09 consolidated financial statements, management report and audit report 2009

TECNICAS REUNIDAS

TECNICAS REUNIDAS

TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts at 31 December 2009
and Director's Report 2009

TECNICAS REUNIDAS

Free translation of the consolidated annual accounts originally issued in Spanish and prepared in accordance with International Reporting Standards as adopted by the European Union. In the event of a discrepancy, the Spanish language version prevails.

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2009 was a year of brand reinforcement and consolidation for the Group. At a time of uncertainty marked by a loss of trust in the markets due to the economic situation, Técnicas Reunidas managed to strengthen its ties with clients while moving forward with its selective strategy. Técnicas Reunidas focused its efforts on projects that offered good opportunities with both traditional clients and new ones in new and existing geographical markets. All of this has enabled the company to improve its position as a leading international contractor backed by solid brand recognition in the market.

At the end of fiscal year 2009, Técnicas Reunidas recognised net profits of €145 million, which is 3.6% more than in 2008. Ordinary income totalled €2,634 million, reflecting growth of 6% over the year before and the company ended the fiscal year with €796.5 million of net cash generated. Once again, these figures reflect the Company's stability and consistency, despite the economic turmoil.

At a time when many sectors and companies are being penalised, 2009 was a year of growth for Técnicas Reunidas in terms of the volume of new business. Some of our most important clients have demonstrated their confidence in us by entrusting us with projects of an even larger magnitude than before. In doing so, Técnicas Reunidas has managed to optimise relations with the clients who have become regular users of the Company's services (ADCO, Saudi Aramco and Tüpras). Clients such as Galp and Samir have agreed to extend their service agreements with the Group in the form of turnkey projects. All of this means that the Group's revenues are well diversified and equilibrated. The revenue from work performed in Spain represented 22% of the total while 29% came from OECD countries and the remaining 49% came from the rest of the world, including the countries of the Middle East.

The contracts awarded in 2009 were focused primarily in the oil and gas areas. The Energy and Infrastructures Divisions, more sensitive to economic cycles, were more affected by the economic crisis. However, it should be noted that the consequences of a decrease in these types of investments can be absorbed more rapidly than would be the case for gas and oil projects.

At Técnicas Reunidas, our staff is our most highly valued asset. As the volume of projects has increased significantly, so TR has continued to recruit new professionals to undertake those projects. At the end of 2009, Técnicas Reunidas had a total of 5,385 employees.

With regard to stock performance in 2009, the price of the Group's shares rose steadily beginning in the first quarter of the year. After just one year on the selective Spanish stock exchange and three on the continuous market, Técnicas Reunidas was the IBEX 35 company with the highest stock appreciation during the year, with an annual yield of 118%. Thanks to the company's financial and operating stability, Técnicas Reunidas has maintained its policy of remunerating shareholders by paying out 50% of its profits in the form of dividends. Even so, Técnicas Reunidas continued to create value for its shareholders, increasing the per share payout from €2.49 per share to €2.68 per share.

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

Oil and Gas

One of the events which characterised the 2009 fiscal year for Técnicas Reunidas was the growth of the company's portfolio thanks to significant new investments by existing customers. Despite a year of economic recession and spending cuts by many companies, the commercial strategy of Técnicas Reunidas was successful once again. One of the key management strategies of Técnicas Reunidas consists of focusing selectively on the clients that offer the opportunity for growth, either through recurring investments or the chance to work in new countries. In 2009, clients with whom Técnicas Reunidas had been working for several years entrusted the company to develop projects of even greater magnitude and technical complexity than in the past, resulting in international recognition by some of the sector's most influential clients.

In 2009, Técnicas Reunidas reinforced its position in the Persian Gulf and Mediterranean, areas which offer greater potential for growth due to the adaptation and developmental needs of these countries.

The revenue in 2009 from this line of business was € 2,104 million, which is 3% higher than the year before and accounts for 80% of total sales.

Refining and Petrochemicals

- In the second quarter of the year, the company was awarded one of the largest and most critical packages of the new Al Jubail refinery in Saudi Arabia by SATORP (a consortium comprising Saudi Aramco and Total). The "turnkey" contract includes the engineering, procurement and construction of the distillation and hydrotreatment units: crude/vacuum, hydrotreatment of naphtha, high and low pressure hydrodesulphurizers and hydrogen generation and storage.

- At the beginning of the third quarter, SAMIR, Societé Anonyme Marocaine de l'Industrie du Raffinage, awarded Técnicas Reunidas a "turnkey" contract for its refinery in Mohammedia in Morocco. The project includes engineering, equipment procurement and construction of the crude distillation unit, a kerosene treatment unit and the modernisation of an "LPG Merox" unit. TR began work on this project in mid-2008 under a service agreement.

- At the end of the year, Técnicas Reunidas and Galp Energía signed an agreement to convert a contract for the Sines refinery in Portugal into a turnkey project. Técnicas Reunidas commenced work on this project in April 2007 under a reimbursable service agreement which provided for the possibility of conversion to a "turnkey" project. The project includes building new units and updating existing ones such as: a hydrocracker, an LPG splitter, a steam hydrogen reformer, a deisobutaniser, an acid water unit, a sulphur recovery unit, an atmospheric distillation unit along with their offsite and auxiliary service units.

Also during the last month of the year, TR was chosen for two important refinery projects which were later formalised in early 2010.

- Tüpras chose Técnicas Reunidas for the engineering and construction of a project to modernise the Izmit Refinery in Turkey. The contract was signed under an "open book" arrangement which provides for the possibility of the contract being converted into a "turnkey" arrangement at a later date. The project includes the following units: Hydrocracker, vacuum, coker, naphtha hydrogeneration, diesel desulphurisation, hydrogen, sulphur recovery, amine regeneration and an acid water separation unit. Técnicas Reunidas had worked for Tüpras for years and had participated in a previous phase of the Izmit Refinery. This project is relevant to the company not only because of the volume of the client's investment, the technological complexity of the project and the geographical diversification of the portfolio, but also because it reinforces the client's loyalty to Técnicas Reunidas.

- Several days later, Petroperú selected Técnicas Reunidas for the project to modernise the Talara Refinery in Peru. This project was also awarded under an "open book" arrangement with the possibility of being converted to a "turnkey" project in the future. The project includes, on the one hand, the enlargement and modification of the existing processing units such as the primary distillation unit, catalytic cracking complex and vacuum distillation unit and on the other hand the construction of new processing units such as the diesel hydrotreatment unit, the hydrotreatment of cracked naphtha, vacuum distillation, flexicoker, naphtha hydrotreatment, catalytic naphtha reformation, hydrogen plant, sulphuric acid recovery plant, amine plant and cogeneration plant, including the expansion and modification of auxiliary services. This project represents a great deal of added value for Técnicas Reunidas since the Talara flexicoker unit is only the seventh unit of its kind in the world and the second one developed by Técnicas Reunidas, making it one of two companies in the world that has designed this type of advanced technology unit. Técnicas Reunidas has thus reinforced its global position as a supplier of technological know-how in the most complex refinery projects.

Progress on the projects awarded in prior years was satisfactory. Some of the projects that are close to their delivery dates include the Kayan phenol plant for Sabic in Saudi Arabia, the Borouge project for ADNOC in Abu Dhabi and the alkylation unit for Enap in Chile. The company concluded and delivered the Dung Quat refinery in Vietnam for Petrovietnam complying with the quality objectives.

Natural Gas and Upstream

2009 was also a year of new references in the natural gas and upstream division. Thanks to a relevant contract in the Persian Gulf, Técnicas Reunidas has demonstrated its competitiveness in this line of business.

In the early weeks of 2009, Técnicas Reunidas, along with the Consolidated Contractors International Company (CCC), was awarded a project for the development of the Sahil and Shah gas fields in Abu Dhabi, UAE by the Abu Dhabi Company for Onshore Oil Operations (ADCO). Técnicas Reunidas holds a 60% stake in the joint venture. The contract was signed under a "turnkey" arrangement and calls for the provision of detail engineering; the procurement of equipment and materials and the construction and assembly required for the development of the Sahil and Shah gas fields.

At the beginning of the year, Técnicas Reunidas signed an agreement with Gascan for the construction of two Liquid Natural Gas (LNG) terminals in Granadilla (Tenerife) and Arinaga (Gran Canaria). The contract was signed under a "turnkey" arrangement and includes the engineering, equipment and material supply and construction of a regasification plant with a capacity of 150,000 Nm3/hour, a storage tank with a capacity of 150,000 m3 and the methane facilities needed for each one of the locations mentioned above.

In 2009, progress continued on the Saih Rawl project for PDO in Oman and the Medgaz project in Algeria, both awarded in prior years.

In addition, the Company successfully concluded the Hawiyah project for Saudi Aramco in Saudi Arabia.

Energy

In 2009, the revenues from this business grew by 5%, thanks primarily to the Manifa energy generation project for Saudi Aramco in Saudi Arabia, the Montoire combined cycle plant for Gas de France in France, the Besos combined cycle plant for Endesa in Spain and the Port of Barcelona combined cycle plant for Gas Natural in a joint venture with General Electric. The company also concluded the work on the Saih Rawl project, with a generation capacity of 120 MW and the second phase of the Escatrón plant for Global 3.

In 2009, Técnicas Reunidas continued to actively develop its nuclear strategy.

The company also made progress domestically in its work on a biodiesel production plant in Extremadura for the Green Fuel Consortium in which Técnicas Reunidas is also a partner.

Infrastructures and Other Activities.

In 2009, thanks to different projects in multiple fields such as airports, industrial facilities, desalination plants, water treatment plants and work done for government agencies and other bodies, including car parks, theatres and sport facilities, this division continued to grow. Due to the fact that this line of business is closely related to the activities of the public administrations, no significant contract awards were announced in 2009 because of the effects of the economic crisis.

The revenues from Infrastructures and Other Activities in 2009 totalled €187,000,000. Some of the projects that contributed to this growth included: the Perth desalination plant for the Water Corporation of Western Australia and the engineering and construction of a chip production plant for the production of solar panels for Silicio Solar in Puertollano (Ciudad Real). Work continued to progress on the projects awarded the year before, including: the desalination plant for ACUAMED (Ministry of the Environment) in Oropesa (Castellón) and the La Viña Shopping Centre in San Sebastián de los Reyes (Madrid).

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Free translation of the auditor's report on the consolidated annual accounts originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the Shareholders of Técnicas Reunidas, S.A.

We have audited the consolidated annual accounts of Técnicas Reunidas, S.A. (Parent Company) and its subsidiaries (the Group), consisting of the consolidated balance sheet as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes to the consolidated annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the Parent Company. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with auditing standards generally accepted in Spain, which require the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of their overall presentation, the accounting principles applied and the estimates made.

For comparative purposes and in accordance with Spanish Corporate Law, the Parent Company's Directors have presented for each item in the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes to the consolidated annual accounts, the corresponding amounts for the previous year as well as the amounts for 2009. Our opinion refers solely to the 2009 consolidated annual accounts. On 27 February 2009 we issued our audit report on the consolidated annual accounts for 2008, in which we expressed an unqualified opinion.

In our opinion, the accompanying consolidated annual accounts for 2009 present fairly, in all material respects, the consolidated financial position of Técnicas Reunidas, S.A. and its subsidiaries as at 31 December 2009 and the consolidated results of their operations, changes in consolidated net equity and consolidated cash flows for the year then ended, and contain all the information necessary for their interpretation and comprehension in accordance with International Financial Reporting Standards as adopted by the European Union, applied on a basis consistent with the preceding year.

The accompanying consolidated Directors' Report for 2009 contains the information that the Parent Company's Directors consider relevant to the Group's position, the development of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the aforementioned Directors' Report coincides with that of the consolidated annual accounts for 2009. Our work as auditors is limited to checking the consolidated Directors' Report within the scope already mentioned in this paragraph and it does not include a review of information other than that obtained from the accounting records of Técnicas Reunidas, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Rafael Pérez Guerra
Partner

26 February 2010

PricewaterhouseCoopers Auditores, S. L. - R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79031290

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CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2009

CONSOLIDATED BALANCE SHEET
(Thousands euro)

	Note	At 31 December	
		2009	2008
ASSETS			
Non-current assets			
Property, plant and equipment	6	27,819	30,893
Goodwill	7	1,242	1,242
Other intangible assets	7	43,676	29,120
Investments in associates	8	12,191	11,529
Deferred tax assets	29	22,696	26,563
Available-for-sale financial assets	9	3,951	4,983
Derivative financial instruments	10	808	6,863
Receivables and other assets	13	3,193	3,918
		115,576	**115,111**
Current assets			
Inventories	12	19,553	13,670
Trade and other receivables	11	1,235,204	1,422,815
Receivables and other assets	13	26,591	12,202
Derivative financial instruments	10	23,897	4,411
Financial assets at fair value through profit or loss	14	31,519	34,131
Cash and cash equivalents	15	791,216	604,339
		2,127,980	**2,091,568**
Total assets		**2,243,556**	**2,206,679**

Notes 1 to 39 and Exhibits I to IV are an integral part of these consolidated annual accounts

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2009

CONSOLIDATED BALANCE SHEET
(Thousands euro)

	Note	At 31 December	
		2009	2008
EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital	16	5,590	5,590
Share premium	16	8,691	8,691
Treasury shares	16	(56,257)	(55,644)
Other reserves	17	1,137	1,137
Hedging reserve	10	12,219	(9,274)
Cumulative translation differences	18	(4,348)	(1,831)
Retained earnings		379,763	304,031
Interim dividend	19	(35,848)	(34,762)
Equity attributable to equity holders of the parent		**310,947**	**217,938**
Minority interests	19	**6,492**	**7,672**
Total equity		**317,439**	**225,610**
LIABILITIES			
Non-current liabilities			
Borrowings	21	19,304	16,170
Derivative financial instruments	10	279	14,810
Deferred tax liabilities	29	5,808	5,325
Other payables	20	1,413	1,652
Other liabilities		2,274	682
Employee benefit obligations	22	5,713	5,071
Provisions for liabilities and charges	23	24,532	24,141
		59,323	**67,851**
Current liabilities			
Trade payables	20	1,771,826	1,765,370
Current tax liabilities		34,798	27,555
Borrowings	21	6,965	46,947
Derivative financial instruments	10	9,295	20,069
Other payables	20	39,672	44,080
Provisions for liabilities and charges	23	4,238	9,197
		1,866,794	**1,913,218**
Total liabilities		**1,926,117**	**1,981,069**
Total equity and liabilities		**2,243,556**	**2,206,679**

Notes 1 to 39 and Exhibits I to IV are an integral part of these consolidated annual accounts

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2009

CONSOLIDATED INCOME STATEMENT
(Thousands euro)

	Note	Year ended 31 December	
		2009	**2008**
Revenue	**24**	2,634,282	2,478,518
Difference between opening and closing inventories		1,390	(53)
Own work capitalised		16,726	4,068
Raw materials and consumables		(1,823,378)	(1,685,732)
Employee benefit expense	**26**	(313,302)	(273,826)
Depreciation/amortisation and impairment charges	**6 & 7**	(6,872)	(6,021)
Lease and royalty expenses	**27**	(61,266)	(56,131)
Other operating expenses	**25**	(299,190)	(326,902)
Other operating revenues	**25**	651	8,379
Operating profit		**149,041**	**142,300**
Financial income	**28**	16,148	19,630
Financial expense	**28**	(3,325)	(14,920)
Share in profit/loss of associates	**8**	(1,096)	465
Profit before taxes		**160,768**	**147,475**
Income tax	**29**	15,368	7,191
Profit for the year		**145,400**	**140,284**
Attributable to:			
Equity holders of the parent		145,799	137,108
Minority interests	**19**	(399)	3,176
		145,400	**140,284**
Earnings per share (expressed in euro per share)			
- Basic and diluted	**30**	2.68	2.49

Notes 1 to 39 and Exhibits I to IV are an integral part of these consolidated annual accounts

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Thousands euro)

	Note	Year ended 31 December	
		2009	**2008**
Profit for the year		**145,400**	**140,284**
Other comprehensive income:			
Cash flow hedges	10	21,493	(28,306)
Foreign currency translation differences	18	(3,298)	400
Other comprehensive income, net of tax		**18,195**	**(27,906)**
Total comprehensive income for the year		**163,595**	**112,378**
Attributable to:			
Equity holders of the parent		164,775	109,876
Minority interests		(1,180)	2,502
Total comprehensive income for the year		**163,595**	**112,378**

The amounts shown in the above statement of comprehensive income are presented net of tax. The income tax effect of each component of comprehensive income is broken down and disclosed in Note 29.

