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EARNINGS REPORT

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FCC lands the Mersey bridge in Liverpool, its largest contract in the United Kingdom, worth 700 million euro

1. HIGHLIGHTS

New era for the Board of Directors of FCC

The Board of Directors of FCC commenced a new era in January by appointing Esther Alcocer Koplowitz as Chairman of the Board and Juan Béjar Ochoa as Second Vice-Chairman and CEO. Previously, Esther Alcocer Koplowitz had been Second Vice-Chairman of FCC; Juan Béjar was Chairman and CEO of Cementos Portland Valderrivas and Executive Chairman of Globalvía.

Changes at the top at FCC Construcción and reinforcing the Parent company

In February, the Board of Directors approved several appointments at FCC Construction: Fernando Moreno as Chairman and member of the Management Committee, and Miguel Jurado as General Manager. Previously, Fernando Moreno had been General Manager of FCC Aqualia and Miguel Jurado was in charge of Development and International Business at FCC Aqualia. Within the FCC parent company, Ana Villacañas was appointed General Manager of Organisation and member of the Management Committee in charge of Group human resources, information systems, technology and procurement. Additionally, a Divestment Department was created to focus on disposing of non-core assets.

New Strategic Plan

In March, FCC presented its new Strategic Plan for the next three years; the Plan focuses on increasing cash flow so as to obtain EBITDA of 1.2 billion euro, and reducing net interest-bearing debt to 5.2 billion euro. To achieve these targets, FCC Group will concentrate on the most profitable businesses and geographies, adjusting capacity and reducing costs to adapt them to the current market situation and divesting non-strategic assets with a total enterprise value of 2.2 billion euro.

Progress with the Divestment Plan: 300 million euro raised to date

Since the Divestment Plan was implemented in April 2013, under the umbrella of the Strategic Plan, sales worth 300 million euro have been arranged; the amount will be collected and the sales recognised for accounting purposes once the competent authorities grant authorisation. The divestments include notably 50% of Proactiva for 150 million euro and 49% of the water business in the Czech Republic for 97 million euro. The remainder, 52 million euro, is for minority holdings in a number of transport concession companies and also real estate assets not used in Group operations.

FCC Aqualia landed contracts worth over 1.1 billion euro in the first half

Aqualia, FCC's water management subsidiary, was awarded a 25-year contract, worth 900 million euro, to provide end-to-end water management services in the city of Jerez. The company also added and extended other contracts, with a combined value of over 200 million euro, in Madrid, Ávila, Oviedo, Girona, Cantabria, León, Vizcaya, Guipúzcoa, Pontevedra and elsewhere.

FCC lands its largest-ever contract in the UK, worth 700 million euro, and enters Peru with deals worth 200 million euro

The consortium in which FCC participates was awarded the contract to build, maintain and operate the new bridge over the river Mersey, in Liverpool (UK), for 700 million euro, the largest contract ever obtained by the Group in the UK. FCC also entered Peru by landing two contracts: construction of the port of Callao, in Lima, for 165 million euro, and upgrading of the Trujillo sports complex for 32 million euro. Callao Port is the largest in the country and one of South America's largest Pacific ports.

Asset swap and sale in Cement

In the first quarter, Cementos Portland Valderrivas (CPV) exchanged its 98.75% stake in Cementos Lemona for CRH's 26.34% stake in Corporación Uniland. As a result, CPV attained 99.03% of Corporación Uniland. CRH also acquired CPV's cement terminal in Ipswich (UK) for 22.1 million euro.

Deconsolidation of Alpine

Alpine filed for protection from creditors in June 2013. The receivers immediately commenced the process of liquidation. As a result, FCC recognised all the assets of Alpine as having zero value in its consolidated financial statements. Alpine's net interest-bearing debt, which is without recourse to the FCC Group parent company, amounted to 741.2 million euro at 2012 year-end.

2. EXECUTIVE SUMMARY

- Revenues fell by 13.7% to 3,133.9 million euro due broadly to the impact of lower investment in construction in Spain.
- The EBITDA margin recovered steadily during the period to 9.4%, mainly in the Construction and Cement areas.
- The company had a net attributable loss of 607.6 million euro as a result of deconsolidating Alpine and of value adjustments in the renewable energy business.
- The backlog increased by 6.6% in the first half, to 32,935 million euro, due to major new contracts in the Environmental Services and Water businesses.
- Net interest-bearing debt amounted to 6,654.5 million euro as of 30 June 2013, 6.1% less than at 2012 year-end and does not yet reflect the positive impact of the divestments that have been agreed upon or the collections envisaged under the second Supplier Payment Plan, both of which are expected to materialise in the second half.

NOTE: ASSETS HELD FOR SALE

The assets and liabilities corresponding to FCC Energy, Versia and Proactiva (previously carried by the equity method) have been designated as "*assets and liabilities available for sale*" (Note 5.2). FCC Energy has been so classified since 1 July 2011, and Versia and Proactiva since 30 June 2013. Their earnings in the first half are recognised under "*results from discontinued operations*" (Note 5.2).

Additionally, the assets and liabilities corresponding to Giant Cement (which heads the cement division's operations in the US) were reclassified as *continuing operations* as of 1 July 2012.

As a result of these changes, the income statement and cash flow statement for the first half of 2012 have been restated to enable comparison.

KEY FIGURES

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
Net sales	3,133.9	3,633.0	-13.7%
EBITDA	293.6	449.6	-34.7%
EBITDA margin	*9.4%*	*12.4%*	*-3.0 p.p.*
EBIT	129.3	274.7	-52.9%
EBIT margin	*4.1%*	*7.6%*	*-3.4 p.p.*
Income attributable to equity holders of the parent company	(607.6)	53.4	N/A
Operating cash flow	47.7	432.4	-111.0%
Investing cash flow	(361.9)	(179.7)	101.4%

(€mn)	**Jun. 13**	**Dec. 12**	**Chg. (%)**
Equity	799.2	1,697.0	-52.9%
Net interest-bearing debt	(6,654.5)	(7,087.7)	-6.1%
Backlog	32,935.4	30,896.5	6.6%

3. SUMMARY BY BUSINESS AREA

Area	Jun. 13	Jun. 12	Chg. (%)	% of 2013 total	% of 2012 total
(€mn)					
REVENUES BY BUSINESS AREA					
Environmental Services	1,399.7	1,470.6	-4.8%	44.7%	40.5%
Water	444.1	428.6	3.6%	14.2%	11.8%
Construction	1,085.7	1,305.9	-16.9%	34.6%	35.9%
Cement	270.2	338.3	-20.1%	8.6%	9.3%
Corporate services and adjustments[1]	(65.8)	89.6	-173.4%	-2.1%	2.5%
Total	**3,133.9**	**3,633.0**	**-13.7%**	**100.0%**	**100.0%**
REVENUES BY GEOGRAPHICAL AREA					
Spain	1,818.9	2,212.0	-17.8%	58.0%	60.9%
United Kingdom	385.3	415.3	-7.2%	12.3%	11.4%
Latin America	359.8	318.5	13.0%	11.5%	8.8%
Central & Eastern Europe	259.5	297.9	-12.9%	8.3%	8.2%
United States	153.3	147.1	4.2%	4.9%	4.0%
Middle East and North Africa	77.6	61.9	25.2%	2.5%	1.7%
Others	79.5	180.2	-55.9%	2.5%	5.0%
Total	**3,133.9**	**3,633.0**	**-13.7%**	**100.0%**	**100.0%**
EBITDA					
Environmental Services	199.2	246.7	-19.3%	67.8%	54.9%
Water	84.2	80.7	4.3%	28.7%	17.9%
Construction	19.8	109.3	-81.9%	6.7%	24.3%
Cement	25.5	31.1	-18.0%	8.7%	6.9%
Corporate services and adjustments[1]	(35.1)	(18.2)	92.9%	-12.0%	-4.0%
Total	**293.6**	**449.6**	**-34.7%**	**100.0%**	**100.0%**
EBIT					
Environmental Services	89.0	128.9	-31.0%	68.8%	46.9%
Water	46.6	47.8	-2.5%	36.0%	17.4%
Construction	7.2	92.2	-92.2%	5.6%	33.6%
Cement	23.5	(36.1)	-165.1%	18.2%	-13.1%
Corporate services and adjustments[1]	(37.0)	41.9	-188.3%	-28.6%	15.3%
Total	**129.3**	**274.7**	**-52.9%**	**100.0%**	**100.0%**

