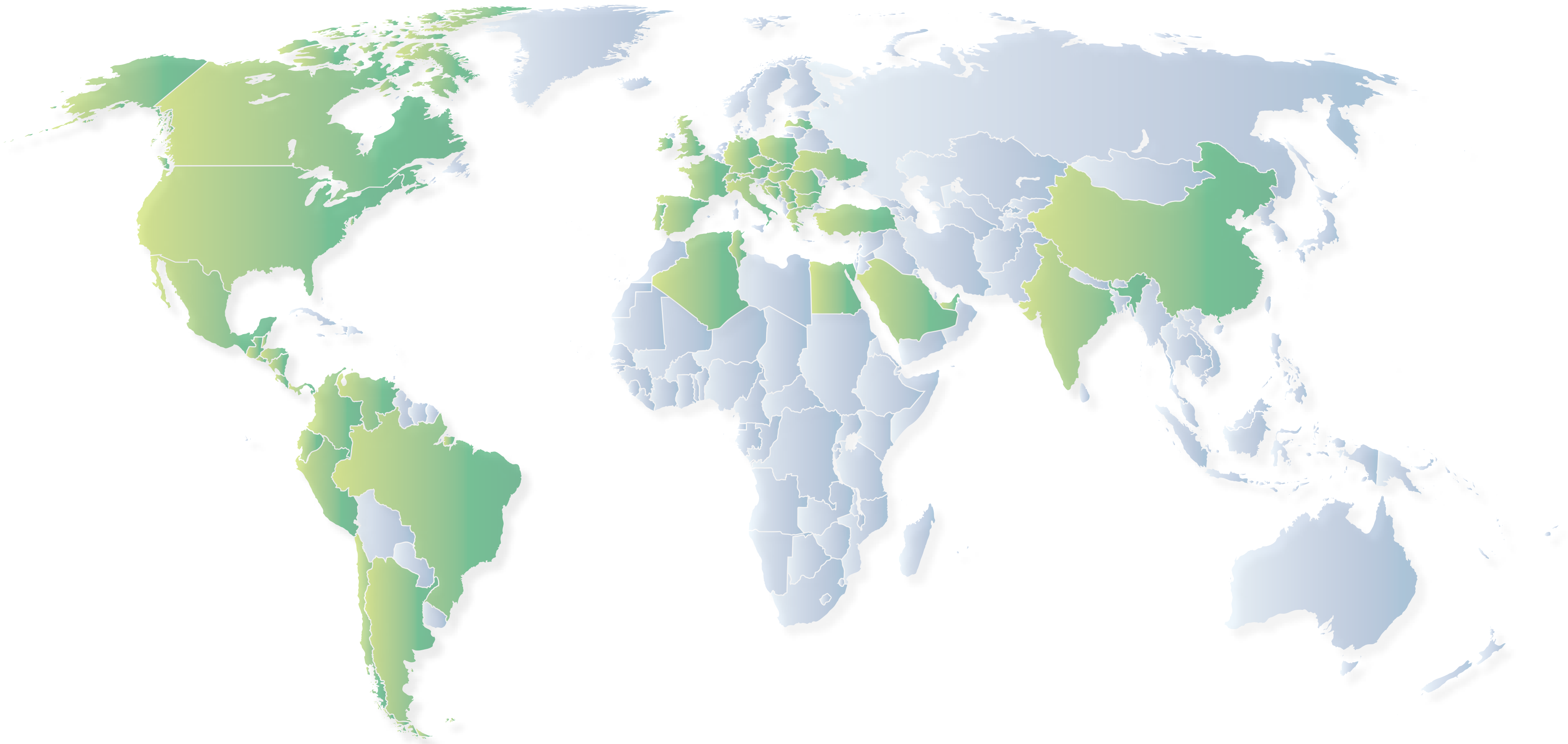
Our efforts over the coming months will be to strengthen our main strategic lines: a more global approach, restructuring the debt, policies that boost efficiency and defending our way of doing business, which is no other than to be closer to the needs of others and in harmony with the natural environment.

It goes without saying that we will have to carry on with our adjustment policies in order to ensure the sustainability of our business in the short, medium and long term. The objective of the current Strategic Plan is to improve returns as quickly as possible for all our stakeholders. We are doing this with great determination and we have the commitment of shareholders, employees, unions, suppliers and the financial community.

Juan Béjar Ochoa
Second vice-chairman and Chief Executive Officer

CSR FCC GROUP'S FOOTPRINT

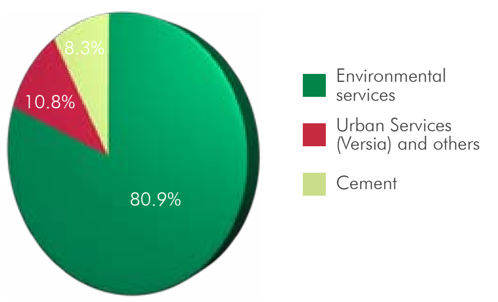
FCC Group's footprint



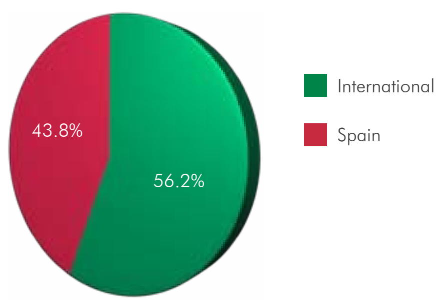
	Revenues in 2012 (M€)	Var/2011 (%)	EBITDA 2012 (M€)	Var./2011 (%)
Environmental Services	3,821.80	2.30	683.4	-2.1
Construction	6,148.40	-8.0	(91.2)	-130.0
Cement	653.7	-12.9	69.8	-54.7
Versia	570	-25.7	59.4	-48.3
Corporation and adjustments*	(41.7)	-3.3	32.0	n.a.
Total	11,152.20	-6.3	753.4	-40.0

* In 2012 "Corporation and adjustments" includes financing for, among others, equity interests in Globalvía, FCC Energía and the reclassification of the debt from the acquisition of Servicios Medioambientales.

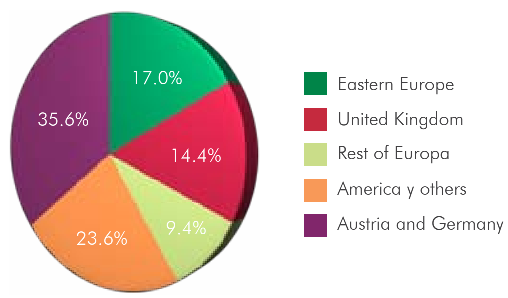
Ebitda by areas
(ajusted by Construction)



Revenue % by geographical areas



% International revenues by geographical areas



WHAT FCC CAN DO FOR YOU

In the coming decades the number of inhabitants on the planet will increase significantly. What is more, the population, like the last century, will continue to concentrate in cities, especially in emerging or developing countries. Both phenomena will lead to an increasing strain on the infrastructure and basic services urban populations need, especially in the areas of transport, water supply, sewerage and waste management. To address these and other issues that arise in the normal growth and development of a city, FCC contributes its services in order to create sustainable communities that respect both the environment and people.

A FORWARD-LOOKING APPROACH

FCC Group aims to better understand and connect with the real needs of citizens; create new capacities that enable the design of better sustainable solutions, and to strengthen the organisation so that it will respond better, faster and consistently to the challenges posed by the transformation of urban centres throughout the world.

The Company's activity and the day-to-day work of all its employees and the services it provides are based on the values of integrity, efficiency, proximity and doing things well.

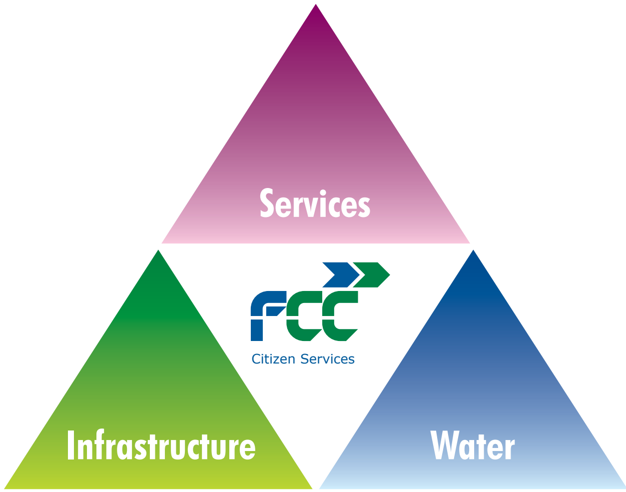
Efficiency is implemented by optimising available resources in order to maximise their return in the economic, social and environmental aspects of each of the business activities.

The principle of **integrity** goes beyond fulfilling the commitments made by the Company and its professionals: it is FCC's contribution towards achieving a balanced and prosperous society, with honesty and transparency, wherever the Company operates.

The principle of **proximity**, being close to its stakeholders, allows FCC to meet their expectations with greater understanding; **doing things well** is a value that has been an integral part of the Company since its inception, and something it considers necessary for success.

Although, as far as the economic context is concerned, 2012 continued to be marked by a severe economic crisis and budgetary restraint in the public sphere, the strength and diversification of the different lines of business allowed international revenues to maintain a dominant weight and, once again, record a new high, contributing 56% throughout the year. In this regard, it is noteworthy that in year-on-year terms, the activity carried out, excluding the construction business in Spain and Central/Eastern Europe grew by 8.2%, which is included in the Group's renewed goal of selective and profitable internationalisation.

This international diversification and expansion have made FCC's goal to be that of becoming an increasingly global citizen services business group that will adapt to the needs of cities. To this end, the Group strategy has different approaches for each of the business areas where the Company operates: **Infrastructure, Services and Water**.



The meaning of "citizen services" includes FCC Group's commitment to integrating sustainable development and corporate responsibility into its business strategy, which are essential factors for the prosperity of societies over the coming decades. The Group is a pioneer in the development of a global sustainable city model and helps companies grow and thrive in all of the areas of its business activity 24 hours a day, from the provision of community services and the implementation of infrastructure, to the promotion of innovative measures to develop alternative energies.

SERVICES: DIVERSIFICATION

Services activity includes environmental and citizens' services. With a strong presence in the United Kingdom, FCC's range of services is being expanded from Austria and the Czech Republic to Central European countries. The strategy undertaken in this area is based on orderly and systematic growth. Within the services area, 40% of turnover in 2012 originated from international markets.

WE KEEP THE CITY CLEAN FOR YOU

PRESENT IN 5,000 MUNICIPALITIES AND CONTRIBUTING TO DAY-TO-DAY SUSTAINABILITY.

CSR WHAT FCC CAN DO FOR YOU. Services

PROFILE AND BUSINESS STRATEGY

FCC Medio Ambiente is one of the largest environmental services companies in the world. It provides services through its subsidiaries FCC Medio Ambiente, FCC Environment (UK) and A.S.A.

The urban sanitation services provided comprise mainly waste collection, street cleaning, the transport and treatment of urban wastes and the maintenance and upkeep of parks and gardens.

FCC Group is a leader in this sector in Spain and is one of the largest operators in Latin America (through Proactiva Medio Ambiente), the United Kingdom, Austria, Portugal, Egypt and the following eastern European countries: the Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgaria and Serbia. It provides services to more than 72 million citizens.

In addition, as part of the environmental services offered by the Group, FCC Ámbito provides services in the field of integrated management of industrial waste, industrial cleaning, decontamination of soil and external intervention in case of accidents, spillages, discharges, etc.

FCC MEDIO AMBIENTE, S.A.

·A·S·A·

FCC Environment

FCC ambito

AWARDS AND RECOGNITION

Below is a summary of the major awards and recognitions received by FCC Services in 2012:

Company	Award /Recognition	Description
FCC Medio Ambiente España	Spanish Public Parks and Gardens Association Award	Award for the technical article "Diagnosis of Green Areas for the local Agenda 21"
	Ategrus Bioenergy award	Best innovation award for the project that implemented a micro cogeneration plant for biogas recovery at the Barbanza Environmental Complex waste landfill site in Lousame, A Coruña province.
.A.S.A.	Business Superbrands 2012	The business Superbrands programme in the B2B sector rewards the best brands in the market for providing services to their partners in the business sector.
	Trophy of Excellence	Prize for companies who continue to rank in the top 3 positions according to year on year turnover. Awarded by the Arad County Council Chamber of Commerce and Industry (Romania).
	Energy Conscious Company 2012	Participation in the "Virtual Power Plant Programme", the aim of which is to publish the energy efficiency achievements of companies taking part in the programme. Awarded by the Arad County Council Chamber of Commerce and Industry (Romania).

FCC SERVICES CERTIFICATIONS

Below are the organisation's certifications by management area and % of area certified:

Company	Management area	Certification	Scope (% of turnover)
FCC Medio Ambiente España	Quality Environment	ISO 9001 ISO 14001	86.5 % 85.5 %
FCC Ámbito	Quality Environment	ISO 9001 ISO 14001	80.3% 44.4%
.A.S.A.	Quality Environment	ISO 9001 ISO 14001	98% 98%
FCC Environment (UK)	Quality Environment	ISO 9001 Carbon Trust Standard ISO 14001	13% 100% 84%

HEALTH AND SAFETY

Conscious of being a part of the solution for many of the problems facing cities today, the Environmental Services area will continue to design and develop a range of services characterised by the principle of corporate integrity together with a component of technological innovation that is able to:

- Improve the energy efficiency of their services and products.
- Reduce GHG Green House Gasses emissions.
- Preserve water resources and biodiversity.
- Optimise the recovery of wastes.
- Promote the performance of intelligent services.
- Encourage proximity and connecting with citizens.

This will be achieved by developing initiatives that promote greater involvement of teams of collaborators and strengthen an active and ongoing dialogue with stakeholders.

2012 MILESTONES

- FCC Environment (UK) presents the ABCD "Above and beyond the call of duty awards"
- FCC Environment (UK) collaborates on a volunteer program aimed at reusing waste in Harpenden (United Kingdom).
- .A.S.A. in Gyál (Hungary) obtains the "Company Concerned about Energy" title
- Marepa, a FCC Ámbito company, has obtained the first certificate granted by AENOR for the destruction of confidential information.

2013 OBJECTIVES

- Oversee the control and monitoring of the energy efficiency of the services and calculate the carbon footprint of the services provided.
- Domestic offset projects (DOP) aimed at emission reduction.
- Focus on upcoming European calls for tenders for demonstration and research projects for activities related to urban environment, wastes and climate change.
- Implement a participation model so that employees can take advantage of their experience and collaborate in the concept and design of citizen services.
- Implementation of measures to improve the working environment.

WATER: CUTTING EDGE

Aqualia is the FCC parent company, one of the largest European citizen services groups, for integrated water management. Aqualia offers solutions to the market to cover all the needs of public and private institutions and organisations at all stages of the water cycle and for all uses, including human as well as agricultural and industrial. Its main business activity is the management of municipal water services and the company has quickly become a benchmark in the industry.

WE TAKE WATER TO YOUR COMMUNITY

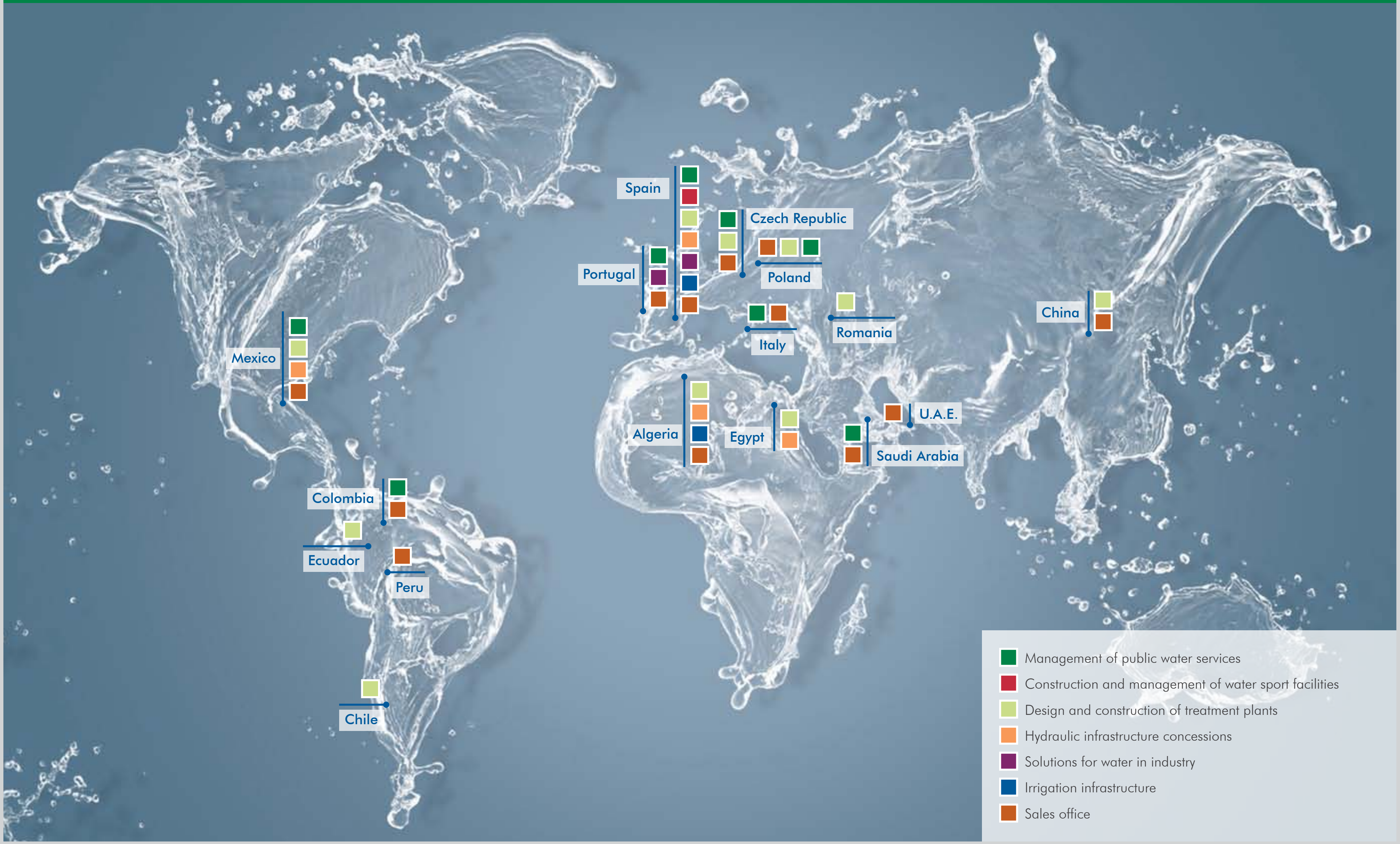
SPECIALISTS IN WATER PURIFICATION, TREATMENT AND DISTRIBUTION

PROFILE AND BUSINESS STRATEGY

Aqualia is positioned as a cohesive, cutting edge specialist in the industry, thanks to a highly specialised and committed team whose ongoing goal is to improve efficiency in the production process and to optimise resources. This way of working, which has enabled it to consolidate a leading position in the domestic market, is also implemented in the foreign market with a defined strategy for consolidating an ambitious, but cautious, internationalisation. Aqualia has a stable presence in different countries around the world, where it acts directly or through its local companies, subsidiaries and holdings; one example of this is Aqualia's subsidiary SmVak, which operates in the Czech Republic.

Aqualia's social purpose is to obtain water, adapt it for human consumption in accordance with strict quality control measures, distribute it and subsequently treat it, with the aim of returning it back to nature in the right quantity and quality, while using the resources and materials employed in the process in an efficient and sustainable manner.

Geographic areas



CSR WHAT FCC CAN DO FOR YOU. Water

AWARDS AND RECOGNITIONS

Award/Recognition	Description	Awarded by
Water Deal of the year 2012	Financial closure of the El Realito treatment plant (Mexico)	Global Water Intelligence
MENA Market Leadership Award 2012	Expansion of the Company in the Middle East and North Africa	Frost Sullivan
Latin American Water Deal of the year 2012	Financial closure of the El Realito treatment plant	Euromoney's Project Finance Magazine
Energy and Environment Awards 2012	Best Company with International Scope	Infoenviro

SmVak is considered among the best water management companies in Europe by the European Benchmarking Cooperation.

AQUALIA'S CERTIFICATIONS

Management area	Certification	Scope (% of turnover)
Quality	ISO 9001	97.5 %
Environment	ISO 14001	94.3 %
Occupational risk prevention	OSHAS 18001	91.5
R+D+i management	UNE 166002	Aqualia GIA and Aqualia Infraestructuras
Information security	ISO 27001	Aqualia GIA (Customer Services Center and Virtual Office)
Energy management	ISO 50001	2.7% of the production of Aqualia GIA Spain
Management of testing laboratories	ISO 17025	Five accredited laboratories

A FORWARD-LOOKING APPROACH

Sustainability, especially in the environmental field, will have the leading role in twenty-first century businesses. Currently, among the great global challenges and risks is the problem of water, from different perspectives: supply capacity, access to drinking water, water quality, water control faced with the threat of climate change, rising sea levels, etc.

In response to this challenge, FCC Group's expertise in services and integrated water management, together with its ability to provide solutions, presents a growth opportunity by participating in the creation of smart cities.

The City of Santander, Aqualia and the University of Cantabria are promoting the development of Santander as a Smart City.

2012 MILESTONES

- Development of a new web portal for Aqualia and its subsidiary Aqualia Industrial.
- Aqualia has implemented a system for Energy Management Certification which is being progressively implemented in its facilities.
- Aqualia is leading the European ALL-GAS project for obtaining biofuel using sewage treatment systems.
- InfoAqualia started as a transparent, citizen-friendly service.
- The Company has incorporated its priorities related to risk prevention in its "Health and Safety Objectives and Initiatives for 2012"

Aqualia, the first integrated water services company to make an analysis of the carbon footprint of its activity.

2013 OBJECTIVES

- Improve the customer management system in order to become more efficient and to avoid mistakes in information management.
- Participation in European work programmes aimed at identifying and defining new indicators in the water sector.
- Arrange meetings with suppliers to make them part of the company's growth and support achieving innovative projects.
- Participate in working groups with public/private agencies in order to review the Waters Law.

INFRASTRUCTURE: INTERNATIONALISATION

The strategy for FCC Infraestructura's business is to expand internationally, focussing on countries with legal guarantees, financial strength and ambitious development plans, such as Algeria, the U.S.A, Brazil and the United Arab Emirates, in order to provide mobility services for infrastructure projects built by the Company. Within the Infrastructure area, 68% and 51% of the 2012 turnover for construction and cement areas respectively already come from international markets.

WE HELP TO BUILD YOUR PROGRESS

OVER 100 YEARS OF BUILDING SUSTAINABLE INFRASTRUCTURE.

FCC Construcción

PROFILE AND BUSINESS STRATEGY

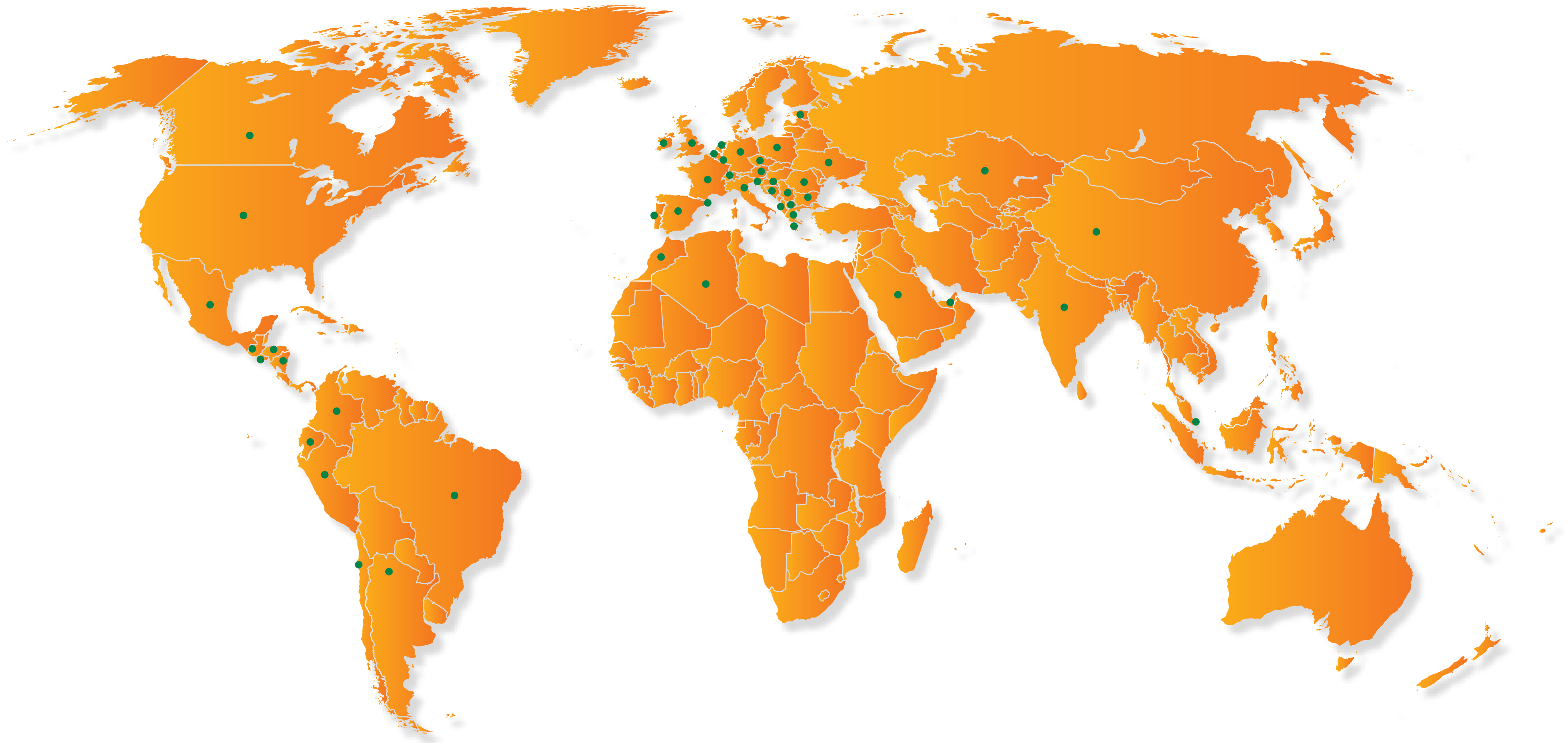
FCC Construcción is the company that carries out construction business within FCC Group, both in the domestic market where it originates from (Spain) and in the global market. Its activities cover all areas of the construction industry, and FCC Construcción is a world reference in the execution of civil engineering works (roads, railways, airports, hydraulic and maritime works) and building projects (both residential and non-residential). It also has a proven track record in developing projects under concession. In addition, it has a number of subsidiaries that are engaged in the industry and energy sectors and in construction-related businesses (engineering, pre-fabrication, installations, etc.).

FCC Construcción has made a firm commitment to sustainable development. Not surprisingly, it was the first construction company in the world to have an "in accordance" sustainability report (2003-2004), in line with the Global Reporting Initiative, which is a reflection of the way it manages its business. Then and now, it cannot conceive business success without a sustainable and ethical dimension to the work. FCC Construcción believes that sustainability is necessary for its business success, and applies this philosophy to all its activities, personnel and strategies in order to be aligned with the guidelines set by the Sustainability Committee.

FCC Construcción has a stable presence in different countries across the globe, where it acts directly or through its local companies, subsidiaries and holdings. One example of this is ALPINE, the number-two infrastructure construction company in Austria and one of the leading companies in Eastern Europe.

CSR WHAT FCC CAN DO FOR YOU. Infrastructure

Geographic areas



AWARDS AND RECOGNITION

Below is a summary of the major awards and recognitions received by FCC Construcción in 2012:

Award/Recognition	Reason	Awarded by
Best Urban Integration Project	Zaragoza tramway	International Public Transport Association
José Azas Award	New Laredo Port	The Civil Engineers Association of Cantabria
SOLID BAUTECH International Awards 2012	Beska Bridge over the Danube (ALPINE)	SOLID Magazine
SOLID BAUTECH International Awards 2012	Multipurpose Room in Salzburg (ALPINE);	SOLID Magazine
ARACO Quality Award 2012	Basarab viaduct in Bucharest	Romanian Association of Contractors
Prize for the best-contractor-of-the-month, August 2012 Runner-up in the Sustainable Development Management category	Occupational risk prevention (ALPINE) Design and implementation of a protocol for greenhouse gas measurement	Vattenfall Europe Generation AG. Fundación Entorno
Prize for the best civil works	M-50 en Dublin	Irish Concrete Society
Q Certified Sustainable	Sustainable activities in Zone I of Andalucía	Sustainable Accreditation Agency of Andalucía

FCC CONSTRUCCIÓN HAS THE FOLLOWING CERTIFICATIONS

Management area	Certification	Scope (% of turnover)
Quality	ISO 9001	82% total (99% in Spain)
Environment	ISO 14001	78% (99% in Spain)
R+D+i management	UNE 166003	24% total (78% in Spain)
Information security	ISO 27001	24% total (78% in Spain)
Greenhouse effect gases	ISO 14064 verification	24% total (78% in Spain)

A FORWARD-LOOKING APPROACH

The use of the most suitable technology for implementing the construction project provides added value and is a key differentiator in today's highly competitive market. The most suitable technology means the technology that is the most efficient, most effective, most accurate and that causes the least impact, at a feasible cost.

In addition to the Sustainable Construction area, in which the Company strongly believes and to which it has made a firm commitment, FCC Construcción participates in the promotion of various industry-based European and national initiatives related to R+D+i, along with the development of projects that it is implementing on its own or in cooperation with other FCC Group business areas, both nationwide and internationally. In this respect, it participates in collaborative projects as part of a consortium which enables them to benefit from the synergies among the various members, resulting in increased knowledge-sharing.

2012 MILESTONES

- Increased international portfolio and contracts awarded for several flagship projects.
- Collaboration in several working groups that study and approve international standards related to environmental issues in the field of construction (ENCORD Sustainability Declaration, CEN and ISO).
- Verification, for the second consecutive year, of the Greenhouse Gas Emissions inventory and obtaining the AENOR "Verified CO2 Environment" Certificate.
- Signing an agreement with the University of Cantabria for official recognition of the "Master’s Programme in Construction Science" taught by Company professionals.
- Enhancement of e-learning and its application to international personnel through specifically tailored training programmes taught by Company professionals.

FCC Construcción, the first Spanish company in the industry to sign a framework agreement with the International Federation of Trade Unions.

CSR WHAT FCC CAN DO FOR YOU. Infrastructure

2013 OBJECTIVES

- Consolidate the geographic diversification of the portfolio.
- Reduce payment collection periods.
- Consolidate the international implementation of the Environment and Quality Management Systems and obtain certification in countries where there is a stable presence.
- Qualify Company personnel as consultants to assess the sustainability of buildings in accordance with LEED and BREAM standards.
- Establish a Sustainability Observatory in collaboration with Public Universities and issue an annual report.
- Prepare a catalogue of socially sustainable practices for in-house dissemination.
- Gradually generalise the use of common computer applications for planning and data collection and implement it abroad as well.

"At FCC, we are firmly committed to the promising future of sustainable construction"

CEMENTOS PORTLAND VALDERRIVAS

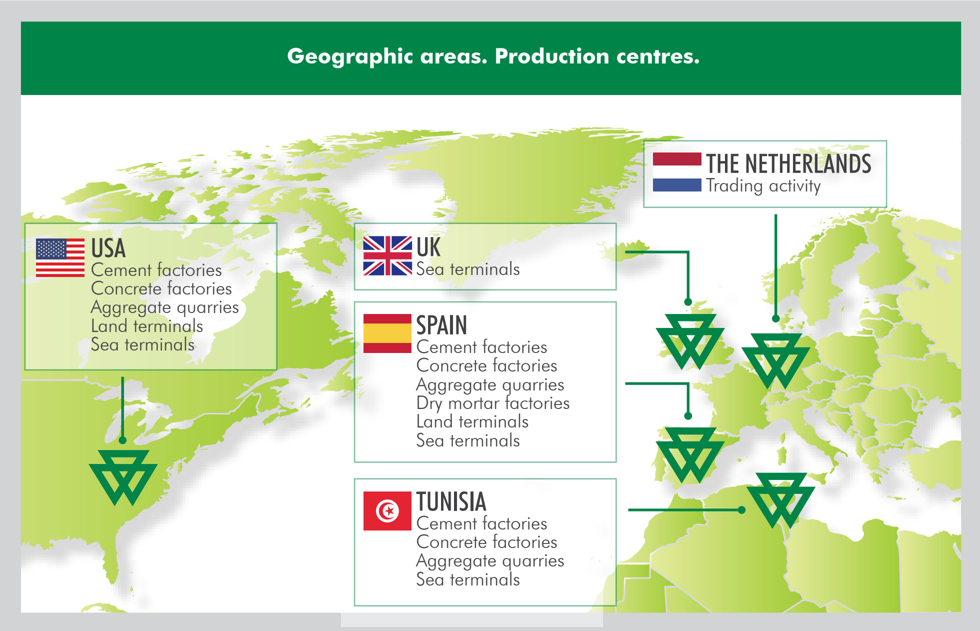
PROFILE AND BUSINESS STRATEGY

Cementos Portland Valderrivas Group is an industrial group with a significant mining component present in the entire cement business cycle. It comprises a large number of companies of which Cementos Portland Valderrivas, S.A. is the parent company. The Group, which was founded in 1903, has over 100 years of history. It has grown steadily, attentive to the changing needs of society and with a geographical presence in Spain, the United States, Tunisia, the United Kingdom and the Netherlands.

Portland Valderrivas is aware that, in this globalised world, companies must take full responsibility. It is not enough to achieve good economic returns. Instead, it is necessary to go further and consider performances while taking into account the influence of activities going on all around us, especially on people, society and the environment.

The commitment to sustainability is such that it covers all manufacturing lines, deliverables and delivery contracts, and there is a clear focus on service to society and its development. Thus, all its manufacturing of cement, concrete, aggregate and mortar are covered by sustainability criteria.

GEOGRAPHIC AREAS



AWARDS AND RECOGNITION

Below is a summary of the main awards and recognitions received by Cementos Portland Valderrivas during the National Awards for Sustainable Development in Quarries and Gravel Pits granted by the Federation of Aggregates in March 2012:

Award/Recognition	Description
First prize in the category of Quarry Restoration.	Apario Quarry, Vizcaya. (This quarry also received the Special Environment Prize and was selected participate in the 2013 European UEPG Awards).
Second prize in the category of Quarry Restoration.	Peña de Lemona Quarry, Vizcaya.
Third prize in the category of Gravel Pit Restoration.	Colomers Gravel Pit, Gerona.
First prize in the category of Good Environmental Practices in Large Companies.	Coto de Nafarrondo Quarry, Vizcaya.
First prize in the category of Best Operational Practices and Initiatives.	Apario Quarry, Vizcaya.
Second prize in the category of Safety.	Coto de Nafarrondo Quarry, Vizcaya.
Second prize in the category of Good Environmental Practices in Large Companies.	Galdames Quarry, Vizcaya.

