



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

Limited review report on  
condensed interim consolidated financial  
statements at 30 June 2012





*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 (the “interim financial statements”) of Técnicas Reunidas, S.A. (the “Parent company”) and its subsidiaries ( the “Group”), consisting of the balance sheet at 30 June 2012, 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 Parent company’s directors are responsible for the preparation of said interim financial statements 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, in conformity with 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 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 2012 have not been prepared, in all material aspects, in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, adopted by the European Union, in conformity with Article 12 of Royal Decree 1362/2007, for the preparation of condensed interim financial statements.

Without affecting our conclusion, we draw attention as mentioned in the accompanying Note 2, which indicates that the aforementioned 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 the accompanying interim financial statements should be read together with the Group’s consolidated annual accounts for the year ended 31 December 2011.





The accompanying consolidated interim Director's Report for the six-month period ended 30 June 2012 contains the explanations that the directors of Técnicas Reunidas, S.A. 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, as well as on the information required in conformity 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 2012. 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, developed by Royal Decree 1362/2007 of 19 October.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by  
Rafael Pérez Guerra  
Partner

30 July 2012



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

Condensed Interim Consolidated Financial Statements  
and Directors' Report for  
the six-month period ended 30 June 2012

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**TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2012 AND 31**  
**DECEMBER 2011**  
**(Thousands euro)**

	Notes	At 30 June 2012	At 31 December 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	31,655	32,266
Goodwill	9	1,242	1,242
Other intangible assets	9	60,034	49,370
Investments in associates		6,963	7,163
Deferred income tax assets		28,852	24,431
Available-for-sale financial assets	10.a	350	349
Derivative financial instruments	10.a	6,606	1,410
Receivables and other assets	10.a	5,422	4,882
		<b>141,124</b>	<b>121,113</b>
<b>Current assets</b>			
Inventories		23,956	20,758
Trade and other receivables		1,931,853	1,753,941
Other financial assets		35,992	28,535
Derivative financial instruments	10.a	7,581	7,579
Financial assets at fair value through profit or loss.	10.a	63,000	67,994
Cash and cash equivalents		660,524	707,479
		<b>2,722,906</b>	<b>2,586,286</b>
<b>Total assets</b>		<b>2,864,030</b>	<b>2,707,399</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**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AT 30 JUNE 2012 AND 31**  
**DECEMBER 2011**  
**(Thousands euro)**

	Notes	At 30 June 2012	At 31 December 2011
<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	(73,371)	(73,371)
Other reserves		1,137	1,137
Hedging reserve		(34,601)	(31,115)
Cumulative translation differences		(617)	(498)
Retained earnings		456,415	466,061
Interim dividend		0	(35,846)
		<b>363,244</b>	<b>340,649</b>
Equity attributable to owners of the parent		<b>363,244</b>	<b>340,649</b>
<b>Non-controlling interests</b>		<b>11,665</b>	<b>8,718</b>
<b>Total equity</b>		<b>374,909</b>	<b>349,367</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	10-d	31,650	29,952
Derivative financial instruments	10.b	21,149	23,196
Deferred income tax liabilities		6,255	5,255
Other payables		869	1,117
Other liabilities		435	435
Employee benefit obligations		6,300	6,300
Provisions for liabilities and charges	12	19,441	18,230
		<b>86,099</b>	<b>84,485</b>
<b>Current liabilities</b>			
Trade payables		2,280,123	2,143,955
Current tax liabilities		32,334	38,510
Borrowings	10-d	4,175	5,336
Derivative financial instruments	10.b	45,384	32,194
Other payables	10.b	39,598	52,054
Provisions for liabilities and charges		1,408	1,498
		<b>2,403,022</b>	<b>2,273,547</b>
<b>Total liabilities</b>		<b>2,489,121</b>	<b>2,358,032</b>
<b>Total equity and liabilities</b>		<b>2,864,030</b>	<b>2,707,399</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  
CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH  
PERIODS ENDED 30 JUNE 2012 AND 2011  
(Thousands euro)