Area	Jun. 13	Dec. 12	Chg. (%)	% of 2013 total	% of 2012 total
NET DEBT					
Environmental Services	2,448.0	2,463.7	-0.6%	36.8%	34.8%
Water	785.0	761.0	3.2%	11.8%	10.7%
Construction	450.9	754.3	-40.2%	6.8%	10.6%
Cement	1,351.4	1,320.5	2.3%	20.3%	18.6%
Corporate services and adjustments[2]	1,619.2	1,788.2	-9.5%	24.3%	25.2%
Total	**6,654.5**	**7,087.7**	**-6.1%**	**100.0%**	**100.0%**
BACKLOG					
Environmental Services	12,172.3	11,381.7	6.9%	37.0%	36.8%
Water	14,745.8	13,628.6	8.2%	44.8%	44.1%
Construction	6,017.3	5,886.2	2.2%	18.3%	19.1%
Total	**32,935.4**	**30,896.5**	**6.6%**	**100.0%**	**100.0%**

[1] *Corporate Services includes the results of the Handling business, which was divested in September 2012.*
[2] *Reflects financing of, inter alia, the holdings in GVI and FCC Energy.*

4. INCOME STATEMENT

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
Net sales	**3,133.9**	**3,633.0**	**-13.7%**
EBITDA	**293.6**	**449.6**	**-34.7%**
EBITDA margin	***9.4%***	***12.4%***	***-3.0 p.p.***
Depreciation and amortisation	(210.3)	(224.5)	-6.3%
Other operating income	46.0	49.7	-7.4%
EBIT	**129.3**	**274.7**	**-52.9%**
EBIT margin	***4.1%***	***7.6%***	***-3.4 p.p.***
Financial income	(210.1)	(176.9)	18.8%
Other financial results	(9.3)	(25.6)	-63.7%
Equity-accounted affiliates	(2.0)	(13.3)	-85.0%
Earnings before taxes (EBT) from continuing activities	**(92.0)**	**59.0**	N/A
Corporate income tax expense	50.6	(12.1)	N/A
Income from continuing operations	**(41.4)**	**46.9**	-188.3%
Income from discontinued operations	(570.3)	(13.5)	N/A
Net profit	**(611.7)**	**33.4**	N/A
Non-controlling interests	4.1	20.0	-79.5%
Income attributable to equity holders of the parent company	**(607.6)**	**53.4**	**N/A**

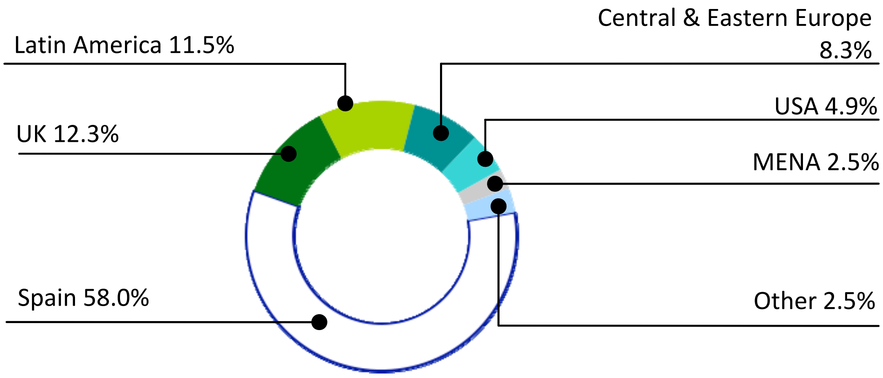
4.1 Revenues

Revenues totalled 3,133.9 million euro in the first half, a 13.7% decline with respect to the same period of 2012. In Spain, revenues fell by 17.8% to 1,818.9 million euro due mainly to the negative impact on the Construction and Cement areas of the sharp reduction in government expenditure on infrastructure; meanwhile, international revenues declined by 7.5% as a result mainly of the effect of divesting the airport handling business and (to a lesser extent) a port cement terminal in the UK.

International Revenue Breakdown			
(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
United Kingdom	385.3	415.3	-7.2%
Latin America	359.8	318.5	13.0%
Central and Eastern Europe	259.5	297.9	-12.9%
United States	153.3	147.1	4.2%
Middle East and North Africa	77.6	61.9	25.2%
Others	79.5	180.2	-55.9%
Total	**1,314.9**	**1,421.1**	**-7.5%**

The 7.2% decline in the United Kingdom is due to the sale of the Ipswich terminal, part of the Cement division, in February. The 13% increase in revenues in Latin America is attributable to execution of the final section of the subway construction and road upgrading work in Panama City, by the Construction division. In Central and Eastern Europe, revenues fell by 12.9% broadly as a result of the completion of major contracts in the Construction area and of a soil decontamination contract in the Czech Republic. Revenues increased by 4.2% in the United States due to the positive performance by the Cement business and commencement of construction of a bridge in California, which offset the decline in revenues in the Industrial Waste business. In the Middle East and North Africa (MENA), revenues increased by 25.2%, boosted by the Construction business; the decline in other markets reflects the baseline effect of divesting the airport handling business in September 2012. That business obtained 66% of its revenues outside Spain in the first half of 2012.

% Revenues by region



4.2 EBITDA

In the first half of 2013, EBITDA amounted to 293.6 million euro, 34.7% less than in the same period of 2012, due to the sharp decline in the Construction and Cement businesses in Spain and tighter margins in the Environmental Services area.

The EBITDA margin was 9.4%, compared with 12.4% in the first half of 2012. However, there was a notable recovery between the first and second quarters, mainly in the Construction and Cement areas. Overall, performance was in line with the targets for the period.

4.3 EBIT

In the first half of 2013, 210.3 million euro in depreciation charges were booked, i.e. 6.3% less than in the same period of 2012. That figure includes 32.2 million euro for assets that were stepped up on consolidation in the FCC Group (38.5 million euro in 1H12).

Other operating income, amounting to 46 million euro, came mainly from the Cement business and reflects the 104.9 million euro in capital gains on the asset swap and sale of the port terminal in the UK; and also the 60.8 million euro charge for asset impairment and additional workforce restructuring.

Overall, EBIT amounted to 129.3 million euro in the first half, compared with 274.7 million euro in the same period of 2012.

4.4 Earnings before taxes (EBT) from continuing activities

Earnings before taxes from continuing activities were negative in the amount of 92 million euro after incorporating the following balances into EBITDA:

4.4.1 Financial income

Net financial expenses amounted to 210.1 million euro in the period, 18.8% more than in the same period of 2012. Practically all of this increase is attributable to the full refinancing of the Cement business in July 2012.