CEMENTOS PORTLAND VALDERRIVAS HAS THE FOLLOWING CERTIFICATIONS

Below are the certifications by management area and % of area certified:

Management area	Certification	Scope (% of turnover)
Environment	ISO 14001	60% Global
Environment	EMAS	100% in Spain
Occupational risk prevention	OSHAS 18001	65% in Spain
Quality	ISO 9001	86% Global

CSR WHAT FCC CAN DO FOR YOU. Infrastructure

A FORWARD-LOOKING APPROACH

The construction sector is going through critical times, and this has driven the Group to focus on innovation and efficiency with the aim of maintaining its leadership in the industry.

The crisis can be an appropriate setting to undertake new business projects and develop itself, as long as companies are able to innovate, both in products and manufacturing technologies, and thus differentiate itself from competitors. In addition, in a world where there are fewer borders, the internationalisation of businesses allows new niche markets to be opened in emerging countries with a great potential for socio-economic development, and where there is a real need in the construction sector for new technologies to produce cement-related products from the natural resources at their disposal.

2012 MILESTONES

- Participation in the Bitácora project which has consulted with stakeholders, over 700 people since 2007.
- Promotion and marketing of new products and technologies to Europe.
- Debt refinanced so that the payment schedule has been adjusted to the estimates for resource generation and the bank debt has been greatly reduced as financing sources have been diversified.
- Exchange transaction between GCPV and the Irish building materials company CRH in which the 98.75% stake in Cementos Lemona was exchanged for the 26.38% stake in Uniland Corporation that the Group did not control.
- The workforce was reduced by 570 workers altogether, in agreements with key unions, like those achieved in the two employee restructuring schemes in Spain, which led to a reduction of 500 people. The workforce was cut by 70 people in the United States.
- Implementation of the NewVal Plan that makes GCPV more flexible to adapt, in terms of the fall in demand, and which has contributed to the results with an increase in operational efficiency in the United States, the resizing of the business in Spain and the restructuring of the workforce of the two countries.
- Development of the 2012-1015 Innovation Master Plan, the result of over 100 peoples' work from all areas of the organisation.

2013 OBJECTIVES

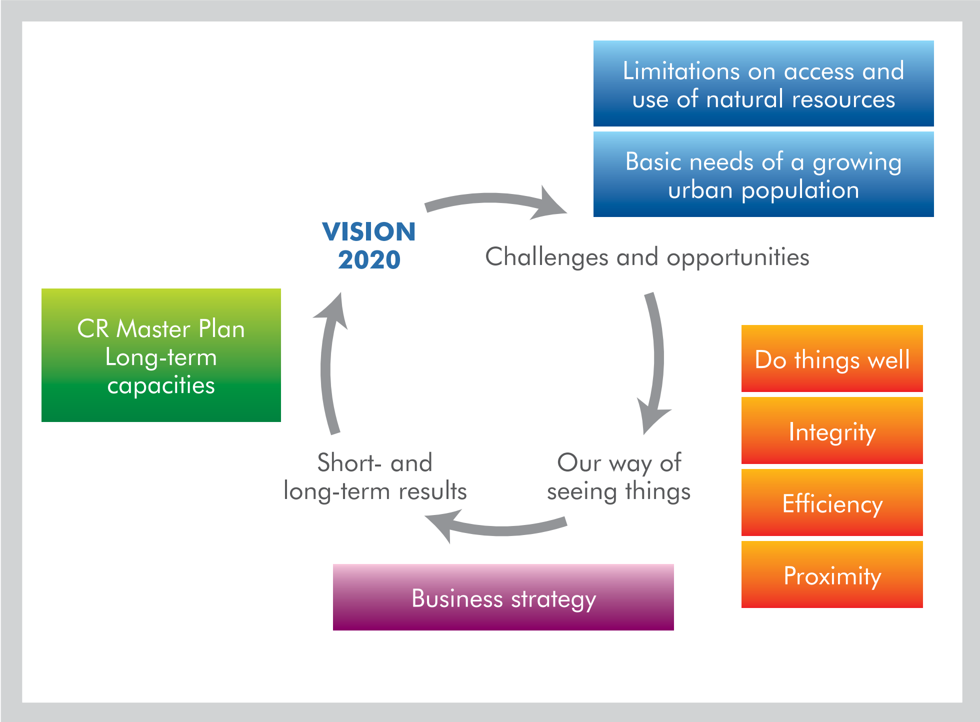
Initiatives	Objectives
1. Commitment and transparency	Collaborate on fulfilling FCC Group's Corporate Responsibility Master Plan 2012-2014 (hereinafter CRMP). Implement the Group's Corporate Social Responsibility/Sustainability Plan following international standards.
2. Human capital	Adapt the Performance Management tool to current needs while maintaining its main objectives. Family Plan: Continue to provide services to our employee's family members with disabilities with the aim of increasing their resources and opportunities for social and workplace integration.
3. Occupational health and safety	Reduce the frequency rate by 9% in Spain and Tunisia with respect to the results obtained in 2012.
4. Connection with stakeholders	Carry out the following consultation sessions with stakeholders in 2013: - Dialogue-based meetings with representatives of the social settings of the factories in Alcalá de Guadaíra (Seville), Mataporquera (Cantabria), El Alto (Morata de Tajuña, Madrid) and Monjos (Barcelona). - Session scheduled with suppliers to work with waste managers and suppliers of alternative fuels derived from non-hazardous waste. - Dialogue-based meeting with financial analysts. - Meetings with opinion leaders to carry on with the open innovation initiative. - Dialogue-based sessions with customers from different geographical areas of the cement business in Spain. - Meetings held with Group employees using the information and communication technologies available, intranet forum, video conferencing, teleconferencing, etc., both in Spain and the United States, as well as Tunisia.
5. Participation and volunteering	Achieve a participation rate of 30% of the total workforce in Spain in the € solidarity initiative in 2013. Increase the results achieved in 2012 in the campaign to collect toys, clothing and food (865 toys, 222 kg of clothes and 782 kg of food) by 10% in 2013.
6. Promotion of the environment	Consolidate the following percentages of replacing fossil fuels with alternative fuels in 2013: - 20% in the Group - 20% in Cement Spain - 40% en Cement USA Reach a restored surface of 50% of the total area affected in quarries and gravel pits belonging to the Group in Spain. Reach €2 million of EBITDA between the domestic and international marketing of new products and the sale of technology.
7. Innovation	Lead open innovation nationally and internationally, contacting the appropriate opinion leaders in at least four countries, beginning with products already on the market: Ultraval, Microval and Rapidval.

Servicios Ciudadanos

OUR VIEW AND SOCIALLY RESPONSIBLE INITIATIVES

STRUCTURE OF THE CORPORATE RESPONSIBILITY MASTER PLAN

In 2012, FCC Group's Board of Directors adopted its III Corporate Responsibility Master Plan applicable to 2014. The balance of performance against objectives, along with a comprehensive analysis of trends related to the needs of the sustainable cities of the future and the challenges related to sustainability in each one of FCC Group's business areas, is the basis for defining the company's new corporate responsibility strategy.



CSR OUR VIEW AND SOCIALLY RESPONSIBLE INITIATIVES

The plan has three strategic pillars, around which the defined initiatives are planned and they are the basis of the report's structure:

I. **Exemplary behaviour.** The principles of integrity and doing things well are the origin of the first pillar of the Master Plan. The aim is to position FCC Group as an example of authenticity in its commitment and its way of doing business. To do this, one of the first tasks carried out along these lines has been to strengthen the company's ethical framework in consonance with the principal of due diligence in the North American Federal Sentencing Guidelines, which allows it to address the major challenges facing FCC aimed at promoting exemplary behaviour.

The company's ethical framework guides FCC's behaviour in all activities and at all levels: safeguarding the health and safety of its employees, promoting equality and diversity, identifying potential areas for integrating groups that are at risk or have special needs and are vulnerable, and extending these commitments to communities, suppliers and contractors.

II. **Intelligent services.** The principle of efficiency is the inspiration for this pillar of the Plan. To cope with the challenge of providing services to towns with changing needs, FCC proposes a strategic approach to innovation aimed at mitigating climate change and at capacity building aimed at adapting the company to new scenarios in the environments in which it operates.

The company has developed a climate change strategy whose guarantee of compliance is underwritten by the company's highest governing body, represented on the Climate Change Committee, which will act as the primary decision-maker within the Group in matters relating to climate change.

FCC also must investigate what future sustainable cities will be like, applying its know-how to the design of eco-efficient citizen services.

III. **Citizen connection.** The principle of close communication with citizens is underpinned by the belief that the company can and should be a catalyst so that citizens can be the protagonists of a sustainable city. FCC Group wants to promote sustainable habits in the cities where it operates, by relying on the commitment of the people who are part of the company, by remaining in contact with stakeholders involved and in constant consultation with opinion leaders in strategic markets.

This connection with citizens is aimed at linking the management of FCC Group to the trends and needs of the communities of the future. The joint involvement of FCC Group and the public in addressing the urban challenges of this century, based on the capacities developed by the company and the commitment of its employees, will be the starting point for the promotion of sustainable habits.

RESPONSIBILITY IN THE IMPLEMENTATION OF THE MASTER PLAN 2012 – 2014

FCC Group believes that the implementation and application of corporate responsibility throughout the organisation requires a stable organisational structure driven by senior management and committed to carrying out operations in the different business activities in FCC Group's portfolio. The coordination of corporate policies and those from the areas, divisions and business units is done through the Corporate Responsibility Department, which reports to the Communications and Corporate Responsibility Department, which in turn is a member of FCC's Management Committee. The policies, master plans and reports detailing the degree of progress on actions taken in this regard are submitted to the Management Committee and the Board of Directors for supervision, in line with the responsibility assumed by this body in the field of corporate responsibility.

Each business area has its own initiatives in which the company's strategic priorities are further detailed. All of them are covered by the FCC Group's Master Plan, which sets new objectives for the 2012 – 2014 period.

EXEMPLARY BEHAVIOUR.

FCC PROMOTES INTEGRITY, SAFETY AND SOCIAL INCLUSION AMONGST ITS WORKERS

Over the past two years, FCC Groups has focused its efforts on strengthening the Company's ethical framework in order to encourage integrity-based behaviour in all employees as well as its supply chain, regardless of their status, duties or the geographical location they may work in. The Corporate Responsibility Master Plan 2012 - 2014 includes this line of work under the title of "Exemplary behaviour". To this end, the Company has advanced tools for managing issues related to corruption and bribery, integrity, ethical behaviour and crime prevention that strengthen the Group's commitments.

The scope of FCC's ethical framework and integrity systems includes all Group personnel and its entire value chain, from the supply of products and services to the delivery to the end user, the citizen.

FCC also has strengthened its commitment to the social and workplace integration of people with disabilities or at risk of exclusion.

Exemplary behaviour – 2012 milestones

- Signing of framework agreement with the International Federation of Trade Unions (ICM).
- Renewal of OHSAS 18001 certification.
- FCC Groups obtains the Equality in Business mark awarded by the Spanish government.
- Dow Jones appreciates FCC's commitment to human capital and ethics.
- The United Nations Global Compact highlights FCC Construcción's Progress Report awarding it the Advanced Level, maximum rating granted for the transparency level of the report.
- New FCC campaign against gender violence.
- Launch of the first international campaign for Occupational Risk Prevention.
- New road safety campaign.
- Collaboration agreement signed with Mapfre to encourage good habits.
- Presentation of the prevention programme as a best practice at the 10th International Congress on Occupational Health and Safety.
- Strengthening the commitment to integrity through a new amendment to the Code of Ethics.

Exemplary behaviour – 2012 milestones

- Launch of the online training program on the Crime Prevention and Response Manual.
- FCC is called up by various institutions and business schools to show its ethical framework.
- FCC leads the Sustainability Excellence Club corporate governance committee.
- FCC is part of the company criminal liability group at Emisores Españoles.
- Development of online training for employees on the technical resources usage code.
- Celebration of International Women's Day.
- Approval by the Management Committee of FCC's Equality and Diversity Policy.

Programas de acción the 2012 – 2014 CRMP	2014 objectives
To be based on referential ethical principles/integrity framework	The new framework for ethical behaviour covers 100% of FCC's activities and of those of its main contractors
Promote integration and social inclusion – commitment to people	Increase in the number of people who work for FCC with special needs
Sustainable guidelines for actions in the value chain – contracting	100% of suppliers critical to sustainability and key in terms of magnitude, assessed on environmental, social and ethical criteria

1. QUALITY MANAGEMENT AND RESPONSIBLE GOVERNANCE

FCC Group governance reflects the highest international standards of corporate governance, including virtually all of the recommendations in the Unified Code of Good Governance. The size and composition of the FCC Board of Directors complies with the principles of ownership representation and balance in the governance of the Company, while at the same time the presence of five women serving as Board members is noteworthy.

For FCC Group, good governance means ensuring that the Company is managed focusing on creating long-term value for its shareholders in a manner in which competing stakeholders, and other strategic factors for the health of the business, are integrated into its administration and management model.

FCC Group's senior management is maintaining operating under the principle of transparency and integrity as a strategic priority, fulfilling all the provisions in the Code of Ethics and the Crime Prevention and Response Manuel in order to generate trust towards the company and to prevent the occurrence of malpractice.

1.1. Integrity and good governance in FCC Group

To ensure a proper strategic orientation by the company, FCC Group adopts the international standards of good governance and the recommendations of the Unified Good Governance Code of listed companies in Spain.

1.1.1. Corporate governance responsibilities

The main function of FCC Group's Board of Directors is to ensure that the company is being managed in the long-term interest of its shareholders by monitoring and supervising strategic corporate decisions. At present, the company's Board of Directors has 18 directors, five of whom are independent. The presence of five women, resulting in a 28% of Board members being women is one of the highest ratios in listed companies in Spain and worthy of mention.

In 2012, the Board of Directors held eleven plenary meetings and promoted a number of activities related to good governance and corporate responsibility, among which the most important are the following:

- Approval of the Crime Prevention and Response Manual.
- Approval of the amendments to FCC Group's Code of Ethics.

In addition and with the aim of optimising its operations, the Board of Director's Regulations envisage the self-assessment of its performance and that of its members, the quality of its work and the effectiveness of its rules, and to implement, where necessary, measures to improve the efficiency of its operation.

1.1.2. FCC's ethical framework under the Federal Sentencing Guidelines

The strengthening of the ethical framework at FCC includes the North American Federal Sentencing Guidelines. This international reference standard is a tool with two clear objectives: on the one hand, to promote a culture of ethics and, on the other, to declare that the Company exercises due diligence in the prevention, detection and eradication of irregularities. To do this, FCC, following the requirements established in the aforementioned standard, has implemented seven elements in the Company that make it possible to ensure that the code is known, understood and fulfilled by all of the organisation's employees.

The seven elements of due diligence related to FCC's ethics and integrity

- Definition of the Code of Ethics, with a global geographic purview and for all operating environments. The Code includes guidance on all relevant or risk-related elements with regard to ethics and compliance, including matters which are relevant from the standpoint of criminal acts.
- Assigning the responsibility to manage the promotion of the ethics and compliance program and the definition of performance indicators in this area to be reported to the Board of Directors. The Response Committee fulfils the responsibilities corresponding to these issues within FCC Group. In accordance with the principle of integrity, a commitment has been made not to assign responsibilities in ethics and compliance to people with a history of non-compliance in this area. Practical communication on a regular basis and training for all employees in order to ensure that both employees and third parties know and understand what is expected of them.
- A commitment has been made to periodically review the elements implemented in respect of ethics and compliance, and to assess the effectiveness of the overall programme for the prevention, detection and eradication of irregularities. An ethics channel has been set up to report ethical malpractice.
- Incentives have been created and disciplinary measures adopted in the event of non-compliance. Risks will be assessed and the ethics programme aligned for compliance with identified risks.
- There is a procedure to resolve reported or detected irregularities.

1.1.3. The Code of Ethics, a guarantee of compliance at FCC

This is the tool of reference that puts into practice FCC Group's commitment to ethics and integrity. Its aim is to stress the Group's corporate culture and rules of conduct and it serves as guidelines to be followed in the Company's business relations with third parties. FCC Group has complementary mechanisms, such as the Internal Stock Market Rules and the Internal Communications Channel for ethical matters, financial irregularities or workplace or sexual harassment.

FCC Group revised its Code of Ethics in 2012 in order to include, firstly, a redefinition of the principles underlying FCC's corporate culture.

1.1.4. Communication of the Code

In 2012, FCC Group designed a new training course that includes the new aspects and amendments made to the Code of Ethics. This course will be given in 2013 so that all FCC Group employees know and understand the Company's commitment to ethics, integrity and transparency, and receive guidance on how best to act in their daily work.

The online training modules are structured around the importance of compliance with the legal, regulatory and professional requirements taken on by FCC Group and the obligation to report any breaches, as well as around understanding the commitments for conduct included in the Code of Ethics and the procedures and protocols associated with it.

1.1.5. Monitoring irregularities

FCC Group provides its employees with an internal communication channel to report irregularities in a confidential manner, or for enquiries or suggestions for improving the company's existing systems with regard to the matters covered by the Code. All FCC Group personnel are required to report any breaches they discover related to the Code of Ethics.

In 2012, the Code of Ethics channel recorded 23 reports of breaches on the following matters:

- Professional development, equal opportunity and non-discrimination: 5
- Use and protection of assets: 1
- Money laundering and irregularities in payments: 1
- Respect for people: 16

There were no reports related to incidents of child exploitation, forced labour or human rights in any sense of the term. All reports were resolved in accordance with established procedures.

1.1.6. Integrity

FCC Group, in accordance with the Federal Sentencing Guidelines, has made a commitment to not assign positions of responsibility related to ethics and compliance for people who are guilty of malpractice or of conduct incompatible with the Company's Code of Ethics or who have a history of non-compliance in this area.

1.1.7. Compliance with the Code of Ethics

In order to carry out the in-depth monitoring and control of the issues most relevant to the correct operation of the company, and to achieve greater efficiency and transparency in the exercise of its powers and in the performance of its duties, the Board of Directors has four committees: the Strategy Committee, Appointments and Retributions Committee, Executive Committee and Audit and Control Committee. The latter ensures the adoption of disciplinary measures should the Code of Ethics be breached and that assess risks related to ethics, integrity and compliance with the risk management and control systems.

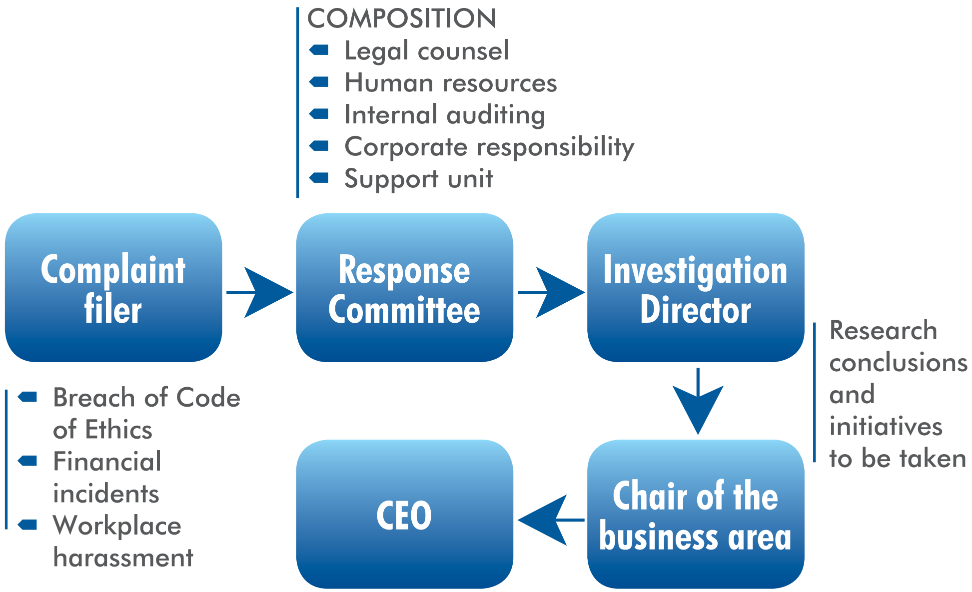
1.1.8. Response Committee

Approved by FCC Group's Board of Directors, the Response Committee is the body whose general role is to promote the dissemination, awareness of, and compliance with, the Code of Ethics in the Company. It comprises the General Manager of Internal auditing, who chairs the Committee, the General Manager of Legal Counsel, the General Manager of Human Resources and the Manager of Corporate Responsibility, who serves as Committee Secretary and Coordinator. Monitoring the communication procedure in matters relating to criminal offences and in general with FCC Group's Code of Ethics, rests with the Response Committee.

Evidence indicates that the perceived presence of malpractice in companies decreases to the extent that they have implemented effective ethics and integrity programmes, as understood by the Federal Sentencing Guidelines. (National Business Ethics Survey, 2012)

Compliance with these recommendations and the commitment to information transparency in this area represent the effective implementation of FCC Group's commitment to good governance. In this respect, the composition of the Group's Board of Directors covers, firstly, the principles of effectively representing the structure and, secondly, the balance of its governance.

The Code of Ethics, the Manual and other regulations are available on FCC Group's corporate website. http://www.fcc.es/fcc/corp/esp/rc_gc.htm



1.2. Risk control and management

FCC Group has a comprehensive risk management policy which is being progressively implemented and enables it to deal effectively with all of risks to which its business operations are exposed. The adopted model allows it to develop a high level risk map, using the Enterprise Risk Management (Coso II) method, enabling reporting to Management and contributing to the definition of the Group's strategy. As part of the aforementioned model, risk committees are regularly held, analysing and assessing the risks in different business areas.

Supported by the people responsible for risk management in the different business areas, whose activities its coordinates, the Risk Control and Management Department is currently in the process of updating and improving both the definition and assignment of risk management responsibilities in the operating area and the following risk management procedures and methodologies:

- Identifying key risks for FCC Group based on the potential threat they pose to the achievement of the Group's objectives.
- Risk evaluation. The risk evaluation scales are defined in terms of the potential impact they could have if they were to materialise and the likelihood that they will occur.
- Risk categorising.
- Optimising risk control through establishing and implementing action plans for the most relevant risks, including measuring and monitoring indicators.
- Mechanisms for periodically reporting the results of the risk evaluation and monitoring process and the materialisation of risks.
- Implementation of specific procedures to document risk management in the decision-making process.
- Periodically and systematically updating the risk evaluation process and controls described above.

As an example of a response to technological risks, in 2012 FCC's Information Security and Technological Risk Management Department launched an online course so that all users would become familiar with the Technological Resources Usage Code and use them in a proper, responsible and lawful manner, in accordance with the Information Security Policy.

1.2.1. Manual of Crime Prevention and Response

The report on how the internal controls established in the catalogue of prioritising crime and risky behaviours risk to the company work was prepared in 2012. Likewise, the reform carried out this year also included adapting it to the Spanish Criminal Code, which provides for a new criminal liability of a legal person. To properly include the contents of this reform, FCC also approved what is known as the Crime Prevention and Response Manual. The aim of this Manual is to establish a crime prevention system through actions and controls implemented in FCC Group in order to mitigate the risk of the crime being committed.

For more detailed information on matters related to FCC Group's corporate governance and risk management during 2012, see the Corporate Governance Report 2012, available on the company website: http://www.fcc.es/fcc/corp/esp/rc_gc.htm.

Risks in FCC Group

Strategic risks

- Strategic/market/country planning.
- Technological capacity/Innovation.
- Reputation management/Corporate governance.

Compliance risks

- Code of Ethics.
- Management of legal risks.
- Management of fiscal risks.
- Internal control over financial reporting system (Spanish acronym SCIIF).
- Protection of all data.
- Quality management system.
- Environmental management system.
- Information security system.
- Workplace risk prevention system.

Operative risks

- Bid and contracting management.
- Selection of partners, outsourcing and suppliers.
- Management of human resources and ongoing staff training.

Financial risks

- Capital risk.
- Interest rate risk.
- Exchange rate risk.
- Solvency risk.
- Liquidity risk.

2. FCC PEOPLE

Achieving effective internal communication is one of the goals for Human Resources. We work closely with the Group's Communication Department and Human Resources to establish new, more powerful internal channels and an FCC culture based on shared, robust behaviours and values as our own sign of identity, capable of mobilising, motivating and committing people, who represent the greatest value of our company.

Main milestones in the field of communication in 2012:

- Collaboration in the project to develop the new corporate intranet and FCC Communities in order to boost more global (international) bi-directional communication channels.
- Consolidating the HR Business Partner's Network: the main milestone was the III Global Human Resources Meeting in October 2012.
- Emphasis on the dissemination of Human Resources policies and services for the organisation focused on providing employees with greater self-management and more automated processes that affect them: main milestones, internal communication campaigns aimed at FCC people in order to emphasise the FCC culture and identity and actions geared to shaping the company's information and management transparency.

We are advancing in the introduction of strategies and guidelines through the Human Resources Communication Plan, which continues activating and disseminating goals, objectives and projects and developing a communication network that disseminates messages to all the people within the Group.

The Internal Communication function also promotes the effective delivery of information of interest for workers, with special emphasis on information and messages, policies and strategies that are directly related to the management of the company and peoples' professional environment.

In terms of human resources the most prominent progress in 2012 was the following:

2012 Highlights

- Promotion of local hiring.
- Redefinition of the FCC leadership model at a domestic and international level.
- Common approach for evaluating performance at FCC at a domestic and international level.
- Extension of the group entitled to access the flexible remuneration system.
- Review of the Training Plans and training itineraries for contract managers according to the FCC knowledge maps.
- Development of specific training to support the internationalisation process.
- Approval of the FCC Equality and Diversity Policy.
- Implementation of the Employee Global Master.
- Implementation of Internal Mobility Programme.
- Introduction of the Responsibility Matrix (Selection and Employment).
- Implementation of the new tool for receiving CVs via the FCC website.
- Design and introduction of the new Labour Practice Programme.
- Analysis of trends and identification of talent via Social Media.
- International campaign for the prevention of occupational risks: "In my job prevention is worthwhile. It really is."
- Introduction of Human Resources Management's Communication Plan.
- Reduction of the Accident Frequency Index by 26%.

2.2. Promotion and attraction of talent at FCC Group

Attraction and retention are a priority at FCC Group, which is aware that this is one of the factors that distinguish successful companies. The following are among the actions that are taken into account:

- Promotion of global internal mobility.
- Consolidation of a culture of results-oriented management.
- Development and integration of compensation and benefits policies and models.
- Reinforcement of the training processes common to the different business divisions.
- Implementation of a system to analyse potential and succession planning for key positions.
- Definition of management skills for FCC.

The Department of Selection and Employment manages the task of attracting talent to our organisation. In 2012, FCC received over 36,000 CVs and carried out 283 selection processes.

FCC Group also has a comprehensive collaboration programme with universities, business schools and other educational centres through which it promotes entry into the labour market for new graduates. During the 2011-2012 academic year, 148 students took their professional training in an FCC Group company. Also, a standard labour practice programme has been implemented to identify university students with a high development potential.

Due to the involvement with the academic world, FCC has taken part in a number of events and employment forums in order to enter into contact with young talented individuals wishing to develop their professional career with us.

Also in 2012 we collaborated in the 4th year of Compulsory Secondary Education + Enterprises, of the Self-governing region of Madrid, whereby during 4 days students were exposed to companies in order to enhance their training and get in touch with the labour world.

In this respect, this same year a Collaboration Agreement was signed between the Self-governing region of Madrid and FCC, whereby these entities are jointly organising and developing a Dual Vocational Training Programme, with the purpose of establishing a two year training plan (2012-2014) allowing students to voluntarily take these courses combining theoretical training in the classroom and practice at the company.

2.1.1 Promoting internationalisation

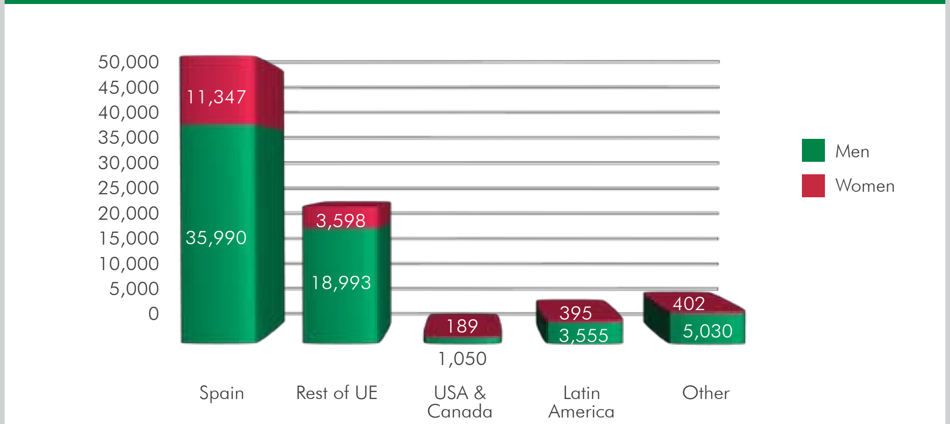
In order to pursue our internationalisation strategy it is necessary to attract professionals to our organisation with the necessary flexibility to live and work anywhere in the world. For this reason, FCC has participated in the International Practice Programme for Civil Engineers at the Polytechnic University of Madrid, in which the company collaborated by receiving graduates for internships at FCC Delegations outside Spain.

Likewise, the Group has implemented an Internal Mobility Project, which allows the Group to maintain organisational flexibility, offering development opportunities to employees and enabling the development of versatile and multi-purpose professional profiles. The Internal Mobility Project published a total of 164 job offers in 2012.

In addition, more than 200 Group employees were transferred to carry out their work outside Spain. It should be noted that local hiring, an objective of the aforementioned Human Resources Strategic Plan, accounted for about 55% of hires recorded in 2012.

In order to support the internationalisation process, the company continues to encourage language training, conditional upon the progress evidenced by students and new specific training actions have been incorporated to the Training Plan. Lastly, a course has been designed to support internationalisation for our employees prior to their transfer abroad that provides them with international legal, financial and multicultural management knowledge.

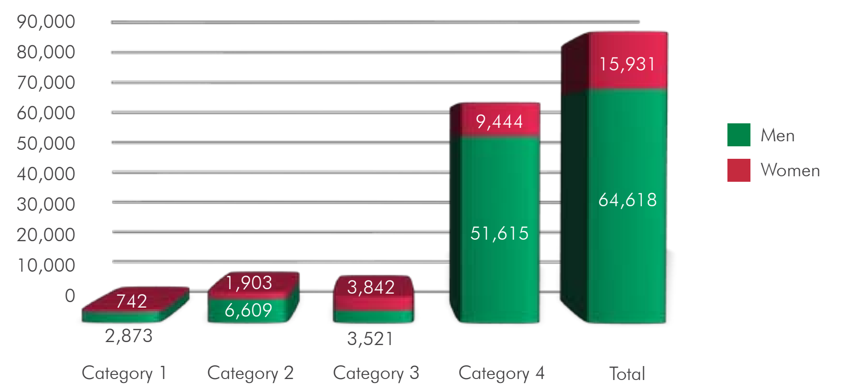
Distribution of employees by gender and location



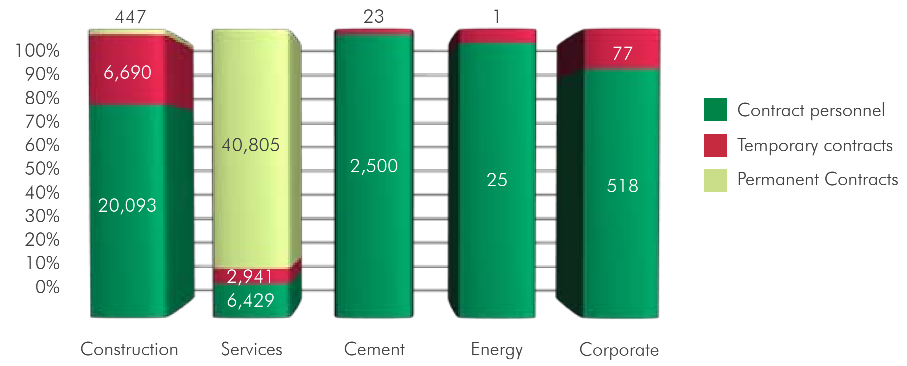
*Data at 31 December 2012

CSR EXEMPLARY BEHAVIOUR

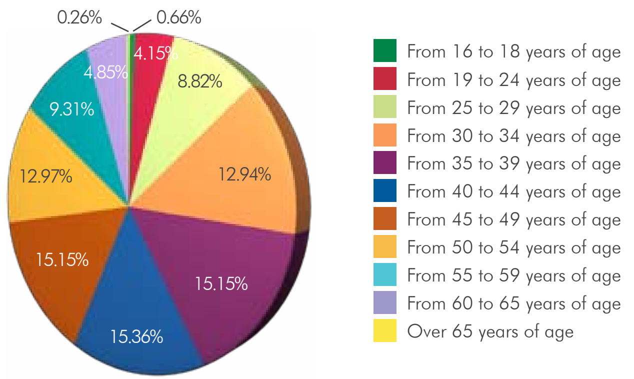
Employees by gender and job category



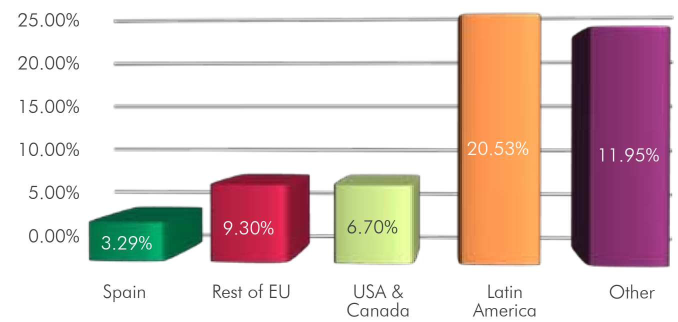
Employees by type of contract and business area



Graph showing employees by age group (Average age: 42.1 years)



Average staff rotation by geographic area



Training hours by areas of activity (job category and gender)

Organisation	MEN Category I	Category II	Category III	Category IV	Total	WOMEN Category I	Category II	Category III	Category IV	Total	TOTAL
CENTRAL SERVICES	4,167	1,704	26	0	5,897	2,854	1,325	1,021	4	5,204	11,101
ENVIRONMENT	4,974	99,968	1,288	123,019	229,249	1,170	8,030	1,270	9,737	20,207	249,456
AMBITO INDUSTRIAL WASTE	1,022	1,819	3,043	2,734	8,618	1,312	1,573	1,770	46	4,701	13,319
AQUALIA WATER MANAGEMENT	2,863	22,902	23,746	25,537	75,048	159	11,652	8,387	8,942	29,140	104,188
FCC VERSIA	2,048	4,099	742	2,693	9,582	762	1,809	1,625	239	4,435	14,017
CONSTRUCTION	2,456	240,562	9,893	2,068	254,979	161	63,482	796	137	64,576	319,555
TRANSPORT	999	1,014	0	749	2,762	347	860	306	116	1,629	4,391
INTERNATIONAL ENVIRONMENT	3,359	14,606	9,796	153,877	181,638	2,009	7,113	5,057	42,740	56,919	238,557
CEMENT	3,019	6,016	1,184	6,455	16,674	1,142	430	1,957	153	3,682	20,356
ENERGY AND SUSTAINABILITY	28	66	0	0	94	6	48	0	0	54	148
TOTAL	24,935	392,756	49,718	317,132	784,541	9,922	96,322	22,189	62,114	190,549	975,088

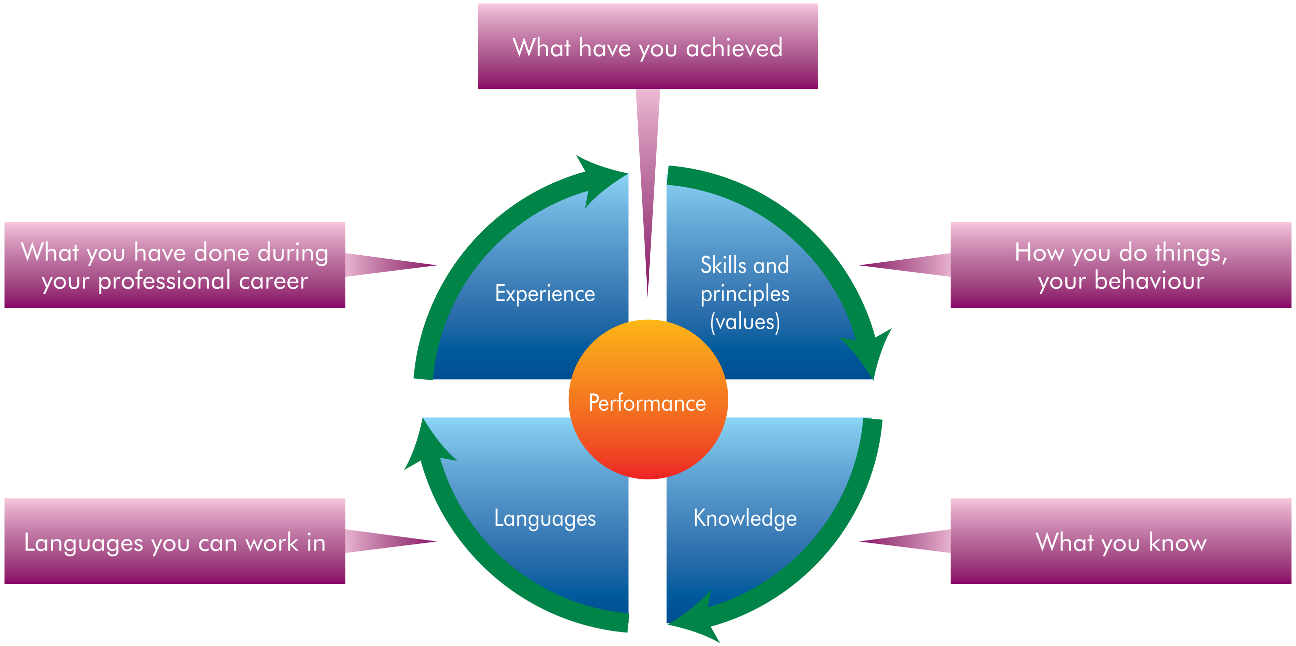
*Key: Category 1: Executives and managers, department heads and site managers
Category 2: University graduates, section heads, heads of department, heads of workshops and qualified personnel
Category 3: Technical and administrative assistants and middle management
Category 4: Workers and junior staff

2.2 On-going commitment to the development of human capital

The career development of the people working for FCC is one of the keys to the good functioning of the company. It depends on the performance of each employee in their job, of their skills and the required profiles.