Notes 1 to 39 and Exhibits I to IV are an integral part of these consolidated annual accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2009

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Thousands euro)

	Attributable to equity holders of the Company									
	Share capital (Note 16)	Share premium (Note 16)	Treasury shares (Note 16)	Other reserves (Note 17)	Hedging reserve (Note 10)	Cumulative translation differences (Note 18)	Retained earnings	Interim dividend (Note 19)	Minority interests (Note 19)	Total equity
Balance at 1 January 2008	**5,590**	**8,691**	**-**	**1,137**	**19,032**	**(2,905)**	**220,295**	**(25,153)**	**5,170**	**231,857**
Comprehensive income										
Profit for the year, 2008	-	-	-	-	-	-	137,108	-	3,176	140,284
Other comprehensive income										
Cash flow hedges, net of tax	-	-	-	-	(28,306)	-	-	-	-	(28,306)
Foreign currency translation differences	-	-	-	-	-	1,074	-	-	(674)	400
Total other comprehensive income	-	-	-	-	**(28,306)**	**1,074**	-	-	**(674)**	**(27,906)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(28,306)**	**1,074**	**137,108**	**-**	**2,502**	**112,378**
Transactions with owners										
Transactions in treasury shares, net	-	-	(55,644)	-	-	-	567	-	-	(55,077)
Distribution against 2007 profit	-	-	-	-	-	-	(53,939)	25,153	-	(28,786)
Interim dividend against 2008 profit	-	-	-	-	-	-	-	(34,762)	-	(34,762)
Other movements	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	**-**	**(55,644)**	**-**	**-**	**-**	**(53,372)**	**(9,609)**	**-**	**(118,625)**
Balance at 31 December 2008	**5,590**	**8,691**	**(55,644)**	**1,137**	**(9,274)**	**(1,831)**	**304,031**	**(34,762)**	**7,672**	**225,610**

Notes 1 to 39 and Exhibits I to IV are an integral part of these consolidated annual accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2009

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Thousands euro)

	Attributable to equity holders of the Company								Minority interests (Note 19)	Total equity
	Share capital (Note 16)	Share premium (Note 16)	Treasury shares (Note 16)	Other reserves (Note 17)	Hedging reserve (Note 10)	Cumulative translation differences (Note 18)	Retained earnings	Interim dividend (Note 19)		
Balance at 1 January 2009	**5,590**	**8,691**	**(55,644)**	**1,137**	**(9,274)**	**(1,831)**	**304,031**	**(34,762)**	**7,672**	**225,610**
Comprehensive income										
Profit for the year, 2009	-	-	-	-	-	-	145,799	-	(399)	145,400
Other comprehensive income										
Cash flow hedges, net of tax	-	-	-	-	21,493	-	-	-	-	21,493
Foreign currency translation differences	-	-	-	-	-	(2,517)	-	-	(781)	(3,298)
Total other comprehensive income	-	-	-	-	**21,493**	**(2,517)**	-	-	**(781)**	**18,195**
Total comprehensive income	**-**	**-**	**-**	**-**	**21,493**	**(2,517)**	**145,799**	**-**	**(1,180)**	**163,595**
Transactions with owners										
Transactions in treasury shares, net	-	-	(613)	-	-	-	-	-	-	(613)
Distribution against 2008 profit	-	-	-	-	-	-	(70,067)	34,762	-	(35,305)
Interim dividend against 2009 profit	-	-	-	-	-	-	-	(35,848)	-	(35,848)
Other movements	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	**-**	**(613)**	**-**	**-**	**-**	**(70,067)**	**(1,086)**	**-**	**(71,766)**
Balance at 31 December 2009	**5,590**	**8,691**	**(56,257)**	**1,137**	**12,219**	**(4,348)**	**379,763**	**(35,848)**	**6,492**	**317,439**

Notes 1 to 39 and Exhibits I to IV are an integral part of these consolidated annual accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2009

CONSOLIDATED CASH FLOW STATEMENT
(Thousands euro)

	Note	Year ended 31 December	
		2009	**2008**
Cash flows from operating activities			
Profit for the year		145,400	140,284
Adjustments:			
- Taxes	**29**	15,368	7,191
- Depreciation/amortisation of PPE and intangible assets	**6 & 7**	6,872	6,021
- Change in provisions, net		(1,882)	14,624
- Share in profit/loss of associates	**8**	1,096	(465)
- Change in fair value of financial instruments	**28**	(1,463)	2,850
- Interest income	**28**	(8,295)	(22,480)
- Interest expense	**28**	3,325	7,487
- Change in gains/losses on derivatives	**10**	(17,243)	12,828
- Exchange gains/losses	**28**	(6,243)	7,433
Changes in working capital			
- Inventories		(5,883)	2,679
- Trade and other receivables		187,055	(511,239)
- Other financial assets		(9,218)	(19,130)
- Trade payables		12,699	623,344
- Other accounts payable		4,296	(813)
- Other changes		(3,298)	990
Other operating cash flows:			
- Interest paid		(2,891)	(7,487)
- Interest collected		7,924	22,480
- Tax paid		(12,500)	(12,175)
Net cash generated from operating activities		**315,119**	**274,422**
Cash flows from investing activities			
Purchases of property, plant and equipment	**6**	(3,562)	(11,518)
Purchases of intangible assets	**7**	(17,061)	(9,593)
Acquisition of available-for-sale financial assets	**9**	-	(2,172)
Acquisition of associates	**8**	(1,758)	(4,912)
Acquisition of other non-current assets		-	(771)
Disposal of non-current assets		2,101	1,325
Net cash used in investment activities		**(20,280)**	**(27,641)**
Cash flows from financing activities			
Proceeds from borrowings		4,288	33,798
Repayment of borrowings		(41,570)	(28,704)
Dividends paid		(70,067)	(53,939)
Acquisition of treasury shares		(613)	(55,644)
Net cash used in financing activities		**(107,962)**	**(104,489)**
Net change in cash and cash equivalents		**186,877**	**142,292**
Cash and cash equivalents at beginning of the year		**604,339**	**462,047**
Cash and cash equivalents at end of the year		**791,216**	**604,339**

Notes 1 to 39 and Exhibits I to IV are an integral part of these consolidated annual accounts

Free translation of the consolidated annual accounts originally issued in Spanish and prepared in accordance with International Reporting Standards as adopted by the European Union. In the event of a discrepancy, the Spanish language version prevails.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Thousands euro)

1. General information

TÉCNICAS REUNIDAS, S.A. (the Company) is the Group's parent company, having been incorporated on 6 July 1960 as a limited liability company ("sociedad anónima"). It is entered in the Madrid Mercantile Register, volume 1407, sheet 129, page 5692 of the companies book. The latest adaptation and amendment of its Articles of Association is registered in volume 22573, section 8, book 0, sheet 197, page M-72319, entry 157.

The registered office of TECNICAS REUNIDAS, S.A. is located at Calle Arapiles 14, Madrid. Its head office is located at Calle Arapiles 13, Madrid.

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

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

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

The Group's consolidated annual accounts for the 2008 fiscal year were approved at the General Meeting of Shareholders held on 4 May 2009.

These consolidated annual accounts were authorised for issue by the Board of Directors on 25 February 2010. The directors will submit these consolidated annual accounts to the Annual General Meeting and they are expected to be approved without changes.

2. Summary of the main accounting policies applied

The main accounting policies adopted to prepare these consolidated annual accounts are described below.

2.1. Basis of presentation

The Group's consolidated annual accounts at 31 December 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and approved by European Council Regulations, and which are in force at 31 December 2009, and with all prevailing IFRIC interpretations and company law applicable to companies reporting under EU-IFRS.

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

As required under EU-IFRS, these 2009 consolidated annual accounts include, for comparative purposes, the corresponding figures for fiscal 2008. Since IAS 1 (Revised) "Presentation of financial statements" was adopted for the first time this year, the name and structure of these financial statements have been accordingly modified with respect to those included in the 2008 consolidated annual accounts.

The consolidated annual accounts have been prepared on a historical cost basis, with the exception of certain assets that must be carried at fair value under IFRS.

The preparation of consolidated annual accounts under IFRS requires the use of certain critical accounting estimates. The application of IFRS also requires that management exercise judgment in the process of applying the Company's accounting policies. Note 4 discloses the areas that require a higher level of judgment

or entail greater complexity, and the areas where assumptions and estimates are significant for the consolidated annual accounts.

The figures in these annual accounts are shown in thousand euro, unless explicitly stated otherwise.

2.1. a) Standards, amendments and interpretations taking effect in 2009

The Group has adopted the following new IFRS and IFRS amendments with effect from 1 January 2009:

- IAS 1 (Amended) "Presentation of financial statements" (in force since 1 January 2009). The revised standard no longer allows the presentation of income and expense headings (i.e., non-owner changes in equity") in the statement of equity, requiring instead that these changes be presented separately in a statement of changes in comprehensive income. As a result, the Group presents in its consolidated statement of changes in equity all changes in equity deriving from transactions with owners in their capacity as owners, while all changes in equity deriving from transactions with non-owners are presented in the consolidated statement of comprehensive income. The 2008 figures have been restated in accordance with this revised standard. This amendment affects financial statement presentation only; accordingly its application has no impact on earnings per share.
- IFRS 7 (Revised) "Financial instruments: disclosures" (in force since 1 January 2009). This amendment requires more extensive disclosure on fair value assessments and liquidity risk. Specifically, the amended standard introduces a three-level fair value hierarchy that distinguishes fair value measurements by the significance of the inputs used. Since this change in accounting policy only requires more extensive disclosures, its application has no impact on earnings per share. Comparative information is not required in the year of first-time adoption of this amended standard. The Group has includes the pertinent disclosures in the corresponding notes to the financial statements.
- IFRS 8 "Operating segments" (in force since 1 January 2009). IFRS 8 replaces IAS 14 and brings the financial reporting requirements by segments in line with US standard, SFAS 131 "Disclosures about segments of an enterprise and related information". The new legislation requires a management approach so that segment information is presented on the same basis as is used for internal purposes. Application of IFRS has had no impact on the Group's segment reporting as the methodology already in place for this purpose complies with the requirements laid down in IFRS 8.

The following new standards, amendments and interpretations have not had a significant impact on the Group either because the Group already applied these criteria or because they are not applicable:

- IAS 23 (Amended) "Borrowing costs" (in force since 1 January 2009). This standard requires companies to capitalise borrowing costs directly attributable to the purchase, construction or production of a qualifying asset (an asset that necessarily takes a substantial period of time to get ready for its intended use or sale).
- IAS 1 (Amended) "Presentation of financial statements" (in force since 1 January 2009). This revision clarifies that some, and not all, financial instruments classified as held for trading, in accordance with IAS 39 "Financial instruments: recognition and measurement", are examples of current assets or liabilities. This amendment has had no effect on the Group's financial statements.
- IFRS 2 (Revised) "Share-based payments" (in force since 1 January 2009).
- IAS 32 (Amended) "Financial instruments: presentation" and IAS 1 (Amended) "Presentation of financial statements" – "Puttable instruments and instruments with obligations arising on liquidation" (in force since 1 January 2009).

- IFRS 1 (Revised) "First-time adoption of IFRS" and IAS 27 "Consolidated and separate financial statements" (in force since 1 January 2009).
- IFRIC 9 (Amended) "Reassessment of embedded derivatives" and IAS 39 (Revised) "Financial instruments: recognition and measurements" (applicable for annual periods ending on or after 30 June 2009).
- IFRIC 13 "Customer loyalty programs" (in force since 1 July 2008).
- IFRIC 16 "Hedges of a net investment in a foreign operation" (in force since 1 October 2008).
- IAS 19 (Amended) "Employee benefits" (in force since 1 January 2009).
- IAS 23 (Amended) "Borrowing costs" (in force since 1 January 2009). The definition of borrowing costs has been revised so that interest is calculated in accordance with the effective interest rate defined under IAS 39 Financial Instruments: recognition and measurement". This amendment eliminates former inconsistency between IAS 39 and IAS 23.
- IAS 28 (Amended) "Investments in associates" (and attendant amendments to IAS 32 "Financial instruments: presentation" and IFRS 7: "Financial instruments: disclosures") (in force since 1 January 2009. An investment in an associate is considered to be a separate asset for the purposes of assessing impairment.
- IAS 36 (Amended) "Impairment of assets" (in force since 1 January 2009). In cases where fair value less costs to sell is calculated based on discounted cash flows, the equivalent breakdowns for calculating value-in-use must also be presented.
- IAS 38 (Amended), "Intangible assets" (in force since 1 January 2009).
- IAS 39 (Amended) "Financial instruments: recognition and measurement" (in force since 1 January 2009). This amendment clarifies that it is possible that there may be movements in and out of the category of financial assets at fair value through profit or loss when a derivative initially qualifies (or ceases to qualify) as a hedging instrument in a cash flow hedge or hedge of a net investment. The definition of a financial asset or liability at fair value through profit or loss has also been modified in relation to items held for trading. The revised standard permits measurement at fair value of certain financial assets or financial liabilities that are managed on a portfolio basis and for which there is a recent pattern of short-term profit taking through designation at inception of financial instruments as part of the held for trading portfolio.
- IAS 16 (Amended) "Property, plant and equipment" (and the attendant amendment to IAS 7 "Statement of cash flows") (in force since 1 January 2009).
- IAS 27 (Amended) "Consolidated and separate financial statements" (in force since 1 January 2009).
- IAS 28 (Amended) "Investments in associates" (and attendant amendments to IAS 32 "Financial instruments: presentation" and IFRS 7: "Financial instruments: disclosures") (in force since 1 January 2009.
- IAS 29 (Amended) "Financial reporting in hyperinflationary economies" (in force since 1 January 2009).
- IAS 31 (Amended) "Interests in joint ventures" (and attendant amendments to IAS 32 and IFRS 7) (in force since 1 January 2009.
- IAS 38 (Amended) "Intangible assets" (in force since 1 January 2009). This amendment eliminates the mention of "on rare occasion, or perhaps never" to justify the use of a method that results in an amortisation rate that is lower than the result of applying the straight-line method.
- IAS 40 (Amended) "Investment property" (and attendant amendments to IAS 16) (in force since 1 January 2009).
- IAS 41 (Amended) "Agriculture" (in force since 1 January 2009). This amendment has no impact on the Group.
- IAS 20 (Amended) "Accounting for government grants and disclosure of government assistance" (in force since 1 January 2009).