Other financial income was negative in the amount of 9.3 million euro, mainly due to fair value changes in financial instruments.

4.4.2 Equity-accounted affiliates

The contribution from equity-accounted affiliates amounted to -2 million euro in the first half, compared with -13.3 million euro in the same period last year. This improvement is due to the fact that improved income from concession companies offset the higher losses attributable to Realia.

4.5 Income attributable to equity holders of the parent company

There was a net attributable loss of 607.6 million euro in the first half of 2013, contrasting with a profit of 53.4 million euro in the same period last year, after including the following items in EBT:

4.5.1 Income tax

The corporate income tax expense includes a 50.6 million euro tax credit, compared with 12.1 million euro in tax accrued in the first half of 2012.

4.5.2 Income from discontinued operations

FCC Energy contributed a net loss of 147.9 million euro due to value adjustments amounting to 207.4 million euro in its portfolio of renewable assets (158.9 million euro in the first quarter and 48.5 million euro in the second) as a result of a series of regulatory changes. Versia contributed 50.1 million euro in losses.

The other 372.3 million euro is due to writing off the investment in Alpine and including its results up to the date of deconsolidation.

Overall, discontinued activities made a negative contribution of 570.3 million euro in the first half compared with a loss of 13.5 million euro in the first half of 2012.

4.5.3 Non-controlling interests

Income attributable to non-controlling interests amounted to -4.1 million euro (20.0 million euro in the first half of 2012).

5. BALANCE SHEET

(€mn)	Jun. 13	Dec. 12[1]	Change (€mn)
Intangible assets	3,240.2	3,821.7	(581.5)
Property, plant and equipment	3,911.1	4,691.3	(780.2)
Equity-accounted affiliates	832.3	935.0	(102.7)
Non-current financial assets	364.6	412.6	(48.0)
Deferred tax assets and other non-current assets	840.2	732.8	107.4
Non-current assets	**9,188.3**	**10,593.5**	**(1,405.1)**
Non-current assets available for sale	1,999.3	1,476.2	523.1
Inventories	947.8	1,128.7	(180.9)
Trade and other accounts receivable	3,232.9	4,921.2	(1,688.3)
Other current financial assets	495.0	437.2	57.8
Cash and cash equivalents	738.4	1,166.2	(427.8)
Current assets	**7,413.4**	**9,129.5**	**(1,716.1)**
TOTAL ASSETS	**16,601.6**	**19,723.0**	**(3,121.4)**
Equity attributable to equity holders of parent company	566.7	1,246.9	(680.2)
Non-controlling interests	232.5	450.1	(217.6)
Net equity	**799.2**	**1,697.0**	**(897.8)**
Grants	231.7	220.2	11.5
Long-term provisions	997.2	1,155.0	(157.8)
Long-term interest-bearing debt	3,542.0	4,540.0	(998.0)
Other non-current financial liabilities	76.6	565.9	(489.3)
Deferred tax liabilities and other non-current liabilities	1,074.9	1,106.1	(31.2)
Non-current liabilities	**5,922.4**	**7,587.2**	**(1,664.8)**
Liabilities linked to non-current assets available for sale	1,898.6	970.4	928.2
Short-term provisions	190.9	303.6	(112.7)
Short-term interest-bearing debt	4,345.9	4,151.8	194.1
Other current financial liabilities	119.9	172.8	(52.9)
Trade and other payables	3,324.7	4,840.4	(1,515.7)
Current liabilities	**9,880.0**	**10,438.9**	**(558.9)**
TOTAL LIABILITIES	**16,601.6**	**19,723.0**	**(3,121.4)**

[1]Figures have been restated for the sole purpose of complying with IAS 19, which requires recognition in net equity of the actuarial gains and losses from deferred compensation of employees (pension funds). The net of tax effect is 24.6 million euro.

5.1 Equity-accounted affiliates

The investment in equity-accounted companies (832.3 million euro) comprised the following at the end of June:

1) 374.9 million euro corresponding to the 50% stake in Globalvia Infraestructuras (GVI).
2) 42.4 million euro corresponding to the 30% stake in Realia.
3) 39.7 million euro corresponding to concession companies not contributed to GVI.
4) 375.3 million euro corresponding to the other stakes and loans to equity-accounted affiliates.

The carrying value of FCC's holdings in infrastructure concessions amounted to 414.6 million euro at the end of June 2013. That figure includes the value attributable to FCC for its 50% stake in GVI (374.9 million euro) and the value of its holdings in other equity-accounted concession companies (39.7 million euro).

5.2 Non-current assets and liabilities available for sale

Of the 1,999.3 million euro in non-current assets available for sale at 30 June 2013, 1,001.7 million euro correspond to FCC Energy, 929.4 million euro to Versia, and 68.2 million euro to Proactiva. The first has been classified as such as 1 July 2011, and the latter two since 30 June 2013.

Those assets had associated liabilities amounting to 1,898.6 million euro, of which 924.2 million euro correspond to FCC Energy, 952.4 million euro to Versia, and 22 million euro to Proactiva. Net debt for those areas was 876.9 million euro at the end of June: 771.1 million euro in non-recourse project finance in the Energy area, and 105.8 million euro at Versia.

5.3 Net equity

Net equity amounted to 799.2 million euro as of 30 June 2013. The decline with respect to 31 December is broadly due to losses recognised in the period.

5.4 Net interest-bearing debt

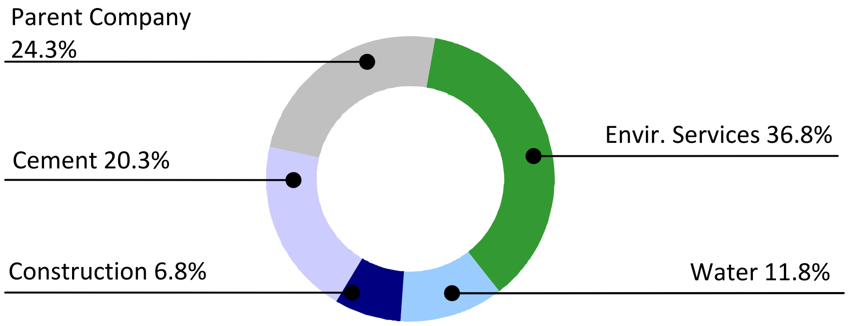
At 30 June 2013, net interest-bearing debt amounted to 6,654.5 million euro, i.e. a decline of 433.2 million euro compared with the end of 2012, due mainly to the effect of deconsolidating Alpine.

(€mn)	**Jun. 13**	**Dec. 12**	**Change (€mn)**
Bank borrowings	6,786.2	7,247.0	(460.8)
Debt instruments and other loans	858.1	1,144.7	(286.6)
Accounts payable due to financial leases	51.9	70.9	(19.0)
Derivatives and other financial liabilities	191.7	228.6	(36.9)
Gross interest-bearing debt	**7,887.9**	**8,691.1**	**(803.2)**
Cash and other financial assets	(1,233.4)	(1,603.4)	370.0
Net interest-bearing debt	**6,654.5**	**7,087.7**	**(433.2)**
With recourse	*4,604.0*	*4,262.9*	341.1
Without recourse	*2,050.5*	*2,824.8*	(774.3)

During the period, there was also a seasonal increase of 254 million euro in working capital in connection with Construction, together with the 148.8 million euro injection at Alpine in the first quarter, prior to its deconsolidation at the end of the first half. Both events were non-recurring. Net interest-bearing debt at 30 June still does not reflect the positive impact from agreed asset sales amounting to 300 million euro which are expected to be collected and booked in the third quarter, or the cash inflow expected in the fourth quarter as part of the Spanish government's second Supplier Payment Plan.