At FCC we define the skills required to perform each job in an optimal manner as a body of knowledge ('what you know'), skills and principles ('how you do things, your behaviour'), languages ('languages you can work in'), and professional experience ('what you have done during your professional career').

To align the achievement of company objectives and people development, all the employees need to know what is expected of them. Their contribution to the success in achieving objectives is performance: "results are achieved on the job."



CSR EXEMPLARY BEHAVIOUR

In 2012, FCC Group has continued fine-tuning its skills model at a domestic and international level, from managerial positions to contracting responsibility positions. Currently the company is working on the review of the requirement profiles of the rest of the standard positions in the organisation.

Also, FCC Group has developed a common approach to evaluate the performance at a domestic and international level. It is an annual process for setting objectives, monitoring and evaluation that enables the deployment of the FCC strategy, so that employees are better able to align their efforts to contribute to the Company's needs and for their own development.

The performance evaluation seeks the following objectives:

1. Aligning the objectives of each employee with those of the Company.
2. Increasing communication between managers and employees.
3. Evaluating the degree of contribution of each employee.
4. Enhancing individual and team performance by means of development actions.

In relation to organisational models, 2011 saw the development of the Job Evaluation Project, which consists of analysing what each job contributes to the organisation and of classifying positions by organisational content. The objective is to have a tool to help manage the design of the organisational structure, the classification system and the remuneration policy. The second stage of the project began in 2011, addressing the next levels of the organisation and the management positions in the international area. During 2012, the project focused on presenting the job evaluation process carried out in 2011 to the Business Areas and Corporate Functions, in order to contrast, perfect and agree to the desired results in individual or group sessions with Senior Managers in the Organisation, in order to furnish the exercise with the necessary security and validity to be able to apply it to the different fields of Human Resources policies. The exercise was successfully completed in the first half of 2012, with over 25 meetings held. In the latter half of 2012 a new stage of the project design was started, consisting of grouping together the job positions evaluated in the previous stage into functional families and standard jobs.

In relation to remuneration and benefits policies, in 2012 the group of employees entitled to access the flexible remuneration system was extended, going from 1841 employees in 2011 to 5459 in 2012. This system allows employees to allocate part of their remuneration to certain benefits instead of receiving everything in cash.

At the end of 2012 a project was started for the design, development and implementation of a reporting system for Human Resources management running on the SAP-HCM application, which is able to supply effective, reliable and timely information to the Corporate Area. Among the benefits that may be derived from the implementation of a system with these characteristics are those related to the strategic objectives of the FCC Remunerations and Benefits Corporate Policy.

In the field of training, work has continued in order to manage more efficiently the training resources that are available.

In 2012 FCC Group provided a total of 975,087 hours of training (5% more than in 2011) to 161,083 participants (41% more than in 2011), with a total investment of €13,822,080 (22% less than the previous year).

The major objective of training at FCC is to obtain better performance and efficacy from personnel in the fulfilment of their functions and in the operation of the Company. And secondly, to achieve the career development objectives of our personnel (improving their employability).

A global company needs a global training model, able to preserve and disseminate the know-how, culture and values of the company and to adapt to the needs of the business. This is why FCC is committed to internal training in matters where we are specialists and which we develop professionally with a high degree of quality and efficiency. For other fields of knowledge the company collaborates with renowned universities and business schools. We also incorporate the latest technology to training in order to share knowledge and experience in a better, more agile way, optimising costs and contributing to the creation of a more efficient organisation.

FCC organises training in the style of a Corporate University based on the businesses and our Strategic Plan, with different schools.

- Management Schools are aimed at increasing the knowledge and skills of executives and future executives; this is managed in a standardised fashion throughout the different business and corporate areas.
- Corporate Schools are aimed at training on the culture and values of FCC and non-specific technical training (finance, legal matters, project management, corporate

management tools, etc.), managerial skills, languages and IT. In short, cross-cutting training valid for the different business and corporate areas.
- And lastly, the Schools of Knowledge, which disseminate our know-how linked to the various activities within FCC.

In order to achieve these objectives, and as a complement to the training plans of each business area, training that should be common to and cross-cutting all the areas, has been included in a Corporate Training Plan:

During 2012, the Cross-cutting Training Plan and Implementation model was developed further.

- Within the School of Management, over 200 executives received training at the IESE business school, over 100 executives participated in the School of Industrial Organisation's (EOI) Executive MBA Modules, and a development environment was set up for all of the FCC Group senior managers.
- In the Corporate Processes School, training was provided in the fields of Finance, Legal, Management Control, Risk Management, Purchasing, Human Resources, Technology Resources Use Code, Secretarial skills, etc., a great part of which is especially focused on supporting FCC's internationalisation process.
- Finally, in the Language School, specific language training programmes have been encouraged for nearly 800 people. These programmes require the student to make the most of and progress in the training as a necessary condition to be able to continue in the programme.
- In the IT School nearly 300 people have received training in the most frequently used applications on a daily basis with the most advanced online training systems.

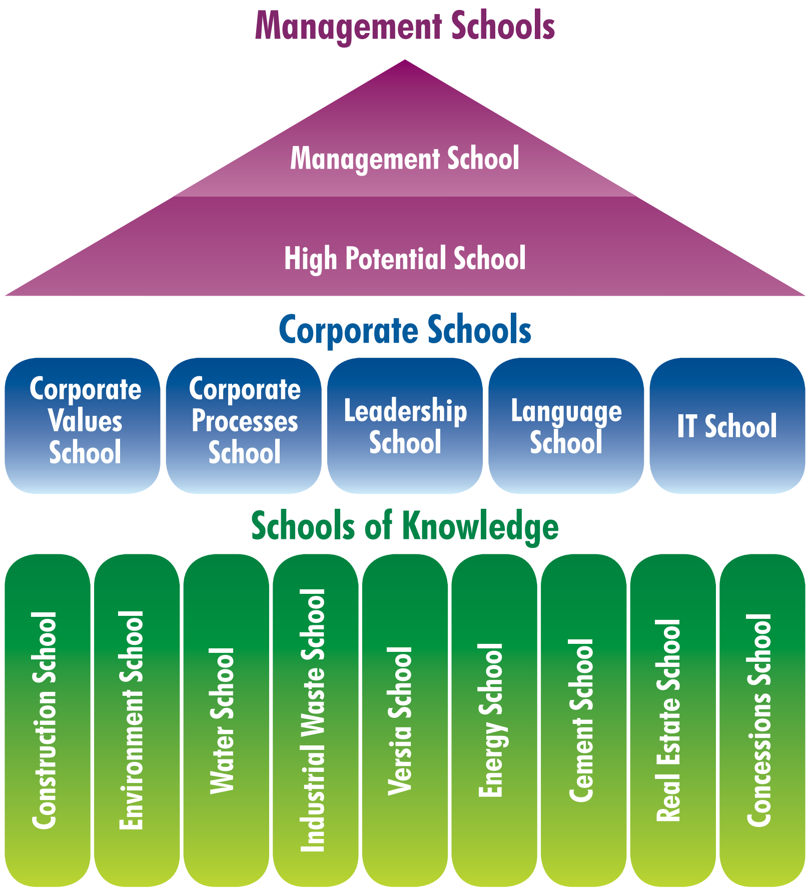
Last of all, the Schools of Knowledge have started a review of the Training Plans and training itineraries for contract managers according to the knowledge maps defined in 2011.

2.3 Key success factors in managing FCC people

Diversity, equal opportunities, non-discrimination and the eradication of all forms of harassment are principles and rules of conduct that are part of FCC Group's set of ethical values.

2.3.1 The diversity of the FCC team

FCC Group believes that diversity is a factor that enriches the company and generates synergies that enhance know-how and that, therefore, can create competitive advantages.



The commitment to diversity is embodied, among other things, in the generation of employment among groups at risk of social exclusion.

In addition, and along with the Code of Ethics, FCC Group has other corporate tools to shape the company's commitment to a corporate culture that enhances respect among employees and equal opportunities for women and men. These are mainly the Equality Policy and the Protocol for the Prevention of Sexual and Workplace Harassment.

CSR EXEMPLARY BEHAVIOUR

FCC has among its staff 963 employees with some degree of disability and it has an agreement in place with the ONCE's Inserta Foundation (Spanish National Organisation for the Blind), which will enable the incorporation of 150 disabled persons between the years 2011 and 2013.

Also, the company has entered into agreements with other entities such as the Spanish Red Cross, Integra Foundation and Exit Foundation, as a result of which the Group will incorporate people at risk of social exclusion to its personnel, including young people and women who have suffered gender-based violence. In 2012 the Group hired 54 people from these groups.

2.3.2 Equal opportunities

Equality is part of FCC Group's corporate culture and is strengthened by the development of initiatives tailored to each line of business. In this regard, the company has continued to develop equality plans already agreed to in previous years with the main trade unions, implementing specific actions in areas such as access to employment, career development, education and work/personal life reconciliation, among others.

In 2012 two new equality plans were negotiated for the companies FCC Logística and FCC Servicios Industriales y Energéticos.

The equality plans promote, as well as other things, the application of reconciliation measures that allow their employees to balance their work and personal life. The most important reconciliation measures applied at FCC are:

1. Flexible start and finish times. There are 45 minutes of leeway for arriving at and leaving the workplace.
2. Flexible remuneration.
3. Intensive (straight shift) workday during three months.
4. Intensive workday on Fridays.
5. Company canteen.

6. Advantageous conditions for the purchase of products.
7. Free choice of holiday periods.
8. Medical insurance.
9. Life insurance.
10. Accident insurance.
11. Company parking area.
12. Advantageous financial conditions.
13. Medical check-up.
14. Maternity/paternity leave and the breastfeeding period can be accumulated and enjoyed with the vacation period.
15. Large percentage of personnel with permanent contracts.
16. Professional support for children with disabilities.

FCC Group's Equality and Diversity Policy

In 2012, FCC approved its Equality and Diversity Policy. Managing diversity is a central feature of all Group business activities.

The following have been proposed as objectives at the executive level:

- Maintenance and implementation of the protocol to prevent workplace, sexual or gender-based harassment. The procedure to be followed in such cases is published on the intranet as well as on the internal communication channel comitederespuesta@fcc.es, ensuring direct and immediate attention from company management on any issues relating to this matter;
- Implementation of the already-created and operating Equality and Diversity Management Team (EGID), with the collaboration of one person per company with an equality plan and responsibilities are assigned to each of them (gender violence, work/personal life reconciliation, etc.). Each has been given formal training on equality;
- Implementation of collaborative spaces on the intranet for EGID members and spaces for disseminating equality in an open fashion to the entire organisation;
- Development of committees to monitor the equality plans, taking part in their regular meetings aimed at supervising and revising the plans and preparing the annual reports;
- Fulfilment of the cooperation agreements on combating gender violence entered into with various private foundations and public agencies, to include women who are victims of this scourge, and the promotion and dissemination of awareness campaigns;
- Renewal of equality plans that expire in 2012: FCC, S.A. and FCC Construcción, S.A., and the negotiation of new equality plans for FCC Sistemas Industriales y Energéticos, S.A. and for FCC Ámbito, S.A.;
- Internationalisation of online training on equality, prevention of harassment and establishing equality plans and programmes appropriate to the legal and cultural environment of each country;
- Provision of onsite training for people without intranet access;
- Development of training activities and preparing pre-management women aimed at facilitating their access to managerial posts;
- Increase in activities related to personal/family/work life reconciliation.

FCC Group is committed to creating a culture of inclusion that seeks out, respects and values differences; it is aware that a workforce built on diversity helps to achieve business objectives and to develop innovative working methods that increase efficiency and improve the quality of services. Based on this principle, FCC implements work practices in order to ensure that no employee or potential candidate is treated discriminatorily for any reason beyond his or her skills, knowledge and professional performance. In addition, internal mechanisms have been set up that ensure that any claims in this matter are thoroughly investigated and result in the adoption of measures in line with the findings of the investigation.

FCC Group also has a training module that encourages employees to reflect on the equal opportunities and to understand the importance of managing this properly.

CSR EXEMPLARY BEHAVIOUR

In 2012 the FCC Management Committee approved the Group Equality and Diversity Policy prepared by the Human Resources Department the previous year.

In order to manage equality and diversity across all its business activities, the company has created and implemented the Equality and Diversity Management Team (EGID), composed of those responsible for the development of the equality plan in each of the Group's businesses and areas of activity, together with the Corporate Department of Labour Relations, which promotes and coordinates the policies on equality and diversity. Its main function will be to generate synergies between the different areas so that the actions undertaken can be extended to all business areas.

At the beginning of the year a survey on diversity was carried out among the human resources managers across the Group with the purpose, based on the results gathered, of enabling a better guidance in terms of managing diversity and adding a participative dimension. The results were communicated to everyone taking part in the survey.

Also, various equality and diversity modules have been included in the FCC cross-cutting training plan with the objective of implementing common feeling, culture and values related to these matters across the organisation.

Throughout 2012, in person training actions on equality and prevention of harassment were carried out for people without access to online training from their job location. The objective is to provide them with information on the current context and on the rationale behind equal opportunities in our companies, so that they know what an equality plan is and to raise awareness on the importance of managing equality. At the end of each of these training initiatives each participant is given a training triptych.

On 8 March a dissemination campaign was launched in connection with International Women's Day on the Group's internal communication channels. A video was also published featuring women workers in FCC with a variety of profiles and belonging to different business areas both in Spain and in other countries.

In the area of equality, FCC's adherence to the "Principles for the Empowerment of Women" in the United Nations Global Compact is also worthy of mention, which aims to strengthen the participation of women in all areas of economic life.

In June 2012, the FCC Human Resources Corporate Department signed an agreement with the Ministry of Health, Social Services and Equality which renews the Collaboration Agreement signed previously, making a commitment as a Company to favour a society free of gender-based violence and to promote the following principles:

- Raise awareness within society on equality between men and women and the respect for fundamental rights.
- Advancing in the construction of a society free from gender-based violence.
- Promoting the insertion of women who have suffered gender-based violence.
- Extending and communicating this commitment to its employees.
- Extending and communicating this commitment to supplier companies and customers.
- Extending and communicating this commitment to a society free from gender-based violence to employer associations, trade unions and all related parties.
- Showing the activities carried out to achieve a society free from gender-based violence against women in its business project.

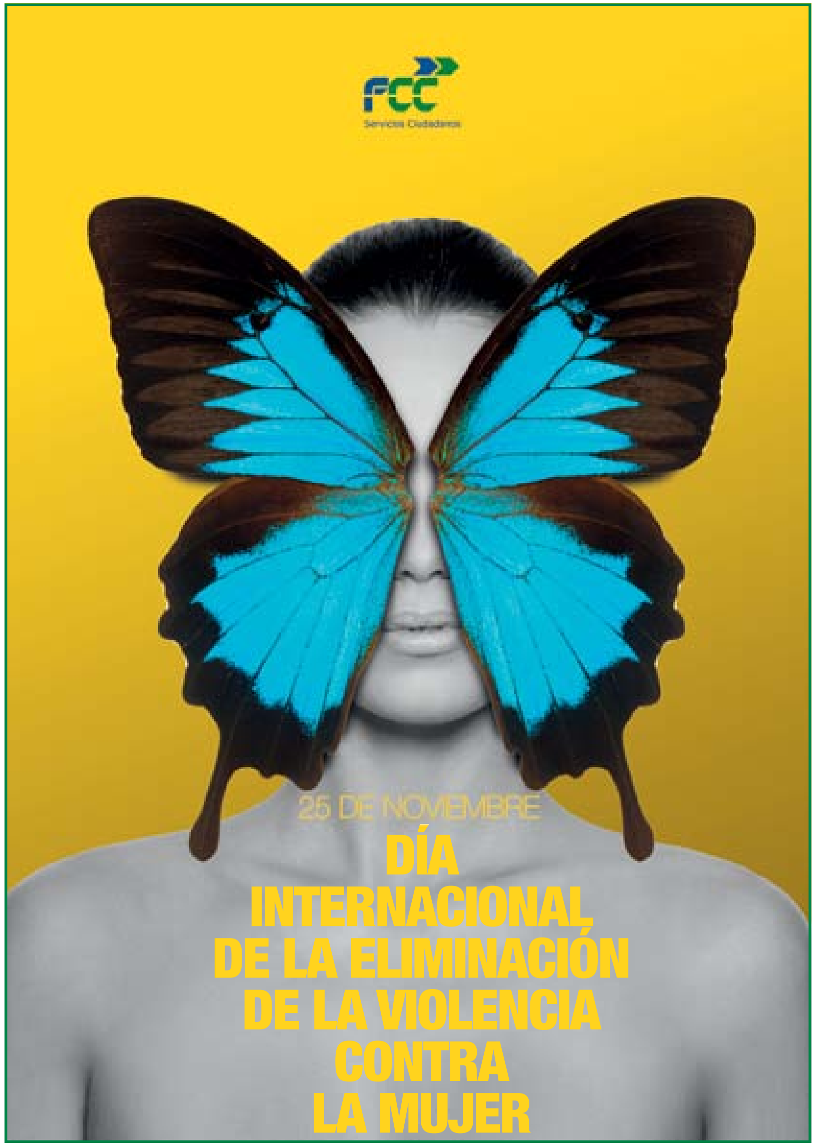
Awareness-raising initiatives were developed in 2012 in relation to gender-based violence, aimed at all of FCC personnel in Spain and in the international areas.

An extensive article on this topic was published in the Internal Communication magazine, including guidance on how to act in the event one detects these situations as well as a number of interviews with people who have suffered this form of violence and with members of the Human Resources Department entrusted with handling these situations.

In January 2012, a campaign was launched on the corporate intranet. It was the second All against gender-based violence campaign promoted by the Ministry of Health, Social Services and Equality with the message "Don't skip the signals. Choose life." In addition to this, posters were put up in all the work centres to increase the dissemination of the message, and the various legal representatives of workers and trade union sections were informed, as well as the members of the equality plan monitoring committees.

This campaign was re-launched in the summer with the message "Don't allow it. We are all against gender-based violence."

On 25 November, the International Day for the Elimination of Violence against Women was held, FCC launched a new international campaign to reinforce its commitment with



public administration bodies and social interlocutors, as a reminder of the task that must be carried forth out both in terms of awareness-raising and management.

Also, on the International Day of Persons with Disabilities a campaign was published to remind all employees that FCC, day after day, maintains and reinforces its commitment with this group of people by promoting actions and projects to foster equality via employment. Coinciding with this commemoration, the Madrid Delegation of the Environmental Area organised its First Awareness-raising day together with the Territorial Delegation of FSC Inserta Madrid.

The FCC Human Resources Department was distinguished in 2012 by Integra Foundation with a special Mention for its support, commitment and sensitivity towards job candidates from groups at risk of social exclusion.

In 2012, FCC was awarded the 'Equality in the Workplace' seal of distinction by the Ministry of Health, Social Services and Equality. This award recognises companies that stand out due to their design and development of policies for equal opportunities between men and women, thus joining the FCC subsidiary Aqualia who won the first edition of this award last year.

This award recognises the effort and involvement promoted and coordinated by the Human Resources Area to apply and develop policies fostering equal treatment for men and women in terms of work conditions, in organisation models and in other fields such as company services, products and advertising.

Likewise, initiatives are recognised that are performed in terms of reconciliation of family, personal and professional life, setting general objectives and articulating flexible measures allowing them to adapt to the various needs and situations that may arise in the company.

FCC has introduced a development programme for pre-managerial women with the objective of contributing to their possible access to management positions in FCC. This training enables them to acquire and develop managerial skills and capacities with a practical application and it enriches their personal and career development.

As in previous years we have participated as Exhibitors at the Sixth Employment for the Disabled Fair in the Self-governing Region of Madrid, which has the objective of facilitating looking for jobs and the integration of this group in the business world. Held on 15 and 16 November, we had a stand in order to personally gather their requests and job applications.

Understanding diversity and equality as key aspects in the management of FCC Group personnel makes our team our greatest asset

2.3.3 Dialogue with employees

Active dialogue with employees is vital to understanding their concerns, expectations and concerns. For this reason, participation and dialogue are commitments and hallmarks of the company when it comes to managing people. FCC Group actively promotes internal communication among its employees and between the employees and the company. The various internal communication initiatives are part of the strategy to unite workers around a common project, to value the organisation's culture and to embody the company's transparency in providing information and company management.

In 2012 a labour climate survey was carried out with a Great Place to Work, a company specialising in the analysis of the climate within companies. The survey was addressed to all of the people in FCC who work in the Human Resources Department both at a domestic and international level.

FCC Group is responsible for Internal Communication. Its main objective is to promote the activities related to communication and specific internal services that are, in turn, deployed in the Human Resource Department's First Communication Plan. This plan sets out the strategies and guidelines that enable the initiation and dissemination of goals, objectives and projects and the development of a network for communication and dissemination of messages to all the people within the Group.

One of the major communication activities implemented at international level was FCC's Third Global HR Meeting in November 2012, which was attended by the heads of HR operations of all the Group's companies and businesses. Its aim was to share knowledge and experiences in order to move forward with the policies and projects in line with the global company strategy with the intention of increasing our efficiency, competitiveness and addressing the important challenge of internationalisation.

In addition to disseminating awareness-raising campaigns and collaborating and participating in the various social and professional causes and commitments undertaken by the Group through its Human Resources Department, the role of Internal Communication is to promote the efficient provision of information of interest to workers, with special emphasis on information and messages, policies and strategies directly related to management of the company and its employees' work environment.

Similarly, FCC Group's strategy actively promotes collective bargaining and participation in conferences and activities carried out by labour union organisations and federations. FCC Group maintains dialogue channels with union representatives and all organisational changes are consulted in advance with the employees' legal representative bodies as well as with the unions present in these bodies in a process of constructive dialogue. In Spain, the entire FCC workforce is covered by collective bargaining agreements, either by industry or by company. This method of providing a basic regulation of working conditions

is predominant across the entire organisation in the different countries, notwithstanding other methods of regulation.

In addition, the company adheres to the United Nations Global Compact, and the OECD Guidelines for Multinational Enterprises, which makes express reference to the freedoms of association and collective bargaining, which are among the guiding principles of its policy. Moreover, in order to prevent retaliation at the local level due to the exercise of activities related to trade unions, representation, demands or collective bargaining, managers in the labour relations area are given instructions to provide advance notification to company management of any disciplinary action aimed at anyone in any of the aforementioned situations, so that it can studied and, where appropriate, to authorise the implementation of punitive actions.

Along these lines, given that some of the countries where the company operates have not ratified the ILO Conventions on collective bargaining and the freedom to belong to a trade union, we negotiated an international framework agreement with the Building and Woodworkers' International Federation (BWINT), reached before the end of the year and signed the following year on 21st February 2012. This framework agreement expressly sets out these rights and a mechanism to protect against the abuse of either rights, a formula for the publication and dissemination of the agreement at the local level and a joint body to study and resolve conflicts. **This is the first international framework agreement signed by a Spanish company operating in the construction industry.**

The Human Resources Department is preparing the Group's Human rights Policy, which sets out the principles that must guide our company to guarantee respect for human rights and compliance with international laws.

On the World Day against Child Labour, FCC published a worldwide dissemination and awareness-raising campaign on its website to protect the rights of children against any form of unlawful labour entailing danger for their childhood or hindering their education, as well as against any other violation of human rights. The campaign included an explanatory presentation, together with major guides from international organisations such as ILO, UNICEF and Global Compact, for the eradication of this scourge.

With these actions, FCC wishes to promote its social dialogue and labour relations policies, comply with the commitments acquired under the Universal Declaration of Human Rights,

the Declaration of Children's Rights, and various ILO agreements, as well as keeping a responsible attitude towards the communities in which we become integrated and to which we render services.

Finally, it should be noted that employees are notified in advance of all changes related to the organisation, operations and local or foreign transfers. However, there is a prior consultation process when these changes may involve a change in the ordinary working arrangements of employees. Relevant information is provided to workers' representatives

CSR

and/or trade unions present in the area affected prior to the adoption of a final decision, and a negotiation process is initiated in order to exchange the perspectives and aims of the different parties.

2.4 Health, safety and occupational welfare at FCC

The company's commitment and concern for guaranteeing safe and healthy work environments and to permanently improve their design and conception is shown in the FCC risk prevention corporate policy approved in 2011 by the Board of Directors and disseminated throughout the organisation, being present at all workplaces in Spain and abroad.

The risk prevention corporate policy contains the guidelines for the management of health and safety, as well as the priority of preserving, caring for and improving employees' health. As a reference criterion for organising resources and the global management of the main activities and legal requirements related to this issue, the Human Resources Department approved and updates the **Corporate Occupational Health and Safety Manual**.

The different occupational risk prevention management systems and the particular health and safety procedures are developed and implemented within the scope of what is provided in the Corporate Manual. Besides this and as an added guarantee, these systems are certified according to the OHSAS 18001 Standard for the business activities in Spain and in many of the activities developed internationally. In this respect, 70% of the FCC workers are covered by certified health and safety systems.

As an essential item within the continuous improvement of worker health and safety management, management objectives are established both at a corporate level and for each business area, and they are monitored from senior management to production levels.

At the end of 2012 the development of a project began which consolidates, organises and extends the initiatives that consider the company as a healthy company. This project, which will be developed throughout 2013, is supported by three fundamental pillars: promotion of sports activities, promotion of health care and health, last of all, the promotion of healthy eating habits.

2.4.1 Global management of occupational health and safety

During 2012 the initiatives to improve the global management of health and safety at FCC continue to be supported by the definition and development of lines of action defined by the Prevention Committee, made up of the Corporate Health and Safety Department, and the Prevention Departments at the different business areas. The main activities developed this year within the global initiatives to consolidate the culture of prevention were the following:

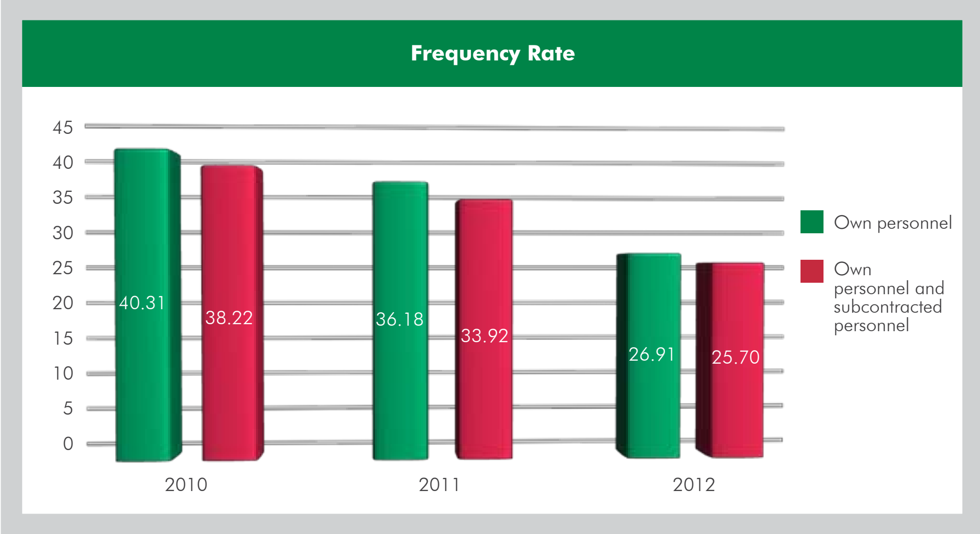
- Organisation of the Second Edition of the Security and Health Awards.
- Management and handing out of the "Prevenland" awards (Educate your world), aimed at children, grandchildren, nieces and nephews for the dissemination of good habits in the field of the environment and prevention.
- FCC Bulletin: disseminating information about healthy lifestyle habits and well-being for workers along with safe work habits in the Group.
- Development of the international occupational risk prevention campaign, "At my workplace prevention is worth the effort. It surely is."

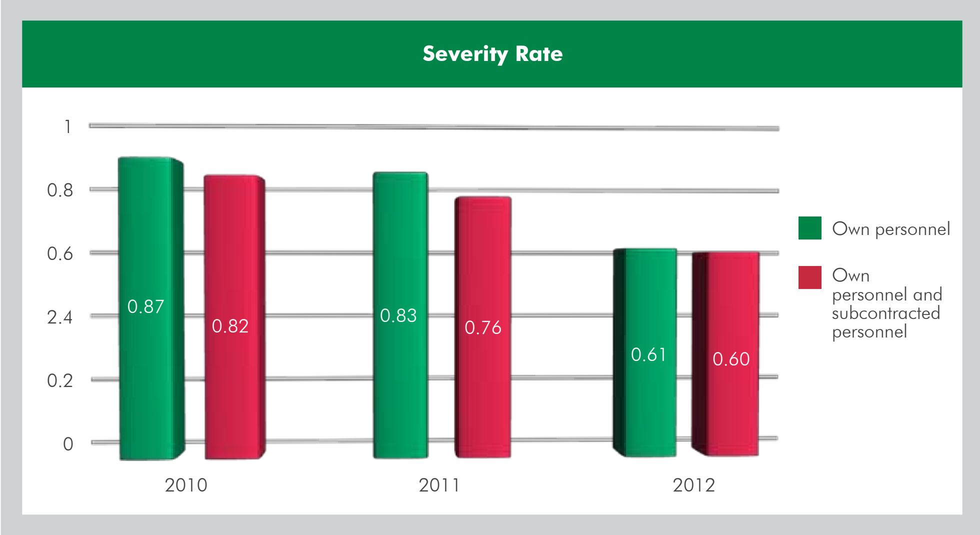
- Training for Occupational Risk Prevention technical personnel (Spain):
  - Road safety management (20 hours).
  - Auditing Course on Risk Prevention Management Systems (20 hours).
  - Information through the Monthly Bulletin on the latest developments, studies, reports, standards and trends in the field of health and safety, etc.
- Consolidation of the Prevention Committee. Development of inter-area corporate meetings to address prevention management. Specific working groups.
- Start-up of the project to obtain a risk prevention management tool (reporting system)
- Design and integration, within the new human resources reporting system, of tools for the statistical processing of occupational accidents

Another important element in global management is the response to possible accidents and incidents. In this regard, procedures have been implemented in the different business areas comprising the design and implementation of specific measures according to types of accidents, that are generally based on:

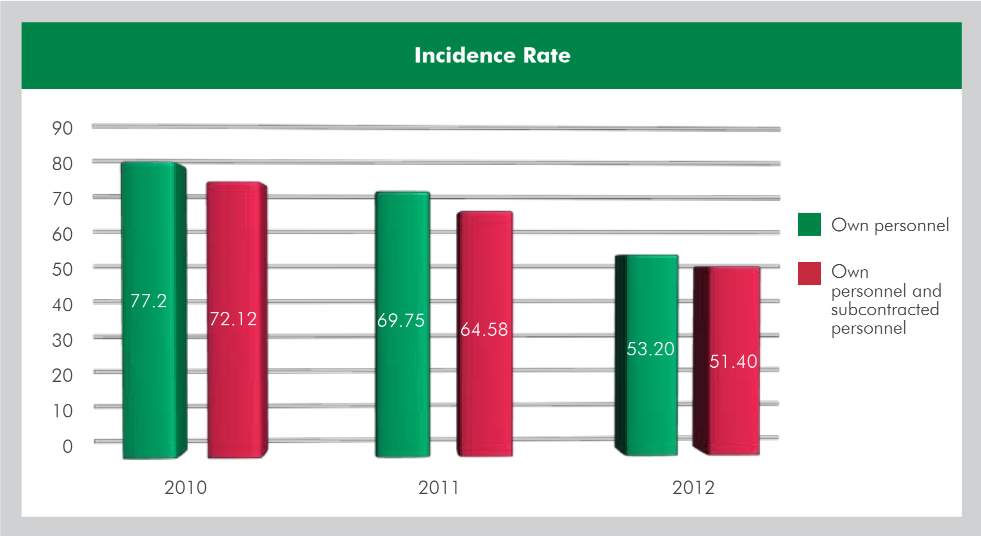
- The review of work procedures.
- Training activities.
- Direct information for the workers concerned (indications and recommendations: use of PPE (personal protective equipment), handling machinery, specific aspects of the work procedure, etc.).

