TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES

Limited review report on
condensed interim consolidated financial
statements at 30 June 2014

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

Report on condensed interim consolidated financial statements

Introduction

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 2014, 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.

Scope of the 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.

Conclusion

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 2014 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.

Emphasis paragraph

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 2013.

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Report on other legal and regulatory requirements

The accompanying consolidated interim Director's Report for the six-month period ended 30 June 2014 contains the explanations that the directors of the Parent company considers 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 2014. 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.

Other issues

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 2014

This version of the consolidated condensed interim financial statements is a free translation from the original, which is 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 the annual accounts takes precedence over this translation.

TÉCNICAS REUNIDAS, S.A.
AND SUBSIDIARIES

Condensed Interim Consolidated Financial Statements
and Directors' Report for
the six month period ended 30 June 2014

Contents of the Condensed Interim Consolidated Financial Statements for Técnicas Reunidas, S.A. and Subsidiaries

TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS OF 30 JUNE 2014 AND 31 DECEMBER 2013
(Thousands euro)

	Notes	At 30 June 2014	At 31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	**9**	46,617	41,802
Goodwill	**9**	1,242	1,242
Other intangible assets	**9**	69,583	69,725
Investments in associates		16,754	12,431
Deferred income tax assets		37,276	37,852
Available-for-sale financial assets	**10.a**	1,010	1,010
Derivative financial instruments	**10.a**	434	4,251
Receivables and other assets	**10.a**	5,723	5,796
		178,639	**174,109**
Current assets			
Inventories		25,182	24,298
Trade and other receivables		1,515,556	1,461,065
Other financial assets		19,468	22,891
Derivative financial instruments	**10.a**	10,751	21,899
Financial assets at fair value through profit or loss.	**10.a**	62,179	67,872
Cash and cash equivalents		638,934	590,814
		2,272,070	**2,188,839**
Total assets		**2,450,709**	**2,362,948**

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

TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS OF 30 JUNE 2014 AND 31 DECEMBER 2013
(Thousands euro)

	Notes	At 30 June 2014	At 31 December 2013
EQUITY			
Capital and reserves attributable to owners of the parent			
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		(2,990)	(4,386)
Cumulative translation differences		(24,448)	(25,121)
Retained earnings		549,837	557,790
Interim dividend		-	(35,846)
Equity attributable to owners of the parent		**464,446**	**434,484**
Non-controlling interests		**3,533**	**4,036**
Total equity		**467,979**	**438,520**
LIABILITIES			
Non-current liabilities			
Borrowings	10.d	24,482	25,915
Derivative financial instruments	10.b	4,115	8,799
Deferred income tax liabilities		7,936	10,203
Other payables		527	332
Other liabilities		539	539
Employee benefit obligations		8,951	8,827
Provisions for liabilities and charges	12	18,581	29,566
		65,131	**84,181**
Current liabilities			
Trade payables		1,814,809	1,729,828
Current tax liabilities		41,713	47,945
Borrowings	10.d	4,004	4,126
Derivative financial instruments	10.b	6,974	18,011
Other payables	10.b	47,315	38,351
Provisions for liabilities and charges		2,784	1,986
		1,917,599	**1,840,247**
Total liabilities		**1,982,730**	**1,924,428**
Total equity and liabilities		**2,450,709**	**2,362,948**

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

TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2014 AND 2013
(Thousands euro)

	Notes	Six month period ended 30 June	
		2014	**2013**
Revenue		1,478,660	1,394,570
Change in inventories		1,011	627
Raw materials and consumables		(961,602)	(934,864)
Employee benefit expense		(243,224)	(217,123)
Depreciation/amortisation and impairment charges	**9**	(5,650)	(4,540)
Lease and royalty expenses		(23,805)	(21,140)
Other expenses		(171,604)	(149,624)
Other income		1,552	5,146
Operating profit		**75,339**	**73,052**
Finance income		6,508	6,157
Finance expense		(2,493)	(1,670)
Net exchange differences		445	251
Financial income/(expense)		**4,460**	**4,738**
Share in profit/(loss) of associates		(485)	161
Profit before taxes		**79,314**	**77,951**
Income tax expense	**8**	(12,770)	(10,524)
Profit for the period		**66,544**	**67,427**
Attributable to:			
Owners of the parent		67,047	66,901
Non-controlling interests		(503)	526
Basic and diluted earnings per share attributable to the owners of the parent.	**11**	1.25	1.24

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

TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2014 AND 2013
(Thousands euro)

	Six month period ended 30 June	
	2014	**2013**
Profit for the period	**66,544**	**67,427**
Other comprehensive income		
Items that will not be reclassified to profit or loss	-	-
Total items that will not be reclassified to profit or loss	**-**	**-**
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges, net of taxes	1,396	(26,210)
Foreign currency translation differences	673	(3,547)
Total items that may be reclassified subsequently to profit or loss	**2,069**	**(29,757)**
Total comprehensive income for the period	**68,613**	**37,670**
Attributable to:		
- Owners of the parent	69,116	37,144
- Non-controlling interests	(503)	526
Total comprehensive income for the period	**68,613**	**37,670**
Total comprehensive income for the period from:		
- Continued operations	68,613	37,670
- Discontinued operations	-	-
	68,613	**37,670**