- Other less material amendments to IFRS 7 “Financial instruments: disclosure”, to IAS 8 “Accounting policies, changes in accounting estimates and errors”, IAS 10 “Events after the balance sheet date”, IAS 18 “Revenue”, IAS 34 “Interim financial reporting”, IAS 20 “Accounting for government grants and disclosure of government assistance”, IAS 29 “Financial reporting in hyperinflationary economies”, IAS 40 “Investment properties” and IAS 41 “Agriculture”.

2.1. b. Standards, amendments and interpretations of existing standards that have not yet entered into force and which the Group has not adopted early

- IFRIC 16 “Hedges of a net investment in a foreign operation" (effective for annual periods beginning on or after 30 June 2009).
- IFRIC 17 “Distribution of non-cash assets to owners" (in force since 1 July 2009).
- IFRIC 18 “Transfers of assets from customers” (effective for annual periods beginning on or after 1 July 2009).
- IAS 27 (Amended) “Consolidated and separate financial statements" (in force since 1 July 2009).
- IFRS 3 (Revised) "Business combinations" (in force since 1 July 2009).
- IFRS 5 (Revised) “Non-current assets held for sale and discontinued operations" (and the attendant amendment to IFRS 1 "First time adoption of IFRS") (in force since 1 July 2009).
- IAS 32 (Amended) “Classification of rights issues” (applicable for annual periods beginning on or after 1 February 2010).
- IAS 39 (Amended) "Eligible hedged items" (in force since 1 July 2009).
- IFRIC 15 “Agreements for the construction of real estate" (in force since 1 January 2010).

Their application is not expected to have a material impact on the Group’s financial statements.

In addition, the Group is in the process of assessing the potential implications of application of IFRIC 12 “Service concession arrangements” (applicable from 1 January 2010). This interpretation affects public-private service concession arrangements where the grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price, and also controls any significant residual interest in the assets at the end of the term of the arrangement. Application of IFRIC 12 is not expected to have a significant impact on the Group’s financial statements.

In addition, at the date of authorising these financial statements for issue, the IASB has published the following rules that have yet to be endorsed by the European Union:

- Improvements to IFRS 2009, published by the IASB in April 2009, amending IFRS 2, 5 and 8, IAS 1, 7, 17, 18, 36, 38 and 39, and IFRIC 9 and 16. The amendments introduced under this package of IFRS improvements are mandatorily applicable for annual periods beginning on or after 1 January 2010, with the exception of the amendments to IFRS 2 and IAS 38 which are applicable to annual periods starting on or after 1 July 2009.
- IFRS 2 (Revised) “Group cash-settled share-based payment transactions” (applicable for annual periods beginning on or after 1 January 2010).
- IFRS 1 (Revised) “Additional exemptions for first-time adopters” (applicable for annual periods beginning on or after 1 January 2010).
- IAS 24 (Amended) “Related party disclosures” (applicable for annual periods beginning on or after 1 January 2011).

- IFRS 9 “Financial instruments” (applicable for annual periods beginning on or after 1 January 2013).
- IFRIC 19 “Extinguishing financial liabilities with equity” (applicable for annual periods beginning on or after 1 July 2010).
- IFRIC 14 (Amended) “Prepayments of a minimum funding requirement” (applicable for annual periods beginning on or after 1 January 2011).

2.2. Consolidation principles

Consolidation scope

At year-end 2009, TÉCNICAS REUNIDAS, S.A. is the parent of a group (the Group) formed by: TÉCNICAS REUNIDAS, S.A., the parent, and its subsidiaries and associates. The Group also has interests in jointly-controlled entities and temporary joint ventures (hereinafter UTEs). Exhibits I, II, III and IV to these notes contain additional information on the entities included in the scope of consolidation.

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

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

The parent company and certain subsidiaries also have interests in UTEs and consortiums and recognise the relevant assets, liabilities, revenues and expenses on a proportionate basis. Exhibit IV details the Group’s UTEs and consortiums.

There were no changes to the consolidation scope in 2009.

The following changes to the consolidation scope occurred in 2008:

- The companies Técnicas Reunidas Hellas, Técnicas Reunidas Netherlands, TR De Construcao and Técnicas Reunidas Australia Pty Ltd., all newly created companies whose corporate purpose is to provide engineering and project-related services, were added to the consolidation scope.

- In November 2008, the Group subscribed the rights issue undertaken by Green Fuel Corporación, S.A., in which Técnicas Reunidas, S.A. held a stake of 20.93% at the end of 2007. As consideration, the Company made a non-cash contribution of shares in Green Fuel Aragón, S.A. and Green Fuel Internacional, S.A., in which Técnicas .Reunidas, S.A. held stakes of 20.84% and 26.00% at the end of 2007, respectively, Following this transaction, Técnicas Reunidas, S.A.’s shareholding in Green Fuel Corporación, S.A. stood at 25.07% at year-end 2008.

- The sale of the shares owned by one of the partners in Ibérica del Espacio, S.A., to the other shareholders was concluded in September 2008. At the end of 2007, Técnicas Reunidas, S.A. controlled a 20.71% stake in that company. In the wake of this acquisition, Técnicas Reunidas, S.A. owns 45.73% of Ibérica del Espacio, S.A.

The scope changes relating to associates did not have a material effect on the overall consolidated figures in 2008.

Subsidiaries

Subsidiaries are all companies over which the Group has the authority to direct financial and operating policies. Control is presumed to exist when the shareholding exceeds 50% of the voting rights or, if less, when other reasons or events demonstrate the existence of control (for example, agreements between shareholders). The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction evidences an impairment of the asset transferred. Accounting policies of subsidiaries have been adapted where necessary to ensure consistency with the policies adopted by the Group.

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

Minority interests and transactions with minority shareholders

The Group applies the policy of considering transactions with minority shareholders as transactions with non-Group third parties. The disposal of minority shareholdings gives rise to gains and/or losses for the Group that are recognised in the income statement. Acquisitions of minority interests result in goodwill in the amount of the difference between any consideration given and the corresponding share of the carrying amount of the net assets of the entity acquired.

Associates

Associates are companies over which the Group exercises significant influence but not control. Significant influence is presumed to exist when the shareholding is between 20% and 50% of voting rights or, when the shareholding is lower, there are events and circumstances which demonstrate the exercise of significant influence. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. Group investments in associates include goodwill (net of any accumulated impairment loss) identified upon acquisition.

The Group's share of losses or profits subsequent to the acquisition of associates is recognised in the income statement and its share of movements in reserves subsequent to the acquisition is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's shares of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has assumed commitments or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

Joint ventures

Interests in jointly-controlled entities, or joint ventures, are consolidated using the proportionate method of consolidation. The Group combines its share of the assets, liabilities, revenues, expenses and cash flows of these entities on a line-by-line basis, together with the items in its own accounts that are similar in nature.

The Group recognises its share of the profit or loss deriving from the sale of Group assets to joint ventures in its consolidated annual accounts in the proportion corresponding to other venturers. The Group does not recognise its share of the profits or losses of a join deriving from the purchase by the Group of assets from the joint ventures until the assets are sold to an independent third party. A loss is recognised immediately on a transaction if it evidences a reduction in the net realisable value of current assets or an impairment loss.

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

UTEs

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

The proportional part of the balance sheet and income statement items relating to the joint venture is incorporated into the balance sheet and income statement prepared by the venturer based on its interest in the joint venture.

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

2.3. Segment information

The information presented on the Group's reportable segments is presented consistently with the management approach, i.e., in accordance with the information used internally at the highest decision-making level (Note 5).

Segment accounting policies are the same as the policies applied to prepare the accompanying consolidated annual accounts, as described herein.

2.4. Foreign currency transactions

Functional and presentation currency

The items included in the annual accounts of each of the Group companies are measured using the currency of the principal economic environment in which the company operates ("functional currency"). The consolidated annual accounts are presented in euro, which is the parent company's functional and presentation currency.

Transactions and balances

Transactions in foreign currency are translated to the functional currency using the exchange rates in force at the transaction dates. Foreign currency gains and losses resulting from the settlement of transactions and translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement, unless they are deferred in equity as eligible cash flow hedges and eligible net investment hedges.

The exchange gains and losses are recognised the income statement as net gains/losses on foreign currency transactions within financial income or expense.

Translation differences on non-monetary financial assets and liabilities such as securities at fair value through profit and loss are recognised in the consolidated income statement as part of fair value gains or losses. Translation differences on non-monetary financial assets such as securities classified as available-for-sale are deferred in the fair value reserve in equity.

Group companies

The earnings and financial situation of all Group companies (none of which has the currency of a hyperinflationary economy) whose functional currency differs from the presentation currency are translated to the presentation currency as follows:

(i) The assets and liabilities on each balance sheet presented are translated at the closing exchange rate at the balance sheet date;
(ii) The revenues and expenses presented in each income statement are translated at the average exchange rates;
(iii) Equity items (except profit and loss headings) are translated at the historic exchange rate;
(iv) All resulting exchange differences are recognised as a separate component of equity.

Translation differences on non-monetary financial assets and liabilities such as securities at fair value through profit and loss are recognised in the consolidated income statement as part of fair value gains or losses. Translation differences on non-monetary financial assets such as securities classified as available-for-sale are deferred in the fair value reserve in equity.

Adjustments to goodwill and fair value arising on the acquisition of a foreign company are treated as assets and liabilities of the foreign company and translated at the year-end exchange rate.

2.5. Property, plant and equipment

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

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

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

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

Industrial structures and premises	25	-	50	Years
Plant and machinery	5	-	10	Years
Complex and general installations	12	-	17	Years
Furniture and office equipment			10	Years
Data-processing equipment			4	Years
Vehicles			7	Years
Other PPE	7	-	10	Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on the sale of property, plant and equipment are calculated by comparing the revenue obtained with the carrying amount and are recognised in "Other operating expenses" or "Other operating revenues" in the income statement. Own work capitalised is stated at production cost and recognised as revenue in the income statement.

2.6. Intangible assets

Goodwill

Goodwill is the excess of acquisition cost over the fair value of the Group's shareholding in the identifiable net assets of the subsidiary or associate acquired, at the acquisition date. Goodwill relating to acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and is carried at cost less cumulative impairment losses. Gains and losses on the sale of a company include the carrying amount of goodwill related to the company sold.

Goodwill is assigned to cash generating units (CGUs) for impairment testing purposes. Goodwill is allocated to those CGUs or groups of CGUs expected to benefit from the business combinations giving rise to the goodwill identified, in accordance with operating segment reporting.

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

Computer software

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

Costs associated with developing or maintaining computer software programs are recognised as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overhead. Capitalised computer program development costs are amortised over the programs' estimated useful lives (4 years).

Concessions

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

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

Concession	Term	Remuneration	Redemption
Alcobendas sports complex (**)	50 years	User charges	At end of concession term
San Sebastián de los Reyes sports complex, car park and public spaces (**)	50 years	User charges	The municipal council can opt to extend the concession term to 60 years
Underground car park at Huercal - Overa (Almeria) (*)	30 years	User charges	Subject to successive term extensions
Sports complex at Huercal - Overa (Almeria) (**)	50 years	User charges	At end of concession term
Pulpí underground car park (**)	40 years	User charges	At end of concession term
Alcobendas underground car park (**)	75 years	User charges	At end of concession term

(*) Operative concessions
(**) Concessions under construction

The revenue and profit recognised in the 2009 income statement in respect of concessions under construction was €16,825k and €1,872k, respectively (2008: €6,171k of revenue and €859k of profit).

Concession assets under construction have been financed with credit facilities amounting to €19,239k.

Throughout the life of these concessions, the concessionaire is obliged to repair and maintain the facilities in order to deliver them to the concession grantor at the end of the concession terms in a perfect state of repair. These expenses are recognised as accrued.

There have been no changes in the service concession arrangements in which the Group has interests. All the above listed concessions are governed by the Contracting with Public Authorities Act.

Research and development expenses

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

- It is technically possible to complete the production of the intangible asset such that it may be available for use or sale;
- Management intends to complete the intangible asset in question for use or sale;
- The entity has the capacity to use or sell the intangible asset;
- It is possible to demonstrate the manner in which the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and
- The outflow of funds attributable to the intangible asset during development may be reliably measured.

Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised costs of a development having a finite useful life are amortised from the start of the product's commercial production on a straight-line basis over the period in which it is expected to generate profits.

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

2.7. Borrowing costs

Borrowing costs incurred in connection with the construction of a qualifying asset are capitalised during time needed to complete and prepare the asset for its intended use.

2.8. Impairment of non-financial assets

Assets with indefinite useful lives and goodwill are not subject to depreciation/amortisation and are tested annually for impairment. The Group has not recognised any intangible assets with an indefinite useful life in the balance sheet. The Group reviews the assets subject to depreciation at each close to verify whether or not any events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of an asset less costs to sell and value in use. Impairment losses assigned to goodwill are not reversed. For the purposes of evaluating impairment losses, assets are grouped into CGUs, i.e. smallest identifiable group of assets that generates cash inflows that are largely independent. Any impairment loss is recognised in the income statement.

The method used to carry out an impairment test at the CGU level is described in Note 7.

2.9. Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management establishes the classification of investments upon initial recognition and reviews the classification at each reporting date. At 31 December 2009 the Group does not hold any held-to-maturity investments.