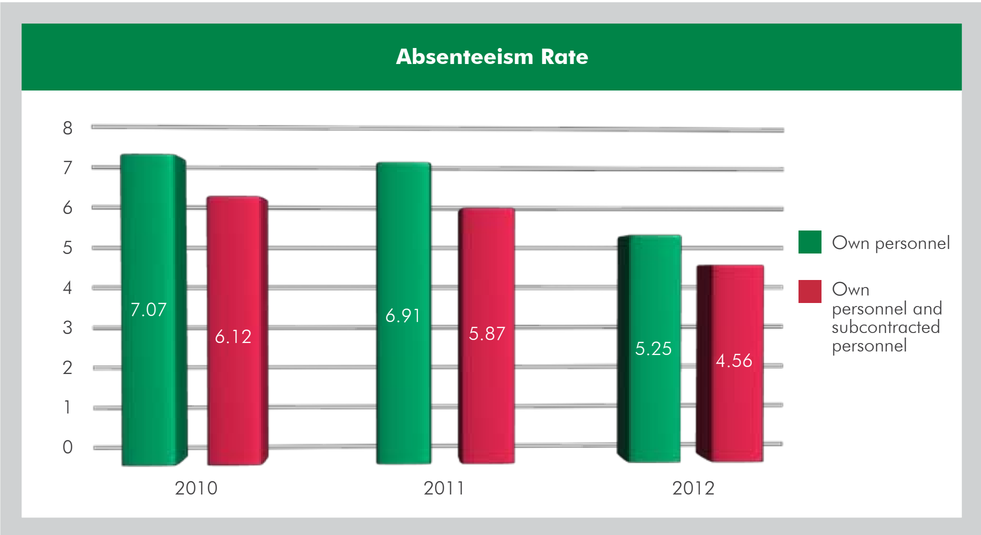
As far as accidents are concerned, the decrease in numbers compared to previous years has continued and in 2012 the Frequency Rate dropped by 26% and the Severity Rate by 27% compared to 2011 at a domestic and international level. It should be noted that several management units reached the 'Zero Accidents' target during several months last year.





CSR EXEMPLARY BEHAVIOUR





2.4.2. Road safety at FCC

Road safety has been one of the main concerns in the field of risk prevention at FCC since the development and presentation in 2010 of the Road Safety Strategy Plan for 2010-2015. Throughout 2012 the actions developed within the defined strategy were the following:

- Signing of the FESVIAL (Spanish Road Safety Foundation) agreement: meetings, action plan, training technical personnel and training on efficient driving, participation at seminars (Toledo), “Did you know …?” messages on the road safety portal; included as members of FESVIAL.
- Road safety was integrated in the FCC General Training Programme on the Prevention of Occupational Risks, in order to include these training activities within the corporate and business areas plans.
- Training on managing road safety for 148 Occupational Risk Prevention technical personnel in Spain, with 20 hours of in person training.
- Efficient and safe driving courses: for the headquarters, business areas and some delegations or zones, at a circuit (organised by RACC).
- Campaigns and participation: summer campaign, on long weekends, in itinere, mobility week, in a variety of media: in the magazine, internet portal, intranet (articles, banners, mailings).
- Participation as speakers at external Dissemination Seminars focusing on good practices (collaboration with FESVIAL in Toledo and Madrid).
- Activities: radio programme (Gestiona Radio-Educación Vial), Road Safety Park in Alcobendas .
- Participation and dissemination of the strategy at area meetings and internal visits:
  - Annual meeting of Occupational Risk Prevention technical personnel from the Environmental Area.
  - Visit to FCC Construcción Panama, Mexico, Canada, UK (Environment etc.).
- Presentation of the Strategic Plan to the Spanish Traffic Administration (DGT).
- Actions within the scope of collaboration with external entities:
  - DGT: seminars, use of campaigns, contests, etc.
  - Fremap: participation in dissemination seminars.
  - European Road Safety Charter: online repair garages; promotions, news and contests on the Road Safety portal.
- Alignment with the Corporate Responsibility Master Plan: exemplary behaviour based on ‘Improving Public Attention on Risk’.

- News and information published on the intranet, bulletin and portal:
  - Use of the recording tachometer.
  - Efficient driving.
  - Safety components in vehicles.
  - Tips for driving in winter.
- Various: handling of traffic fines.

2.4.3. Collaboration and commitment with occupational welfare

FCC is an active agent in promoting and disseminating the culture of health and safety and good practices. This is why it shares its knowledge in this field in various forums, organisations and associations dedicated to promoting good management practices.

- Active participation in campaigns, sessions, forums and dissemination work as members of AESPLA (Spanish Association of Occupational Risk Prevention Services)
- Participation in the Committee for the Prevention of Occupational Risks and Social Security of the Spanish Employers' Association (CEOE).
- Collaboration with the National Construction Confederation, with the Association of Construction Enterprises in Madrid and with the Regional Occupational Health and Safety Institute
- FCC Construcción collaborates with the European Construction Federation, where it represents the Spanish Federation of Construction Enterprises
- Participation on the Association of Spanish Construction Contractors' (SEOPAN) Committee for the Prevention of Occupational Risks and Social Security and in the Chairmanship of the Safety Commission of the European Construction Federation.
- Other FCC initiatives as a company committed to Occupational Health and Safety (Gestiona Radio, etc.)

With regard to interaction with different stakeholders, the following can be noted:

- The organisation of coordination meetings with contractors and suppliers as the best of its kind to coordinate entrepreneurial activities
- The establishment and development of health and safety committee meetings, and meetings with workers' representatives beyond what is legally required
- Development of information to be given to visitors of different centres
- In relation to official entities, a collaboration agreement has been established via AESPLA with the Self-governing Region of Madrid/IRSST (Regional Occupational Health and Safety Institute).

The commitment with workers' wellbeing and health has been developed based on the following actions:

- Influenza vaccination campaigns by the Medical Service.
- Prevention and treatment of addictions. Information and monitoring of medical check-ups by the medical service.
- Information and advice on healthy habits given by the medical service during medical check-ups.
- Dissemination via FCC's Communication Network internal magazine, in the 'Wellbeing' Section, of campaigns such as 'Healthy and balanced food', 'How to protect yourself from the cold'.
- The 'Look after your heart campaign' (in collaboration with the Mutual Insurance Companies).
- Blood donations at corporate facilities.

Another essential element that is part of the commitment to health is the consolidation and extension of human resources and materials. During the year 2012 the Group has:

- FCC Group medical centres (13 basic units)
- Presence of qualified nurses at two corporate centres
- Installation of portable defibrillators and training on how to use them for the people responsible for emergencies.

3. FCC'S ETHICAL PRINCIPLES RELATED TO THE PROCUREMENT AND SUPPLY CHAIN

FCC Group's main objective with regard to responsible contracting is to consolidate and extend the principles of integrity and sustainability to the entire FCC value chain as well promoting competition and efficiency within it.

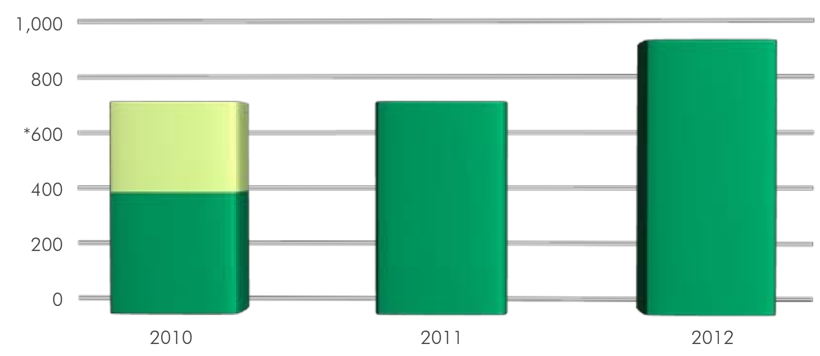
To do so, the Group has a Procurement Management Model for its business units to use. Its purpose is to obtain, under the best possible conditions, the collaboration of the most competitive leading companies in their respective markets as suppliers and subcontractors, while applying responsible principles in the selection process along with an efficient methodology.

This procurement model for business units is gradually being extended to all Group purchases. In 2012, it was applied in Spain and Central America (Panama, Costa Rica, Guatemala and Nicaragua) for important purchases (those exceeding a financial threshold set for each country and business unit). It is a structural solution for integrity and efficiency in the procurement and supply chain given that, apart from making the most of synergies and stimulating competition among suppliers, it is designed to carry out purchase functions based on responsible principles in line with FCC's ethical precepts. The procurement processes are managed in collaboration with the Procurement Management Department and the business units, and decisions are made jointly, both on rewarding contracts as well as on which suppliers should be invited to participate and the negotiation strategy.

For purchases managed under this model, the entire process is carried out electronically from the request for quotation phase to the final invoicing, which is also in line with FCC's commitment to conserve the environment, as paper is not consumed in these transactions. Furthermore, during 2012, the electronic processing of orders and invoices has been extended beyond purchases managed under the model.

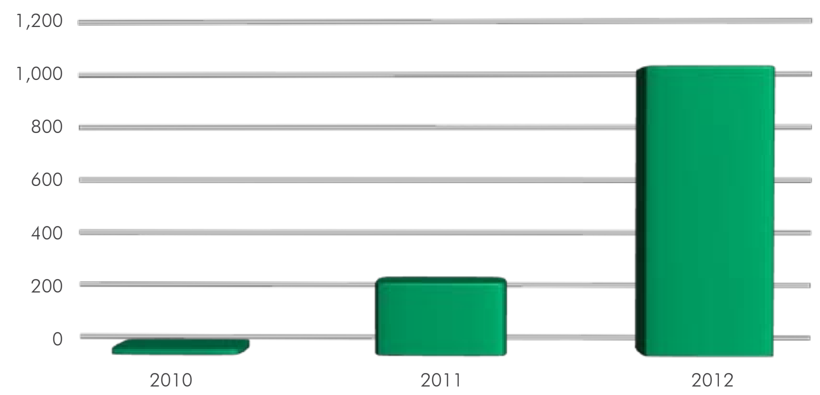
During 2012, 917 million euros were negotiated under the new procurement model with 100% of the tenders for this amount being handled electronically. In addition, purchase orders amounting to 985 million euros were managed on this electronic platform and invoices amounting to 358 million euros were received.

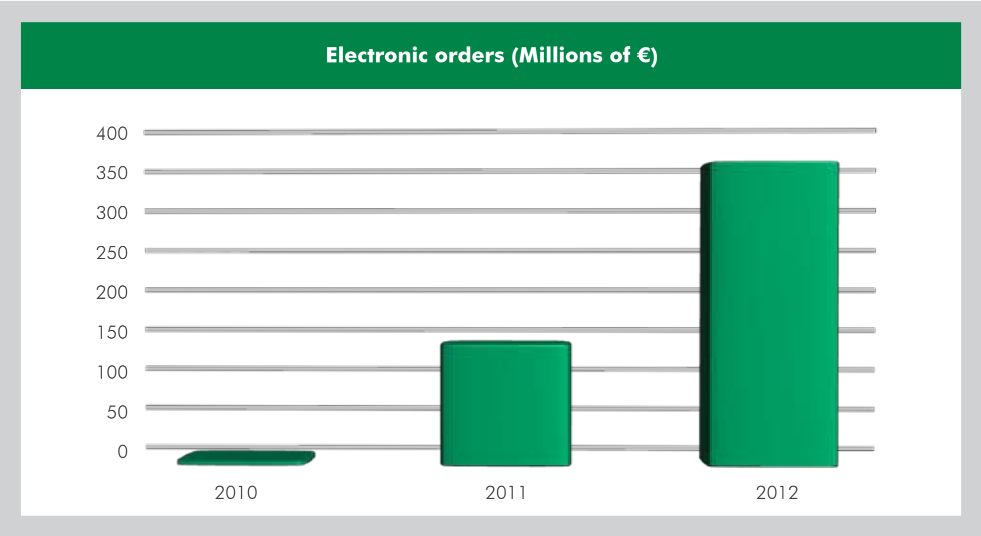
Negotiated under the procurement model (Millions of €)



*A unique high cost purchase

Electronic invoices (Millions of €)





In 2012, 2,127 suppliers were added to this electronic model. Together with the 1,319 incorporated in two previous years, altogether there were 3,446 suppliers registered as of December 2012. In order to formalise their registration and receive invitations to participate in FCC's calls for tender, all these suppliers have had to specifically confirm that they accept the Ten Principles of the UN Global Compact and that they are familiar with and committed to respecting the Group's Code of Ethics in their relations with FCC. Moreover, when they submit a bid managed under the procurement model, they must confirm both statements.

In addition, in all contracts with suppliers and subcontractors, a similar clause on FCC's Code of Ethics is included that requires all suppliers and subcontractors to know and respect the contents of the Code of Ethics, which is available in all the languages of the countries where FCC operates, as well as another clause referring to the obligation to comply with the 10 Principles of the UN Global Compact. In their contractual relationships with FCC, suppliers and subcontractors agree to accept the ten Global Compact principles promoted by the United Nations, which the Group agreed to in 2007 (www.pactomundial.org). Breach of any of these principles may lead to the termination of the contracts.

It should be noted that another criterion for the selection of suppliers is certifications of their quality and environmental management systems. In addition, some lines of business have complementary policies on supplier management that take into account the specificities of the business.

Due to the type of activity carried out by FCC and its commitment to creating value in the communities in which it operates, virtually all purchases are made from local suppliers. In 2012, the percentage of contracts entered into in the country or area where the activity is taking place far exceeded 90%. In this way, FCC also contributes to the economic development of the communities where it operates.

In addition, a Code of Conduct is currently being drafted for personnel in Procurement Management Department that complements the provisions of FCC Group's Code of Ethics. Its objective is a more detailed and specific definition of the principles that should guide their behaviour while performing their duties.

Among the commitments made in FCC's Third Corporate Responsibility Master Plan are the following actions for the 2012-2014 period:

- Dissemination among suppliers of the competitiveness, objectivity and transparency criteria in our contract awarding processes (FCC's Supplier Portal on the FCC website).
- Definition of a Code of Conduct for suppliers in order to reinforce the concept of integrity in our relation with suppliers and subcontractors and, most especially, to ensure their commitment.
- Definition of key sustainability attributes applicable to suppliers.
- Definition of a methodology to assess these attributes in the context of supplier evaluation processes, as well as their consideration in the contract award decisions.

The objective for 2014 is to assess 100% of suppliers that are critical in terms of sustainability and key in terms of the magnitude of their relations with FCC, in accordance with environmental, social and ethical criteria.

INTELLIGENT SERVICES

FCC IS A LEADER IN THE DESIGN OF SUSTAINABLE CITIES OF THE FUTURE.

The concept of "intelligent services" includes the FCC activities that put the Company at the forefront as a Citizen Services company. Its experience within the field of sustainability allows the Group to develop innovative solutions by means of a flexible and efficient management model. Consequently, the Group assumes the challenge that is part of its business activity, to be part of the solution to the problem of greenhouse gas emissions generated by highly concentrated populations in urban areas.

Anticipating trends in the urban communities of the future is possible by identifying and evaluating opportunities. In order to address this challenge, we propose a strategic focus on innovation aimed at mitigating climate change and on capacity-building directed at adapting the company to new scenarios affected by this phenomenon, integrating carbon and efficiency as variables into all its business activities, products and services.

The future of cities poses many challenges, but also huge opportunities for associated businesses. As a citizen services company, FCC Group is trying to respond to these challenges by considering them as opportunities to satisfy the expectations of stakeholders.

Intelligent Services milestones in 2012

- FCC presents the most efficient rubbish collection lorry on the market.
- FCC participated in leading R+D+i forums.
- FCC leads the European Committee CEN/TC 350 "Sustainable Construction" international working group on civil works sustainability.
- FCC repeats its presence on the honour roll of the Dow Jones Sustainability Index.
- FCC awarded the European Environmental Award from the Fundación Entorno.
- FCC received the "2012 Ariba Excellence Award".
- FCC received the Silver Bioenergy Award in recognition of the best innovation from ATEGRUS.
- FCC presents the II Awards for Eco-efficiency.

Initiatives	2014 objectives
Anticipating the design of the urban communities of the future – institutional work.	Development of an "Eco-City" reference observatory for intelligent services.
Leadership in innovation –to fight against climate change.	Development and implementation of the Group's strategy related to climate change.

1. SUSTAINABLE CITIES

In the coming years, the number of the planet's inhabitants will increase considerably and will be concentrated in the cities, especially in emerging or developing countries. Both phenomena will lead to an increasing strain on the infrastructure and basic services urban populations need, such as transport, water supply, sewerage and waste management.

"In 2008, urban population exceeded rural population. United Nations' predictions indicate that by 2050, three quarters of the world's population, some 6,900 million people, will live in cities. At the same time, cities have become consumption centres and are the origin of 67% of global primary energy demand."[Source: World Economic Forum: Slim City: Sustainable buildings.]

Currently, FCC Group's business activities are carried out mainly in the areas of water, environmental services and infrastructure construction and management. In the area of water, the Company manages the entire cycle and offers related services; in the area of environmental services, it focuses its main activities on the management of urban and industrial waste; and in the area of infrastructure, it focuses on carrying out large civil engineering projects. The Company groups the previous activities under a single concept that reflects its commitment to serving society: citizen services.

"Citizen services" means focusing on the citizen, the end user of the activities carried out by the Company, and sharing with him/her the desire to help create communities that are socially, economically and environmentally sustainable.

"Citizen services" also entails the Group's commitment to integrating sustainable development and corporate responsibility into its business strategy and its way of doing business. The Company understands that its responsibility also encompasses helping to raise public awareness about the importance of sustainable development, so that citizens understand that this will be the key factor in the prosperity and development of societies in the coming decades.

Challenges for the cities of the future

Waste management, a problem of progressive urbanisation

Legislation actively promotes efficiency in eliminating waste and recycling and recovery are promoted as responses to the growing amount of waste produced in cities.

Water scarcity and increased demand

Water Resource Group estimates that by 2030, global water needs may grow to levels that exceed current capacity by 40%.

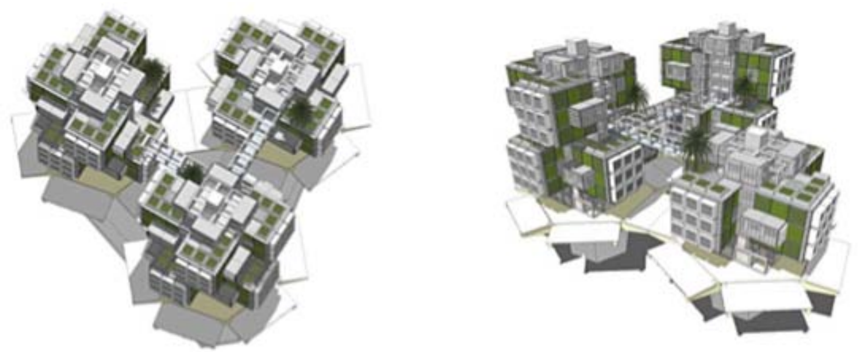
More efficient buildings, communities and services

Influencing bodies such as the World Economic Forum, state that over 70% of Greenhouse Gas emissions in cities come from buildings. New products, services, technologies, systems and models need to be developed that are able to offer more well-being with lower energy and water consumption, among others.

Integrated Research on Sustainable Islands (IISIS)

FCC is developing the IISIS (Integrated Research on Sustainable Islands) industrial research project in conjunction with several of the Group's business areas and other, external, partners. The project includes research into the elements, materials, technologies and systems required to develop a structure for potential residential and tertiary use in a marine environment, like islands. This involves reusable prefabricated buildings adapted for industrial use that do not harm the environment, are self-sufficient in all aspects (energy, water, basic food, waste treatment and recycling) and are equipped with all kinds of integrated facilities and advanced transport logistics.

The IISIS project takes on the challenge of devising a "city of the future" that is self-sufficient and sustainable, and able to evolve and respond to environmental stimuli. To this end, and in line with the concept of "intelligent cities", IISIS partners are researching the materials and technologies needed to develop this inhabitable unit equipped with integrated facilities and an intelligent management and control system.



1.1. Sustainable infrastructures

FCC believes that not only the proper choice of materials and construction processes, but also the urban environment and its development, is a goal of its business activities. Sustainable construction is based on the proper management and reuse of natural resources, energy conservation, planning and social behaviour, behaviour patterns and changes in the usability of buildings and infrastructure in order to increase their useful life. FCC Group contributes more than 100 years of experience in this field along with innovative projects ranging from infrastructure construction to the development of more sustainable materials.

"Over 70% of GHG emissions from cities come from buildings. If there isn't a radical change, emissions from buildings will have tripled by 2050"

[Source: World Economic Forum: Slim City: Sustainable buildings.]

The Company applies strict sustainability criteria in urban planning processes, in the architectural design of buildings and in the manufacture or use of building materials, it adopts more efficient and less-polluting technologies, and incorporates environmental criteria in overall project planning.

FCC Construcción and Cementos Portland Valderrivas have specific sustainable construction projects that result in reduced emissions and/or energy consumption or a reduced use of resources. Worthy of mention is Buildsmart, whose objective is the incorporation and demonstration of constructive, innovative and cost-effective techniques and methods in buildings with very low energy consumption in different climatic zones. Also of interest is the Newcrete Project, which is developing a new, more sustainable, concrete material with a performance and qualities that make it stand out from conventional concrete materials.

One of the Group's basic challenges in this area, especially in the current context, is the definition and implementation of sustainable infrastructure. Sustainable construction refers not only to managing environmental impact while the works are being executed, but also to the management of the "product" throughout its useful life. Sustainable construction should be carried out by applying the best available practices, which are constantly evolving, and by considering alternatives at all stages of the useful life cycle in order to ultimately select the alternative that is most profitable from all points of view: environmental, social and economic.

Leadership and presence in forums

During 2012, FCC led some of the major working groups where foundations are being laid for the definition and evaluation of sustainability and the environment in infrastructure construction, participating in all the Technical Committees on Sustainable Construction based on the ISO (international arena), CEN (European arena) and AEN (Spanish arena) standards, where FCC Construcción holds the chair of the working groups relating to civil works in all these cases. It is also a member of iiSBE and GBCe (based on the LEED standards), and has been a member of the Advisory Council of BREEAM Spain for several years.

Sustainable construction	
Organisation	Participation
International Technical Committee ISO/TC59/SC17 "Building construction/Sustainability in building construction".	■ Participation in ISO/TC59/SC17/WG1: General Principles and Terminology" ■ Participation in ISO/TC59/SC17/WG2: "Sustainability Indicators for Buildings" ■ Participation in ISO/TC59/SC17/WG3: "Environmental Declarations of Building Products" ■ Participation in Participation in ISO/TC59/SC17/WG4: "Framework for Assessment of Environmental Performance of Buildings and Constructed Assets" ■ Chairmanship of ISO/TC59/SC17/WG5: "Civil Engineering Works" on sustainability in civil works
International Technical Committee CEM/TC350 "Sustainability of construction works"	■ Participation in the CEN/TC350/Task Group: "Framework for assessment of buildings" ■ Participation in the CEN/TC350/WG1: "Environmental performance of buildings" ■ Participation in the CEN/TC350/WG2: "Building life cycle description" ■ Participation in the CEN/TC350/WG3: "Product level" ■ Participation in the CEN/TC350/WG4: "Economic performance assessment of buildings" ■ Participation in the CEN/TC350/WG5: "Social performance assessment of buildings"
Technical Standardisation Committee AEN/CTN198 "Sustainable construction"	■ Vice-chairmanship of the Standardisation Technical Committee AEN/CTN198 "Sustainable construction" ■ Participation in the AEN/CTN 198/SC 1 "Sustainability in edification" ■ Participation in the AEN/CTN 198/SC 2 "Sustainability in civil works"
International Initiative for a Sustainable Built Environment (iiSBE)	■ Members
Green Building Council Spain (GBCe)	■ Members of this organisation that consists of the Spanish council of the "World Green Building Council", set up as a channel to offer in Spain all the information on the LEEDS building certification tool
BREEAM Spain	■ Members of the Advisory Council, responsible for outlining BREEAM's development strategy, in representation of interested parties in the construction industry.

BREEAM Certified Sustainable Construction

FCC has been involved in the first BREEAM España sustainability certification and rated "excellent". FCC Construcción has been commissioned to carry out the construction of the headquarters in L'Hospitalet de Llobregat (Barcelona) of the courier company that obtained this certification. The project includes a number of measures, facilities and construction processes developed by FCC Construcción during the construction phase that are unusual or have different characteristics with respect to similar works. The BREEAM (Building Research Establishment's Environmental Assessment Method) method of assessment and certification of building sustainability, which is intended to measure, assess and weigh-up levels of sustainability in the design phase as well in the execution and maintenance phases, taking into account the particularities of each of the main usage types. The environmental impact of buildings is assessed in 10 categories whose score determines the certification of the Project.

Some of the measures taken in the project in each of the BREEAM certification categories were:

- Automated control of lighting.
- Selection of materials that meet the relevant standards regarding emissions of volatile organic compounds (VOCs).
- Independent energy meters.
- Lighting management system based on the DALI communication protocol.
- General water meters for all water networks, and also partial meters at the entrance of all the plants wet rooms.
- Rainwater collection system and another system to collect and purify grey water from sinks and showers, which will then be reused for irrigating outdoor areas and providing water for the toilets in the building.
- Strict control of the source of 100% of the wood used.
- Oil separator in the building's underground car park and a grease separator in the canteen/kitchen.
- Building and Demolition Waste Management Plan (WMP) with prevention and waste separation measures, with special attention given to those with greater reduction potential, such as excavated soil, prefabricated building systems (concrete) and easily removable screens (glass).
- Recovery of 82.3% of inert waste generated on site.
- Increase in the ecological value of the site, for which native plant species have been used or species with xerophytic tendencies and low water requirements. After constructing the project, the ecological value of the site increased from 0.11 to 3.23 species.

LEED Certified Sustainable Construction

In 2012, at the request of the promoter, FCC Construcción executed the project for the urban development of the shopping and leisure centre in the Puerto Venecia complex (Zaragoza, Spain) based on LEED standards, which resulted in obtaining the LEED Silver Award. Many of the measures taken to achieve the certification have traditionally been applied to the Group's works as a result of the good environmental practices system implemented by FCC Construcción. However, supporting
customers in achieving certification of their projects entails a kind of leadership, of becoming visible and being a reference for professionals who believe that the words "building" and "sustainable" should always go hand in hand.

LEED (Leadership in Energy and Environmental Design) is a voluntary sustainable construction standard developed by the United States Green Building Council (USGBC) which measures the level of respect towards environmental and health in buildings. LEED certificates are structured into five categories in which a point-base score is obtained for fulfilling specific objectives. Depending on the score achieved, the project gets one of four levels of certification: Certified, Silver, Gold or Platinum.

2. INNOVATION IN FCC GROUP

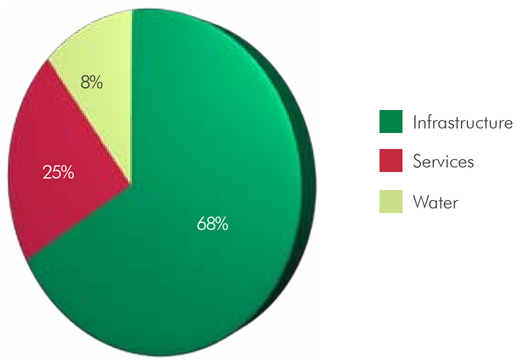
The development of new materials, the optimisation of processes and efficiency in the use of materials are matters of vital importance in a context of increasingly scarce resources. FCC Group accepts that the solution to this challenge is to intensify research and technological development programmes that position the Company as a provider of solutions, developing competitive advantages through the offer of sustainable products and services for mitigating and adapting to climate change.

FCC has set up an Innovation Committee that coordinates activities related to this area within the Company. Its primary mission consists of aligning innovation activities with FCC's strategy and establishing the agenda for new lines of research. It defines the guidelines and common objectives held by the Group, seeking to enhance the transformation of innovative ideas into final projects and developments that allow the differentiation of FCC to be perceived.

The Company's lines of research in R+D+i are mainly related to efficiency, excellence and climate change. With more than 50 projects in operation around the world, the primary areas of activity are focused on making methodologies, techniques, systems, equipment and processes more environmentally sustainable. In particular, the actions focus on sustainable urban development, the design of new sustainable products, process optimisation and on improvements in information technology, process control and data management.

The Group's commitment to R+D+i is reflected in the investment effort that the Company allocates to these projects. Specifically, investment in 2012 amounted to 28.5 million euros, double that allocated the previous year.

Investment in R+D+i



It should be noted that in this aspect of the research and development of new products, FCC Group seeks to establish synergies between its areas of business with an individual margin that is sufficient to allow for the development of pioneer products and services, improving the quality of the service provided to the client.

2.1 Innovation in infrastructure

FCC Construcción and Cementos Portland Valderrivas carry out specific projects that prioritise the reduction of emissions and energy consumption, as well as the efficient use of resources.

In the case of FCC Construcción, the use of more efficient and lower impact technologies is the aspect on which the research and development of new products, services and construction methodologies are being focused. The following are included among the most important projects and actions related to sustainable construction:

- The **RS-Sustainable Rehabilitation of Buildings Project** which consists of developing a comprehensive information system to evaluate and select the measures to take in the rehabilitation of existing buildings so as to ensure the level of energy efficiency required depending on each situation.
- **HERMES Project** - New methodology for cleaning and demolishing buildings that are highly contaminated by heavy metals. The project's main innovations focus on generating new knowledge in the field of chemical cleaning and demolition of buildings.
- **Integrated Research on Sustainable Islands (Spanish acronym IISIS):** FCC Construcción is developing the IISIS industrial research project, in conjunction with other FCC Group companies (Aqualia and Cementos Portland Valderrivas) and other, external, partners.

For its part, the lines of work of the Cement area are focused on the disruptive research of new products and applications. Mitigation and adaptation to climate change in the manufacture of new products, lower energy consumption, obtaining faster setting times, along with greater resistance and mechanical performance are the factors that have enabled access to new market niches and a potential competitive factor. These are the most important projects in which the Group's cement area took part:

- The **Merlin Project**, which involves the development of a new dual-layer rigid pavement using pavers or spreaders with a high power of pre-compaction, able to optimise the requirements for comfort, safety and efficiency in the road surface, offering lasting solutions for the rehabilitation of existing pavements that are environmentally friendly, quiet and comfortable.
- The **Newcrete Project** is developing a new concrete material capable of acting with a profile of properties that result in obtaining a material with greater sustainability (through the comprehensive utilisation of construction and demolition waste); of greater quality and greater durability, etc.
- The **CEMESMER Project** develops environmentally clean mercury fixation techniques, minimising the use of polluting reactives and, where possible, harmonising the processes that have been set out in a manner that they ensure a satisfactory end result by producing a material that can even be reusable.
- **CEMESFERAS Project.** This project includes feasibility studies based on the recovery of waste from industrial by-products for use as raw material for developing spherical vitreous microparticles with cementitious properties ("cemespheres").

2.2. Innovation in environmental services

The strategy, promoted by the Group's R+D+i Services area, has enabled FCC to obtain recognised progress and references that enable it to design and deliver services capable of ensuring results with speed and efficiency at reasonable prices.

The investments in research and technological innovation made in 2012 have resulted in success in projects such as:

- FCC has presented, as part of the Smart City Expo World Congress, **the most efficient refuse collection vehicle designed to date**. This is a latest-generation hybrid electric side-loading compactor collector which consumes 60% less than a conventional diesel vehicle. Other advantages are less vehicle noise pollution, less maintenance and better performance.
- **"CARBON LAC Ciudades"** tool: Proactive Medio Ambiente launches its tool, acting as a technical expert and going to various cities in Latin America to adopt strategic plans related to climate change.
- **Carbon footprint calculation for services project:** This project is based on the search for indicators that allow FCC Medio Ambiente to be able to express the sustainable management of the services provided, while seeking efficiency in the use of both energy and water resources and minimising greenhouse gas (GHG) emissions. Establishing performance indicators for service efficiency will enable, in the medium term, the measurement, monitoring, and management of "Smart Services" in the city of the future based on a low carbon economy and the fight against climate change.

2.3. Innovation in integrated water management

The innovation-related activity carried out by Aqualia in 2012 was focused on the research and evolution of technologies and services that provide efficient and sustainable solutions to everyday problems detected in cities. The Group also continues its commitment and investment in innovation in water technologies.

The most important projects and actions related to innovation in water-related services and technologies include the following:

- **All-Gas Project:** focusing on the treatment of wastewater using anaerobic pre-treatment followed by algal culture aimed at harvesting biomass and producing biofuels. This will revolutionise the current paradigm of water treatment, and what was until now considered a waste will be a resource of great value from now on.
- **ITACA Project:** The project's main objective is the investigation of treatment, reuse and control technologies for the future sustainability of water treatment.
- **REMEMBRANE Project:** A project to extend the life of the membranes used in the reverse osmosis process, reclaiming what is now a waste by reusing it in other applications, such as osmosis processes for wastewater. Its practical utility is in the elimination of waste, the reduction of costs and the overall improvement in the efficiency of the desalination and water reuse process.

Mitigating climate change, Aqualia's innovation goal.

On 5 March 2012, Aqualia, FCC's water management subsidiary, presented in London its All-Gas Project, which will allow biofuels to be produced from wastewater treatment. This project has a budget of 12 million euros and is part of FCC Group's R+D+i. A further six research companies from Germany, the United Kingdom, the Netherlands, Austria and Turkey are participating under Aqualia's leadership.

The All-Gas Project is part of the EU's commitment to research aimed at achieving new sources of clean energy. The EU budget will provide funds for this amounting to more than seven million euros. This funding reflects the efforts Europe is directing towards reducing its energy dependence on fossil fuels. The aim is for 20% of the energy produced in Europe to come from renewable sources by 2020.

In practice, the project is based on the use of wastewater to cultivate microalgae and subsequently converting them into energy products such as biodiesel. Its development over five years will include an initial, two-year phase dedicated to research, and a second phase comprising the remaining three for production itself.

The advantages and innovations of the All-Gas Project include improving efficiency, as it involves a fast-growing crop like microalgae, as well as the simultaneous removal of nutrients from the wastewater and the collection and processing of biomass for oil and other chemical extractions. Furthermore, this is the first time that a project like this has been developed at this scale (10 hectares of crops). It is expected that the biofuels produced in this area would be able to cover the annual consumption of a fleet of 400 vehicles.

Management and R+D+i experience

The choice of Aqualia to lead the All-Gas Project is based on its extensive experience in the management and operation of Wastewater Treatment Plants (WWTP), as it manages more than 300 such facilities worldwide.

"We are converting into a sustainable bioenergy source, what used to be considered mere waste"

Frank Rogalla, Director of Innovation and Technology, Aqualia.