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

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

TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2014 AND 2013
(Thousands euro)

	Share capital	Share premium	Other reserves	Treasury shares	Hedging reserve	Cumulative translation differences	Retained earnings	Interim dividend	Non-controlling interests	Total equity
Balance at 1 January 2013	**5,590**	**8,691**	**1,137**	**(73,371)**	**14,044**	**(6,633)**	**518,517**	**(35,846)**	**11,562**	**443,691**
Comprehensive income for the period ended 30 June 2013.	-	-	-	-	(26,210)	(3,547)	66,901	-	526	37,670
Transactions in treasury shares, net	-	-	-	-	-	-	-	-	-	-
Distribution against 2012 profits	-	-	-	-	-	-	(75,000)	35,846	-	(39,154)
Other changes in equity	-	-	-	-	-	-	(6,283)	-	(8,316)	(14,599)
Balance at 30 June 2013 (unaudited)	**5,590**	**8,691**	**1,137**	**(73,371)**	**(12,166)**	**(10,180)**	**504,135**	**-**	**3,772**	**427,608**
Balance at 1 January 2014	**5,590**	**8,691**	**1,137**	**(73,371)**	**(4,386)**	**(25,121)**	**557,790**	**(35,846)**	**4,036**	**438,520**
Comprehensive income for the period ended 30 June 2014.	-	-	-	-	1,396	673	67,047	-	(503)	68,613
Transactions in treasury shares, net	-	-	-	-	-	-	-	-	-	-
Distribution against 2013 profits	-	-	-	-	-	-	(75,000)	35,846	-	(39,154)
Adquisition of non-controlling	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2014 (unaudited)	**5,590**	**8,691**	**1,137**	**(73,371)**	**(2,990)**	**(24,448)**	**549,837**	**-**	**3,533**	**467,979**

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

TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2014 AND 2013 (Thousands euro)

	Six month period ended 30 June	
	2014	**2013**
Cash flows from operating activities		
Profit for the period	66,544	67,427
Adjustments for:		
- Taxes	12,770	10,524
- Depreciation/amortisation of PPE and intangible assets	5,650	4,540
- Change in provisions, net	(10,187)	(4,388)
- Share in (profit)/loss of associates	485	(161)
- Changes in fair value of financial instruments	5,693	(733)
- Interest income	(6,508)	(6,157)
- Interest expense	2,493	1,670
- Change in gains/losses on derivatives	640	5,808
- Exchange gains/losses	(445)	29
- Other gains /(losses)	124	-
Changes in working capital		
- Inventories	(884)	(520)
- Trade and other receivables	(54,491)	75,197
- Other financial assets	3,423	(10,677)
- Trade payables	67,624	(105,386)
- Other accounts payable	6,329	(10,224)
- Other changes	(4,078)	(3,547)
Other flows from operating activities:		
- Interest paid	(2,493)	(1,670)
- Interest received	6,508	6,157
- Income taxes paid	(3,335)	-
Net cash from/(used in) operating activities	**95,861**	**27,889**
Cash flows from investing activities		
Purchases of property, plant and equipment	(9,402)	(6,662)
Purchases of intangible assets	(938)	(377)
Acquisition of associates	-	(986)
Acquisition of participation interest in dependent	-	(14,599)
Net cash used in investing activities	**(10,340)**	**(22,625)**
Cash flows from financing activities		
Other debts	250	-
Repayment of borrowings	(1,805)	(1,888)
Dividends paid	(35,846)	(35,846)
Net cash used in financing activities	**(37,401)**	**(37,734)**
Net increase/decrease in cash and cash equivalents	**48,120**	**(32,470)**
Cash and cash equivalents at beginning of the year	**590,814**	**616,833**
Cash and cash equivalents at end of the year	**638,934**	**584,363**

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

TECNICAS REUNIDAS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

Free translation of the consolidated condensed interim financial statements for the six month period ended 30 June 2014 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 2013 were approved by shareholders at a General Meeting held on 26 June 2014.

These consolidated condensed interim financial statements have been prepared and approved by the Board of Directors at a meeting held on 31 July 2014. The consolidated condensed interim financial statements have been submitted to a limited review and have not been audited.

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

2. Basis of presentation

The consolidated condensed interim financial statements for the six month period ended 30 June 2014 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 2013, prepared in accordance with International Financial Reporting Standards adopted as 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 2013 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 2014:

- IFRS 10 “Consolidated Financial Statements”.
- IFRS 11, “Joint Arrangements”;
- IFRS 12, “Disclosure of Interests in Other Entities”.
- IAS 27 (Revised), “Separate Financial Statement”.
- IAS 28 (Revised), “Investments in Associates and Joint Ventures”.
- IAS 32 (Revised) “Offsetting financial instruments asset and liability”.
- IFRS 10 (Revised), IFRS 11 (Revised) and IFRS 12 (Revised) “Consolidated financial statements, Joint Arrangements and Disclosure of interests in other entities: Transition Guidance (amendment in IFRS 10, IFRS 11 and IFRS 12)”
- IFRS 10 (Revised), IFRS 12 (Revised) and IAS 27 (Revised) “Investment entities”.
- IAS 36 (Revised) “Recoverable Amount Disclosures for Non-Financial Assets”
- IAS 39 (Revised) “Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting”

The content of this amendment did not have a significant effect on these Interim fiancial statements.