	Notes	Six-month period ended 30 June	
		2012	2011
Revenue		1,273,651	1,366,803
Change in inventories		3,323	1,203
Own work capitalised		1,732	2,019
Raw materials and consumables		(882,448)	(991,734)
Employee benefit expense		(187,313)	(175,992)
Depreciation/amortisation and impairment charges	9	(4,218)	(3,762)
Lease and royalty expenses		(21,595)	(24,058)
Other expenses		(113,432)	(99,583)
Other income		2,299	3,861
<b>Operating profit</b>		<b>71,999</b>	<b>78,757</b>
Finance income		6,922	6,676
Finance expense		(3,029)	(2,497)
Net exchange differences		110	(7,120)
<b>Financial income/(expense)</b>		<b>4,003</b>	<b>(2,941)</b>
Share in profit (loss) of associates		(212)	317
<b>Profit before taxes</b>		<b>75,790</b>	<b>76,133</b>
Income tax expense	8	(9,700)	(10,129)
<b>Profit for the period</b>		<b>66,090</b>	<b>66,004</b>
<b>Attributable to:</b>			
Owners of the parent		63,174	64,474
Non-controlling interests		2,916	1,530
<b>Basic and diluted earnings per share attributable to the owners of the parent.</b>	11	1.18	1.20

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**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2012 AND 2011**  
**(Thousands euro)**

	<b>Six-month period ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
<b>Consolidated profit for the period</b>	<b>66,090</b>	<b>66,004</b>
<b>Other overall profit/(loss)</b>		
Cash flow hedges	(3,486)	16,444
Foreign currency translation differences	(119)	5,076
<b>Other comprehensive income for the period, net of taxes</b>	<b>31</b>	<b>(129)</b>
<b>Total comprehensive income for the period</b>	<b>62,516</b>	<b>87,395</b>
<b>Attributable to:</b>		
Owners of the parent	59,569	85,994
Non-controlling interests	2,947	1,401
	<b>62,516</b>	<b>87,395</b>

The amounts shown in the above condensed interim consolidated statement of comprehensive income are presented net of taxes.

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**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2010 AND 2011**  
(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 2011</b>	<b>5,590</b>	<b>8,691</b>	<b>(56,257)</b>	<b>1,137</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	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	(72,782)	35,848	-	(36,934)
<b>Balance at 30 June 2011 (unaudited)</b>	<b>5,590</b>	<b>8,691</b>	<b>(56,257)</b>	<b>1,137</b>	<b>22,223</b>	<b>4,949</b>	<b>396,436</b>	<b>-</b>	<b>8,939</b>	<b>391,708</b>
<b>Balance at 1 January 2012</b>	<b>5,590</b>	<b>8,691</b>	<b>1,137</b>	<b>(73,371)</b>	<b>(31,115)</b>	<b>(498)</b>	<b>466,061</b>	<b>(35,846)</b>	<b>8,718</b>	<b>349,367</b>
Comprehensive income for the period ended 30 June 2012.	-	-	-	-	(3,486)	(119)	63,174	-	2,947	62,516
Transactions in treasury shares, net Distribution against 2011 profits	-	-	-	-	-	-	(72,820)	35,846	-	(36,974)
<b>Balance at 30 June 2012 (unaudited)</b>	<b>5,590</b>	<b>8,691</b>	<b>1,137</b>	<b>(73,371)</b>	<b>(34,601)</b>	<b>(617)</b>	<b>456,415</b>	<b>-</b>	<b>11,665</b>	<b>374,909</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**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX-MONTH**  
**PERIODS ENDED 30 JUNE 2012 AND 2011 (Thousands euro)**

	<b>Six-month period ended 30</b>	
	<b>June</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities</b>		
Profit for the period	66,090	66,004
Adjustments for:		
- Taxes	9,700	10,129
- Depreciation/amortisation of PPE and intangible assets	4,218	3,762
- Change in provisions, net	1,121	(4,615)
- Share in (profit)/loss of associates	212	(317)
- Changes in fair value of financial instruments	250	321
- Interest income	(6,922)	(5,686)
- Interest expense	3,029	2,497
- Change in gains/losses on derivatives	2,459	(17,446)
- Exchange gains/losses	31	7,450
Changes in working capital		
- Inventories	(3,198)	(1,270)
- Trade and other receivables	(178,452)	25,438
- Other financial assets	(2,725)	382
- Trade payables	116,871	7,327
- Other accounts payable	(13,832)	15,171
- Other changes	(5,637)	3,910
Other flows from operating activities:		
- Interest paid	(3,029)	(2,496)
- Interest received	6,922	5,686
<b>Net cash from/(used in) operating activities</b>	<b>(2,892)</b>	<b>116,247</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(3,151)	(4,018)
Purchases of intangible assets	(2,892)	(2,646)
Purchases of available- for- sale financial assets	0	-
Acquisition of associates	0	(864)
Acquisition of other non-current assets	0	(7)
Disposal of non-current assets	0	-
<b>Net cash used in investing activities</b>	<b>(6,043)</b>	<b>(7,535)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	-
Repayment of borrowings	(2,174)	(947)
Dividends paid	(35,846)	(35,848)
Acquisition of treasury shares	-	-
<b>Net cash used in financing activities</b>	<b>(38,020)</b>	<b>(36,796)</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(46,955)</b>	<b>71,917</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>707,479</b>	<b>518,801</b>
<b>Cash and cash equivalents at end of the year</b>	<b>660,524</b>	<b>590,717</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 30 JUNE 2012**

