



**TÉCNICAS REUNIDAS, S.A.  
AND SUBSIDIARIES**

Limited review report on  
condensed interim consolidated financial  
statements at 30 June 2011





*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*

## LIMITED REVIEW REPORT ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Técnicas Reunidas, S.A. at the request of Management

We have performed a limited review of the accompanying condensed interim consolidated financial statements (hereinafter the interim financial statements) of Técnicas Reunidas, S.A. (hereinafter the Parent company) and its subsidiaries (hereinafter the Group), consisting of the balance sheet at 30 June 2011 and the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the related notes, all of them condensed and consolidated, for the six-month period then ended. The preparation of said interim financial statements is the responsibility of the parent company's directors in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting, adopted by the European Union, on the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Our review has been performed in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A limited review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying certain analytical and other review procedures. The scope of a limited review is substantially more restricted than the scope of an audit and therefore it does not provide assurance that all significant matters that might be identified in an audit will be revealed to us. Therefore, we do not express an audit opinion on the accompanying interim financial statements.

As mentioned in Note 2, these interim financial statements do not include all the information that would be required for complete consolidated financial statements prepared under the International Financial Reporting Standards adopted by the European Union, and therefore they should be read together with the Group's consolidated annual accounts for the year ended 31 December 2010.

As a result of our limited review, which at no time should be regarded as an audit of accounts, nothing has come to our attention which leads us to conclude that the accompanying interim financial statements for the six-month period ended 30 June 2011 have not been prepared, in all material aspects, in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, adopted by the European Union, as provided in Article 12 of Royal Decree 1362/2007 on the preparation of condensed interim financial statements.





The accompanying consolidated interim Director's Report for the six-month period ended 30 June 2011 contains the explanations that the Parent Company's Directors consider appropriate on the significant events occurring during that period and their impact on the interim financial statements presented, of which it does not form part, and on the information required under with Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in the aforementioned Director's Report is in agreement with that of the interim financial statements for the six-month period ended 30 June 2011. Our work is limited to checking the Director's Report within the scope already mentioned in this paragraph and it does not include a review of information other than that obtained from the consolidated companies' accounting records.

This report has been prepared at the request of the management of Técnicas Reunidas, S.A. in relation to the publication of the half-yearly financial report required under Article 35 of Law 24/1988, of 28 July, on the Securities Market, developed by Royal Decree 1362/2007 of 19 October.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by  
Rafael Pérez Guerra  
Partner

31 August 2011



**TÉCNICAS REUNIDAS, S.A.  
AND SUBSIDIARIES**

Condensed Interim Consolidated Financial Statements  
and Directors' Report for the six-month period  
ended 30 June 2011

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**TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011 AND 31**  
**DECEMBER 2010**  
**(Thousands euro)**

	Notes	At 30 June 2011	At 31 December 2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	31,761	31,036
Other intangible assets	9	50,060	47,883
Investments in associates		8,643	7,462
Deferred income tax assets		22,781	24,464
Available-for-sale financial assets	10.a	349	349
Derivative financial instruments	10.a	9,085	3,749
Receivables and other assets	10.a	4,970	4,963
		<b>127,649</b>	<b>119,906</b>
<b>Current assets</b>			
Inventories		18,914	17,644
Trade and other receivables		1,989,527	2,014,997
Other financial assets		25,710	29,179
Derivative financial instruments	10.a	35,940	12,406
Financial assets at fair value through profit or loss	10.a	70,778	68,011
Cash and cash equivalents		590,717	518,801
		<b>2,731,586</b>	<b>2,661,038</b>
<b>Total assets</b>		<b>2,859,235</b>	<b>2,780,944</b>

**Notes 1 through 17 in the accompanying Notes to the Financial Statements form an integral part of these Condensed Interim Consolidated Financial Statements.**

**TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011 AND 31**  
**DECEMBER 2010**  
**(Thousands euro)**

	Notes	At 30 June 2011	At 31 December 2010
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the parent</b>			
Share capital	11	5,590	5,590
Share premium		8,691	8,691
Treasury shares	11	(56,257)	( 56,257)
Other reserves		1,137	1,137
Hedging reserve		22,223	5,779
Cumulative translation difference		4,949	( 127)
Retained earnings		396,436	404,744
Interim dividend		-	( 35,848)
Equity attributable to owners of the parent		<b>382,769</b>	<b>333,709</b>
<b>Non-controlling interests</b>		<b>8,939</b>	<b>7,538</b>
<b>Total equity</b>		<b>391,708</b>	<b>341,247</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	10-d	31,066	27,037
Derivative financial instruments	10.b	7	393
Deferred income tax liabilities		4,348	6,762
Other payables		1,576	1,335
Other liabilities		437	2,271
Employee benefit obligations		5,823	5,823
Provisions for liabilities and charges	12	15,444	18,221
		<b>58,701</b>	<b>61,842</b>
<b>Current liabilities</b>			
Trade payables		2,255,777	2,241,000
Current tax liabilities		67,353	44,003
Borrowings	10-d	29,307	34,283
Derivative financial instruments	10.b	4,614	10,285
Other payables	10.b	47,062	41,702
Provisions for liabilities and charges		4,713	6,582
		<b>2,408,826</b>	<b>2,377,855</b>
<b>Total liabilities</b>		<b>2,467,527</b>	<b>2,439,697</b>
<b>Total equity and liabilities</b>		<b>2,859,235</b>	<b>2,780,944</b>

Notes 1 through 17 in the accompanying Notes to the Financial Statements form an integral part of these Condensed Interim Consolidated Financial Statements.

**TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIODS ENDED 30 JUNE**  
**2011 AND 2010**  
**(Thousands euro)**

	Notes	Six-month period ended 30 June	
		2011	2010
Revenue		1,366,803	1,366,039
Change in inventories		1,203	3,972
Own work capitalised		2,019	1,834
Raw materials and consumables		(991,734)	(927,832)
Employee benefit expense		(175,992)	(171,322)
Depreciation/amortisation and impairment charges	9	(3,762)	(3,403)
Lease and royalty expenses		(24,058)	(30,940)
Other expenses		(99,583)	(162,137)
Other income		3,861	970
<b>Operating profit</b>		<b>78,757</b>	<b>77,181</b>
Finance income		6,676	4,947
Finance expense		(2,497)	(1,875)
Net exchange differences		(7,120)	6,035
<b>Financial income/(expense)</b>		<b>(2,941)</b>	<b>9,107</b>
Share in profit (loss) of associates		317	( 501)
<b>Profit before taxes</b>		<b>76,133</b>	<b>85,787</b>
Income tax expense	8	(10,129)	(9,522)
<b>Profit for the period</b>		<b>66,004</b>	<b>76,265</b>
<b>Attributable to:</b>			
Owner of the parent		64,474	80,413
Non-controlling interests		1,530	(4,148)
<b>Basic and diluted earnings per share attributable to owners of the parent</b>	11	1.2	1.5

Notes 1 through 17 in the accompanying Notes to the Financial Statements form an integral part of these Condensed Interim Consolidated Financial Statements.

**TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2011 AND 2010**  
**(Thousands euro)**

	<b>Six-month period ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
<b>Consolidated profit for the period</b>	<b>66,004</b>	<b>76,265</b>
<b>Other overall profit/(loss)</b>		
Cash flow hedges, net of taxes	16,444	(47,271)
Foreign currency translation differences	5,076	5,818
Other comprehensive income for the period, net of taxes	(129)	(287)
<b>Total recognised revenues and expenses during the period</b>	<b>87,395</b>	<b>34,525</b>
<b>Attributable to:</b>		
Owners of the company	85,994	38,960
Non-controlling interests	1,401	(4,435)
	<b>87,395</b>	<b>34,525</b>

**Notes 1 through 17 in the accompanying Notes to the Financial Statements form an integral part of these Condensed Interim Consolidated Financial Statements.**

**TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2011 AND 2010 (Thousands euro)**

	Share capital	Share premium	Other reserves	Treasury shares	Hedging reserve	Cumulative translation differences	Retained earnings	Interim dividend	Non-controlling interests	Total equity
<b>Balance at 1 January 2010</b>	<b>5,590</b>	<b>8,691</b>	<b>1,137</b>	<b>(56,257)</b>	<b>12,219</b>	<b>(4,348)</b>	<b>379,763</b>	<b>(35,848)</b>	<b>6,492</b>	<b>317,439</b>
Comprehensive income for the period ended 30 June 2010.	-	-	-	-	(47,271)	5,818	80,413	-	(4,435)	34,525
Transactions in treasury shares, net	-	-	-	-	-	-	(72,782)	35,848	-	(36,934)
Distribution against 2009 profits	-	-	-	-	-	-	(715)	-	-	(715)
Other movements	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2010</b>	<b>5,590</b>	<b>8,691</b>	<b>1,137</b>	<b>(56,257)</b>	<b>(35,052)</b>	<b>1,470</b>	<b>386,679</b>	<b>-</b>	<b>2,057</b>	<b>314,315</b>
<b>Balance at 1 January 2011</b>	<b>5,590</b>	<b>8,691</b>	<b>1,137</b>	<b>(56,257)</b>	<b>5,779</b>	<b>(127)</b>	<b>404,744</b>	<b>(35,848)</b>	<b>7,538</b>	<b>341,247</b>
Comprehensive income for the period ended 30 June 2011.	-	-	-	-	16,444	5,076	64,474	-	1,401	87,395
Transactions in treasury shares, net	-	-	-	-	-	-	-	-	-	-
Distribution against 2010 profits	-	-	-	-	-	-	(72,782)	35,848	-	(36,934)
Other movements	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2011</b>	<b>5,590</b>	<b>8,691</b>	<b>1,137</b>	<b>(56,257)</b>	<b>22,223</b>	<b>4,949</b>	<b>396,436</b>	<b>-</b>	<b>8,939</b>	<b>391,708</b>

Notes 1 through 17 in the accompanying Notes to the Financial Statements form an integral part of these Condensed Interim Consolidated Financial Statements.

**TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED CASH-FLOW STATEMENT FOR THE SIX-MONTH PERIODS ENDED 30**  
**JUNE 2011 AND 2010 (Thousands euro)**

	Six-month period ended 30 June	
	2011	2010
<b>Cash flows from operating activities</b>		
Profit for the period	66,004	76,265
Adjustments for:		
- Taxes	10,129	9,522
- Depreciation/amortisation of PPE and intangible assets	3,762	3,403
- Change in provisions, net	(4,615)	(6,763)
- Share in (profit)/losses of associates	(317)	501
- Changes in fair value of financial instruments	321	(1,405)
- Interest income	(5,686)	(4,946)
- Interest expense	2,497	3,281
- Changes in gains/losses on derivatives	(17,446)	19,500
- Exchange gains/losses	7,450	(6,036)
Changes in working capital:		
- Inventories	(1,270)	(74)
- Trade and other receivables	25,438	(546,171)
- Other financial assets	382	(30,832)
- Trade payables	7,327	362,036
- Other accounts payable	15,171	(26,333)
- Other changes	3,910	5,531
Other flows from operating activities:		
- Interest paid	(2,496)	(934)
- Interest received	5,686	2,540
- Taxes paid	-	-
<b>Net cash from/(used in) operating activities</b>	<b>116,247</b>	<b>(140,915)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(4,018)	(4,150)
Purchases of intangible assets	(2,646)	(2,051)
Purchases of available- for- sale financial assets	-	(217)
Acquisition of associates	(864)	(1,734)
Acquisition of other non-current assets	(7)	(605)
Disposal of non-current assets	-	-
<b>Net cash used in investing activities</b>	<b>(7,535)</b>	<b>(8,757)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	4,457
Repayment of borrowings	(947)	(2,393)
Dividends paid	(35,848)	(35,848)
Acquisition of treasury shares	-	-
<b>Net cash used in financing activities</b>	<b>(36,796)</b>	<b>(33,785)</b>
<b>Net increase/(decrease) cash and cash equivalents</b>	<b>71,917</b>	<b>(183,458)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>518,801</b>	<b>791,216</b>
<b>Cash and cash equivalents at end of the year</b>	<b>590,717</b>	<b>607,759</b>