3.2. Standards, amendments and interpretations that have not came into effect but can be adopted early for periods beginning on January 1, 2014.

- IFRIC 21 “Levies”

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

At the date of these consolidated condensed interim financial statements were signed, the IASB and IFRS Interpretations Committee had published the standards, amendments and interpretations indicated below, pending to be adopted by the European Union.

- IAS 19 (Revised) “Employee benefits”
- IFRS 9, "Financial instruments"
- IFRS 9 (Revised) and IFRS 7 (Revised) “'Mandatory Effective Date and Transition Disclosures”.
- IFRS 9 (Revised) "Financial Instruments: Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39”.

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 consolidated condensed 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 consolidated condensed interim 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 financial statements for the year ended 31 December 2013, 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 consolidated condensed interim 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 2013 (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 tables present the Group's assets and liabilities measured at fair value:

At 30 June 2014	Level 1	Level 2	Level 3	Total balance
Assets				
Financial assets at fair value through profit or loss (Note 10)	62,179	-	-	62,179
Hedging derivatives (Note 10)	-	11,185	-	11,185
Total assets	**62.179**	**11.185**	**-**	**73,364**
Liabilities				
Hedging derivatives (Note 10)	-	11,089	-	11,089
Total liabilities	**-**	**11,089**	**-**	**11,089**

At 31 December 2013	Level 1	Level 2	Level 3	Total balance
Assets				
Financial assets at fair value through changes in profit and loss (Note 10)	67,872	-	-	67,872
Hedging derivatives (Note 10)	-	26,150	-	26,150
Total assets	**67,872**	**26,150**	**-**	**94,022**
Liabilities				
Hedging derivatives (Note 10)	-	26,810	-	26,810
Total liabilities	**-**	**26,810**	**-**	**26,810**

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

a) Level-1 financial instruments

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.

a) Level-2 financial instruments

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.

Specific financial instrument valuation techniques include:

Listed market prices or prices established by financial intermediaries for similar instruments.
The fair value of interest rate swaps is calculated as the present value of estimated future cash flows, based on estimated yield curves.
The present value of foreign currency futures is calculated using forward exchange rates at the balance sheet date and discounting the amount obtained.
Other techniques, such discounted cash flow analysis, are used to analyse the fair value of all other financial instruments.

As regards financial instruments, credit risk must be included if fair value measurements, including both counterparty credit risk and the Group's own credit risk where necessary.

Due to the characteristics of the Group's portfolio, credit risk mainly affects the portfolio of financial derivatives designated as cash flow hedges, since they are carried at fair value.

These instruments are special in that their expected fund flows are not pre-determined and change based on the underlying financial variable, so that the calculation of the applicable credit risk, i.e. own or counterparty credit risk, is not intuitive but depends on market conditions at each moment and thus requires quantification using valuation models.

The derivatives contracted by the Group consist of currency futures and commodity futures.

Currency forward transactions consist of buying one currency against the sale of a different currency; the exchange rate is established at the contract date and delivery or settlement takes place in the future, as from the third business day following the contract date.

Listed commodity forward transactions consist of buying or selling a commodity at a future date; the exchange rate is established at the contract date and delivery or settlement takes place in the future, as from the third business day following the contract date.

The effect of credit risk on the measurement of currency and commodity futures will depend on the settlement of the future. If settlement favours the Group, a counterparty credit spread is applied to quantify the probability of default at maturity; if settlement is expected to be negative for the Group, its own credit risk is applied to the Group's final settlement. In order to determine whether the settlement of a future is favourable or adverse for the Group, a stochastic model must be employed to simulate the derivative's behaviour in different scenarios by means of complex mathematical models, based on the volatility of the underlying variable, so as to apply the credit spread resulting from each simulation.

There have been no significant changes in 2014 and 2013 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 2014 or 2013.

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 2014 and 2013 is as follows:

	Six month period ended 30 June 2014			
	Oil and gas	**Energy, Infrastructure and Industries**	**Unallocated**	**Group**
Revenue	1,404,666	73,994	-	**1,478,660**
Operating profit	136,809	(8,970)	(52,500)	**75,339**
Net finance income	-	-	4,460	4,460
Share in profit (loss) of associates	-	-	(485)	(485)
Profit before taxes	**136,809**	**(8,970)**	**(48,525)**	**79,314**
Income tax expense	-	-	(12,770)	(12,770)
Profit for the period	**136,809**	**(8,970)**	**(61,295)**	**66,544**

	Six month period ended 30 June 2013			
	Oil and gas	**Energy, Infrastructure and Industries**	**Unallocated**	**Group**
Revenue	1,276,544	118,026	-	**1,394,570**
Operating profit	105,051	1,749	(33,750)	**73,052**
Net finance income	-	-	4,738	4,738
Share in profit (loss) of associates	-	-	161	161
Profit before taxes	**105,051**	**1,749**	**(28,851)**	**77,951**
Income tax expense	-		(10,524)	(10,524)
Profit for the period	**105,051**	**1,749**	**(39,375)**	**67,427**