**Free translation of the condensed interim consolidated financial statements for the six-month period ended 30 June 2012 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.

There have been no changes in the scope of consolidation during the first half of 2012, except for the incorporation of the company TR Canada Inc., wholly owned by the Group.

The financial statements for Técnicas Reunidas, S.A. (Parent Company) and the consolidated financial statements for Técnicas Reunidas, S.A. and Subsidiaries for 2011 were approved by shareholders at a General Meeting held on 26 June 2012.

These condensed interim consolidated financial statements have been prepared and approved by the Board of Directors at a meeting held on 30 July 2012. 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 2012 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 2011, 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 2011 consolidated financial statements.

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 2012:

- IFRS 7 – (Revised) "Financial Instruments: Disclosures"- Transfer of financial assets.

The content of this amendment 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 issued before 30 June 2012 and entering into force on 1 July 2012 or afterwards, although the Group has not adopted these standards early.

- IAS 1 (Revised) "Presentation of financial statements" – Presentation of other comprehensive results.
- IAS 19 (Revised) "Employee benefits":

#### 3.3. 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 1 (Revised) "Severe hyperinflation and the elimination of set dates applicable to first-time adopters"
- IAS 12 (Revised) "Income tax" - Deferred tax on investment properties.
- IFRS 9, "Financial instruments"
- IFRS 10, "Consolidated financial statements".
- IFRS 11 "Joint Arrangements".
- IFRS 12 "Disclosure of interests in other entities".
- IAS 27 (Revised in 2011) "Separate financial statements".
- IAS 28 (Revised in 2011) "Investments in associates and joint ventures".
- IFRS 13 "Fair value measurement".
- IFRIC 20 "Stripping cost on the production phase of a surface mine"
- IAS 32 (Revised) and IFRS 7 (Revised) "Offsetting financial assets and financial liabilities"
- IFRS 1 – (Revised) "Official loans"
- Annual improvements 2011 (May 2012)

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 condensed interim consolidated 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 2011, with the exception of the changes in the estimates to calculate the provision for corporate income tax (see 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 2011 (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 for liabilities with respect to the end of last year.

### **5.3 Estimation of fair value**

For those financial instruments measured at fair value in the balance sheet the measurements are broken down by level, in accordance with the following hierarchy:

- 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>At 30 June 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total balance</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss (Note 10)	63,000	-	-	63,000
Hedging derivatives (Note 10)	-	14,187	-	14,187
<b>Total assets</b>	<b>63,000</b>	<b>14,187</b>	<b>-</b>	<b>77,187</b>
<b>Liabilities</b>				
Hedging derivatives (Note 10)	-	66,533	-	66,533
<b>Total liabilities</b>	<b>-</b>	<b>66,533</b>	<b>-</b>	<b>66,533</b>
<b>At 31 December 2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total balance</b>
<b>Assets</b>				
Financial assets at fair value through changes in profit and loss (Note 10)	67,994	-	-	67,994
Hedging derivatives (Note 10)	-	8,989	-	8,989
<b>Total assets</b>	<b>67,994</b>	<b>8,989</b>	<b>-</b>	<b>76,983</b>
<b>Liabilities</b>				
Hedging derivatives (Note 10)	-	55,390	-	55,390
<b>Total liabilities</b>	<b>-</b>	<b>55,390</b>	<b>-</b>	<b>55,390</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 bid 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 2012 and 2011 in economic circumstances or the business that affect the fair value of the Group's financial assets and liabilities.

There have been no reclassifications of financial assets or transfers between levels in 2012 or 2011.

