13 consolidated financial statements, management report and audit report 2013

TECNICAS REUNIDAS

TECNICAS REUNIDAS

TÉCNICAS REUNIDAS, S.A.
AND SUBSIDIARIES

Consolidated annual accounts for the year ended December 31, 2013
and 2013 Directors' Report

TECNICAS REUNIDAS

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Directors' Report

Despite the fact that certain factors that denote the trend in the sector, such as global demand for energy, our clients' investment plans and the development needs of certain countries, are positive and demonstrate the sector's potential for growth, in 2013 other events unrelated to TR's business had a negative effect. Some competitors were penalised for acknowledging serious problems with the execution of their projects, while other were affected by delays or cancellations in the awarding of new projects by some companies. These investment cutbacks occurred in certain subsectors of offshore activity such as seismic and excavation, justified by the greater complexity and higher construction costs. These events resulted in companies in the sector reducing their growth expectations for the next two years. However, despite the problems experienced by some competitors, 2013 was a very positive year for Técnicas Reunidas.

In 2013, Técnicas Reunidas achieved a record portfolio of orders and also improved its geographical positioning. This growth was made possible by the right commercial strategy. Having experienced strong competitive pressure from some Asian contractors in 2010 and 2011, the Company sought to strengthen its position with greater international diversification and a balanced customer base.

Once again in 2013, the satisfaction and loyalty of our clients and the recognition of the quality of our work in certain markets were evident. Técnicas Reunidas was awarded new projects with existing clients like Lukoil, Total YPFB, Repsol, Sonatrach and GDF Suez in both new and existing markets such as Russia, Turkey, Bolivia and Algeria. In addition to these recurring markets and clients, the Company continued to enrich its portfolio with new references such as Socar and Eni and new geographical markets like Belgium or Venezuela that offer new opportunities to continue expanding the Group's business.

The new contracts awarded in 2013 were concentrated in the oil and gas divisions. Specifically, the projects awarded in 2013 include refinery projects as well as gas and oil production. The power generation, infrastructure and industrial divisions were focused on the execution of projects already in the order book.

In fiscal year 2013, ordinary income totalled €2,846,000,000 which was 7% higher than the year before as a result of the contribution of projects awarded in previous years as well as the major projects awarded in 2013. The company reported after-tax profits of 128 million euros. At 31 December 2013, the Company's net cash position was 628 million euros, which reflected a healthy financial situation supported by the generation of liquidity. At the end of 2013, Técnicas Reunidas stood out as one of the most financially sound companies in the sector.

The geographical breakdown of the company's income reflects the diversity of its turnover which is compensated between the different markets. Income from business in Spain represented 3% of the total, while 17% came from Europe, 34% from the Middle East, 17% from America and 29% from the rest of the world.

In keeping with the trend of recent years, Técnicas Reunidas took the opportunity to recruit quality professionals, taking advantage of a situation in which there is no shortage of human resources in the market. At the end of 2013, the Company had 7,885 employees, which was 13% higher than the year before, which demonstrates once again the Company's ability to adapt to market needs and prepare for future growth.

Regarding the Company's stock market performance in 2013, Técnicas Reunidas' shares were up by 13%. The year was marked by the problems experienced by some European and Korean competitors in the performance of their projects and the reduction in the profit expectations of some European companies in relation to certain offshore subsectors such as seismic and excavation. These events conditioned the market's appetite for investment, which reacted to the situation with uncertainty and mistrust. Despite the fact that these problems did not involve Técnicas Reunidas, stock market performance was limited and could not capitalise on the investor appetite in the

Spanish market in the final months of the year when the forecasts for the country's economic recovery began to improve.

Shareholder compensation policy in 2013 improved, with a €75 million payout which represents 55% of net profit, a higher percentage than in the past. The company paid a total dividend of €1.395 per share, which represented a 3% increase over the year before.

The evolution of each one of Técnicas Reunidas's business lines was as follows:

Oil and Gas

As in prior fiscal years and despite the world-wide financial crisis, there is still a need to invest in the energy sector. Thanks to demographic growth combined with estimates for raw material demand, many emerging markets are using investments in the energy sector as a mechanism to support social and economic development.

Continuing with the trend that began in 2012, the contracting rate gradually picked up throughout 2013 to the point where we were able to close the year with a new record in volume of orders. The new projects have contributed to a balanced portfolio composed of internationally integrated companies and domestic oil companies. This diversification of accounts implies that in addition to repeat contracts in some countries (Russia, Turkey, Bolivia and Algeria), we have also managed to penetrate new geographical areas with the help of our regular client (Belgium and Venezuela).

In 2013, income from this business totalled €2,614,000,000 euros and accounted for 92% of total sales.

a) Refining and Petrochemicals

- In February the Company added the Volgogrado refinery project to its portfolio. OAO LUKOIL, through its subsidiary, LUKOIL-Volgogradneftepererabotka, awarded TR a turnkey contract for the engineering, procurement of equipment and material, construction, pre-commissioning and support for operational start-up of critical equipment. This is destined for the vacuum gasoil (VGO) deep conversion complex to be built at the Lukoil refinery in Volgogrado, Russia. The first phase of this project consists of developing the complex so that the production of Euro-5 diesel fuel can be increased by 2.4 million tons per year. TR's work will include the construction of one of the largest hydrocracking units in the world with a capacity of 3.5 million tons per year and a conversion rate of 65%. This project will be the second EPC contract performed by TR in the Russian Federation and for Lukoil, a very important client in the world oil sector.
- In May, SOCAR Turkey Enerji A.Ş. awarded the consortium headed by Técnicas Reunidas a turnkey contract for the SOCAR Turkey Aegean Refinery (STAR) located in Aliaga, Turkey. The project includes engineering, equipment and material procurement, construction and commissions. The design of the STAR will make it possible to process different types of crude including "Urals", "Azeri light" and "Kirkuk" with a combined capacity of 10 million tons/year. Técnicas Reunidas considers Turkey a priority market and this is the ninth project to be carried out in the country. This new contract guarantees TR a solid position in the Turkish market, collaborating with local partners in anticipation of the significant investments that will be made in this country in the future.
- In early June, TOTAL chose TR for the engineering, procurement, construction and commissioning of a new solvent deasphalting unit and a new mild hydrocracker as well as the updating and reconversion of the atmospheric distillation waste desulpherizing unit at the Antwerp refinery in Belgium. The contract was awarded under a turnkey arrangement. This project reaffirms TOTAL's satisfaction with two other important projects: the Jubail refinery in Saudi Arabia and the Normandy refinery in France.

- In the third quarter, YPFB Refinación S.A. awarded TR two different FEED + EPC contracts (Engineering, Procurement and Construction) in Bolivia. The first project consists of the construction of a new naphtha isomerization unit for the Guillermo Elder Bell refinery (Santa Cruz) to increase the production of high octane gasoline in addition to a new naphtha hydrotreatment unit for the elimination of contaminants, primarily sulphur. The second project consists of the construction of a new catalytic reforming unit for the Cochabamba refinery in order to increase the production of high octane gasoline as well as a new naphtha hydrotreatment unit for the elimination of sulphur, nitrogenates, oxygenates, heavy metals and other contaminants. This is the second project awarded by YPFB and TR's fourth construction project in Bolivia.
- In November, OAO LUKOIL, through its subsidiary OOO LUKOIL – Nizhegorodnefteorgsintez LLC, awarded TR a Front End Engineering and Design (FEED) contract for a new heavy crude hydrocracking complex to be built at the Nizhny Novgorod refinery located in Kstovo, Russia. The project is part of Lukoil's plans to modernise two of its Russian refineries to promote the production of gasoline. This award reinforces TR's commitment to Lukoil and its cooperation with the Russian Design Institutes.

Progress on the rest of the projects in the order book that had been awarded in prior years continued as planned. At the year-end, the projects that contributed most to the division's turnover were: the updating of the Izmit refinery for Tüpras in Turkey; the Yanbu refinery for Saudi Aramco and Sinopec in Saudi Arabia; the nitric acid plant for Yara/Orica/Apache in Australia; the Sadara petrochemical plant for Saudi Aramco/Dow Chemical in Saudi Arabia; the Kemya petrochemical project for Sabic/Exxon Mobil in Saudi Arabia and the Petrokemya petrochemical project for Sabic in Saudi Arabia.

b) Natural Gas and Upstream

In 2013, the Company also won new gas production projects. On the one hand, there was an opportunity to break into the offshore market through a project in Venezuela; and on the other hand, the Company launched a new investment plan for the Algerian market following the political changes in the country.

- In the first quarter, the consortium comprising Repsol and Eni awarded TR part of the Perla Offshore project in Punta Cardón (Venezuela) for Cardón IV. The project includes the engineering, procurement and construction of three "jacket" type platforms for gas production at 60 metres deep, the "offshore" installation of the platforms and the underwater gas pipeline to convey the gas to land, the interconnection lines between the platforms and the optical fibre cables. TR's work includes the EPC design and construction of the platforms. The Perla field was discovered by Repsol and Eni in 2009 in the Cardón IV gas field. It is the largest gas field discovered in Latin America and one of the largest in the world. The development of the Perla field will make it possible to increase production from 800 million to 1,200 million cubic feet per day. This project will enable TR to strengthen its position in the offshore market and give it the opportunity to work with Repsol again.
- In August, Groupement Touat Gaz signed a contract with TR to develop a hydrocarbon complex near the city of Adrar in south-east Algeria. The Touat project includes engineering, procurement, construction and commissioning of the gas processing facilities which will have an estimated gas production capacity of 13 million m3 per day. The facilities include the development of 25 shafts and associated systems, the gas condensation and processing units, compressors, the Hg, H2S and CO2 elimination units, dehydration units, waste water treatment systems and all of the auxiliary systems needed for the independent operation of the complex, including the production of its own electricity and drinking water. TR has been operating successfully in the Algerian market since 2000.

In 2013, the projects that contributed most to the division's sales were the Shah project for ADNOC (Abu Dhabi Oil Company) in Abu Dhabi; the Gran Chaco project for YPFB in Bolivia and the bituminous sand project for Canadian Natural Resources in Canada. The Company also concluded the following projects: SAS for ADCO in EAU and the Zhuhai LNG terminal project for Guangdong Zhuhai Golden Bay LNG in China.

Energy

In recent years, the Energy Division has been more seriously affected by the crisis than the Group's two other main activities. These projects offer greater flexibility to adapt to market demand by being more closely linked to growth and consumption and because they require shorter implementation times. In addition, in Spain there have not been high expectations for growth in this market for the last several years. The Company is confident in its ability to recover its position in this market given the positive long term outlook and supported by the international recognition of its main suppliers, who play an essential role in the awarding of these types of projects.

This division had income of €79 million which was down 48% from the year before due to the fact that several projects had been completed the year before and no new contracts were added in this fiscal year:

The energy business accounts for 3% of Técnicas Reunidas Group's total sales. In 2013 the Company completed the work on the Manifa project for Saudi Aramco in Saudi Arabia, to the customer's satisfaction, and this division expects to add new projects in 2014.

Aside from its knowledge of cogeneration plants, Técnicas Reunidas has a great deal of experience with nuclear power. Despite the negative publicity from the Fukushima disaster in 2011, there is strong demand for this type of energy. Consequently, there must be tighter safety controls that will require higher investments. In its last annual report (World Energy Outlook 2013), the International Energy Agency estimated that nuclear energy would increase from 2,584 TWh in 2011 to 4,300 TWh in 2035 and this increase will be accompanied by an estimated investment of more than 1,000 billion dollars in nuclear power plants over the next 24 years.

In fiscal year 2013, Técnicas Reunidas, through the investee company Empresarios Agrupados, continued to rendered engineering support services to nuclear power plants operating in Spain. During the year, Técnicas Reunidas participated in the following nuclear projects:

- Design and detail engineering for site preparation and preliminary work on the nuclear power plant in Akkuyu, Turkey, where 4 VVER nuclear reactors with a capacity of 1200 MW each will be built. Work performed for NIAESP-ASE, which is the Russian consortium in charge of the construction of the nuclear power plant owned by Rosatom.

- Word on the final design and supply phase of the heat exchangers for the emergency cooling systems for the Taishan Nuclear Power Plant, units 1 and 2 (Areva EPR reactors, 1,600 MW each), for the China Guangdong Nuclear Power Corporation.

- Engineering of Temporary Central Warehouse (TCW) for highly radioactive waste to be built in Villar de Cañas, Cuenca, awarded by Enresa.

- Engineering and other work associated with the stress tests conducted at Spanish nuclear power plants following the Fukushima accident, largely designed to analysed the ability of emergency cooling systems to resist stronger earthquakes than those included in original design.

- Site engineering while acting as Architect Engineer for ITER at a large installation and Fusion Project located in Cadarache, France, contracted through the ENGAGE consortium comprised of Atkins, Assystem, IOSIS, and Empresarios Agrupados.
- Site engineering for the nuclear station at Fennovoima in Finland, a location approved in Pyhaejoki for a 1200 MW installation, currently in the phase of acquiring permits.
- Engineering support for the owner of units 3 and 4 of the Temelin nuclear power plant, two PWR units in the 1100 – 1600 MW range for CÉZ in the Czech Republic.
- Support for GE Hitachi at the nuclear power plant in Lungmen (Taiwan) on the engineering of two APWR “Advanced Boiling Water Reactor” type units with 1360 MW of power each, also in association with General Electric Nuclear Energy.
- Support for GE Hitachi in securing licensing for the ESBWR and ABWR advanced third generation reactors in the U.S.
- Support for the EBRD for the Bohunice 1 (VVER-440 V-230) NPP demolition project in Slovakia in a consortium with Iberdrola Engineering and Indra.
- Support for EBRD on the dismantling of units 1-4 (VVER-440 V230) at the Kozloduy nuclear power plant in Bulgaria, in a joint venture with Nuvia.
- Analysis of pipelines and supports, including fracture analysis and anti-whiplash protection for the Mochovice 3 NPP in the Czech Republic.

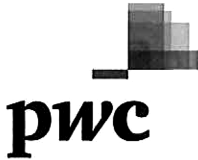
Infrastructures

The Infrastructure division of the company has been geared toward international markets for the last several years. Since the beginning of the financial crisis in Spain, no major investment plans have been forthcoming from governmental organizations. However, one niche with good prospects has been identified: the water treatment market, in which Técnicas Reunidas has a great deal of expertise. Geographic regions such as Australia and the Middle East are targets for developing business in these types of projects.

In fiscal year 2013, the revenue from the division of Infrastructure and Industry amounted to 153 million euros, representing 5% of net billings. The bulk of the revenue was generated by the second phase of the Southern Seawater desalination plant for the Water Corporation of Australia. The rest of the projects were of more modest size, and included activities such as airport and factory installations, and desalination and water treatment plants for public institutions, all progressing satisfactorily.

José Lladó
Chairman

Juan Lladó
Vice Chairman



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the Shareholders of Técnicas Reunidas, S.A.:

We have audited the consolidated annual accounts of Técnicas Reunidas, S.A. (parent company) and its subsidiaries (the group), consisting of the consolidated balance sheet at 31 December 2013, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes to the consolidated annual accounts for the year then ended. As explained in Note 2.1, the directors of the company are responsible for the preparation of these consolidated annual accounts in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the financial reporting framework applicable to the group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2013 present fairly, in all material respects, the consolidated financial position of Técnicas Reunidas, S.A. and its subsidiaries at 31 December 2013 and the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the applicable financial reporting framework.

The accompanying consolidated directors' Report for 2013 contains the explanations which the parent company's directors consider appropriate regarding the group's situation, the development of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the consolidated directors' report is in agreement with that of the consolidated annual accounts for 2013. Our work as auditors is limited to checking the consolidated directors' report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the accounting records of Técnicas Reunidas, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Rafael Pérez Guerra
Audit Partner

27 February 2014

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CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT DECEMBER 31, 2013

CONSOLIDATED BALANCE SHEET
(Figures in Thousand of Euros)

	Note	At 31 December	
		2013	**2012**
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	41,802	33,778
Goodwill	**7**	1,242	1,242
Other intangible assets	**7**	69,725	70,027
Investments in associates	**8**	12,431	8,021
Deferred income tax assets	**29**	37,852	28,433
Available-for-sale financial assets	**9**	1,010	349
Derivative financial instruments	**10**	4,251	14,349
Receivables and other assets	**13**	5,796	6,014
		174,109	**162,214**
Current assets			
Inventories	**12**	24,298	25,720
Trade and other receivables	**11**	1,461,065	1,731,160
Receivables and other assets	**13**	22,891	22,215
Derivative financial instruments	**10**	21,899	24,649
Financial assets at fair value through profit or loss	**14**	67,872	63,407
Cash and cash equivalents	**15**	590,814	616,833
		2,188,839	**2,483,984**
Total assets		**2,362,948**	**2,646,197**

Notes 1 to 38 and Exhibits I to IV are an integral part of these consolidated annual accounts

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT DECEMBER 31, 2012

CONSOLIDATED BALANCE SHEET
(Figures in Thousand of Euros)

	Note	At 31 December	
		2013	2012
EQUITY			
Capital and reserves attributable to owners of the parent			
Share capital	16	5,590	5,590
Share premium	16	8,691	8,691
Treasury shares	16	(73,371)	(73,371)
Other reserves	17	1,137	1,137
Hedging reserve	10	(4,386)	14,044
Cumulative translation differences	18	(25,121)	(6,633)
Retained earnings	19	557,790	518,517
Interim dividend	19	(35,846)	(35,846)
Equity attributable to owners of the parent		**434,484**	**432,129**
Non-controlling interests	19	**4,036**	**11,562**
Total equity		**438,520**	**443,691**
LIABILITIES			
Non-current liabilities			
Borrowings	21	25,915	30,688
Derivative financial instruments	10	8,799	1,727
Deferred income tax liabilities	29	10,203	4,023
Other payables	20	332	658
Other liabilities		539	541
Employee benefit obligations	22	8,827	7,060
Provisions for liabilities and charges	23	29,566	26,056
		84,181	**70,753**
Current liabilities			
Trade and other payables	20	1,729,828	2,039,766
Current tax liabilities	29	47,945	26,925
Borrowings	21	4,126	3,115
Derivative financial instruments	10	18,011	18,435
Other payables	20	38,351	41,449
Provisions for liabilities and charges	23	1,986	2,063
		1,840,247	**2,131,754**
Total liabilities		**1,924,428**	**2,202,506**
Total equity and liabilities		**2,362,948**	**2,646,197**

Notes 1 to 38 and Exhibits I to IV are an integral part of these consolidated annual accounts

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT DECEMBER 31, 2013

CONSOLIDATED INCOME STATEMENT
(Figures in Thousand of Euros)

	Note	Year ended 31 December	
		2013	**2012**
Revenue	**24**	2,846,101	2,652,358
Change in inventories		(1,205)	5,171
Own work capitalised		126	1,730
Raw materials and consumables		(1,944,536)	(1,775,059)
Employee benefit expense	**26**	(439,112)	(381,531)
Depreciation/amortisation and impairment charges	**6 & 7**	(9,249)	(8,324)
Lease and royalty expenses	**27**	(44,219)	(40,998)
Other expenses	**25**	(267,612)	(308,850)
Other income	**25**	7,739	4,185
Operating profit		**148,033**	**148,681**
Finance income	**28**	11,750	13,196
Finance costs	**28**	(6,485)	(4,890)
Share in profit (loss) of associates	**8**	(2,836)	810
Profit before tax		**150,462**	**157,797**
Income tax expense	**29**	(21,998)	(21,488)
Profit for the year		**128,464**	**136,310**
Atributable to:			
Owners of the parent	**19**	127,649	133,423
Non-controlling interests	**19**	815	2,887
		128,464	**136,310**
Earnings per share (expressed in euro per share)			
- Basic and diluted	**30**	2.38	2.48

Notes 1 to 38 and Exhibits I to IV are an integral part of these consolidated annual accounts

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT DECEMBER 31, 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In Thousands of euros)

	Fiscal year ended 31 December	
	2013	**2012**
Profit /(loss) for the period	**128,464**	**136,310**
Other comprehensive income		
Items that will not be restated to income		
Restatement of retirement benefit commitments	266	(49)
Total items that will not be restated to income	**266**	**(49)**
Items that may later be restated to income		
Cash flow hedges, net of tax	(18,430)	45,159
Net investment hedges		
Foreign currency translation differences	(18,488)	(5,897)
Total items that may later be restated to income	**(36,918)**	**39,262**
Other comprehensive income for the period, net of tax		
Total comprehensive income for the period	**91,812**	**175,523**
Attributable to:		
- Parent company	90,997	172,398
- Minority interests	815	3,125
Total comprehensive income for the period	**91,812**	**175,523**
Total comprehensive income attributable to the owners of the parent arising from:		
– Continuous operations	91,812	175,523
– Discontinued operations	-	-
	91,812	**175,523**

The items shown on this consolidated statement of total comprehensive income are net of taxes. The tax on earnings for each one of the components of the consolidated statement of total comprehensive income is disclosed in note 29.