Revenues by geographic area for the six month periods ended 30 June 2014 and 2013:

	Six month period ended 30 June	
	2014	**2013**
Spain	29,381	50,176
Middle East	520,852	475,916
America	271,661	289,518
Asia	118,225	190,448
Europe	274,237	190,116
Mediterranean	264,304	198,396
Total	**1,478,660**	**1,394,570**

Revenue generated in the Middle East geographic area relates mainly to projects performed in Saudi Arabia and Abu Dhabi; in the Americas area, it mainly includes projects in Canada, Chile and Bolivia; in the Asia area, revenue includes operations in China and Australia; European revenue derives mainly from Russia and Belgium; and revenue in the Mediterranean area relates basically to Turkey and Algeria, among other nations.

During the first half of 2014 and 2013 there have been no changes in the allocations to assets and liabilities by segment compared with December 2013, 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 2014 is 16.1% (the estimated tax rate for the six month period ended 30 June 2013 was 13,5%).

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

Movements in this item during the first six months of 2014 and 2013 are as follows:

	Thousands euro		
	Goodwill	**Other intangible assets**	**Property, plant and equipment**
Cost			
Balances at 1 January 2014	**1,242**	**83,634**	**97,906**
Additions	-	937	9,402
Disposals and other removals	-	-	-
Other transfers and other movements	-	-	-
Balances at 30 June 2014	**1,242**	**84,571**	**107,308**
Accumulated amortisation/depreciation			
Balances at 1 January 2014	-	**13,908**	**56,104**
Disposals and other removals	-	-	-
Charges to income statement	-	1,080	4,570
Other transfers and other movements	-	-	17
Balances at 30 June 2014	**-**	**14,988**	**60,691**
Net assets			
Balances at 1 January 2014	**1,242**	**69,726**	**41,802**
Balances at 30 June 2014	**1,242**	**69,583**	**46,617**

	Thousands euro		
	Goodwill	Other intangible assets	Property, plant and equipment
Cost			
Balances at 1 January 2013	**1,242**	**82,478**	**82,972**
Additions	-	377	6,662
Disposals and other removals	-	(199)	(233)
Other transfers and other movements	-	-	-
Balances at 30 June 2013	**1,242**	**82,656**	**89,401**
Accumulated amortisation/depreciation			
Balances at 1 January 2013	**-**	**12,451**	**49,194**
Disposals and other removals	-	(170)	(233)
Charges to income statement	-	674	3,866
Other transfers and other movements	-	-	-
Balances at 30 June 2013	**-**	**12,955**	**52,827**
Net assets			
Balances at 1 January 2013	**1,242**	**70,027**	**33,778**
Balances at 30 June 2013	**1,242**	**69,701**	**36,574**

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

At 30 June 2014 and 31 December 2013 the Group did not have any significant commitments to acquire assets.

During the first six months of 2014 and 2013 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 2014 and 31 December 2013 are set out below by nature and measurement category:

	At 30 June 2014 (Thousands euro)			
Financial assets:	**Financial Assets at fair value through profit or loss**	**Available for sale**	**Loans and other accounts receivables**	**Hedging derivatives**
Nature/Category				
Equity instruments	-	1,010	-	-
Derivatives	-	-	-	434
Other financial assets	-	-	5,723	-
Long-term/non-current	**-**	**1,010**	**5,723**	**434**
Equity instruments	-	-	-	-
Derivatives	-	-	-	10,751
Other financial assets	62,179	-	19,468	-
Short-term / current	**62,179**	**-**	**19,468**	**10,751**
Total financial assets at 06.30.2014	**62,179**	**1,010**	**25,191**	**11,185**

	At 31 December 2013 (Thousands euro)			
Financial assets:	**Financial Assets at fair value through profit or loss**	**Available for sale**	**Loans and other accounts receivables**	**Hedging derivatives**
Nature/Category				
Equity instruments	-	1,010	-	-
Derivatives	-	-	-	4,251
Other financial assets	-	-	5,796	-
Long-term/non-current	**-**	**1,010**	**5,796**	**4,251**
Equity instruments				
Derivatives	-	-	-	21,899
Other financial assets	67.872	-	22,891	-
Short-term / current	**67.872**	**-**	**22,891**	**21,899**
Total financial assets at 12.31.2013	**67.872**	**1,010**	**28,687**	**26,150**

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

a.1) - Measurement adjustments for financial asset impairment

Movements during the first half of 2014 and 2013 in the balance of the asset impairment provisions making up the heading "Trade and other receivables ":

	Thousands euro	
	30 June 2014	**30 June 2013**
Beginning balance in the provision	**10,858**	**10,466**
Charges to income statement:	-	141
Applications	(225)	-
Ending balance in the provision	**10,633**	**10,607**

The rest of the financial assets have not become impaired during the first half of 2014 and 2013.