Acquisitions and disposals of investments are recognised at the trade date, i.e., on the date the Group undertakes to acquire or sell the asset. Investments are recognised initially at fair value plus directly attributable transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive the attendant cash flows have expired or have been transferred and the Group has transferred substantially all the risks and benefits inherent to their ownership.

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Impairment of financial assets

Assets at amortised cost

At each balance sheet date, the Group assesses whether there is objective evidence of impairment losses with respect to a financial asset or group of financial assets. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

The Group assesses, firstly, whether there is objective evidence of impairment. The loss is calculated as the difference between the carrying amount of the asset and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset’s original effective interest rate. The asset’s carrying amount is reduced accordingly and the impairment loss is recognised in the income statement. For practical purposes, the Group calculates impairment as a function of the instrument’s fair value using an observable market price. If, subsequently, an impairment loss diminishes, and this reduction can be

objectively attributed to an event occurring after the impairment loss was recognised, the previously recognised impairment is reversed with a credit to the consolidated income statement.

Available-for-sale financial assets

To determine whether equity instruments classified as available for sale are impaired, management assesses whether there has been a significant or protracted decline in the fair value of the securities to below cost. If there is any evidence of impairment of this class of available-for-sale financial assets, the cumulative loss, determined as the difference between acquisition cost and current fair value, less any impairment losses previously recognised in the income statement on the financial asset, is eliminated from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.10. Inventories

Inventories include the cost of construction of investment property held for sale and also the cost of certain materials yet to be allocated to projects. The costs incurred to submit bids are recognised in inventories when it is likely or certain that the contract will be secured or when it is known that the costs will be reimbursed or included in the revenues originating from the contract. Inventories are stated at the lower of cost and net realisable value. Cost is calculated as the acquisition price or direct production cost. The cost of inventories includes design costs, raw materials, direct labour, other direct costs and manufacturing overheads (based on ordinary operating capacity), excluding interest expense. The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable cost of sales.

2.11. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment provisions. An impairment provision is recognised for trade receivables when there is objective evidence that the Group will not be able to collect all amounts due on the original terms of the receivables. Indications of impairment are deemed to exist when the debtor is in serious financial difficulty, it is probable that the borrower will enter bankruptcy or other financial reorganisation, and in the event of payment default or delinquency. The amount of the provision is the difference between the carrying amount of the asset and the present value of forecast future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2.12. Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits at credit institutions, other short-term highly liquid investments with an original maturity of three months or less and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet. The Company had no bank overdrafts at either year-end 2009 or 2008.

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

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

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

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash equivalents

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

2.13. Share capital

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

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

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

2.14. Government grants

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

Government grants for the acquisition of items of property, plant and equipment or intangible assets are included in non-current liabilities as deferred government grants and released to the income statement on a straight-line basis over the estimated useful lives of the assets concerned.

2.15. Trade payables

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

2.16. Borrowings

Borrowings are initially carried at fair value net of transaction costs. Borrowings are subsequently measured at amortised cost. Any differences between the funds obtained (net of necessary transaction costs) and their repayment value are recognised in the income statement over the term of the debt applying the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months from the balance sheet date.

Interest and other expenses incurred to raise financing are taken to the income statement for the year on an accrual basis.

2.17. Income tax

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

Current tax expense is calculated based on the tax legislation that has been enacted or substantially enacted at the balance sheet date in the countries in which subsidiaries and associates operate and generate taxable profit. Management periodically evaluates the positions taken in the Group's tax filings in respect of situations where prevailing tax rules are open to interpretation, recognising provisions as necessary as a function of amounts they expect to have to pay the tax authorities.

Deferred income tax is calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, if the deferred taxes arise from the initial recognition of a liability or an asset in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss), they are not recognised. The deferred tax is determined using tax rates enacted or substantially enacted at the

balance sheet date and expected to apply when the corresponding deferred tax asset is realised or the deferred tax liability is settled.

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

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

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

2.18. Employee benefits

Pension and retirement obligations

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

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

The liability recognised in the balance sheet in connection with defined benefit pension plans is the present value of defined benefit commitments at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting projected future cash flows at yields on treasury bonds denominated in the currency in which the benefits will be paid and with maturities similar to those of the relevant obligations.

Actuarial gains and losses that arise from adjustments applied based on experience and changes in the actuarial assumptions are charged and credited, as appropriate, to the income statement for each year.

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

Contributions to defined contribution plans are recognised as employee benefits when they accrue and are expensed currently.

Other long-term remuneration obligations

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

Termination benefits

Termination benefits are paid to employees as a result of the Group's decision to terminate employment contracts before the normal retirement age or when employees voluntarily agree to resign in return for such benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Bonus sharing agreements

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

2.19. Provisions

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

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

2.20. Revenue recognition

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

Administrative contracts

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

Engineering contracts

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

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

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

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

The Group recognises a receivable for the gross amount owed by customers for work performed under all ongoing contracts for which the costs incurred plus recognised profits (less recognised losses) exceed the amount of interim billings. Partial billings not yet paid by customers and withholdings are included in trade and other accounts receivable.

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

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

Service concession arrangements

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

Revenue from dividends

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

Interest income

Interest income is recognised using the effective interest method.

2.21. Derivatives and hedges

Derivative financial instruments are initially recognised at fair value at contract inception and are subsequently remeasured to fair value. The recognition of gains or losses arising from changes in the fair value in each period depends on whether the derivative is designated as a hedging instrument and, if so, on the nature of the item hedged.

The Group designates certain derivatives as:

- A hedge of a specific risk associated with a recognised asset or liability or with a highly probable forecast transaction (cash flow hedges)

At hedge inception, the Group documents the relationship between hedging instruments and the hedged items, in addition to its risk management objective and the strategy to be employed in each hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives used in the hedge transaction are highly effective in offsetting variability in the cash flows from the hedged items.

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

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

Cash flow hedges

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

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

When the hedging instrument matures or is sold or when a hedging arrangement ceases to qualify for hedge accounting, the gains or losses accumulated in equity to that date remain in equity and are taken to the income statement when the forecast transaction is recognised in the income statement. However, if the

transaction is no longer considered probable, the gains or losses accumulated in equity are recognised immediately in the income statement.

Derivatives not qualifying for hedge accounting

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

2.22. Leases

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

A lease in which substantially all the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. In operating leases where the Group acts as lessee, the payments made (net of any incentives received from the lessor) are charged to the income statement on a straight- line basis over the lease term.

2.23. Dividend payment

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

2.24. Environmental disclosures

Given the activity in which the Group companies are engaged, they have no environmental liabilities, expenses, assets, provisions or contingencies that could be significant with respect to its equity, financial situation or results. For this reason, no specific breakdowns are provided in these notes to the annual accounts regarding environmental disclosures.

3. Financial risk management

3.1. Financial risk factors

a) Market risk

a.1) Foreign exchange risk

The Group operates in the international arena and therefore it is exposed to foreign exchange risks on transactions denominated in foreign currency, particularly the US dollar (USD) and, to a lesser extent, currencies tied to the USD. There is residual exposure to suppliers in other currencies (principally yen, roubles and Australian dollars). Foreign exchange risk arises primarily on future commercial transactions and recognised assets and liabilities.

To manage the foreign exchange risk that derives from future transactions and recognised assets and liabilities, Group companies use forward contracts, in accordance with the hedging policy in place, brokered by the Group's corporate treasury department. Foreign exchange risk arises when the future transactions and recognised assets and liabilities are denominated in a currency other than the Company's functional currency. The Group treasury department is responsible for managing the net position in each foreign currency using external foreign exchange forward contracts. In addition, the Group tries to hedge exchange rate risk via

"multicurrency" contracts with its customers, segregating the selling price in the various currencies from the foreseen expenses and preserving the projected margins in euro terms.

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

The nature of the Group's business operations means that it is very common to contract transactions with customers in US dollars, while the corresponding costs are habitually denominated in multiple currencies, albeit principally US dollars. If at year-end 2009 the euro had depreciated / appreciated against the US dollar by a hypothetical 10%, leaving all other variables constant, consolidated profit before tax for the year would have been €19,735k / €22,050k lower / higher (2008:€20,288k / €24,990k), mainly due to hypothetical gains / losses generated on the revaluation / devaluation of open positions in US dollars.

Meanwhile, if at year-end 2009 the euro had depreciated / appreciated against the US dollar by a hypothetical 10%, equity would have been €4,756k / €3,949k lower/ higher (2008: €7,685k / €9,586k); these amounts were calculated based on the changes in profits outlined in the paragraph above and the estimated changes in the value of hedging derivatives recognised in the hedging reserve (all before considering the related tax effects).

Additionally, the Group has various investments in foreign operations, through the equity is exposed to foreign currency translation risks. In general it is the Group's policy that operations in each country are financed by debts assumed in the functional currency of that country, so that this exposure relates only to the equity investment. The following chart shows the balances of the principal exposures in foreign currency as a result of the equity investments made:

	2009	2008
USD	16,627	9,344
Saudi riyals	15,751	17,855
Mexican pesos	20,973	20,973
Other	615	464
Total	**53,966**	**48,636**

a.2) Price risk

The Group is exposed to price risk with respect to equity instruments. The exposure to this risk is limited as the investments held by the Group and classified on the consolidated balance sheet at fair value through profit or loss are not significant (Note 14). The Group is partially exposed to commodity price risks, basically metals and oil, to the extent that they affect the price of equipment and manufactured materials used in construction projects. In general these impacts are effectively passed on in selling prices by all peer contractors operating in the sector. The Group reduces and mitigates price risk through the policies established by management, which basically consist of accelerating or slowing the rate of placements and selecting the currencies and countries of origin. An additional mechanism used by the Group to mitigate this risk takes the form of contracting formulae that apportion a price component for covering possible cost deviations.

a.3) Interest rate risk, cash flow and fair value

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

The following table depicts exposure to floating interest at the close of each year:

	2009			2008		
	Referenced to Euribor	Other benchmarks	Total	Referenced to Euribor	Other benchmarks	Total
Borrowings	(21,410)	(4,859)	(26,269)	(23,139)	(39,978)	(63,117)
Interest-earning cash and cash equivalents	438,067	353,149	791,216	412,178	192,161	604,339
Net cash position	**416,657**	**348,290**	**764,947**	**389,039**	**152,183**	**541,222**

Based on sensitivity analysis performed on cash and cash equivalents, the impact of a 25 basis point fluctuation (in either direction) in interest rates would imply, at most, an increase / decrease in profit of €1,978k (2008: €1,155k).

b) Credit risk

Credit risk management is performed by the Group taking into account the following categories of financial assets:

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

The derivatives and other instruments brokered with financial institutions included as cash and cash equivalents are contracted with highly prestigious financial entities with high credit ratings. Investments in treasury bonds and treasury bond repos also carry high sovereign bond ratings.

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

These key customers represented 67% of total "Trade receivables" (within Trade and other receivables) at 31 December 2009 (2008: 79%) and are tied to transactions with entities such as those described in the preceding paragraph. As a result, the Group considers credit risk to be very low. In addition to the analysis performed before entering into a contract, the global position of Trade and other receivables is monitored on an ongoing basis, while the most significant exposures (including of the type of entities mentioned earlier) are monitored at the individual level.

The balance of trade receivables past due but not impaired at 31 December 2009 was €80,067k (2008: €91,193k), and primarily correspond to amounts past due by less than 6 months.

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

c) Liquidity risk

The prudent management of liquidity risk entails maintaining sufficient cash and marketable securities, ensuring available funding in the form of sufficient committed credit facilities and the ability to monetise market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury department aims to maintain funding flexible by keeping credit lines available.

Management monitors Group liquidity forecasts on the basis of projected cash flows. As mentioned above, the goal of having projects self-finance themselves results in significant net cash balances. Additionally, the Group has credit lines that offer an additional liquidity cushion. Management therefore believes that the Group's liquidity risk is low. The following is a breakdown of the significant liquidity parameters:

	2009	2008
Borrowings (Note 21)	(26,269)	(63,117)
Cash and cash equivalents (Note 15)	791,216	604,339
Net cash balance	764,947	541,222
Undrawn credit lines (Note 21)	244,370	143,007
Total liquidity reserves	**1,009,317**	**684,229**

The table below provides a maturity schedule analysis for the Group's financial liabilities, in accordance with outstanding balances at the balance sheet date and the repayment terms and maturities stipulated in the financing contracts. The amounts shown in the table correspond to the balances resulting from application of the amortised cost method (carrying amounts), which essentially coincide with the undiscounted forecast cash flows associated with the liabilities. The balances payable within 12 months are equivalent to the carrying amounts, since the effect of discounting them is insignificant.

	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2009				
Borrowings	6,965	-	2,510	16,794
Derivative financial instruments	9,295	279	-	-
Trade and other payables	1,811,498	1,237	176	-
Non-accrued interest payable	373	274	822	952
Total	**1,828,131**	**1,790**	**3,508**	**17,746**
At 31 December 2008				
Borrowings	46,947	1,309	3,334	11,527
Derivative financial instruments	20,069	14,810	-	-
Trade and other payables	1,809,450	1,402	250	-
Non-accrued interest payable	1,485	1,279	1,888	2,523
Total	**1,877,951**	**18,800**	**5,472**	**14,050**

3.2. Capital risk management

The Group's capital management objectives are based upon guaranteeing trading operations and offering our customers and potential customers sufficient equity to guarantee our ability to handle their projects.

To be able to maintain or fine-tune the capital structure, the Group can opt to adjust the amount of dividends payable to the shareholders, return capital to shareholders, as well as other initiatives that may be deemed appropriate.

The Group monitors capital based on a leverage ratio. This index is calculated as debt divided by equity. Debt is calculated as total borrowings. Capital is calculated as equity, as is shown in the consolidated accounts.

	2009	2008
Borrowings – I (Note 21)	(26,269)	(63,117)
Net cash position - II	764,947	541,222
Equity - III	317,439	225,610
% I / III	8.28%	27.98%
% II / III (*)	240.97%	239.89%

(*) The increase in 2009 reflects mainly the increase in the Group's net cash position.

3.3. Fair value

On 1 January 2009, the Group adopted amended IFRS 7 affecting financial instruments measured at fair value in the balance sheet, requiring enhanced fair value disclosures based on the following hierarchy:
• Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
• Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2)
• Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The table below discloses the Group's financial assets and liabilities measured at fair value at 31 December 2009 in accordance with this hierarchy:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss (Note 14)	31,519	-	-	31,519
Hedging derivatives (Note 10)	-	24,705	-	24,705
Total assets	**31,519**	**24,705**	-	**56,224**
Liabilities				
Hedging derivatives (Note 10)	-	9,574	-	9,574
Total liabilities	-	**9,574**	-	**9,574**

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

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

If one or more of the significant inputs required to calculate an instrument's fair value are not observable inputs, the instrument is included in level 3.