The accompanying notes 1 to 38 and Annexes I to IV are an inseparable part of these consolidated annual accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Figures in Thousand of Euros)

	Attributable to the owners of the parent									
	Share capital (Nota 16)	Share premium (Nota 16)	Treasury shares (Nota 16)	Other reserves (Nota 17)	Hedging reserve (Nota 10)	Cumulative translation differences (Nota 18)	Retained earnings	Interim dividend (Nota 19)	Non-controlling interests (Note 19)	Total equity
Balance at 1 January 2013	**5,590**	**8,691**	**(73,371)**	**1,137**	**14,044**	**(6,633)**	**518,517**	**(35,846)**	**11,562**	**443,691**
Comprehensive income	-	-	-	-	-	-	-	-	-	
Profit (loss) for the year, 2013	-	-	-	-	-	-	127,649	-	815	**128,464**
Other comprehensive income	-	-	-	-	-	-	-	-	-	
Cash flow hedges, net of tax	-	-	-	-	(18,430)	-	-	-	-	**(18,430)**
Currency translation differences	-	-	-	-	-	(18,488)	-	-	-	**(18,488)**
Actuarial gains on post-employment benefit obligations	-	-	-	-	-	-	266	-	-	**266**
Total other comprehensive income	-	-	-	-	(18,430)	(18,488)	266	-	-	**(36,652)**
Total comprehensive income	**5,590**	**8,691**	**(73,371)**	**1,137**	**(4,386)**	**(25,121)**	**646,432**	**(35,846)**	**12,377**	**535,503**
Transactions with owners										
Transactions in treasury shares, net	-	-	-	-	-	-	-	-	-	**-**
Distribuction against 2012 profit	-	-	-	-	-	-	(75,000)	35,846	-	**(39,154)**
Interim dividend against 2013 profit	-	-	-	-	-	-	-	(35,846)	-	**(35,846)**
Non-controlling interest acquisitions	-	-	-	-	-	-	(6,285)	-	(8,341)	**(14,626)**
Other movements	-	-	-	-	-	-	(7,357)	-	-	**(7,357)**
Total transactions with owners	-	-	-	-	-	-	**(88,642)**	-	**(8,341)**	**(96,983)**
Balance at 31 December 2013	**5,590**	**8,691**	**(73,371)**	**1,137**	**(4,386)**	**(25,121)**	**557,790**	**(35,846)**	**4,036**	**438,520**

Notes 1 to 38 and Exhibits I to IV are an integral part of these consolidated annual accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 December 2013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Figures in Thousand of Euros)

	Attributable to the owners of the parent									
	Share capital (Note 16)	Share premium (Note 16)	Treasury shares (Note 16)	Other reserves (Note 17)	Hedging reserve (Note 10)	Cumulative translation differences (Note 18)	Retained earnings	Interim dividend (Note 19)	Non-controlling interests (Note 19)	Total equity
Balance at 1 January 2012	**5,590**	**8,691**	**(73,371)**	**1,137**	**(31,115)**	**(498)**	**466,061**	**(35,846)**	**8,718**	**349,367**
Comprehensive income										
Profit (loss) for the year, 2012	-	-	-	-	-	-	133,423	-	2,887	**136,310**
Other comprehensive income						-	-			
Cash flow hedges, net of tax	-	-	-	-	45,159	-	-	-	-	**45,159**
Currency translation differences	-	-	-	-	-	(6,135)	-	-	238	**(5,897)**
Actuarial gains on post-employment benefit obligations	-	-	-	-	-	-	(49)	-		**(49)**
Total other comprehensive income	-	-	-	-	45,159	(6,135)	(49)	-	238	**39,213**
Total comprehensive income	**5,590**	**8,691**	**(73,371)**	**1,137**	**14,044**	**(6,633)**	**599,435**	**(35,846)**	**11,843**	**524,890**
Transactions with owners										
Transactions in treasury shares, net	-	-	-	-	-	-	-	-	-	**-**
Distribution against 2011 profit	-	-	-	-	-	-	(72,820)	35,846	(281)	**(37,255)**
Interim dividend against 2012 profit	-	-	-	-	-	-	-	(35,846)	-	**(35,846)**
Other movements	-	-	-	-	-	-	(8,098)	-	-	**(8,098)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(80,918)**	**-**	**(281)**	**(81,199)**
Balance at 31 December 2012	**5,590**	**8,691**	**(73,371)**	**1,137**	**14,044**	**(6,633)**	**518,517**	**(35,846)**	**11,562**	**443,691**

Notes 1 to 38 and Exhibits I to IV are an integral part of these consolidated annual accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED CASH FLOW STATEMENT
(Figures in Thousand of Euros)

	Note	Year ended 31 December	
		2013	2012
Cash flows from operating activities			
Profit for the year		128,464	136,310
Adjustments:			
- Taxes	29	21,998	21,488
- Depreciation/amortisation of PPE and intangible assets	6 & 7	9,249	8,324
- Change in provisions, net		3,433	8,391
- Share in (profit)/loss of associates	8	2,836	(810)
- Change in fair value of financial instruments	28	(4,270)	(1,338)
- Interest income	28	(7,480)	(11,904)
- Interest expense	28	6,485	4,890
- Change in gains/losses on derivatives	10	1,066	(24,078)
- Exchange gains/losses	28	-	-
- Other income / expense		863	(9,133)
Changes in working capital			
- Inventories		1,402	(4,962)
- Trade and other receivables		250,821	22,781
- Other financial assets		(786)	10,440
- Trade payables		(319,498)	(117,869)
- Other accounts payable		(328)	(10,198)
- Other changes		2,787	(913)
Other operating cash flows:			
- Interest paid		(6,485)	(4,890)
- Interest received		7,618	12,577
- Tax paid		(13,650)	(38,306)
Net cash from/(used in) operating activities		**84,526**	**800**
Cash flows from investing activities			
Purchases of property, plant and equipment	6	(16, 323)	(10,907)
Purchases of intangible assets	7	(1,468)	(5,127)
Acquisition of associates	8	-	(48)
Acquisition of other non-current assets		-	-
Disposal of non-current assets		654	2,771
Net cash used in investing activities		**(17,137)**	**(13,311)**
Cash flows from financing activities			
Acquisition of interest in a subsidiary		(14,645)	-
Repayment of borrowings		(3,762)	(5,034)
Dividends paid	19	(75,000)	(73,101)
Acquisition of treasury shares	16	-	-
Net cash used in financing activities		**(93,407)**	**(78 135)**
Net increase/(decrease) in cash and cash equivalents		**(26,018)**	**(90,646)**
Cash and cash equivalents at beginning of year		**616,833**	**707,479**
Cash and cash equivalents at end of the year		**590,814**	**616,833**

Notes 1 to 38 and Exhibits I to IV are an integral part of these consolidated annual accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Figures in Thousand of Euros)

1. General information

TÉCNICAS REUNIDAS, S.A. (the "Company" and together with its subsidiaries, the "Group") was incorporated on 6 July 1960 as a limited liability company ("*Sociedad Anónima*"). It is entered in the Madrid Companies Register in volume 1407, sheet 129, page 5692. The latest adaptation and amendment of its Articles of Association is registered in volume 22573, section 8, book 0, sheet 216, page M-72319, entry 192.

The registered offices of TÉCNICAS REUNIDAS, S.A. are located at Arapiles Street, 14, 2015 Madrid (Spain). It is headquartered in Madrid, at Arapiles Street, 13.

The Group's corporate purpose is described in the article 4 of the Bylaws and consists of the performance of all classes of engineering services and the construction of industrial plants, ranging from viability or basic and conceptual engineering studies to turnkey engineering, design and construction of large, complex projects, management of supply, equipment and material deliveries and construction of plants and related or associated services, such as technical assistance, construction supervision, project management, technical management, start-up and training.

Within its engineering services business, the Group operates through a number of business lines, mainly in the refinery, gas and power sectors.

Since 21 June 2006, the shares of Técnicas Reunidas, S.A. have been admitted to trading on the four Spanish stock exchanges and the continuous market and are part of the Ibex35 index.

The Group's consolidated annual accounts for 2012 were approved at the Annual General Meeting held on 25 June 2013.

These consolidated annual accounts were authorised for issue by the Board of Directors on 27 February 2014. The directors will submit these consolidated annual accounts to the Annual General Meeting and expect them to be approved without modification.

2. Summary of significant accounting policies

The main accounting policies applied in preparing the accompanying consolidated financial statements are described below.

2.1. Basis of presentation

The Company's directors prepared the Group's 2013 consolidated financial statements in accordance with the International Financial Reporting Standards (hereinafter EU-IFRS) adopted by the European Union and approved by European Commission Regulations, and which are in force at 31 December 2013, and with all prevailing IFRIC interpretations and company law applicable to companies reporting under EU-IFRS.

The policies indicated below have been applied uniformly to all of the fiscal years presented in these consolidated annual accounts, unless otherwise indicated.

The consolidated annual accounts have been prepared on a historical cost basis, with the exception of certain assets and liabilities that must be carried at fair value through profit or loss under EU-IFRS.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

The preparation of consolidated financial statements under IFRS requires the use of certain critical accounting estimates. The use of IFRS also requires that management exercise judgement in the process of applying the Group's accounting policies. Note 4 discloses the areas that require a higher level of judgement or entail greater complexity, and the areas where assumptions and estimates are significant with respect to the consolidated financial statements.

The figures in these annual accounts are shown in thousands of Euro, unless explicitly stated otherwise.

2.1.1 Changes in accounting policies and disclosures

The following standards were applied following their approval, publication and enactment on 1 January 2013:

- IAS 1 (Amedment), "Presentation of financial statements".
- IAS 19 (Amedment) "Employee benefits".
- IFRS 13 "Fair value measurement".
- IFRIS 20 "Extraction costs in the production phase of open cut mines".
- IFRS 7 (Amedment) "Financial Instruments: Disclosure – Offsetting financial assets and liabilities".
- IAS 12 (Amedment) "Deferred taxes: Recovery of underlying assets".
- Annual betterments to IFRS, 2009-2011.

With regard to IFRS 13, "Fair value measurement", the idea is to make it more consistent and less complex by offering a more precise definition of fair value and a single source of measurement, along with the requirements for the information to be disclosed under IFRS. The Group has evaluated the impact of the standard on its derivative contracts. In doing so, fair value was determined taking the effects of the counterparty's default risk into account for financial assets and the company's own credit risk for financial liabilities. Neither the application of this standard or any of the other modifications has had a significant impact on the consolidated annual accounts.

For comparison purposes, the consolidated statement of comprehensive income for the fiscal year ended 31 December 2012 is provided as per IAS 1 (Amedment) "Presentation of other comprehensive income items".

Moreover, in 2012 and 2013, the EU adopted the following standards for financial years beginning on January 1, 2014:

- IFRS 10 "Consolidated financial statements"
- IFRS 11 "Joint arrangements"
- IFRS 12 "Disclosure of interests in other entities"
- IAS 27 (Amedment) "Separate financial statements"
- IAS 28 (Amedment), "Investments in associates and joint ventures"
- IAS 32 "Financial Instruments: Disclosure – Offsetting financial assets and liabilities"
- IAS 36 (Amedment), "Information to be disclosed on the recoverable amount of non-financial assets"
- IAS 39 (Amedment) "Financial Instruments: Recognition and measurement." Novation of derivative sand continuation of hedge accounting
- IFRS 10, IFRS 11 and IAS 27 (Modification), "Investment entities"
- Transition Guide", Modification of IFRS 10, IFRS 11 and IFRS 12.

Based on the analysis of the new accounting standards and interpretations to be applied to fiscal years beginning on or after 1 January 2014, the Group does not expect them to have significant effects on the consolidated annual accounts.

2.2. Principles of Consolidation

Consolidation scope

The TÉCNICAS REUNIDAS Group is made up of: TÉCNICAS REUNIDAS, S.A., the parent, and its subsidiaries and associates. The Group also has interests in jointly-controlled entities and temporary joint ventures (hereinafter "UTEs"). Exhibits I, II, III and IV to these notes contain additional information on the entities included in the scope of consolidation.

Group companies hold interests of less than 20% in other companies in which they do not have significant influence.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

For the purposes of preparing the consolidated annual accounts, a group is understood to exist when the parent company has one or more subsidiaries, i.e. companies it controls directly or indirectly.

The parent and certain subsidiaries also have interests in UTEs and consortiums and recognise the relevant assets, liabilities, revenues and expenses on a proportionate basis. Exhibit IV lists the UTEs and consortiums in which the Group companies have interests.

The consolidation scope changed as follows in 2013:

The following companies were established:

- Técnicas Reunidas Saudia for Services and Contracting Company Limited which is owned 50%-50% by Técnicas Reunidas, S.A. and Técnicas Reunidas Proyectos Internacionales, S.A.

- TSGI Mühendislik İnşaat Limited Şirketiwhich is owned 30% by Técnicas Reunidas S.A, 30% by SAIPEM, 30% by GS Engineering and 10% by Itochu Corporation.

- Técnicas Reunidas Mühendislik ve İnsaat A.S., a wholly-owned subsidiary of Técnicas Reunidas S.A.

- Técnicas Reunidas Engineers India Private Limited (TREI), a wholly-owned subsidiary of Técnicas Reunidas S.A.

The following changes also occurred:

- In 2013 the parent company of the Técnicas Reunidas, S.A. Group acquired 25% of the investee company Técnicas Reunidas Gulf, Ltd from the minority shareholders, which had an impact on the Consolidated Statement of Change in Equity.

- The companies Ebramex S. de R.L. de C.V. and Minatrico S. Minatrico S. de R.L. de C.V. are now consolidated using the equity method, whereas in 2012 they were consolidated using the proportional method. Now that the plant has been delivered and paid in full, the Company no longer has enough control over it to carry it using the proportional method.

The consolidation scope changed as follows in 2012:

- Establishment of TR Canada Inc., 85%-owned by Initec Plantas Industriales S.A.U. and 15%-owned by Técnicas Reunidas S.A.

- Establishment of TR Saudi Arabia LLC, 50%-owned by Técnicas Reunidas S.A. and 50%-owned by Técnicas Reunidas Proyectos Internacionales, S.A.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

There were no business combinations in 2013 and 2012.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Exhibit I provides a breakdown of the identifying details of the subsidiaries included in the scope of consolidation by means of the full consolidation method.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

There were no disposals of subsidiaries were in 2013 and 2012.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in the income statement.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Exhibit II provides the identifying details of the associates included in the scope of consolidation using the equity method.

Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Exhibit III provides the identifying details of the joint ventures included in the scope of consolidation under the proportionate method of consolidation.

Temporary jointly-controlled entities - UTEs

A temporary joint venture or UTE is an arrangement between companies wishing to collaborate for a specified or unspecified period, during which a work, service or supply is performed or executed.

The UTE's balance sheet and income statement headings are added line by line to the balance sheet and income statement prepared by the venturer pro rata for its ownership interest in the joint venture, and the cash flows in the cash flow statement.

Exhibit IV identifies the UTEs whose financial information is recognised by the companies included in the scope of consolidation.

2.3. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (Note 5).

Operating segment accounting policies are the same as the policies applied to prepare the accompanying consolidated financial statements, as described herein.

2.4. Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the Group companies are measured using the currency of the principal economic environment in which the company operates ("functional currency"). The Group's consolidated financial statements are presented in Euro, which is both its functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Foreign exchange gains and losses are recognised on a net basis in the income statement within finance income or cost, as appropriate.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) Income and expenses for each income statement are translated at average exchange rates;
(iii) Equity items (except profit and loss headings) are translated at the historical exchange rate;
(iv) All resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The translation differences that arise are recognised in other comprehensive income.

2.5. Property, plant and equipment

Items of property, plant and equipment are recognised at cost less depreciation and accumulated impairment losses, except for land which is not depreciated.

Historical cost includes expenses directly attributable to purchases of property, plant and equipment.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset may be reliably determined. All other repair and maintenance expenses are charged to the income statement in the year in which they are incurred.

Land is not depreciated. The depreciation of other assets is calculated on a straight-line basis based on their estimated useful lives and residual values. The estimated useful lives of each asset category are as follows:

Clasification / Elements	Useful Lives			
Industrial structures and premises	25	-	50	Years
Plant and machinery	5	-	10	Years
Complex and general installations	12	-	17	Years
Furniture and office equipment			10	Years
Data-processing equipment			4	Years
Vehicles			7	Years
Other fixed assets	7	-	10	Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

When the book value of an asset is higher than its estimated recoverable value, the carrying amount is immediately reduced.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other expenses" or "Other income" in the income statement. Own work capitalised is stated at production cost and recognised as revenue in the income statement.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

2.6. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is assigned to cash generating units (CGUs) for impairment testing purposes. Goodwill is allocated to those CGUs or groups of CGUs expected to benefit from the business combinations in which the goodwill arose, identified according to operating segments.

The recoverable amount of a CGU is the higher of its value in use and its fair value less sale costs. These calculations use 5-year cash flow projections based on financial budgets approved by management. Cash flows beyond this five-year period are extrapolated at constant growth rates.

Losses due to goodwill impairment are reviewed annually or more frequently if changing circumstances of events indicate potential impairment losses.

Impairment losses are recognised as expenses and are not reversed at a later date.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortised over the assets' estimated useful lives (4 years).

Costs associated with developing or maintaining computer software programs are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group which are deemed likely to generate future economic benefits in excess of costs for more than one year are recognised as intangible assets. Direct costs include software developer costs and an appropriate portion of relevant overhead. Capitalised computer software development costs are amortised over the programs' estimated useful lives (4 years).

Concessions

Concessions refer to the administrative authorisations granted by a number of municipal councils to build and operate car parks and other assets for the period of time stipulated in each contract. The accounting treatment of these assets has been defined based on the classification of the concession assets as intangible assets measured at fair value (understood to be the value resulting from their construction). Once the assets held under concession become operational, the concession receipts are recognised as revenue, operating expenses are expensed currently, while the intangible assets are amortised on a straight-line basis over the term of the concession. Project returns are reviewed at each year-end to assess whether or not there is any indication of impairment, i.e., an indication that their value may not be recoverable through the revenues generated while in use.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Throughout the terms of these concessions, the concessionaire is obliged to repair and maintain the facilities and to keep them in a perfect state of repair. These maintenance and repair expenses are recognised in the income statement. No liabilities were recognised since the current value of the obligation is negligible.

Research and development expenses

Research expenditure is recognised as an expense as incurred. Costs incurred in development projects are recognised as intangible assets when the following requirements are met:

- It is technically feasible to complete the production of the intangible asset so that it will be available for use or sale;
- Management intends to complete the intangible asset in question for use or sale;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the software product will generate probable future economic benefits;

Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

- The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Grants received for research and development projects are transferred to the income statement in accordance with the criteria for recognising research and development expenses in the income statement.

2.7. Borrowing costs

Borrowing costs incurred in the construction of a qualifying asset are capitalised during the period of time needed to complete and ready the asset for its intended use. The rest of the costs incurred are recognised in the consolidated income statement when they are incurred.

2.8. Impairment of non-financial assets

Assets that have indefinite useful lives and goodwill are not subject to depreciation/amortisation and are tested annually for impairment. The Group reviews the assets subject to depreciation/amortisation at each year-end for events or changes in circumstances which indicate that their carrying amount may not be recoverable.

An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of an asset less costs to sell and value in use. Goodwill impairment losses cannot be reversed. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, i.e. cash-generating units. Impairment loss is recognised in the income statement.

The possible reversal of impairment losses on non-financial assets other than goodwill that suffer an impairment loss is reviewed on all dates for which financial information is presented.

2.9. Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management establishes the classification of investments at initial recognition and reviews the classification at each reporting date. The Group did not have any held-to-maturity investments at either year-end 2013 or 2012.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are recognised initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit and losses are recognised initially at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive the attendant cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Interest income on financial assets at fair value through profit or loss is recognised in other income in the income statement when the Group’s right to receive payment is established.