a.2) – Trade and other receivables

Trade receivables includes €883,846 thousand (31 December 2013: €746,664 thousand) relating to completed work pending billing, measured on the basis of the accounting criteria set forth in Note 2.20 from Consolidated Annual Accounts for the year ended December 31, 2013.

b) Financial liabilities

Financial liabilities (excluding Trade and other payables) at 30 June 2014 and 31 December 2013 are set out below by nature and measurement category:

	At 30 June 2014 (Thousands euro)	
Financial liabilities	**Borrowings and payables**	**Hedging derivatives**
Nature/Category		
Bank borrowings	24,482	-
Derivatives	-	4,115
Other financial liabilities	1,066	-
Non-current payables / Non-current financial liabilities	**25,548**	**4,115**
Bank borrowings	4,004	-
Derivatives	-	6,974
Other financial liabilities	47,315	-
Current payables / Current financial liabilities	**51,319**	**6,974**
Total financial liabilities at 06.30.2014	**76,867**	**11,089**

Financial liabilities	At 31 December 2013 (Thousands euro) Borrowings and payables	Hedging derivatives
Nature/Category		
Bank borrowings	25,915	-
Derivatives	-	8,799
Other financial liabilities	871	-
Non-current payables / Non-current financial liabilities	**26,786**	**8,799**
Bank borrowings	4,126	-
Derivatives	-	18,011
Other financial liabilities	38,351	-
Current payables / Current financial liabilities	**42,477**	**18,011**
Total financial liabilities at 12.31.2013	**69,263**	**26,810**

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 2013 indicates the criteria used by the Group for hedging activities. There have been no changes in the criteria during the first half of 2014.

The changes arising during the first half of 2014 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 2014 and 2013 there have been no inefficiencies due to foreign currency hedges.

d) Borrowings

The breakdown of borrowings at 30 June 2014 and 31 December 2013 is as follows:

	At 30 June 2014	At 31 December 2013
Non-current		
Bank borrowings	24,482	25,915
Current		
Bank borrowings	4,004	4,126
Total borrowings	**28,486**	**30,041**

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 2014 total €112,560 thousand (€112,778 thousand at 31 December 2013).

11. Equity

Share capital

At 30 June 2014 and at 31 December 2013 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 2014. At 30 June 2014 treasury shares represent 3.85% of the parent company's share capital (3.85% at 31 December 2013) and total 2,154,324 shares (2,154,324 shares at 31 December 2013).

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 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 2014 and 2013 is as follows:

<u>- First half of 2014:</u>

- On 12 December 2013 the Board of Directors approved the payment of 35,846 thousand (€0.667 per share) as the dividend approved and charged against 2013 profits and paid out on 16 January 2014.

- On 26 June 2014, the General Shareholders' Meeting approved the pay-out of a dividend of € 75,000 thousand. On 15 July 2014, a supplementary dividend of € 39,154 thousand (€ 0.729 per share) was paid out, in addition to the interim dividend approved by the Board of Directors on 12 December 2013.

<u>- First half of 2013</u>

- On 13 December 2012 the Board of Directors approved the payment of 35,846 thousand (€0.667 per share) as the dividend approved and charged against 2012 profits and paid out on 17 January 2013.

- Shareholders at a General Meeting held on 25 June 2013 approved the payment of a dividend totalling €75,000 thousand. During the second half of 2013 €39,154 thousand (€0.729 per share) as a supplementary dividend, in additional to the interim dividend approved by the Board of Directors at 13 December 2012.

The dividends paid by the parent company during the six month period ended 30 June 2014 and 30 June 2013:

	First half of 2014			First half of 2013		
	% par value	Euro per share	Amount (thousands euro)	% par value	Euro per share	Amount (Thousands euro)
Ordinary shares	667	0.667	35,846	667	0.667	35,846
Total dividends paid						
a) Dividends charged to profits	667	0.667	35,846	667	0.667	35,846
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 2014 and 2013 is as follows:

	At 30 June 2014	At 30 June 2013
Profit for the period attributable to owners of the parent	67,047	66,902
Weighted average number of ordinary shares in issue (thousand)	53,742	53,742
Earnings per share (euro)	1.25	1.24

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 2013 indicates the criteria used by the Group to establish these provisions. There have been no changes in the criteria during the first half of 2014. Movements during the six month periods ended 30 June 2014 and 2013 under the heading Non-current provisions are shown below:

	Six month period ended at 30 June 2014			
ITEM	Provision for estimated project losses	Provision for project completion	Other provisions	Total provisions for liabilities and charges
Balance at 01.01.2014	**5,982**	**1,748**	**21,836**	**29,566**
Reversals / Amounts used	(3,000)		(7,985)	(10,985)
Amounts provisioned				
Balance at 06.30.2014	**2,982**	**1,748**	**13,851**	**18,581**

ITEM	Six month period ended at 30 June 2013 Provision for estimated project losses	Provision for project completion	Other provisions	Total provisions for liabilities and charges
Balance at 01.01.2013	**6,060**	**1,748**	**18,248**	**26,056**
Reversals / Amounts used	(3,710)	-	-	(3,710)
Amounts provisioned	-	-	-	-
Balance at 30.06.2013	**2,350**	**1,748**	**18,248**	**22,346**