For more detailed information on FCC Group's R+D+i projects, please consult the corporate website http://www.fcc.es/fccweb/responsabilidad-corporativa/innovacion/retos/index.html

3. FCC GROUP AND CLIMATE CHANGE

Cities will concentrate a large part of the greenhouse gas emissions that will be generated in the next decade. Being part of the problem or of the solution is not an option. The challenge is of such magnitude that it will require the involvement of all those who live, enjoy, work in or administer the city.

"Cities are drivers of economic prosperity, but they are also the main centres of emissions: in 2007, the 10 cities with the greatest economic activity generated more GDP than the last 162 countries on the list of countries by GDP, and 70% of global CO_2 emissions were produced in the cities."

[Source: World Economic Forum: Slim City: Sustainable buildings.]

Evidence of the commitment taken on by FCC Group to fight climate change is the measurement and control of greenhouse gas emissions (GHG) to which all its business areas are subject. In recent years, the Group has intensified its implementation of programmes to improve energy efficiency, it has measured the Group's carbon footprint and has made efforts to reduce the carbon emissions associated with its business, promoting synergies between the different areas that allow for making the most of the capacities existing within the Group. Such is the Company's involvement that the Corporate Responsibility Master Plan 2012-2014 includes among its lines of action specific initiatives that are aimed at guiding the Company's strategies to integrate carbon as a variable throughout its business activities with the goal of assuming a leadership position in innovation in the fight against climate change.

3.1. Strategic focus on mitigating and adapting to climate change

In 2011, the need for a strategic approach at corporate level that would take into account existing alternatives for actions in response to climate change and its risks and opportunities, led to the establishment of the Group's Climate Change Committee as the coordinating body in the fight against climate change. Its objective is to develop the Company's strategy, which is focused on the management of climate change-associated risks, but mainly on the analysis and use of its opportunities.

Main functions assigned to the Climate Change Commission

- Monitoring FCC's greenhouse gas inventory.
- Analysis of risks and new opportunities related to climate change.
- Definition of the Company's positioning in relation to mitigating and adapting to climate change.
- Preparation of responses to requests from relevant external stakeholders.
- Establishing main decision-makers within the Group for aspects related to climate change .

FCC Group's Climate Change Strategy

General objective

To propose a climate change strategy whose primary objective is to address the new emerging opportunities related to environmental, social and economic challenges, in order to position itself as a leading business group in the field of climate change, providing low-carbon services that enable the development of companies that are better adapted to the new conditions.

Specific objectives.

- Focus FCC Group's calculation of GHG emissions toward the carbon footprint of the organisation, services and products under prestigious international standards.
- Offer services and products with a lower associated carbon footprint.
- Adapt activities to the new future conditions, positioning itself as a company that provides integrated services to adapt to climate change.
- Improve its positioning as a company with solutions for climate change through effective communication.

This strategy will strengthen the Group's position over the medium term as it aims to offer products and services to cities and their inhabitants that meet their requirements and expectations for an increasingly sustainable urban environment.

3.2. Carbon footprint calculation and emission reduction in the Group

Between 2011 and 2012, FCC Group carried out a study to determine the carbon footprint of the entire company and analyse the main sources of emissions for each specific business area. This work helped define the main operational risks, financially and by turnover. Opportunities related to adapting businesses to the new scenarios have also been identified.

The main risks identified are related to regulatory changes, the rising cost of raw materials or to a higher frequency of extreme physical phenomena, while the opportunities found are focused on improving energy efficiency in production processes and on the development of new products and services.

FCC CO2 Share Project

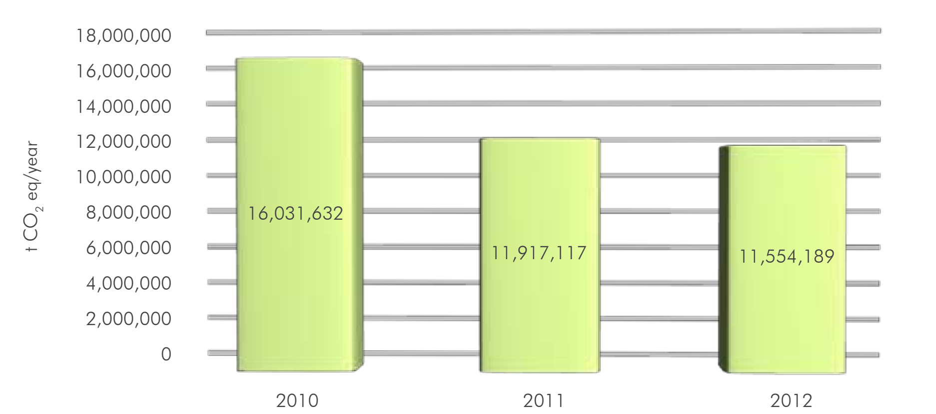
In 2012, FCC Group developed a tool to optimise and environmentally improve the transport habits of FCC workers. The project involves the creation of a space linked to FCC Group's intranet where each user can define his or her transport needs and preferences.

The application provides various tools, including one for carpooling by FCC Group workers and for selecting different types of transport alternatives. Along with the implementation of the application, transport routines will be uploaded to the data base which can be used to, among other things, define Scope 3 in terms of carbon footprint, according to the GHG Protocol.

All the activities carried out by FCC in 2012 resulted in **11,554,189 tonnes of CO2 eq of greenhouse gas (GHG) emissions (scope 1 and 2), 3%** less than the amount produced in the previous year in absolute terms. In 2012, the company managed to avoid the emission of 1.4 million tonnes of CO2 equivalent by implementing the initiatives related to the fight against climate change in different businesses. In addition, the electricity generated in 2012 by FCC Energía's wind, photovoltaic and solar thermal power, would have represented the emission of approximately 347,000 tonnes of CO2 equivalent had it been generated by the gas plants in the Spanish grid.

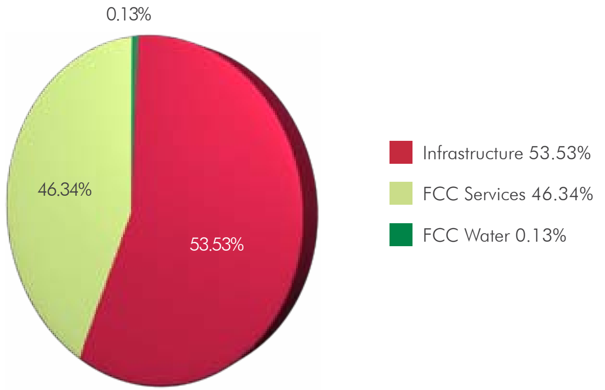
The two business areas with the greatest intensity of GHG emissions are Cement and Services. Although FCC Construcción is less carbon-intensive, it also has plans to improve energy efficiency that will result in the reduction of annual emissions.

FCC Group's direct and indirect GHG emissions (scope 1 and 2)



CSR INTELLIGENT SERVICES

Origin of FCC Group's direct GHG emissions



3.2.1. Services and climate change

The main sources of GHG emissions in the Group's Environmental Services area are waste treatment and disposal activities along with the fuel used in transport vehicles for urban services. One signification source of emissions is solid waste landfills, since the anaerobic reactions taking place while they decompose result in the emission of methane. The GHG (methane and CO_2) emissions in .landfills, associated to controlled waste deposit practices and biometanization and composting facilities, amounted to 4.4 million tonnes of CO2 equivalent, approximately 40% of the Group's total direct emissions.

The trend over the years showing the evolution of GHG emissions related to FCC Medio Ambiente's business activities that have been prevented and reduced, is evidence of the Company's commitment to an effective energy policy.

A sustainable fleet

One project illustrating this commitment is the technological adaptations made to FCC Medio Ambiente's fleet of vehicles. This has enabled a significant reduction in the consumption of fossil-based energy in exchange for cleaner energy sources such as compressed natural gas (CNG), biogenic fuels (biodiesel and bioethanol) and electricity. On-board systems that enable collection and street cleaning services to be optimised are also contributing to this improvement.

Among the most important actions carried out in FCC's Medio Ambiente area are the initiatives in co-generation and in-house consumption of the energy produced, the use of renewable energy or the selection of more efficient technologies to manage the fleet of vehicles (the introduction of hybrid vehicles for urban services, GPS fleet management systems) along with structural improvements in the facilities, especially those aimed at landfill degassing. These enable the uptake of biogas and its potential energy recovery in co-generation engines to be increased.

In addition, it should be noted that FCC Environment, FCC's environmental services British subsidiary, was able to meet its commitment to carbon reduction in 2012 and that, as a re-certification process required by the Carbon Trust Standard, has set itself a target of a 2% reduction by 2013 in this area.

Objective zero emissions at FCC Medio Ambiente

FCC Medio Ambiente area has a fleet of 12,080 vehicles to provide urban services. With the objective of reducing GHG emitted into the atmosphere by its fleet of machinery, for over 20 years the organisation has been implementing numerous actions and initiatives that promote and drive forward a model of "sustainable mobility" from different perspectives, and has been able to anticipate and satisfy the needs and expectations of all its stakeholders.

A GREEN FLEET to mitigate the effects of climate change.

When choosing the technology of the vehicles in its fleet, FCC adds environmental factors to the usual technical and economic criteria: This enables it to contribute to improving the environmental quality of the cities it serves.

For over 20 years, FCC has been replacing the petroleum-derived fuels (petrol and diesel) in its mobile machinery with other alternative fuels (compressed natural gas, biodiesel and electricity) that are environmentally friendly.

There are currently 1257 vehicles powered by compressed natural gas (CNG) that provide services to a population of 6.9 million inhabitants, which is 30% of the total population served by FCC Medio Ambiente in Spain.

Ten years ago, FCC set out in its strategic plans the objective of having electric vehicles and incorporating them into services while maintaining or improving their characteristics and obtaining performances equivalent to those of diesel equipment, developing proprietary technology and getting ahead of the market which is aimed at private or light vehicles.

One of the latest actions taken in this regard was developing collectors using hybrid automotive technology. In 2011, the first KB I type electric-hybrid equipment was incorporated into the pressurised water system for flushing and cleaning streets in hard-to-access historical areas. Currently, FCC has a total of 36 hybrid electric vehicles which, together with pure electric vehicles, make up a fleet of 294 ZEVs (Zero Emission Vehicles) serving in 39 Spanish cities, of which 13 are provincial capitals.

Calculating and verifying the CO_2 footprint

As a step towards achieving the targets set in the Group's climate change strategy, FCC Medio Ambiente has prepared a "Guide for the quantification of GHG emissions to calculate the organisation's carbon footprint", which enables the identification, quantification and establishment of the traceability of specific environmental performance indicators for all business activities. The guide conforms to the international CARS (Corporate Accounting and Reporting Standard) standard in the GHG Protocol. In this regard, in 2012 the Environment business area calculated and verified its own carbon footprint (with 2011 as the baseline year) in order to define a low-carbon strategy. Its goal is to be able to define by 2014 the scope of activities in which it can establish and implement the initiatives and best practices that are deemed to be the most appropriate.

In this respect, some Group companies that offer environmental services, such as Proactiva Medio Ambiente or FCC Medio Ambiente, offer their services to cities as carbon footprint calculation experts so plants and policies can be developed against climate change.

CSR INTELLIGENT SERVICES

Proactiva Medio Ambiente launches its "CARBON LAC Cities" tool

Proactiva Medio Ambiente has acted as the technical expert for the city of Montería (Mexico) to help prepare an inventory of GHG emissions and a Climate Plan.

Proactiva Medio Ambiente has become a crucial ally of Latin American cities in their fight against climate change. An opportunity to guide their low-carbon development and to introduce new technologies into the management of their services and, at the same time, a brand that can compete with other cities and attract entrepreneurs, private investment and public resources aimed at local development.

In this context, Climate Change Plans are a strategic framework for sustainable urban planning and development. Montería is one of the Latin American cities that has adopted its local plan to mitigate and adapt to climate change.

Proactiva Medio Ambiente: The city's strategic ally

Proactiva Medio Ambiente has been the technical expert working alongside local authorities, both to calculate the carbon footprint of the entire city (Greenhouse Gas Inventory) as well as to analyse the challenges and vulnerabilities and defining the actions in the Climate Plan. To do this, Proactiva Medio Ambiente has put into service its "Carbon LAC ciudades" tool, which was launched to calculate GHG emissions in Latin America cities.

The Climate Change Master Plan includes 26 actions related to ongoing projects analysed from the perspective of climate change and to new projects to be developed and implemented within a 10-year horizon.

Urban mobility, the sustainability of the agriculture industry and storm water drainage are the most pressing challenges on which the current municipal government has taken specific action. Similarly, the municipality will prioritise other sectors that are critical to achieve a local model of sustainability that provides for the integrated management of municipal solid waste, energy efficiency, rural sewerage systems and attention to at-risk populations.

The "Montería Ciudad Verde 2019" ("Montería, Green City 2019") Project is an opportunity to introduce clean technologies and technical innovations into the management of urban services and to consolidate urban policies and strengthen the physical infrastructure of the municipality.

FCC Medio Ambiente business area has set a goal of having a tool to assess the energy management of the services during the process of calculating the carbon footprint that will also reflect the continuous improvement applied in terms of energy efficiency and reduce GHG emissions.

3.2.2. Water and climate change

Aqualia takes regular readings of the direct CO_2 emissions of all their businesses and activities, both in Spain and internationally. Thus, the Company assumes its responsibility derived from the consumption of the energy it needs to produce water during the supply and treatment processes.

Following the guidelines proposed in the corporate strategy on climate change, in 2012 Aqualia conducted a study to analyse the carbon footprint of its own activity, thus becoming the first company in its sector to carry out an analysis of this type. The next step is to design a future action plan to reduce the emissions generated by its day-to-day activities.

In addition, Aqualia Infraestructuras offers its customers the options that entail the maximum energy efficiency during the development and construction phases of the project.

3.2.3. Infrastructure and climate change

Cement

The cement manufacturing division is the main source of the Group's GHG emissions. As it is a business activity that falls within the scope of the GHG Emissions Trading Directive, it is regulated and required to order to purchase emission allowances. For the 2008-2012 period, the Company received an allocation of 7,763,269 tonnes of CO_2 per year for its eight cement factories in Spain.

In 2012, the cement business activity managed to reduce its total emissions by 4% over the previous year, reaching 5,690,101 tonnes of CO_2 emissions. This reduction is due to decreased activity in Spain and, partly, to the use of alternative fuels in clinker kilns.

Worthy of note is the effort being made by Cementos Portland Valderrivas to implement the GHG emissions mitigation plan, in line with the corporate strategy in the fight against climate change, by:

1. Promoting the substitution of natural raw materials by materials that are partly or completely decarbonised (ash, slag, construction and demolition waste, etc.).
2. Encouraging the substitution of fossil fuels by 100% biomass alternative fuels (meat meals, wood waste, treatment plant sludge, etc.). A target has been set along these lines to increase energy recovery by replacing fossil fuels with alternative fuels until they reach 30% by 2013.
3. Improving energy efficiency by optimising the clinker manufacturing facilities in order to reduce the specific consumption per tonne.
4. Increasing the volume of additions in cement manufacture, so as to reduce the clinker factor per tonne of cement produced.
5. Participating in projects to capture and store CO2 in order to analyse their feasibility in the cement sector.

Construction

The emission of greenhouse gases by FCC Construcción is mainly due to energy consumption derived from the use of the fuels needed to operate construction machinery, power generation equipment, construction site vehicles, auxiliary plants manufacturing materials on site, boilers, lighting, etc. Given the nature of the business, the initiatives launched have been directed towards the redesign of processes, the replacement, modification or rehabilitation of equipment and influencing workers' behaviour.

FCC Construcción has implemented a Best Practices System® which includes initiatives to reducing emissions in their daily activities. The measures include: the reuse of soil and of leftover clean rubble on the construction site itself, the proper maintenance of machinery, the control of vehicle speeds on site, the use of cleaner fuels, etc. In this regard, in 2012 the Company managed to prevent the emission of 14,130.09 tonnes of CO_2 eq simply by using surplus soil and clean rubble for construction works.

FCC Construcción participates in the industry's CO2 measurement protocol

In June 2012, coinciding with the United Nations Conference on Sustainable Development, a protocol to guide any company in the construction industry on the standardised measurement and reporting of their GHG emissions.

FCC Construcción was an active participant in this protocol, which is the fruit of two years' work by the European Network of Construction Companies for Research and Development (ENCORD). It has become the first industry standard to obtain the accreditation of the GHG Protocol.

Obtaining this logo was the result of a formal review process by the World Resources Institute (WRI), the organisation that manages the GHG Protocol, which is considered the main corporate standard for quantifying and reporting GHG gas emissions. The methodology is also backed by other key environmental organisations such as the World Business Council for Sustainable Development (WBCSD), the Carbon Disclosure Project (CDP), the Global Reporting Initiative (GRI) and the World Green Building Council (WGBC).

The Protocol is based on the experiences and best practices of the most important construction companies worldwide, among which FCC Construcción has actively participated.

"The fact that the protocol is one of the first industry initiatives to receive the new logo based on the GHG Protocol brings additional value to the document and reflects the clear commitment of the construction sector."
ENCORD Chairman, Ger Mass

Verification process for FCC's Greenhouse Gas Inventory

After having designed the Greenhouse Gases measurement protocol for construction in 2010, and in 2011 having been the first construction company to verify its GHG emissions inventory with AENOR, an independent accredited verification agency, FCC Construcción re-verified its GHG emissions inventory in June 2012.

AENOR's "Verified CO_2 Environment" Carbon Footprint Certificate, that proves the veracity of the calculation of an organisation's carbon footprint and shows that the company has included GHG management in its system and strategy, was received in 2012.

The initiative implemented has been recognised externally, the project received an honourable mention in 2012. in the "Managing for Sustainable Development" category at the European Environmental Awards presented by Fundación Entorno.

2010

- Design and implementation of a GHG measurement protocol based on internationally recognised standards.
- Adaptation of computer software in order to be able to record and integrate the data from business activity and generate emissions reports.

April-May 2011

- GHG emissions inventory subjected to a verification process by an external agency (AENOR).
- To this end: review of quantification methodologies; definition of systems in the Basic Handbooks and preparation of the 2010 GHG emissions report.

Outcome of the process

- First construction company to obtain the verification of its GHG emissions report by AENOR.
- Among the nine pioneer Spanish companies.

June 2012

- Second verification by AENOR.
- 2011 established as the baseline year.
- Changes from conformity of the verification of the inventory to a verified CO_2 certificate.

FCC Construcción Commitment regarding Climate Change

3.3. Alternative energy and energy efficiency as allies against climate change

Considering the challenges set by Europe with regard to integrated climate and energy policies and the changes occurring in Spain with the entry into force of Royal Decree Law 1/2012, and given the natural tendency of energy consumption to increase in order meet the needs tied to the development of businesses, FCC's environment area has sought to promote the generation and use of alternative energy and to optimise the energy efficiency of its services and processes, with the consequent economic and environmental repercussions.

Promoting alternative energy:

FCC Medio Ambiente has implemented some initiatives and best practices to minimise the effects of the energy impact on the carbon footprint by:

- Increasing power generation from alternative sources such as the use of biogas in waste treatment and disposal plants.
- Promote the use of renewable energy such as biofuels (biodiesel and bioethanol) as a substitute for conventional fossil fuels for the fleet of vehicles.

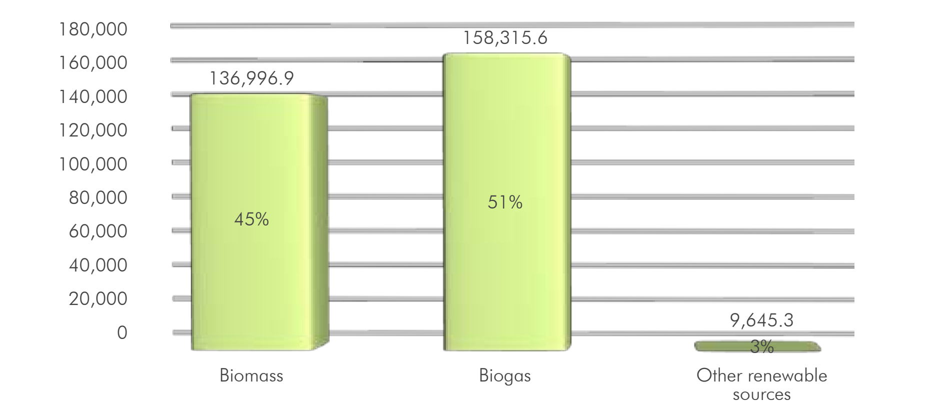
FCC Group's fuel consumption by business area (GJ)

Fuels	Infrastructure	Services	Water
Bioethanol	—	1,102	—
Biodiesel	—	103,996	—
Biogas	—	774,614	82,275
Biomass	1,989,472	38,971	—
Natural gas	41,120	1,212,176	26,659
Petrol	42,851	149,269	499
Diesel fuel	957,022	7,313,076	151,806
Fuel oil	254,757	992	5,688
Propane and butane	195	2,276	—
Petroleum coke	20,540,606	—	—
Alternative fossil fuels	2,774,958	—	—

Optimising energy efficiency of processes and products:

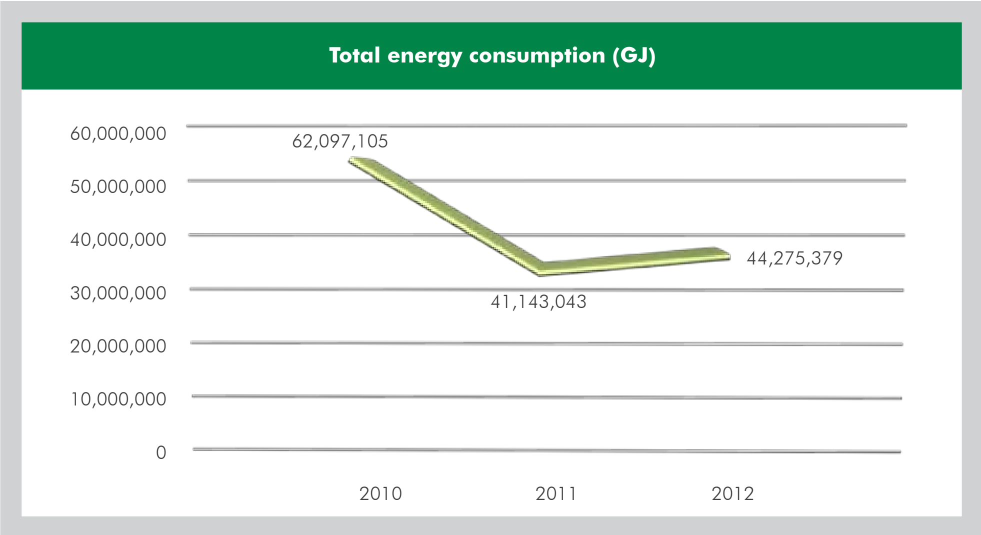
The policy of continuous improvement in order to attain greater energy efficiency is illustrated through the structural and technological changes introduced in the MSW (Municipal Solid Waste) treatment and recovery plants. After feasibility studies were performed, the appropriate investments were made to attain a double environmental goal: reduce GHG emissions and optimise the performance of electrical cogeneration processes in order to make the most of the energy potential of biogas from municipal waste and use it for in-house consumption. So much so, that in 2012 the consumption of self-produced energy by the Company for its own consumption amounted to **304,958.04 GJ**.

Consumption of self-produced energy (GJ)



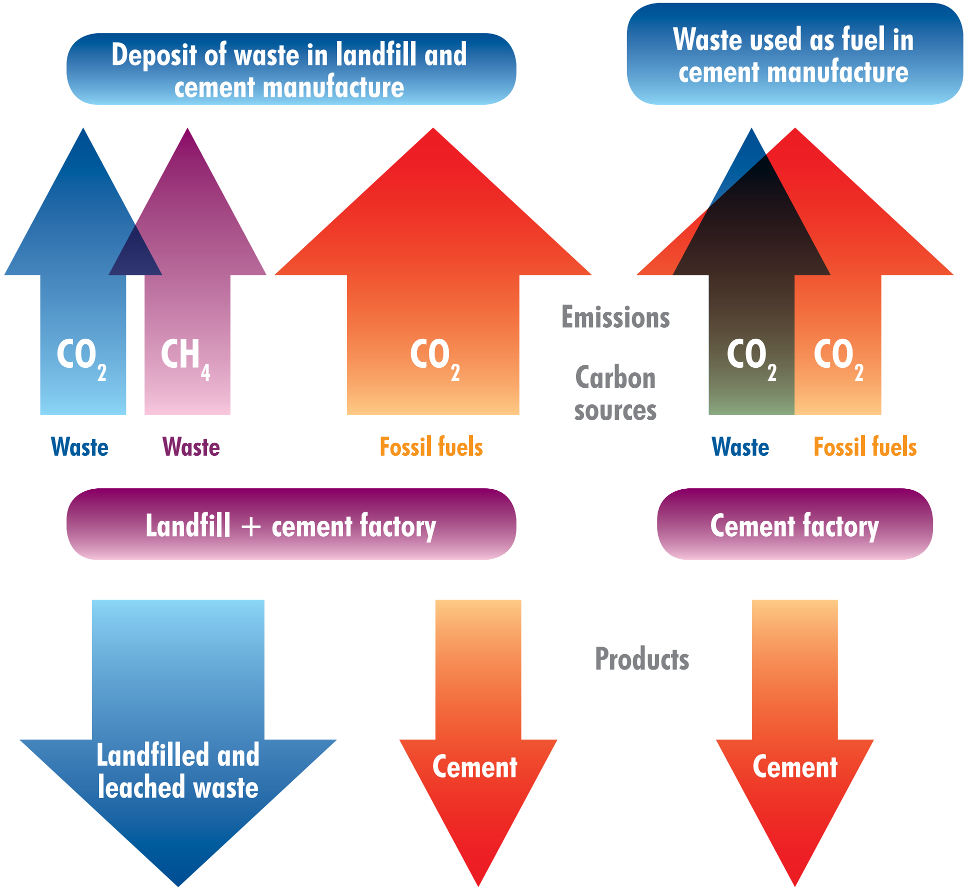
CSR INTELLIGENT SERVICES

The total energy consumption has increased slightly in 2012 compared to the previous year. However, greenhouse gas emissions associated to this consumption have decreased, in line with the Group's commitment to innovation and the development of products and services that are less carbon intensive.



The Cement area, which is the most intensive division in terms of energy consumption in the Group, focused its activities in 2012 on promoting the use of alternative fuels, especially biomass, made from waste destined for landfill.

In this regard, in terms of energy recovery from materials that replace carbon, waste energy recovery is a priority option versus landfill disposal for Cementos Portland Valderrivas, as it is more environmentally friendly and also does not pose a threat to human health. In this sense, this business area continues to offer important potential collaboration for FCC Medio Ambiente in managing "end of line" rejects, due to the possibility of including them in the cement manufacturing process, thus making their recovery possible and avoiding their disposal in landfills. In 2012, thanks to the replacement of fossil fuels with biomass, Cementos Portland Valderrivas prevented the emission of 183.859 tCO_2eq.



In addition, Aqualia has implemented an Energy Management System certified in accordance with the UNE-EN 16001:201 standard, and recently updated its certificate through adherence to the ISO 50001:2011 standard and AENOR at several of its centres. Aqualia's objective is to gradually certify all the plants where it operates under these standards.

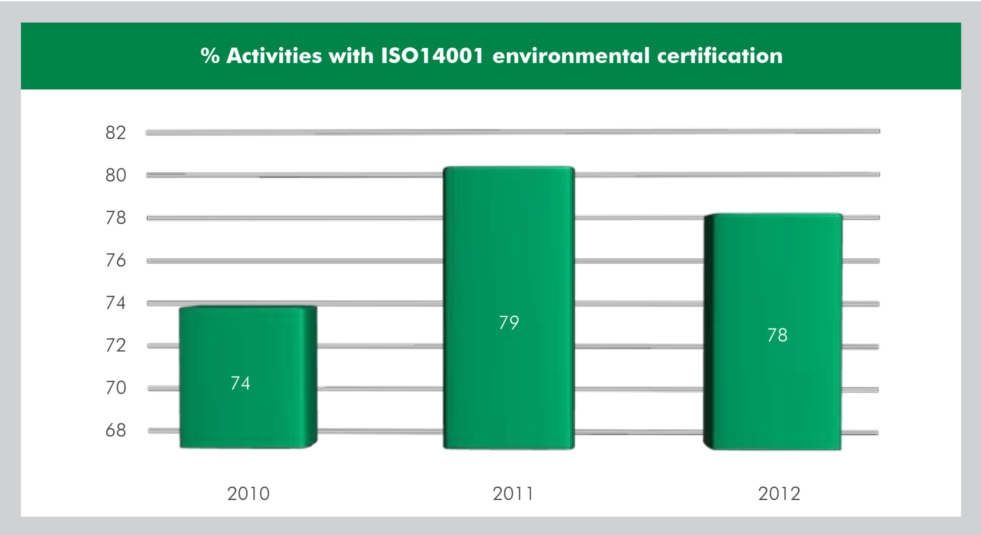
4. FCC GROUP'S ENVIRONMENT MANAGEMENT

The commitment to the protection and conservation of the environment is reflected in the environmental policy that is applied within the organization. Environment management is integrated into the business strategy of the Group and as such, all the business areas take it into account during their daily activities.

In order to mitigate the effects of its activities, especially with regard to the construction of infrastructure and activity in the cement business, the company carries out various studies in order to identify, characterize and assess the impact from its plants, and subsequently establish steps to reduce its negative environmental impact.

4.1 Eco-efficiency

Continuous improvement of production systems, so as to require fewer resources and generate less contamination, is one of the pillars of the FCC Group's environment policy. In this way, the Company promotes, among its business areas, the Eco-efficiency concept, doing everything it can to provide better services and generate less impact.



FCC Group uses a sound management system that is implemented as a basic tool to generate and measure eco-efficiency in production processes. In 2012, the company continued to promote the environmental and energy certification of its activities and facilities, and 78.4% of its total activity is certified.

The commitment and effort that the Group has made to protect the environment in which it operates and works has meant that the investment FCC has dedicated to environment management in 2012, amounted to 1,825,209 euros.

4.1.1. System used to measure the environmental impact

The control and measurement of performance indicators, as far as environment management is concerned, is essential in order for the company to be constantly aware of the effectiveness and development of the initiatives implemented. To this end, FCC Group has "Horizonte", a centralized management system that enables the Group's sustainability information to be collected and managed. This information serves as a starting point for the design of specific corrective action plans where improvement opportunities are greater and more effective, since this tool consists of 25 environmental indicators, disaggregated by group, lines of business and country; providing historical data, statistics, comparisons and the ability to generate thematic questionnaires, and analysis.

Additionally, the Construction area also has its own environmental data collection system, designed so that the information related to each project is available in real time, in all work locations, so reports can be generated at different levels: by the project type, geographic location, hierarchical structure or type of customer.

4.1.2. Responsible use of resources

The optimization of the use of resources and the minimizing of consumption reduces the environmental impact and leads to economic returns. The company is firmly committed to the environmental optimization of the production processes, as well as to the recycling and recovery of products or by-products of same.

Each business area has its own initiatives to reduce resource consumption, although in this respect they are particularly noteworthy in Construction and Cement due to the nature of these activities.

At FCC Construcción, for example, convinced of the return involved, both for the company and for global sustainability, its Management System is designed to encourage the efficient use of natural resources by means of:

- The use of the best available technologies in the area of efficiency and reduced consumption of materials, energy resources, and water resources.
- The recovery of materials to be reintroduced into the process.

In addition, it is reinforced with specific measures with regard to awareness, training and participation of company employees and subcontractors.

The good results obtained from applying these types of measures in recent years have meant that one of the most developed areas of research, that received the most investment for R+D+I, is related to this field.

For its part, Cementos Portland Valderrivas also promotes the responsible consumption of natural resources by means of the recovery of materials obtained from waste and by-products, which replace natural raw materials in order to save non-renewable natural resources and avoid the impact on the environment by its work undertaken in quarries.

The Group promotes the incorporation of waste from other industries and the use of alternative fuels in its cement manufacturing processes, so that some of the materials and energy used for industrial processes is obtained from them.

In this regard, at the urban waste treatment plants, FCC Medio Ambiente recovers all materials possible, which, as well as avoiding its disposal in landfill sites, enables by-products to be introduced into the market that can be used in agronomy (compost) or energy (refuse derived fuel – RDF), as well as other materials for its subsequent recycling (paper, glass, plastics, ferrous metals, aluminium and voluminous recyclable products).

4.1.2.1. Water consumption management for all activities

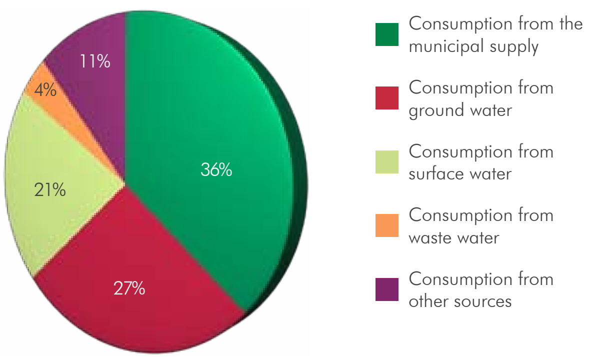
Water continues to be a differentiating factor as far as the social and economic development of various regions of the world is concerned. According to estimates made in Spain, climate change will have a negative impact on water, causing the reduction of water resources and increasing extreme events such as floods and droughts. The extent of this impact will depend largely on how we use water, as a result of water management which is more concerned with increasing the water supply than rationalizing consumption.

Water scarcity, and the need to build and operate new hydraulic infrastructure, involves a great effort by all those involved in this sector. FCC combines its technological capacity and management of new financing requirements, by means of participating in public and private projects. While the economic situation has deteriorated significantly during the current year, the Group has maintained its level of commitment to the integrated management of this most necessary and precious common good.

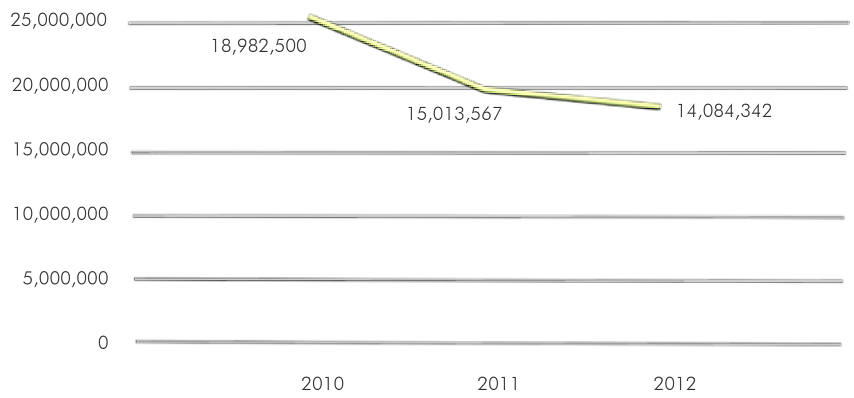
Since water is a key factor to perform some of the Group's activities, such as environmental services activities (street cleaning and maintenance of gardens), or in the manufacturing process of cement and concrete (the process to obtain steam in power generation plants from waste), FCC encourages the rational and efficient use of this resource and its promotion of the use of water from alternative sources has become a priority for the organization.