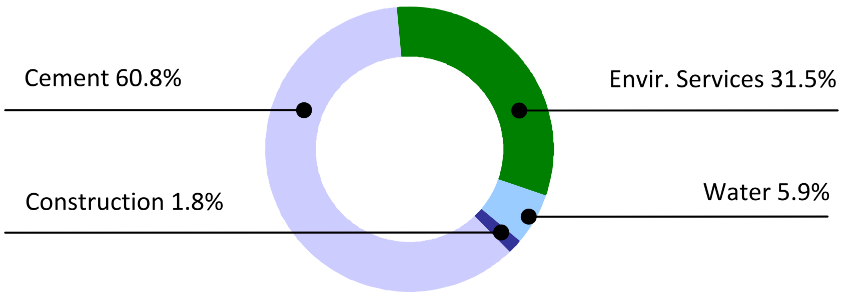
Environmental Services and Water accounted for 48.6% of net debt, connected to regulated long-term public service contracts; 20.3% of net debt corresponds to Cement, which represents a large proportion of fixed assets on the balance sheet, and Construction accounted for 6.8%. The remaining 24.3% corresponds to the Parent company, which primarily includes a 450 million euro convertible bond together with funding for investees (GVI, FCC Energy, etc.).

Net debt, by business area



Net interest-bearing debt with recourse to the Parent company amounted to 2,050.5 million euro at the end of June, accounting for 30.8% of the total. The breakdown by business area is as follows:

Net debt without recourse, by area



It is important to note that almost all of the debt in 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 2012. The remaining debt without recourse corresponds to the acquisition of FCC Environment UK and to funding of projects in the Water, Waste Treatment and Environmental Services areas.

5.5 Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities amounted to 196.5 million euro and includes other financial liabilities not classified as interest-bearing debt, such as those linked to suppliers of property, plant and equipment, deposits and guarantees received, and stock options. The 542.2 million euro decline with respect to 31 December 2012 is mainly due to the classification of operating licenses in the Urban Furniture business as non-current assets available for sale.

6. CASH FLOW

From continuing activities

(€mn)	Jun. 13	Jun. 12	Chg. (%)
Funds from operations	270.8	444.3	-39.1%
(Increase)/decrease in working capital	(254.0)	40.1	N/A
Other items (taxes, dividends, etc.)	(64.5)	(52.0)	24.0%
Operating cash flow	**(47.7)**	**432.4**	**-111.0%**
Investing cash flow	(361.9)	(179.7)	101.4%
Cash flow from business operations	**(409.6)**	**252.7**	N/A
Financing cash flow	(173.0)	(294.2)	-41.2%
Other cash flow (exchange differences, change in consolidation scope, etc.)	141.6	(39.3)	N/A
(Increase) / decrease in net interest-bearing debt	**(440.9)**	**(80.8)**	**N/A**

6.1 Operating cash flow

Funds from operations in the period amounted to 270.8 million euro. The difference in operating cash flow in the period (-47.7 million euro) with respect to the same period of 2012 (432.4 million euro) is attributable to the exceptional working capital performance in the first half of 2012.

Working capital amounted to 254.0 million euro in the first half, almost entirely attributable to Construction, mainly as a result of seasonal growth. Discounting of customer non-recourse receivables with banks declined by 47.1 million euro with respect to December 2012, to 263.2 million euro. In contrast, in the first half of 2012, this item reflected the initial payment from the Supplier Plan of 544 million euro to the Environmental Services area, 97 million euro to Construction, and 85 million euro to Water.

(€mn)	Jun. 13	Jun. 12	Change (€mn)
Environmental Services	(32.7)	301.8	(334.5)
Water	(27.7)	28.4	(56.1)
Construction	(219.8)	(307.6)	87.8
Cement	(7.4)	(0.6)	(6.8)
Corporate services and adjustments	33.6	18.1	15.5
(Increase)/decrease in working capital	**(254.0)**	**40.1**	**(294.1)**

Past-due accounts receivable from public sector clients in Spain remained stable, amounting to approximately 600 million euro at the end of 1H13. In view of the procedures and terms established under Royal Decree-Act 8/2013, of 28 June, on urgent measures against late payments by the public administrations and support for local governments with financial difficulties, the company expects the outstanding payments as of 31 May 2013 to be collected in the fourth quarter of the year. The Act to Control Trade Accounts Payable by the Public Sector is expected to be approved by year-end. This Act seeks to reduce the average payment period for suppliers to 30 days by establishing an automatic and progressive payment control system, starting in 2014.

6.2 Investing cash flow

Consolidated investing cash flow amounted to 361.9 million euro in the first half, compared with 179.7 million euro in the same period of 2012. This difference is mainly due to the 148.8 million euro injection in Alpine in 1Q13, prior to deconsolidation, together with the payment of an 80.1 million euro fee for a 25-year concession to provide end-to-end water management services in Jerez.

This item also includes 52.3 million euro in cash flow from the divestment of group and associated companies and business units, mainly the sale of minority stakes in concession assets and of the Cement area's terminal in Ipswich (UK) for 22.1 million euro.

The breakdown of net investments by activity is as follows:

(Investment/divestment, €mn)	**Jun. 13**	**Jun. 12**	**Change (€mn)**
Environmental services	(84.9)	(101.5)	16.6
Water	(92.2)	(26.6)	(65.6)
Construction	(207.1)	(45.2)	(161.9)
Cement	15.3	(9.2)	24.5
Corporate services and adjustments	7.0	2.8	4.2
Total	**(361.9)**	**(179.7)**	**(182.2)**

It's important to note that this item does not yet reflect large divestments that have been agreed upon but had not been recognised or collected at the end of the period; they refer to concessions and public service contracts that are conditional only upon administrative approval. The company expects to book and collect 300 million euro in the third quarter.

6.3 Financing cash flow

Consolidated financing cash flow was -173 million euro in the first half, compared with -294.2 million euro in 1H12, which included 74.6 million euro of dividend payments by the parent company, together with capital expenditure of 52.6 million euro to buy out the remaining non-controlling interests (13.5%) in Alpine, in accordance with the agreement signed the previous year.

6.4 Others

This item, amounting to 141.6 million euro, reflects the effect of exchange differences, value changes in derivatives and changes in consolidation scope (the latter amounting to 45.3 million euro).

7. BUSINESS PERFORMANCE

NOTE: As from the first half of 2013, the Water business is presented separately from the Environmental Services business, and Versia is classified as available for sale (Note 5.2).

7.1 Environmental Services

7.1.1 Results

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
Revenues	1,399.7	1,470.6	-4.8%
Spain	*774.7*	*807.8*	*-4.1%*
International	*625.0*	*662.8*	*-5.7%*
EBITDA	199.2	246.7	-19.3%
EBITDA margin	14.2%	16.8%	*-2.5 p.p.*
EBIT	89.0	128.9	-31.0%
EBIT margin	6.4%	8.8%	*-2.4 p.p.*

Revenues in the Environmental Services area totalled 1,399.7 million euro in the first half of 2013, 4.8% less than in the same period last year. Revenues in Spain fell by 4.1% due mainly to the decline in municipal waste activities as a result of the adjustment plans implemented by some municipal clients in the second half of 2012. Revenues from outside Spain fell by 5.7% due to the completion of a soil decontamination contract in the Czech Republic and to the decline in industrial activities in the US.

