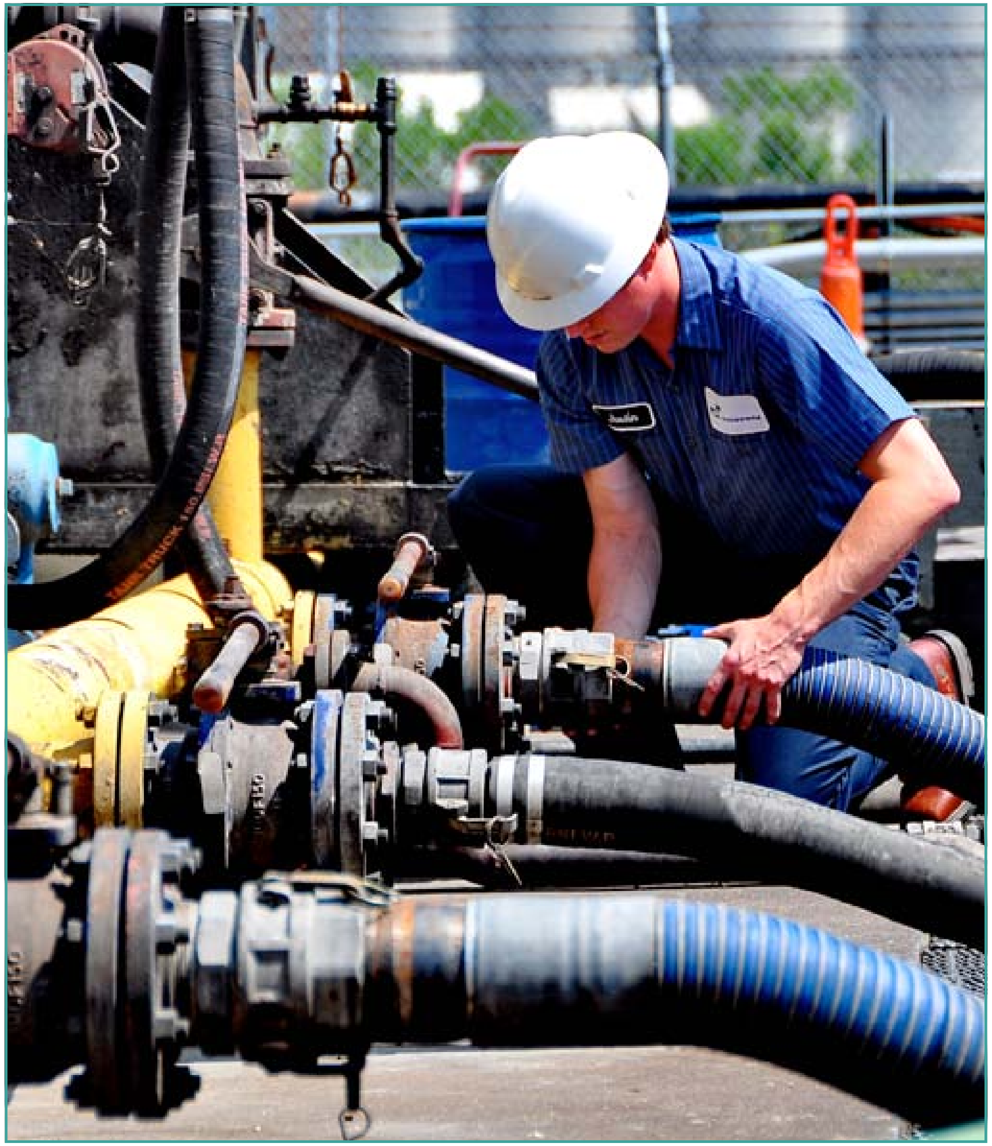
CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED GROUP

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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

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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.

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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

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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.

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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.

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).

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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.

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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: Environmental Services	Services: Versia	Construction	Cement	Energy	Corporate
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		Construction	Cement	Corporate
		Environmental Services	Versia			
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		Construction	Cement
		Environmental Services	Versia		
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.

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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.

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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.