Notes 1 through 17 in the accompanying Notes to the Financial Statements form an integral part of these Condensed Interim Consolidated Financial Statements.

## **TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2011**

**Free translation of the condensed interim consolidated financial statements for the six-month period ended 30 June 2011 originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.**

#### **1. General information**

Técnicas Reunidas, S.A. (hereinafter the Company) is the parent of the Group and was incorporated on 6 July 1960 as a Public Limited Liability Company. It is entered in the Madrid Mercantile Registry, Volume 1407, Sheet 129, Page 5692 of the Companies Book. The latest adaptation and modification of its Articles of Association are entered into Volume 22573, Section 8, Book 0, Sheet 197, Page M-72319, entry 157. The domicile maintained by Técnicas Reunidas, S.A. is located in Madrid at calle Arapiles, 14. Its main offices are located in Madrid at calle Arapiles 13.

Técnicas Reunidas, S.A. and Subsidiaries (hereinafter the Group) is a Group with the corporate purpose consists of the performance of all classes of engineering services and the construction of industrial plants, including viability or basic and conceptual engineering studies to turnkey engineering, design and construction of large, complex projects, the management of supply, equipment and material deliveries and the construction of plants and related or associated services, such as technical assistance, construction supervision, project management, launch and training. Within its engineering service activity, the Group operates through several lines of business, mainly in the refinery, gas and energy sectors.

All of the shares in Técnicas Reunidas, S.A. (hereinafter the Group) are listed on the four official stock markets in Spain and on the continuous market since 21 June 2006 and forms part of the Ibex35.

The companies that make up the Group end their financial year on 31 December.

The financial statements for Técnicas Reunidas, S.A. (Parent Company) and the consolidated financial statements for Técnicas Reunidas, S.A. and Subsidiaries for 2010 were approved by shareholders at a General Meeting held on 22 June 2011.

The condensed interim consolidated financial statements have been submitted to a limited review and have not been audited.

The figures set out in these condensed interim consolidated financial statements (hereinafter the interim financial statements) are presented in thousand euro, unless expressly indicated otherwise.

#### **2. Basis of presentation**

The condensed interim consolidated financial statements for the six-month period ended 30 June 2011 have been prepared in accordance with IAS 34 "Interim financial information" and should be read together with the consolidated financial statements for the year ended 31 December 2010, prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU).

### 3. Accounting policies

Except for the issues mentioned below, the accounting policies applied are uniform with respect to those applied in the previous year.

The taxes accrued on the profits obtained in interim periods are calculated based on the tax rate applicable to the total projected annual profit.

#### 3.1. Mandatory standards, amendments and interpretation for all years starting 1 January 2011.

- IAS 24, "Related party disclosures".
- **IAS 32 (Revised), "Classification of the issue of rights"**.
- IFRS 1 (Revised) "Limited exemption from the requirement to disclose comparative information in accordance with IFRS, applicable to first-time adopters of IFRS"
- IFRIC 14 (Revised), "Prepayments when there is an obligation to maintain a minimum level of financing"
- IFRIC 19 "Offset of financial liabilities with equity instruments"
- Improvement Project 2010 published by the IASB in May 2010 and which amends the following IAS, IFRS and IFRIC (applicable for years commencing as from 1 January 2011).
  - o IFRS 1 "First-time adoption of IFRS"
  - o IFRS 3 "Business combinations".
  - o IFRS 7, "Financial instruments: Disclosures".
  - o IAS 1 "Presentation of financial statements".
  - o IAS 27 "Consolidated and separate financial statements"
  - o IAS 34 "Interim financial information"
  - o IFRIC 13, "Customer loyalty programs".

The content of this Standards, amendments and interpretations was set out under Note 2 of the Notes to the consolidated financial statements and when it entered into force it did not have a significant effect on these interim financial statements.



3.2. Standards, amendments and interpretations applied to existing standards that have not been adopted to date by the European Union

At the date these condensed interim consolidated financial statements were signed, the IASB and IFRS Interpretations Committee had published the standards, amendments and interpretations indicated below. These standards, revisions and interpretations are mandatory for all financial years commencing as from 2012, although they have not been adopted early by the Group.

IFRS 9, "Financial instruments".

IFRS 7 (Revised) "Disclosures – Transfers of financial assets"

- IFRS 12 (Revised) "Deferred tax: Recovery of the underlying assets"

IFRS 1 (Revised) "Severe hyperinflation and the elimination of set dates applicable to first-time adopters"

- IFRS 10, "Consolidated financial statements"

- IFRS 11 "Joint Arrangements"

- IFRS 12 "Disclosure of interests in other entities"

- IAS 27 (Revised) "Separate financial statements"

- IAS 28 (Revised) "Investments in associates and joint ventures"

- IFRS 13 "Fair value measurement"

- IAS 1 (Revised), "Presentation of financial statements"

- IAS 19 (Revised) "Employee benefits"

The Group is in the process of analysing the impacts that the new legislation could have on its consolidated financial statements.