Financial assets at fair value through profit or loss

This category includes two sub-categories: financial assets held for trading and financial assets designated on initial recognition at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling it in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedging instruments. Assets in this category are classified as current assets if they are held for trading or are expected to be realised within 12 months from the balance sheet date. These financial assets are subsequently measured at fair value.

Realised and unrealised gains and losses resulting from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement in the year in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for amounts maturing more than 12 months from the end of the reporting period. This category also includes deposits and guarantees furnished to third parties. Loans and receivables are included in “Trade and other receivables” in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets

This classification relates to non-derivative financial assets that are designated as available for sale or are not included in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. These financial assets are subsequently measured at fair value. Unrealised gains and losses resulting from changes in the fair value of non-monetary instruments classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses on investment securities.

The fair values of listed investments are based on prevailing purchase prices. If there is no active market for a financial asset (as in the case of unlisted securities), the Group establishes fair value by using valuation techniques such as analysis of recent transactions between knowledgeable and willing parties involving instruments which are substantially identical, as well as discounted cash flow analysis. In the event that neither of these two methods can be used to estimate fair value, the investments are carried at acquisition cost less any impairment losses.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The main criteria used by the Group to identify objective evidence of an impairment loss include: significant financial difficulty of the obligor; breach of contract such as default or delinquency in payments, and the disappearance of an active market for a specific financial asset because of financial issues, among others.

The Group first assesses whether objective evidence of impairment exists. The loss is calculated as the difference between the carrying amount of the asset and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective interest rate. The asset's carrying amount is reduced accordingly and the impairment loss is recognised in the income statement. If, subsequently, an impairment loss diminishes, and this reduction can be objectively attributed to an event occurring after the impairment loss was recognised, the previously recognised impairment is reversed with a credit to the consolidated income statement.

Available-for-sale financial assets

To determine whether equity instruments classified as available for sale are impaired, management assesses whether there has been a significant or protracted decline in the fair value of the securities to below cost. If there is any evidence of impairment of this class of available-for-sale financial assets, the cumulative loss, determined as the difference between acquisition cost and current fair value, less any impairment losses on that financial asset previously recognised in the income statement, is eliminated from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

2.10. Inventories

Inventories are stated at the lower of cost and net realisable value using the specific cost identification method, i.e., only costs incurred which are perfectly allocable to each good carried in inventories are capitalised. Inventories include the cost of certain materials yet to be allocated to projects and costs incurred to submit bids when it is likely or certain that the contract will be secured or when it is known that the costs will be reimbursed or included in the revenues originating from the contract. Cost is calculated as acquisition price or direct production cost. The cost of inventories includes design costs, raw materials, direct labour, other direct costs and manufacturing overheads (based on ordinary operating capacity), excluding interest expense. The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable cost of sales.

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2.11. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The balances with due date greater than one year are measured at their nominal value, provided that the effect of not discounting the flows is not significant.

Trade receivables reserve is recorded when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

2.12. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

The following expressions are used in the consolidated cash flow statement, which has been prepared using the indirect method:

- Cash flows: inflows and outflows of cash and cash equivalents (Note 15).

- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

- Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group.

2.13. Share capital

Share capital is represented entirely by ordinary shares classified as equity.

Incremental costs directly attributable to the issue of new shares are presented in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the parent company’s shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the equity holders of the parent until the shares are redeemed, reissued or sold. When these shares are sold or subsequently reissued, any amount received, net of any incremental directly attributable transaction cost and the corresponding income tax effects, is included in equity attributable to the equity holders of the parent.

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2.14. Government grants

Government grants are recognised at fair value when there is reasonable assurance that the grant will be collected and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and released to the income statement on a straight-line basis over the expected lives of the related assets.

Grants received for research and development projects are transferred to the income statement in accordance with the criteria for recognising research and development expenses in the income statement.

2.15. Trade payables

Trade accounts payable are payment obligations arising from the purchase of goods or services from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise they are presented as non-current liabilities. Trade payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method.

2.16. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

2.17. Current and deferred income tax

Tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement unless the tax relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, as appropriate.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates the positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, recognising provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are only offset if the Group has a legally enforceable right to set off the recognised amounts and when they relate to income taxes levied by the same taxation authority on a single tax subject/entity, or in the event of different tax subjects/entities, when the Group intends to realise the asset and settle the liability on a net basis.

2.18. Employee benefits

Pension and retirement obligations

Some Group entities have assumed commitments to their employees in the form of defined benefit retirement plans (pension awards).

A defined benefit plan is a pension plan under which the amount of the benefit that will be received by an employee at the time of retirement is defined, normally on the basis of one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the consolidate income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past-service costs are amortised on a straight-line basis over the vesting period.

Other long-term remuneration obligations

Some Group companies recognise an implicit obligation to provide defined benefits that are treated as non-current remuneration. The right to receive this type of benefit is normally subject to the employee remaining at the company for a certain number of years. The forecast costs of these benefits accrue over the employees' term of employment using an accounting method similar to the one applied to defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the income statement in the year in which they arise. These obligations are assessed on an annual basis by qualified independent actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or as a result of an offer of termination benefits made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Profit-sharing and bonus plans

The Group recognises a provision when it is contractually bound to make payment.

2.19. Provisions

The Group recognises provisions when it has a present legal or implied obligation as a result of past events, the settlement of which is expected to result in an outflow of resources and the amount of which can be reliably estimated. The Group does not recognise provisions for future operating losses although it does recognise provisions for engineering contracts expected to generate losses (Note 2.20).

Provisions are recorded based on the best estimate of the liability payable by the Group, bearing in mind the effects of exchange rate fluctuations on amounts denominated in foreign currency and the time value of money, if the effect of discounting is significant.

2.20. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable on the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount can be reliably calculated, the future economic benefits are likely to flow to it and the specific conditions applicable to each of the Group's businesses are fulfilled, as described below. In relation to inventories, the Group recognises revenue and profit/loss when the significant risks and rewards of ownership have been transferred to the buyer. The amount of revenue cannot not be reliably determined until all of the contingencies associated with the sale have been resolved. The Group's estimates are based on historical data, taking into account customer and transaction types, as well as the specific terms of each contract.

Service agreements

Revenue from the rendering of services under service agreements is recognised in the financial year in which the services are provided by reference to the stage of completion method. The price payable by the end customer consists of the direct costs incurred, to which a fixed margin is applied for indirect costs and business profit.

Turnkey engineering projects

When the outcome of a contract cannot be reliably estimated, the relevant revenues are only recognised to the extent of the expenses recognised that are recoverable.

When the outcome of a contract can be reliably estimated and it is probable that the contract will be profitable, contract revenues are recognised over the term of the contract. The revenue recognition method for turnkey engineering contracts varies based on the estimated outcome. When it is probable that contract costs will exceed total contract revenues, the expected loss is recognised immediately as an expense.

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The Group uses the percentage-of-completion method to calculate the amount to be recognised in a given accounting period. The percentage-of-completion is determined based on a financial assessment of costs of the services performed at the balance sheet date as a percentage of the estimated services to be performed and costs to be incurred for each contract.

Contract revenues arising from claims made by the Group against customers or from changes in the scope of the project concerned are included in service revenue when they are approved by the final customer or when it is probable that the Group will receive an inflow of funds.

The Group recognises a receivable for the gross amount owed by customers for work performed under all ongoing contracts for which the costs incurred plus recognised profits (less recognised losses) exceed the amount of progress billings. Progress billings outstanding and retentions are included in trade and other accounts receivable.

The Group recognises a liability for the gross amount owed to customers for work performed under all ongoing contracts for which the interim billings exceed costs incurred plus recognised profits (less recognised losses).

Costs incurred to present bids for construction contracts in Spain and abroad are expensed in the income statement when incurred whenever the contact award is not likely or known on the date these costs are incurred. The cost of submitting bids is included in the cost of the contract when it is likely or certain that the contract will be won, or when it is known that these costs will be reimbursed or included in the revenues originating from the contract.

Service concession arrangements

Revenue from activities performed under concession arrangements are recognised as a function of services rendered at the contractually agreed prices.

Dividend income

Revenue from dividends is recognised when the shareholder’s right to receive payment is established.

Interest income

Interest income is recognised using the effective interest rate method.

2.21. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities, as appropriate.

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Note 10 discloses the fair value of the derivatives designated as hedges. The consolidated statement of comprehensive income shows the movements in the hedging reserve included in equity.

Cash flow hedges

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in finance income or cost in the income statement.

Amounts deferred in equity are reclassified to the income statement in the year in which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives not qualifying for hedge accounting

In the case of derivatives not designated as hedging instruments, or which do not qualify for hedge accounting, fluctuations in their fair value at each measurement date are recognised as finance income or cost in the income statement.

2.22. Leases

Asset leases in which the Group acts as lessee and retains substantially all the risks and rewards of ownership of the assets are classed as finance leases. Finance leases are recognised at the inception of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The payment obligation under the lease, net of finance charges, is recognised in non-current borrowings, except for the portion falling due within 12 months. The interest component of the finance charge is taken to the income statement over the term of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Items of property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases arrangements where the lessor retains substantially all the risks and benefits inherent to ownership of the asset are classified as operating leases. In operating leases where the Group acts as lessee, the payments made (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

2.23. Dividend distribution

The payment of dividends to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the year in which the dividends are approved by the Company's shareholders.

2.24. Environmental disclosures

Given the Group companies' lines of business, they have no environmental liabilities, expenses, assets, provisions or contingencies that could be significant with respect to the Group's equity, financial position or performance. For this reason, no specific breakdowns are provided in these notes to the financial statements regarding environmental disclosures.

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3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's Finance Department, Business Units and Corporate Treasury Department following policies approved by the Board of Directors. This department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

a) Market risk

a.1) Exchange rate risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, particularly to the US dollar (USD) and, to a lesser extent, currencies tied to the USD. There is residual exposure to suppliers operating in other currencies (principally Yen, Roubles, Australian dollars and Turkish liras). Foreign exchange risk arises primarily on future commercial transactions and recognised assets and liabilities.

To manage the foreign exchange risk that derives from future transactions and recognised assets and liabilities, Group companies use forward contracts, in accordance with the hedging policy in place, brokered by the Group's corporate Treasury Department. Foreign exchange risk arises when the future transactions and recognised assets and liabilities are denominated in a currency other than the Company's functional currency. The Group's Treasury Department is responsible for managing the net position in each foreign currency using external foreign exchange forward contracts. In addition, the Group tries to hedge exchange rate risk via 'multicurrency' contracts with its customers, segregating the selling price in the various currencies from the foreseen expenses and preserving the projected margins in euro terms.

The Group's risk management policy is based on hedging the most highly probable forecast transactions in each of the main currencies during the months the project is scheduled to last. The portion of the risk to be hedged in relation to projected sales in each of the main currencies varies by project. These hedges are classified as highly probable forecast transactions for hedge accounting purposes.

The nature of the Group's business operations means that it is very common to contract transactions with customers in US dollars, while the corresponding costs are habitually denominated in multiple currencies, albeit principally US dollars. If the euro had depreciated / appreciated against the US dollar by a hypothetical 10% in 2013, leaving all other variables constant, consolidated profit before tax for the year would have been €962k higher / lower (2012: €2,050k), mainly due to hypothetical gains / losses generated on the revaluation / devaluation of open positions in US dollars.

Meanwhile, if the euro had depreciated / appreciated against the US dollar by a hypothetical 10% in 2013, equity would have been € 37,689k higher / lower (2012: €88,447k higher / lower); these amounts were calculated based on the changes in profits outlined in the paragraph above and the estimated changes in the value of hedging derivatives recognised in the hedging reserve (all before considering the related tax effects).

The Group also has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. In general, Group policy is to finance its foreign operations with borrowings denominated in the functional currency of that country, so that the open exposure relates only to the equity

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investment. The following chart shows the balances of the principal exposures in foreign currency as a result of equity investments in foreign operations:

	2013	2012
Bolivian peso	13,250	(10,939)
Saudi riyal	47,055	55,063
Turkish lira	30,811	15,632
Australian dollar	15,513	6,295
Rubles	53,916	56,619

a.2) Price risk

The Group is exposed to price risk with respect to equity securities. Exposure to this risk is limited as the investments held by the Group and classified in the consolidated balance sheet at fair value through profit or loss correspond primarily to investments in fixed-income funds which invest in very short-term assets, assets maturing in less than six months and not exposed to interest rate risk (see Note 14).

The Group is partially exposed to commodity price risk, basically metals and oil, to the extent that they affect the price of equipment and manufactured materials used in construction projects. In general these impacts are effectively passed on in sales prices by all peer contractors operating in the sector. The Group reduces and mitigates price risk through the policies established by management, which basically consist of accelerating or slowing the rate of placements and selecting the currencies and countries of origin. An additional mechanism used by the Group to mitigate this risk takes the form of contracting formulae containing price resetting clauses for covering possible cost deviations.

a.3) Cash flow interest rate risk

The Group generally attempts to self-finance its projects, establishing invoicing and collection milestones with its clients which cover the payment deadlines committed to with suppliers. This is why the Group presents a significant net cash balance (cash and cash equivalents in excess of borrowings). This means that interest rate risk on liability positions is negligible.

The exposure to floating interest at each year-end is as follows:

	2013			2012		
	Referenced to Euribor	Other benchmarks	Total	Referenced to Euribor	Other benchmarks	Total
Borrowings	(30,040)	-	(30,040)	(33,803)	-	(33,803)
Interest-earning cash and cash equivalents	196,072	394,742	590,814	301,690	315,143	616,833
Net cash position	**166,032**	**394,742**	**560,774**	**267,887**	**315,143**	**583,030**

Based on sensitivity analysis performed on cash and cash equivalents, the impact of a 25 basis point fluctuation (in either direction) in interest rates would imply, at most, an increase / decrease in 2013 profit of € 1,401k (2012: €1,542k / €1,803k).

b) Credit risk

Credit risk is managed by the Group taking into account the following groups of financial assets:

- Assets arising from derivatives (Note 10) and sundry balances including cash and cash equivalents (Note 15).
- Trade and other receivable balances (Note 11).

The derivatives and other instruments arranged with financial institutions included as cash and cash equivalents are contracted with highly prestigious financial entities.

In relation to trade accounts receivable it is worth noting that, due to the nature of the business, receivables are highly concentrated among counterparties, mirroring the Group's most important projects. These counterparties are generally state oil companies or multinationals, along with major Spanish energy groups.

Our key customers represented 68% of total "Trade receivables" (within Trade and other receivables) at 31 December 2013 (2012: 72%) and are tied to transactions with entities such as those described in the preceding paragraph. As a result, the Group considers credit risk to be very low. In addition to the credit analysis performed before entering into a contract, the global position of trade and other receivables is monitored on an ongoing basis, while the most significant exposures (including exposure to the type of entities mentioned earlier) are monitored at the individual level.

The balance of trade receivables past due but not impaired at 31 December 2013 was €122,801k (2012: € 58,300k), and primarily correspond to amounts past due by less than 6 months.

Trade receivables are generally not secured by collateral or subject to other credit enhancements, except when warranted by specific circumstances.

c) Liquidity risk

The prudent management of liquidity risk entails maintaining sufficient cash and marketable securities, ensuring available funding in the form of sufficient committed credit facilities and the ability to monetise market positions.

Management monitors rolling forecasts of the Company's liquidity requirements as on the basis of cash flow projections. As mentioned above, the strategy of self-financing projects results in significant net cash balances. Additionally, the Group has credit lines that offer an additional liquidity buffer. Management therefore believes that the Group's liquidity risk is low. The following is a breakdown of the significant liquidity parameters:

	2013	**2012**
Borrowings (Note 21)	(30,041)	(33,803)
Cash and cash equivalents (Note 15)	590,814	616,833
Net cash balance	560,773	583,030
Undrawn credit lines	112,778	72,692
Total liquidity reserves	**673,551**	**655,722**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts shown in the table correspond to the balances resulting from application of the amortised cost method (carrying amounts), which essentially coincide with the undiscounted forecast cash flows associated with the liabilities. The balances payable within 12 months are equivalent to their carrying amounts, since the effect of discounting them is insignificant.

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	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2013				
Borrowings	4,126	4,126	12,378	9,411
Derivative financial instruments	18,011	7,291	1,507	-
Trade and other payables	1,768,179	871	-	-
Total	**1,790,316**	**12,288**	**13,885**	**9,411**
At 31 December 2012				
Borrowings	3,115	3,115	9,345	18,228
Derivative financial instruments	18,435	1,727	-	-
Trade and other payables	2,081,215	1,198	-	-
Total	**2,102,765**	**6,040**	**9,345**	**18,228**

3.2. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to offer existing and prospective customers sufficient capital to guarantee its ability to handle their projects.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and return capital to shareholders, among other potential initiatives.

The Group monitors capital on the basis of the leverage ratios set out below. This ratio is calculated as debt divided by capital. Debt is calculated as total borrowings. Capital is calculated as equity, as shown in the financial statements. The Group also monitors the ratio of net cash to capital.

	2013	2012
Borrowings (Note 21)	(30,041)	(33,803)
Net cash position	560,773	583,030
Equity	438,520	443,691
% Borrowings / Equity	6.85%	7.62%
% Net cash position / Equity	127.88%	131.40%

Both ratios are within management's acceptable target ranges.

3.3. Fair value

Financial instruments carried at fair value are grouped by valuation method based on the following valuation hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following table presents the Group's assets and liabilities that are measured at fair value:

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At 31 December 2013	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss	67,872	-	-	67,872
Hedging derivatives	-	26,150	-	26,150
Total assets	**67,872**	**26,150**	**-**	**94,022**
Liabilities				
Hedging derivatives	-	26,810	-	26,810
Total liabilities	**-**	**26,810**	**-**	**26,810**

At 31 December 2012	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss	63,407	-	-	63,407
Hedging derivatives	-	38,998	-	38,998
Total assets	**63,407**	**38,998**	**-**	**102,405**
Liabilities				
Hedging derivatives	-	20,162	-	20,162
Total liabilities	**-**	**20,162**	**-**	**20,162**

There were no transfers between levels 1 and 2 during the year.

a) Level 1 financial instruments

The fair value of financial instruments that are traded on active markets is based on quoted market prices at the balance sheet date. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Group is the current bid price. These instruments are included in level 1.

b) Level 2 financial instruments

The fair value of financial instruments that are not quoted in an active market (e.g. OTC derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of available observable data inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to calculate an instrument's fair value are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- In the case of derivatives the procedure consists of calculating the fair value by discounting the associated future cash flows using forward price curves.
- The current value of foreign currency futures is determined using the future exchange rates on the balance sheet date, discounted to the current value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value of the remaining financial instruments.

There were no switches between levels in either 2013 or 2012.

When measuring the fair value of financial instruments, credit risk must be considered, this being understood as the credit risk of the counterparty but also that of the Group itself, where necessary.

In view of the characteristics of the Group's portfolio, the application of credit risk has the most significant impact on the portfolio of financial derivatives designated as cash flow hedges, which are measured at fair value.

These instruments are unique in that the expected cash flows are not pre-determined; rather, they vary based on the underlying financial variable so determining the credit risk to be applied, i.e., the Company's own or the counterparty's, is not intuitive but rather depends on market conditions at any given time and hence needs to be quantified using measurement models.

The Group's derivatives are foreign currency and raw material futures.

Currency forwards consist of the purchase of one currency against the sale of a different currency in which the exchange rate is fixed on the date of the contract to be delivered or settled in the future, starting on the third business day after the contract date.

Raw material forwards consist of the future purchase or sale of a raw material in which the exchange rate is fixed on the date of the contract and to be delivered or settled in the future, starting on the third business day after the contract date.

The effect of credit risk on the value of currency and raw material forwards will depend on future settlements. If the settlement is positive for the Group, a credit spread is incorporated for the counterparty to quantify the probability of non-payment at the time of maturity; otherwise, if the settlement is expected to be negative for the Group, the credit risk is applied to the Group's final settlement. To determine whether or not the settlement of the forwards will be favourable for the Group, a stochastic model is used to simulate the derivative's behaviour in different scenarios using complex mathematical models that consider the underlying's volatility and applying the resulting credit spread to each simulation.