CONSOLIDATED FINANCIAL STATEMENTS

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

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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	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	Carrying amount of the investment 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, 31-5° - 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 Mº DEL CAMÍ	45.00
UTE STADIUM	70.00
UTE SUBESTACIÓN SERANTES	50.00
UTE TALLERES METRO	80.00
UTE TARRAGONA LITORAL	70.00
UTE TARRAGONA SUR	70.00
UTE TECSACON	20.00
UTE TELENEO	50.00
UTE TEMPLO Y C. ECUM. EL SALVADOR F1	65.00
UTE TERMINAL SUR MUELLE LEÓN Y CASTILLO	35.00
UTE TERMOSOLAR GUZMÁN	67.50
UTE TF-5 2º FASE	70.00
UTE TINDAYA	50.00
UTE TORQUEMADA	50.00

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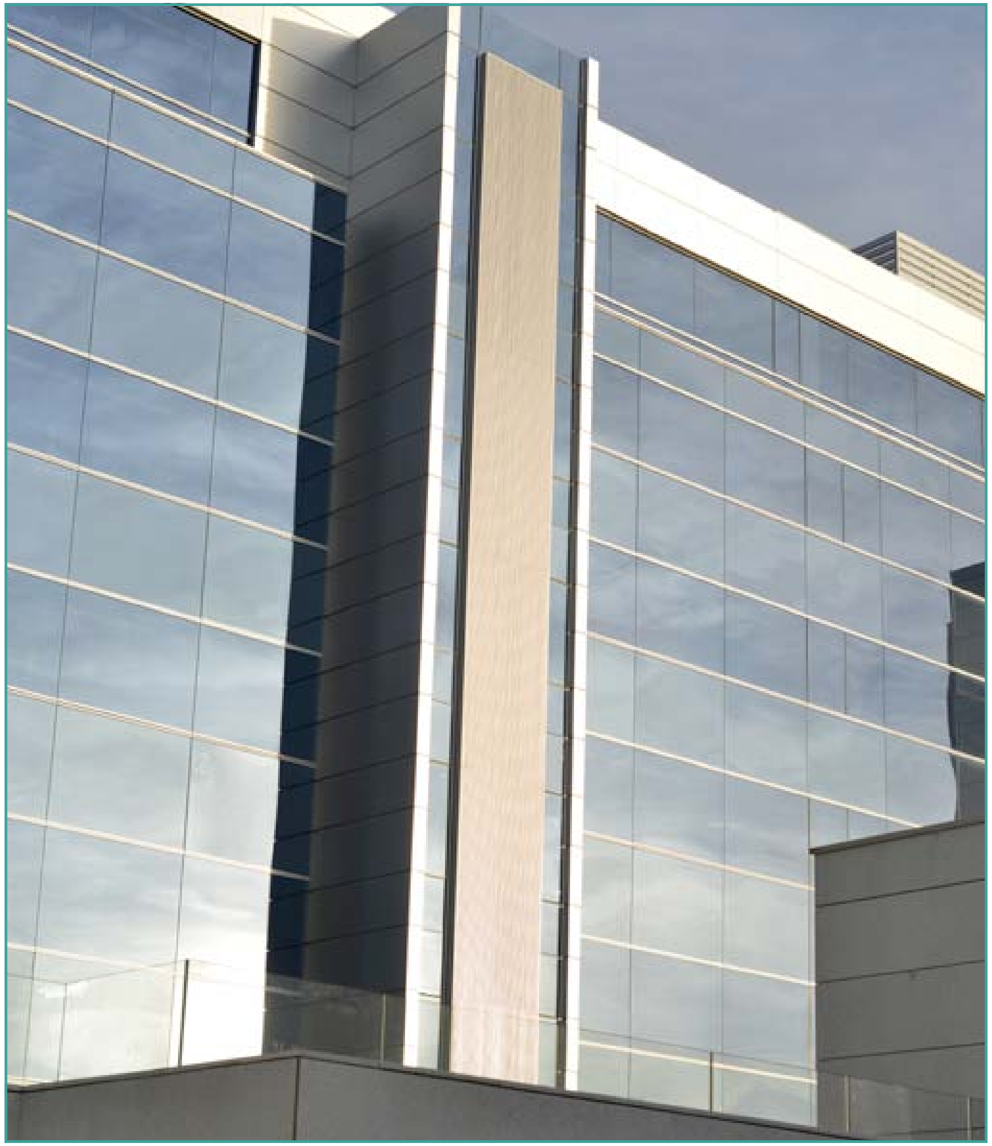
	Percentage of ownership at 31 December 2012
UTE TORRE DON JIMENO	50.00
UTE TORREBLANCA	50.00
UTE TORRE ISLA CARTUJA	80.00
UTE TRAGSA - FCC A.P.	50.00
UTE TRAMBESÒS	50.00
UTE TRAMMET	50.00
UTE TRAMO DE NUEVA CONSTRUCCIÓN JÚCAR-VINALOPO	70.00
UTE TRANVÍA DE PARLA	50.00
UTE TRANVÍA L-2 PARQUE ALICANTE	55.00
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)

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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%

DIRECTOR'S REPORT

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.