#### **4. Estimates**

The preparation of these interim financial statements requires management to apply judgment, estimates and assumptions that affect the application of the accounting policies and the amounts presented under assets and liabilities and revenues and expenses. Actual results may differ from these estimates.

When preparing these condensed interim consolidated financial statements, the important judgments used by management to apply the Group's accounting policies and the key sources of uncertainty within these estimates are the same as those applied in the consolidated annual accounts for the year ended 31 December 2010, with the exception of the changes in the estimates to calculate the provision for corporate income tax and information regarding exceptional items (Note 3).

#### **5. Financial risk management**

##### **5.1 Financial risk factors**

The Group's activities are exposed to several financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The condensed interim consolidated financial statements do not include all of the information and breakdowns regarding financial risk management that are mandatory for the annual accounts and therefore they should be read together with the Group's annual accounts for the year ended 31 December 2010 (Note 2).

There have been no changes in the Risk Management Department or in any risk management policy since the end of last year.

## 5.2 Liquidity risk

There have been no significant changes in the contractual outflows of cash without discount with respect to the end of last year.

## 5.3 Estimation of fair value

For those financial instruments measure at fair value in the balance sheet, the measurement method. The various levels are defined as follows:

- Quoted prices (not adjusted) on active markets for identical assets and 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 measured at fair value:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total balance</b>
<b>At 30 June 2011</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss (Note 10)	70,778	-	-	70,778
Hedging derivatives (Note 10)	-	45,025	-	45,025
<b>Total assets</b>	<b>70,778</b>	<b>45,025</b>	<b>-</b>	<b>115,803</b>
<b>Liabilities</b>				
Hedging derivatives (Note 10)	-	4,621	-	4,621
<b>Total liabilities</b>	<b>-</b>	<b>4,621</b>	<b>-</b>	<b>4,621</b>
<b>At 31 December 2010</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss (Note 10)	68,011	-	-	68,011
Hedging derivatives (Note 10)	-	16,155	-	16,155
<b>Total assets</b>	<b>68,011</b>	<b>16,155</b>	<b>-</b>	<b>84,166</b>
<b>Liabilities</b>				
Hedging derivatives (Note 10)	-	10,678	-	10,678
<b>Total liabilities</b>	<b>-</b>	<b>10,678</b>	<b>-</b>	<b>10,678</b>

The fair value of the financial instruments that are traded on active markets is based on listed market prices at the balance sheet date. A market is considered to be active when the quoted prices are readily and regularly available through a stock market, financial brokers, industry institution, a pricing service or a regulatory entity and those prices reflect current market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Group is the current purchasing price. These instruments are included in level 1.

The fair value of financial instruments that are not listed on an active market (e.g., OTC derivatives) is determined by using valuation techniques. The measurement techniques maximize the use of observable market information that is available and are based as little as possible on specific estimates made by the companies. If the significant inputs that are required to calculate the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on data observable in the market, the financial instrument is included in level 3.

There have been no significant changes in 2011 in economic circumstances or the business that affect the fair value of the Group's financial assets and liabilities.

No financial assets were reclassified in 2011.

## 6. Seasonality of operations

The Group's activities are not seasonal.

## 7. Segment information

The breakdown of ordinary revenue and profits by business segment for the six-month periods ended 30 June 2011 and 2010 is as follows:

	Six-month period ended 30 June 2011				Group
	Oil and gas	Power	Other	Unallocated	
<b>Revenue</b>	1,215,082	96,679	55,042	-	<b>1,366,803</b>
<b>Operating profit</b>	106,864	5,769	5	(33,881)	<b>78,757</b>
Net finance income					(2,941)
Share in profit (loss) of associates					317
<b>Profit before taxes</b>					<b>76,133</b>
Income tax expense					(10,129)
<b>Profit for year the period</b>					<b>66,004</b>

  

	Six-month period ended 30 June 2010				Group
	Oil and gas	Power	Other	Unallocated	
<b>Revenue</b>	1,078,962	195,591	91,486	-	<b>1,366,039</b>
<b>Operating profit</b>	82,694	19,615	6,983	(32,111)	<b>77,181</b>
Net finance income					9,107
Share in profit (loss) of associates					(501)
<b>Profit before taxes</b>					<b>85,787</b>
Income tax expense					(9,522)
<b>Profit for the period</b>					<b>76,265</b>

Revenues by geographic area for the six-month periods ended 30 June 2011 and 2010:

	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<u>2011</u>	<u>2010</u>
Spain	149,387	179,079
European Union	281,051	304,405
OECD	243,926	65,525
Other	692,439	817,030
<b>Total</b>	<u><b>1,366,803</b></u>	<u><b>1,366,039</b></u>

The OECD geographic area relates mainly to transactions carried out in Turkey and Mexico. The geographic area "Other" relates mainly to transactions carried out in the Middle East, Russia and Chile.

During the first half of 2011 and 2010 there have been no changes in the allocations to assets and liabilities by segment compared with December 2010, and relate mainly to the Oil and gas segment.

#### **8. Income tax expense**

Income tax expense is recognised based on management's estimates of the average weighted tax rate for the complete financial year. The annual estimated average tax rate for the year at 31 December 2011 is 13.4% (the estimated tax rate for the six-month period ended 30 June 2010 was 11.1%).