4. Critical accounting estimates and judgements

The preparation of the consolidated financial statements in accordance with EU-IFRS requires that management make estimates and judgements that may affect the accounting policies adopted and the amount of related assets, liabilities, revenues, income and the scope of related disclosures. Estimates and assumptions are based, among other aspects, on past experience or other events deemed reasonable in view of the facts and circumstances analysed. Estimated results, by definition, seldom equal the related actual results.The main estimates are the followings:

Income tax and deferred tax assets

The Group is subject to income tax in numerous tax jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises tax liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Were changes in the judgements used by management to determine taxable profit to cause the effective tax rate (Note 29) to differ by 10% from management’s estimates, the income tax liability recognised would increase / decrease by €2,200k / € 2,000k (2012: € 2,149k / € 1,953k).

As disclosed in Note 29, the Group’s effective tax rate was 15% in 2013 (14% in 2012).

In addition, the Group assesses the recoverability of deferred tax assets based on the existence of future taxable income against which these assets may be utilised.

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Useful lives of PPE and intangible assets

Group management determines the estimated useful lives and resulting depreciation and amortisation charges for PPE and intangible assets. The useful lives of non-current assets are estimated based on the period over which the asset will generate economic benefits.

At each close, the Group reviews the useful lives of its assets. When changes are identified, the necessary adjustments are made on a prospective basis. Historically, there were no material adjustments recorded related to useful lives of assets.

Employee benefits

The present value of employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions made to determine employee benefit costs and obligations include the appropriate discount rate and a growth rate for salaries and other benefits. Other key assumptions for pension obligations are based in part on prevailing market conditions. According to these estimates and advice of independent actuaries, the Group assesses the provision needed at each closing. Any change in these assumptions will have an impact on the amount of the expense and liability recognised in connection with employee benefits. Additional information is disclosed in Note 22, including sensitivity analysis.

Accounts receivable

The Group makes estimates relating to the collectability of trade receivables for projects affected by ongoing disputes or litigation in progress deriving from acceptance issues regarding executed work or the failure to comply with contractual clauses related to the performance of assets delivered to clients.

Provisions

Provisions are recognised when it is probable that a present obligation, arising as a result of past events, will give rise to an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably. Significant estimates are required to fulfil the applicable accounting requirements. Group management estimates, evaluating all relevant information and events, the probability of a contingency occurring and the amount of the liability to be settled in the future.

Revenue recognition

The Group uses the percentage-of-completion method to recognise revenue. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. This revenue recognition method is applied only when the outcome of the contract can be reliably estimated and it is likely that the contract will generate profits. If the outcome of the contract cannot be reliably estimated, revenue is recognised to the extent that costs are recovered. When it is likely that the costs of a contract will exceed the revenues, the loss is immediately recognised as an expense. When applying the percentage-of-completion method, the Group makes significant estimates relating to the total costs necessary to perform the contract. These estimates are reviewed and assessed regularly in order to verify whether or not a loss has been generated and whether it is possible to continue to apply the percentage-of-completion method or whether it is necessary to re-estimate the expected margin on the project. Contract revenues arising from claims made by the Group against customers or from changes in the scope of the project concerned are included in service revenue when they are approved by the final customer or when it is probable that the Group will receive an inflow of funds.

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Fair value of unlisted financial instruments

The Group calculates the fair value of financial instruments (financial assets and liabilities) that are not traded on an active market through estimates made using a number of methods and assumptions that are based mainly on market conditions at each balance sheet date. The Group has used discounted cash flow analyses for some derivatives not traded on active markets, or other objective evidence of the fair value of the instrument concerned, such as recent comparable transactions or the value of call or put options outstanding at the balance sheet date.

Warranty claims

The Group generally offers 24- or 36-month warranties on its work and services. Management estimates the relevant provision for future warranty claims based on past information regarding such claims, as well as recent trends that may suggest that past information regarding costs may differ from future claims.

Concession impairment

The estimated recoverable value of the concessions which the Group operates, have been determined based on discounted cash flows based on budgets and forecasts provided such concession assets and using appropriate discount rates to those businesses.

In applying the accounting policies have not been implemented different judgments estimates detailed above.

5. Segment information

The Group classifies its operating segments as follows:

- Oil and Gas
- Power
- Infrastructure and Industry

Although the Group's core business is the provision of engineering and construction services, the above-mentioned segment reporting format is presented on the understanding that the attendant business risks and rewards and the specialisation required to complete the projects in these segments, among other differentiating factors, make this segment distinction necessary to provide optimal insight into the business structure. This segmentation additionally reflects the information reviewed by the Board of Directors.

The oil and gas segment focuses on EPC services relating to oil and chemicals processing and production operations, and activities relating to the entire natural gas production and extraction value chain, i.e. production, processing, storage and transport. Activities in the refining sector range from the construction of refineries to the revamping and expansion of existing refining plants. Units designed and built include basic refining plants, plant conversions and octane improvement projects. The Group designs and builds auxiliary services and other refining units. Petrochemical activities include the design and construction of plants that produce and process monomers, polymers and plastics, chemical plants and fertiliser units. As regards natural gas, the Group mainly designs and builds units used in the extraction and preliminary processing of natural gas, prior to its use in subsequent processes or preparation for export. The Group is highly specialised in regasification and gas transport facilities.

In the power industry, the Group performs consulting, engineering, supply and construction services for a range of electricity generating plants such as conventional thermal plants, combined cycle power plants,

gasification integrated with combined cycle, nuclear plants, co-generators, solar, fuel cells, solid waste and biomass technology. The Group also supplies turnkey plants and, at times, performs plant operation and maintenance (O&M) services.

The infrastructure and industry segment executes project work in multiple areas such as airports, industrial facilities, desalination and water treatment plants as well as initiatives for public authorities and other bodies such as management of car parks, public spaces and municipal sports centres.

The operating segment analysis is based on an assessment of the segments' operating profit, adjusted for unallocated Group overhead. Also, the Group manages financing and taxation on a centralised basis. As a result, finance income and cost and income tax have not been allocated by segment.

No sales were made between the Group's operating segments in the years presented.

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	Oil and gas		Power		Infrastructure & other		Unallocated		Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Segment reporting										
Revenue	2,613,786	2,298,317	79,117	132,071	153,199	221,970	-	-	**2,846,102**	**2,652,358**
Operating profit	220,374	198,264	(4,198)	11,745	(904)	1,911	(67,238)	(63,239)	**148,034**	**148,681**
Net finance income (Note 28)	-	-	-	-	-	-	5,265	9,117	**5,265**	**9,117**
Share in profit (loss) of associates	(3,979)	-	1,036	873	107	(63)	-	-	**(2,836)**	**810**
Profit before tax	-	-		-		-	150,462	157,797	**150,462**	**157,797**
Income tax expense	-	-		-		-	21,998	21,488	**21,998**	**21,488**
Profit for the year	-	-		-		-	-	-	**-**	**136,310**
Assets and liabilities by operating segment										
Assets	1,881,944	2,023,330	67,684	134,585	224,806	210,427	180,223	270,089	**2,354,657**	**2,638,431**
Associates	440	428	6,022	5,697	1,827	1,641	-	-	**8,289**	**7,766**
Total assets	1,882,384	2,023,758	73,706	140,282	226,633	212,068	180,223	270,089	**2,362,946**	**2,646,197**
Liabilities	1,596,347	1,907,553	47,607	60,019	54,870	101,216	225,602	133,718	**1,924,426**	**2,202,506**
Additions to non-current assets (Notes 6 and 7)	2,148	2,737	16	-	2,053	21,463	13,385	9,064	**17,602**	**33,264**
Other operating segment disclosures										
Depreciation of PPE (Note 6)	-	-		-		-	7,759	6,624	**7,759**	**6,624**
Amortisation of intangible assets (Note 7)	-	-		-		-	1,490	1,700	**1,490**	**1,700**
Impairment of trade receivables (Note 11)	-	-		-		-	392	52	**392**	**52**

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Third-party customer revenue is allocated according to the country where the client is located. The breakdown is as follows:

Revenue from third-party customers	2013	2012
Spain	96,621	117,088
Middle East	968,275	849,581
Americas	485,980	355,378
Asia	316,714	164,652
Europe	471,284	399,375
Mediterranean	507,228	766,284
	2,846,102	**2,652,358**

Revenue generated in the Middle East corresponds to projects performed in Saudi Arabia, Abu Dhabi and Oman; the region labelled the Americas mainly includes projects in Chile, Bolivia and Mexico; Asia includes work in China and Australia; European revenues are concentrated in Russia, Portugal, the Netherlands and Greece, while the Mediterranean region mainly includes projects done in Turkey and Algeria, among other nations.

The revenue generated by the Group's top five customers accounted for 61% of the 2013 total (2012: 62%). Revenue generation by customers who individually accounted for over 10% of total consolidated revenue in 2013 amounted to €1,481million (2012: €2,291 million).

All the assets and liabilities allocated to the operating segments are measured using the same criteria as are outlined in Note 2. These assets and liabilities are allocated by region based on their physical location. The geographic breakdown of assets and investments is as follows:

	Assets		Additions to non-current assets	
	2013	**2012**	**2013**	**2012**
Spain	485,434	514,496	2,081	29,643
Middle East	764,204	819,160	1,515	1,805
Americas	265,979	209,324	511	505
Asia	142,541	58,039	65	-
Europe	320,145	448,109	-	6
Mediterranean	338,884	514,261	46	431
Total	**2,317,187**	**2,563,389**	**4,218**	**32,391**
Associates	8,289	7,766	-	-
Unallocated	37,470	75,042	13,385	873
	2,362,946	**2,646,197**	**17,603**	**33,263**

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A reconciliation of reportable segment assets and liabilities to total assets and liabilities is provided as follows:

	2013	2012
Reportable segment assets	2,182,723	2,376,108
Unallocated:		
Non-current assets	54,193	43,484
Current assets	126,029	226,605
Total assets per the balance sheet	**2,362,946**	**2,646,197**

	2013	2012
Reportable segment liabilities	1,698,825	2,153,866
Unallocated:		
Non-current liabilities	65	-
Impairment provisions	35,692	32,117
Current liabilities	189,844	16,524
Total liabilities per the balance sheet	**1,924,426**	**2,202,507**

6. Property, plant and equipment

Detail and changes items comprising property, plant and equipment are as follows:

Cost	Land and buildings	Plant and machinery	Furniture and equipment	PPE under construction	Other PPE	Total
Balance at 1 January 2012	**2,434**	**26,560**	**37,812**	**2,795**	**5,871**	**75,472**
Additions	23	4,871	4,925		1,088	10,907
Decreases	-	(48)	(2,136)	(214)	(1,009)	(3,407)
Other movements	-	-	-	-	-	-
Balance at 31 December 2012	**2,457**	**31,383**	**40,601**	**2,581**	**5,950**	**82,972**
Additions	-	6,292	9,734	-	93	16,119
Decreases	-	(4)	(157)		(600)	(761)
Other movements	-	(36)	(284)	(44)	(60)	(424)
Balance at 31 December 2013	**2,457**	**37,635**	**49,894**	**2,537**	**5,383**	**97,906**

Accumulated depreciation	Land and buildings	Plant and machinery	Furniture and equipment	PPE under construction	Other PPE	Total
Balance at 1 January 2012	**611**	**15,329**	**24,510**	**-**	**2,756**	**43,206**
Additions	106	2,304	3,349	-	865	6,624
Decreases	-	(85)	(25)	-	(526)	(636)
Other movements	-	-	-	-		-
Balance at 31 December 2012	**717**	**17,548**	**27,834**	**-**	**3,095**	**49,194**
Additions	65	3,715	3,793	-	185	7,758
Decreases	(22)	(225)	(75)	-	(180)	(502)
Other movements	(4)	(36)	(259)	-	(47)	(346)
Balance at 31 December 2013	**756**	**21,002**	**31,293**	**-**	**3,053**	**56,104**
Net carrying amount at 1 January 2012	**1,823**	**11,231**	**13,302**	**2,795**	**3,115**	**32,266**
Net carrying amount at 31 December 2012	**1,740**	**13,835**	**12,767**	**2,581**	**2,855**	**33,778**
Net carrying amount at 31 December 2013	**1,701**	**16,633**	**18,601**	**2,537**	**2,330**	**41,802**

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Land and buildings includes office buildings that are owned by certain Group companies.

Property, plant and equipment under construction relate to the engineering costs arising from the design and construction of a battery and fluorescent tube recycling plant by a Group company. Management continues to analyse a number of alternatives for this project on which basis it assumes that recovery of the engineering costs is reasonably probable.

Furniture and equipment includes the following amounts in respect of finance leases under which the Group is the lessee:

	2013	2012
Capitalized finance lease cost	6,805	6,805
Accumulated depreciation	(6,396)	(5,571)
Net carrying amount	**409**	**1,234**

Finance lease agreements entered into by the Company mainly relate to the acquisition of computer equipment. These contracts have an average term of 3 years. The maturity schedule for the finance lease liabilities is detailed in Note 20.

At 31 December 2013, the Group carried items of property, plant and equipment located outside Spain with an original cost of € 14,313k (2012: € 8,807k) and accumulated depreciation of € 7,604k (2012: €6,634k).

The Group's policy is to take out all insurance policies deemed necessary to cover risks that could affect its property, plant and equipment.

7. Goodwill and other intangible assets

Detail and changes items comprising goodwill and other intangible assets are as follows:

Cost	Conces sions	Intangible assets under construction	Software and other intangible assets	Subtotal	Goodwill	Total
Balance at 1 January 2012	**34,370**	**14,881**	**10,870**	**60,121**	**1,242**	**61,363**
Additions	1,991	400	2,736	5,127	-	5,127
Decreases	-	-	-	-	-	-
Other movements	-	17,230	-	17,230	-	17,230
Transfers	7,996	(7,996)	-	-	-	-
Balance at 31 December 2012	**44,327**	**24,545**	**13,606**	**82,478**	**1,242**	**83,720**
Additions	-	-	1,273	1,273	-	1,273
Decreases	(74)	-	(41)	(115)	-	(115)
Other movements	-	-	-	-	-	-
Transfers	24,545	(24,545)	(2)	(2)	-	(2)
Balance at 31 December 2013	**68,798**	**0**	**14,836**	**83,634**	**1,242**	**84,876**

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Accumulated amortisation and impairment losses	Concessions	Intangible assets under construction	Software and other intangible assets	Subtotal	Goodwill	Total
Balance at 1 January 2012	**299**	**2,200**	**8,252**	**10,751**	**-**	**10,751**
Additions	185		1,515	1,700		1,700
Decreases	-	-	-	-	-	-
Impairment charge	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Balance at 31 December 2012	**484**	**2,200**	**9,767**	**12,451**	**-**	**12,451**
Additions	318	-	1,172	1,490	-	1,490
Decreases	-	-	(33)	(33)	-	(33)
Impairment charge	-	-	-	0	-	0
Other movements	2,200	(2,200)	-	0	-	0
Balance at 31 December 2013	**3,002**	-	**10,906**	**13,908**	**-**	**13,908**
Net carrying amount at 1 January 2012	**34,071**	**12,681**	**2,618**	**49,370**	**1,242**	**50,612**
Net carrying amount at 31 December 2012	**43,843**	**22,345**	**3,839**	**70,027**	**1,242**	**71,269**
Net carrying amount at 31 December 2013	**65,796**	**-**	**3,930**	**69,726**	**1,242**	**70,968**

The transfer of €24,545k between Intangible assets under construction and Concessions was due to the completion of the Alcobendas Sports Complex.The 2012 transfer between “intangible assets under construction” and “concessions” totalling € 7,996k relates to the completion of construction of Huercal-Overa Sports Complex.

The amount included in “other movements”, in 2012, amounting to € 17,230k includes increased participation in joint ventures in which the Group operates and exploiting or exploited concessions broken down.

In 2013 the research and development expense charged to the income statement totalled € 4,404k (2012: € 6,561k).

Software records the ownership and user rights for computer software acquired from third parties. This balance does not include amounts related to the in-house development of software programs.

In 2013, there are no capitalised borrowing costs in connection with financing obtained specifically for the construction of concession assets. In 2012, capitalised borrowing costs totalled €1,054k.

Goodwill impairment testing

As set out in Note 2.8, Técnicas Reunidas implemented a procedure in which at year-end is the possible impairment of goodwill is assessed. Goodwill is impaired when the carrying value of the CGU to which the asset belongs is less than its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use is taken to be the present value of estimated future cash flows.

Goodwill is assigned to the cash generating unit (CGU) identified as Eurocontrol, S.A., an 80%-owned Group company.The cash generating unit identified pertains to the business segment designated as ‘Infrastructure and industry’ in Note 5 and its operations are located in Spain.

Impairment tests were performed at 31 December 2013 and 31 December 2012 and no impairment losses were recognised.

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Concessions

The table below details the most significant terms and conditions of the service concession arrangements operated by the Group:

	Concession	Term	Remuneration	Redemption
1	Alcobendas sports complex	50 Years	User charges	At end of concession term
2	San Sebastián de los Reyes – La Viña Shopping Centre, sports complex, car park and public spaces	50 Years	User charges	The municipal council can extend the concession term to 60 years
3	Underground car park at Huercal - Overa (Almeria)	30 Years	User charges	Subject to successive term extensions
4	Sports complex at Huercal - Overa (Almeria)	50 Years	User charges	At end of concession term
5	Pulpí underground car park	40 Years	User charges	At end of concession term
6	Alcobendas underground car park	75 Years	User charges	At end of concession term

Concession assets under construction have been financed with borrowings amounting to € 30,040k in 2013 (€33,441k at year-end 2012) (See Note 21).

With regard to concessions 4 and 5, the Group informed the local authorities of its intention to withdraw from the concession due to the licensor's non-compliance with the economic equilibrium commitment. There were no changes to the rest of the public service concessions in which the Group participates. All of the concession agreements mentioned above are subject to the Public Contracts Act.

Revenues from concessions operations amounted to € 825k in 2013 (2012: € 926k).

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8. Investments in associates

Detail and changes in investments in associates are as follows:

	2013	2012
Opening balance	**8,021**	**7,163**
Additions	7,461	108
Derecognitions	(215)	(60)
Share of profit/loss	(2,836)	810
Closing balance	**12,431**	**8,021**

The presentation date of the financial statements of all the associates coincides with the presentation date of the parent company's financial statements. The Group's interest in its principal associates, all of which are unlisted, is as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/(Loss)	% ownership interest
2013						
Empresarios Agrupados, A.I.E.	Spain	9,402	8,652	21,302	-	42.48%
Empresarios Agrupados Internacional, S.A.	Spain	29,400	16,146	42,979	2,410	42.48%
Layar Castilla, S.A.	Spain	1,686	2	11	-	25.39%
Ibérica del Espacio, S.A.	Spain	14,310	12,344	5,736	(171)	47.45%
Master S.A de Ingeniería y Arquitectura	Spain	4,861	3,838	3,842	417	39.98%
Ebramex S. de R.L. de C.V.	Mexico	493	10,659	41	(4,748)	33.33%
Minatrico S. de R.L. de C.V.	Mexico	12,506	436	28	(7,191)	33.33%
2012						
Empresarios Agrupados, A.I.E.	Spain	8,797	8,047	21,803	-	42.48%
Empresarios Agrupados Internacional, S.A.	Spain	30,853	18,354	37,891	1,757	42.48%
Layar Castilla, S.A.	Spain	1,687	3	11	(17)	25.39%
Ibérica del Espacio, S.A.	Spain	14,155	12,615	7,255	(94)	47.45%
Master S.A de Ingeniería y Arquitectura	Spain	10,858	10,283	12,960	6	39.98%

9. Available-for-sale financial assets

This balance relates to minor investments in unlisted companies in which the Group does not have significant influence. Due to the fact that these are residual investments in companies that are not material to the Group and the impossibility of using valuation methods for measurement purposes, these investments are carried at acquisition cost.