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
Environment, Spain	716.0	737.9	-3.0%
Environment, International	550.6	575.2	-4.3%
Industrial Waste	133.1	157.5	-15.5%
Total	**1,399.7**	**1,470.6**	**-4.8%**

Revenues in the Environment business in Spain declined by 3.0% due to the aforementioned effect of adapting services provided to certain clients to their adjustment plans, which were approved last year and which will enable them to align their budgets with their financial capacities and notably improve their payment periods in the future.

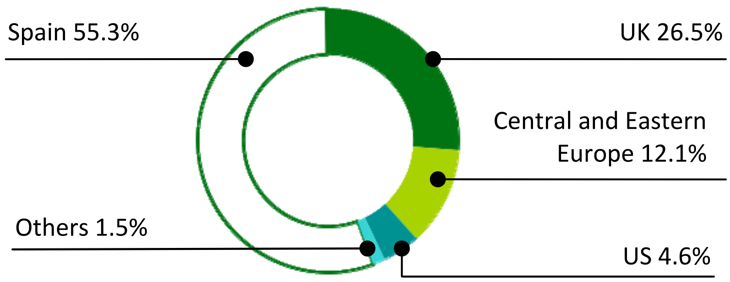
Revenues in the Environment business outside Spain declined by 4.3%. This is due primary to the completion of a soil decontamination contract in the Czech Republic. In the UK, revenues increased at constant exchange rates (+4%), and the lower landfill volume was offset by greater recycling revenues. Additionally, the company's Lincolnshire treatment plant is slated to become operational early in 2014.

The Industrial Waste business continues to reflect the decline in industrial activity in Spain, and the lower volumes and sale prices of recycled raw materials in the US.

International Revenue Breakdown			
(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
United Kingdom	370.5	371.8	-0.3%
Central and Eastern Europe	169.9	192.8	-11.9%
USA	63.9	72.0	-11.3%
Others (Portugal, Italy and others)	20.7	26.2	-21.0%
Total	**625.0**	**662.8**	**-5.7%**

FCC operates in the UK in the municipal waste treatment and disposal businesses, which declined slightly due to depreciation by the pound sterling in the period. It also provides end-to-end municipal waste management services in Central and Eastern Europe, mainly in Austria and the Czech Republic, and industrial waste services in the US, Portugal and Italy.

Revenue breakdown by geographic area



EBITDA amounted to 199.2 million euro, and the EBITDA margin was 14.2%, compared with 16.8% in 1H12. The decline in the margin is due to several factors: the smaller release of provisions in the period for Environment Spain and UK (11 million euro less), the decline in activity in Environment Spain (due to the implementation of adjustment plans in 1H12), lower recycling prices in Austria, and less activity in Industrial Waste.

The international backlog increased by 25.6% with respect to 2012 year-end, to 4,909.0 million euro, due mainly to the inclusion of a 30-year contract worth over 1 billion euro to manage the Buckinghamshire treatment plant, which did not contribute to revenues in the period.

Backlog breakdown by region			
(€mn)	**Jun. 13**	**Dec. 12**	**Chg. (%)**
Spain	7,263.3	7,473.0	-2.8%
International	4,909.0	3,908.7	25.6%
Total	**12,172.3**	**11,381.7**	**6.9%**

The decline in the backlog in Spain is attributable to the application of the principle of prudence, which resulted in the elimination from the backlog of existing contracts which have already expired and will be put out to tender in the coming quarters.

7.1.2 Cash flow

(€mn)	Jun. 13	Jun. 12	Chg. (%)
Funds from operations	**204.5**	**249.1**	**-17.9%**
(Increase) / decrease in working capital	(32.7)	301.8	-110.8%
Other items (taxes, dividends, etc.)	(31.6)	(33.8)	-6.5%
Operating cash flow	**140.2**	**517.1**	**-72.9%**
Investing cash flow	(84.9)	(101.5)	-16.4%
Cash flow from business operations	**55.3**	**415.6**	**-86.7%**
Financing cash flow	(70.1)	(108.2)	-35.2%
Other cash flow (exchange differences, change in consolidation scope, etc.)	30.4	86.8	-65.0%
(Increase) / decrease in net interest-bearing debt	**15.6**	**394.2**	**-96.0%**

(€mn)	Jun. 13	Dec. 12	Change (€mn)
Net interest-bearing debt	**2,448.0**	**2,463.7**	**(15.6)**
With recourse	*1,803.1*	*1,783.8*	*19.3*
Without recourse	*644.9*	*679.9*	(35.0)

Operating cash flow in the Environmental Services area totalled 140.2 million euro in the period, down 72.9% with respect to 1H12, due primarily to the 334.5 million euro change in working capital and to the 17.9% decline in funds from operations. The difference in working capital in 1H12 reflected the initial impact of 544 million euro collected under the first Supplier Payment Plan.

Past-due accounts receivable from public sector clients at 31 May 2013, included under the second Supplier Payment Plan, are expected to be collected in the fourth quarter of 2013. Additionally, the Act to Control Trade Accounts Payable by the Public Sector is expected to be approved before year-end and enter into force in 2014

. This Act aims to eliminate payment delays and reduce the supplier payment period to 30 days by establishing an automatic control and payment system under the responsibility of the Central Government.

After applying investing and financing cash flow and other changes, the area's net interest-bearing debt declined slightly, by 15.6 million euro, to 2,448 million euro.

Net interest-bearing debt without recourse to the parent company totalled 644.9 million euro, mainly related to the acquisition of FCC Environment UK (420.6 million euro) and to funding for various municipal waste treatment and abatement plants.

7.2 Water

7.2.1 Results

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
Revenues	444.1	428.6	3.6%
Spain	*354.5*	*343.9*	*3.1%*
International	*89.6*	*84.7*	*5.8%*
EBITDA	84.2	80.7	4.3%
EBITDA margin	19.0%	18.8%	*0.1 p.p.*
EBIT	46.6	47.8	-2.5%
EBIT margin	10.5%	11.2%	*-0.7 p.p.*

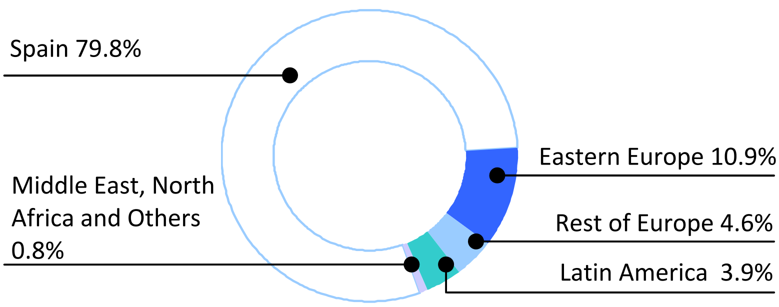
Revenues in Water expanded by 3.6% year-on-year in the first half, to 444.1 million euro. Revenues from the business in Spain increased by 3.1% due to the commencement of new end-to-end water management contracts, including most notably Jerez, and other contracts to increase water supply in Lleida and a new treatment service in Algeciras. International revenues in this area expanded by 5.8%, due mainly to the construction of several water treatment plants in Eastern Europe and Latin America.

International Revenue Breakdown

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
Eastern Europe	48.4	44.9	7.8%
Rest of Europe	20.4	22.1	-7.7%
Latin America	17.4	15.1	15.2%
Middle East, North Africa and Others	3.4	2.6	31.5%
Total	**89.6**	**84.7**	**5.8%**

FCC Group serves 1.3 million people in Eastern Europe, mainly in the Czech Republic. It also operates in Italy through an end-to-end water management contract in Sicily, serving 280,000 people, and in Portugal, with a wastewater treatment plant that provides service to 41,000 people. In Latin America, the Middle East and North Africa, the company operates mainly through water and supply infrastructure.