## 9. Property, plant and equipment, goodwill and other intangible assets

Movements in this item during the first six months of 2011 and 2010 are as follows:

	Thousands euro		
	Goodwill	Other intangible assets	Property, plant and equipment
<b>Cost</b>			
<b>Balances at 1 January 2011</b>	1,242	56,783	66,605
Additions	-	2,646	4,018
Disposals and other removals	-	-	-
Other transfers and other movements	-	-	-
<b>Balances at 30 June 2011</b>	1,242	59,429	70,623
<b>Accumulated amortisation/depreciation</b>			
<b>Balances at 1 January 2011</b>	-	10,142	35,569
Disposals and other removals	-	-	-
Charges to income statement	-	469	3,293
Other transfers and other movements	-	-	-
<b>Balances at 30 June 2011</b>	-	10,611	38,862
<b>Net assets</b>			
<b>Balances at 1 January 2011</b>	1,242	46,641	31,036
<b>Balances at 30 June 2011</b>	1,242	48,818	31,761

	Thousands euro		
	Goodwill	Other intangible assets	Property, plant and equipment
<b>Cost</b>			
<b>Balances at 1 January 2010</b>	1,242	51,788	57,333
Additions	-	2,051	4,150
Disposals and other removals	-	-	-
Other transfers and other movements	-	-	-
<b>Balances at 30 June 2010</b>	1,242	53,839	61,483
<b>Accumulated amortisation/depreciation</b>			
<b>Balances at 1 January 2010</b>	-	8,112	29,514
Disposals and other removals	-	-	-
Charges to income statement	-	578	2,825
Other transfers and other movements	-	-	-
<b>Balances at 30 June 2010</b>	-	8,690	32,339
<b>Net assets</b>			
<b>Balances at 1 January 2010</b>	1,242	43,676	27,819
<b>Balances at 30 June 2010</b>	1,242	45,149	29,144

The Group recognises concession assets under Other intangible assets.

At 30 June 2011 and 31 December 2010 the Group did not have any significant commitments to acquire assets.

During the first six-months of 2011 and 2010 there have been no circumstances that indicate the possible existence of the impairment of goodwill.

## 10. Financial instruments

### a) Financial assets

Financial assets (excluding Trade and other receivables and Cash and cash equivalents) at 30 June 2011 and 31 December 2010 are set out below by nature and measurement category:

	<b>At 30 June 2011 (Thousands euro)</b>			
<b>Financial assets:</b>	<b>Financial assets at fair value through changes in profit or loss</b>	<b>Available for sale</b>	<b>Loans and other accounts receivables</b>	<b>Hedging derivatives</b>
<b>Nature/Category</b>				
Equity instruments	-	349	-	-
Derivatives	-	-	-	9,085
Other financial assets	-	-	4,970	-
<b>Long-term/non-current</b>	<b>-</b>	<b>349</b>	<b>4,970</b>	<b>9,085</b>
Equity instruments	-	-	-	-
Derivatives	-	-	-	35,940
Other financial assets	70,778	-	-	-
<b>Short-term / current</b>	<b>70,778</b>	<b>-</b>	<b>-</b>	<b>35,940</b>
<b>Total financial assets at 30.06.2011</b>	<b>70,778</b>	<b>349</b>	<b>4,970</b>	<b>45,025</b>

	<b>At 31 December 2010 (Thousands euro)</b>			
<b>Financial assets:</b>	<b>Financial assets at fair value through changes in profit or loss</b>	<b>Available for sale</b>	<b>Loans and other accounts receivables</b>	<b>Hedging derivatives</b>
<b>Nature/Category</b>				
Equity instruments	-	349	-	-
Derivatives	-	-	-	3,749
Other financial assets	-	-	4,963	-
<b>Long-term/non-current</b>	<b>-</b>	<b>349</b>	<b>4,963</b>	<b>3,749</b>
Equity instruments	-	-	-	-
Derivatives	-	-	-	12,406
Other financial assets	68,011	-	29,179	-
<b>Short-term / current</b>	<b>68,011</b>	<b>-</b>	<b>29,179</b>	<b>12,406</b>
<b>Total financial assets at 31.12.2010</b>	<b>68,011</b>	<b>349</b>	<b>34,142</b>	<b>16,155</b>

The carrying amounts of financial instruments are deemed to approximate their fair value.

- Measurement adjustments for financial asset impairment

Movements during the first half of 2011 and 2010 in the balance of the asset impairment provisions making up the heading "Trade and other receivables":

	<b>Thousands euro</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>
<b>Beginning balance in the provision</b>	<b>10,101</b>	<b>4,599</b>
Charges to income statement	31	386
Applications	-	-
<b>Ending balance in the provision</b>	<b>10,132</b>	<b>4,985</b>

The rest of the financial assets have not become impaired during the first half of 2011 and 2010.

**b) Financial liabilities**

Financial liabilities (excluding Trade and other payables) at 30 June 2011 and 31 December 2010 are set out below by nature and measurement category:

	<b>At 30 June 2011 (Thousands euro)</b>	
	<b>Borrowings and payables</b>	<b>Hedging derivatives</b>
<b>Financial liabilities</b>		
<b>Nature/Category</b>		
Bank borrowings	31,066	-
Derivatives	-	7
Other financial liabilities	2,013	-
<b>Non-current payables / Non-current financial liabilities</b>	<b>33,079</b>	<b>7</b>
Bank borrowings	29,307	-
Derivatives	-	4,614
Other financial liabilities	47,062	-
<b>Current payables / Current financial liabilities</b>	<b>76,369</b>	<b>4,614</b>
<b>Total financial liabilities at 30.06.2011</b>	<b>109,448</b>	<b>4,621</b>

	<b>At 31 December 2010 (Thousands euro)</b>	
<b>Financial liabilities</b>	<b>Borrowings and payables</b>	<b>Hedging derivatives</b>
<b>Nature/Category</b>		
Bank borrowings	27,037	-
Derivatives	-	393
Other financial liabilities	3,606	-
<b>Non-current payables / Non-current financial liabilities</b>	<b>30,643</b>	<b>393</b>
Bank borrowings	34,283	-
Derivatives	-	10,285
Other financial liabilities	41,702	-
<b>Current payables / Current financial liabilities</b>	<b>75,985</b>	<b>10,285</b>
<b>Total financial liabilities at 31.12.2010</b>	<b>106,628</b>	<b>10,678</b>

The carrying amounts of financial instruments are deemed to approximate their fair value.