No impairment provisions were recognised on available-for-sale financial assets in 2013 and 2012. There have been no movements.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

10. Financial instruments

10.1. a. Financial instruments by category

The table below breaks down financial assets (excluding trade and other receivables and cash and cash equivalents) and financial liabilities (excluding trade accounts payable) at 31 December 2013 and 31 December 2012 by nature and category for measurement purposes:

	31 December 2013			
Financial assets:	**Financial assets at fair value through profit or loss (Note 14)**	**Available-for-sale (Note 9)**	**Loans and receivables (Note 13)**	**Hedging derivatives (Note 10)**
Nature/category				
Equity instruments	-	1,010	-	-
Derivatives (Note 10.1.b)	-	-	-	4,251
Other financial assets	-	-	5,796	-
Non-current	**-**	**1,010**	**5,796**	**4,251**
Equity instruments				
Derivatives (Note 10.1.b)	-	-	-	21,899
Other financial assets	67,872	-	22,891	-
Current	**67,872**	**-**	**22,891**	**21,899**
Total financial assets at 31/12/2012	**67,872**	**1,010**	**28,687**	**26,150**

	31 December 2012			
Financial assets:	**Financial assets at fair value through profit or loss (Note 14)**	**Available-for-sale (Note 9)**	**Loans and receivables (Note 13)**	**Hedging derivatives (Note 10)**
Nature/category				
Equity instruments	-	349	-	-
Derivatives (Note 10.1.b)	-	-	-	14,349
Other financial assets	-	-	6,014	-
Non-current	**-**	**349**	**6,014**	**14,349**
Equity instruments	-	-	-	-
Derivatives (Note 10.1.b)	-	-	-	24,649
Other financial assets	63,407	-	22,215	-
Current	**63,407**	**-**	**22,215**	**24,649**
Total financial assets at 31/12/2012	**63,407**	**349**	**28,229**	**38,998**

	31 December 2013		31 December 2012	
Financial liabilities	**Trade and other payables**	**Hedging derivatives**	**Trade and other payables**	**Hedging derivatives**
Nature/category				
Borrowings (Note 21)	25,915	-	30,688	-
Derivatives (Note 10.1.b)	-	8,799	-	1,727
Other financial liabilities	871	-	1,199	-
Non-current	**26,786**	**8,799**	**31,887**	**1,727**
Borrowings (Note 21)	4,126	-	3,115	-
Derivatives (Note 10.1.b)	-	18,011	-	18,435
Other financial liabilities (Note 20)	38,351	-	41,449	-
Current	**42,477**	**18,011**	**44,564**	**18,435**
Total financial liabilities at 31/12/2013	**69,263**	**26,810**	**76,450**	**20,162**

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

10.1. b. Derivative financial instruments

The derivative balances at year-end 2013 and 2012 are as follows:

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange forwards – cash flow hedges	26,150	26,511	38,388	20,162
Forward contracts on commodities	-	299	610	-
Total	**26,150**	**26,810**	**38,998**	**20,162**
Non-current portion	**4,251**	**8,799**	14,349	1,727
Current portion	**21,899**	**18,011**	24,649	18,435

Set out below is a maturity schedule in notional terms for the contracts outstanding at 31 December 2013 and 2012:

Type of instrument	Fair value (Thousands of euros) Balance at 2013	Notional currency	Notional maturity (thousands) 2014	2015	2016	Total notionals
Foreign currency forwards						
Canadian dollar/euro	17	Dollar	34,000	-	-	34,000
USD / Australian dollar	185	Dollar	7,000	-	-	7,000
USD / Swiss franc CHF	507	Dollar	14,516	-	-	14,516
USD / Euro	25,167	Dollar	810,548	87,300	-	897,848
USD / Pound GBP	8	Dollar	163	-	-	163
USD / Yen	209	Dollar	5,003	-	-	5,003
USD / Turkish Lira TRY	42	Dollar	2,000	-	-	2,000
Assets	**26,135**					
Raw material forwards						
Copper derivative (notional: 450 TM)	299					
Foreign currency forwards						
Ruble / Euro	7,304	Ruble	2,512,985	3,768,571	1,757,720	8,039,276
USD / Australian dollar	6,866	Dollar	147,991	38,820	-	186,811
USD / Canadian dollar	23	Dollar	14,472	-	-	14,472
USD / Euro	6,891	Dollar	275,711	89,805	20,650	386,166
USD / Yen JPY	3,542	Dollar	58,265	8,930	-	67,196
USD / Turkish Lira TRY	1,884	Dollar	42,633	-	-	42,633
Liabilities	**26,810**					
Net balances	**(675)**					

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Type of instrument	Fair value (Thousands of euros) Balance at 2012	Notional currency	Notional maturity (thousands) 2013	2014	2015	Total notionals
Raw material forwards						
Copper derivative (notional: 1,500 TM)	610		-	-	-	610
Foreign currency forwards						
Ruble / Euro	4,579	Ruble	1,948,427	-	-	1,948,427
USD / Australian dollar	15,457	Dollar	113,993	147,991	38,820	300,804
USD / Canadian dollar	710	Dollar	35,703	-	-	35,703
USD / Swiss franc CHF	799	Dollar	10,760	6,823	-	17,583
USD / Euro	16,308	Dollar	534,816	101,700	-	636,516
USD / Pound GBP	216	Dollar	4,541	-	-	4,541
USD / Ruble	140	Dollar	11,930	-	-	11,930
USD / Turkish Lira TRY	179	Dollar	10,000	-	-	10,000
Assets	**38,998**					
Foreign currency forwards						
Ruble / Euro	245	Ruble	1,034,655	-	-	1,034,655
USD / Euro	19,621	Dollar	665,334	60,800	-	726,134
USD / JPY	296	Dollar	5,721	-	-	5,721
Liabilities	**20,162**					
Net balances	**18,836**					

Set out below is a maturity schedule in fair value terms for the contracts in force at 31 December 2013 and 2012:

	2013	2014	2015	2016	Total Fair Value
Total Assets 2013	-	21,899	4,251	-	**26,150**
Total Liabilities 2013	-	18,011	7,291	1,507	**26,809**
Total Assets 2012	24,649	12,183	2,166	**-**	**38,998**
Total Liabilities 2012	18,435	1,727	-	-	**20,162**

The highly probable forecast transactions denominated in foreign currency that have been hedged are expected to materialise.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

The Group's maximum exposure to credit risk at the balance sheet date is the fair value of balance-sheet derivative assets.

The after-tax gains/losses accumulated in equity in connection with foreign currency forward contracts at 31 December 2013 amounted to € 4,384k (2012: €(14,044)k). These gains and losses are recognised in the income statement in the year or years in which the hedged transactions affect profit or loss. In 2013, a net profit of €15,260k (2012 a net loss of €12,478k).
No material portion of the foreign currency hedges was deemed ineffective in either 2013 or 2012. Any gains or losses on any ineffective portion are recognised, when they arise, in the income statement as finance income or expense.

11. Trade and other receivables

Set out below is an analysis of this balance sheet heading at year-end 2013 and 2012:

	2013	2012
Trade receivables	1,250,003	1,605,852
Less: provision for impairment of receivables	(10,858)	(10,466)
Trade receivables-net	1,239,145	1,595,386
Other accounts receivable	18,077	19,956
Prepayments	116,260	59,152
Other items	87,585	56,666
Total	**1,461,067**	**1,731,160**

Trade receivables includes € 746,664k (2012: €1,279,070k) relating to completed work pending to be billed, measured on the basis of the accounting criteria set forth in Note 2.20.

Discounting has no significant effect on the fair values of trade and other receivables. Nominal values are considered to approximate fair values and the effect of discounting them is not significant.

The Group's maximum exposure to credit risk at the balance sheet date is the carrying amount of trade and other accounts receivable.

At 31 December 2013, trade receivables of € 227,360k (2012: €258,016k) were fully performing.

At 31 December 2012, trade receivables of €122,801k (2012: €58,300k) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2013	2012
Up to 3 months	84,519	17,634
3 to 6 months	3,138	5,225
Over 6 months	35,144	35,441
	122,801	**58,300**

During 2013, trade receivables of € 392k (2012: €52k) were impaired and provided for by the Group. Movements on the provision for impairment of trade receivables are as follows:

	2013	2012
Opening balance	**10,466**	**10,414**
Amounts impaired	392	52
Amounts used	-	-
Closing balance	**10,858**	**10,466**

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The carrying amounts of trade receivables, excluding the portion pertaining to work executed pending billing, are denominated in the following currencies:

	2013	2012
Euro	152,358	116,662
US dollars	268,797	196,815
Other currencies	82,184	13,305
Subtotal	503,339	326,782
Completed work pending billing	746,664	1,279,070
Total	**1,250,003**	**1,605,852**

The accumulated balance of revenue and incurred expenses recognised in connection with all contracts in progress at the balance sheet date amounted to €9,838,379k (2012: €9,556,932k) and €978,303 k (2012: €946,229k), respectively.

Prepayments received on projects in progress are broken down in Note 20. Withholdings on customer invoices amounted to €74,696 k (2012: €68,871k).

12. Inventories

The breakdown of inventory balances is as follows:

	2013	2012
Construction projects in progress	5,804	5,804
Bid presentation costs	17,098	18,690
Materials	1,396	1,226
	24,298	**25,720**

Construction projects in progress capitalise the cost of building a number of assets (mainly car parks), as described in Note 7, in respect of the portions held for sale. Given their characteristics, a significant portion of these assets requires over 12 months to ready for sale.

13. Receivables and other assets

	2013	2012
Receivables and other assets (non-current)		
Loans to employees	969	1,255
Deposits and guarantees	4,827	4,759
	5,796	**6,014**
Receivables and other assets (current)		
Loans to venturers in UTEs and joint ventures	13,480	12,168
Interest	1,412	1,545
Short-term guarantee deposits	7,999	8,502
	22,891	**22,215**

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The loans to partners in UTEs and joint ventures earn interest at market Euribor +300bp (2012: Euribor + 200bp).

The carrying amounts of receivables and other assets are deemed to approximate their fair value. The Group's maximum exposure to credit risk at the reporting date is the carrying amount of receivables and other assets.

14. Financial assets at fair value through profit or loss

Set out below is an analysis of this heading showing movements:

	2013	2012
Opening balance	**63,407**	**67,994**
Net additions (disposals) (fair value)	4,465	(4,587)
Closing balance	**67,872**	**63,407**

Listed securities:		
- Investments in short-term fixed income securities	53,951	55,960
- Investments in listed equity securities	13,921	7,447
	67,872	**63,407**

All these financial assets are designated as held for trading.

Financial assets at fair value through profit or loss are presented within cash flows statement from operating activities as part of changes in working capital in the consolidated cash flow statement.

In 2013, the Group invested €5,823k in funds and disposed of € 5,628k. Additions and disposals in 2012 were € 7.309 k and 13.234k, respectively.

Financial assets at fair value through profit or loss include investments in listed equities and short term fixed income funds and their fair value at 31 December 2013 and 2012 has been determined by reference year-end market prices. Returns on fixed-income securities are tied to trends in eurozone interest rates.

15. Cash and cash equivalents

	2013	2012
Cash at bank and on hand	381,970	364,391
Short-term bank deposits and other cash equivalents	208,844	252,442
	590,814	**616,833**

This heading includes cash (cash in hand and deposits held at call with banks) and cash equivalents (short-term highly-liquid investments readily convertible into specific amounts of cash within a maximum of three months, the value of which is not subject to significant risks). The short-term bank deposits earn interest at market rates. The average yields on deposits were: 1.32% Eur and 0.75% USD for average term of 15 days.

Of the total balance of cash and cash equivalents at 31 December 2013, €266,863k (€236,621k in 2012) came from the integration of the joint arrangements and joint ventures included in the scope of consolidation, as detailed in Annexes III and IV, respectively.

There were no cash or cash equivalents with restricted availability at 2013 and 2012 year-end.

For the purposes of the consolidated statement of cash flows, the cash balance includes cash and cash equivalents.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

16. Capital

	Share capital	Share premium	Treasury shares	Total
Balance at 1 January 2012	5,590	8,691	(73,371)	**(59,090)**
Purchase of treasury shares	-	-	-	**-**
Balance at 31 December 2012	5,590	8,691	(73,371)	**(59,090)**
Other movements	-	-	-	**-**
Balance at 31 December 2013	5,590	8,691	(73,371)	**(59,090)**

At 31 December 2013 and 2012 the total number of authorised ordinary shares was 55,896,000, each having a par value of €0.10 per share. All issued shares are fully paid up and carry equal voting and dividend rights. There are no restrictions on the transfer of shares.

The movement in treasury shares in 2013 and 2012 is set forth below:

	2013		2012	
	Number of treasury shares	Amount	Number of treasury shares	Amount
Opening balance	2,154,324	73,371	2,154,324	73,371
Additions / purchases	-	-	-	-
Decreases / sales	-	-	-	-
Other movements	-	-	-	-
Closing balance	**2,154,324**	**73,371**	**2,154,324**	**73,371**

At 31 December 2013 treasury shares represented 3.85% of the parent company's share capital (2012: 3.85%). Treasury shares totalled 2,154,324 shares (2012: 2,154,324 shares), acquired at an average price of €34.33 per share (€34.33 per share in 2012).

Since 21 June 2006, the shares of Técnicas Reunidas, S.A. have been admitted to trading on the four Spanish stock exchanges and the continuous market and are part of the Ibex-35 benchmark index.

The shareholder structure of Técnicas Reunidas, S.A. is as follows:

	2013	2012
Shareholder	Ownership interest, %	Ownership interest, %
Aragonesas Promoción de Obras y Construcciones, S.L.	5.10%	5.10%
Araltec, S.L.	31.99%	31.99%
Causeway Capital Management, LLC	5.00%	5.00%
Bilbao Vizcaya Holding	1.03%	1.54%
BBVA Elcano Empresarial, SCR, S.A.	0.99%	1.48%
BBVA Elcano Empresarial II, SCR, S.A.	0.99%	1.48%
Other shareholders (including free float)	51.05%	49.46%
Treasury shares	3.85%	3.85%
TOTAL	**100.00%**	**100.00%**

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According to a notice filed with the Spanish securities market regulator in November 2009, Mr. José Lladó Fernández-Urrutia holds a direct and indirect shareholding, through Araltec S.L. and Aragonesas Promoción de Obras y Construcciones S.L., in Técnicas Reunidas, S.A. of 37.09%.

In addition, under the terms of a shareholder agreement signed by Aragonesas Promoción de Obras y Construcción, S.L., BBVA Elcano Empresarial I, SCR, and BBVA Elcano Empresarial II, SCR, S.A. on 23 May 2006, and subsequently amended on 24 April 2009, specifically the clause stipulating vote pooling, Mr. José Lladó Fernández-Urrutia controls 40.10% of the voting rights in TÉCNICAS REUNIDAS, S.A. There is also a 0.10% personal holding.

Futhermore, the Annual Shareholders Meeting of the Parent Company approved as of June 25, 2013 the authorization of the acquisition of own shares up to the limit established by law, at a minimum price of 75% of its value and a maximum of 120% of their purchase price on the date of the transaction. This authorization has been granted for a period of 5 years from the date of making the agreement.

17. Other reserves

The entire balance, €1,137k (2012: €1,137k), corresponds to the legal reserve. This reserve, which is fully assigned, may not be distributed to shareholders and may only be used to offset income statement losses should sufficient other reserves not be available. It may also be used to increase share capital under certain circumstances.

18. Cumulative translation differences

	Total
1 January 2012	**(498)**
Translation differences:	
– Group companies and associates	(6,135)
31 December 2012	**(6,633)**
Translation differences:	
– Group companies and associates	(18,488)
31 December 2013	**(25,121)**

A breakdown of cumulative translation differences by company / subgroup at year-end 2013 and 2012 is as follows:

	2013	2012
Company or subgroup		
Técnicas Reunidas (foreign branch offices and consortia)	(9,470)	(3,421)
- *Abu Dhabi Branch*	*(1,465)*	*(2,051)*
- *Khabarovsk Branch*	*(5,234)*	*(1,455)*
- *Australia Branch*	*(2,485)*	*-*
- *Others*	*(286)*	*85*
Damietta LNG Construction (Egypt)	(589)	(652)
Técnicas Reunidas TEC (Bolivia)	(5,313)	(5,466)
Ebramex S. de R.L. de C.V. (Mexico)	-	(1,374)
Minatrico S. de R.L. de C.V. (Mexico)	-	(1,488)
Técnicas Reunidas Australia Pty Ltd (Australia)	(179)	843
Técnicas Reunidas RUP Insaat (Turkey)	(6,791)	333
Técnicas Reunidas Chile Limitada (Chile)	2,300	3,212
Técnicas Reunidas Gulf Ltd. (Saudi Arabia)	534	1,521
Técnicas Reunidas Omán LLC (Oman)	(397)	(381)
Técnicas Reunidas Engineering LLC (Oman)	(41)	(7)
Técnicas Reunidas Canada (Canada)	(4,274)	-
Others	(901)	247
Total	**(25,121)**	**(6,633)**

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

19. Dividend distribution and non-controlling interests

The proposed distribution of 2013 profit to be put before the parent company's shareholders in general meeting and the ratified distribution of 2012 profit is set forth below:

Basis of appropriation	2013	2012
Profit (loss) for the year	82,657	102,284
	82,657	**102,284**

Distribution	2013	2012
Retained earnings	7,657	27,284
Dividends	75,000	75,000
	82,657	**102,284**

The breakdown of dividends is as follows:

- 2013: The €75,000k dividend consists of the following:
  - A €35,846k interim dividend approved by the Board of Directors on 14 December 2013 and paid on 16 January 2014.
  - A dividend of € 39,154k pending to be approved at the AGM that will ratify the 2013 annual accounts.
- 2012: The € 75,000 k dividend consists of the following:
  - A €35,846k interim dividend approved by the Board of Directors on 13 December 2012 and paid on 17 January 2013.
  - A dividend of € 39,154k approved at the AGM held to ratify the 2012 annual accounts.

The following are the provisional accounting and cash statements as of the date of payment of the interim dividends from 2013 and 2012 profits, as detailed above:

	2013	2012
Estimated profit for the year	157,000	156,600
Estimated income tax	(21,000)	(22,000)
Maximum possible payout	**136,000**	**134,600**
Proposed payout	(35,846)	(35,846)
Surplus	**100,154**	**98,754**
Cash balance prior to payout	550,000	620,000
Interim dividend	(35,846)	(35,846)
Cash surplus	**514,154**	**584,154**

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Non-controlling interests

Movements in non-controlling interests in 2013 and 2012 are analysed below:

Balance at 1.1.2012:	**8,718**
Profit for the year	2,887
Translation differences	238
Other movements	(281)
Balance at 31.12.2012:	**11,562**
Profit for the year	815
Translation differences	-
Other movements	(8,341)
Balance at 31.12.2013:	**4,036**

20. Trade and other payables

a) Trade payables are analysed below:

	2013	2012
Payable to suppliers	1,524,029	1,642,014
Prepayments received for contract work	183,585	369,162
Other items	22,214	28,591
	1,729,828	**2,039,767**

b) Other payables are set out below:

	2013	2012
Non-current		
Finance lease liabilities	332	658
	332	**658**
Current		
Finance lease liabilities		
Dividends payable	35,846	35,846
Other items	2,505	5,603
	38,351	**41,449**

Non-current finance lease liabilities fall due as follows:

	2013	2012
Between 1 and 2 years	332	658
Between 2 and 5 years	-	-
Over 5 years	-	-
	332	**658**

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The above amounts represent minimum lease payments discounted to their present value. Future financial charges under finance leases total € 18k (2012: €33k). The Group's finance leases relate to acquisitions of computer equipment and other items of property, plant and equipment.

The carrying amount of trade payables and other payables approximates their fair value.

21. Borrowings

Non-current	**2013**	**2012**
Borrowings	25,915	30,688
	25,915	**30,688**
Current		
Borrowings	4,126	3,115
	4,126	**3,115**
Total borrowings	**30,041**	**33,803**

The average effective interest rates (all floating) at the balance sheet dates are as follows:

	2013		**2012**	
	EUR	**USD**	**EUR**	**USD**
Borrowings	1.88%	-	2.53%	-

Borrowings totalling €30,040k (2012: €33,441k) fund the construction of concession assets (Note 7). These loans are secured, with the concession assets as collateral.

The carrying amount of borrowings (both current and non-current) approximates their fair value. The borrowings are referenced mainly to floating interest rates, principally Euribor and Libor, with monthly reset clauses.

The maturity of borrowings is broken down in Note 3 – liquidity risk.

The carrying amount of the Group's borrowings is denominated in the following currencies:

	2013	**2012**
Euro	30,041	33,803
US dollars and other currencies		-
	30,041	**33,803**

The Group has the following undrawn credit lines:

Floating rate:	**2013**	**2012**
– Maturing in less than one year	112,778	72,692
– Maturing in more than one year	-	-
	112,778	**72,692**

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22. Employee benefits

At 31 December 2013 and 2012 the Group has pension and retirement obligations related to retirement and long-term remuneration.

Pension and retirement obligations refer to commitments set out in the collective bargaining agreements in place at certain Group companies, relating to retirement awards for employees that have worked for the number of years stipulated in the agreement at the date of retirement.

Non-current remuneration obligations refer to length-of-service awards payable by certain Group companies.