Revenue breakdown by geographic area



EBITDA increased by 4.3% in the period, in line with growth in revenues, to 84.2 million euro. The EBITDA margin was 19.0%, compared with 18.8% in 1H12.

Backlog breakdown by region

(€mn)	**Jun. 13**	**Dec. 12**	**Chg. (%)**
Spain	10,176.6	9,279.8	9.7%
International	4,569.2	4,348.8	5.1%
Total	**14,745.8**	**13,628.6**	**8.2%**

The area's backlog expanded by 8.2%, compared with 2012 year-end, to 14,745.8 million euro. In Spain, the backlog increased by 9.7% due mainly to the inclusion of the 25-year end-to-end water management contract in Jerez, worth close to 900 million euro. Outside Spain, the area expanded its wastewater treatment contract in Cartaxo (Portugal).

7.2.2 Cash flow

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
Funds from operations	**92.1**	**79.7**	**15.6%**
(Increase) / decrease in working capital	(27.7)	28.4	-197.5%
Other items (taxes, dividends, etc.)	1.6	0.1	N/A
Operating cash flow	**66.0**	**108.2**	**-39.0%**
Investing cash flow	(92.2)	(26.6)	N/A
Cash flow from business operations	**(26.2)**	**81.6**	**-132.1%**
Financing cash flow	(1.7)	(31.2)	-94.6%
Other cash flow (exchange differences, change in consolidation scope, etc.)	3.9	26.5	-85.3%
(Increase) / decrease in net interest-bearing debt	**(23.9)**	**76.9**	**-131.1%**

(€mn)	**Jun. 13**	**Dec. 12**	**Change (€mn)**
Net interest-bearing debt	**785.0**	**761.0**	**23.9**
With recourse	*664.4*	*704.0*	*(39.6)*
Without recourse	*120.6*	*57.0*	63.6

The Water area's operating cash flow amounted to 66.0 million euro in the first half of the year, i.e. a 39.0% decline with respect to the same period last year, due to the increase in working capital, which offset the 15.6% increase in funds from operations. It's important to note that working capital in 1H12 reflects the impact of the first Supplier Payment Plan, under which the company collected 85 million euro.

The area's investing cash flow increased by 65.6 million euro with respect to 1H12, to 92.2 million euro, due to the payment of 50% of the fee (80.1 million euro) for the 25-year end-to-end water management concession in Jerez. The rest of the payment is expected to be made in April 2014.

After applying financing cash flow and other changes, net interest-bearing debt amounted to 785 million euro, i.e. in line with December 2012 levels. Net interest-bearing debt without recourse to the parent company amounted to 120.6 million euro, and corresponds mainly to debt at the Czech water subsidiary, Aqualia Czech.

7.3 Construction

NOTE: The Construction activity does not include Alpine, which has gone into liquidation and, therefore, has been deconsolidated. To enable comparison, the income statement and cash flow statement for the first half of 2012 have been restated.

7.3.1 Results

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
Revenues	1,085.7	1,305.9	-16.9%
Spain	*635.4*	*855.3*	*-25.7%*
International	*450.3*	*450.6*	*-0.1%*
EBITDA	19.8	109.3	-81.9%
EBITDA margin	*1.8%*	*8.4%*	*-6.5 p.p.*
EBIT	7.2	92.2	-92.2%
EBIT margin	*0.7%*	*7.1%*	*-6.4 p.p.*

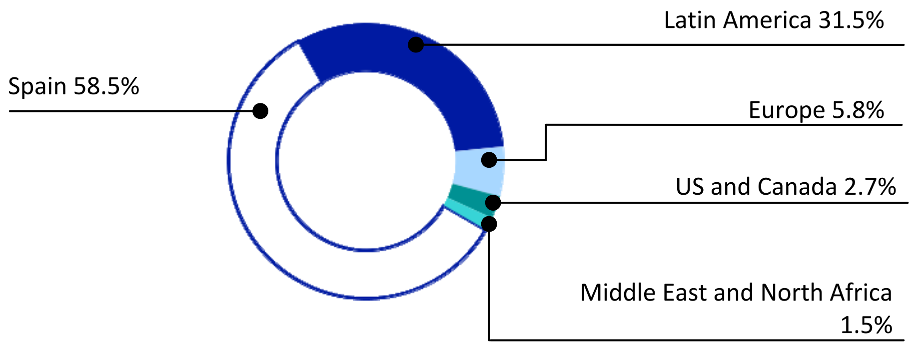
Revenues in the Construction area amounted to 1,085.7 million euro in the first half of 2013, down 16.9% year-on-year. The sharp adjustment in public expenditure on infrastructure led to a 25.7% decline in revenues in Spain, while revenues from international markets held steady (-0.1%).

International Revenue Breakdown

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
Latin America	342.4	303.4	12.9%
Europe	62.7	124.2	-49.5%
US and Canada	28.8	11.0	161.8%
Middle East, North Africa and Others	16.3	12.1	35.4%
Total	**450.3**	**450.6**	**-0.1%**

Revenues in Latin America increased notably, by 12.9%, due mainly to the contribution from contracts for the final section of the metro and for the reorganisation of roads in Panama City. Revenues in Europe declined by 49.5% due to the completion of large contracts, such as the bridge over the Danube, connecting Bulgaria and Romania, and the fact that certain new projects, such as the refurbishment of two sections of railway in Romania, were at a very early stage. Sharp growth in revenues in the US and Canada is due to the start of work on the Gerald Desmond bridge, in Los Angeles, and to the faster pace of the Toronto subway contract. Revenues in the Middle East and North Africa increased due to various infrastructure projects in Qatar.

Revenue breakdown by region



EBITDA amounted to 19.8 million euro in the first half, and the EBITDA margin was just 1.8%. However, this performance was in line with the targets envisioned for the period. EBITDA totalled 34.4 million euro in the second quarter, and the EBITDA margin was 5.4%, compared with losses of -14.6 million euro in 1Q13.

The international backlog increased by 19.8%, driven by new contracts, such as the hospital complex in Panama (445 million euro) and the modernisation of a section of railway in Poland (162 million euro). This helped offset the decline in new contracts in Spain, expanding the total backlog by 2.2% to 6,017.3 million euro.

Backlog breakdown by region

(€mn)	**Jun. 13**	**Dec. 12**	**Chg. (%)**
Spain	3,381.6	3,686.9	-8.3%
International	2,635.7	2,199.3	19.8%
Total	**6,017.3**	**5,886.2**	**2.2%**

Civil engineering and industrial projects continued to account for the bulk of the backlog, i.e. 77.3% of the total, while non-residential building accounted for 19.8% and residential building for 2.9%. At the end of the first half of 2013, the backlog guaranteed over 26 months' work.