#### **c) Financial hedging derivatives**

Note 2.21 of the Notes to the Group's consolidated financial statements for the year ended 31 December 2010 indicates the criteria used by the Group for hedging activities. There have been no changes in the criteria during the first half of 2011.

The changes arising during the first half of 2011 the headings Hedging derivatives (current and non-current) relate to changes in the measurement of the derivative financial instruments by the Group. There have been no changes in the measurement techniques in the estimate of the fair value of derivative financial instruments. These measurement techniques are those normally used in the market, and the procedure consists of calculating fair value, discounting the associated future cash flows based on the interest rates, exchange rates, volatility and forward price curves in force at the closing date.

During the first half of 2011 and 2010 there have been no inefficiencies due to foreign currency hedges.



#### d) Borrowings

The breakdown of equity at 30 June 2011 and 31 December 2010 is as follows:

	<b>At 30 June 2011</b>	<b>At 31 December 2010</b>
<b>Non-current</b>		
Bank borrowings	31,066	27,037
	<b>31,066</b>	<b>27,037</b>
<b>Current</b>		
Bank borrowings	29,307	34,283
	<b>29,307</b>	<b>34,283</b>
<b>Total borrowings</b>	<b>60,373</b>	<b>61,320</b>

The amount of lines of credit not drawn down by the Group at 30 June 2011 total €110,166 thousand (€63,949 thousand at 31 December 2010).

#### 11. Equity

##### Share capital

At 30 June 2011 and at 31 December 2010 the number of authorised ordinary shares is 55,896,000, each with a par value of €0.10 per share. All issued shares are fully paid in and carry equal voting and dividend rights.

No transactions involving treasury shares were carried out during the first half of 2011. At 30 June 2011 treasury shares represent 2.83% of the parent company's share capital (2.83% at 31 December 2010) and total 1,581,135 shares (1,581,135 shares at 31 December 2010).

All of the shares in Técnicas Reunidas, S.A. are listed on the four Spanish stock exchanges and on the continuous market since 21 June 2006 and form part of the Ibex35 benchmark index.

## Dividends and reported and paid by the parent company

The breakdown of the dividends reported and paid by the parent company during the first six months of 2011 and 2010 is as follows:

### - First half of 2011:

- On 16 December 2010 the Board of Directors approved the payment of 35,848 thousand (€0.66 per share) as the dividend approved and charged against 2010 profits and paid out on 19 January 2011.
- Shareholders at a General Meeting held on 22 June 2011 approved the payment of a dividend totalling €72,182 thousand. During the second half of 2011 €36,934 thousand (€0.68 per share) will be paid as a supplementary dividend, in addition to the interim dividend approved by the Board of Directors on 16 December 2010.

### - First half of 2010:

- On 15 December 2009 the Board of Directors approved the payment of 35,848 thousand (€0.66 per share) as the dividend approved and charged against 2009 profits and paid out on 12 January 2010.
- Shareholders at a General Meeting held on 23 June 2010 approved the payment of a dividend totalling €72,182 thousand. During the second half of 2010 €36,934 thousand (€0.68 per share) was paid as a supplementary dividend, in addition to the aforementioned interim dividend.

The dividends paid by the parent company during the six-month period ended 30 June 2011 and 30 June 2010:

	First half of 2011			First half of 2010		
	% par value	Euro per share	Amount (thousands euro)	% par value	Euro per share	Amount (thousands euro)
Ordinary shares	660	0.66	35,848	660	0.66	35,848
<b>Total dividends paid</b>						
a) Dividends charged to profits	660	0.66	35,848	660	0.66	35,848
b) Dividends charged against reserves or share premium	-	-	-	-	-	-
c) Dividends in kind	-	-	-	-	-	-

## Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the equity holders of the parent by the weighted average number of ordinary shares for the period. The breakdown of these items in the six-month periods ended 30 June 2011 and 2010 is as follows:

	<u>At 30 June 2011</u>	<u>At 30 June 2010</u>
Profit attributable to the company's shareholders	64,474	80,413
Weighted average number of ordinary shares in issue (thousand)	54,315	54,315
Earnings per share (euro)	1.2	1.5

The Company did not record any issues of financial instruments that may dilute the earnings per share.

## 12. Provisions for liabilities and charges

Note 23 of the Notes to the Group's consolidated financial statements for the year ended 31 December 2010 indicates the criteria used by the Group to establish these provisions. There have been no changes in the criteria during the first half of 2011. Movements during the six-month periods ended 30 June 2011 and 2010 under the heading Non-current provisions are shown below:

ITEM	<b>Six-month period ended 30 June 2011</b>			
	<b>Provision for estimated project losses</b>	<b>Provision for project completion</b>	<b>Other provisions</b>	<b>Total provisions for liabilities and charges</b>
<b>Balance at 1.1.2011</b>	<b>3,106</b>	<b>10,115</b>	<b>5,000</b>	<b>18,221</b>
Reversals / Amounts used	-	(2,777)	-	(2,777)
Amounts provisioned	-	-	-	-
<b>Balance at 30.06.2011</b>	<b>3,106</b>	<b>7,338</b>	<b>5,000</b>	<b>15,444</b>

ITEM	<b>Six-month period ended 30 June 2010</b>			
	<b>Provision for estimated project losses</b>	<b>Provision for project completion</b>	<b>Other provisions</b>	<b>Total provisions for liabilities and charges</b>
<b>Balance at 1.1.2010</b>	<b>2,670</b>	<b>17,567</b>	<b>4,295</b>	<b>24,532</b>
Reversals / Amounts used	(670)	(6,829)	(1,112)	(8,611)
Amounts provisioned	358	400	-	758
<b>Balance at 30.06.2010</b>	<b>2,358</b>	<b>11,138</b>	<b>3,183</b>	<b>16,679</b>

During the first half of 2011 and 2010 there were no significant changes in the provision for current liabilities and charges.