At 31 December 2013 and 2012 there are no assets linked to the defined benefit commitments with employees.

	2013	2012
Balance sheet commitments:		
Pension and retirement benefits	6,901	6,433
Non-current remuneration obligations	681	627
	7,582	**7,060**
Income statement charges:		
Pension and retirement benefits	947	1,061
Non-current remuneration obligations	105	46
	1,052	**1,107**

In addition to the commitments mentioned above, there are other commitments to employees, primarily in Oman, which totalled €1,245k at 31 December 2013, (0 euros in 2012).

Pension and retirement benefits

The amounts recognised in the balance sheet have been calculated as follows:

	2013	2012
Present value of obligations at 1 January	6,433	5,705
Cost of services for the current year	751	689
Interest cost	196	302
Benefits paid and expenses	(250)	(333)
Actuarial (gains)/losses	(229)	70
Balance sheet liability	**6,901**	**6,433**

The amounts recognised in the income statement are as follows:

	2013	2012
Cost of current services(Note 26)	751	689
Interest cost	196	302
Total included in employee benefit expense	**947**	**991**

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The main actuarial assumptions used are as follows:

	2013	2012
Annual discount rate	3.50%	3.20%
Annual salary growth	2.00%	2.00%
Annual inflation	2.00%	2.00%
Mortality table	PERM/F 2000 Producción	PERM/F 2000 Producción
Retirement age	65 años	65 años

The tables below reflect the Company's sensitivity to interest rates:

Sensitivity to interest rates:

31/12/2013	3.50%	4%	3%
Current value of the obligation	6,901,324	6,508,503	7,337,031
Assets attached to the plan	-	-	-
Limitations on assets	-	-	-
Liabilities (active)	6,901,324	6,508,503	7,337,031
Current FY service cost (excluding interest)	770,798	713,051	835,642

Sensitivity to inflation (CPI/wage increases):

	CPI/Salaries		
31/12/2013	2,0%	2,5%	1,5%
Current value of the obligation	6,901,324	7,326,137	6,514,753
Current FY service cost (excluding interest)	770,798	834,482	713,546

Benefits to be paid in the following years:

	Thousand euros
2014	815
2015	541
2016	375
2017	512
2018	430
2019-2023	2,852

Non-current remuneration obligations

The amounts recognised in the balance sheet have been calculated as follows:

	2013	2012
Present value of obligations at 1 January	627	595
Cost of services for the current year	84	87
Interest cost	21	33
Benefits paid and expenses	(14)	(14)
Actuarial (gains)/losses	(37)	(74)
Balance sheet liability	**681**	**627**

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The amounts recognised in the income statement are as follows:

	2013	2012
Cost of current services	84	87
Interest cost	21	33
Total included in employee benefit expense (Note 26)	**105**	**120**

The principal actuarial assumptions used are as follows:

	2013	2012
Annual discount rate	3.60%	3.40%
Annual salary increase	2.00%	2.00%
Annual inflation	2.00%	2.00%
Mortality	PERM/F 2000 Production	PERM/F 2000 Production
Retirementage	65 years	65 years

The tables below reflect the Company's sensitivity to interest rates:

Sensitivity to interest rates:

31/12/2013	3.50%	4%	3%
Current value of the obligation	681,387	639,185	727,341
Assets attached to the plan	-	-	-
Limitations on assets	-	-	-
Liabilities (active)	681,387	639,185	727,341
Current FY service cost (excluding interest)	85,366	78,576	92,840

Sensitivity to inflation (CPI/wage increases):

	CPI/Salaries		
31/12/2013	2.0%	2.5%	1.5%
Current value of the obligation	681,387	730,556	783,821
Current FY service cost (excluding interest)	85,366	93,921	101,974

Benefits to be paid in the coming years:

	Thousand euros
2014	38
2015	28
2016	16
2017	24
2018	24
2019-2023	186

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23. Provisions for liabilities and charges

a) Provisions for liabilities and charges – non current

Item	Provision for estimated project losses	Provision for project completion	Other provisions	Total provisions for liabilities and charges
Balance at 01/01/2012	**1,810**	**4,508**	**11,912**	**18,230**
Reversals / Amounts used	-	(2,760)	-	(2,760)
Amounts provisioned	4,250	-	6,336	10,586
Balance at 31/12/2012	**6,060**	**1,748**	**18,248**	**26,056**
Reversals / Amounts used	(4,000)	-	(3,912)	(7,912)
Amounts provisioned	3,922	-	7,500	11,422
Balance at 31/12/2013	**5,982**	**1,748**	**21,836**	**29,566**

Provision for estimated project losses:

In compliance with IAS 11, the Group recognises provisions for estimated future losses on projects currently in progress.

Provision for project completion:

For projects that are completed or substantially completed and, therefore, are in the warranty period or are close to entering the warranty period, the Group estimates probable costs that will be incurred during the warranty period and records the relevant provision.

The provisions recognised by the Group at year-end 2013 and 2012 relate to the following segments:

Project / Division	2013	2012
Oil and gas	-	-
Power	-	-
Other	1,748	1,748
Total	**1,748**	**1,748**

Other provisions:

This item relates to provisions for other liabilities and charges, including commitments to pay project partners, provisions for probable risks and provisions for other non-current payments.

As far as non-current provisions are concerned, due to the characteristics of the risks involved it is not possible to determine a reasonable payment timeline.

b) Provisions for liabilities and charges – current

Balance at 1 January 2012	**1,498**
Reversals / Amounts used	(342)
Amounts provisioned	907
Balance at 31 December 2012	**2,063**
Reversals / Amounts used	(77)
Amounts provisioned	
Balance at 31 December 2013	**1,986**

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24. Revenue

	2013	2012
Construction and engineering contract revenue	2,846,016	2,652,322
Services rendered	86	36
Total revenue	**2,846,102**	**2,652,358**

Note 5 presents the Group's main business and geographic operating segments.

25. Other expenses and income

	2013	2012
Other operating expenses		
Services	144,478	215,455
Independent professional services	69,031	43,051
Repairs and maintenance	5,911	6,738
Banking and similar services	16,332	16,404
Transport expenses	188	176
Insurance premiums	6,900	5,684
Utilities	2,981	2,963
Other	21,791	18,380
	267,612	**308,850**
Other income		
Grants related to income	1,878	2,463
Other	5,861	1,722
	7,739	**4,185**

The "Other" heading in the table above breaking down other expenses relates mainly to recognitions and reversals of provisions for non-current and current liabilities and charges.

26. Employee benefit expenses

	2013	2012
Wages and salaries	384,267	331,865
Social security contributions	54,010	48,629
Pension cost – pension and retirement benefit plans (Note 22)	751	991
Non-current remuneration obligations (Note 22)	84	46
	439,112	**381,531**

In the caption "Wages and salaries" is included termination benefits amounting to €1,764k (2012: € 2,159k).

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27. Operating leases

The Group rents offices under irrevocable operating lease agreements. The related lease terms are between 5 and 10 years and most are renewable at the end of the lease term at market rents.

Minimum future payments on irrevocable operating leases are as follows:

	2013	2012
Less than 1 year	16,982	17,048
Between 1 and 5 years	18,307	24,040
Over 5 years	-	-

Operating lease expense recognised in the income statement amounted to € 44,219k (2012: €40,998k) and corresponds in its entirely to minimum lease payments.

28. Finance income and finance cost

	2013	2012
Financial revenue		
Interest on short term bank deposits and others	7,480	11,904
Net gains /(losses) on the fair value of financial instruments at fair value with changes in income and others.	4,270	1,338
	11,750	**13,242**
Net gains on foreign currency transactions.	(1,786)	44
	(1,786)	**44**
Financial expenses		
Interest payable on bank loans and others.	(4,700)	(4,890)
	(4,700)	**(4,890)**
	5,265	**8,396**

Note 10 sets forth the impact on finance income and cost of foreign currency hedges.

29. Income tax expense

On 30 September 1993, the Spanish tax authorities authorised the following companies to apply the tax consolidation regime: Técnicas Reunidas, S.A., Técnicas Reunidas Internacional, S.A., Termotécnica, S.A., Técnicas Reunidas Construcciones y Montajes, S.A. and Técnicas Reunidas Ecología, S.A. Subsequently, in 1994, Técnicas Siderúrgicas, S.A., Española de Investigación y Desarrollo, S.A. and Técnicas Reunidas Proyectos Internacionales, S.A. were included in the tax consolidation regime. The tax group was enlarged in 1998 to include Técnicas Reunidas Metalúrgicas, S.A. and, in 1999, Layar, S.A., Layar Castilla, S.A. and Layar Real Reserva, S.A., Eurocontrol, S.A. and ReciclAguilar, S.A. were included in 2003 and Initec Plantas Industriales, S.A. and Initec Infraestructuras, S.A. in 2005. In 2007, Layar Castilla, S.A. left the tax group.

For the purpose of calculating the tax base of the tax group and the different individual companies included in the consolidation scope, the accounting result is adjusted according to the permanent and temporary differences

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that may exist, leading to the corresponding assets and liabilities and temporary differences that may exist, leading to the corresponding assets and liabilities deferred taxes. They arise as a result of homogenizing valuation criteria and accounting principles between individual companies and of the consolidated, which are applicable to the parent company.

The income tax breaks down as follows:

	2013	2012
Current tax	25,237	18,719
Deferred tax	(3,238)	2,769
	21,999	**21,488**

Income tax expense as a percentage of the Group's pre-tax profit differs from the theoretical amount that would have been obtained had the statutory tax rate applicable to the consolidated companies' profits been applied, as reconciled below:

	2013	2012
Profit before taxes	**150,462**	**157,797**
Taxes calculated at tax rate applicable to the parent company's profits	45,139	47,339
Tax exempt	(40,736)	(36,837)
Losses incurred by permanent establishments.	17,800	5,930
Non-deductible expenses for tax purposes	1,280	1,096
Effect of different tax rates in other countries	859	(239)
Losses for which no tax credit has been recognised	1,631	12,296
Positive taxable bases in companies with prior tax losses not capitalised	(2,601)	(8,163)
Deductions applied and unrecoverable withholdings	(2,667)	(1,428)
Other	1,294	1,494
Tax expense	**21,999**	**21,488**

The effective tax rate was 15% (14% in 2012), due mainly to the Group's foreign revenues, which are exempt from Spanish income tax in accordance with Law 18/1982 (26 May) on the Tax System for Groupings and UTEs and for Regional Industrial Development Companies. These revenues are included in "Tax-free earnings" in the above table and were generated mainly by UTEs engaged in export activities (see Exhibit IV).

Deferred tax assets and liabilities	2013	2012
Deferred income tax assets		
- to be recovered after more than 12 months	37,852	28,433
- to be recovered within 12 months		
	37,852	**28,433**
Deferred income tax liabilities		
- to be recovered after more than 12 months	10,203	4,023
- to be recovered within 12 months		-
	10,203	**4,023**

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The movements in deferred income tax assets and liabilities during the year are as follows:

	Assets	Liabilities
1 January 2012	**24,431**	**5,255**
Charged to the income statement	(7,156)	(1,232)
Credited to the income statement	11,158	-
Charged directly to equity	-	-
31 December 2012	**28,433**	**4,023**
Charged to the income statement	(443)	-
Credited to the income statement	9,862	6,181
Charged directly to equity	-	-
31 December 2013	**37,852**	**10,204**

The origin of recognised deferred tax assets and liabilities is analysed below:

	2013	2012
Unused tax losses carried forward	-	-
Unused tax credits carried forward	-	-
Tax credits arising from temporary differences:		
- Provisions for liabilities and charges	9,657	10,100
- Pension plans	2,138	1,930
- Standardisation of project assessments and other	24,700	15,638
- Hedging reserve	572	572
- Other items	784	193
	37,852	**28,433**

	2013	2012
Hedging reserve		
- Standardisation of project assessments and other	10,203	4,023
	10,203	**4,023**

Deferred tax assets in respect of unused tax losses carried forward are recognised to the extent that it is probable that future taxable profit will be available against which the losses can be utilised.

In addition, the Group has €50,792k of accumulated tax losses (tax deduction of €15,237k) at year-end 2013 (2012: €61,311k, tax deduction of €18,393k) generated by foreign subsidiaries for which the related tax assets have not been recognised.

Deferred taxes generated by transactions that have been directly charged or credited to equity in 2013 amounted to € 0k (2012: €0k).

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The tax charge/credits relating to the items comprising other comprehensive income are set forth below:

	2013			2012		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Cash flow hedges	(18,430)	-	(18,430)	45,159	-	45,159
Currency translation differences	(18,488)	-	(18,488)	(6,135)	-	(6,135)
Actuarial gains/(losses)	380	(114)	266	(70)	21	(49)
Other comprehensive income	**(36,538)**	(114)	**(36,652)**	**38,954**	**21**	**38,975**
Current tax	-	-	-	-	-	-
Deferred tax	-	(114)	-	-	21	-

At 31 December 2013 and 2012, the Group has no unused tax credits.

30. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing profit attributable to the equity holders of the parent by the weighted average number of ordinary shares in the year, excluding treasury shares acquired by the parent company.

b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Given that the parent does not hold any class of potentially dilutive ordinary shares, diluted earnings per share coincides with the basic earnings per share.

	2013	2012
Profit attributable to owners of the parent	127,649	133,423
Weighted average number of ordinary shares in issue	53,741,676	53,741,676
Basic earnings per share (€ per share)	2.38	2.48

31. Dividend per share

In 2013 the dividends paid against 2012 profits amounted to €75,000k (of which €35,846k was declared in 2012 and paid as an interim dividend), which translates into a dividend per share of €1.39.

In 2012 the dividends paid against 2011 profits amounted to €72,780k (of which €35,848k was declared in 2011 and paid as an interim dividend), which translates into a dividend per share of €1.35.

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The dividend against 2013 profits to be submitted to the general meeting called in 2014 to ratify the accompanying consolidated annual accounts is estimated at € 75,000k (of which €35,846k was declared in 2013 as an interim dividend), which translates into a dividend per share of €1.39. This per share calculation will be modified on the basis of the treasury shares held on the dividend payment date.

32. Contingencies and guarantees furnished

The Group has contingent liabilities relating to bank sureties and other guarantees granted during the ordinary course of business. The contingent liabilities are not expected to give rise to additional material liabilities other than those already provisioned, as disclosed in Note 23. In the ordinary course of the Group's activities, as is common practice with engineering and construction companies, the Group extended guarantees to third parties totalling € 2,204,309k (2012: €1,819,010k) in order to duly guarantee contract delivery.

In accordance with the general terms of contracting, the parent company and Group companies are required to provide technical guarantees for the execution of works, in cash or in the form of bank guarantees, which must be upheld for a specified period.

As detailed in Note 21, borrowings totalling € 30,041k (€33,441 kat year-end 2012) fund the construction of concession assets. These loans are secured by the concession assets (Note 7).

During the year, the tax authorities began a tax audit of Técnicas Reunidas, S.A. for corporate income tax (2008 to 2011) and other taxes (2009 to 2011). Consequently, the company's corporate taxes for fiscal years 2008 to 2011 and other taxes for fiscal years 2009 to 2011 are open to inspection.

As of the date of these annual accounts, the results of the inspection are not known. However, due to the fact that tax laws are open to different interpretations, among other things, additional liabilities could arise as a result of the inspection. In any event, the directors consider that any such liabilities would not have a significant effect on the annual accounts.

The Group is involved in certain legal disputes in the ordinary course of business (primarily disputes with customers, suppliers, employees or administrative or fiscal authorities). Legal advisors opinion is that the outcome will not have materially effect to the group financial position. The most significant dispute involves the Sines project. The dispute arose when an agreement could not be reached on the final settlement after the plant had been received and paid in full by the client.

33. Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is not material.

Operating and finance lease commitments

The Group rents several premises under irrevocable operating lease agreements. These leases have variable terms, segment clauses and renewal rights. The Group is required to provide six months' termination notice on these agreements (Note 27).

The Group's finance lease obligations are detailed in Note 20.

Purchase commitments (suppliers and subcontractors)

The Group has payment commitments to its suppliers in addition to those recognised in trade payables as a result of orders that are still in the drafting or construction phase and cannot be invoiced until the scheduled payment milestones are reached. This is offset by the fact that the Group in turn invoices its customers in accordance with similar milestones to those in place with its suppliers.

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Supplier payment disclosures under Law 15/2010

As required under disclosure requirements introduced by legislation passed in Spain on 29 December 2010, the Group has reviewed balances payable to suppliers and creditors outstanding at 31 December 2013 with respect to the Group companies to which the new disclosure requirements apply, concluding that no material balances outstanding were past due by more than the legally established payment terms and all the payments during the year has been occurred in the legally established payment terms.

34. Related-party transactions

Transactions with related parties in 2013 and 2012 arose in the ordinary course of business. The following transactions were carried out with related parties:

a) Transactions with the Company's core shareholders

a.1) Transactions with Grupo Banco Bilbao Vizcaya Argentaria (BBVA Group):

The only transactions that the Group carries out with BBVA Group relate to banking activities.

Set out below are details of these transactions at 31 December 2013 and 2012:

	2013	2012
Credit facilities	5,000	10,000
Drawn balances	-	-
Guarantees furnished	314,578	250,595

The average interest rate on these borrowings was Euribor +3.40% (2012: Euribor + 2.75%).

The Group has contracted forward currency transactions with the BBVA Group, the notional values of which totalled USD 199,366k at year-end 2013 (2012: USD393,815k).

In addition, the Group has opened numerous bank accounts that are necessary to carry out its ordinary business and manages a portion of its cash balances by contracting financial assets through the BBVA Group. At year-end 2013 the balance in these current accounts was € 158,050k (2012: €138,614k).

The accompanying income statement include the following costs and revenues related to the above-mentioned transactions, which were carried out on an arm's length basis.

	2013	2012
Finance costs	1,405	1,382
Finance income	1,256	24

b)Transactions with Company directors and officers

During the years 2013 and 2012 there were no transactions with Company directors, except as described below:

- Transactions with Santander Group where one of the parent company's directors is a director at Santander Group:

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	2013	2012
Finance costs	642	1,874
Finance income	236	1,149

	2013	2012
Credit facilities	19,000	19,000
Drawn balances	-	-
Guarantees furnished	499,010	358,960

The average interest rate on these borrowings was Euribor + 2.60% (2012: Euribor + 1.70%).

The Group has contracted forward currency transactions with Santander, the notional values of which totalled USD 109,857k, AUD 92,000k and JPY 24,551k at year-end 2013 (2012: USD 309,046k).

In addition, the Group has opened numerous bank accounts that are necessary to carry out its ordinary business and manages a portion of its cash balances by contracting financial assets through Santander. At year-end 2013 the balance in these current accounts was €133,625k (2012: €77,549k).

Note 37 provides details of the remuneration paid to the directors of TécnicasReunidas, S.A.

Senior management pay

In 2013, remuneration paid to the Group's senior management in respect of fixed and variable compensation totalled € 4,492k (2012 comparative: €3,745k). Advances to senior management totalled € 0k (2012: €160k).

c) Transactions with associates

Set out below is a breakdown of balances and transactions with the associates included in Exhibit II:

	2013				2012			
	Trade receivables	Payable to suppliers	Purchases	Sales	Trade receivables	Payable to suppliers	Purchases	Sales
Empresarios Agrupados, A.I.E.	1,124	1,191	7,595	2,587	1,747	167	9,057	3,092
E.A. Internacional, S.A.	4,451	640	1,208	11,052	4,649	710	2,403	11,108
Ibérica del Espacio, S.A.	2,224	-	-	334	1,882	-	4	231

35. Joint ventures

The Group has interests in the joint ventures listed in Exhibit III. The amounts set out below represent the Group's percentage interest in the assets, liabilities, revenues and profits of the joint ventures:

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Assets:	2013	2012
Non-current assets	263	73
Current assets	2,947	16,167
Total assets	**3,210**	**16,240**
Liabilities:		
Non-current liabilities	-	-
Current liabilities	6,514	5,541
Total liabilities	**6,514**	**5,541**
Net assets (liabilities)	**(3,303)**	**10,699**
Revenue	3,122	38,834
Expenses	(3,798)	(10,728)
Profit/(loss) after taxes	**(676)**	**28,106**

There are no contingent liabilities in relation to the Group's shareholdings in joint ventures, nor contingent liabilities in the joint ventures themselves.