Backlog breakdown, by business segment

(€mn)	**Jun. 13**	**Dec. 12**	**Chg. (%)**
Civil engineering	4,326.2	4,523.3	-4.4%
Non-residential building	1,192.4	779.8	52.9%
Residential building	174.6	290.7	-39.9%
Industrial projects	324.1	292.4	10.8%
Total	**6,017.3**	**5,886.2**	**2.2%**

7.3.2 Cash flow

(€mn)	Jun. 13	Jun. 12	Chg. (%)
Funds from operations	**(12.1)**	**108.8**	**-111.1%**
(Increase) / decrease in working capital	(219.8)	(307.6)	-28.5%
Other items (taxes, dividends, etc.)	(14.1)	1.3	N/A
Operating cash flow	**(246.0)**	**(197.5)**	**24.6%**
Investing cash flow	(207.1)	(45.2)	N/A
Cash flow from business operations	**(453.1)**	**(242.7)**	**86.7%**
Financing cash flow	(35.0)	(61.4)	-43.0%
Other cash flow (exchange differences, change in consolidation scope, etc.)	50.4	4.4	N/A
(Increase) / decrease in net interest-bearing debt	**(437.8)**	**(299.7)**	**46.1%**

(€mn)	Jun. 13	Dec. 12	Change (€mn)
Net interest-bearing debt	**450.9**	**754.3**	**(303.4)**
With recourse	*413.1*	*(46.6)*	*459.7*
Without recourse	*37.8*	*800.9*	(763.1)

The Construction area's operating cash flow was -246 million euro in the first half, an increase of 48.5 million euro with respect to 1H12, due to the decline in funds from operations.

Working capital fell by 28.5%, to 219.8 million euro, despite the 41.8 million euro decline in factoring with respect to December 2012. Cash flow in 1H12 also reflects the impact of the first Supplier Payment Plan, through which the company collected 97 million euro. Working capital is seasonal, with the result that this item is expected to decline considerably in the second half of the year.

Investing cash flow increased to 207.1 million euro, i.e. 161.9 million euro more than in 1H12, due to the 148.8 million euro injection in Alpine in 1Q13, prior to its deconsolidation, and to another 59.7 million euro in transport infrastructure concessions under development (Coatzacoalcos Tunnel and Conquense Highway).

The reduction in debt at the end of the period with respect to 2012 year-end is due to the combination of higher funding needs (amounting to 437.8 million euro in first half) and the reduction in debt due to the deconsolidation of Alpine.

7.4 Cement

7.4.1 Results

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
Revenues	270.2	338.3	-20.1%
Spain	*112.2*	*180.0*	*-37.7%*
International	*158.0*	*158.3*	*-0.2%*
EBITDA	25.5	31.1	-18.0%
EBITDA margin	*9.4%*	*9.2%*	*0.2 p.p.*
EBIT	23.5	(36.1)	-165.1%
EBIT margin	*8.7%*	*-10.7%*	*19.4 p.p.*

Revenues in the Cement area amounted to 270.2 million euro in 1H13, a decline of 20.1% year-on-year. Nevertheless, adjusting for the swap of Cementos Lemona and the sale of a port terminal in the United Kingdom in the first quarter, the decline was just 14.4% in like-for-like terms, i.e. a notable improvement on the 22% decline through the end of March.

Revenues in Spain decreased by 37.7%, compared with the 24.2% reduction in cement consumption nationwide in the first half, due to deconsolidating Cementos Lemona and the closure of less profitable concrete, mortar and aggregate plants. Cementos Lemona was swapped with CRH for the non-controlling interests in Corporación Uniland, which was already fully consolidated.

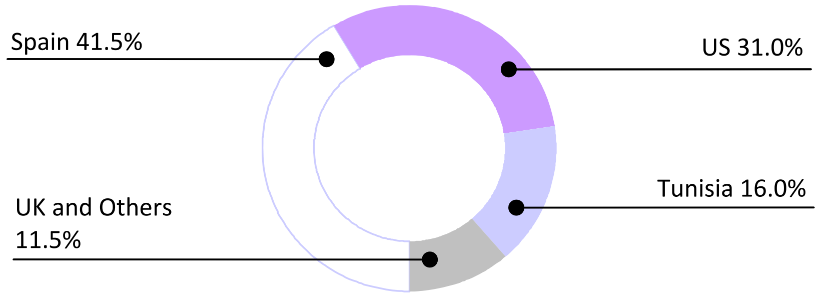
Sales in international markets continue to grow, accounting for 58.5% of the area's total. Adjusting the effect of selling the port terminal in the UK, international revenues would have increased by 3.6% year-on-year in the first half of 2013.

International Revenue Breakdown

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
United States	83.7	73.7	13.5%
Tunisia	43.4	44.4	-2.4%
UK and others	31.0	40.2	-22.9%
Total	**158.0**	**158.3**	**-0.2%**

Sales in the United States rose steadily throughout the first half: revenues increased by 13.5% to account for 31% of the area's total. Revenues in Tunisia were slightly lower than last year, partly due to the temporary halt of exports to Libya and Algeria since April. Exports to other markets reflect the aforementioned effect of the sale of the Ipswich terminal in the United Kingdom.

Revenue breakdown by region



The area's EBITDA declined by 18% year-on-year to 25.5 million euro, resulting in a 9.4% EBITDA margin (9.2% in the same period of 2012). The EBITDA margin has improved steadily this year: 13.4% in the second quarter after 4.6% in the first quarter. This significant improvement in margins is due to cost-saving measures implemented in Spain in the last few quarters and to the recovery in the US. Moreover, EBITDA this year includes only 2.6 million euro from the sale of emission rights, compared with 11.6 million euro in the same period of 2012.

Despite the change in trend in the EBITDA margin, the sharp decline in cement consumption in Spain makes it advisable to step up measures to restore profitability in this division under the New Val operational restructuring plan. For this reason, the company recognised a 60.8 million euro provision in the period, of which 31.7 million euro are for asset impairments (mainly in the concrete and aggregate businesses in Spain) and 29.1 million euro are for additional workforce restructuring.

That charge reduced the area's EBIT to 23.5 million euro, which includes 89.8 million euro in capital gains from the asset swap with CRH (with no cash effect), together with 15.1 million euro in capital gains from the sale of the terminal in Ipswich (UK) in the first quarter.

7.4.2 Cash flow

(€mn)	**Jun. 13**	**Jun. 12**	**Chg. (%)**
Funds from operations	**21.5**	**12.8**	**68.0%**
(Increase) / decrease in working capital	(7.4)	(0.6)	N/A
Other items (taxes, dividends, etc.)	(1.6)	0.2	N/A
Operating cash flow	**12.5**	**12.4**	**0.8%**
Investing cash flow	15.3	(9.2)	N/A
Cash flow from business operations	**27.8**	**3.2**	N/A
Financing cash flow	(42.1)	(31.4)	34.1%
Other cash flow (exchange differences, change in consolidation scope, etc.)	(16.7)	20.2	-182.7%
(Increase) / decrease in net interest-bearing debt	**(30.9)**	**(7.9)**	**N/A**

(€mn)	**Jun. 13**	**Dec. 12**	**Change (€mn)**
Net interest-bearing debt	**1,351.4**	**1,320.5**	**30.9**
With recourse	*104.3*	*33.4*	70.9
Without recourse	*1,247.1*	*1,287.1*	(40.0)

The Cement area's operating cash flow amounted to 12.5 million euro in the period, similar to the first half of 2012. This performance is due to the fact that the reduction in revenues in Spain was offset by the first cost-saving measures implemented in that market in recent quarters and the recovery in the USA.

Investing cash flow was positive in the amount of 15.3 million euro in 1H13, including an inflow of 22.1 million euro from the sale of the port terminal in Ipswich. Investments in the period focused on increasing the use of alternative fuels and raw materials at the plants in Spain, and on developing new products. At the end of the June 2013, the fossil fuel replacement rate stood at 21%.