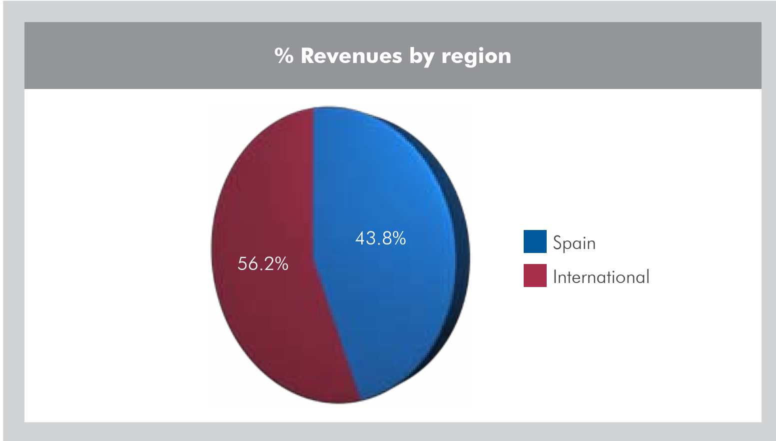
4. INCOME STATEMENT

(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.

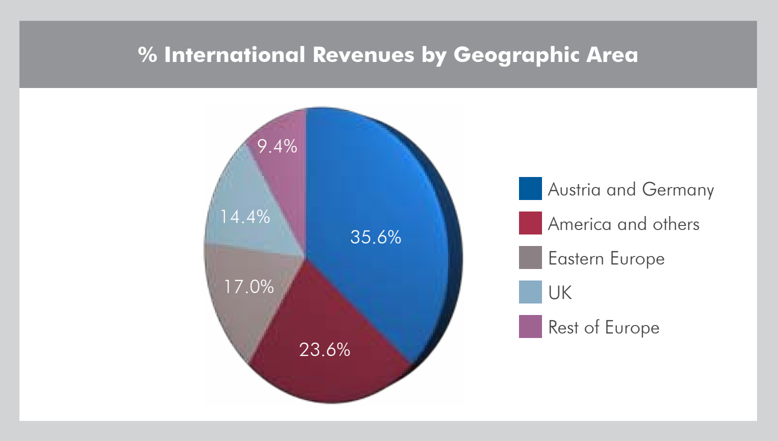
Environmental services, Versia and Cement increased their activity outside Spain by 8.4%, cushioning the adjustment in Construction in Europe. As a result, revenues from international markets amounted to 6,265.9 million euro, i.e. a decline of just 0.6%, continuing to account for the lion's share and 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.

DIRECTOR'S REPORT

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%

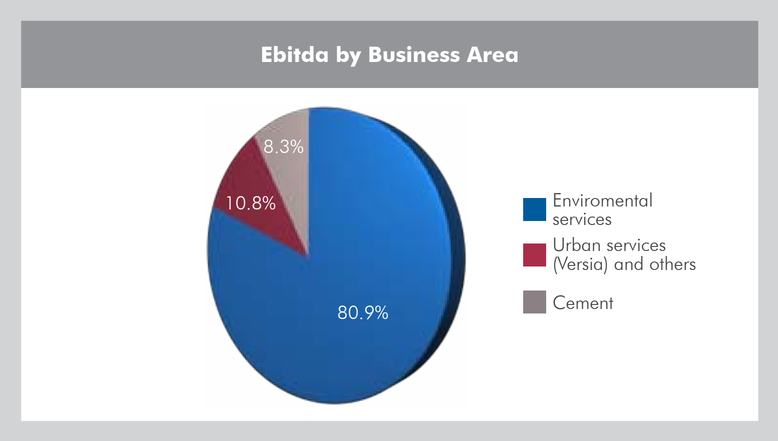


4.2 EBITDA

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.

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)

DIRECTOR'S REPORT

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.

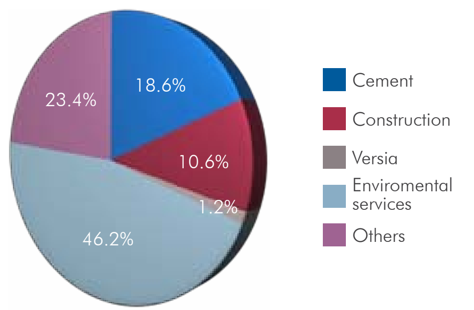
(million euro)	Dec. 12	Dec. 11	Change (M€)
Bank borrowings	7,247.0	8,190.3	(943.3)
Debt instruments and other loans	1,144.7	779.8	364.9
Accounts payable due to financial leases	70.9	96.2	(25.3)
Other financial liabilities	229,2	134.1	95.1
Gross interest-bearing debt	8,691.8	9,200.4	(508.6)
Cash and other 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%.