Temporary joint ventures (UTEs)

The Group has interests in the UTEs listed in Exhibit IV. The amounts set out below represent the Group's percentage interest in the assets, liabilities, revenues and profits of the UTEs:

Assets:	2013	2012
Non-current assets	38,642	68,550
Current assets	1,382,696	1,354,096
Total assets	**1,421,338**	**1,422,646**
Liabilities:		
Non-current liabilities	24,459	34,455
Current liabilities	1,238,820	1,277,751
Total liabilities	**1,263,279**	**1,312,206**
Net assets (liabilities)	**158,059**	**110,440**
Revenue	800,508	952,555
Expenses	(642,449)	(842,505)
Profit after tax	**158,059**	**110,050**

There are no contingent liabilities in relation to the Group's shareholdings in the UTEs, nor contingent liabilities in the UTEs themselves.

36. Environmental disclosures

Given the activities in which the Group companies are involved, it has no expenses, assets, provisions or contingencies that could be significant in relation to its equity, financial position or performance. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

37. Other information

a) Average Group headcount by category

Average headcount during the year at the companies accounted for using the full method of consolidation, by professional category:

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	2013	2012
Directors and senior management	25	25
Graduates, diploma holders and administrative staff	6,620	5,649
Skilled workers	911	777
Sales staff	37	24
	7,593	**6,475**

Average headcount during the year at the companies accounted for using the equity method, by professional category:

	2013	2012
Directors and senior management	-	-
Graduates, diploma holders and administrative staff	337	369
Skilled workers	29	83
Sales staff	4	-
	370	**452**

The breakdown of the year-end headcount at fully consolidated Group companies by gender:

			2013			2012
	Men	Women	Total	Men	Women	Total
Directors and senior management	23	2	25	23	2	25
Graduates, diploma holders and administrative staff	4,861	2,015	6,876	4,297	1,781	6,078
Skilled workers	569	378	947	502	334	836
Sales staff	25	12	37	16	8	24
	5,478	**2,407**	**7,885**	**4,838**	**2,25**	**6,963**

Figures above include 1,012 subcontracted employees (2012: 970 employees)

The breakdown of the year-end headcount at Group companies accounted for using the equity method by gender:

			2013			2012
	Men	Women	Total	Men	Women	Total
Directors and senior management	14	2	16	13	2	15
Graduates, diploma holders and administrative staff	216	96	312	213	91	304
Skilled workers	22	7	29	61	21	82
Sales staff	4		4			
	256	**105**	**361**	**287**	**114**	**401**

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The average number employees at consolidated companies that had a disability of a severity of 33% or higher in 2013 and 2012 is as follows.

	2013	2012
Senior managers	-	-
Graduates, diploma holders and administrative staff	17	22
Skilled workers	1	2
Sales staff	-	1
	18	25

c) Audit fees

Fees accrued for audit services rendered to Group companies in 2013 with their auditors and other auditing firms, are detailed below:

- Audit Fees:
  Audits rendered by PwC firms and services other than audit services amounted € 705k (2012: € 704k).
  Other services by regulatory requirements are performed by the auditor: € 163k (2012: €134k).
  Companies using the PwC brand: € 97k (2012: € 177k).

d) Information required under article 229 of the Spanish Corporate Enterprises Act

The directors of the parent company have no disclosures to make with respect to the contents of Article 229 of the Spanish Corporate Enterprises Act, enacted by means of Legislative Royal Decree 1/2010 of 2 July 2010, except for the following:

- Mr. José Lladó Fernández-Urrutia is the Chairman of Técnicas Reunidas Internacional, S.A.
- Juan Lladó Arburúa is a non-executive director of Initec Plantas Industriales, S.A.U, Initec Infraestructuras, S.A.U, Empresarios Agrupados Internacional, S.A., Técnicas Reunidas Internacional, S.A, Española de Investigación y Desarrollo, S.A. and Eurocontrol, S.A. He is also member of the directors' committee of Empresarios Agrupados A.I.E. and is vice-chairman of Técnicas Reunidas Internacional, S.A and Eurocontrol, S.A., as well as sole director of Técnicas Reunidas Proyectos Internacionales, S.A.
- Mr.Javier Gómez Navarro is a non-executive Director of Grupo Isolux Corsán, S.A.
- Mr. William Blaine Richardson is a non-executive director who sits on the International Advisory Committee of Abengoa S.A.

e) Compensation paid to members of the Company's Board of Directors

There follows information on total compensation paid to members of the Company's Board of Directors during the year ended 31 December 2013:

- Board meeting attendance fees received by all board members: € 1,159k (2012: €1,064k).
- Wages and salaries: € 1,371k (2012: € 760k).
- Insurance premiums and pension plans: € 14k (2012: €12k).
- Services rendered to the Group: € 136k (2012: €84).

38. Events after the balance sheet date

Between 31 December 2013 and the date of authorising these annual accounts for issue, no significant events have occurred that required disclosure.

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Exhibit I

Subsidiaries included in the scope of consolidation – 2013

Company name	Registered business address	Ownership interest, %	Shareholding company	Consol. method	Business	Auditor
Técnicas Reunidas Internacional, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Termotécnica, S.A.	Madrid	99.98%	Técnicas Reunidas, S.A. y Técnicas Reunidas Construcción y Montaje, S.A.	FULL	Engineering services andmachinery wholesaler	Unaudited
Técnicas Reunidas Construcción y Montaje, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Real Estate development	Unaudited
Técnicas Reunidas Ecología, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Metalúrgicas, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	Unaudited
Técnicas Reunidas Trade Panamá, S.A.	Panama	100%	Técnicas Reunidas, S.A.	FULL	Dormant	Unaudited
Técnicas Siderúrgicas, S.A.	Madrid	100%	Técnicas Reunidas Construcción y Montaje, S.A.	FULL	Engineering services	Unaudited
Técnicas Reunidas Proyectos Internacionales, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	Unaudited
Española de Investigación y Desarrollo, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Layar, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Real Estate	Unaudited
Layar Real Reserva, S.A.	Madrid	100%	Layar, S.A.	FULL	Real Estate	Unaudited
Eurocontrol, S.A.	Madrid	80%	Layar, S.A y Layar Real Reserva, S.A.	FULL	Inspection, Quality Control & Technical Advisory	Acisa
Initec Plantas Industriales, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Initec Infraestructuras, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Chile Ltda.	Chile	100%	Initec Plantas Industriales, S.A.	FULL	Engineering services	PwC
ReciclAguilar, S.A.	Madrid	80%	Técnicas Reunidas, S.A.	FULL	Engineering services	Unaudited
Técnicas Reunidas Gulf Ltd. – Saudi Arabia	Yedah	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
TR Engineering LLC – Oman	Muscat	49%	Initec Plantas Industriales, S.A.	FULL	Engineering services	PwC

CONSOLIDATED ANNUAL ACCOUNTS OFTÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Exhibit I

Técnicas Reunidas Omán LLC	Muscat	70%	Initec Plantas Industriales, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Hellas, S.A. – Greece	Athens	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Netherlands B.V	The Hague	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas de Construçao Unip. LDA - Portugal	Lisboa	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Australia Pty Ltd.	Melbourne	100%	Técnicas Reunidas, S.A.	FULL	Dormant	PwC
Técnicas Reunidas TEC – Bolivia	Santa Cruz	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas ReunidasR RUP INSAAT TAAHHÜT LimitedSirketi	Istambul	80%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Dufi CCGT Kft	Budapest	80%	Técnicas Reunidas, S.A:	FULL	Engineering services	Unaudited
TR Canada Inc	Alberta	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	Unaudited
TR Arabia Saudi LLC	Jeddah	100%	Técnicas Reunidas, S.A. / Técnicas Reunidas Proyectos Internacionales, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Saudia for Services and Contracting Company Limited	Saudi Arabia	100%	Técnicas Reunidas, S.A. / Técnicas Reunidas Proyectos Internacionales, S.A.	FULL	Engineering services	PwC
TreunidasMühendislik ve İnsaat A.S	Istambul	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Engineers India Prívate Limited (TREI)	New Delhi	100%	Técnicas Reunidas, S.A.	FULL	Advisory and assistance in international engineering projects	LUTHRA-LUTHRA

Subsidiaries included in the scope of consolidation – 2012

CONSOLIDATED ANNUAL ACCOUNTS OFTÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Exhibit I

Company name	Registered business address	Ownership interest, %	Shareholding company	Consol. method	Business	Auditor
Técnicas Reunidas Internacional, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Termotécnica, S.A.	Madrid	99.98%	Técnicas Reunidas, S.A. y Técnicas Reunidas Construcción y Montaje, S.A.	FULL	Engineering services and machinery wholesaler	Unaudited
Técnicas Reunidas Construcción y Montaje, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Real estate development	Unaudited
Técnicas Reunidas Ecología, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Metalúrgicas, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	Unaudited
Técnicas Reunidas Trade Panamá, S.A.	Panamá	100%	Técnicas Reunidas, S.A.	FULL	Dormant	Unaudited
Técnicas Siderúrgicas, S.A.	Madrid	100%	Técnicas Reunidas Construcción y Montaje, S.A.	FULL	Engineering services	Unaudited
Técnicas Reunidas Proyectos Internacionales, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	Unaudited
Española de Investigación y Desarrollo, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Layar, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Real Estate	Unaudited
Layar Real Reserva, S.A.	Madrid	100%	Layar, S.A.	FULL	Real Estate	Unaudited
Eurocontrol, S.A.	Madrid	80%	Layar, S.A y Layar Real Reserva, S.A.	FULL	Inspection, Quality Control & Technical Advisory	Other
Initec Plantas Industriales, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Initec Infraestructuras, S.A.	Madrid	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Chile Ltda.	Chile	100%	Initec Plantas Industriales, S.A.	FULL	Engineering services	PwC
ReciclAguilar, S.A.	Madrid	80%	Técnicas Reunidas, S.A.	FULL	Engineering services	Unaudited
Técnicas Reunidas Gulf Ltd. – Saudi Arabia	Yedah	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
TR Engineering LLC – Oman	Muscat	49%	Initec Plantas Industriales, S.A.	FULL	Engineering services	PwC

CONSOLIDATED ANNUAL ACCOUNTS OFTÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Exhibit I

Técnicas Reunidas Omán LLC	Muscat	70%	Initec Plantas Industriales, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Hellas, S.A. – Greece	Athens	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Netherlands B.V	The Hague	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas de Construçao Unip. LDA - Portugal	Lisboa	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Australia Pty Ltd	Melbourne	100%	Técnicas Reunidas, S.A.	FULL	Dormant	PwC
Técnicas Reunidas TEC – Bolivia	Santa Cruz	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas ReunidasR RUP INSAAT TAAHHÜT LimitedSirketi	Istambul	80%	Técnicas Reunidas, S.A.	FULL	Engineering services	PwC
Técnicas Reunidas Dufi CCGT Kft	Budapest	80%	Técnicas Reunidas, S.A:	FULL	Engineering services	Unaudited
TR Canada Inc	Alberta	100%	Técnicas Reunidas, S.A.	FULL	Engineering services	Unaudited
TR Arabia Saudi LLC	Jeddah	100%	Técnicas Reunidas, S.A. / Técnicas Reunidas Proyectos Internacionales, S.A.	FULL	Engineering services	PwC

CONSOLIDATED ANNUAL ACCOUNTS OFTÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Exhibit II

Associates included in the scope of consolidation - 2013

Company name	Registered business address	Ownership interest, %	Shareholding company	Consol. method	Business	Auditor
Layar Castilla, S.A.	Madrid	25.39%	Técnicas Reunidas, S.A.	Equity	Real estate development	Unaudited
Empresarios Agrupados, A.I.E.	Madrid	43.00%	Técnicas Reunidas, S.A.	Equity	Engineering services	PwC
Empresarios Agrupados Internacional, S.A.	Madrid	43.00%	Técnicas Reunidas, S.A. and TR Proyectos Internacionales, S.A.	Equity	Engineering services	PwC
Ibérica del Espacio, S.A.	Madrid	47.45%	Técnicas Reunidas, S.A. and TR Proyectos Internacionales, S.A.	Equity	Engineering services	PwC
Proyectos Ebramex, S. de R.L. de C.V.	Mexico D.F	33.33%	Técnicas Reunidas, S.A.	Equity	Engineering services	PwC
Minatrico, S. de R.L. de C.V.	Mexico D.F	33.33%	Técnicas Reunidas, S.A.	Equity	Engineering services	PwC
Máster S.A. de ingeniería y Arquitectura	Barcelona	40.00%	Técnicas Reunidas, S.A.	Equity	Engineering services	Unaudited

Associates included in the scope of consolidation - 2012

Company name	Registered business address	Ownership interest, %	Shareholding company	Consol. method	Business	Auditor
Layar Castilla, S.A.	Madrid	25.39%	Técnicas Reunidas, S.A.	Equity	Real estate development	Unaudited
Empresarios Agrupados, A.I.E.	Madrid	42.48%	Técnicas Reunidas, S.A.	Equity	Engineering services	PwC
Empresarios Agrupados Internacional, S.A.	Madrid	42.48%	Técnicas Reunidas, S.A. and TR Proyectos Internacionales, S.A.	Equity	Engineering services	PwC
Ibérica del Espacio, S.A.	Madrid	45.73%	Técnicas Reunidas, S.A. and TR Proyectos Internacionales, S.A.	Equity	Engineering services	PwC
Máster S.A. de Ingeniería y Arquitectura	Barcelona	40.00%	Técnicas Reunidas, S.A.	Equity	Engineering services	Unaudited

CONSOLIDATED ANNUAL ACCOUNTS OFTÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2012

Exhibit III

Joint ventures included in the scope of consolidation - 2013

Company name	Registered business address	Ownership interest, %	Venturer	Consol. method	Business	Auditor
Heymo Ingeniería, S. A.	Madrid	39.98%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	PwC
KJT Engeharia Materiais	Madeira	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	Deloitte
Damietta Project Management Co.	London	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	KPMG
Damietta LNG Construction	Damietta	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services and project execution	E&Y
Construcción e Ingeniería D.I. Ltda.	Santiago	50.00%	Initec Chile, S.A.	Proportionate	Engineering services	Unaudited
Construcción e Ingeniería FIM Ltda.	Santiago	33.33%	Initec Chile, S.A.	Proportionate	Engineering services and project execution	Unaudited
Construcción e Ingeniería FI Ltda.	Santiago	50.00%	Initec Chile, S.A.	Proportionate	Engineering services and project execution	Unaudited
TSGI Mühendislikİnşaat Limited Şirketi	Istambul	30%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	PwC

CONSOLIDATED ANNUAL ACCOUNTS OFTÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Exhibit III

Joint ventures included in the scope of consolidation - 2012

Company name	Registered business address	Ownership interest, %	Venturer	Consol. method	Business	Auditor
Heymo Ingeniería, S. A.	Madrid	39.98%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	PwC
KJT Engeharia Materiais	Madeira	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	Deloitte
Damietta Project Management Co.	London	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	KPMG
Damietta LNG Construction	Damietta	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services and project execution	E&Y
Proyectos Ebramex, S. de R.L. de C.V.	Mexico DF	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	PwC
Minatrico, S. de R.L. de C.V.	Mexico DF	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	PwC
Construcción e Ingeniería D.I. Ltda.	Santiago	50.00%	Initec Chile, S.A.	Proportionate	Engineering services	Other
Construcción e Ingeniería FIM Ltda.	Santiago	33.33%	Initec Chile, S.A.	Proportionate	Engineering services and project execution	Unaudited
Construcción e Ingeniería FI Ltda.	Santiago	50.00%	Initec Chile, S.A.	Proportionate	Engineering services and project execution	Unaudited
Técnicas Reunidas Ensol, S.A. (*)	Madrid	50,00%	Técnicas Reunidas, S. A.	Proportionate	Engineering services and project execution	Unaudited

CONSOLIDATED ANNUAL ACCOUNTS OFTÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Exhibit IV

UTEs and consortiums in which the consolidated companies have interests – 2013

Corporatename	Ownershipinterest
TR FRANCIA BRANCH	100%
TR KHABAROVSK BRANCH	100%
TR MOSCU BRANCH	100%
UTE ALQUILACION CHILE	100%
UTE EP SINES	100%
UTE HDT/HDK FASE II	100%
UTE HYDROCRACKER HUNGARY	100%
UTE INITEC/TR JU'AYMAH GPE	100%
UTE INITEC/TR MEJILLONES	100%
UTE INITEC/TR PLANTAS HDT Y HCK	100%
UTE INITEC/TR RKF ARGELIA	100%
UTE INITEC/TR SAIH RAWL	100%
UTE INITEC/TR TFT ARGELIA	100%
UTE TR POWER	100%
UTE TR/ALTAMARCA COMPLEJO LA VIÑA	100%
UTE TR/ALTAMARCA PISCINA CUBIERTA	100%
UTE TR/ESPINDESA	100%
UTE TR/ESPINDESA - PEL SINES	100%
UTE TR/ESPINDESA - TR AKITA	100%
UTE TR/I.P.I. TR JUBAIL	100%
UTE TR/I.P.I. ABUH DABIH -SAS	100%
UTE TR/I.P.I. C.P.BIO BIO	100%
UTE TR/I.P.I. FENOLES KAYAN	100%
UTE TR/I.P.I. OFFSITES ABUH DABIH	100%
UTE TR/INITEC DAMIETTA LNG	100%
UTE TR/INITEC EBRAMEX INGENIERIA	100%
UTE TR/INITEC INFRA CONS.COMP.LA VIÑA	100%
UTE TR/INITEC INFRA CONS.PC.HUERCAL OVERA	100%
UTE TR/INITEC INFRA CONSTRUCCI.PARCELA S	100%
UTE TR/INITEC JV HAWIYAH GPE	100%
UTE TR/INITEC KJT PR. LNG	100%
UTE TR/INITEC MINATRICO INGENIERIA	100%
UTE TR/INITEC P.I. JV TR RABIGH DP	100%
UTE TR/INITEC PROYECTO DGC CHILE	100%
UTE TR/INTERCONTROL VARIANTE PAJARES	80%
UTE TR/IONICS RAMBLA MORALES	100%
UTE TR/IPI ELEFSINAS	100%
UTE TR/IPI KHABAROVSK	100%
UTE TR/IPI REFINERIA SINES GALP	100%
UTE TR/TREC OPER.DESALADORA R.MORALES	50%
UTE TR/TT HORNOS RUSIA	100%
UTE RUP TURQUIA	100%
UTE TR YANBU REFINERY - TRYR	100%
UTE TR ABU DHABI SHAH I	100%
UTE MARGARITA	100%
UTE TANQUE MEJILLONES	100%
TR ABU DHABI SAS BRANCH	100%
UTE INITEC INFRA/BLC/FBA NAT AEROP.REUS	90%
UTE TR/SOLAER I.S.F. MORALZARZAL	90%
UTE TR/TECNORESIDUOS PT VALDEMINGOMEZ	90%
UTE TR/GEA COLECTOR PLUVIALES H.O.	80%
UTE INITEC I./AN + PD S.C. AEROP.DE SANTIAGO	72%
UTE INFRA/INTECSA PTA CARGA LA LOTETA	50%
UTE TR INTEGRATED PROJECT (TRIP)	100%
UTE TR VOLGOGRADO	100%
UTE Optara Total	100%
UTE TSK TR ASHUGANJ NORTH	50%