Movements in provisions are reflected as the net amount of the change in the heading Other operating expenses in the consolidated income statement.

### 13. Related-party transactions

Related-party transactions arising during the Group's normal course of business during the first six months of 2011 and 2010 are as follows:

Amounts in thousands euro	Six-month period ended 30 June 2011				Total
	Significant shareholders	Directors and Executives	Group companies or related persons or companies	Other related parties	
Receipt of services	-	-	5,617	-	5,617
Finance expense	997	430	-	-	1,427
<b>Total expenses</b>	<b>997</b>	<b>430</b>	<b>5,617</b>	-	<b>7,044</b>
Rendering of services	-	-	11,843	-	11,843
Financial income	21	257	19	-	297
<b>Total revenues</b>	<b>21</b>	<b>257</b>	<b>11,862</b>	-	<b>12,140</b>

Amounts in thousands euro	Six-month period ended 30 June 2011				Total
	Significant shareholders	Directors and Executives	Group companies or related persons or companies	Other related parties	
Receipt of services	-	925	8,141	-	9,066
Finance expense	782	488	-	-	1,270
<b>Total expenses</b>	<b>782</b>	<b>1,413</b>	<b>8,141</b>	-	<b>10,336</b>
Rendering of services	-	811	10,562	-	11,373
Financial income	35	280	-	-	315
<b>Total revenues</b>	<b>35</b>	<b>1,091</b>	<b>10,562</b>	-	<b>11,688</b>

<b>Six-month period ended 30 June 2011</b>					
<b>Amounts in thousand euro</b>	<b>Significant shareholders</b>	<b>Directors and Executives</b>	<b>Group companies or related persons or companies</b>	<b>Other related parties</b>	<b>Total</b>
<b>Other transactions</b>					
Financing, loans and capital contribution agreements (lender) (1)	-	-	-	-	-
Guarantees received	350,867	260,131	-	-	610,998
Other transactions (2)	-	-	-	-	-
<b>Six-month period ended 30 June 2010</b>					
<b>Amounts in thousand euro</b>	<b>Significant shareholders</b>	<b>Directors and Executives</b>	<b>Group companies or related persons or companies</b>	<b>Other related parties</b>	<b>Total</b>
<b>Other transactions</b>					
Financing, loans and capital contribution agreements (lender) (1)	-	-	-	-	-
Guarantees received	243,695	310,225	-	-	553,920
Other transactions (2)	-	-	-	-	-

#### **- Transactions with the Company's shareholders.**

This relates to the banking transactions carried out with BBVA Group.

(1) At 30 June 2011 the unused lines of credit contracted with BBVA Group totalled €20,099 thousand (€30,099 at 30 June 2010), of which €2,423 thousand had been drawn down (€0 thousand at 30 June 2010).

(2) The balances recorded under the heading Other transactions relate to the letters of credit obtained from BBVA Group.

(3) In addition, at 30 de June 2011, Técnicas Reunidas Group had contracted with BBVA Group to sell currency totalling USD241,215 thousand (USD149,207 thousand at 30 June 2010) and €5,309 thousand against the Yen (€0 at 30 June 2010).

During the first six months of 2011 and 2010 no transactions were carried out with other Company shareholders (except floating capital).

#### **- Transactions carried out with Group Directors and executives**

The Group carries out transactions with companies in which Company Directors are also administrators or directors and relate to the ordinary course of the Group's business when executing projects.

Specifically, the amount of guarantees received relates to transactions carried out with Santander Group.

#### - Transactions carried out with Group Directors and related persons or companies

These items relate to transactions carried out with Group companies, in the amount not eliminated during consolidation.

#### 14. Compensation and other benefits for the Board of Directors and Senior Management at the parent company

##### a) Board of Directors' compensation

The breakdown of the compensation received by the members of the Parent Company's Board of Directors in the six-month periods ended 30 June 2011 and 2010, is as follows:

	Thousands euro	
	30 June 2011	30 June 2010
<b>Compensation</b>		
Fixed compensation	324	212
Variable compensation	-	491
Per diems	413	421
<b>Total:</b>	<b>737</b>	<b>1124</b>
<b>Other benefits</b>		
Advance payments	-	-
Life insurance premiums	7	4
<b>Total other benefits:</b>	<b>7</b>	<b>4</b>

##### b) Executive compensation

The breakdown of the compensation received by senior executives in the six-month periods ended 30 June 2011 and 2010 is as follows:

	Thousands euro	
	30 June 2011	30 June 2010
Total compensation received	2,915	2,515

## 15. Average number of employees

The Group's average payroll for the first six months of 2011 and 2010, broken down by category and gender, is as follows:

	Average payroll for the six-month period ended 30 June					
	2011			2010		
	Men	Women	Total	Men	Women	Total
Directors and senior executives	23	2	25	21	1	22
Engineers and university graduates	1,984	986	2,970	1,910	950	2,860
Technical engineers, experts and skilled assistants	917	306	1,223	882	294	1,176
Administrative managers	883	279	1,162	850	268	1,118
Unskilled assistants	107	199	306	103	191	294
Other categories	334	94	428	321	91	412
<b>TOTAL</b>	<b>4,248</b>	<b>1,866</b>	<b>6,112</b>	<b>4,087</b>	<b>1,795</b>	<b>5,882</b>

## 16. Other information

### - Contingencies and guarantees provided

Note 32 of the notes to the consolidated financial statements for the year ended 31 December 2011 provides information regarding contingencies and guarantees provided at that date. The Group has provided guarantees to third parties totalling €1,451,493 thousand (2010: €1,673,897 thousand). Group management considers that the provisions recorded in these financial statements at 30 June 2011 reasonably cover the risks relating to litigation, arbitration and claims, without any additional liabilities expected to arise.