In 2012, FCC Group's water consumption amounted to 14,084,342 m^3, of which 78% is from municipal supplies.

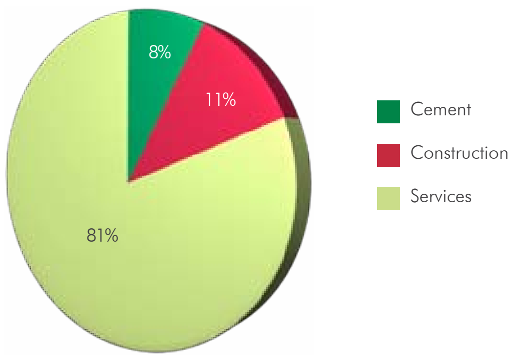
Consumption of water according to source (%)



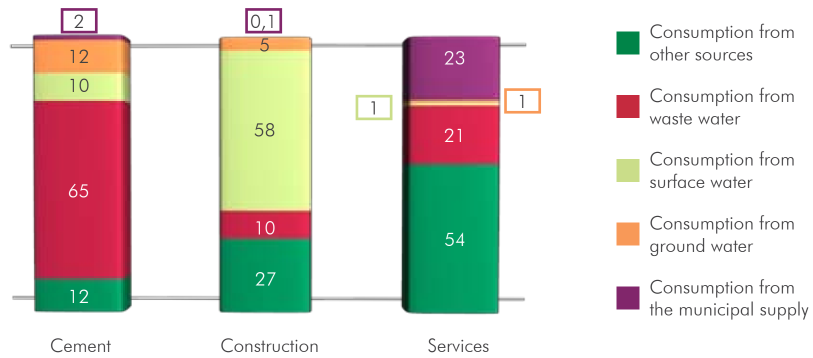
Total consumption of water (m³)



Consumption of water by business area (%)



Source water consumption by business area (%)



4.1.2.2. Present in the integrated water cycle

Aqualia, the parent company of FCC Group companies that operate in the integrated management of the water cycle, offers solutions for all phases of the water cycle, regardless of its use: domestic, agricultural or industrial. Its experience in this area helps improve efficiency in the management of water resources in the Group's other companies and controls all the phases in the water cycle, pursuing the optimization of resources that promote sustainable development.

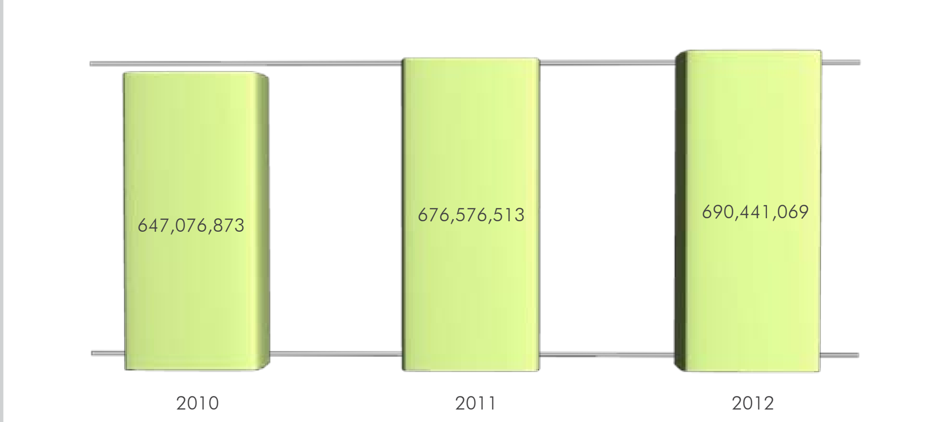
The integrated water cycle starts from capturing, purification and treatment of the water collected from the natural environment, to its distribution and collection of used water for its subsequent purification and return to the environment where it was obtained.

Currently the company is present in over 1,100 municipalities throughout the world, and has the capacity to serve around 28 million people. Aqualia offers a broad range of services and its professionals work to provide a better response to demands, both public and private, by means of all types of solutions. Aqualia is considered an expert in the field of integrated management due to its experience in all phases of the water cycle. Its areas of activity are divided into three different lines:

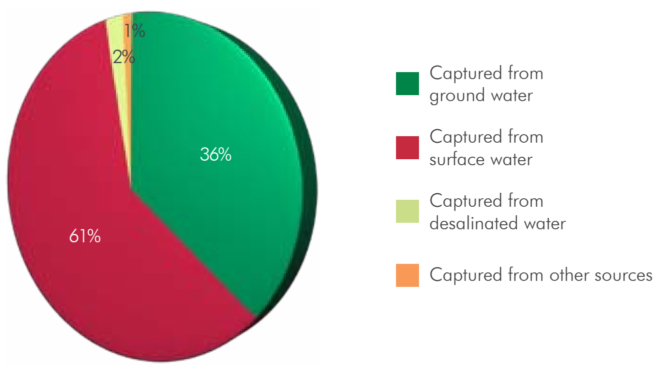
- Integrated water management, among the most outstanding projects are the public water services, the control of the water quality via AqualiaLab; the management of municipal aquatic sports centres, maintenance and operation of watering infrastructures, and the management of hydraulic infrastructure concessions.
- Design and construction of hydraulic infrastructure, specialising in the design and construction of all types of facilities for water treatment, covering the following areas of activity:
  - Drinking water treatment plants (DWTP).
  - Wastewater treatment plants (WWTP).
  - Wastewater reuse plants (WWRP).
  - Sea water desalination facilities (SWDF).
  - Water channelling infrastructure.
- Full services for the industry, as solutions for process water, purifying industrial wastewater effluents, or compact wastewater treatment plants for small populations, compact drinking water treatment and reuse equipment: sand filters and membranes, sludge treatment equipment, equipment for wastewater treatment: aeration, degreasing, flotation.

The total volume of captured water to be managed by Aqualia in 2012 was **690,441,069 m³**.

Volume of captured water to be managed (m³)



From captured water managed by source (%)

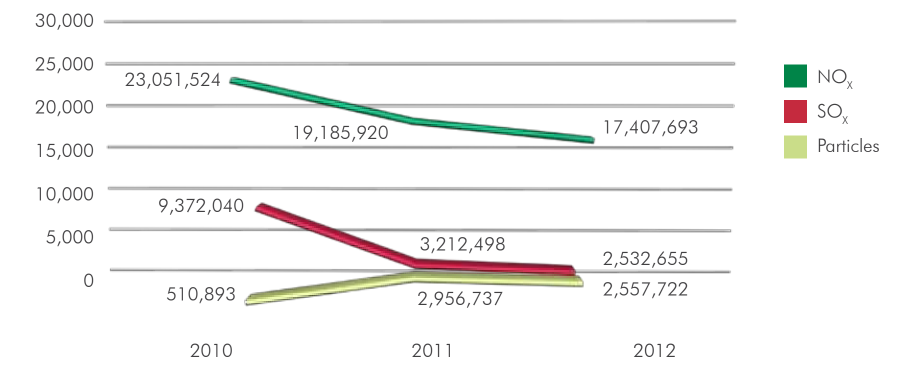


For more information on the activities and management of this company, visit the company website at: www.aqualia.es.

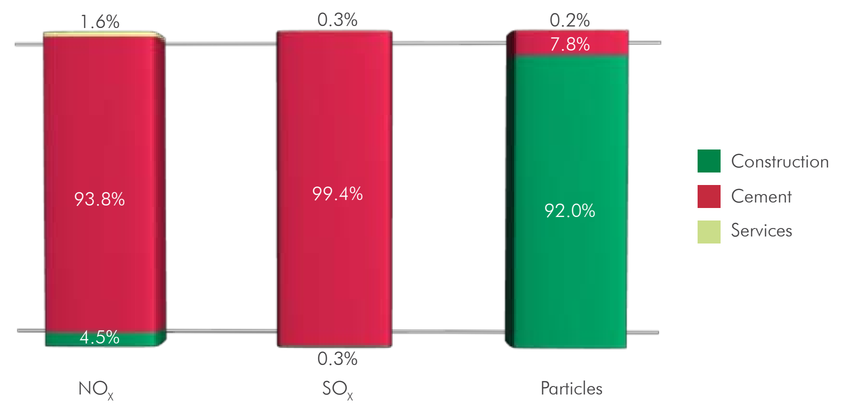
4.1.3. Atmospheric emissions

The Group's main emissions, in addition to carbon dioxide emissions (CO_2), are nitrogen oxides (NOx), sulphur dioxide (SO_2), and solid particles. The NOx and SO2 emissions are mainly produced in the cement business, in clinker furnaces. Particle emissions are mainly produced by the infrastructure business, with an important contribution from auxiliary construction activities, such as the manufacture of concrete and asphalt aggregate.

SO_x , NO_x and particle emissions (t)



% of emissions by business area



Each of the Group's business areas has initiatives to reduce emissions associated with combustion, which directly lead to the reduction in particle, NOx and SO_2 emissions.

The Cement area works actively to reduce its NO_x emissions, which is why some of its lines of research and development are aimed at reducing these types of gases. Meanwhile, the Construction area prevents its emissions by means of an in-depth control of its machinery and the use of the best technology available.

All of the Group's centres subject to Integrated Environmental Authorisations (in accordance with Law IPPC 16/2002) have established atmospheric emissions' limitations for all their sources of emissions. In general, they all have gas cleaning systems and filtering, using different techniques depending on the characteristics of the process generating the emissions.

Furthermore, FCC Group facilities emitted a total of 2,557.8 tonnes of particles into the atmosphere in 2012.

4.1.4. Discharge and spillage control

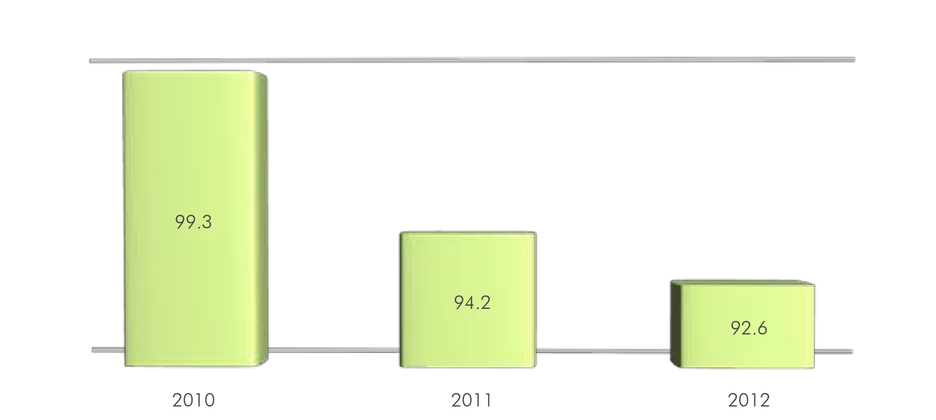
The environment management systems and the integrated environmental authorisations of FCC Group facilities establish specific and stringent procedures for the prevention and proper management of discharges in order to minimize their possible impact on the environment. At each centre there are procedures to be followed that establish who is responsible in the event of accidental discharges or spillages, and what action is to be taken.

Although some of the Company's facilities have their own wastewater which is treated at wastewater treatment plants before being discharged in compliance with all limitations established by the regulations in force to this regard, FCC Group also manages and treats other waste discharges that do not come from its own activity; these are controlled in accordance with parameters that comply with the requirements authorised by the river basin authorities or other agencies.

The volume of water discharged as a result of all the Group's activities in 2012 amounted to 500,330,167 m3, of which 92.6% was treated before being discharged.

Although the Group's environment management systems include numerous preventive measures, during 2012 there were no relevant accidental spillages which could affect human health, vegetation or bodies of water. There were 55 minor accidents, resulting in a volume of less than 16 m3 of discharge from the Construction Division's area. These are mainly accidental discharges of hydrocarbons and oils from work machinery and cleaning-water discharges from gutters and tanks, which have a basic pH level after being in contact with the concrete. Meanwhile, in FCC Logística and in the FCC Environment (UK), only one and seven accidents were recorded respectively. In all cases the necessary corrective measures were taken to minimize the impact on the environment.

Purified waste water (%)

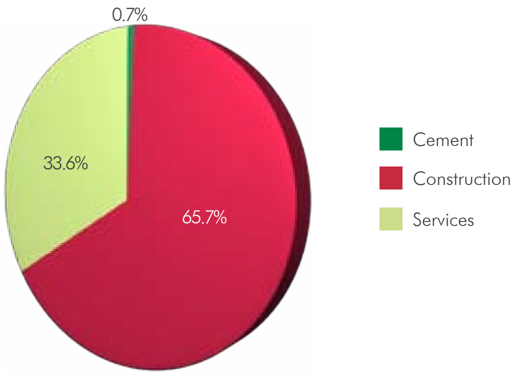


4.1.5. Efficiency has a place in waste management

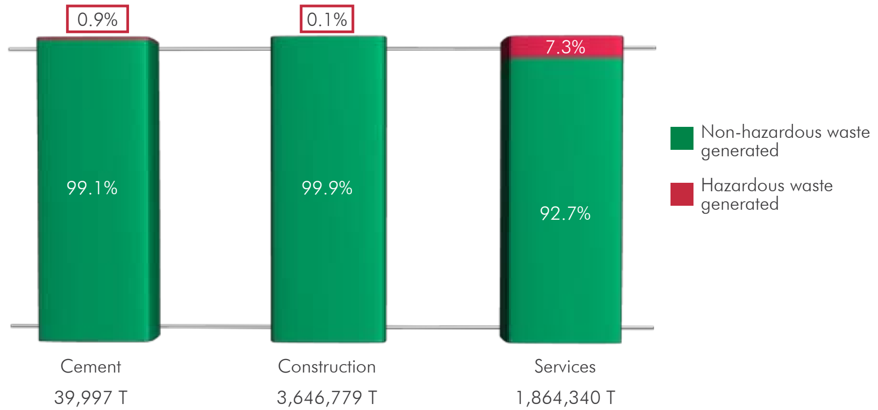
4.1.5.1. Generation of wastes

FCC Group, follows the "3 R's rule" (Reduce, Reuse and Recycle) as a strategy for managing waste, giving priority to reducing the volume of waste generated. Year after year, the company has aimed to reduce the generation of waste, and for the waste that is generated, it endeavours to seek the best option for its management, preferring to reuse, recycle or recover waste rather than disposing it in landfill sites. The amount of waste produced in 2012 amounted to 5,551,115 tonnes, of which only 2.5% was hazardous.

Source of generated wastes (%)



Waste generation by business area



Each business area has its own waste management plans, with the common approach being that of responsible consumption of raw material in order to minimize their generation.

Waste generation in Infrastructure

Cementos Portland Valderrivas promotes the responsible consumption of natural resources by means of the recovery of materials obtained from waste and by-products, which replace natural raw materials in order to save non-renewable natural resources and avoid the impact on the environment by its work undertaken in quarries.

For FCC Construcción, the proper segregation of waste carried out at the building sites greatly facilitates its subsequent recovery or disposal, which is the first essential step to achieve more efficient waste management, thus reducing the consumption of natural resources and the saturation of landfills.

Waste generation in the Services Division

FCC Medio Ambiente, by means of its activities directly related to the management of municipal solid waste and other similar wastes, from the time it is collected to its treatment and disposal, strives to promote selection at source, by introducing better technologies at its facilities and developing good practices in order to increase the proportion of waste that can be reused, recycled and recovered.

At Aqualia, constant work is carried out in the field of innovation with the purpose of discovering new methods to reduce waste from the integrated management of the water cycle. Thus, the company devotes a great deal of effort to the implementation of new technologies through investment in R+D+i in two ways in particular:

- The production of biogas to be used as a fuel for boilers and for electrical energy from organic waste from bacteria in digesters.
- Reuse and recovery of sludge derived from water purification processes at the WWTP for its subsequent use as compost in agricultural applications. In addition, Aqualia infrastructures reduces and reuses waste from construction work and demolition plants, such as earth and rubble, thanks to its own waste management systems.

4.1.5.2. Waste management

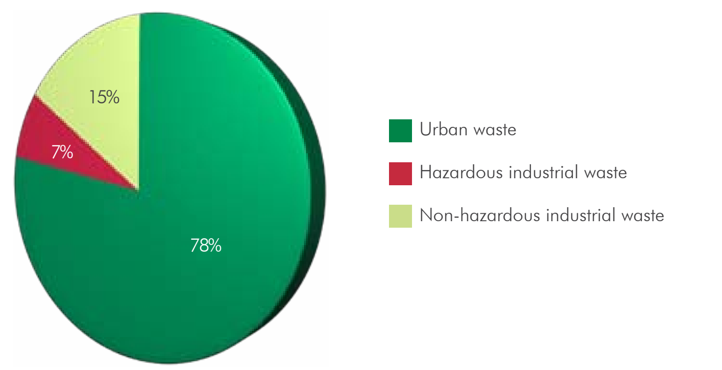
FCC Group has a specific business area specialising in the integral management of all types of wastes: industrial and urban, hazardous and non-hazardous. Among the companies specialising in waste management in 2012 are FCC Medio Ambiente, FCC Environment (UK), ASA, FCC Ámbito, and Proactiva Medio Ambiente (50% owned).

FCC Medio Ambiente, FCC Environment (UK) and A.S.A. are subsidiaries of the group that provide urban water treatment services, among which the most noteworthy are waste collection, street cleaning, the transport and treatment of urban wastes and the maintenance and upkeep of parks and gardens. FCC Group is a leader in this sector in Spain and is one of the largest operators in Latin America, the United Kingdom, Austria, Portugal, Egypt, the Czech Republic and the following eastern European countries: Slovakia, Hungary, Poland, Romania, Bulgaria and Serbia. It provides services to over 72 million citizens.

On the other hand, FCC Ámbito provides services in the field of integrated management of industrial waste, industrial cleaning, decontamination of soil and external intervention in case of accidents, spillages, discharges, etc.

This diversity, related to the wide range of waste managed, and the number of countries where it offers solutions, makes FCC Group one of the world's leading companies in integrated waste management. So much so, that throughout 2012, the Group collected more than 10 million tonnes of waste, of a varying nature, with the major source being non-hazardous industrial waste.

Collected waste



With regard to waste treatment, FCC Group has facilities to treat all types of waste. In 2012 the company treated 16.7 million tonnes of waste at its facilities. The company carries out recovery processes, elimination in controlled landfill, deposits in slag tips and stabilization.

Treatment	% Waste
Recovery in selection and classification plants	6.4%
Recovery by biological treatment	9.4%
Recovery by heat treatment	4.1%
Recovery in construction and demolition-waste plants	0.1%
Elimination in controlled landfill	84.6%
Deposits in slag tips	0.5%
Recovery by recycling	0.5%
Energy recovery	9.6%
Recovery by physical-chemical treatment	4.8%
Stabilisation	6.8%
Transfer to a final manager	5.1%

*The sum of the percentages is above 100%, as the material from one waste treatment process can pass through another process.

Recovery of black slag from steel mills

The northern part of Spain has a high concentration of steel mills with electric arc furnaces.

The main raw material used for the manufacturing of steel in these electric arc furnaces is scrap iron. As auxiliary elements small amounts of pig iron, iron ore and ferro-alloys can also be loaded. After the smelting process in the furnace, black slag is obtained as waste material, which can be reused as a by-product, thus avoiding being sent to a landfill site.

The composition of this slag varies depending on the scrap used as a raw material, but it typically has a high content of lime (almost 50%) and significant amounts of other elements such as magnesium, manganese, phosphorus, sulphur, molybdenum, boron, etc.

Due to the presence of these compounds the slag may be used either in agriculture, as an acidity regulator of soil, or as a quality aggregate in the manufacturing of asphalt and bituminous mixtures (for pavements and road surfaces offering a higher degree of anti-skid quality for vehicles, a quality which is not provided by the majority of aggregates usually used), thanks to its high resistance to abrasion.

Ekostone (owned by FCC Ámbito together with Cloos, S.A.) has designed, built, and has in operation, a slag recovery plant. Its objective is to promote the use of recycled material, presenting benefits in both economic and environmental terms.

The plant has been installed on a former steelworks slag dump, previously closed and sealed-off, thus preventing new landfill.

The plant is designed for a maximum capacity of 400,000 t/year of slag waste. This plant avoids the slag waste having to be managed at a landfill site, furthermore a recovery of 8,000 t/year of ferrous material is estimated, which will be reintroduced into the steel production process, encouraging recycling and a subsequent financial saving.

Lastly, the materials manufactured in different grain sizes, which are currently in the process of EC material certification, may be used (according to tests and analyses being carried out with positive results) in the area of road construction and maintenance, as well as in the manufacturing of pre-cast concrete.

This way a further environmental benefit is achieved by avoiding the loss of natural resources due to the extraction of raw materials from quarries to make this type of material.

This facility is committed to the use of recycled material, supporting the efforts already made by technology institutions and centres, for the application of steel aggregate in construction, leading to the implementation of an economically and environmentally effective solution for the steel production sector, for construction companies and for society as a whole.

4.2. Protecting our biodiversity

FCC Group's concern for the conservation of biodiversity is reflected in all the initiatives which it has carried out throughout its history in order to develop its activities in the most environmentally friendly way. Therefore, with the intention of continuing to preserve our planet's natural assets, and the physical condition of the environments where the Group works to ensure their indigenous biodiversity, the management of the natural environment, in order to improve the conditions of biotopes and the control and eradication of invasive species of high ecological impact, are the guidelines on which all such initiatives, of all areas of the Group, are based.

While in 2012 the Company has progressed in the development of its environment management, it has also continued working on the optimization of its process to gather the information supplied by different departments and the quality of such information, all thanks to its data consolidation tool "Horizonte".

Although the activities of FCC Group are associated with a certain level of environmental impact, which on occasions is unavoidable, the company is committed to continue to make further progress in the restoration and renovation of the spaces where it operates. The main effects on the environment take place in the Cement and Construction areas. To mitigate the average effect on these divisions, the Group is developing integrated management approaches to restore the affected spaces and it is encouraging biodiversity. The estimated surface area of protected zones or areas of high value for biodiversity, contained within, or adjacent to, the FCC's business activities is almost 2,453 hectares.

At Cementos Portland Valderrivas the main impact on biodiversity is that produced by work undertaken in quarries, due to the occupation of spaces and operational activities, which involve blasting or ripping, shredding and transportation, which alter habitats and ecosystems. In order to lessen the environmental impact of the quarries, restoration plans are being implemented that allow these areas to be rehabilitated or restored, as far as possible, to the original state of the exploited areas, including any improvements where possible.

The majority of the Group's quarries and gravel pits in Spain, complete their restoration with re-planting activities, using native species, and carrying out restoration maintenance work, as well as in some cases performing tasks which involve removing evasive vegetation.

As well as said restoration measures for spaces affected by operations, corrective measures are also carried out that minimize the impact during operations, such as measures against erosion and the impact on the landscape, including the control of discharges, waste and the prevention of atmospheric contamination.

The total area affected by the quarries and gravel pits exploited by Cementos Portland in Spain, from the start of its activity until 2012, is 18,434,274 m^2. Of this surface area, 8,307,802 m^2 is completely restored (to the final restoration phase) and 10,126,472 m^2 is either already restored or will be restored in the future.

The activities of FCC Construcción, albeit temporarily and in a way that is not particularly dangerous, interact with different elements of the environment, air, water, soil, atmosphere, etc. The company has an internal guide called "Basic Guide for actions in protected natural areas," which provides guidance to implement good practices related to minimizing the effect on biodiversity, in order to protect animal and plant species that could be affected. During 2012, FCC Group's entire construction area carried out protection and/or restoration measures on a total susceptible surface area of 440,877 m^2.

Many of the restoration initiatives performed are the result of the Environmental Impact Declaration (or similar) of the project, or of the legislative obligations of each country. However, as well as compulsory legal initiatives, upon completing the work, restoration measures are carried out in order to return the functionality to the ecosystem affected and to integrate the work into the landscape.

All measures carried out by the Group for the protection of biodiversity vary in their definition and degree of application, according to the type of project and the environment in which it is located, but they are always designed to condition the surface of the land, avoid its possible erosion and to protect the landscape, allowing the natural development of its ecosystems.

CSR INTELLIGENT SERVICES

The Protection of Biodiversity at the el Zapotillo Dam

Dams are controversial projects within society, since they affect the landscape and the surrounding ecosystems, and can lead to the resettlement of nearby towns. However, they involve necessary infrastructure to meet water demand and to produce electricity, by means of one of the most economic and environmentally friendly alternatives, controlling floods, and facilitating agricultural production in downstream areas.

Due to the environmental complexity and the potential impact from the execution of the work, FCC Construcción placed great emphasis on the correct identification of the possible biotopes affected by such work.

The characterization of the fauna and flora in the project's area of influence was carried out by applying direct and indirect collection methods during several on-site visits to the project area, as well as an extensive review of the bibliography and scientific collections registers. During the on-site visits, areas were selected that represented different types of vegetation or habitats that existed in the project area. In total four locations were selected to take samples of the fauna, corresponding to a tropical deciduous forest, a gallery forest, subtropical thicket and Juniperus forest. At each site random samples were taken, whose distances and duration times were variable; all species observed were recorded.

Thanks to this study and knowledge of habitats with a potential risk of being affected by the construction and operation of the dam, FCC Construcción has been able to develop a good environmental-practices plan in order to mitigate and reduce possible environmental impacts caused to Zapotillo's local fauna and flora.

In this regard, all efforts of the plan to mitigate impacts on biodiversity in the affected area have been focused on the development of necessary measures to protect the most sensitive native fauna, by capturing and moving individual protected species, repopulating affected areas, transplanting valuable specimens, cataloguing and creating an inventory for areas of natural heritage and public interest, protecting soil, treating water, managing waste, optimizing its generation and minimizing possible impacts.

For more information and further details on the quantitative data on these activities please visit the FCC Construcción website: http://www.fccco.es/

CONNECTING CITIZENS

FCC IS AN EXAMPLE OF AUTHENTICITY IN ITS COMMITMENT.

FCC Group wants to promote sustainable habits and maximize the positive impacts of its activities in the cities where it operates, by relying on the commitment of the people who are part of the company, by remaining in contact with interest groups involved and in constant consultation with the prescribers in strategic markets.

The objective of the third pillar of the Sustainability Master Plan, known as "Connecting Citizens", is to link the management of FCC Group to the trends and needs of the communities of the future. The joint involvement of FCC Group and the public in addressing the urban challenges of this century, based on the capacities developed by the company and the commitment of its employees, will be the starting point for the promotion of sustainable habits.

To this end, the company involves citizens in implementing solutions for the development of sustainable cities. FCC's social initiative strategy therefore involves the development of elements of "active sustainability" in which citizens are the main source for improving sustainable and responsible habits and behaviour. In this respect, the company works within the scope of education, and in the promotion of projects involving the citizens' participation in locations where FCC is present.

Another strategic line that guides FCC Group's social commitment and its businesses is focused on encouraging employee participation in company projects, through volunteer schemes, based on the conviction that the involvement of FCC Group employees in its social commitment is essential to its success. Thus, people in FCC Group are able to collaborate in creating a more sustainable, equitable and diverse city.

2012 Highlights
FTSE4 Good includes FCC in its socially responsible investment index for the fifth year.
Cemusa, recognised for its social commitment by FEDER (Spanish Foundation of Rare Diseases). FCC contributes to the employment of people with disabilities.
New York recognises the social work developed by Cemusa, within the scope of combating truancy.
The United Nations Global Compact distinguishes FCC Construcción for its commitment to the Ten Principles.
Infoaqualia was created, a new communication channel that provides a service which is transparent and that reaches out to citizens.
FCC employees take a leading role in the Second Reforestation Day with WWF-Spain.
FCC Construcción has signed an agreement with the University of Cantabria for the certification of the Master's Programme in Construction Sciences.

Programed initiatives	Objectives for 2014
• Continuous learning - sustainable radar. • Connecting with citizens - active sustainability. • Corporate Volunteering. • Local responsibility commitment • Pursue the maximization of sustainable value - positive impact action.	• Conduct consultation groups with prescribers in strategic markets and develop pilot projects at a national and international level to promote sustainable habitats. • Quantify the dedication of FCC employees in local commitment programs. Strengthen corporate volunteering in collaboration with the Esther Koplowitz Foundation. • All public tenders have metrics regarding the impact of our services.

1. PLATFORM FOR DIALOGUES WITH CITIES

As part of the Corporate Responsibility Master Plan, FCC has envisaged cooperation with cities and communities to set up platforms for dialogues on the municipalities' eco-efficient challenges.

Along these lines, FCC has contacted representatives from the cities of Almería, Mahón (Menorca) and El Campello (Alicante) to design these platforms or round-table discussions that enable both the identification of the challenges related to sustainability, as well as the choice of opinion leaders to get them started.

In the El Campello case, where FCC manages a transfer plant, they are studying an environmental educational project, together with the school 'Colegio Salesiano'.

2. SOCIAL COMMITMENT AS A FCC GROUP STRATEGY

Within the framework of the Corporate Responsibility Master Plan, major social commitment initiatives of the company are monitored and approved by senior management and form part of FCC Group's "Connecting Citizens" strategy. Among these are the initiatives of the volunteer programme, agreements with universities and other technical centres, and donations and support for public/private associations and institutions.

FCC Group and its business areas encourage the participation of their own employees in achieving their objectives. That is why the Group has a corporate volunteer programme which allows employees to participate in social engagement projects driven by the company.

In 2012, the total investment in projects of a social nature, focusing on education, helping people with special needs, heritage conservation and the promotion of art and culture, amounted to 4.5 million euros.

As a Group, FCC has signed collaboration agreements with well-known Third Sector entities such as Caritas and Fundación Plan España, in order to address situations of social emergency as a matter of priority as well as primary care projects that these non-profit making organisations undertake.

Collaboration agreement with Plan España, strategic in the "Connecting Citizens" plan

In 2012, FCC Group and the international humanitarian development organisation, Plan International España, which focuses on children, signed a collaboration agreement which involved several lines of initiatives: including launching communication and awareness campaigns to respond to emergency situations; participation in educational projects such as "I can't vote but I have a voice" in which FCC train people (volunteers or otherwise) to become part of the school network in the "Environment Classroom" programme, and it will include the Citizens' Behaviour Manual to be taught at these schools. FCC has also committed itself to assigning advertising space for campaigns, and to integrate FCC social action plans into the Plan España organisation.

Transparency of the initiatives

The collaboration agreement includes an explicit commitment to justifying all actions undertaken by Plan, which includes transparency regarding fund management and all annual audits, as well as the technical and financial justification of the executed projects will be available to FCC.

The CEU School in Murcia: "I can't vote but I do have a voice"

Plan España and FCC came to an agreement with the CEU School in Murcia to give this training module to students at the educational centre that the CEU institution has been running for over 25 years in the capital of Murcia.

2.1. Education, the pillar of the Group's social commitment

For FCC education is a crucial factor in the economic and social development of communities. Therefore it is something that has a special place in the Group's social commitment initiatives.

The company's main asset is the experience and knowledge of its employees; it therefore makes use of this value by carrying out teaching projects, within the sphere of primary, secondary and university education, through conferences, seminars and professional courses driven by educational institutions in the countries where it operates.

The Environment area, by means of initiatives involving educational tasks, has benefitted 1,750 students by collaborating with different entities and institutions. FCC's participation has materialised with the presence of several prestigious Group professionals in different congresses and forums, with the fundamental objective of sharing their knowledge on matters such as waste management, the fight against climate change, improvement in air quality, maintenance of parks and gardens, and social corporate responsibility.

It is important to highlight the educational work carried out through guided tours of the main treatment plants belonging to FCC Medio Ambiente, which are visited each year by school children, groups from courses run on environmental techniques, technical personnel and professionals from the industry. In addition to its technical nature, these types of initiatives also drive and encourage social awareness in the selective collection of waste and citizen responsibility. Likewise, with the purpose of encouraging internships in the company, this department has signed several educational collaboration agreements with Spanish universities and other educational centres.

During 2012, Aqualia signed agreements with universities and business schools to teach different training courses, approved in the area's 2012 Training Plan. Among these the presence of Aqualia on the Advisory Board of the Master's Programme in Quality and Excellence at the School of Industrial Organisation (EOI), the participation in the Sustainable City Workshop on "Water in Urban Environments" at the IE Business School, and in the Iberian Expo-conference on "Intelligent Urban Spaces" at the ITAE Business School.

With respect to universities, Aqualia supports courses together with the Technological Institute of Water (ITA), part of the Polytechnic University of Valencia, to train its workers in technical areas, the ITA has professors and lecturers from specialist universities.

Of note in 2012 is the preparation of a manual on civility, good citizen behaviours and practices by FCC employees themselves.

A Wiki environment and a debate forum were set up on the Corporate Intranet so that any Group employee can participate and contribute their ideas.

The aim of this manual is to recover and promote activities and behaviours that facilitate co-existence in our surroundings, and it also aims to become a citizens' point of reference and commitment to generate changes in our attitudes.

Aqualia presents its vision of intelligent services to university campuses and business schools

Aqualia was one of the companies that participated in the second edition of the seminar entitled "Smart Cities and Innovation in Services", which took place at the "Palacio de La Magdalena" in Santander, as part of the summer courses run by the International University of Menéndez Pelayo (UIMP).

The seminar provided a practical vision of smart cities through the presentation of specific cases of implementations in different city councils involved in smart cities, at both national and international levels.

The speech offered by Aqualia was given by Enrique Hernandez, Director of Services Management, and was focused on the "Intelligent Water Management ".

Aqualia has also participated in summer courses at the University of La Laguna in Tenerife, presenting two innovative communications, which go beyond Smart Cities, and are linked to the concept of FCC Smart Services, focusing on information and communication technologies (ICT) applied by companies in the sector, with the dual objective of improving the quality of life of citizens and contributing to greater environmental sustainability.

The Manager of Entemanser and Director of Aqualia in Tenerife, gave the speech "Smart Water: an intelligent service in integrated water management"; and the Head of the Marketing and Communication department of Aqualia, offered his vision with a presentation entitled "Communication to citizens, key to the development of Smart Cities". This course culminated with a visit by all participants to the seawater desalination plant in the municipality of Tinerfeño in Adeje, an environmental point of reference in the archipelago due to its construction characteristics and energy efficiency.

Also during the month of July, the Extremadura Business School, ITAE, held the First Iberian Expo-Conference on Smart Urban Spaces in small and medium-sized populations, in which the Marketing and Communication Department participated, presenting FCC's view of this sustainable city model, as well as Aqualia's capacity and experience, shown mainly in the case of Extremadura, and more specifically in the capital Badajoz.

CSR CONNECTING CITIZENS

Furthermore, the Group's cement area participated in the ANEFA Business Lecture on Aggregate Technology. This came about by an agreement signed by the Chairman of the UPM and the President of the National Association of Spanish Aggregate Manufacturers (ANEFA). Since its foundation it has run training courses for students in their final years in Mining Engineering, Geological Engineering and Technical Mining Engineering degrees, with the participation of teachers from companies in the industry, as well as the Mining School itself.