## 6. Seasonality of operations

The Group's activities are not seasonal.

## 7. Segment information

Financial information by segment has been prepared using the same criteria as those applied to the consolidated financial statement ended 31 December 2011.

The breakdown of ordinary revenue and profits by business segment for the six-month periods ended 30 June 2012 and 2011 is as follows:

	Six-month period ended 30 June 2012				
	Oil and gas	Power	Other	Unallocated	Group
<b>Revenue</b>	1,081,792	80,607	111,252		<b>1,273,651</b>
<b>Operating profit</b>	95,047	3,634	3,465	(30,147)	<b>71,999</b>
Net finance income					4,003
Share in profit (loss) of associates					(212)
<b>Profit before taxes</b>	<b>95,047</b>	<b>3,634</b>	<b>3,465</b>	<b>(30,147)</b>	<b>75,790</b>
Income tax expense					(9,700)
<b>Profit for the period</b>	<b>95,047</b>	<b>3,634</b>	<b>3,465</b>	<b>(30,147)</b>	<b>66,090</b>

  

	Six-month period ended 30 June 2011				
	Oil and gas	Power	Other	Unallocated	Group
<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>106,864</b>	<b>5,769</b>	<b>5</b>	<b>(33,881)</b>	<b>76,133</b>
Income tax expense					(10,129)
<b>Profit for the period</b>	<b>106,864</b>	<b>5,769</b>	<b>5</b>	<b>(33,881)</b>	<b>66,004</b>

Revenues by geographic area for the six-month periods ended 30 June 2012 and 2011:

	<b>Six-month period ended</b>	
	<b>2012</b>	<b>30 June 2011</b>
Spain	50,830	149,387
European Union	59,070	281,051
OECD	465,683	243,926
Other	698,068	692,439
<b>Total</b>	<b>1,273,651</b>	<b>1,366,803</b>

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 and Russia.

During the first half of 2012 and 2011 there have been no changes in the allocations to assets and liabilities by segment compared with December 2011, 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 2012 is 12.8% (the estimated tax rate for the six-month period ended 30 June 2011 was 13.4%).

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

Movements in this item during the first six months of 2012 and 2011 are as follows:

	Thousands euro		
	Goodwill	Other intangible assets	Property, plant and equipment
<b>Cost</b>			
<b>Balances at 1 January 2012</b>	1,242	60,121	75,473
Additions	-	11,119	3,151
Disposals and other removals	-	-	-
Other transfers and other movements	-	-	-
<b>Balances at 30 June 2012</b>	1,242	71,240	78,624
<b>Accumulated amortisation/depreciation</b>			
<b>Balances at 1 January 2012</b>	-	10,751	43,207
Disposals and other removals	-	-	-
Charges to income statement	-	455	3,762
Other transfers and other movements	-	-	-
<b>Balances at 30 June 2012</b>	-	11,206	46,969
<b>Net assets</b>			
<b>Balances at 1 January 2012</b>	1,242	49,370	32,266
<b>Balances at 30 June 2012</b>	1,242	60,034	31,655

	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

Other intangible assets mainly records the concession assets operated by the Group.

At 30 June 2012 and 2011 the Group did not have any significant commitments to acquire assets.

During the first six-months of 2012 and 2011 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 2012 and 31 December 2011 are set out below by nature and measurement category:

	<b>At 30 June 2012 (Thousands euro)</b>			
<b>Financial assets: Nature/Category</b>	<b>Financial Assets at fair value through profit or loss</b>	<b>Available for sale</b>	<b>Loans and other accounts receivables</b>	<b>Hedging derivatives</b>
Equity instruments	-	350	-	-
Derivatives	-	-	-	6,606
Other financial assets	-	-	5,422	-
<b>Long-term/non-current</b>	<b>0</b>	<b>350</b>	<b>5,422</b>	<b>6,606</b>
Equity instruments	-	-	-	-
Derivatives	-	-	-	7,581
Other financial assets	63,000	-	35,992	-
<b>Short-term / current</b>	<b>63,000</b>	<b>0</b>	<b>35,992</b>	<b>7,581</b>
<b>Total financial assets at 30.06.2012</b>	<b>63,000</b>	<b>350</b>	<b>41,414</b>	<b>14,187</b>

  