The specific financial instrument valuation techniques include:
• Listed market prices or prices set by financial brokers for similar products.
• In the case of derivatives the procedure consists of calculating the fair value by discounting the associated future cash flows using the interest rates, exchange rates, volatility and forward price curves prevailing at the reporting date, based on expert financial reports.
• Other techniques, such as discounted cash flow analysis, are used to analyse the fair value of other financial instruments.

In 2009 there were no switches between levels.

4. Accounting estimates and judgments

The preparation of the consolidated annual accounts in accordance with IFRS requires that management make estimates and judgments that may affect the accounting policies adopted and the amount of related assets, liabilities, revenues, income and the scope of related disclosures. Estimates and assumptions are based, among other aspects, on past experience or other events deemed reasonable in view of the facts and circumstances analysed at the balance sheet date, the result of which forms the basis for estimating the carrying amounts of assets and liabilities that cannot be immediately calculated in any other manner. Actual results may differ from estimated results.

The main estimates applied by Group management are as follows:

Income tax and deferred tax assets

The calculation of income tax requires the interpretation of tax legislation applicable to the Group companies. There are also several factors related mainly, but not exclusively, to changes in tax laws and changes in the interpretation of tax laws already in force that require the use of estimates by Group management.

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

Useful lives of PPE and intangible assets

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

At each close, the Group reviews the useful lives of its assets. When changes are identified, the necessary adjustments are made on a prospective basis.

Employee benefits

The present value of employee benefit obligations depends on a number of factors that are determined using actuarial assumptions. The assumptions made to determine the cost and the employee benefit obligation include a discount rate and a growth rate for salaries and other benefits. Other key assumptions for pension obligations are based in part on current market conditions. Any change in these assumptions will have an impact on the amount of the expense and liability in respect of obligations relating to employees. Additional information is disclosed in Note 22.

Accounts receivable and financial assets

The Group makes estimates relating to the collectability of trade receivables for projects affected by disputes to be resolved or litigation in progress deriving from acceptance issues regarding executed work or the failure to comply with contractual clauses linked to the return on assets delivered to customers. In addition, the Group makes estimates to evaluate the recoverability of available-for-sale financial assets based mainly on the financial health and short-term business prospects of the investee.

Provisions

Provisions are recognised when it is probable that a present obligation, resulting from past events, will entail an outflow of resources and the amount of the obligation may be reliably estimated. Significant estimates are required to fulfil the applicable accounting requirements. Group management estimates, evaluating all relevant information and events, the probability of a contingency occurring and the amount of the liability to be settled in the future.

Revenue recognition

The revenue recognition method applied by the Group is based on the percentage-of-completion. Percentage-of-completion is calculated as costs incurred under a contract as a percentage of the total estimated costs to be incurred to perform the contract. This revenue recognition method is applied only when the outcome of the contract may be reliably estimated and it is likely that the contract will generate profits. If the outcome of the contract may not be reliably estimated, revenues are recognised to the extent that costs are recovered. When it is likely that the costs of a contract will exceed the revenues, the loss is immediately recognised as an expense. When applying the percentage-of-completion method, the Group makes significant estimates relating to the total costs necessary to perform the contract. These estimates are reviewed and assessed regularly in order to verify whether or not a loss has been generated and whether it is possible to continue to apply the percentage-of-completion method, or is necessary to re-estimate the expected margin on the

project. During the project, the Group also estimates probable contingencies related to the increase in the total estimated cost and adjusts revenue recognition accordingly.

Fair value of unlisted financial instruments

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

Warranty claims

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

These estimates are based on the best information available and circumstances prevailing at 31 December 2009 and 2008 and it is not expected that there will be any relevant changes to these estimates.

Tax inspections

As disclosed in Note 29, at the date of authorising the annual accounts for issue, a tax inspection of the consolidated tax group was ongoing and management had not received any notification of any proposed taxation adjustments. The directors of the parent company believe that although varying interpretations of tax legislation could give rise to additional tax liabilities as a result of the ongoing inspection, any possible assessments will not have a material impact on the annual accounts.

These estimates are based on the best information available and circumstances prevailing at 31 December 2009 and 2008. It is not possible to predict with any degree of certainty the ultimate outcome of the inspection.

Segment information

The Group classifies its operating segments as follows:

- Oil and gas
- Energy
- Infrastructure and industry

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

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

In the energy industry, the Group performs consulting, engineering, supply and construction services for a range of electricity generating plants such as conventional thermal plants, combined cycle plants, gasification integrated with combined cycle, nuclear plants, co-generators, solar, fuel cells, solid waste and biomass technology. The Group also supplies turnkey plants and, at times, performs plant operation and maintenance services.

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

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

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

	Oil and gas		Energy		Infrastructure and industry		Unallocated		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue										
Ordinary revenue from third-party customers	2,104,852	2,044,682	342,616	326,419	186,814	107,417	-	-	**2,634,282**	**2,478,518**
Operating profit	178,771	164,637	19,025	28,486	7,161	5,362	(55,916)	(56,185)	**149,041**	**142,300**
Net financial income (Note 28)							12,823	4,710	**12,823**	**4,710**
Share in profit/loss of associates (Note 8)	300	369	(1,377)	203	(19)	(107)	-	-	**(1,096)**	**465**
Profit/loss before taxes							160,768	147,475	**160,768**	**147,475**
Income tax							15,368	7,191	**15,368**	**7,191**
Profit for the year							145,400	140,284	**145,400**	**140,284**
Assets and liabilities										
Assets	1,676,445	1,652,363	220,717	212,730	233,755	178,086	100,448	151,971	**2,231,365**	**2,195,150**
Investments in associates	3,608	3,010	5,969	5,823	2,614	2,696	-	-	**12,191**	**11,529**
Total assets	1,680,053	1,655,373	226,686	218,553	235,976	180,782	100,841	151,971	**2,243,556**	**2,206,679**
Total liabilities	1,378,496	1,518,848	224,476	232,221	117,415	51,826	206,000	178,174	**1,926,117**	**1,981,069**
Investments in PPE and intangible assets (Notes 6 and 7)	1,041	6,103	-	38	16,814	6,836	2,768	8,134	**20,623**	**21,111**
Other segment disclosures										
Depreciation of property, plant and equipment (Note 6)		-		-		-	5,567	3,574	**5,567**	**3,574**
Amortisation of intangible assets (Note 7)		-		-		-	1,305	2,447	**1,305**	**2,447**
Impairment of trade receivables (Note 11)							556	660	**556**	**660**
Other charges that did not entail an outflow of cash		-		-		-	(15,337)	29,468	**(15,337)**	**29,468**

Third-party customer revenue is allocated according to the country where the client is located. This yields the following geographic breakdown:

Ordinary revenue from third-party customers	2009	2008
Spain	571,386	754,593
Middle East	1,230,730	1,231,880
Americas	174,954	197,275
Asia	76,281	84,286
Europe	528,660	134,088
Mediterranean	52,271	76,396
	2,634,282	**2,478,518**

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

Third-party customer revenue in Saudi Arabia, Abu Dhabi and Portugal represented 23%, 21% and 12.5%, respectively, of the 2009 total (2008: 16%, 18% and 0%).

The revenue generated by the Group's top five customers accounted for 56% of the 2009 total (2008: 44%). Revenue generation by customers who individually accounted for over 10% of total consolidated revenue in 2009 amounted to €1.275k (2008: €698k).

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

	Assets		Non-current investments	
	2009	2008	2009	2008
Spain	657,381	706,204	19,653	9,419
Middle East	858,998	808,952	81	1,659
America	265,839	288,587	393	592
Asia	117,260	192,708	222	-
Europe	237,240	96,407	54	-
Mediterranean	50,648	47,973	-	28
Total	**2,187,366**	**2,140,831**	**20,403**	**11,698**
Associates	12,191	10,885	-	-
Unallocated	43,999	54,963	220	9,413
	2,243,556	**2,206,679**	**20,623**	**21,111**

The reconciliation of the assets and liabilities allocated by segment under segment reporting disclosure requirements and total assets and liabilities recognised in the balance sheet is:

	2009	2008
Segment assets	2,142,715	2,054,708
Unallocated:		
Non-current assets	44,916	46,247
Current assets	55,925	105,724
Total balance sheet assets	**2,243,556**	**2,206,679**

	2009	2008
Segment liabilities	1,720,117	1,802,895
Unallocated:		
Non-current liabilities	31,392	31,577
Provisions	29,855	28,894
Current liabilities	144,753	117,703
Total balance sheet liabilities	**1,926,117**	**1,981,069**

5. Property, plant and equipment

The breakdown of and changes in the various items comprising property, plant and equipment are as follows:

Cost	Land and buildings	Plant and machinery	Furniture and equipment	PPE under construction	Other PPE	Total
Balance at 1 January 2008	**962**	**14,468**	**22,037**	**2,695**	**4,007**	**44,169**
Increases	426	5,313	5,448	48	283	11,518
Decreases		-	-	-	-	-
Other movements	-	-	-	-	-	-
Balance at 31 December 2008	**1,388**	**19,781**	**27,485**	**2,743**	**4,290**	**55,687**
Increases	-	1,057	2,503	2	-	3,562
Decreases	-	(1,393)	(198)	(45)	(280)	(1,916)
Other movements	-	-	-	-	-	-
Balance at 31 December 2009	**1,388**	**19,445**	**29,790**	**2,700**	**4,010**	**57,333**

Accumulated depreciation	Land and buildings	Plant and machinery	Furniture and equipment	PPE under construction	Other PPE	Total
Balance at 1 January 2008	**419**	**5,621**	**13,167**	**-**	**2,013**	**21,220**
Increases	37	1,640	1,790	-	107	3,574
Decreases	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Balance at 31 December 2008	**456**	**7,261**	**14,957**	**-**	**2,120**	**24,794**
Increases	22	1,200	4,235	-	110	5,567
Decreases	-	(743)	(104)	-	-	(847)
Other movements	-	-	-	-	-	-
Balance at 31 December 2009	**478**	**7,718**	**19,088**	**-**	**2,230**	**29,514**
Net balance at 1 January 2008	**543**	**8,847**	**8,870**	**2,695**	**1,994**	**22,949**
Net balance at 31 December 2008	**932**	**12,520**	**12,528**	**2,743**	**2,170**	**30,893**
Net balance at 31 December 2009	**910**	**11,727**	**10,702**	**2,700**	**1,780**	**27,819**

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

Property, plant and equipment under construction relates to the engineering costs arising from the design and construction of a battery and fluorescent tube recycling plant by a Group company. During 2007 the project was interrupted for reasons linked to the suitability of the land on which the recycling plant was to be built. The Group believes that these assets are not significantly impaired since it considers that the engineering cost is recoverable based on the negotiations held with other entities interested in the project.

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

	2009	2008
Capitalized finance lease cost	4,245	3,933
Accumulated depreciation	(2,907)	(2,069)
Net carrying amount	1,338	1,864

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

At 31 December 2009, the Group has items of property, plant and equipment located outside Spain measured at a cost of €4,788k (2008: €8,069k) on which accumulated depreciation stands at €3,185k (2008: €5,049k).

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

6. Goodwill and other intangible assets

Set out below is an analysis of Intangible assets showing movements during the year:

Cost	Development expenses	Concessions	Assets under construction	Software and other intangible assets	Subtotal	Goodwill	Total
Balance at 1 January 2008	**8,551**	**-**	**18,386**	**10,280**	**37,217**	**1,242**	**38,459**
Increases	-	-	6,578	3,015	9,593	-	9,593
Decreases	(8,551)	-	-	(3,532)	(12,083)	-	(12,083)
Other movements	-	-	-	-	-	-	-
Balance at 31 December 2008	**-**	**-**	**24,964**	**9,763**	**34,727**	**1,242**	**35,969**
Increases	-	-	16,726	335	17,061	-	17,061
Decreases	-	-	-	-	-	-	-
Other movements	-	1,905	(1,905)	-	-	-	-
Balance at 31 December 2009	**-**	**1,905**	**39,785**	**10,098**	**51,788**	**1,242**	**53,030**

Accumulated amortisation and impairment losses	Development expenses	Concessions	Assets under construction	Software and other intangible assets	Subtotal	Goodwill	Total
Balance at 1 January 2008	**8,505**	**-**	**-**	**6,677**	**15,182**	**-**	**15,182**
Increases	-	-	-	2,447	2,447	-	2,447
Decreases	(8,505)	-	-	(3,517)	(12,022)	-	(12,022)
Other movements	-	-	-	-	-	-	-
Balance at 31 December 2008	**-**	**-**	**-**	**5,607**	**5,607**	**-**	**5,607**
Increases	-	299	-	1,006	1,305	-	1,305
Decreases	-	-	-	-	-	-	-
Recognition of impairment loss	-	-	1,200	-	1,200	-	1,200
Other movements	-		-	-	-	-	-
Balance at 31 December 2009	**-**	**299**	**1,200**	**6,613**	**8,112**	**-**	**8,112**
Net balance at 1 January 2008	**46**	**-**	**18,386**	**3,603**	**22,035**	**1,242**	**23,277**
Net balance at 31 December 2008	**-**	**-**	**24,964**	**4,156**	**29,120**	**1,242**	**30,362**
Net balance at 31 December 2009	**-**	**1,606**	**38,585**	**3,485**	**43,676**	**1,242**	**44,918**

Capitalised development expenses at 1 January 2008 referred entirely to the cost of projects relating to zinc technology that has been used to perform Group contracts.

In 2009 the research and development expense charged to the income statement totalled €873k (2008: €591k).

Assets under construction relate to the construction cost of certain assets for which the Group has obtained the operating concession for a specified period. The details of the concession arrangements are disclosed in Note 2.6. The transfer between assets under construction and concessions in 2009 reflects concessions started up during the year. No assets operated under concession were started up in 2008.

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

In 2009, the Group capitalised borrowing costs in connection with financing obtained specifically for the construction of concession assets. Capitalised borrowing costs totalled €1,175k (2008: €1,472k).

Goodwill impairment testing

Goodwill is assigned to the cash generating unit (CGU) identified as Eurocontrol, S.A., an 80%-owned Group company.

The cash generating unit identified pertains to the business segment designated as “Infrastructure and industry” in Note 5 and its operations are located in Spain.

Impairment tests were performed at 31 December 2009 and 31 December 2008 and no impairment losses were recognised.

The recoverable amount of the CGU has been determined on the basis of value-in-use calculations. This analysis relied on five-year cash flow projections based on financial budgets approved by management and a 1% growth rate. This growth rate is based on current plans and the market situation. The CGU’s terminal value was determined using the constant growth rate mentioned above.

This discount rate used was 9.75% (2008: 9.02%).

The Group considers, based on its current knowledge, that expected changes in the key assumptions mentioned above, on which the recoverable amount calculation is based, will not result in carrying amounts for cash generating units exceeding their recoverable amounts.