After applying financing cash flow and other changes, the area's net interest-bearing debt increased by 30.9 million euro in the first half, to 1,351.4 million euro, similar to the figure at 2012 year-end. Of that amount, 104.3 million euro is debt owed to the Group's parent company. The remainder is net interest-bearing debt without recourse to FCC, S.A.

8. SHARE DATA

8.1 Share performance

	Jan. – Jun. 2013	Jan. – Jun. 2012
Closing price (euro)	7.161	10.080
Appreciation	*(23.6%)*	*(49.7%)*
*Yield**	*(23.6%)*	*(46.5%)*
High (euro)	11.50	20.30
Low (euro)	6.69	9.03
Average daily trading (shares)	592,488	521,716
Average daily trading (€mn)	5.0	7.4
Market capitalisation at end of period (€mn)	912	1,283
No. of shares outstanding at end of period	127,303,296	127,303,296
Basic EPS	N/A	0.47

*Includes dividend payment.

8.2 Dividends

On 20 December 2012, applying the principle of prudence and in the best interests of all the shareholders, the Board of Directors of FCC decided not to distribute an interim dividend out of 2012 income, in contrast with standard practice in previous years.

8.3 Own shares

As of 30 June 2013, the FCC Group held a total of 12,710,527 own shares directly and indirectly (9.984% of the company's capital).

9. OUTLOOK AND RISKS FOR 2H2013

The FCC Group operates in a range of geographies, activities and legal environments which give rise to different levels of risk inherent to the businesses in which it operates. Therefore, it has an integrated risk management model which it is steadily rolling out to the various business areas and which enables it to adopt the appropriate approach to all the risks that affect its activities. The model makes it possible to develop a high-level risk map using the COSO II Enterprise Risk Management methodology, which provides information to management and contributes to defining Group strategy.

Under that model, the Group holds regular risk committee meetings to analyse and assess risks in the various business areas; the meetings track risk management, including the risk associated with preparing and producing financial information, with regard to the definition and assignment of responsibilities for managing it, and they draw up procedures and methodologies, including:

- Identification of the FCC Group's key risks, having regard to the threat they pose to the attainment of the organisation's objectives.
- Risk assessment. The risk rating scales are defined as a function of the potential impact if the risk materialised, and the probability that it will materialise.
- For risks that exceed the acceptable threshold in each business area, the necessary action plans are established, including measures to correct the situation and maintain criticality within acceptable bounds.
- Risk committees meet regularly in the various business areas to analyse and monitor any risks that have been identified.
- Mechanisms for regularly reporting the outcome of risk assessment and tracking.
- Implementation of specific procedures to document risk management in business decision-making.

Risks have been classified as follows: strategic, operational, compliance, and financial.

Those risks, and the systems for monitoring them, are covered in detail in the 2012 consolidated financial statements, in section D of the Corporate Governance report, and in the annex with additional information on internal financial reporting control systems for 2013.

In addition to the risks inherent in the businesses in which FCC operates, the group is exposed to a range of financial risks, including notably:

-Capital risk
-Solvency risk
-Liquidity risk
-Concentration risk
-Customer credit risk
-Interest rate risk
-Exchange rate risk
-Financial derivatives risk

The plans for monitoring financial risks in the second half of the year do not differ from the control systems described in detail in the FCC Group's consolidated financial statements for 2012, which were applied in the same way in the first half of 2013.

Risks that existed in 2012 and materialised and were tracked in the first half of 2013:

Firstly, Alpine, the construction subsidiary in Central and Eastern Europe, filed for protection from creditors and was subsequently placed in liquidation. Those events took place last June, after it was clear that the company's operating situation had deteriorated, particularly in the second quarter, with the result that it was unable to honour the obligations undertaken in the refinancing agreements it had signed on 30 March. The Group has recognised the entire impact of this situation in the financial statements for the first half of 2013, having written off all of Alpine's assets; no significant additional impact is expected in the second half of the year.

There is also a persisting operating risk in the form of a delay in investment in infrastructure construction by some public sector clients in Spain, due to investment restrictions as a result of the current economic crisis. This situation is being offset by selectively increasing the company's presence outside Spain and the addition of new contracts, focused on a few select geographies and complex value-added civil engineering projects.

Standing committees have been established to monitor the situation arising from delays in collections from certain public sector clients for municipal environmental services in Spain, the goal being to minimise the volume of assets being generated and thereby reduce the financial cost being borne and steadily reduce it in the future. This reduction, expected in the second half of the year, should be assisted by the approval on 28 June of a new Royal Decree providing for a 2nd Fund for Payment to Suppliers and also the draft Organic Act against late payment by public institutions. All these factors should contribute to a substantial reduction in the average collection period from those clients in Spain in 2013 and 2014.

Recent legislative changes with regard to the production and sale of renewable energy will reduce future revenues in this area, with the consequent impact on its business model. The FCC Group is analysing the return on the projects under the new legislation and will adopt planned decisions in this area on that basis.

It is important to note that, following the presentation of the new Strategic Plan, on 20 March the Company began an overall process of refinancing all of the parent company's syndicated loans and a significant part of the bilateral finance, based on arranging liquidity lines and extending current maturities. To this end, the company is negotiating intensely with the main suppliers of funding in order to reach an agreement in the second half of the year that is aligned with the goals of the Strategic Plan.

Below are detailed the prospects and risks inherent in the main business areas:

The main objective of the **Environmental Services** area is to consolidate the market share it has attained. Performance by the Environmental business in Spain depends on contract renewals and expansions. The company expects to maintain volumes stable in this business, while minimising capex. Outside Spain, the area will maintain an active policy of organic growth and consolidation of investments to develop new waste treatment and abatement assets in Europe, particularly in the United Kingdom.

The **Water** business will maintain the Company's already-strong position in Spain, where it is now established as the leading Spanish-owned end-to-end operator. The tone attained in the first half of the year will be maintained in the second half due to the commencement of several infrastructure and water contracts in Spain and the Middle East. In the medium term, international expansion will continue due to agreements, such as the creation of investment vehicles with the EBRD and the World Bank, which enable FCC to bid for water projects in the areas where those two entities operate.

The **Construction** business will be supported by execution of the backlog, which amounted to 6,017 million euro at the end of June 2013 (i.e. 26 months' production). Accordingly, the selective but growing level of activity outside Spain, conducted by FCC CO International (whose backlog increased by 19.8% in the first half to 2,636 million euro) will help offset the impact of the decline in public investment in Spain.

The **Cement** division's projected performance will be shaped by the volume of construction in the countries and regions where it operates. Cement consumption is expected to continue falling in Spain, in line with the first half of the year. The main international markets where the cement subsidiary operates will maintain the levels of demand observed in the first half: in the USA, because of the steady improvement in the construction industry, and in Tunisia, because of consolidation of the improvement in the economic and political climate that commenced last year.

The various activities conducted by **Versia** were classified, with the Energy business, as discontinued activities, since both are in the process of being sold in accordance with the goals established in the Strategic Plan. One of the Plan's goals is to strengthen the environmental services and products area. Accordingly, these areas may be divested in the second half of the year.

10. DISCLAIMER

The interim financial information contained in this document has been reviewed in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the International Federation of Accountants (IFAC). The scope of a limited review is substantially narrower than that of an audit and, consequently, does not provide assurance that all material issues that might be identified in an audit will be disclosed. The auditor's report on limited review and the interim financial information is on file at the National Securities Market Commission in Madrid.

No liability whatsoever is assumed by the Company, its advisors or representatives, whether for negligence or otherwise, with respect to any loss or damage arising from any use whatsoever of this document or its contents.

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11. CONTACT DETAILS

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