	<b>At 31 December 2011 (Thousands euro)</b>			
<b>Financial assets: Nature/Category</b>	<b>Financial Assets at fair value through profit or loss</b>	<b>Available for sale</b>	<b>Loans and other accounts receivables</b>	<b>Hedging derivatives</b>
Equity instruments	-	349	-	-
Derivatives	-	-	-	1,410
Other financial assets	-	-	4,882	-
<b>Long-term/non-current</b>	<b>-</b>	<b>349</b>	<b>4,882</b>	<b>1,410</b>
Equity instruments	-	-	-	-
Derivatives	-	-	-	7,579
Other financial assets	67,994	-	28,535	-
<b>Short-term / current</b>	<b>67,994</b>	<b>-</b>	<b>28,535</b>	<b>7,579</b>
<b>Total financial assets at 31.12.2011</b>	<b>67,994</b>	<b>349</b>	<b>33,417</b>	<b>8,989</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 2012 and 2011 in the balance of the asset impairment provisions making up the heading "Trade and other receivables":

	Thousands euro	
	30 June 2012	30 June 2011
<b>Beginning balance in the provision</b>	<b>10,414</b>	<b>10,101</b>
Charges to income statement:	-	31
Applications	72	-
<b>Ending balance in the provision</b>	<b>10,342</b>	<b>10,132</b>

The rest of the financial assets have not become impaired during the first half of 2012 and 2011.

**b) Financial liabilities**

Financial liabilities (excluding Trade and other payables) at 30 June 2012 and 31 December 2011 are set out below by nature and measurement category:

	At 30 June 2012 (Thousands euro)	
	Borrowings and payables	Hedging derivatives
<b>Financial liabilities</b>		
<b>Nature/Category</b>		
Bank borrowings	31,650	-
Derivatives	-	21,149
Other financial liabilities	1,304	-
<b>Non-current payables / Non-current financial liabilities</b>	<b>32,954</b>	<b>21,149</b>
Bank borrowings	4,175	-
Derivatives	-	45,384
Other financial liabilities	39,598	-
<b>Current payables / Current financial liabilities</b>	<b>43,773</b>	<b>45,384</b>
<b>Total financial liabilities at 30.06.2012</b>	<b>76,727</b>	<b>66,533</b>

	<b>At 31 December 2011 (Thousands euro)</b>	
<b>Financial liabilities</b>	<b>Borrowings and payables</b>	<b>Hedging derivatives</b>
<b>Nature/Category</b>		
Bank borrowings	29,952	-
Derivatives	-	23,196
Other financial liabilities	1,552	-
<b>Non-current payables / Non-current financial liabilities</b>	<b>31,504</b>	<b>23,196</b>
Bank borrowings	5,336	-
Derivatives	-	32,194
Other financial liabilities	52,054	-
<b>Current payables / Current financial liabilities</b>	<b>57,390</b>	<b>32,194</b>
<b>Total financial liabilities at 31.12.2011</b>	<b>88,894</b>	<b>55,390</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 2011 indicates the criteria used by the Group for hedging activities. There have been no changes in the criteria during the first half of 2012.

The changes arising during the first half of 2012 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 in accordance with the reports prepared by financial experts.

During the first half of 2012 and 2011 there have been no inefficiencies due to foreign currency hedges.



#### d) Borrowings

The breakdown of equity at 30 June 2012 and 31 December 2011 is as follows:

	<b>At 30 June 2012</b>	<b>At 31 December 2011</b>
<b>Non-current</b>		
Bank borrowings	31,650	29,952
	<b>31,650</b>	<b>29,952</b>
<b>Current</b>		
Bank borrowings	4,175	5,336
	<b>4,175</b>	<b>5,336</b>
<b>Total borrowings</b>	<b>35,825</b>	<b>35,288</b>

Non-current bank borrowings relate mainly to the Group's concession assets. These loans are secured by those concession assets.

The amount of lines of credit not drawn down by the Group at 30 June 2012 total €104,285 thousand (€103,605 thousand at 31 December 2011).

#### 11. Equity

##### Share capital

At 30 June 2012 and at 31 December 2011 the number of authorised ordinary shares is 55,896,000, each with a par value of €0.10 per share. All issued shares and fully paid in and carry equal voting and dividend rights.

No transactions involving treasury shares were carried out during the first half of 2012. At 30 June 2012 treasury shares represent 3.85% of the parent company's share capital (3.85% at 31 December 2011) and total 2,154,324 shares (2,154,324 shares at 31 December 2011).