Sensitivity analyses have been performed on the key growth and discount rate assumptions used. Assuming no growth of any kind, the cash-generating unit would still not be impaired at a discount rate of 10.5%.

7. Investments in associates

	2009	2008
Opening balance	**11,529**	**6,856**
Additions	1,758	4,912
Disposals	-	(704)
Share of profit/loss	(1,096)	465
Closing balance	**12,191**	**11,529**

Investments in associates at 31 December 2009 include goodwill totalling €900k (2008: €900k). During the year there have been no events or circumstances to indicate a possible impairment of goodwill and no losses have been recorded in this respect. The additions recognised in 2008 correspond to an increase in stakes held in Ibérica del Espacio, S.A. and Green Fuel Corporación, S.A. (Note 2.2).

The date of presentation of the financial statements of all the associates coincides with the presentation date of the parent company's financial statements.

The Group's interest in its principal associates, all of which are unlisted, is as follows:

Name	Country of incorporation	Assets	Liabilities	% interest
2008				
Empresarios Agrupados, A.I.E.	Spain	4,292	3,522	42.48%
Empresarios Agrupados Internacional, S.A.	Spain	19,739	14,193	42.48%
Layar Castilla, S.A.	Spain	3,206	538	25.39%
Ibérica del Espacio, S.A.	Spain	6,839	3,956	45.73%
Productora de Diesel ,S.A.	Chile	67,186	57,824	27.50%
Green Fuel Corporación, S.A.	Spain	52,424	39,494	25.07%
2009				
Empresarios Agrupados, A.I.E.	Spain	6,705	5,955	42.48%
Empresarios Agrupados Internacional, S.A.	Spain	22,927	16,024	42.48%
Layar Castilla, S.A.	Spain	1,696	2	25.39%
Ibérica del Espacio, S.A.	Spain	9,863	6,780	45.73%
Productora de Diesel ,S.A.	Chile	61,760	50,912	27.50%
Green Fuel Corporación, S.A.	Spain	31,613	18,781	25.07%

Name	Country of incorporation	Revenue	Profit/(loss)	% interest
2008				
Empresarios Agrupados, A.I.E.	Spain	17,664	-	42.48%
Empresarios Agrupados Internacional, S.A.	Spain	29,181	1,095	42.48%
Layar Castilla, S.A.	Spain	735	(124)	25.39%
Ibérica del Espacio, S.A.	Spain	4,642	(188)	45.73%
Productora de Diesel ,S.A.	Chile	7,221	1,379	27.50%
Green Fuel Corporación, S.A.	Spain	772	(1,544)	25.07%
2009				
Empresarios Agrupados, A.I.E.	Spain	-	-	42.48%
Empresarios Agrupados Internacional, S.A.	Spain	35,192	1,335	42.48%
Layar Castilla, S.A.	Spain	29	(32)	25.39%
Ibérica del Espacio, S.A.	Spain	7,714	118	45.73%
Productora de Diesel ,S.A.	Chile	9,629	1,134	27.50%
Green Fuel Corporación, S.A.	Spain	1,074	(230)	25.07%

8. Available-for-sale financial assets

Set out below are movements in this heading:

At 1 January 2008	**3,371**
Additions	2,172
Derecognitions	(560)
At 31 December 2008	**4,983**
Additions	-
Translation differences	(1,032)
At 31 December 2009	**3,951**
Less: non-current portion	3,951
Current portion	-

Available-for-sale financial assets consist mainly of an investment in Energía Concon, S.A. carried at €3,063k (17% equity interest). In 2008, additional contributions of €2,135k were made to this company. The investment cost is deemed equivalent to fair value. The remainder of this balance relates to minor investments in unlisted companies in which the Group does not have significant influence. Due to the fact that these are residual investments in companies that are not significant to the Group and as valuation methods cannot be applied, these investments are measured at acquisition cost.

In 2009 and 2008 no impairment provisions affecting available-for-sale financial assets were recognised.

10. Financial instruments

10.1. a. Financial instruments by category

The table below breaks down financial assets (excluding trade and other receivables and cash and cash equivalents) and financial liabilities (excluding trade accounts payable) at 31 December 2009 and 31 December 2008 by nature and category for measurement purposes:

	At 31 December 2009 (Thousand euro)			
Financial assets:	**Financial assets at fair value through profit or loss (Note 14)**	**Available-for-sale (Note 9)**	**Loans and receivables (Note 13)**	**Hedging derivatives (Note 10)**
Nature/category				
Equity instruments	-	3,951	-	-
Derivatives (Note 10.1.b)	-	-	-	808
Other financial assets	-	-	3,193	-
Non-current	**-**	**3,951**	**3,193**	**808**
Equity instruments	-	-	-	-
Derivatives (Note 10.1.b)	-	-	-	23,897
Other financial assets	31,519	-	26,591	-
Current	**31,519**	**-**	**26,591**	**23,897**
Total financial assets at 31/12/2009	**31,519**	**3,951**	**29,784**	**24,705**

	At 31 December 2009 (Thousand euro)	
Financial liabilities:	**Creditors and payables**	**Hedging derivatives**
Nature/category		
Borrowings (Note 21)	19,304	-
Derivatives (Note 10.1.b)	-	279
Other financial liabilities	3,687	-
Non-current	**22,991**	**279**
Borrowings (Note 21)	6,965	-
Derivatives (Note 10.1.b)	-	9,295
Other financial liabilities (Note 20)	39,672	-
Current	**46,637**	**9,295**
Total financial liabilities at 31/12/2009	**69,628**	**9,574**

Financial assets:	At 31 December 2009 (Thousand euro)			
	Financial assets at fair value through profit or loss (Note 14)	Available-for-sale (Note 9)	Loans and receivables (Note 13)	Hedging derivatives (Note 10)
Nature/category				
Equity instruments	-	4,983	-	-
Derivatives (Note 10.1.b)	-	-	-	6,863
Other financial assets	-	-	3,918	-
Non-current	**-**	**4,983**	**3,918**	**6,863**
Equity instruments	-	-	-	-
Derivatives (Note 10.1.b)	-	-	-	4,411
Other financial assets	34,131	-	12,202	-
Current	**34,131**	**-**	**12,202**	**4,411**
Total financial assets at 31/12/2008	**34,131**	**4,983**	**16,120**	**11,274**

Financial liabilities:	At 31 December 2009 (Thousand euro)	
	Creditors and payables	Hedging derivatives
Nature/category		
Borrowings (Note 21)	16,170	-
Derivatives (Note 10.1.b)	-	14,810
Other financial liabilities	2,334	-
Non-current	**18,504**	**14,810**
Borrowings (Note 21)	46,947	-
Derivatives (Note 10.1.b)	-	20,069
Other financial liabilities (Note 20)	44,080	-
Current	**91,027**	**20,069**
Total financial liabilities at 31/12/2008	**109,531**	**34,879**

10.1. b. Derivative financial instruments

The derivative balances at year-end 2009 and 2008 are as follows:

	2009		2008	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange forwards – cash flow hedges	24,705	9,574	11,274	34,631
Foreign exchange forwards – held for trading	-	-	-	248
Total	**24,705**	**9,574**	**11,274**	**34,879**
Non-current	808	279	6,863	14,810
Current	23,897	9,295	4,411	20,069

Set out below is a maturity schedule in notional terms for the contracts in force at 31 December 2009 and 2008:

	Thousand euro				
	Fair value		Notional maturities		
Instrument type	Balances at YE 2009	Balances at YE 2008	2010	2011	Notional total
Assets	**24,705**	**11,274**	**247,399**	**6,942**	**254,340**
US dollar / euro	19,275	1,144	186,867	6,942	**193,808**
Yen / US dollar	5,430	9,584	60,532	-	**60,532**
Kuwaiti dinar / euro	-	546	-	-	-
Liabilities	**9,574**	**34,879**	**178,432**	**10,759**	**189,191**
US dollar / euro	6,114	19,148	136,663	10,759	**147,422**
Rouble / US dollar	3,041	15,731	27,035	-	**27,035**
Australian dollar / US dollar	143	-	9,024	-	**9,024**
Yen / US dollar	276	-	5,710	-	**5,710**
Net balance	**15,132**	**(23,605)**			

Set out below is a maturity schedule in fair value terms for the contracts in force at 31 December 2009 and 2008:

	2009	2010	2011	2012	Total fair value
Total assets, 2009	-	23,897	808	-	**24,705**
Total liabilities, 2009	-	9,295	279	-	**9,574**
Total assets, 2008	4,411	6,863	-	-	**11,274**
Total liabilities, 2008	20,069	14,810	-	-	**34,879**

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

The after-tax gains/losses accumulated in equity in connection with foreign currency forward contracts at 31 December 2009 amounted to a gain of €12,219k (2008: a loss of €9,274k). These gains and losses are recognised in the income statement in the year or years in which the hedged transaction affects profit or loss. This normally occurs within twelve months of the balance sheet date. The corresponding impact on the income statement is as follows:

	2009		2008	
	Operating profit/loss	Financial income/ expense	Operating profit/loss	Financial income/ expense
Cash flow hedges	10,607	6,636	3,687	(16,515)
Total	**10,607**	**6,636**	**3,687**	**(16,515)**

The finance income and expense generated by foreign currency forward contracts is recognised as gains or losses on foreign currency transactions (Note 28).

No portion of the foreign currency hedges was deemed ineffective in 2009 (2008: €2,453k was recognised in the income statement in connection with the ineffective portion of hedges).

11. Trade and other receivables

Set out below is an analysis of this balance sheet heading at year-end 2009 and 2008:

	2009	2008
Trade receivables	1,177,751	1,373,259
Less: provision for impairment losses on receivables	(4,599)	(4,043)
Trade receivables – Net	1,173,152	1,369,216
Other accounts receivable	3,550	10,093
Prepayments	32,099	12,871
Other items	26,403	30,635
Total	**1,235,204**	**1,422,815**

Trade receivables includes €721,240k (2008: €848,551k) relating to completed work pending certification, measured on the basis of the accounting criteria set forth in Note 2.20.

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

In 2009 the Group recognised a €556k impairment charge on trade receivables (2008: €660k). The movements in the provision for impairment of trade receivables were as follows:

	2009	2008
Opening balance	**4,043**	**4,288**
Amounts recognised	556	660
Applications	-	(905)
Closing balance	**4,599**	**4,043**

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

	2009	2008
Euro	263,453	229,177
US dollars	134,991	289,195
Other currencies	58,067	6,336
Subtotal	456,511	524,708
Completed work pending certification	721,240	848,551
Total	**1,177,751**	**1,373,259**

The accumulated balance of revenue and incurred expenses recognised in connection with all contracts in progress at the balance sheet date amounted to €7,780,817k (2008: €5,632,919k) and €727,930k (2008: €544,120k), respectively.

Prepayments received on projects in progress are broken down in Note 20. Withholdings on customer invoices amounted to €61,130k (2008: €23,096k).

12. Inventories

The breakdown of inventory balances is as follows:

	2009	2008
Construction projects in progress	8,775	5,815
Bid presentation costs	8,522	6,841
Materials	2,256	1,014
	19,553	**13,670**

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

13. Receivables and other assets

	2009	2008
Non-current receivables and other non-current assets		
Loans to employees	552	556
Deposits and guarantees	2,641	3,362
	3,193	**3,918**
Current receivables and other current assets		
Loans to partners in UTEs and joint ventures	23,974	11,552
Interest	985	116
Short-term guarantee deposits	345	522
Short-term deposits	1,287	12
	26,591	**12,202**

The loans to partners in UTEs and joint ventures earn interest at market rates (Euribor + 80bp)

14. Financial assets at fair value through profit or loss

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

	2009	2008
Opening balance	**34,131**	**17,736**
Net additions (derecognitions)	(2,612)	16,395
Closing balance	**31,519**	**34,131**
Listed securities:		
- Investments in short-term fixed income securities	16,132	22,695
- Investments in listed equity securities	15,387	11,436
	31,519	**34,131**

All these financial assets are designated held for trading.

In the statement of cash flows, financial assets at fair value through profit or loss are recognised in changes in working capital within cash flows from operating activities.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in finance income/expense in the income statement (Note 28)

Financial assets at fair value through profit or loss include investments in listed equities and short term fixed income funds and their fair value at 31 December 2009 has been determined by reference year-end market prices. Returns on fixed income securities are tied to trends in eurozone interest rates.

15. Cash and cash equivalents

	2009	2008
Cash at bank and in hand	350,881	164,079
Short-term bank deposits and other cash equivalents	440,335	440,260
	791,216	**604,339**

This heading includes cash (cash in hand and demand bank deposits) and cash equivalents (short-term highly-liquid investments readily convertible into specific amounts of cash within a maximum of three months, the value of which is not subject to significant risks).

The effective average interest rate earned on short-term deposits at banks was 0.62% on euro deposits and 0.22% on US dollar deposits (2008: 3.85% and 2%, respectively) and the average deposit term was 10 days.

Of total cash and cash equivalents at 31 December 2009, €110,368k (2008: €130,558k) relates to balances recorded by the joint ventures and UTEs consolidated, as indicated in Exhibits III and IV, respectively.

There were no cash or cash equivalents with restricted availability at 31 December 2009.

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

16. Capital

	Share capital	Share premium	Treasury shares	Total
Balance at 1 January 2008	5,590	8,691	-	14,281
Purchase of treasury shares	-	-	(55,644)	(55,644)
Balance at 31 December 2008	5,590	8,691	(55,644)	(41,363)
Other movements	-	-	(613)	(613)
Balance at 31 December 2009	5,590	8,691	(56,257)	(41,976)

At 31 December 2009 and 2008 the total number of authorised ordinary shares was 55,896,000, each having a par value of €0.10. All issued shares are fully paid up and carry equal voting and dividend rights. There are no restrictions on the transfer of shares.

The movement in treasury shares in 2009 and 2008 is set forth below:

	2009		2008	
	Number of treasury shares	Amount	Number of treasury shares	Amount
Opening balance	1,581,135	55,644	-	-
Additions / purchases	-	-	1,581,135	55,644
Decreases / sales	-	-	-	-
Other movements	-	613	-	-
Closing balance	1,581,135	56,257	1,581,135	55,644

The Group began trading in treasury shares in 2008. At 31 December 2009 treasury shares represented 2.83% of the parent company's share capital. Treasury shares totalled 1,581,135, acquired at an average acquisition price of €35.20 per share. In addition to the significant purchasing activity in 2008, the movement in 2009 reflects an accounting adjustment.