FCC Construcción upholds agreements with several universities, study centres, post-graduate and technological centres, offering scholarships to their students and supporting different lines of research. As an example, in 2012 the company signed an agreement with the University of Cantabria for the certification and teaching of the Master's Programme in Construction Sciences, taught by the Company's own specialists in the field.

It is also important to highlight the organisation of the International Site Manager course, in conjunction with the Civil Engineers' College of Madrid, as well as large construction companies. This collaboration agreement has encouraged collegiate jobseekers to work abroad.

The Madrid Civil Engineers Association participates, with FCC, in the second edition of Internationalisation scholarships

On 13 February 2012, the International Site Manager course began, which was organised by the Madrid Civil Engineers' Association, in collaboration with FCC and several construction companies, which is part of the agreement to provide job opportunities in other countries for collegiate jobseekers from university courses that have ended recently.

The opening was conducted by the Principle of the College, Miguel Ángel Carrillo Suárez, and the Vice-Principle Carlos Gasca, with Alfonso Iglesias, representing the company Cuatrecasas.

Through this agreement, some thirty young engineers, selected from some of the best applications, were incorporated into the main Spanish construction companies with activities overseas.

FCC has been closely involved in the development of the forty-hour academic programme, carrying out work in academic leadership. Different managers from FCC have participated from the areas of occupational health and safety, quality control, training, and planning. Moreover managers from some public bodies such as ICEX and AECID have participated.

The course is structured in two parts: The duties of Site Manager and international project management. By way of these sessions, a global view is provided of the requirements when performing contracts overseas, and they provide this young group with the legal, financial and technical tools necessary to manage international projects within the construction sector.

2.2. FCC Group's projects and the evaluation of their social impact

While most of the social impacts derived from FCC Group's activities are positive, since they are a source of wealth and employment for the communities in it operates, the company is constantly aware that some of its activities may cause certain negative impacts.

In this regard the operations that have the highest risk of negative socio-environmental impact are operations involving the extraction of materials, carried out by the Cement area, and the activities of the divisions involved in waste management. This risk is due to the inherent implications of operations carried out in these activities. Precisely to avoid those impacts that could directly or indirectly have an impact on communities, FCC Group conducted the relevant environmental impact studies, choosing the most environmentally friendly option, from the possible alternatives, before beginning the projects. Furthermore, some Group companies have conversations with local communities in order to get their opinion and better adapt to their needs and requirements.

With regard to social projects, FCC Group ensures its commitment to transparency and participation in all social projects developed by its lines of business, conducting a prior assessment of the organizations which it supports. In this sense, the group analyses the entities with which it wishes to cooperate in order to ensure that their commitments and principles are in line with the values of the company, allowing the entities that are awarded aid to assess and evaluate their contribution to the social communities in which they operate.

3. CORPORATE VOLUNTEERING

3.1. The corporate volunteer programme "FCC Volunteers"

The programme set out on its course in 2008 in line with the objectives of the Esther Koplowitz Foundation, which carries out outstanding work caring for some of the most underprivileged in society, noting especially the homes created for the elderly or mentally handicapped.

The Group's volunteer projects have contributed year after year to the development of several initiatives within the sphere of environmental education and cooperation, as well as attending to humanitarian emergencies, and especially homes for the elderly or handicapped, carried out in collaboration with the Esther Koplowitz Foundation. This collaboration is highlighted in three cities:

- "Nuestra Casa" Residential home for the elderly, Collado Villalba, Madrid.
- "Nostra Casa" Residential home for the elderly, Fort Pienc, Barcelona.
- Residential home for the physically and mentally handicapped in La Nostra Casa, Valencia.

Within this same initiative it is worth mentioning, for their originality, the series of conferences that, under the title "Fridays at a Residential home", were held at the homes in Madrid and Barcelona, where the voluntary FCC speakers selected the subject and shared their professional experiences with at the residential homes. Over 130 activities have been performed in this series.

3.2. Responsible commitment of FCC personnel

This second line of work in the field of volunteering, aims to facilitate access to participation in voluntary activities for the highest number of Group employees possible, in order to promote the commitment of people to corporate responsibility and strengthen the sense of belonging within the company.

FCC Group Corporate Volunteer Plan

- Facilitates voluntary access to social action projects for the highest number of employees possible.
- Share information on CSR within the company, its significance, its implications and its benefits.
- Increase the sense of belonging within the Company.

This model of responsible commitment aims to encourage employee participation in social projects directed at reducing inequality, poverty and the risk of social exclusion, as a way for the company to respond to certain needs identified in the places where it operates.

CSR CONNECTING CITIZENS

FCC has set up an internet portal dedicated to volunteering, which can be found on the Group's website, and where the activities of the programme can be published. This online platform fosters a climate of association and of leisure activities among the volunteers.

In 2012, 447 people were helped by “FCC Volunteers”, which involved the participation of 110 company employees.

It is important to remember that each of the Group's business areas develop their own programmes for promoting social development, culture, sport, and healthcare, in accordance with the specific demands of the communities where it operates.

Employees of FCC take a leading role in the Second Reforestation Day with WWF-Spain.

A considerable contingent of FCC workers and families, which included many children, collaborated with WWF-Spain in the Second Reforestation Day that the Group held as part of the framework agreement with this remarkable ecological international organization, which achieved its objective of planting almost three hundred new trees in the Regional Park in South-East Madrid. Located around the lower courses of the rivers Henares, Manzanares, Tajuña and Jarama, this natural park comprises a surface area of 31,550 hectares and its territory spreads across 16 municipal districts of the Self-governing region of Madrid.

The park's situation is very special due to the fact that it is surrounded by large city centres and industrial estates, and is very close to central Madrid. Also, due to its terrain, it is home to steppe birds such as royal owls and peregrine falcons.

FCC Group transported more than forty-three volunteers to the area known as "Soto de las Juntas", among them friends, family and workers of the citizens' services group. This area supported an old mining operation for 30 years, and in 1990 it was acquired by the Self-governing region of Madrid with the intention of undertaking restoration and recovery measures for ecological processes and functions, including preventing loss of plant mass and soils of great productive value.

During the event, activities were carried out such as renewing dry specimens, clearing scrubland, reconstructing tree sheaths and repositioning protectors. Thanks to the collaboration of these forty-three volunteers, 260 trees or the following species were planted: Ash (44 specimens), White Poplar (32), Black Poplar (27), Almond Tree (32), Gall Oak (40), Wild Rose (31), Blackberry (12) and European Taray (42).

In 2010, FCC Group and the organization WWF-SPAIN signed a collaboration agreement with the objective of improving the sustainable development of our planet. As a result of this agreement over the years, FCC Group has also assigned public spaces of its subsidiary CEMUSA for the campaign "La hora del planeta" (Time for the planet), which raises awareness each year about caring for the planet and the need to preserve its scarce natural resources. Furthermore, FCC and WWF-Spain have held working sessions on the use of timber resources with certificates of origin.

.A.S.A. employees in the "Big Clean-up of Serbia" programme

As in previous years A.S.A. and its employees have participated in the "Big Clean-up of Serbia" programme in the regions of Northern Banato, Branicevo, Sumadija and Pomoravlje, where the company carries out collection and waste-disposal services. In total 34 tonnes of waste were collected.

In Kikinda, the company took nine tonnes of urban settlement and periphery waste to the landfill. In the Vrbak landfill, fifteen tonnes of waste were disposed of, four from Despotovac, seven from Lapovo, and five from Batocina. In Branicevo ten tonnes were collected from municipalities of Zagubica, Malo Crnice, Zabari and Kucevo. In Zabari 1,200 bags of recyclable waste was recovered, mainly consisting of plastic bottles (PET) and paper. As well as the 42 assigned employees, nine trucks and heavy-duty machinery which was made available to the municipalities for the campaign, a further 39 employees of A.S.A participated voluntarily in all the Serbian cities involved in the campaign.

This action confirmed the level of commitment and the willingness of the company to participate in actions to help the environment, and also serves as a good example, set by the personnel of A.S.A, to promote the development of individual philanthropy.

For more information on FCC Group's social commitments please visit our company website: http://www.fcc.es/fccweb/responsabilidad-corporativa/ciudadania-corporativa/accion-social/index.html

4. INTERACTION WITH STAKEHOLDERS

FCC Group maintains a close relationship with its stakeholders, which is sustained thanks to a solid dialog and cooperation strategy which develops different communication platforms. For this reason the company actively takes part in initiatives that improve the visibility and awareness of stakeholders regarding the Group's activities and results.

While each business line has instituted its own specific dialogue strategy with its stakeholders, the Group also uses feedback to identify and resolve their main concerns with respect to the company. To this end, the organization has several channels of communication that allow proposals, listening, and the undertaking of initiatives in order to respond to demands made by third parties; but in recent years the corporate website has been the most used channel to disseminate information to different stakeholders.

Along with the website, the Group's divisions maintain continuous dialogues with stakeholders throughout the course of the year, by means of consultation sessions, e-mails, newsletters and magazines, trade publications, and end-of-project surveys, among others.

It is worth mentioning the work carried out by Cementos Portland Valderrivas which gives its stakeholders the chance to participate in decision making processes by means of the Bitácora Project. The project consists of coordinating meetings and dialogue sessions which are held in those locations where the Group carries out its activities, with employees on the one hand, and representatives of civil society on the other; allowing them to express their interests and demands with respect to the Group. The sessions are dynamic by the use of a methodology that identifies the expectations and priorities of the participants, and detects both potential risks and opportunities for the future, as well as helping to note any suggestions to aid their progress. Finally, it allows the level of trust of the different stakeholders to be measured. After the sessions held in the cement factories are finished, a meeting with the factory's management is held in order to establish Local Action Plans, which detail actions to be carried out, establish a schedule, and identify those responsible for carrying out said actions.

From the beginning of the Bitácora Project in 2007, it has reached participation levels of more than 700 representatives from stakeholders in 11 different locations. Some novelties can be highlighted from this fifth round of consultations held between 2011 and 2012, such as the sessions held with financial analysts, with clients form the North Area, with employees of Canteras Alaiz, and with workers and representatives of civil society in the Mataporquera factory (Cantabria).

Meanwhile, FCC Environment (United Kingdom) has set up a series of processes by which external stakeholders can understand the activities carried out by the organization, and establish a dialogue with the management of the Company.

In the majority of facilities where FCC Environment operates, the idea is to include local communities by organizing meeting points. These are semi-formal committees comprising people that represent local organizations (residents, companies, local councils, etc.), with the objective of encouraging discussions about subjects related to the daily operations of each facility. Although a quarterly period has been pre-established for setting up these committees, there is also the possibility of adjusting and adapting them to meet the needs of the local stakeholders.

4.1. Shareholders and investors

In 2012, the Stock Market and Investor Relations department organised 257 meetings, of which 226 were with investors, 16 with stock market analysts, 12 with financial entities, and 3 with sales departments from different companies.

Also, on the company website there is an exclusive section for shareholders and investors with relevant information about the economic performance of the company, stock market and financial information, and an investor's agenda that provides notifications of relevant events. Of particular interest on the web is the shareholders' services section which details the steps to follow and the means by which to contact the Investors' Relations Department of the Company directly.

4.2. Employees

Although some lines of business make their own internal communications systems available, the main tool for communication with employees, which brings together all of the Group's professionals, is the company intranet, FCCnet. However, more specifically, and in order to meet the needs of the company's main asset, employees have an employees' portal available, which is an internal communications tool with content specifically for them.

With regard to the Group's intranet, it is important to note that in 2012 an average 9,422 visits per day were recorded from the internal network, and 247 from the internet. Furthermore it should also be mentioned that the company holds periodic meetings with its employees to inform them in person about different matters. In turn, an internal communications channel is also available, which is another communications tool that facilitates dialogue and brings together positions between employees and the company.

The Group also has an online magazine called "Communication Network", published every two months, which has a monthly average of 54,250 visits a year, and is available in twelve languages. In the same vain, and to ensure that employees who don’t have PC access can receive information, the company has strengthened its means of communication by placing information points around its work centres. These information stands include a global distribution of more than 2,000 posters in Spanish, which include the most noteworthy headings that appear in the "Communication Network" magazine.

Aqualia launches its third drawing competition for young artists

Under the slogan “Full marks for you, full marks for the planet”, Aqualia launches its third edition of the drawing competition for young artists, aimed at employees’ children and grandchildren. This incentive aims to get Aqualia's youngest people to express the ways in which water plays a role in their lives. There are two categories: infants, for ages 5 to 7; and juniors, for ages up to 11.

The success of the initiative over the three years in which it has been held shows the commitment of those who work at Aqualia in conveying, even to their children, the work that goes on behind the scenes in order to supply homes with water and to return it to the natural environment after use, in optimum condition.

On this occasion the children will not only be eligible to win prizes (two digital underwater cameras, one for the winner of each category; and ten magnetic puzzles for the five runners up in each group), but also, by participating, they will be working towards a worthy cause. The equivalent of 10% in Euros of all drawings received will be donated to the Theodora Foundation, which works on making sure that children in hospital never forget how to smile, thanks to visits from "Smile Doctors".

Collaborating on a worthy cause

The drawing sheets are distributed among employees who request them from their offices or their Marketing and Communications Managers. In addition, the posters designed for internal communication will serve to announce the competition to all employees; they are placed at Aqualia facilities and on bulletin boards or other locations provided for this purpose. Last year almost 300 drawings were received, which consolidates this initiative as a great communication tool and promotes internal cohesion among employees. All information about the competition can be found on the Aqualia website.

In addition, relations with trade union representatives should be emphasised as each year, the CSR report is presented to them to be analysed and discussed. Between May and June 2012, the Corporate Responsibility department gave three presentations to different FCC works councils in Madrid and Barcelona.

4.3. Suppliers and contractors

Cultivating the relationship that the company has with its suppliers and contractors is vital to ensure the fulfilment of the commitments made by FCC Group in several respects. That is why the organization continually seeks to align their behaviour with that of its own. In this sense, and in order to ensure the idea of sharing between the two parties, FCC develops training actions and awareness campaigns, for its suppliers and subcontractors, with the intention of conveying the importance of complying with FCC Group’s policies and standards.

4.4. Public administrations bodies and regulators

Due to the impact of FCC's activities within the areas in which the company performs its activities, regular participation of business in self-regulating actions within the sector, and in the development of new legislation relating to areas of initiatives, is common. The Group has always been at the service of public administration bodies and legislators in order to collaborate and made the use of its almost 100 years of experience, in the implementation and adaptation of regulations, both nationally and internationally. All the Group’s business areas have implemented voluntary measures to maintain production and service standards in the different areas of activity, as well as in the area of sustainability.

4.5. Customers

Although the end customers of products and services provided by FCC Group are the citizens themselves, which is why the organization strives day-by-day to make improvements, the direct customers of the company are public administration bodies, and private and public institutions. The Group's objective is simply to achieve satisfaction, on-time, on-budget, and in accordance with the rigorous standards of quality, with regard to the requirements and demands of the end users of the executed projects.

The quality management systems implemented by all areas of FCC Group conform to the most prestigious standards in the field, UNE Standard EN ISO 9001; they also incorporate customer management among their criteria by which they are measured. Each business area has its own action plans with a view to increasing the percentage of certified activities under this Standard. In 2012, 81% of the FCC Group's total activities were certified in accordance with ISO 9001.

4.5.1. Communication with customers

The traditional communication channels established for customers (telephone, email, fax, internet, letters, invoices, visits or in person meetings with sales departments) serve to identify possible areas of improvement and to attain a higher level of reliability and quality in the products and services provided by the Group.

As a guarantee of quality and transparency, each company has its own means of communication with customers, because each customer has its own characteristics. For example, FCC Construcción has a customer interlocutor responsible for raising points of collaboration and addressing any suggestions received, as well as discussing the information gathered in meetings with customers, and will subsequently provide information on the actions taken as a result of their suggestions and contributions.

In this regard, the FCC environment business area, with the purpose of ensuring the reliability of the systems employed to convey, qualitatively and quantitatively, the significant values of the environmental and social performance of the organization's sustainability policy, which it communicates to its customers, has developed a series of specific procedures for reporting information. All of which contributes to strengthening the monitoring and control plan for the reliability and quality of published information.

For its part, Aqualia works in terms of mutual responsibility with its customers, in order to consolidate trust and ensure access to water without any drawbacks, while promoting its sensible and responsible use. Aqualia is aware of the role it plays in the management of a basic and extremely valuable resource such as water, which is why it strives every day to deliver on commitments made with its customers. In order to achieve this connection, Aqualia has two basic tools:

- Aqualia online: Available to any user through Aqualia's 20 local webs, this on-line service allows access to a virtual office, 24 hours a day, 365 days a year.
- Aqualia contact: This is a telephone customer services centre which employs specialist managers who have an extensive knowledge of the water sector, which means they are able to respond to both matters relating to customer services, and incidents/breakdowns and provide support on self-reading consumption meters. On this point it is worth noting that the reading and metering systems for the self-management of consumption have been highlighted in recent years due to the important innovations applied to them, since they allow consumption to easily and accurately be read, without the need to access the property.

Finally it should be mentioned that the "Aqualia contact" and "Aqualia online" services, were awarded certification in information security by AENOR, with which the company can strengthen its strategy in seeking excellency in customer management. The SI-0065/2011 certificate represents another step in the company's information security strategy, and includes risk assessment and protection of information assets.

4.5.2. Customer satisfaction

The satisfaction of the customers and users of the services provided is a maximum priority for FCC Group, which is why the company considers it fundamental to establish permanent communication with these groups, guaranteeing the necessary trust, stability and durability for an optimum relationship with all of them. To this end, the Group carries out satisfaction surveys in different business areas with the objective of becoming aware of the opinion and degree of satisfaction of customers with regard to projects performed, as well as to identify the most important areas of improvement for future projects.

The experience and professionalism demonstrated by FCC Group in all sectors where it carries out its activities is reflected in the trust placed in it by its customers. The diversity of activity and types of customer of FCC Group means that measuring satisfaction has to be carried out in a decentralised way, so that each business area has its own measuring methodology. The results obtained in the majority of the Group's business areas that have performed this analysis in 2012 have achieved a score of between "good" and "excellent". Depending on the Group's subsidiaries, satisfaction surveys are conducted at least every two years.

INFOAQUALIA starts up, a new communication channel for customers

A transparent service that reaches out to citizens.

The more than fourteen million invoices that Aqualia issues annually now include on their reverse side InfoAqualia, the new communication channel for customers, which contains information of interest for citizens, and which is specific to the service itself. Miguel Perea, Aqualia's National Customer Director, and José Arce, Head of Communication and Marketing at Aqualia, agree that, with this initiative, a step further has been taken in providing a transparent service that reaches out to citizens.

They highlight the advantages that, from a design point of view, InfoAqualia provides to invoices. The new reverse side is in colour in order to highlight the information that we want to convey to our customers. This is where the difference lies "The change from printing in black to printing in colour".

“This is the reason that we have been working on the design of a new invoice, in order to make use of the advantages that printing in full-colour provides, as well as representing a change of image, one that is more modern and that reaches out to people”, Perea adds.

With regard to the lay out of the information, José Arce points out that it has been organized into three columns. “On one side -he explains- we explain the invoice as well as advice and clarifications; in the middle we put InfoAqualia, which is the space that we reserve for the information that, until now, we have always sent out in the inserts; and, in the third column, we put information on telephone numbers and legal texts”. This way the information is offered to citizens in a clearer manner. InfoAqualia includes varied information, with a clear structure: the left-hand side is for contents that relate directly to the invoice, such as the main concepts and basis of the invoice. The central column is reserved for corporate and current affairs messages, and will vary with every new invoice. Finally, the right-hand side is reserved for specific information about communication channels and the Personal Data Protection Act. InfoAqualia has been designed in colour, with the purpose of giving greater relevance to the information. Another of the advantages of this channel is the permanence of the information, since it is attached to the invoice, a document that the recipient will keep.

A channel with useful information for citizens

“In those services in which InfoAqualia is already implemented”, Arce notes that, “information has been included in the invoices corresponding to the third quarter regarding e-invoices and the social campaign that Aqualia is carrying out together with the NGO Action Against Hunger”.

Miguel Perea states that InfoAqualia is an example of how the invoice can be used to open up a channel with useful information for citizens. It can be used, he says, "to provide information on the electronic invoice, new tariffs, direct debit campaigns, promotional inserts, handling and mailing, packaging costs, etc. which were incurred until now, and above all, a reduction in the environmental impact.

“With respect to the front of the invoice, from now on the bottom part will include a new Smart Services logo, to draw attention to the promotion of better, careful habits, for the Environment”, adds José Arce. “The new design will be personalised to the recipient, with specific information regarding the invoice, and it will also be adapted to the company the invoice corresponds to (mixed capital, joint venture, etc.) and to the official language of each territory”. “The information on InfoAqualia will be personalised according to the municipality of the customer”, Perea remarks.

The front of the invoice contains a histogram so that customers can monitor their consumption, as well as information on where to access the updated information on current rates and those of the last billing.

InfoAqualia appears on almost 14 million invoices that Aqualia issues every year, including 360,000 e-invoices that are processed electronically, and which represent one of the Company's commitments to promoting a more flexible, quicker, and more convenient service for the customer, which at the same time is environmentally-friendly, since it uses a clean, sustainable and non-contaminating medium.

4.5.3. Life cycle of the products and services

The great diversity of the different products and services offered by FCC Group means that the life cycle of each one varies considerably according to the activity developed. However one can approximately conclude that in general the life cycle of each of the products and/or services that the company offers will be subject to one or all of the following phases:

- Developing the product's concept: R+D+i.
- Certification, manufacturing and production.
- Marketing and promotion.
- Storage, distribution and supply.
- Use and service.
- Elimination, reuse and recycling.

Depending on the type of activity developed, the services are evaluated in order to test possible effects regarding employees' health and safety. However, due to the nature of the products developed, they are not susceptible to causing a significant impact on the health and safety of customers, therefore these projects do not undergo these types of evaluations.

By means of the systems used to collect information by FCC during 2012, no incidents were recorded in relation to non-compliance with legal regulations or voluntary codes relating to the impact of products and services on health and safety.

4.6. Presence in CSR associations and forums

In 2012, FCC Group continued to participate and being involved in industry associations and CSR forums such as ASEPAM (Spanish Network for the United Nations Global Compact), Club of Excellence in Sustainability (Board of Directors and the coordination of the Corporate Governance Committee), Forética, (Board of Directors) ISMS Forum Spain, SEOPAN, CSR Commission of the CEOE (Spanish Confederation of Employers' Organisations), State Council of Company Social Responsibility (CERSE), Pro-Clima Forum Madrid, Fundación Carolina Cámara de Comercio, etc.

Furthermore the CSR 2011 Report was analysed and studied in the programme on Corporate Responsibility Management at the IE Business School in Madrid.

The United Nations Global Compact distinguishes FCC Construcción

The United Nations Global Compact recognises FCC Construcción Progress Report with the award of Advanced Level, the maximum classification granted.

FCC Construcción has submitted the 2012 Progress Report, Communication on Progress, in accordance with its commitment to the Global Compact, describing its initiatives, results and objectives with regard to each one of the Ten Principles of the Global Compact. This year a self-evaluation has been added.

The report has been recognised by Global Compact with the advanced level award. By means of awarding this level, the Global Compact Office of the United Nations has recognised the effort made by the companies as they are the best, as well as the adoption and information, by these companies, of good practices within the area of good governance and sustainability management.

The advanced-level companies according to Global Compact are recognised publically on the Global Compact website, which explains the results and detailed statistics of the self-evaluation and best practices of the company on the page dedicated to Communication of Progress of the participant.

As well as publishing the annual report, FCC Construcción has ratified its commitment to voluntarily adhere to the Global Compact. The company joined the United Nations Global Compact in 2004. As a founding member of ASEPAM, the company has participated in its activities from the beginning, with the purpose of sharing good practices which encourage the implementation of the Ten Principles.

FCC GROUP'S PERFORMANCE INDICATORS

Economic indicators	Units	2012	2011	2010
Revenue	Millions of Euros	11,152.2	11,896.7	11,908.0
Profit (loss) EBITDA	Millions of Euros	753.4	1,256.4	1,366.0
Profit (loss) EBIT	Millions of Euros	(402.9)	393.2	778.8
Cash flow from operating activities	Millions of Euros	701.9	995.1	967.8
Cash flow from investing activities	Millions of Euros	(448.6)	7.7	(507.3)
Project portfolio	Millions of Euros	33,576	35,238.0	35,309.0
Generated economic value	Thousands of Euros	10,802,226	12,128,878	12,349,508
Economic value distributed by FCC Group	Thousands of Euros	11,334,312	11,703,268	11,645,796
Procurements (suppliers of materials and services)	Thousands of Euros	5,203,681	5,483,597	5,576,595
Staff costs	Thousands of Euros	3,191,332	3,331,103	3,258,153
Income tax	Thousands of Euros	(164,234)	20.210	97,761
Interest and exchange rates differences	Thousands of Euros	591,341	489,164	401,100
Dividends paid to shareholders	Thousands of Euros	0	173,191	201,236
Economic contribution to corporate citizenship.	Thousands of Euros	4,500	6,180	6,200
Significant financial assistance received from governments (subsidies)	Thousands of Euros	220,200	159,721	104,693
Activity certified by ISO 9001	%	81.1	84.5	86.6
Purchases from suppliers	Thousands of Euros	916,550	881,779	2,186,770
Total purchases from local suppliers managed directly	%	90.0	93.5	68.3
Ethics and integrity	Units	2012	2011	2010
Communications received through the Code of Ethics channel	nº.	23	14	3
Environmental indicators				
Efficiency and technology	Units	2012	2011	2010
Investment in R+D+i	Thousands of euros	28,474	16,326	11,400
Activities with environmental certification (e.g.: ISO 14001)	%	78	79	74
SO_2 emissions*	kg	2,532,655	3,212,498	9,372,040
NO_x emissions*	kg	17,407,693	19,185,920	23,051,524
Particulate emissions	kg	2,557,722	2,956,737	510,893
Consumption of materials	tonnes	66,743,492	82,410,991	124,873,723
Materials of renewable origin	tonnes	8,815,606	10,580.427	ND
Materials of recycling origin	tonnes	9,679,289	10,615,176	ND
Certified materials	tonnes	701,601	1,963,658	ND
Water consumption	m^3	14,084,342	15,013,567	18,741,763
Consumption of recycled water	m^3	610,373	3,289,728	2,253,057
Consumption pertaining to surface water	m^3	2,987,563	2,658,021	4,268,260

CSR FCC GROUP'S PERFORMANCE INDICATORS

Economic indicators	Units	2012	2011	2010
Consumption pertaining to groundwater	m^3	3,828,606	1,110,799	1,030,034
Consumption pertaining to municipal supply	m^3	5,081,542	5,206,906	5,610.195
Consumption pertaining to other sources	m^3	1,576,258	2,748,112	5,580,217
Discharged waste water	m^3	500,330,167	496,474,025	2,612,830
Purified waste water	%	92.6	94.2	99,3
Water captured to be managed	m^3	690.441.069	676.576.513	647.076.873
Percentage of groundwater captured	%	35.8%	28.7%	26.8%
Percentage of surface water captured	%	60.8%	66.7%	69.1%
Percentage of desalinated water captured	%	1.4%	1.8%	1.2%
Percentage of other captured elements	%	1.9%	2.8%	2.9%
Total waste generated*	tonnes	5,551,115	4,830,697	10,277,579
Hazardous waste generated*	tonnes	139,800	277,441,08	176,162
Non-hazardous waste generated*	tonnes	5,411,315	4,553,255,92	10,101,417
Waste collected	tonnes	10,384,776	10,771,438	22,639,951
Urban waste	tonnes	8,105,721	8,445,372	ND
Hazardous industrial waste	tonnes	694,569	499,217	ND
Non-hazardous industrial waste	tonnes	1,584,486	1,826,850	ND
Waste admitted in FCC centres	tonnes	16,710,490	15,542,788	ND
Urban waste	tonnes	10,983,933	13,452,376	ND
Hazardous industrial waste	tonnes	172,637	268,745	ND
Non-hazardous industrial waste	tonnes	5,553,920	1,821,667	ND
Treatment given to hazardous wastes				
Recovery	%	27	5	5
Elimination in controlled landfill	%	28	14	14
Transferred to an end manager	%	45	82	82
Tratamiento dado a residuos no peligrosos				
Recovery	%	26	18	ND
Eliminación en vertedero controlado	%	66	76	ND
Transferidos a un gestor final / otros destinos	%	7	6	ND
Energy and climate change	**Units**	**2012**	**2011**	**2010**
Total GHG emissions	t CO_2eq	11,554,189	11,917,117	16,031,631
Direct GHG emission	t CO_2eq	10,808,177	11,342,481	14,702,036
Indirect GHG** emissions**	t CO_2eq	746,012	574,636	1,329,595
Direct consumption of energy	GJ	36,464,378	34,798,033	51,316,981
Renewable energy consumed	GJ	2,990,430	2,430,702	2,270,967
Non-renewable energy consumed	GJ	33,473,948	32,367,332	49,046,014
Indirect consumption of energy	GJ	7,811,002	6,190,452	10,780,124

Environmental indicators	Units	2012	2011	2010
Electrical energy consumed	GJ	7,792,273	6,176,025	10,765,955
Energy in the form of steam consumed	GJ	18,729	14,427	14,169
Total consumption of energy	GJ	44,275,379	40,988,485	62,097,105
Generation of renewable energy	GJ	4,295,192	2,855,421	1,001,613
Wind energy produced	GJ	3,064,680	2,667,344	887,065
Photovoltaic and thermo-solar energy produced	GJ	187,795	121,464	114,548
Energy produced from waste (biomass fraction)	GJ	633,482	13,608	ND
Energy produced from biogas	GJ	352,524	ND	ND
Hydraulic energy produced	GJ	56,712	53,005	ND
Social indicators				
Community	Units	2012	2011	2010
Investment in social actions /corporate citizenship	Millions of Euros	4.5	6.2	5.1
People	Units	2012	2011	2010
Total personnel	No.	80,549	90,749	90,013
Total women	No.	15,931	19,196	19,197
Total men	No.	64,618	71,554	70,816
Percentage of women executives in relation to total executives	%	16.6	13.6	12.3
Number of employees with permanent contract	No.	29,565	32,637	31,807
Number of employees with a temporary contract	No.	9,732	11,444	10,697
Number of contract employees	No.	41,252	46,668	47,509
Total voluntary rotation	%	6.46	5.42	ND
Total voluntary rotation of men	%	5.40	5.69	ND
Total voluntary rotation of women	%	1.06	4.40	ND
Number of disabled employees	No.	963	1,019	1,042
People hired within the geographical proximity	%	14,655	67***	ND
Number of training hours per employee	No.	12.11	10.21	9.53
No. workers covered by collective agreements (Spain)	No.	100%	100%	100%
Amount of time off due to occupational accidents, employees + subcontractors (except while travelling or for cardiovascular reasons)	No.	5,045	7,589	—
FCC Group accident rates (own personnel, national and international)				
Frequency rate	—	26.91	36.18	40.31
Severity rate	—	0.61	0.83	0.87
Incidence rate of occupational accidents	—	53.2	69.75	77.20
Absenteeism rate	—	5.25	6.91	7.07
Accident rates FCC Group (own personnel + subcontracted personnel)				
Frequency rate	—	25.7	33.92	38.22
Severity rate	—	0.6	0.76	0.82

CSR FCC GROUP'S PERFORMANCE INDICATORS

Social indicators	Units	2012	2011	2010
Incidence rate of occupational accidents		51.4	64.58	72.12
Absenteeism rate		4.56	5.87	6.12
Deaths caused by occupational accidents				
FCC Group Total (own personnel + subcontracted personnel)	no.	10	13	18
Own personnel	no.	6	9	11
Subcontracted personnel	no.	4	4	7

*Cement, infrastructure and services activities.
** Infrastructure activities
***FCC Corporate and Services Activity

HOW THE REPORT WAS PREPARED

FCC Group's sixth corporate responsibility report, provides information on what has taken place in the company and its businesses during 2012; including progress, activities and indicators of compliance with the strategic axes set out in the 2012-2014 Master Plan. In order to follow the evolution of FCC's corporate responsibility strategy along the years, we recommend that the reader visits FCC's website, which contains in-depth information about the management of Corporate Responsibility in the Group and its subsidiaries.

The report contains an introduction to the business and its key figures, as well as information regarding milestones and objectives in each of the Group's three lines of business: Infrastructure, Services and Water; and the information about the corporate responsibility strategy, and programmed initiatives, in accordance with the three strategic lines of the Master Plan (exemplary behaviour, connection with citizens, and smart services). Each of the three chapters contains a summary of the main policies and initiatives in force.

Since this report contains information on the Company's global focus on sustainability issues, at times some information has been omitted that might be useful. In these cases, the reader who requires further information is invited to visit the corporate website or to look at the corresponding sustainability reports published by FCC Group's business divisions, which expand on specific details of each activity.

This report has been prepared in accordance with the Global Reporting Initiative's (GRI) sustainable reporting guidelines, as amended on March 2011 (entitled G3.1), in the highest application level (A +) as well as in accordance with the AA 1000 APS Accountability Standard (version 2008). It also responds to the sectorial supplement of the GRI for the construction industry.

In recent years investment has been made in improvements to the data collection systems and the tool through which divisions and businesses produced reports was enhanced. This IT tool, called Horizonte, created to facilitate the collection and consolidation of qualitative and quantitative information, is strengthened year-on-year with the development of protocols to support those who prepare the reports in business areas and divisions, ensuring reliability, quality, consistency and the origin of the information. Moreover a materiality matrix has been carried out which gives assurance that each business reports its performance based on the material indicators in accordance with the impact of its activities and the expectations of its stakeholders.

The Communications and Corporate Responsibility Department is responsible for coordinating accountability regarding the economic, social and environmental performance of the company, as well as the promotion of the Corporate Responsibility Master Plan.

Application of the AA 1000 Standard in the preparation of this report:

Inclusiveness. FCC Group and each one of its businesses regularly conduct consultations with its stakeholders. In the preparation of this report, the structure of the 2012-2014 Master Plan has been taken into consideration, for the development of which both internal consultations were conducted, through interviews with managers responsible for areas and businesses, as well as external meetings, with energy experts, cities, the media and representatives of NGOs and public administration bodies. In this respect, the information contained in this corporate responsibility report intends to respond to the expectations of stakeholders identified.

Relevance. During the update of the Master Plan, which is the structure of the present report, an analysis was carried out of sustainable trends that should be met by FCC Group as a citizens services company. This trend analysis, was based on reports from sources of reference such as World Economic Forum, Slim cities: sustainable buildings; Smart Energy; Water Resources Group; and the IPCC 2011 Special Report on Renewable Energy Sources and Climate Change Mitigation. Subsequently, in a round of internal interviews and with a panel of experts, the relevance of these trends was consulted as well as the material aspects that the company should take into account according to its activity, in order to add value to said Plan.

Response capability. In the Master Plan, FCC Group designed a series of initiatives to respond to the challenges that had been identified as key issues for the company. That is why the Group's response to the challenge of combining its activities with developing sustainable cities of the future aims to better serve its citizens, putting people from the Group at the heart of the strategy and placing greater emphasis on the sustainability of the suppliers chain.