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 2012 and 2011 is as follows:

### - First half of 2012:

- On 15 December 2011 the Board of Directors approved the payment of 35,846 thousand (€0.667 per share) as the dividend approved and charged against 2011 profits and paid out on 20 January 2012.
- Shareholders at a General Meeting held on 26 June 2012 approved the payment of a dividend totalling €72,820 thousand. During the second half of 2012 €36,974 thousand (€0.688 per share) as a supplementary dividend, in addition to the interim dividend approved by the Board of Directors at 15 December 2011.

### - 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) as a supplementary dividend, in addition to the interim dividend approved by the Board of Directors on 16 December 2010.

The dividends paid by the parent company during the six-month period ended 30 June 2012 and 30 June 2011:

	First half of 2012			First half of 2011		
	% par value	Euro per share	Amount (thousands euro)	% par value	Euro per share	Amount (Thousands euro)
Ordinary shares	660	0.667	35,846	660	0.66	35,848
<b>Total dividends paid</b>						
a) Dividends charged to profits	660	0.667	35,846	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 2012 and 2011 is as follows:

	<u>At 30 June 2012</u>	<u>At 30 June 2011</u>
Profit for the period attributable to owners of the parent	63,174	64,474
Weighted average number of ordinary shares in issue (thousand)	53,742	54,315
Earnings per share (euro)	1.18	1.20

The Company did not record any issues of financial instruments that may dilute 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 2011 indicates the criteria used by the Group to establish these provisions. There have been no changes in the criteria during the first half of 2012. Movements during the six-month periods ended 30 June 2012 and 2011 under the heading Non-current provisions are shown below:

ITEM	<b>Six-month period ended at 30 June 2012</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 01.01.2012</b>	<b>1,810</b>	<b>4,508</b>	<b>11,912</b>	<b>18,230</b>
Reversals / Amounts used	-	(2,000)	-	(2,000)
Amounts provisioned	700	1,211	1,300	3,211
<b>Balance at 30.06.2012</b>	<b>2,510</b>	<b>3,719</b>	<b>13,212</b>	<b>19,441</b>

ITEM	<b>Six-month period ended at 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 01.01.2011</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>

During the first half of 2012 and 2011 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 2012 and 2011 are as follows:

Amounts in thousands euro	Six-month period ended 30 June 2012				Total
	Significant shareholders	Directors and Executives	Group companies or related persons	Other related parties	
Receipt of services:	-	-	6,533	-	6,533
Finance expense	1,703	535	-	-	2,238
<b>Total expenses</b>	<b>1,703</b>	<b>535</b>	<b>6,533</b>	-	<b>8,771</b>
Rendering of services			6,704	-	6,704
Finance income	151	726	23	-	1,339
<b>Total revenues</b>	<b>151</b>	<b>726</b>	<b>6,727</b>	-	<b>8,043</b>

  

Amounts in thousands euro	Six-month period ended 30 June 2011				Total
	Significant shareholders	Directors and Executives	Group companies or related persons	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
Finance income	21	257	19	-	297
<b>Total revenues</b>	<b>21</b>	<b>257</b>	<b>11,862</b>	-	<b>12,140</b>

<b>Six-month period ended 30 June 2012</b>					
<b>Amounts in thousands euro</b>	<b>Significant shareholders</b>	<b>Directors and Executives</b>	<b>Group companies or related persons</b>	<b>Other related parties</b>	<b>Total</b>
<b>Other transactions</b>					
Financing, loans and capital contribution agreements (lender) (1)	-	-	-	-	-
Guarantees received	380,960	423,116	-	-	<b>804,176</b>
Other transactions (2)	-	-	-	-	-
<b>Six-month period ended 30 June 2011</b>					
<b>Amounts in thousands euro</b>	<b>Significant shareholders</b>	<b>Directors and Executives</b>	<b>Group companies or related persons</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	-	-	<b>610,998</b>
Other transactions (2)	-	-	-	-	-

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

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

(1) At 30 June 2012 the unused lines of credit contracted with BBVA Group totalled €10,000 thousand (€20,099 at 30 June 2011), of which €0 thousand had been drawn down (€2,423 thousand at 30 June 2011).

(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 2012, Técnicas Reunidas Group had contracted with BBVA Group to sell currency totalling USD508,935 thousand (USD241,215 thousand at 30 June 2011) and €6,062 thousand against Yens (€5,309 at 30 June 2011).