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

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

	2009		2008	
Shareholder	**No. of shares**	**% shareholding**	**No. of shares**	**% shareholding**
Aragonesas Promoción de Obras y Construcciones, S.L.	2,848,383	5.096%	2,848,383	5.10%
Araltec, S.L.	17,882,564	31.99%	21,795,284	38.99%
Banco Industrial de Bilbao	163,978	0.29%	2,969,242	5.31%
Banco Bilbao Vizcaya Argentaria, S.A.	95,037	0.17%	0	0.00%
Bilbao Vizcaya Holding	1,453,385	2.60%	1,656,885	2.96%
BBVA Elcano Empresarial, SCR, S.A.	1,397,401	2.50%	2,124,048	3.80%
BBVA Elcano Empresarial II, SCR, S.A.	1,397,401	2.50%	2,124,048	3.80%
Other shareholders (including free float in 2008)	29,076,716	52.02%	20,796,975	37.21%
Treasury shares	1,581,135	2.83%	1,581,135	2.83%
TOTAL	**55,896,000**	**100.00%**	**55,896,000**	**100.00%**

According to a notice filed with the Spanish securities market regulator in November 2009, Mr. José Lladó Fernández-Urrutia holds a direct and indirect shareholding, through ARALTEC S.L. and ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES S.L., in TÉCNICAS REUNIDAS, S.A. of 37.19%. In addition, under the terms of a shareholder agreement signed by Aragonesas Promoción de Obras y Construcción, S.L., BBVA Elcano Empresarial I, SCR, and BBVA Elcano Empresarial II, SCR, S.A. on 23 May 2006, and subsequently amended on 24 April 2009, specifically the voting syndication clause, Mr. José Lladó Fernández-Urrutia controls 44.69% of the voting rights in TÉCNICAS REUNIDAS, S.A.

17. Other reserves

The entire balance, at €1,137k (2008: €1,137k), corresponds to the legal reserve. This reserve, which is fully paid in, may not be distributed to shareholders and may only be used to offset losses should sufficient other reserves not be available. It may also be used to increase share capital under certain circumstances.

18. Cumulative translation differences

	Total
1 January 2008	**(2,905)**
Translation differences:	
– Group and associates	1,074
31 December 2008	**(1,831)**
Translation differences:	
– Group and associates	(2,517)
31 December 2009	**(4,348)**

A breakdown of cumulative translation differences by company / subgroup at year-end 2009 and 2008 is as follows:

	2009	2008
Company or subgroup		
Damietta LNG Construction (Egypt)	(595)	(447)
Técnicas Reunidas Metalúrgicas, S.A. (Chile)	(502)	512
Técnicas Reunidas Gulf Ltd. (Saudi Arabia)	(142)	192
Técnicas Reunidas Omán LLC (Oman)	(1,270)	(980)
Técnicas Reunidas Engineering LLC (Oman)	(95)	(64)
Technip Consortium (TPC) (*) (Vietnam)	(926)	(564)
Other	(818)	(480)
Total	**(4,348)**	**(1,831)**

(*) Corresponds to a consortium consolidated by the parent company.

19. Dividend payments and minority interests

The proposed distribution of 2009 profit to be put before the parent company's shareholders in general meeting and the ratified distribution of 2008 profit is set forth below:

	2009	2008
Available for distribution		
Profit for the year	92,780	97,070
	92,780	**97,070**
Distribution		
Retained earnings	19,998	27,003
Dividends	72,782	70,067
	92,780	**97,070**

The breakdown of dividends is analysed below:

- 2009: The €72,782k dividend consists of the following:
    - A €35,848k interim dividend approved by the Board of Directors on 15 December 2009 and paid in January 2010.
    - A proposed dividend of €36,934k to be approved at the AGM called to ratify the 2009 annual accounts.

- 2008: The €70,067k dividend consists of the following:
    - A €34,762k interim dividend approved by the Board of Directors on 15 December 2008 and paid on 21 January 2009.
    - A final dividend of €35,305k approved at the AGM called to ratify the 2008 annual accounts.

The following are the provisional accounting and cash statements as of the date of payment of the interim dividends from 2009 and 2008 profits, as detailed above:

	2009	2008
Estimated profit for the year	88,300	85,486
Estimated income tax	(1,500)	6,500
Maximum possible payout	86,800	91,986
Proposed payout	(35,848)	(35,000)
Surplus	**50,952**	**56,986**
Cash balance prior to payout	712,000	243,075
Interim dividend	(35,848)	(35,000)
Cash surplus	**676,152**	**208,075**

Minority interests

Movements in minority interests in 2009 and 2008 are analysed below:

	1 January 2008	Profit/(loss)	Translation differences	31 December 2008	Profit/(loss)	Translation differences	31 December 2009
Eurocontrol, S.A.	1,687	172	(39)	1,820	141	(31)	1,930
Termotécnica, S.A.	1	-	-	1	-	-	1
ReciclAguilar, S.A.	(6)		(3)	(9)	(10)	(16)	(35)
TR Engineering LLC	985	564	(392)	1,157	684	(630)	1,211
TR Oman LLC	2,503	2,440	(240)	4,703	(1,214)	(104)	3,385
Total	**5,170**	**3,176**	**(674)**	**7,672**	**(399)**	**(781)**	**6,492**

20. Trade and other payables

a) Trade payables are analysed below:

	2009	2008
Trade creditors	1,551,051	1,643,488
Prepayments received for contracted work	215,244	120,619
Other	5,531	1,263
	1,771,826	**1,765,370**

b) Other payables are set out below:

	2009	2008
Non-current		
Finance lease liabilities	1,413	862
Other items	-	790
	1,413	**1,652**
Current		
Finance lease liabilities	203	1,001
Dividends payable	35,848	34,762
Other items	3,621	8,317
	39,672	**44,080**

Non-current finance lease liabilities fall due as follows:

	2009	2008
Between 1 and 2 years	1,237	612
Between 2 and 5 years	176	250
Over 5 years	-	-
	1,413	**862**

The above amounts represent minimum lease payments discounted to their present value. Future financial charges under finance leases total €160k (2008: 142k). The Group's finance leases relate to acquisitions of computer equipment and other items of property, plant and equipment.

21. Borrowings

	2009	2008
Non-current		
Bank loans	19,304	16,170
	19,304	**16,170**
Current		
Bank loans	6,965	46,947
	6,965	**46,947**
Total borrowings	**26,269**	**63,117**

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

	2009		2008	
	Euro	US dollar	Euro	US dollar
Bank loans	1.42%	1.02%	4.5%	3.5%

Bank loans totalling €19,239k have been taken on to fund construction of the concession assets (Note 2.6). These loans are secured, with the concession assets as collateral.

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

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

	2009	2008
Euro	21,433	23,626
US dollars and other currencies	4,836	39,491
	26,269	63,117

The Group has the following undrawn credit lines:

Floating rate:	2009	2008
– Maturing in less than one year	221,397	116,701
– Maturing in more than one year	22,973	26,306
	244,370	143,007

22. Employee benefits

At 31 December 2009, the Group recognises obligations with its employees in respect of pensions, retirement benefits and non-current remuneration.

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

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

At 31 December 2009 there are no assets linked to the defined benefit commitments with employees.

	2009	2008
Balance sheet commitments:		
Pension and retirement benefits	5,355	4,754
Non-current remuneration obligations	358	317
	5,713	**5,071**
Income statement charges:		
Pension and retirement benefits (Note 26)	884	761
Non-current remuneration obligations (Note 26)	46	79
	930	**840**

Pension and retirement benefits

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

	2009	2008
Present value of obligations at 1 January	4,754	4,214
Cost of services for the current year	624	496
Interest cost	276	253
Benefits paid and expenses	(283)	(221)
Actuarial gains/(losses)	(16)	12
Balance sheet liability	**5,355**	**4,754**

The changes in the liability recognised in the balance sheet are as follows:

	2009	2008
Opening balance	4,754	4,214
Expense charged to the income statement (Note 26)	884	761
Contributions paid	(283)	(221)
Closing balance	**5,355**	**4,754**

The amounts recognised in the income statement are as follows:

	2009	2008
Cost of current services	624	496
Interest cost	276	253
Actuarial gains/(losses)	(16)	12
Total included in employee benefit expense (Note 26)	**884**	**761**

The principal actuarial assumptions used are as follows:

	2009	2008
Annual discount rate	5.80%	5.25%
Annual salary growth	3.50%	3.50%
Annual inflation	2.00%	2.00%
Mortality table	PERM/F 2000 Producción	PERM/F 2000 Producción
Retirement age	65 years	65 years

Non-current remuneration obligations

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

	2009	2008
Present value of obligations at 1 January	317	240
Cost of services for the current year	52	35
Interest cost	19	15
Benefits paid and expenses	(5)	(2)
Actuarial gains/(losses)	(25)	29
Balance sheet liability	**358**	**317**

The changes in the liability recognised in the balance sheet are as follows:

	2009	2008
Opening balance	317	240
Expense charged to the income statement (Note 26)	46	79
Contributions paid	(5)	(2)
Closing balance	**358**	**317**

The amounts recognised in the income statement are as follows:

	2009	2008
Cost of current services	52	35
Interest cost	19	15
Actuarial gains/(losses)	(25)	29
Total included in employee benefit expense (Note 26)	**46**	**79**

The actuarial assumptions for this commitment are the same as those used for pension and retirement commitments as they have similar delivery terms.

23. Provisions for liabilities and charges

a) Provisions for liabilities and charges – non-current

ITEM	Provision for estimated project losses	Provision for project completion	Other Provisions	Total provisions for liabilities and charges
Balance at 01/01/2008	**-**	**21,344**	**3,787**	**25,131**
Reversals	-	(3,387)	-	(3,387)
Applications	-	(950)	(678)	(1,628)
Amounts recognised	2,787	1,238	-	4,025
Balance at 31/12/2008	**2,787**	**18,245**	**3,109**	**24,141**
Reversals	(117)	(3,916)	-	(4,033)
Applications	-	-	-	-
Amounts recognised	-	3,238	1,186	4,424
Balance at 31/12/2009	**2,670**	**17,567**	**4,295**	**24,532**

Provision for estimated project losses:

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

Provision for project completion:

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

The provisions recognised by the Group at year-end 2009 and 2008 relate to the following projects:

Project	2009	2008
Minatitlan refinery	5,000	2,500
Biodiesel plant	100	300
DHT Complex – Yanbu project	200	800
DHP-CCR Tupras project	400	1,583
Gas plant expansion Ju'aymah	583	583
Diesel / kerosene hydrop.	200	600
As Pontes project	100	1,000
Rabigh project	2,000	3,000
Barranco project	100	1,000
Hawiyah project	960	960
Saih Rawl project	1,000	500
Kayan project	1,000	-
Bouruge project	1,000	-
Other projects	4,924	5,419
Total	**17,567**	**18,245**

Other provisions:

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

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

b) Provisions for liabilities and charges – current

Balance at 1 January 2008	**4,068**
Reversals	(700)
Applications	-
Amounts recognised	5,829
Balance at 31 December 2008	**9,197**
Reversals	(5,364)
Applications	-
Amounts recognised	405
Balance at 31 December 2009	**4,238**

24. Revenue

	2009	2008
Construction and engineering contract revenue	2,596,761	2,436,147
Services rendered	37,521	42,371
Total revenue	**2,634,282**	**2,478,518**

Note 5 presents the main business and geographical segments in which the Group operates.

25. Other operating expenses and revenues

	2009	2008
Other operating expenses		
Services	209,681	246,991
Independent professional services	59,567	41,692
Repairs and maintenance	5,835	5,994
Banking and similar services	5,974	5,105
Transport expenses	101	138
Insurance premiums	4,075	4,642
Utilities	3,456	3,034
Other	10,501	19,306
	299,190	**326,902**
Other operating revenues		
Grants recognised in income	265	640
Other	386	7,739
	651	**8,379**

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

26. Employee benefit expenses

	2009	2008
Wages and salaries, including termination benefits amounting to €3,261k (2008: €2,409k)	264,992	235,875
Social security contributions	47,380	37,111
Pension cost – pension and retirement benefit plans (Note 22)	884	761
Non-current remuneration obligations (Note 22)	46	79
	313,302	**273,826**

27. Operating leases

Minimum future payments on irrevocable operating leases are as follows:

	2009	2008
Less than 1 year	16,675	16,244
Between 1 and 5 years	27,920	47,826
Over 5 years	267	369

Operating lease expense recognised in the income statement amounted to €61,266k (2008: €56,131k) and corresponds in its entirety to minimum lease payments.

28. Financial results

	2009	2008
Financial income		
Interest income from short term bank deposits and other deposits	8,295	22,480
Net gains/losses on changes in the fair value of financial instruments at fair value through profit or loss and other gains / losses	1,463	(2,850)
Net gains on foreign currency transactions	6,390	-
	16,148	**19,630**
Financial expense		
Interest expense on bank loans and other borrowings	(3,325)	(7,487)
Net losses on foreign currency transactions	-	(7,433)
	(3,325)	**(14,920)**
	12,823	**4,710**

Note 9 sets forth the impact on financial income and expense of foreign currency hedges.

29. Income tax

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

	2009	2008
Current tax	13,031	4,990
Deferred tax	2,337	2,201
	15,368	**7,191**

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

	2009	2008
Profit before taxes	160,768	147,475
Tax calculated at the tax rate applicable to the parent company's tax income	48,230	44,243
Tax-free earnings	(34,968)	(40,511)
Non-tax deductible expenses	2,106	129
Effect of differences in foreign tax rates	(1,952)	724
Taxable income not capitalised	1,315	-
Other (net)	637	2,606
Tax expense	**15,368**	**7,191**

The effective tax rate was 9.56% (4.88% in 2008), due mainly to the Group's foreign revenues, which are exempt from Spanish income tax in accordance with Law 18/1982 (26 May) on the Tax System for Groupings and UTEs, and for Regional Industrial Development Companies. These revenues are included in "Tax-free earnings" in the above table and were generated mainly by UTEs engaged in export activities (see Exhibit IV).

Deferred tax assets and liabilities

	2009	2008
Deferred tax assets		
- to be utilised in more than 12 months time	22,696	26,563
- to be utilised in under 12 months	-	-
	22,696	**26,563**
Deferred tax liabilities		
- to be settled in more than 12 months time	(5,808)	(5,325)
- to be settled in under 12 months	-	-
	(5,808)	**(5,325)**

The changes in deferred tax assets and liabilities are as follows:

	Assets	Liabilities
At 1 January 2008	**19,578**	**(3,820)**
Reversals	(3,737)	2,112
Recognitions	7,961	(3,617)
Amounts recognised in equity	2,761	-
At 31 December 2008	**26,563**	**(5,325)**
Reversals	(8,847)	2,688
Recognitions	6,993	(3,171)
Amounts recognised in equity	(2,013)	-
At 31 December 2009	**22,696**	**(5,808)**

Deferred tax assets and liabilities are analysed below:

	2009	2008
Unused tax losses carried forward	3,414	3,414
Unused tax credits carried forward	-	3,182
Tax credits arising from temporary differences:		
- Provisions for liabilities and charges	7,913	9,257
- Other provisions	-	4,321
- Change in current assets	8,197	1,365
- Hedging reserve	912	2,925
- Other items	2,260	2,099
	22,696	**26,563**

	2009	2008
Hedging reserve	(164)	(164)
Current assets	(5,644)	(5,067)
Other items	-	(94)
	(5,808)	**(5,325)**

Deferred tax assets in respect of unused tax losses carried forward are recognised to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. The Group had not recognised deferred tax assets in connection with tax losses amounting to €13,523k (2008: €10,833k).