During the first half of 2014 and 2013 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 2014 and 2013 are as follows:

	Six month period ended 30 June 2014				
Amounts in thousands euro	**Significant shareholders**	**Directors and Executives**	**Group companies or related persons**	**Other related parties**	**Total**
Receipt of services:	-	-	4,201	-	4,201
Finance expense	754	1,362	-	-	2,116
Total expenses	**754**	**1,362**	**4,201**	**-**	**6,317**
Rendering of services	-	-	8,273	-	8,273
Finance income	26	280	22	-	328
Total revenues	**26**	**280**	**8,295**	**-**	**8,601**

	Six month period ended 30 June 2013				
Amounts in thousands euro	**Significant shareholders**	**Directors and Executives**	**Group companies or related persons**	**Other related parties**	**Total**
Receipt of services	-	-	5,022	-	5,022
Finance expense	933	850	-	-	1,783
Total expenses	**933**	**850**	**5,022**	**-**	**6,805**
Rendering of services	-	-	7,573	-	7,573
Finance income	26	198	20	-	244
Total revenues	**26**	**198**	**7,593**	**-**	**7,817**

Amounts in thousands euro	Six month period ended 30 June 2014				
	Significant shareholders	**Directors and Executives**	**Group companies or related persons**	**Other related parties**	**Total**
Other transactions					
Financing, loans and capital contribution agreements (lender) (1)	-	-	-	-	-
Guarantees received	256,419	770,824	-	-	**1,027,243**
Other transactions (2)	-	-	-	-	-

Amounts in thousands euro	Six month period ended 30 June 2013				
	Significant shareholders	**Directors and Executives**	**Group companies or related persons**	**Other related parties**	**Total**
Other transactions					
Financing, loans and capital contribution agreements (lender) (1)	-	-	-	-	-
Guarantees received	291,775	421,446	-	-	**713,221**
Other transactions (2)	-	-	-	-	-

- Transactions with the Company's shareholders

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

(1) At 30 June 2014, credit lines contracted with the BBVA Group totalled € 5,000 thousand and USD 10,000 thousand (€ 5,000 thousand and USD 10,000 thousand at 30 June 2013), of which € 0 thousand had been utilised (€ 0 thousand at 30 June 2013).

In addition, at 30 June 2014, Técnicas Reunidas Group had contracted with BBVA Group to sell currency totalling USD 403,687 thousand (USD 271,512 thousand at 30 June 2013) and purchases of US dollars for euro amounting to USD 42,846 thousand (USD 21,043 thousand in 2013).

In addition, the Group has opened numerous bank accounts that are necessary to carry out its ordinary business and manages a portion of its cash balances by contracting financial assets through the BBVA Group, not having any significant change in comparison with December 2013.

During the first six months of 2014 and 2013 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.

The transactions carried out with the Santander Group deriving from banking activities are as follows:

(1) At 30 June 2014 the credit facilities arranged with the Santander Group amounted to € 19,000 thousand (€ 19,000 at 30 June 2013), of which €0 thousand had been used (€ 0 thousand at 30 June 2013).

Additionally, at 30 June 2014 the Técnicas Reunidas group had arranged with the Santander Group sales of USD for other currencies for an amount of USD 203,534 thousand (USD 355,788 thousand at 30 June 2013), and purchases of US dollars for other currencies for an amount of USD 26,777 thousand (USD 52,425 thousand in 2013).

In addition, the Group has opened numerous bank accounts that are necessary to carry out its ordinary business and manages a portion of its cash balances by contracting financial assets through Santander, not having any significant change in comparison with December 2013.

In the first six months of 2014 and 2013 no transactions were carried out with other shareholders (except for floating capital).

- 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 2014 and 2013 is as follows:

	Thousands euro	
	30 June 2014	**30 June 2013**
Compensation		
Fixed compensation	329	330
Variable compensation	350	600
Per diems	538	553
Total:	**1,217**	**1,483**
Other benefits		
Prepayments	-	-
Life insurance premiums	6	8
Total other benefits:	**6**	**8**

b) Executive compensation

Remuneration paid to senior management personnel during the six-month period ended 30 June 2014 totalled € 2,365 thousand (€ 2,613 thousand at 30 June 2013).

Advances: No advances were granted to senior management during the first six months of 2014 or 2013.

15. Average number of employees

The Group's average payroll for the first six months of 2014 and 2013, broken down by category and gender, is as follows:

	Average payroll for the six month period ended 30 June					
	2014			2013		
	Men	Women	Total	Men	Women	Total
Directors and senior executives	21	2	23	21	2	23
Engineers and university graduates	2,534	1,374	3,908	2,384	1,183	3,567
Technical engineers, experts and skilled assistants	1,155	449	1,604	1,099	366	1,465
Administrative managers	1,112	411	1,523	1,058	334	1,392
Unskilled assistants	136	265	401	128	238	366
Other categories	415	146	561	400	113	513
TOTAL	**5,373**	**2,647**	**8,020**	**5,090**	**2,236**	**7,326**

16. Other information

- Contingencies and guarantees provided

Note 32 of the notes to the consolidated financial statements for the year ended 31 December 2013 provides information regarding contingencies and guarantees provided at that date. At 30 June 2014, the Group has provided guarantees to third parties totalling €2,784,700 thousand (21 December 2013: €2,204,309 thousand). Group management considers that the provisions recorded in these financial statements at 30 June 2014 reasonably cover the risks relating to litigation, arbitration and claims, without any additional liabilities expected to arise.