During the first six months of 2012 and 2011 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 Parent Company's Board of Directors and Senior Management

##### 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 2012 and 2011, is as follows:

	Thousands euro	
	30 June 2012	30 June 2011
<b>Compensation</b>		
Fixed compensation	324	324
Variable compensation	-	-
Per diems	508	413
<b>Total:</b>	<b>832</b>	<b>737</b>
<b>Other benefits</b>		
Prepayments	-	-
Life insurance premiums	6	7
<b>Total other benefits:</b>	<b>6</b>	<b>7</b>

##### b) Executive compensation

The breakdown of the compensation received by senior executives in the six-month periods ended 30 June 2012 and 2011 is as follows:

	Thousands euro	
	30 June 2012	30 June 2011
Total compensation received	3,016	2,915

## 15. Average number of employees

The Group's average payroll for the first six months of 2012 and 2011, broken down by category and gender, is as follows:

	Average payroll for the six-month period ended 30 June					
	2012			2011		
	Men	Women	Total	Men	Women	Total
Directors and senior executives	23	1	24	23	2	25
Engineers and university graduates	2,075	1,032	3,107	1,984	986	2,970
Technical engineers, experts and skilled assistants	958	319	1,277	917	306	1,223
Administrative managers	923	291	1,214	883	279	1,162
Unskilled assistants	112	208	320	107	199	306
Other categories	349	98	447	334	94	428
<b>TOTAL</b>	<b>4,440</b>	<b>1,949</b>	<b>6,389</b>	<b>4,248</b>	<b>1,866</b>	<b>6,113</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 €2,125,995 thousand (2011: €1,848,418 thousand). Group management considers that the provisions recorded in these financial statements at 30 June 2012 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 2012 and the date these Financial Statements were approved no significant events took place.





# INTERIM CONSOLIDATED DIRECTORS' REPORT FOR THE FIRST HALF OF 2012

Free translation of the Interim Consolidated Directors' Report for the first half of 2012 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 2012

Técnicas Reunidas, TR, obtained an operating profit during the first half of 2012 totalling €71.9 million, 9% less than in 2011. During the same period, ordinary revenues remained at €1,274 million, which is 7% less than in that period last year.

During the first half of 2012, EBITDA and EBIT margins were 6% and 5.7%, respectively.

Oil and Gas activities gave rise to 85% 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 6% and Infrastructures and Industry represents 9%.

Furthermore, the commercial activities carried out previously have given rise to new contracts in various geographic areas: Bolivia, Canada, Australia and Saudi Arabia.

### 1.2 Development of the business during the first half of 2012

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. During this half of the year these areas represent 85% of the Group's revenues, totalling €1,082 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:

#### Gas treatment contract in Bolivia

Técnicas Reunidas concluded a contract with Repsol YPF E&P Bolivia S.A. to execute the engineering, supply and construction of the second phase of a gas treatment plan at the Margarita field located in the Caipipendi block in the south of Bolivia.

The development project at the Margarita field is being carried out by Repsol together with its partners British Gas (37.5%) and PAE (25%) and consists of two phases. Phase 1, is currently being completed and was also awarded to Tecnicas Reunidas, which will continue to collaborate with Repsol at the Margarita field on the execution of phase 2.

The project was awarded on a turnkey basis and includes the second stage gas processing facilities with a capacity of 6,000,000 standard m<sup>3</sup> per day.

This is a crucial project for Bolivia and represents a vitally important investment for the supply of gas in the Bolivian domestic market as well as the export market, primarily to Argentina.

#### Oil sand contract in Canada

Técnicas Reunidas was awarded a turnkey contract by the tar sand mining company in Alberta to develop the oil sand improvement units to the north of Fort McMurray, in Alberta, Canada.

Técnicas Reunidas considers Canada to be a target market. Canada has the world's third largest oil reserves and 95% are located in the province of Alberta.

This project ensures entry into a market with large investments in the near future and continues with the Company's international expansion.

## INTERIM CONSOLIDATED DIRECTORS' REPORT FOR THE FIRST HALF OF 2012

### Chemical contract in Australia

Burrup Nitrates Pty. Ltd., which is owned by Yara International ASA (45%), Orica Limited (45%) and Apache Corporation (10%), awarded Técnicas Reunidas with a Technical Ammonium Nitrate Project (TAN) on the Burrup Peninsula in the state of West Australia.