## 17. Events after the balance sheet date

Between the closing date of the six-month period ended 30 June 2011 at the date these Financial Statements were approved no significant event took place.





# INTERIM CONSOLIDATED DIRECTORS' REPORT FOR THE FIRST HALF OF 2011

Free translation of the Interim Consolidated Directors' Report for the first half of 2011 originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

## 1. Development of the business

### 1.1 Development of the business during the first half of 2011

Técnicas Reunidas, TR, obtained an operating profit during the first half of 2011 totalling €78.8 million, slightly higher than in 2010. Ordinary revenues remained at similar levels during the same period and totalled €1,367 million.

During the first half of 2011, EBITDA is 6% and EBIT is 5.8%, both higher than last year.

Oil and Gas activities gave rise to 89% of revenues and this continues to be the highest weight in the Group's revenues, thanks in particular to the refinery area opportunities. Energy generation projects represent 7% and Infrastructures and Industry represents 4%.

Furthermore, the commercial activities carried out during the year have given rise to new contracts in various geographic areas: Turkey, France and Russia.

### 1.2 Development of the business during the first half of 2011

The evolution of each of the different business areas at TR was as follows:

#### Oil and gas

Oil and natural gas continue to be the most important area of activity for TR. This half of the year represents 89% of the Group's revenues, totalling €1,209 million.

TR carries out activities in the refinery, petro-chemical and the production launch of oil and gas fields.

The most relevant successful bids awarded this year were as follows:

#### Refining contract in France

The project for TOTAL was awarded to Técnicas Reunidas on a turnkey basis and it involves engineering, purchase of equipment, construction and launch of the new hydro-sulfurisation (HDS) unit for its refinery in Normandy, France. The contract has an approximate value of €100 million.

The unit has a design capacity of 3,840 tonnes per day and is designed to produce de-sulphurised diesel with only 8 ppm (parts per billion) of sulphur. The unit will begin operations in 2013 and it forms part of an ambitious RN 2012 refining project in Normandy to adapt to future market conditions.

TOTAL is one of the largest international listed and integrated oil and gas companies and it has the highest quality worldwide in terms of the production of chemical products. TOTAL operates in more than 130 countries and has 93,000 employees.

#### Gas treatment contract in Turkey

The project for the state gas distribution company BOTAS was awarded to Técnicas Reunidas on a turnkey basis and it involves the execution of a natural gas compression station that is expected to be completed at the end of 2012.

## INTERIM CONSOLIDATED DIRECTORS' REPORT FOR THE FIRST HALF OF 2011

This is an important project for Turkey given that it represents a vitally important strategic investment for the supply of gas from Caspian Sea producing countries to Turkey's main network. In addition, in the future this gas may be supplied from Turkey to the rest of Europe.

### Refining contract in Russia

The refinery project for LUKOIL, one of the ten largest oil companies in the world and the second largest Russian oil company, will consist of the development of extended engineering for a hydrocracker complex, the technology for which corresponds to the company UOP.

The objective of the project is to improve the refinery production process is to allow the distillation and conversion capacity to increase to process high-sulphur crude oil, reduce the deficit of fuel oils and adapt the units to future product specifications.

The design of this complex will represent more than 200,000 engineering hours for Técnicas Reunidas, to be executed during 2011.

The Volgograd refinery has a processing capacity of 160,000 bpd of oil (8 million tonnes per year). After the completion of this project, the refinery will strengthen its leadership position among the Russian refineries, with a high conversion factor for light products.

### *Project execution*

The execution of portfolio projects shows that three large projects are in their final stages of construction: the expansion of the Cartagena refinery for Repsol, the expansion of the Sines refinery for GALP and the Refining units for PEMEX, all of which will be completed during the year.

During the first six months of the year and significant portion of the engineering associated with "open book" projects was completed to guarantee their conversion into "turnkey" projects during the second half of the year.

### **Power**

Sales in this business area during the first half of 2011 totalled €97 million.

During the first six months of the year, the activity was concentrated on the completion of the construction of the 426 MW combined cycle plant in the Netherlands, which was awarded during the second half of 2008 and the Manifa project for Aramco in Saudi Arabia, which is the largest project in this Division's portfolio.

The good execution of these types of energy generation plants in the international market and, in particular, in the European market, strengthen TR's position and facilitate its entry into new countries where the Company is carrying out intense sales activities.

### **Infrastructure and Industry**

Revenues from this activity totalled €55 million, which is nearly 100% higher than in the same period last year.

The Infrastructure Division continues with the construction of a new desalinisation plant in Australia for Australian Water Corporation, and Técnicas Reunidas is responsible for 38% of the contract. At completion, Técnicas Reunidas will participate in the maintenance of the plant for 25 years.

## **INTERIM CONSOLIDATED DIRECTORS' REPORT FOR THE FIRST HALF OF 2011**

### **2. Main risks and uncertainties during the second half of 2011**

TR's activities are subject to diverse business risks, such as the volatility of raw materials, which affects the price of equipment and supplies, the availability of engineering, construction and assembly resources and the volatility of the currency market.

Since 2008 the world economy has been immersed in an unprecedented recession. Some of the main economies around the world have shown immaterial growth or even declines in this period and stock markets have been heavily affected by the situation. This circumstance has been especially significant in Spain.

During the first half of 2011 there has been strong competition, especially from Asian companies that have been very active in the Company's strategic areas such as the Persian Gulf. In this environment, the Company has taken advantage of its position in other geographic areas and has obtained projects in Europe and South America.

The conversion of the Tüpras and Talara projects into Open Books, the successful completion of certain contracts with a high probability of being awarded and the development of sales action for future projects will concentrate the Company's activities during the second half of the year.