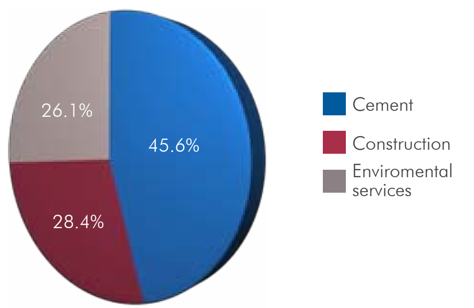
It's worth noting that 23.4% corresponds to the Parent company, which reflects the reclassification of debt from the acquisition of subsidiaries outside Spain in the Environment area and also the effect of the contribution of funds to the parent company which heads the Construction area.

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.

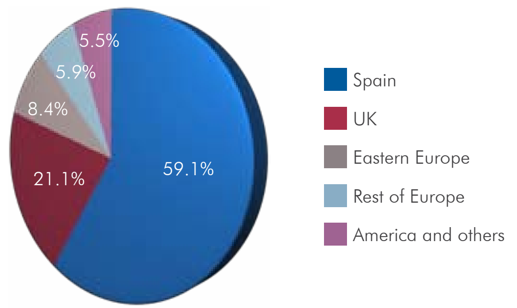
Industrial Waste revenues continued to expand rapidly outside Spain, rising 7.6% and driven by business in the US, offsetting the impact of the shrinkage in industrial waste treatment in Spain (-18.4%).

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.

DIRECTOR'S REPORT

Revenue breakdown by geographic area



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%.

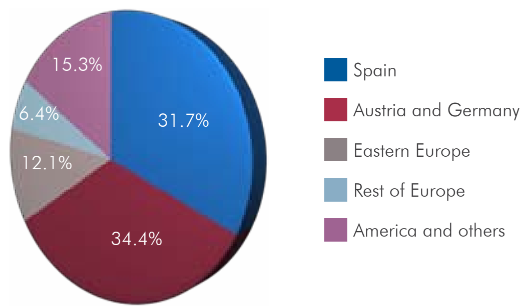
International Revenue Breakdown (million euro)	Dec. 12	Dec. 11	Chg. (%)
Austria and Germany	2,117.8	2,335.4	-9.3%
Eastern Europe	744.5	981.7	-24.2%
Rest of Europe	395.9	386.5	2.4%
The Americas and others	941.4	662.2	42.4%
Total	4,199.6	4,365.8	-3.8%

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

DIRECTOR'S REPORT

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.

7.3 Cement

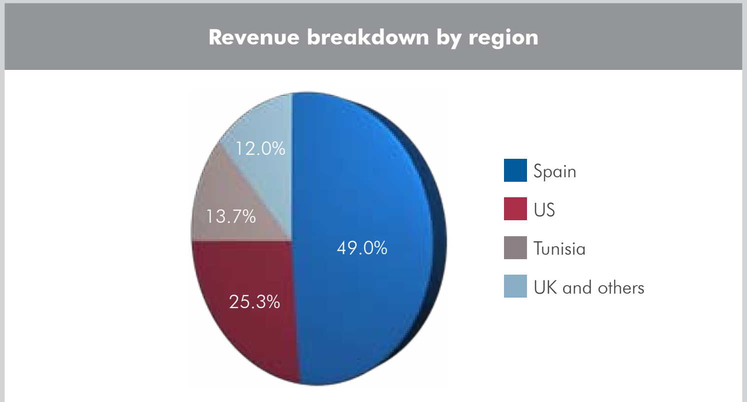
7.3.1 Results

(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.



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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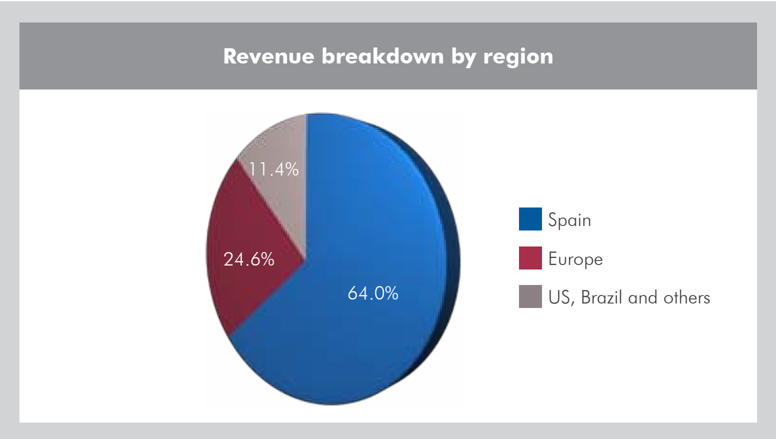
Revenues reflect the impact of the widespread decline in consumer spending, particularly in Spain, Portugal and Italy, in all of this division's activities.