TR had already been selected as a finalist in March 2011, but the final configuration of the shareholders of Burrup Nitrates Pty. Ltd. kept the start of the project in limbo.

Yara has selected TR as the main contractor for the entire project, its technology and "know-how" for the Ammonium nitrate base and Nitric Acid.

The project covers the following main processing units: Base Ammonium Nitrate, with a capacity of 965 TPD; Nitric Acid, with a capacity of 760 TPD and the TAN prilling plant (Dry Ammonium Nitrate), with a capacity of 915 TPD, for which the licence to use the technology pertains to Yara.

This new TAN plant will supply mining companies in the Pilbara region to extract iron ore.

### Petrochemical contract in Saudi Arabia

Through its wholly owned subsidiary Petrokemya, SABIC awarded an EPC contract to Técnicas Reunidas to build a new 140 kt/year acrylonitrile butadiene styrene (ABS) plant located in Al-Jubail, Kingdom Of Saudi Arabia. The plant will be an addition to the Petrokemya complex and will use ABS emulsion technology licensed by SABIC Innovative Plastics.

### Petrochemical contract in Saudi Arabia

Saudi Basic Industries Corporation (SABIC) and Exxon Mobil, through a 50-50 consortium, KEMYA, have awarded and turnkey contract to Técnicas Reunidas for two plants at its "Saudi Elastomers Project (SEP)" complex, whose purpose is the produce new raw materials and elastomers to be used, fundamentally, for the automobile industry and this will be the first time they will be manufactured in Saudi Arabia.

The technology licenses will be provided by Exxon Mobil for the EPDM plant and Goodyear for the PBR plant.

This award is the thirteenth contract obtained by TR in the demanding Saudi Arabian market, in which TR has been working continuously since 2003. TR demonstrates the confidence it has acquired from world class customers. TR is very satisfied to continue with its relationship with SABIC, with which TR currently cooperates with respect to various projects and to have the opportunity to expand its experience with Exxon Mobil as it is one of the largest refining and oil product marketing companies in the world.

### *Project execution*

During the first half of 2012, the projects showing the most advancement were: the refinery project in Jubail for Saudi Aramco in Saudi Arabia, the Khabarovsk refinery project for OC Alliance in Russia, the Yanbu refinery project for Saudi Aramco in Saudi Arabia, the Izmit refinery project for Tüprás in Turkey and the Shah and SAS gas projects for ADCO in Abu Dhabi.

### **Power**

Sales in this business area during the first half of 2012 totalled €81 million.

During the half-year period, activities focused on the delivery and launch of the 426 MW combined cycle plant in the Netherlands, which was awarded in the second quarter of 2008, and the advancement of the construction of the Manifa project for Saudi Aramco in Saudi Arabia.

## INTERIM CONSOLIDATED DIRECTORS' REPORT FOR THE FIRST HALF OF 2012

### Infrastructure and Industry

During the first half of 2012, revenues from activities totalled €111 million, which is 102% higher than in the same period last year.

The Infrastructure Division is currently developing the second stage of the desalination plant for Southern Sea Water in Australia. This project was awarded at the end of 2011, after the satisfactory delivery of the first desalination plant for Water Corporation, and Tecnicas Reunidas will continue to maintain this plant for the coming 25 years.

### **2. Main risks and uncertainties during the second half of 2012**

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, which are inherent to the sector.

However, it is also affected by global or local economic and market circumstances. Since the start of the financial crisis in 2008, the market has been characterised by an increased difficulty on the part of customers to obtain financing, which has extended the deadlines for awarding new projects. In turn, this has given rise to increased competition among contractors in the sector as the rate of awarded contracts has slowed. Some of the competitors of Técnicas Reunidas offered more competitive prices than was normally the case, which has given rise to a new challenge that the company has had to face, especially in the Persian Gulf market.

The company is therefore applying a strong sales strategy, diversifying its project portfolio in new geographic areas and products. As may be seen based on the awards received during the first half of 2012, Tecnicas Reunidas has obtained benefits from the sales strategy carried out and has penetrated new markets or reinforced its position in: Canada, Australia and Latin America.

Apart from starting work on the new projects, Tecnicas Reunidas focuses its attention on the management of risk affecting the execution and delivery of projects that will be completed this year, and in closing negotiations for projects that are still open.