Materiality and participation of stakeholders

This is the sixth Corporate Responsibility Report aimed at FCC Group's stakeholders. These stakeholders contribute to the knowledge and understanding of issues of interest and concern to the company and therefore are a key aspect in the social management and trust in the Group. In 2010, a materiality study was undertaken in order to address

CSR HOW THE REPORT WAS PREPARED

these issues and in 2011 consultation work continued for the drafting of the new 2012-2014 Master Plan. In 2012, it has been the business areas that have maintained greater communication with direct stakeholders.

The communication channels provided by FCC facilitate fluid communication with stakeholders. The "dialogue and participation" section of this report analyses these channels in detail, through which the Group collects valuable information.

Scope of the 2012 corporate responsibility report

The information perimeter of this report coincides with the Group's scope of financial consolidation, and reflects the activities of the company in 2012. Specifically, the extent of the information provided in this report, both regarding the sections on Citizens Connection and Exemplary Behaviour, corresponds to the scope of integration which is used for financial consolidation, according to which, data is considered from 100% of the subsidiaries over which FCC has management control, regardless of their holding. In the case of joint ventures, the value of those in which FCC controls the operations is included, applying its percentage of ownership as appropriate. In both the Smart Services and the Exemplary Behaviour sections, following the materiality principle and the availability of information by business area, the scope of the quantitative data excludes the Proactiva subsidiary.

FCC Group, characterised for its diverse geography and activities, is working to extend the scope of information to all companies making up the group. The relationship of FCC Group companies as of 31 December 2012, and a description of each, appears in the exhibits of the financial statements.

Quality and reliability of the information disclosed

This report intends to provide public awareness regarding issues and indicators that have been identified as tangible, enabling the expectations of the stakeholders of the Group to be met, with information being duly provided on decision making.

The drafting process has been guided by the principles established by the Global Reporting Initiative (GRI) in its G3.1 Guidelines in order to reflect quality information, and it includes the additional information required by the supplement "Construction and Real Estate", which contains specific indicators for companies in the construction and real estate sector, which must be followed by all companies that want to achieve an A + rating, awarded by GRI to those reports that follow its recommendations. This Corporate Responsibility Report for the year 2012 offers a balanced, comparable, accurate, reliable, regular (annual) and clear perspective on the economic, social and environmental performance of the Group.

The content of the Global Reporting Initiative index (GRI Index) is available in the FCC corporate website www.fcc.es.

The Corporate Responsibility Report 2012 of FCC has been verified by KPMG in accordance with the ISAE 3000 international standard. The scope, description of the work, and conclusions of said verification can be found in the section entitled Letter of Verification.

SELF-CLASSIFICATION OF THE REPORT IN THE G3 SCALE

	C	C+	B	B+	A	A+
Self-declaration						☑
External verification						☑
GRI review						☑

United Nations Global Compact

In 2012, FCC Group continued to strongly support the Ten Principles of the Global Compact, principles relating to human rights, labour rights, environmental protection and corruption. The Group has been associated with the Spanish Global Compact Association (ASEPAM) since 2007, whose main objective is to support, promote and disseminate the incorporation of the Ten Principles in the strategic view of companies.

To show its strong support for the Ten Principles of the Global Compact, FCC Group includes a clause in all contracts with suppliers, approved by the Management Committee, which requires all suppliers and contractors to know the FCC Group's Code of Ethics and comply with the Ten Principles of the Global Compact. This clause is a guarantee for the Group that its suppliers are adhering to these principles in their own activities.

CSR INFORME DE VERIFICACIÓN

KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Informe de Revisión Independiente para la Dirección de Fomento de Construcciones y Contratas, S.A.

Hemos realizado una revisión de la información no financiera contenida en el Informe de Responsabilidad Social Corporativa de Fomento de Construcciones y Contratas, S.A. (en adelante FCC) del ejercicio cerrado a 31 de diciembre de 2012 (en adelante, "el Informe"). La información revisada se circunscribe al contenido referenciado en las secciones denominadas Dimensión Económica, Dimensión Ambiental y Dimensión Social del Índice GRI referenciado en el capítulo del Informe titulado "Cómo se ha elaborado el Informe".

La Dirección de FCC es responsable de la preparación y presentación del Informe de acuerdo con la Guía para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative versión 3.1 (G3.1) según lo detallado en el capítulo titulado "Cómo se ha elaborado el Informe". En dicho capítulo se detalla el nivel de aplicación autodeclarado, el cual ha recibido la confirmación de Global Reporting Initiative. La Dirección también es responsable de la información y las afirmaciones contenidas en el mismo; de la implantación de procesos y procedimientos que cumplan los principios establecidos en la Norma de Principios de AccountAbility AA1000 2008 (AA1000 APS); de la determinación de los objetivos de FCC en lo referente a la selección y presentación de información sobre el desempeño en materia de desarrollo sostenible; y del establecimiento y mantenimiento de los sistemas de control y gestión del desempeño de los que se obtiene la información.

Nuestra responsabilidad es llevar a cabo una revisión limitada y, basado en el trabajo realizado emitir un informe. Nuestro trabajo ha sido realizado de acuerdo con la Norma ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, emitida por el International Auditing and Assurance Standard Board (IAASB) de la International Federation of Accountants (IFAC) y con la Guía de Actuación sobre trabajos de revisión de Informes de Responsabilidad Corporativa emitida por el Instituto de Censores Jurados de Cuentas de España (ICJCE). Estas normas exigen que planifiquemos y realicemos nuestro trabajo de forma que obtengamos una seguridad limitada sobre si el Informe está exento de errores materiales y que cumplamos las exigencias éticas, incluyendo las de independencia incluidas en el Código Ético del International Ethics Standards Board for Accountants. Además, hemos realizado nuestro trabajo de acuerdo a la Norma de Aseguramiento de Sostenibilidad AA1000 AS 2008 de AccountAbility (Tipo 2) que abarca no sólo la naturaleza y el alcance del cumplimiento, por parte de la organización, de la norma AA1000 APS, sino que además evalúa la fiabilidad de la información referente al desempeño tal y como se indica en el alcance.

El alcance de los procedimientos de recopilación de evidencias realizados en un trabajo de revisión limitada es inferior al de un trabajo de seguridad razonable y por ello también el nivel de seguridad que se proporciona. El presente informe en ningún caso puede entenderse como un informe de auditoría.

Nuestro trabajo de revisión limitada ha consistido en la formulación de preguntas a la Dirección, principalmente a las personas encargadas de la preparación de la información incluida en el Informe, y en aplicar los siguientes procedimientos analíticos y otros dirigidos a recopilar evidencias:

- Entrevistas con la Dirección para entender los procesos de los que dispone FCC para determinar cuáles son los asuntos principales de sus principales grupos de interés.
- Entrevistas con el personal pertinente de FCC, sobre la aplicación de las políticas y la estrategia en materia de sostenibilidad.
- Entrevistas con el personal pertinente de FCC responsables de proporcionar la información contenida en el Informe.
- Análisis de los procesos de recopilación y de control interno de los datos cuantitativos reflejados en el Informe, en cuanto a la fiabilidad de la información, utilizando procedimientos analíticos y pruebas de revisión en base a muestreos.
- Lectura de la información incluida en el Informe para determinar si está en línea con nuestro conocimiento general y experiencia, en relación con el desempeño en sostenibilidad de FCC.

- Verificación de que la información financiera reflejada en el Informe ha sido extraída de las cuentas anuales de FCC, auditadas por terceros independientes.

Nuestro equipo multidisciplinar ha incluido especialistas en AA1000 APS, en diálogo con grupos de interés y en el desempeño social, ambiental y económico de la empresa.

En base a los procedimientos realizados, descritos anteriormente, no se ha puesto de manifiesto ningún aspecto que nos haga creer que los datos recogidos en el Informe de Responsabilidad Social Corporativa de Fomento de Construcciones y Contratas, S.A. del ejercicio cerrado a 31 de diciembre de 2012 no hayan sido obtenidos de manera fiable, que la información no esté presentada de manera adecuada, ni que existan desviaciones ni omisiones significativas, ni que el Informe no haya sido preparado, en todos los aspectos significativos, de acuerdo con la Guía para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative versión 3.1 según lo detallado en el capítulo del Informe titulado "Cómo se ha elaborado el Informe". Adicionalmente, y también basándonos en los procedimientos realizados, anteriormente descritos, no se ha puesto de manifiesto ningún aspecto que nos indique que Fomento de Construcciones y Contratas, S.A. no ha aplicado los principios de inclusividad, relevancia y capacidad de respuesta de la Norma de Principios de AccountAbility AA1000 APS 2008 según lo detallado en el informe en el subcapítulo "Aplicación de la norma AA1000 en la elaboración de este informe".

En otro documento, proporcionaremos a la Dirección de FCC un informe interno que contiene todos nuestros hallazgos y áreas de mejora. Sin perjuicio de las conclusiones presentadas anteriormente, detallamos a continuación las observaciones principales:

En cuanto al principio de INCLUSIVIDAD

Para la elaboración del Informe de Responsabilidad Social Corporativa 2012, se han llevado a cabo una serie de consultas con organizaciones sectoriales de relevancia con el objetivo de analizar las tendencias actuales en materia de sostenibilidad. Adicionalmente, se han llevado a cabo mesas de expertos y entrevistas internas para completar este análisis previo. Se recomienda a FCC trabajar en la ampliación y formalización de este proceso de consulta interna y externa a las diferentes áreas de actividad del Grupo, así como en la actualización de la identificación de los grupos de interés relevantes para la compañía.

En cuanto al principio de RELEVANCIA

Durante el año 2012, el Grupo FCC ha continuado con la definición de las líneas de actuación contenidas en el Plan Director 2012-2014 para la consecución de los objetivos estratégicos de la compañía. Como parte de este proceso, ha seguido llevando a cabo consultas con grupos de interés externos con el fin de determinar qué asuntos son importantes para la compañía. Para disponer de una visión lo más global y estratégica posible, se recomienda a FCC continuar trabajando en el establecimiento de canales de comunicación formales con cada uno de sus grupos de interés, de una manera periódica y común a todas las líneas de negocio, con el objetivo de tener un mecanismo formal de identificación de aspectos relevantes.

En cuanto al principio de RESPUESTA

FCC, en su Informe de Responsabilidad Social Corporativa, da respuesta a las necesidades que ha identificado que tienen sus grupos de interés. Además, dentro del Plan Director 2012-2014 se han establecido mecanismos de comunicación adicionales. En este sentido, FCC debería seguir avanzando en el establecimiento y la formalización de canales de diálogo bidireccionales con sus grupos de interés que permitan integrar sus necesidades, así como las respuestas aportadas, en los procesos de gestión de la compañía.

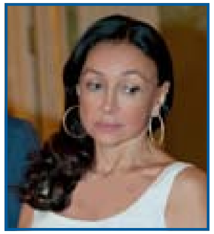
KPMG Asesores, S.L.

José Luis Blasco Vázquez

10 de mayo de 2013

AA1000 Licensed Assurance Provider

New committee established



ESTHER KOPLOWITZ ROMERO DE JUSEU, Chairman of FCC's Innovation Committee. She is the principal shareholder of FCC, S.A., as well as a director of the company and Chairman of its Strategy Committee. She is also Vice-Chairman and director of Cementos Portland Valderrivas, S.A., and Founder and President of the Esther Koplowitz Foundation, through which she devotes particular attention to developing major projects for the most disadvantaged. She is Marchioness of Casa Peñalver.

The Innovation Committee's mission will be to advance R&D and innovation policies and promote transformational processes and the application of new technologies throughout the group.

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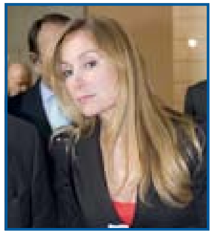
NEW APPOINTMENTS

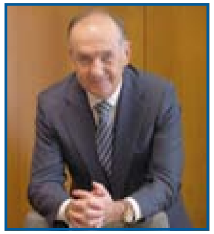
Chairman of the Board of Directors of FCC



ESTHER ALCOCER KOPLOWITZ, Chairman of the Board of Directors of FCC. Graduated in Law. She also completed the Senior Management Program (PADE) at IESE Business School. To date, she has been Second Vice-Chairman of the Board of FCC and Chair of its Appointments & Remuneration Committee. She is also a member of the Executive, Strategy, and Audit & Control Committees of FCC. She is a director of Cementos Portland Valderrivas, Realia and Globalvía.

She has international experience as a director of FCC Environment, the UK subsidiary of FCC's Environmental Services division, and of SmVaK Ostrava a.s. (a water company in the Czech Republic), and she is a member of the Supervisory Boards of Alpine Holding GmbH and A.S.A Abfall Service AG (infrastructure, Central and Eastern Europe).

Vice-Chairman and CEO of FCC



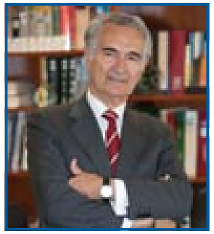
JUAN BÉJAR OCHOA, Vice-Chairman and CEO of FCC. Graduated in Law and Business Administration from Comillas Pontifical University (ICADE E-3). His career began at Hisalba, a subsidiary of Holderbank, which was the world's leading cement producer at the time. He worked for two years at Empresa Nacional de Autopistas S.A. (ENASA), where he served as Head of Planning and Controller. Mr Béjar rejoined Holderbank (currently Holcim) to set up its new international division, UMAR. As General Manager, he was responsible for all of the companies' cement plants and warehouses, as well as transportation of cement and ancillary products.

He joined the Ferrovial Group in 1991 and was CEO of the Infrastructure division and subsequently of Cintra until 2007, spearheading Cintra's IPO, the creation of Ferrovial Airports and the acquisition of British Airports Authority (BAA). Cintra attained a market capitalisation of 7,368 billion euro and was included in the IBEX-35 blue chip index.

He moved to London in June 2007 to take charge of Citigroup Infrastructure Management Company. As its Chairman, he raised 3.4 billion dollars for investment in the infrastructure sector and subsequently managed those assets. Notable transactions during that period include the acquisition of Kelda, an end-to-end water management company in the UK (valued at 6.2 billion pounds); Itinere (8 billion euro); and 50% of the Vancouver International Airport portfolio.

Juan Béjar has been with the FCC Group since July 2009, when he was appointed Executive Chairman of Globalvía, an infrastructure concession company owned jointly with Bankia. In February 2012, he also became Chairman and CEO of Cementos Portland Valderrivas.

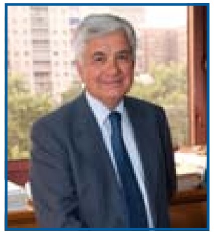
Construction Area



FERNANDO MORENO GARCÍA, Chairman of FCC Construction and member of the Management Committee. Mr Moreno, who replaces José Mayor Oreja, will report to the Vice-Chairman and CEO, Juan Béjar Ochoa.

In 1973, he obtained a degree in Civil Engineering from the Madrid School of Civil Engineering. That same year he joined Dragados y Construcciones S.A., where he remained until 1986, when he was hired by Construcciones y Contratas, S.A. as Head of Civil Engineering in the Madrid area. He later became Manager of the Central Spain Area for FCC Construction.

In 1996, he was appointed General Manager of Seragua, FCC's water management subsidiary. In 2000, he was appointed General Manager of Aqualia, the end-to-end water management company resulting from the merger between Seragua and Veolia's water management companies in Spain.



AVELINO ACERO DÍAZ, General Manager of Corporate Functions and Special Projects at FCC Construction. Mr Acero is a civil engineer and has been with FCC for 27 years, most recently as General Manager of the Construction division. He has extensive experience in railway and other transport infrastructure projects. He graduated from the University of Madrid in 1971, and worked at Corsan until 1986, when he joined FCC.

MIGUEL JURADO FERNÁNDEZ, General Manager of FCC Construcción. Mr Jurado obtained a degree in Civil Engineering from the Technical University of Madrid in 1987,

and joined FCC in 1988, where he has held the positions of head of production, site manager and production manager. In 2005, he was named head of Development and Subsidiaries at Aqualia; that same year, he was appointed Deputy General Manager of Development and International Business at Aqualia, a post he has held to date.

NEW APPOINTMENTS

Services Area

FÉLIX PARRA MEDIAVILLA, Deputy General Manager – Water. He graduated from the Complutense University of Madrid in 1977 with a degree in Geology. From 1980 to 1993, he worked at Geoservices, S.A., a multinational company providing oil and gas exploration services, where he held a number of positions. In 1993, he joined Grupo General de Aguas de España (currently Veolia) as deputy regional manager for Andalucía; he was subsequently appointed Head of Development, and finally Regional Manager for Central Spain in 1998. Since 2000, he has been Manager of the Central Spain region for Aqualia.

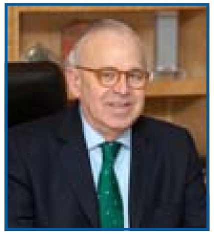
Corporate Area

ANA VILLACAÑAS BEADES, General Manager of Organisation and a member of the Management Committee. A graduate in Civil Engineering from the Technical University of Madrid, she was formerly General Manager of Corporate Resources at Isolux Corsan.

She was previously Head of Human Resources, Quality and Environment at Ferrovial Agroman and Cintra. Ms Villacañas will report to the CEO.

CARLOS BARÓN THAIDIGSMANN, General Manager of Divestments, will retain his existing position as General Manager of Versia, and will head the office that coordinates the divestment programme announced as part of the new strategic plan. He was formerly a zone manager at Cemusa, Head of Corporate Development at Versia, and Head of Administration and Finance at FCC Agua y Entorno Urbano. Before joining FCC, he worked as CFO at Arthur Andersen, Alas, S.A. and TFE, S.A., and as manager at Dygsa.

Portland Valderrivas



JOSÉ LUIS SÁNCHEZ DE MIERA Chairman and CEO. He was formerly head of Mexican cement group CEMEX in Southern Europe, Africa, the Middle East and Asia and Vice-Chairman and Managing Director of CEMEX Spain. He replaces Juan Béjar, who was named Vice-Chairman and CEO of FCC Group and stepped down from his position at Cementos Portland Valderrivas. The proposal to re-appoint Juan Béjar as a director of the company will be submitted to the next Shareholders' Meeting.

ALICIA ALCOCER KOPLOWITZ. Vice-Chairman of the Board of Directors of Cementos Portland Valderrivas. She holds a Law degree, and was previously a director of real estate group Gesinar and of Banco Zaragozano, where she also worked on the trading desk and in the risk department.

She joined FCC's finance department in 1996, and is currently a member of the company's Board of Directors and of the Executive, Strategy, Audit and Control, and Appointments and Remuneration Committees. Within FCC Group, she is a member of the Boards of Directors of Realia and Globalvía in Spain, as well as FCC Environment in the UK and SmVak Ostrava in the Czech Republic. She is also on the Supervisory Board of Alpine, in Austria.

Ms. Alcocer is especially dedicated to innovation and the protection of animals, and is currently a director of the Cemtro Clinic in Madrid, Chairman and Founder of the company Igüi, and Honorary Chairman of Spain's National Abandoned Animal Welfare Association (ANAA). She is Marchioness of Campoflorido.

EXECUTIVE PERSONNEL

Chairman	**Esther Alcocer Koplowitz**
Second Vice Chairman and CEO	**Juan Béjar Ochoa**
Corporate	
Corporate Manager for Organisation	Ana Villacañas Beades
Corporate Manager for Divestments	Carlos Barón Thaidigsmann
Environment and Water	
Chairman of FCC Servicios	**José Luis de la Torre Sánchez**
Administration and Finance	Alberto Alcañiz Horta
Information Systems and Technologies	Manuel Miranda Acuña
Environment	
Corporate Manager	**Agustín García Gila**
Administration and Finance	Juan Ricote Garbajosa
Zona I	**Jordi Payet Pérez**
Aragón-Rioja	Manuel Liébana Andrés
City of Barcelona and Balearic Islands	Pablo Martín Zamora
Catalonia I	Martín Juanola Carceles
Catalonia II	Jesús Padulles Caba
Levante I	Salvador Otero Caballero
Levante II	Francisco Javier del Olmo Gala
Serveis Municipals de Neteja de Girona, S.A.	Miquel Boix Moradell
Tirssa	Juan Almirall Sagué
Tirmesa	Pedro Barceló Martínez
Zona II	**Faustino Elías Morales**
Andalusia I	Francisco Javier Irigoyen Arcelus
Andalusia II	Francisco José Cifuentes Santiago
Canary Islands	Miguel Ángel Castanedo Samper
Murcia-Almería	José Alcolea Heras
Zona III	**Jesús Medina Peralta**
Castilla y León	Antonio Rodríguez Gómez
Centre	José María Moreno Arauz
Galicia	Guillermo de Cal Alonso
Guipúzcoa-Navarra	Carmelo Aguas Martínez

Madrid	Raúl Pérez Vega
North	Ernesto Barrio Vega
Vizcaya	Eladio Orive Fernández
Central Services	
Technical Services	Alfonso García García
Machinery	Antonio Bravo Díaz
Procurement	Santiago Muñoz Crespo
Studies	Antonio Pousa Blasco
Management Systems	José María López Pérez
Waste Treatment	Sylvain Cortés
Technical Services	Juan José González Vallejo
Coordination and Development	Catherine Milhau
Information Systems and Technologies	Ignacio Arespacochaga Maroto
Industrial Waste	
Corporate Manager	**Aurelio Blasco Lázaro**
Administration and Finance	Domingo Bauzá Mari
Activity Manager	Íñigo Sánz Pérez
East	Felip Serrahima Viladevall
Aragón	Julián Imaz Escorihuela
Centre and Canary Islands	Javier Fuentes Martín
North	Iñaki Díaz de Olarte Barea
South	Manuel Cuerva Sánchez
Paper and Cardboard	Javier Montero Sánchez
Development	María Jesús Kaifer Brasero
ECODEAL	Manuel Simôes
USA	Kenneth D. Cherry
Studies	Antonio Sánchez-Trasancos Álvarez
Water Management	
Deputy Corporate Manager	**Félix Parra Mediavilla**
Development and International	Félix Parra Mediavilla
Administration and Finance	Isidoro Marbán Fernández
European Zone	Roberto Pérez Muñoz
Italy	Roberto Pérez Muñoz
SmVak	Miroslav Kyncl
Portugal and Extremadura	Jesús Rodríguez Sevilla

EXECUTIVE PERSONNEL

Central Europe	Rafael Pérez Feito
Concessions	Luis de Lope Alonso
Aqualia Infraestructuras	Javier Santiago Pacheco
Zona I	**Santiago Lafuente Pérez-Lucas**
Galicia	José Luis García Ibañez
Castilla y León	Juan Carlos Rey Fraile
Castilla-La Mancha	Matias Loarces Úbeda
Asturias	Francisco Delgado Guerra
Rest of the North (Cantabria, Pais Vasco, Rioja and Navarra)	Fernando de la Torre Fernández
Centre and Canary Islands	Higinio Martínez Marín
Levante	Manuel Calatayud Ruiz
Castilla-La Mancha	Matias Loarces Úbeda
Centre and Canary Islands	
(Madrid and Canary Islands)	Higinio Martínez Marín
Aqualia Industrial	Santiago Lafuente Pérez-Lucas
Zona II	**Juan Luis Castillo Castilla**
Catalonia	Juan Luis Castillo Castilla
Balearic Islands	Eduardo del Castillo Fernández
Levante (Comunidad Valenciana and Murcia)	Manuel Calatayud Ruíz
Aragón	Juan Luis Castillo Castilla
Zona III	**Lucas Díaz Gázquez**
Andalusia	Lucas Díaz Gázquez
Business Human Resources	Carmen Rodríguez Gómez
Corporate Development	Pedro Rodríguez Medina
Studies	Alejandro Benedé Angusto
Innovation and Technology	Frank Rogalla
Service Management	Enrique Hernández Moreno
Marketing and Communication	José Arce de Gorostizaga
Health and Safety	Pascual Capmany Corchón
Contracting	Antonio Vassal´lo Reina
Commercial	Cecilio Sánchez Martín
Management and Client Control	Manuel Castañedo Rodríguez

International	
International Manager	**Tomás Núñez Vega**
Assistant Manager	Felipe Urbano de Saleta
Operations	Agustín Serrano Minchán
Austria and Central Europe	
CEO	Petr Vokral
CFO	Björn Mittendorfer
Austria, Hungary	Leitner Wolfgang
Czech Rep., Slovakia, Poland	Arnost Kastner
Romania, Bulgaria, Serbia	Jakub Koznarek
Development	Franz Predl
Egypt	Manuel Ramírez Ledesma
United Kingdom	
CEO	Paul Taylor
CFO	Vicente Orts Llopis
Development	Richard Belfield
Treatment and Disposal	Chris Ellis

Versia	
Chairman of FCC Versia	**José Luis de la Torre Sánchez**
Corporate Manager	**Carlos Barón Thaidigsmann**
Administration and Finance	Juan Carlos Andradas Oveja
Information Systems and Technologies and CSR	Fernando del Caño Palop
Conservation and Systems	Ángel Luis Pérez Buitrago
Sistemas y Vehículos de Alta Tecnología (SVAT)	Ignacio Cabanzón Alber
Corporación Europea de Mobiliario Urbano (CEMUSA)	Eric Marotel Guillot
FCC Logística, S.A.	Luis Marceñido Ferrón

EXECUTIVE PERSONNEL

Construction	
Chairman of FCC Construcción	Fernando Moreno García
Corporate Manager, FCC Construcción	Miguel Jurado Fernández
Assistant Corporate Manager of Construction	Jordi Piera Coll
Corporate Manager of Corporate Functions and Special Projects	Avelino Juan Acero Díaz
Administration and Finance	César Mallo Arias
Information Systems and Technologies	Tim Riewe
Deputy Corporate Managers	
· Deputy Corporate Manager, Spain, Portugal and Africa	Francisco Javier Lázaro Estarta
· Deputy Corporate Manager, Industrial	Santiago Ruiz González
· Deputy Corporate Manager, America	Alejandro Cisneros Müller
· Studies and Contracts	Pedro Gómez Prad
· Technical Services	José Luis Álvarez Poyatos
· Corporate Area	José Ramón Ruiz Carrero
South	José María Torroja Ribera
	Francisco Campos García (Deputy Manager)
· Andalusia West	Jesús Amores Martín (Building)
· Andalusia East	José Antonio Madrazo Salas (Civil Engineering)
· Canary Islands and Central Africa	Juan Madrigal Martínez-Pereda
Centre	Antonio Pérez Gil
· Centre, Civil Engineering	Ángel Serrano Manchado
· Centre, Building	Alfonso García Muñoz
	Francisco Mérida Hermoso
· País Vasco and Rioja	Norberto Ortega Lázaro
· Portugal	Antonio Ribeiro Mendes

Northwest	Juan Sanmartín Ferreiro
· Castilla y León	José Manuel San Miguel Muñoz (Civil Engineering)
	Florentino Rodríguez Palazuelos (Building)
· Asturias-Cantabria	Guillermo Castanedo Elizalde
Northeast	Francisco José Dieguez Lorenzo
· Valencia-Murcia	Rafael Catalá Reig
· Catalonia and Balearic Islands	José Luis Negro Lorenzo (Civil Engineering)
	Jordi Mari Escanellas (Building)
· Aragón-Navarra	Roberto Javier Monteagudo Fernández
Algeria	Josep Torrens Font
Europe	
Europe Construction	Jorge Ferrando Cuadradas
Europe Development	Alcibíades López Cerón
· Romania	Sébastien Picaut
· Poland	Miguel Ángel Mayor Gamo
· United Kingdom and Ireland	Rafael Foulquie Echevarría
ALPINE	
Chairman of the Supervisory Board	Santiago Ruiz González
Alpine Holding CEO	Arnold Schiefer
Alpine Bau Deutschland CEO	Frank Jainz
Alpine Energie CEO	Herbert Furch
Middle East	Jordi Piera Coll
Middle East Development	Jesús Enrique Duque Fernández Rivero
· Saudi Arabia-Kuwait	Juan Manuel Cadenas Armentia
· Qatar	Iván Gustavo Morales Puigcerver
· Arab Emirates-Oman	Gerardo Cruz Serrano

EXECUTIVE PERSONNEL

Industrial	**Santiago Ruiz González**
FCC SIE (Servicios Industriales y Energéticos)	Pablo Colio Abril
FCC ACI (Actividades de Construcción Industrial)	Pablo Colio Abril
Mantenimiento de Infraestructuras (MATINSA)	Miguel Cañada Echaniz
Proyectos y Servicios (PROSER)	Amalio Aguilar Bustillos
Prefabricados DELTA and MEGAPLAS	Rafael Villa López
Manager, America Development	Álvaro Senador-Gómez Lázaro
Concessions	Félix Corral Fernández
America and Transport Area	**Alejandro Cisneros Müller**
· Transport	Alberto Enciso García
South-American Zone	**Javier Hidalgo González**
· Brazil	Antonio José A. S. Tenreiro
· Chile and Peru	Enrique Marijuan Castro
Central-American Zone	**Eugenio del Barrio Gómez**
· Mexico	Miguel Ángel Rodríguez Rodríguez
· Central America	Aurelio Callejo Rodríguez Julio Casla García
· Colombia	Pedro José Collado Gómez
North-American Zone	**Jaime Freyre de Andrade Calonge**
· USA	Pedro Carlos Vega Jorge
· Canada	Ignacio Rafael Gutierrez
Technical Services	**José Luis Álvarez Poyatos**
· Construction Support	Jesús Mateos Hernández-Briz
· Quality and Training	Antonio Burgueño Muñoz
· Innovation and Technology	Francisco Estaban Lefler
· Machinery	José Manuel Illescas Villa
· BBR PTE	Fernando Tejada Ximénez

Corporate Areas	
Human Resources	Ángel Ignacio León Ruiz
Institutional Relations	Guillermo Aparicio Torres
Occupational Risk Prevention	Cristina García Herguedas
Legal Affairs	
Domestic	Nicolás Ossorio Martín
International	Serafín Rubén García Menéndez
Infrastructure Concessions	
Globalvía	
Chairman	**Juan Béjar Ochoa**
Corporate Manager	**Luis Sánchez Salmerón**
Cement	
Chairman and CEO of Cementos Portland Valderrivas, S.A.	**José Luis Sáenz de Miera Alonso**
Assistant to the Chairman	José María Aracama Yoldi
Manager, Communication	Dolores Álvarez Morales
Manager, African Market	François Cherpion
Manager, US Market	José Llontop
Manager, Industrial	Francisco Zunzunegi Fernández
Manager, Environment, Sustainability and Innovation	José Ignacio Elorrieta Pérez de Diego
Manager, Legal Affairs	José Luis Gómez Cruz
Manager, Administration and Finance	Jaime Úrculo Bareño
Manager, Strategic Planning and Investor Relations	Víctor García Brosa
Manager, Human Resources, Information Systems and General Services	Fernando Dal-Re Compaire
Manager, Internal Audits	Fernando Robledo Sáenz

EXECUTIVE PERSONNEL

Energy and Sustainability	
Corporate Manager	**Eduardo González Gómez**
Administration and Finance	José María Tomás Moros
Renewable Energy Sources	Juan Cervigón Simó
Energy and Sustainability Services	Carlos Urcelay Gordobil
Planning and Investments	Alejandro Seco Barragán
Construction and Solar Thermal	Hermenegildo Franco Martínez-Falero
General Secretary's Office	
General Secretary	**Felipe B. García Pérez**
Corporate Manager for Legal Affairs	**José María Verdú Ramos**
Madrid Legal Affairs Office	Javier Gil-Casares Armada
Barcelona Legal Affairs Office	Esteban Correa Artés
Construction	Nicolás Ossorio Martín (Domestic)
	Serafín Rubén García Menéndez (International)
Services	Alfonso Goncer Coca
Versia	Juan de los Ríos Jimeno
ALPINE Group	Astrid Menacho Erxleben
Energy	Mar Sáez Ibeas
Corporate Expenses and General Services	José María Seoane Yarza
	Francisco J.Sánchez Pérez (Deputy Manager)
Administration and Information Technologies	
Corporate Manager	**Antonio Gómez Ciria**
Deputy Corporate Manager, Administration	Juan José Drago Masià
Administrative Coordination	Alberto Farré Ramos
Taxes	Miguel Mata Rodríguez
International Taxes	Natalia Soto Reumkens
Administrative Organization and Budgets	José María Alamañac Gil
Innovation Management	Enrique Unamunzaga Guisasola
Information Systems and Technologies	Javier López Costa
Reengineering and Corporate Processes	Manuel Argüello Pastor
Operation of Infrastructure and Telecoms	Marcos Navarro Alcaraz
Telecommunications	Roberto Rosario Ribada

Infrastructure Contract Management	Enrique Martín Roldán
IT Governance	Alfredo García López
Information Security and IT Risk Management	Gianluca D'Antonio
Procurement Management	Juan Carlos Montejano Domínguez
Procurement, Subcontracts	David Álvarez Rodríguez
Procurement, Vehicles and Machinery	Jaime Peromarta Regert
Procurement, Services and Supplies	Fernando Moncho Raynaud
Procurement, Technical Equipment and IT	Laura Lloro Modrego
Procurement, Materials	Luis Domínguez Ciria
Management Control and Risk Management	Raúl González Lorente
Management Control	José Martín Vázquez
Risk Control	José Ignacio Domínguez Hernández
Finance	
Corporate Manager	**Víctor Pastor Fernández**
Finance. Finance Manager	Manuel Somoza Serrano
Stock Market and Investor Relations	Miguel Coronel Granado
Domestic Financing and Afigesa	José Manuel Carrasco Delgado
International Financing	José Liébana Alcantarilla
Equity Financing and Investments	Guillermo Moya García-Renedo
Structured Financing	Francisco Vila Meizoso
Studies and Projects	Jesús González García
Financing Control	Mariano Pérez Lorrio
Treasury	Diego Salgado Otones
Insurance	Carlos Serantes Montalbán
Human Resources	
Corporate Manager	**Francisco Martín Monteagudo**
Organization Processes and Services	José María Merino Matesanz
Training and Development	Alfredo Amores Gorospe
Organization and Compensation	Ana Valderrábano González
Screening and Hiring	Germán García Caballero

Employee Services	Emilio Hermida Alberti
Personnel Administration	Mercedes Medina Rojo
Safety, Health and Well-being	Juan Carlos Sáez de Rus
Labour-related Legal Affairs and Management/Labour Dialogue	Luis Suarez Zarcos
Incorpora	Maria Antonia González Ruiz
Safety	Eduardo del Rosal Vergara
Internal Audits	
Corporate Manager	**Miguel Hernanz Sanjuán**
Deputy Manager, Internal Audits, Domestic Area	Maria Jesús Fernández López
Deputy Manager, Internal Audits,	
International Area	Sara Megía Recio
Communication and Corporate Responsibility	
Corporate Manager	**José Manuel Velasco Guardado**
Information Relations	Julio Pastor Bayón
Corporate Marketing and Branding	Juan Pablo Merino Guerra
Corporate Responsibility	Javier López-Galiacho Perona

Citizen Services