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.

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).

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- 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.

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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

DIRECTOR'S REPORT

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.

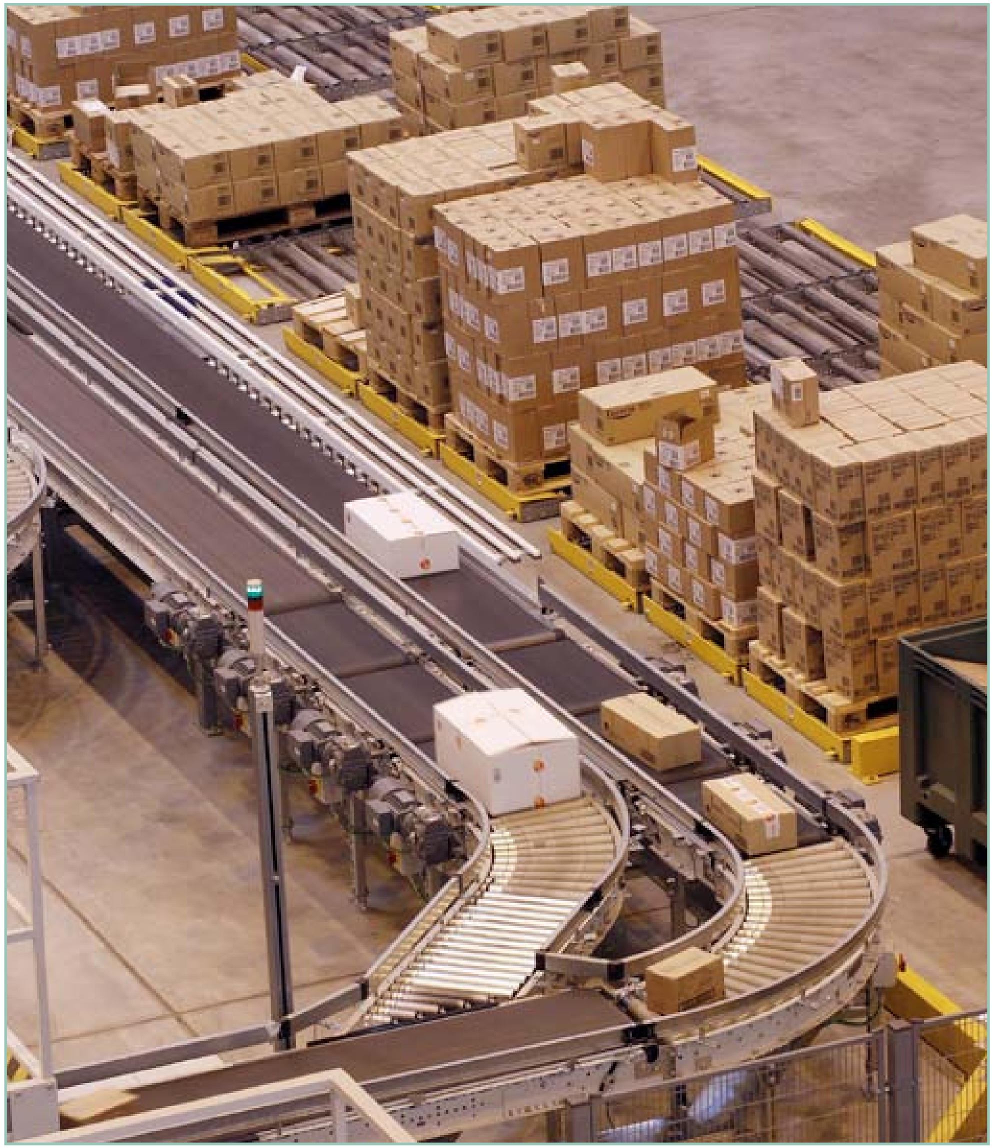
2. In our opinion, the accompanying consolidated financial statements for 2012 present fairly, in all material respects, the consolidated equity and consolidated financial position of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2012, and the consolidated results of their 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.

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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.

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.

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.

FINANCIAL STATEMENTS

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)

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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.

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.

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

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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.

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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.

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	—	—	—	—

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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

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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.

321 1. COMPANY ACTIVITIES, PERFORMANCE IN 2012.

321 2. TREASURY SHARE TRANSACTIONS

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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.

DIRECTOR'S REPORT

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.

- 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.

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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

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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.

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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

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