Corporatename	Ownershipinterest
UTE INITEC INFRA/EVREN EVAL.RECURSOS	70%
UTE INITEC/PYCSA ALBERCA DEL JUCAR	50%
UTE TR/ARDANUY ALGECIRAS	70%
UTE TR/SEG PROY.NT AENA	70%
UTE TR/ALTAMARCA/HMF C.ALCOBENDAS	34%
UTE TR/SENER PROEYCTO HPP GEPESA	60%
UTE TR/FERROVIAL LA PLANA DEL VENT	57%
UTE TR/LOGPLAN A.T.AENA	55%
UTE TR/PAI URBANIZACION CALAFELL	55%
EDIFICIO PIF AEROPUERTO BARCELONA	55%
UTE INFRA/FULCRUM SRPHCS	51%
UTE INITEC INFRA/FULCRUM CUENCAS AT.ANDAL.	51%
UTE CARGA ITOIZ	50%
UTE INITEC I./GEOCART CATASTRO R.D.	50%
UTE INITEC I./KV CONS.CONDUCCION DE TABERNAS	50%
UTE INITEC P.I./SPIE CAPAG MEDGAZ	50%
UTE INITEC/FOSTER ACONCAGUA II	50%
UTE IPI/ACCIONA 5º TANQUE CARTAGENA	50%
UTE PEIRAO XXI	50%
UTE PRESA ITOIZ	50%
UTE PRESA LOTETA	50%
UTE PROVER	50%
UTE RUZAFA	50%
UTE TR/ANETO RED NORTE OESTE	50%
UTE TR/ASFALTOSY CONS.APARCAM.ALCOBENDAS	50%
UTE TR/GDF AS PONTES	50%
UTE TR/GDF BARRANCO DE TIRAJANA	50%
UTE TR/GDF CTCC BESOS	50%
UTE TR/GDF CTCC PUERTO DE BARCELONA	50%
UTE TR/GUEROLA CENTRAL TERMOSOLAR	50%
UTE TR/KV CON.PL.Y URB.ZALIA	50%
UTE TR/RTA VILLAMARTIN	50%
UTE TR/SEG PORTAS	50%
UTE TR/SERCOAL CENTRO DE DIA	50%
UTE TR/SERCOAL EDIFICIO SERVICIOS MULTIPLES	50%
UTE TR/TRIMTOR DEP.CAÑADA GALLEGO	50%
UTE TR/TRIMTOR EDAR LIBRILLA	50%
UTE VALORIZA TR SS2	50%
UTE PERELLO tr/vialobra	50%
UTE ENSA/TR CAMBIADORES TAISHAN	50%
UTE ROSELL INFRA/COMAYPA	50%
UTE INITEC-INTRAESA Tramo II	50%
UTE INITEC-INTRAESA Tramo I	50%
UTE PARQUE RIBALTA	50%
UTE COMAYPA INITEC TVR-CAS	50%
UTE TR/GEA/SANHER EL CARAMBOLO.	40%
UTE INITEC/FOSTER/MAN ACONCAGUA I	33%
UTE TRISA/AST. PET./ODEBRECHT EBRAMEX SUMI.	33%
UTE TRISA/AST. PET/.MINATRICO SUMINISTROS	33%
UTE IPI/TECHNIGAZ TZI CARTAGENA	30%
UTE TR/IONICS/TCOSA/CHSA DEP.OROPESA	25%
VIETNAM	20%
UTE PERLA VENEZUELA	100%
JAZAN REFINERY AND T	100%
UTE TR/ESPINDESA - AUGUSTUS	100%
UTE TSGI	30%

CONSOLIDATED ANNUAL ACCOUNTS OFTÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2013

Exhibit IV

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Corporatename	Ownershipinterest
TR FRANCE BRANCH	100%
TR KHABAROVSK BRANCH	100%
TR MOSCOW BRANCH	100%
UTE ALQUILACION CHILE	100%
UTE EP SINES	100%
UTE HDT/HDK FASE II	100%
UTE HYDROCRACKER HUNGARY	100%
UTE INITEC/TR JU'AYMAH GPE	100%
UTE INITEC/TR MEJILLONES	100%
UTE INITEC/TR PLANTAS HDT Y HCK	100%
UTE INITEC/TR RKF ARGELIA	100%
UTE INITEC/TR SAIH RAWL	100%
UTE INITEC/TR TFT ARGELIA	100%
UTE TR POWER	100%
UTE TR/ALTAMARCA COMPLEJO LA VIÑA	100%
UTE TR/ALTAMARCA PISCINA CUBIERTA	100%
UTE TR/ESPINDESA	100%
UTE TR/ESPINDESA - PEL SINES	100%
UTE TR/ESPINDESA - TR AKITA	100%
UTE TR/I.P.I. TR JUBAIL	100%
UTE TR/I.P.I. ABU DHABI -SAS	100%
UTE TR/I.P.I. C.P.BIO BIO	100%
UTE TR/I.P.I. FENOLES KAYAN	100%
UTE TR/I.P.I. OFFSITES ABUH DABIH	100%
UTE TR/INITEC DAMIETTA LNG	100%
UTE TR/INITEC EBRAMEX INGENIERIA	100%
UTE TR/INITEC INFRA CONS.COMP.LA VIÑA	100%
UTE TR/INITEC INFRA CONS.PC.HUERCAL OVERA	100%
UTE TR/INITEC INFRA CONSTRUCCI.PARCELA S	100%
UTE TR/INITEC JV HAWIYAH GPE	100%
UTE TR/INITEC KJT PR. LNG	100%
UTE TR/INITEC MINATRICO INGENIERIA	100%
UTE TR/INITEC P.I. JV TR RABIGH DP	100%
UTE TR/INITEC PROYECTO DGC CHILE	100%
UTE TR/INTERCONTROL VARIANTE PAJARES	100%
UTE TR/IONICS RAMBLA MORALES	100%
UTE TR/IPI ELEFSINAS	100%
UTE TR/IPI KHABAROVSK	100%
UTE TR/IPI REFINERIA SINES GALP	100%
UTE TR/TREC OPER.DESALADORA R.MORALES	100%
UTE TR/TT HORNOS RUSIA	100%
UTE RUP TURQUIA	100%
UTE TR YANBU REFINERY - TRYR	100%
UTE TR ABU DHABI SHAH I	100%
UTE MARGARITA	100%
UTE TANQUE MEJILLONES	100%
TR ABU DHABI BRANCH	100%
UTE INITEC INFRA/BLC/FBA NAT AEROP.REUS	90%
UTE TR/SOLAER I.S.F. MORALZARZAL	90%
UTE TR/TECNORESIDUOS PT VALDEMINGOMEZ	90%
UTE TR/GEA COLECTOR PLUVIALES H.O.	80%
UTE INITEC I./AN + PD S.C. AEROP.DE SANTIAGO	72%
UTE INFRA/INTECSA PTA CARGA LA LOTETA	50%
UTE TR INTEGRATED PROJECT (TRIP)	100%
UTE TR VOLGOGRADO	100%
UTE INITEC INFRA/EVREN EVAL.RECURSOS	70%
UTE INITEC/PYCSA ALBERCA DEL JUCAR	70%
UTE TR/ARDANUY ALGECIRAS	70%
UTE TR/SEG PROY.NT AENA	70%
UTE TR/ALTAMARCA/HMF C.ALCOBENDAS	67%
UTE TR/SENER PROEYCTO HPP GEPESA	60%
UTE TR/FERROVIAL LA PLANA DEL VENT	57%
UTE TR/LOGPLAN A.T.AENA	55%
UTE TR/PAI URBANIZACION CALAFELL	55%
EDIFICIO PIF AEROPUERTO BARCELONA	55%
UTE INFRA/FULCRUM SRPHCS	51%
UTE INITEC INFRA/FULCRUM CUENCAS AT.ANDAL.	51%
UTE CARGA ITOIZ	50%
UTE INITEC I./GEOCART CATASTRO R.D.	50%
UTE INITEC I./KV CONS.CONDUCCION DE TABERNAS	50%
UTE INITEC P.I./SPIE CAPAG MEDGAZ	50%
UTE INITEC/FOSTER ACONCAGUA II	50%
UTE IPI/ACCIONA 5º TANQUE CARTAGENA	50%
UTE PEIRAO XXI	50%
UTE PRESA ITOIZ	50%
UTE PRESA LOTETA	50%
UTE PROVER	50%
UTE RUZAFA	50%
UTE TR/ANETO RED NORTE OESTE	50%
UTE TR/ASFALTOSY CONS.APARCAM.ALCOBENDAS	50%
UTE TR/GDF AS PONTES	50%
UTE TR/GDF BARRANCO DE TIRAJANA	50%
UTE TR/GDF CTCC BESOS	50%
UTE TR/GDF CTCC PUERTO DE BARCELONA	50%
UTE TR/GUEROLA CENTRAL TERMOSOLAR	50%
UTE TR/KV CON.PL.Y URB.ZALIA	50%
UTE TR/RTA VILLAMARTIN	50%
UTE TR/SEG PORTAS	50%
UTE TR/SERCOAL CENTRO DE DIA	50%
UTE TR/SERCOAL EDIFICIO SERVICIOS MULTIPLES	50%
UTE TR/TRIMTOR DEP.CAÑADA GALLEGO	50%
UTE TR/TRIMTOR EDAR LIBRILLA	50%
UTE VALORIZA TR SS2	50%
UTE PERELLO tr/vialobra	50%
UTE ENSA/TR CAMBIADORES TAISHAN	50%
UTE ROSELL INFRA/COMAYPA	50%
UTE INITEC-INTRAESA Tramo II	50%
UTE INITEC-INTRAESA Tramo I	50%
UTE PARQUE RIBALTA	50%
UTE COMAYPA INITEC TVR-CAS	50%
UTE TR/GEA/SANHER EL CARAMBOLO.	40%
UTE INITEC/FOSTER/MAN ACONCAGUA I	33%
UTE TRISA/AST. PET./ODEBRECHT EBRAMEX SUMI.	33%
UTE TRISA/AST. PET/.MINATRICO SUMINISTROS	33%
UTE IPI/TECHNIGAZ TZI CARTAGENA	30%
UTE TR/IONICS/TCOSA/CHSA DEP.OROPESA	25%
VIETNAM	20%
UTE PERLA VENEZUELA	100%
JAZAN REFINERY AND T	100%
UTE TR/ESPINDESA - AUGUSTUS	100%

1. Financial Indicators.

The Group prepares its consolidated annual accounts in compliance with International Financing Reporting Standards (IFRS).

The Group had net sales of €2,846,000,000 in 2013, which represents a 7% increase over the year before, thanks to the projects already awarded years before that allowed the Company to resume its path to growth. The operating income stood at €148 million which accounts for 5.2% of sales, while after-tax profits were €128 million.

2. Research and development.

Técnicas Reunidas continues to make a significant effort in R&D, with average R&D expenditures rising more than 10% over the last five years. These investments demonstrate the clear and decisive bet by TR on R&D as a primary strategy for consolidating the technologies developed to date, and for developing new technologies in new fields based on existing organizational know-how, constituting a clear commitment to diversification.

In this regard, R&D spending in 2013 amounted to 3 million euros, in keeping with the Group's R&D investment policy. It is important to note that there was an additional investment of more than 1 million euros in the Technology Center to enhance the existing facilities and to create new laboratories and pilot plants.

In 2013, Técnicas Reunidas took part in the following projects, acting within strategic consortia, both at a national and a European level:

- The Cenit TRAINER project, which involves the development of a new technology for the autonomous and intelligent regeneration of materials (TRAINER), in which the goal is the development of materials with self-repairing capabilities which counteract corrosion, with a budget of 1.46 million euros.

- The Cenit LIQUION project, which researches ionic liquids for industrial applications, and in which TR is developing non-conventional metal extraction methods and power storage systems, with a budget of 2.73 million euros.

- The Cenit 2020 Offshore Wind Power project (AZIMUT), in which we are developing redox reaction battery-based power storage systems, with a budget of 2.17 million euros.

- The ITACA project, under the aegis of the Innpronta program, for which TR is developing new water treatment and evaluation of waste by-product technologies, with a budget of 2.7 million euros.

- The European GREENLION Project, for which we are developing technology for the recycling of lithium-based batteries and in which TR has a budget of 0.63 million euros.

- The European CERAMPOL project, in which new generation membranes are being developed for the treatment of water, with a budget of 0.65 million euros.

- For the European RECLAIM project, TR is developing technologies for the reclamation of rare earth and other high value metals from solar panels, electronic waste and fluorescent bulbs. TR's budget for this Project is 1 million euros.

- The European DAPhNE project, in which we are taking part in the development of industrial microwave ovens for application in high energy consumption industries. TR's budget for this Project is 1.37 million euros.

- For the European NECOBAUT project TR is collaborating on the development of iron/air batteries for the automotive sector, with a budget of 0.6 million euros.

- For the European STEP project, TR is has a €0.2 million budget to participate in the development of a new microwave oven technology applied to the natural stone industry.

TR is constantly endeavouring to continually enhance its portfolio of proprietary know-how. Particularly noteworthy are its efforts to achieve the first industrial implementation of the PLINT solvent extraction (SX) process for reclaiming lead and silver at the Horsehead project in the U.S Progress continued on the conversion of the Skorpion zinc plant in Namibia, owned by Vedanta, in what will be the first time that the application of the ZINCEX^{TM} process to other raw materials such as concentrated zinc sulphates.

3. Significant events subsequent to year end.

During the first months of 2014, the general conditions that characterized 2013 remained unchanged. The macroeconomic outlook is characterised by a renewed optimisms in the financial sector brought about by economic recovery in the Eurozone and a stable outlook for the US economy. From a sector-specific point of view, the feelings are mixed. Despite fundamental indicators being positive, problems persist with the execution of certain projects by some competitors.

Despite the fact that the indicators for the sector are positive and that investments are slated to continue, global economic conditions could results in the delays of certain awards and the conversion of projects into Open Book.

After the year-end, the Company signed a new turnkey project with North West Redwater Partnership for the construction of the light metal and sulphur recovery units to be incorporated into the first phase of the North West Redwater Sturgeon Refinery in Alberta, Canada. North West Redwater Partnership is the result of the union of North West Upgrading Inc. and Canadian Natural Resources Limited, each one with a 50% stake. The scope of the project includes the engineering, procurement, construction and commissioning through mechanical termination of the light metal recovery unit and the sulphur plant. This project is part of the first phase of the bitumen refinery which will have a processing capacity of approximately 78,000 barrels per day of a mixture of dilute synthetic bitumen to be transformed into high value products (stabilized sweet naphtha, diesel with very low sulphur concentrations, low-sulphur gasoil, liquefied petroleum gas, high purity carbon dioxide and hydrogen). Following our entrance into the Canadian market in 2012, not only did Técnicas Reunidas receive a repeat order from Canadian Natural Resources Limited but we also added a new client to our customer portfolio.

4. Acquisition of treasury stock.

There were no transactions with treasury stock in 2013.

5. Management of financial risks and use of financial instruments.

The principal financial risks and the procedures used to manage them are described in Note 3 of the enclosed report.

6. Other risk factors affecting the business.

Demand for the services of TÉCNICAS REUNIDAS is closely related to the level of investment in the gas and oil industry, which is not easy to predict.

- The future business success of TÉCNICAS REUNIDAS is contingent upon new contract being awarded.
- TECNICAS REUNIDAS depends on a relatively small number of contracts and clients, some of them located in the same country.

- TÉCNICAS REUNIDAS does part of its business abroad. This business is exposed to a certain degree of economic, social and political uncertainty. Unexpected, adverse changes in the countries where Técnicas Reunidas does business could result in its projects being paralysed, increased costs and potential losses.
- TÉCNICAS REUNIDAS depends on its key executive personnel.
- The success of associations, consortia, and joint ventures depends on our partners' complying with their respective obligations.
- A failure of information technology systems could have a negative impact on the business of TÉCNICAS REUNIDAS.
- TÉCNICAS REUNIDAS may be exposed to claims for the errors or omissions of its professionals.
- The warranty liability to clients could have a negative effect on Técnicas Reunidas’s profits.
- TÉCNICAS REUNIDAS is not exempt from the risk of being involved in litigation.

7. Average number of employees by category.

Category	2013	2012
Directors	2	2
Senior management	23	23
Professionals and middle management	6,620	5,649
Semi-skilledworkers	911	777
Sales staff	37	24
TOTAL	**7,593**	**6,475**

8. The Environment.

Due to the nature of the Company's business, it has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant impact on its equity, financial situation or results.

Environmental protection is a priority for Técnicas Reunidas. Técnicas Reunidas was a finalist in the 2011/2012 “European Environmental Awards for Business", Spanish section, category B, Large Companies, Product and/or Service for Sustainable Development. These awards, which are given out every two years, publicly recognise the organizations that have contributed to the fulfilment of sustainable development principles and whose efforts are highlighted as an example to other companies. The project submitted for the award was titled "Ionic Liquid Technologies for Industrial Applications”, which is a process for extracting metals using ionic liquids.

9. Capital structure, restrictions on the transferability of shares and significant shareholders

The share capital consists of 55,896,000 shares with a par value of 0.10 euro per share. All of the shares belong to the same class and therefore have the same rights and obligations. There are no restrictions on the transferability of the shares.

The significant shareholdings are shown below:

Company		Number of Shares	Percentage of Total
Araltec, S.L.	Direct	17,882,564	31.99%
Aragonesa de Promoción de Obras y Construcciones	Direct	2,848,383	5.10%
Causeway Capital Management LLC	Indirect	2,797,034	5%

10. Restrictions on voting rights.

Pursuant to article 16 of the Articles of Association, shareholders must possess at least 50 shares in order to attend General Meetings.

11. Shareholder agreements.

On 23 May 2006, under a contract signed by Aragonesas Promoción de Obras y Construcción, S.L., BBVA Elcano Empresarial I, SCR and BBVA Elcano Empresarial II, SCR, the following agreements were reached:

- A syndicated voting commitment on the governing bodies of the Company by the shares controlled by José Lladó Fernández Urrutia (Araltec, S.L. and Aragonesas Promoción de Obras y Construcciones, S.L.) and those in the possession of the companies BBVA Elcano Empresarial, SCR and BBVA Elcano Empresarial II, SCR, in order to ensure a majority of votes in favour of the companies controlled by José Lladó Fernández Urrutia.
- A commitment by the companies BBVA Elcano Empresarial I, SCR and BBVA Elcano Empresarial II, SCR to maintain their shareholding for a period of nearly 9 years. The agreement also establishes a calendar for the progressive and optional exclusion of the shares subject to the syndication and maintenance agreement between the years 2010 and 2015 and a preferential acquisition right in favour of José Lladó Fernández Urrutia.

12. Rules for the Appointment and Substitution of Members of the Board of Directors and Amendment of the Company's Articles of Association.

These rules relative to the Board of Directors are described in detail in the Annual Corporate Governance Report. The most relevant aspects are:

Articles 17 to 22 of the Rules of the Board of Directors regulate the appointment and removal of the directors of Técnicas Reunidas., stipulating that:

1. With the favourable report of the Appointments and Remuneration Committee, directors are appointed by the General Meeting or by the Board of Directors under the conditions stipulated in the Capital Companies Act.

2. The Board of Directors will make every effort to ensure that the Directors are persons of recognised solvency, competence and experience.

3. The Board of Directors may not propose or appoint anyone who holds an executive position in the Company or group of companies or who has family or professional ties to the executive directors, to other executive staff and/or to shareholders of the Company or its group of companies to fill the position of independent director.

4. The directors' term of office will be five (5) years, although they may be removed prior to that time by the General Meeting. At the end of their terms of office they may be re-elected for one or more terms of equal length.

5. Independent directors must step down after a term of 12 consecutive years after the time when the company's shares are first traded on the stock exchange.

6. Directors shall make their seats available to the Board of Directors and formally resign under the following circumstances:

- When they no longer occupy the executive posts associated with their appointment as directors.
- When they are affected by any of the situation of legal incompatibility or prohibition.
- When they receive a warning from the Board of Directors for having violated their obligations as directors.
- When their remaining on the Board could pose a risk to the Company's interests or when the reasons why they were appointed no longer exist (for example, when a nominee director disposes of it interest in the Company).

13. Powers of the Board of Directors, particularly those relative to the possibility of issuing or repurchasing shares.

According to the powers attributed to it under the Capital Companies Act, the Board of Directors is the ultimate decision-making body of the Company, with the exception of the matters specifically reserved for the General Meeting.

In addition, the Chairman is vested with all of the powers of the Board of Directors (except those listed in Article 25) and is considered the Company's highest executive under Article 28 of the Articles of Association.

With regard to the power to issue or repurchase shares, article 5 of the Rules of the Board of Directors stipulates that it is the Board's responsibility to:

- Execute the treasury stock policy as authorised to do so by the General Meeting.
- Approve the Company's general policies and strategies, including the treasury stock policy and its limits, in particular.
- Approve the company's most relevant operating decisions relative to investments and shareholdings in other companies, financial operations, hiring and employee remuneration.

14. Significant agreements signed by the Company which take effect, are modified or conclude if the control over the Company changes as a result of a takeover bid.

There are no agreements of this kind.

15. Agreements between the Company and its officers, executives or other employees who are entitled to receive an indemnity when they resign or are illegally dismissed or if the employment relationship comes to an end by reason of a takeover bid.

There are three such agreements with company executives which provide that in the event of illegal dismissal the indemnity would be determined in court and in the event of an objective dismissal, lay-off or any other decision by the company, the amount of the indemnity would be 4,781,000 euros.

16. Corporate Governance Report.

The Company's annual Corporate Governance report is attached to this Directors' Report.

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