During the year inspection proceedings started in Técnicas Reunidas, S.A.for corporate income tax (2008 to 2011) and other taxes (2009 to 2011). Therefore, the years 2008 to 2011 for corporate income tax and 2009 to 2011 for applicable taxes may be considered open to inspection.

At the preparation date of these interim financial statements, the outcome of the inspection is not yet known, although additional liabilities could arise as a result of the inspection due, among other matters, to the different possible interpretations of prevailing tax legislation. In any event, the directors consider that any additional assessments would not significantly affect the annual accounts.

The Group is party to certain legal disputes in the ordinary course of its business activities (with customers, suppliers, employees or administrative and tax authorities). The Group's external legal advisors consider that the outcome of the disputes will not significantly affect the Group's financial situation. The most significant dispute relates to the Sines project and is explained by the failure to reach an agreement during the final settlement process, after the plant had been accepted and fully paid by the customer.

17. Events after the end of the reporting period

Between the closing date of the six month period ended 30 June 2014 and the date these Interim Period Financial Statements were approved, no significant event took place that Management believes that it can significantly affect the Company's business.

1.Business evolution

1.1 Business evolution in the first half of 2014

Técnicas Reunidas, TR posted an operating profit of € 75.3 million in the first half of 2014, 3.1% up on the figure for the same period of 2013. During this period, ordinary revenue totalled € 1,478.7 million, up 6.0% on the same period of the previous year due to a record number of projects.

Of the total revenue, 95% related to Oil and Gas projects, which still account for the majority of the Group's turnover, due above all to opportunities in the refining area; 2% derived from Energy generation projects; and 3% from the Infrastructures and Industries area.

The Company's commercial activities in previous years bore fruit in the form of new contracts in different geographic areas: Saudi Arabia, Peru, Dominican Republic, Bangladesh and Canada.

1.2 Evolution of business areas in the first half of 2014

Each of TR's business areas performed as described below:

Oil and gas

The oil and natural gas division continues to be TR's most significant business area. In the first half of 2014, it accounted for 95% of the Group's sales, amounting to € 1,404 million.

This area encompasses refining, petrochemicals and commissioning oil and gas fields for production.

The most relevant new contracts secured during the period were as follows:

Jazan project in Saudi Arabia

Saudi Aramco, Arabia Saudi's state-owned oil company, selected Técnicas Reunidas to execute a turnkey Utilities & Common Area project at the IGCC (Integrated Gasification Combined Cycle) complex in Jazan province, in the southwest of Saudi Arabia.

The IGCC complex in Jazan will be the largest of its kind in the world; it will turn vacuum waste from the adjacent 400,000 bpd refinery (in which TR is currently executing two projects) into synthesis gas. The plant will have an electricity capacity of approximately 2,400 MW, most of which will be exported to the national grid.

The project's scope includes the execution of facilities for the IGCC's auxiliary services under a turnkey contract encompassing engineering services, equipment supply, construction, pre-commissioning and support during unit commissioning. The contract amounts to nearly USD 1,700 million and the facilities will become operational in 2017.

Talara refinery in Peru

In the first half of 2014, Técnicas Reunidas and Petroperú signed the final agreement converting the project to modernise the Talara refinery in Peru into a turnkey contract for engineering, supplies and construction of the crude processing units during the refinery's modernisation. The contract has a total value of just over USD 2,700 million.

The project includes design and detail engineering, supply of all equipment and materials, construction and assistance during commissioning of the facilities over a 55-month period. The purpose of the project is to produce fuels (diesel and petrol) in accordance with Peru's new environmental requirements (50 ppm maximum sulphur content), at competitive prices. The project will also help to reduce environmental impacts, produce better quality fuels and, of course, increase heavy crude processing capacity, thereby enhancing the refinery's operating flexibility.

With respect to environmental concerns, this refinery will have minimal emissions, will generate its own electricity and will be equipped with sea water desalination and purification facilities to avoid any impact on aquifers.

The modernisation project will allow an increase in the refinery's production from 62,000 to 95,000 barrels per day.

<u>Project for the Stugeon refinery, Canada</u>

In the first half of 2014, North West Redwater Partnership awarded Técnicas Reunidas a turnkey contract (CAD 580 million) to execute the light ends recovery and sulphur units during Phase 1 of the North West Redwater Sturgeon Refinery in Alberta, Canada.

North West Redwater Partnership is a joint venture between the companies North West Upgrading Inc. and Canadian Natural Resources Limited, each with a 50% interest.

The project's scope includes engineering, procurement, construction and commissioning to mechanical completion of the light ends recovery unit and the sulphur plant, which form part of phase one of the bitumen refinery that will have a processing capacity of approximately 78,000 barrels per day to transform a diluted synthetic bitumen mix into high-value products (stabilized sweet naphtha, ultra-low sulphur diesel, low-sulphur gas oil, liquefied petroleum gas (LPG), hydrogen gas and high-purity carbon dioxide.

This project for North West Redwater Partnership forms part of TR's worldwide expansion process and will considerably boost the Group's presence and positioning in Canada.

<u>Project execution</u>

The projects that progressed the most in the first half of 2014 are described below: The Izmit refinery for Tüpras in Turkey, Sadara petrochemical complex for Dow Chemical and Saudi Aramco in Saudi Arabia, Kemia project for Sabic and Exxon Mobile, Petrokemya project for Sabic, petrochemical project for Yara/Orica/Apache in Australia, Gran Chaco gas project for YPFB in Bolivia bituminous sands project for CNRL in Canada.

<u>Energy, infrastructures and industries</u>

In the first half of 2014, sales in this business area totalled € 74 million due to the small number of contracts secured in prior years. However, to July 2014 the energy division was awarded four large projects:

<u>Ashuganj in Bangladesh</u>

Ashuganj Power Station Company Ltd (APSCL) selected TR to lead a consortium together with TSK, as the main contractor for engineering, equipment and materials procurement, construction and commissioning of a new electricity generation plant in Ashuganj, Bangladesh. It is a turnkey contract for an approximate value of USD 300 million.

The purpose of the project is to build a new natural gas based combined cycle facility for electricity generation and export to the local grid. The combined cycle consists of a gas turbine, a recovery boiler and a steam turbine, as well as all auxiliary systems. It will generate 380 MW (net) based on site weather conditions (35 ºC and 98% humidity).

The project is financed by the Asian Development Bank.

<u>Electricity generation unit for PGE in Poland</u>

The consortium formed by Técnicas Reunidas, Mitsubishi Hitachi Power Systems Europe (MHPSE) and Budimex concluded a lump sum turnkey contract with Polska Grupa Energetyczna (PGE) for the construction of a new coal generation unit at the Turów power plant in Bogatynia, in the southwest of Poland.

The scope of the project for the new 450 MWe supercritical coal unit, which will burn local lignite in compliance with severe local environmental regulations and will be considerably more efficient than a conventional coal power plant, will include a coal boiler, combustion gas processing, steam turbine and all the balance required by the plant, including a natural draw refrigeration tower.

The contract has a total value of PLN 3,250 million (approximately € 770 million), entailing an increase of around € 170 million in TR's portfolio.

PGE will send notification of the order to proceed with contract execution before the end of this year. The plant will become operational 56 months after the execution order.

<u>Electricity power plant for AES in the Dominican Republic</u>

AES Dominicana, through Dominican Power Partners (DPP), awarded Técnicas Reunidas a contract for the conversion of the Los Mina power plant in Santo Domingo (Dominican Republic) to a combined cycle plant.

The new plant will allow an increase of 114 MWe in electricity generation capacity in addition to the existing open cycle of 210 MWe. The plant currently has two open-cycle gas turbines. TR will install two heat recovery steam generators, a steam turbine and all the components necessary for the plant. The project was awarded to TR under a turnkey contract, including engineering services, supply of equipment and materials, construction, pre-commissioning and commissioning of the plant, until full commercial operations commence.

The contract has a value of approximately USD 140 million. When it is signed, DPP will issue a limited execution order, followed by a final execution order, which is due in September this year. The plant will be completed in a period of 27 months following issue of the final execution order.

<u>Electricity generation plant in Peru</u>

EnerSur, one of Peru's main electricity generation companies and a part of the GDF Suez Group, selected Técnicas Reunidas together with the Peruvian company JJC Contratistas Generales to design and build a new electricity generation plant in Ilo, in the south of Peru.

The new plant will have three dual fuel gas turbines generators with a total net capacity of 500 MWe ±20%. The project's scope includes engineering, supply, construction and commissioning until commercial operations commence.

The plant will allow EnerSur to meet its capacity guarantee obligations under the “Nodo Energético del Sur” cold reserve program, which will enhance the security of electricity supplies to final consumers, including domestic consumers and significant mining projects in the south of Peru.

The contract has a value of approximately USD 240 million, one half of which pertains to TR. When it is signed, the customer will issue a limited execution order, followed by a final execution order, which is due in October this year. The plant will be operational 23 months following issue of the final execution order.

2. Main risks and uncertainties for the second half of 2014

TR's business is subject to various risks associated with activities in its sector, including raw material price volatility, which affects the prices of equipment and supplies, the capacity of its suppliers to meet orders, availability of engineering, construction and assembly resources, and currency market volatility.

The company is also exposed to the global or local economic and market circumstances that can affect all types of sectors. Geopolitical conflict affecting countries with activities or influence in the energy industry can have an impact on the Group's activities. International financial crises also slow down the award and start-up of projects, entailing longer periods to obtain project financing. Finally, the presence of new competitors, particularly Korean companies, offering competitive prices, forces the Company to improve its commercial strategy so as to secure new markets and new types of customers.

Técnicas Reunidas focuses on project execution risk management, both for projects that are commencing and for projects that will be handed over this year or are still in the warranty phase.