The breakdown at year end 2009 and 2008 of tax losses by the year in which they arose is as follows:

Year	Tax loss	Amount	Usable until
2005	341	102	2020
2008	11,040	3,312	2023
	11,381	**3,414**	

Deferred taxes generated by transactions that have been directly charged or credited to equity in 2009 amounted to a charge of €2,013k (2008: credit of €2,761k).

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

	2009			2008		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Cash flow hedges	23,506	(2,013)	21,493	(31,067)	2,761	(28,306)
Foreign currency translation differences	(3,298)	-	(3,298)	400	-	400
Other comprehensive income	20,208	(2,013)	18,195	(30,667)	2,761	(27,906)
Current tax	-	-	-	-	-	-
Deferred tax	-	(2,013)	-	-	2,761	-

At 31 December 2009, the Group had unused tax credits amounting to €3,367k (2008: €7,956k). These credits mainly derive from reinvestment, research and development and export credits. Of this total, at 31 December 2008 the Group had recognised €3,182k (2008: €3,182k) as a deferred tax asset; the Group did not recognise the remainder as it could not be certain that future taxable profit will be available against which the unused tax credits can be utilised.

In 2008 the tax authorities began an audit of the consolidated tax group whose parent is Técnicas Reunidas, S.A. in respect of income tax (2004 - 2007) and other taxes (2004 to 2007). The following Group companies are being inspected: Técnicas Reunidas, S.A., Initec Plantas Industriales, Initec Infraestructuras, S.A. and Técnicas Reunidas Internacional, S.A.

In 2009 the authorities began verification on the following UTEs in which the Group has shareholdings: UTE Saih Rawl; Técnicas Reunidas Internacional, S.A. Asturias Petroleum SA ODEB; UTE Hawiyah; UTE Ju`aymah; UTE KJT Proyecto LNG; Técnicas Reunidas Internacional, S.A. Asturias Petroleum SA ODEB; UTE Rabigh and UTE Aconcagua.

At the date of authorising the annual accounts for issue, the tax inspection was ongoing and management had not received any notification of any proposed taxation adjustments. Consequently, the Group can be considered open to inspection in respect of income tax filings for 2004 to 2007 and for 2005 to 2007 for all other taxes it is required to pay.

As a result, among other things, of the different interpretations to which Spanish tax legislation lends itself, additional tax assessments may be raised in the event of a tax inspection. The directors consider, however, that additional assessments, if any, would not significantly affect these accounts.

30. Earnings per share

a) Basic

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

b) Diluted

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

	2009	2008
Profit attributable to equity holders of the parent	145,799	137,108
Weighted average number of ordinary shares outstanding	54,314,865	55,027,050
Basic earnings per share (€ per share)	2.68	2.49

31. Dividend per share

In 2008 the dividends paid against 2007 profits amounted to €53,939k (of which €25,153k was declared in 2007 and paid as an interim dividend), which translates into a dividend per share of €0.98.

In 2009 the dividends paid against 2008 profits amounted to €70,067k (of which €34,762k was declared in 2008 and paid as an interim dividend), which translates into a dividend per share of €1.29.

The dividend against 2009 profits to be submitted to the general meeting called in 2010 to ratify these consolidated annual accounts is estimated at €72,782k (of which €35,848k was declared in 2009 as an interim dividend), which translates into a dividend per share of €1.34. This per share calculation will be modified on the basis of the treasury shares held on the dividend payment date.

32. Contingencies and guarantees furnished

The Group has contingent liabilities relating to bank and other guarantees granted during the ordinary course of business. The contingent liabilities are not expected to give rise to additional material liabilities other than those already provisioned, as disclosed in Note 23. In the ordinary course of the Group's activities, as is common practice with engineering and construction companies, the Group extended guarantees to third parties totalling €1,086,609k (2008: €1,095,106k) in order to duly guarantee contract delivery.

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

As detailed in Note 21, bank loans totalling €19,239k have been taken on to fund construction of the concession assets. These loans are secured by the concession assets (Note 2.6).

33. Commitments

Capital commitments

There are no significant asset purchase commitments at the balance sheet date.

Commitments under operating and finance leases

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

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

Purchase commitments (suppliers and subcontractors)

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

34. Related-party transactions

Transactions with related parties in 2009 and 2008 arose in the ordinary course of business. The relevant related party transactions are described below:

a) Transactions with the parent company's core shareholders

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

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

Set out below are details of these transactions at 31 December 2009 and 2008:

	2009	**2008**
Credit facilities	30,000	39,161
Drawn balances	-	5,910
Guarantees furnished	265,905	379,245
Letter of credit facilities	-	10,000

The average interest rate on these borrowings was 1.22% (2008: 4.87%).

The Group had contracted forward currency transactions with the BBVA Group, the notional values of which totalled USD135,968k (2008: €271,256k).

In addition, the Group has open numerous bank accounts that are necessary to carry out its ordinary business and manages a portion of its cash balances by contracting financial assets through the BBVA Group. At year-end 2009 the balance in these current accounts was €20,710k (2008: €9,770k).

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

	2009	2008
Financial expense	2,296	1,777
Financial income	372	551

b) Transactions with company directors and officers

Set out below is an analysis of transactions undertaken with companies in which the parent company's directors are also directors or administrators:

	2009				2008			
	Trade receivables	Trade payables	Purchases	Sales	Trade receivables	Trade payables	Purchases	Sales
Grupo CEPSA	1,956	61	146	3,051	3,325	-	5	3,337
Tubos Reunidos	-	83	1,823	-	-	23	745	-
Schneider	-	962	4,318	-	-	321	1,215	-

One of the parent company's directors is a director at the SCH Group. Accordingly the banking transactions concluded with this banking group are disclosed below:

	2009	2008
Financial expense	1,268	1,520
Financial income	1,188	40

	2009	2008
Credit facilities	10,000	10,000
Guarantees furnished	308,654	267,377

The average interest rate on these borrowings was 1.42% (2008: 5.07%).

The Group also arranged forward foreign currency sale contracts with SCH, with notional values totalling USD120,585k (2008: USD229,640k).

In addition, the Group has open 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 SCH Group. At year-end 2009 the balance in these current accounts was €141,142k (2008: €3,204k).

Note 39 provides details of the remuneration paid to the Board Directors of Técnicas Reunidas, S.A.

In 2009, remuneration paid to senior Group management in respect of fixed and variable compensation totalled €3,918k (2008: €4,046k).

c) Transactions with associates

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

	2009				2008			
	Trade receivables	Trade payables	Purchases	Sales	Trade receivables	Trade payables	Purchases	Sales
Empresarios Agrupados, A.I.E.	953	95	7,021	2,923	977	463	7,421	4,446
E.A. Internacional, S.A.	517	1,147	7,292	14,229	933	2,288	6,286	7,901
Ibérica del Espacio, S.A.	992	16	4	89	1,802	5	7	1,802

35. Joint ventures

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

Assets:	**2009**	**2008**
Non-current assets	319	425
Current assets	42,130	55,759
Total assets	**42,449**	**56,184**
Liabilities:		
Non-current liabilities	125	369
Current liabilities	57,033	47,011
Total liabilities	**57,158**	**47,380**
Assets net of liabilities	**(14,709)**	**8,804**
Revenue	23,721	62,417
Expenses	(43,883)	(77,527)
Profit/(loss) after taxes	**(20,162)**	**(15,110)**

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

36. Temporary joint ventures (UTEs)

The Group has interests in the UTEs listed in Exhibit IV. The amounts set out below represent the Group's percentage interest in the assets, liabilities, revenues and profits of these UTEs (before consolidation adjustments).

Assets:	**2009**	**2008**
Non-current assets	40,151	23,242
Current assets	1,632,857	1,603,739
	1,673,008	1,626,981
Liabilities:		
Non-current liabilities	19,211	16,036
Current liabilities	1,457,573	1,248,825
	1,476,784	1,264,861
Assets net of liabilities	196,224	362,120
Revenue	1,523,061	1,462,273
Expenses	(1,337,853)	(1,291,732)
Profit after taxes	185,208	170,541

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

37. Environmental disclosures

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

38. Events after the balance sheet date

Between 31 December 2009 and the date of authorising these annual accounts for issue, no significant events have occurred that warrant disclosure.

39. Other information

a) Average Group headcount by category

	2009	**2008**
Category:		
Engineers and university graduates	2,638	2,485
Technical engineers, experts and graduate assistants	1,050	994
Administrative managers	998	942
Unqualified assistants	309	392
Other	390	419
TOTAL	**5,385**	**5,232**

b) Average number of Group employees by gender in 2009 and 2008

	2009		**2008**	
	Male	**Female**	**Male**	**Female**
Category:				
Engineers and university graduates	1,829	901	1,690	795
Technical engineers, experts and graduate assistants	836	279	746	248
Administrative managers	804	254	716	226
Unqualified assistants	98	181	118	274
Other	303	86	331	88
TOTAL	**3,870**	**1,701**	**3,601**	**1,631**

c) Audit fees

The fees accrued in 2009 to PricewaterhouseCoopers Auditores, S.L. for audit services amounted to €317k (2008: €317k) and for other services, €85k (2008: €151k). In addition, fees accrued in 2009 for other services rendered to the Group by other companies that use the PricewaterhouseCoopers trademark totalled €265k (2008: 315k).

d) Information required under article 127 ter of the Spanish Companies Act

The directors of the parent company have no disclosures to make with respect to the content of Article 127 ter of the Spanish Companies Act, except for the following:

- Mr José Lladó Fernández-Urrutia is the Chairman of Técnicas Reunidas Internacional, S.A.
- Mr Juan Lladó Arburúa is a Director or Administrator of Initec Plantas Industriales, S.A., Initec Infraestructuras, S.A., Técnicas Reunidas Internacional, S.A., Técnicas Reunidas Proyectos Internacionales, S.A., Española de Investigación y Desarrollo, S.A., Eurocontrol, S.A. and Empresarios Agrupados Internacional, S.A.; he is also a member of the business organisation Comité de Empresarios Agrupados A.I.E. All of the above-mentioned companies form part of the Tecnicas Reunidas Group.
- Mr Javier Gómez Navarro is a non-executive Director of Grupo Isolux Corsán, S.A.

e) Remuneration paid to the Company's directors

There follows information on total compensation paid to members of the Company's Board of Directors during the year ended 31 December 2009:

- Board meeting attendance fees received by all board members: €881k (2008: €872k).
- Wages and salaries: €636k (2008: €634k).
- Advances: €165k (2008: €165k).
- Life insurance premiums: €7k (2008: €6k).

.

Exhibit I

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2009

SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION

Company name	Registered office	Shareholding		Shareholding company	Consol. method	Activity	Auditor
		Cost (€k)	%				
Técnicas Reunidas Internacional, S.A.	Madrid	120	100%	Técnicas Reunidas, S.A.	Full	Engineering services	PwC
Termotécnica, S.A.	Madrid	1,450	99.98%	Técnicas Reunidas, S.A. and Técnicas Reunidas Construcción y Montaje, S.A.	Full	Engineering services and machinery wholesaler	Unaudited
Técnicas Reunidas Construcción y Montaje, S.A.	Madrid	150	100%	Técnicas Reunidas, S.A.	Full	Real estate development	Unaudited
Técnicas Reunidas Ecología, S.A.	Madrid	120	100%	Técnicas Reunidas, S.A.	Full	Engineering services	PwC
Técnicas Reunidas Metalúrgicas, S.A.	Madrid	120	100%	Técnicas Reunidas, S.A.	Full	Engineering services	Unaudited
Técnicas Reunidas Trade Panamá, S.A.	Panama	46	100%	Técnicas Reunidas, S.A.	Full	Dormant	Unaudited
Técnicas Siderúrgicas, S.A.	Madrid	124	100%	Técnicas Reunidas Construcción y Montaje, S.A.	Full	Engineering services	Unaudited
Técnicas Reunidas Proyectos Internacionales, S.A.	Madrid	1,503	100%	Técnicas Reunidas, S.A.	Full	Engineering services	Unaudited
Española de Investigación y Desarrollo, S.A.	Madrid	438	100%	Técnicas Reunidas, S.A.	Full	Engineering services	PwC
Layar, S.A.	Madrid	8,164	100%	Técnicas Reunidas, S.A.	Full	Real estate	Unaudited
Layar Real Reserva, S.A.	Madrid	349	100%	Layar, S.A.	Full	Real estate	Unaudited
Eurocontrol, S.A.	Madrid	472	80%	Layar, S.A and Layar Real Reserva, S.A.	Full	Inspection, quality control, technical advisory services	Other
Initec Plantas Industriales, S.A.	Madrid	4,613	100%	Técnicas Reunidas, S.A.	Full	Engineering services	PwC
Initec Infraestructuras, S.A.	Madrid	1,322	100%	Técnicas Reunidas, S.A.	Full	Engineering services	PwC
Initec Chile, S.A.	Chile	1	100%	Initec Plantas Industriales, S.A.	Full	Engineering services	PwC
ReciclAguilar, S.A.	Madrid	126	80%	Técnicas Reunidas, S.A.	Full	Engineering services	Unaudited
Técnicas Reunidas Gulf Ltd.	Yedah	15,751	75%	Técnicas Reunidas, S.A.	Full	Engineering services	PwC
TR Engineering LLC	Muscat	400	49%	Initec Plantas Industriales, S.A.	Full	Engineering services	PwC
Técnicas Reunidas Omán LLC	Muscat	215	70%	Initec Plantas Industriales, S.A.	Full	Engineering services	PwC
Técnicas Reunidas Hellas, S.A.	Athens	60	100%	Técnicas Reunidas, S.A.	Full	Engineering services	Unaudited
Técnicas Reunidas Netherlands B.V.	Hague	18	100%	Técnicas Reunidas, S.A.	Full	Engineering services	Unaudited
Técnicas Reunidas de Construcao Unip. LDA	Lisbon	5	100%	Técnicas Reunidas, S.A.	Full	Engineering services	Unaudited
Técnicas Reunidas Australia Pty Ltd	Melbourne	-	100%	Técnicas Reunidas, S.A.	Full	Dormant	Unaudited

Exhibit II

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2009

ASSOCIATES INCLUDED IN THE SCOPE OF CONSOLIDATION

Company name	Registered office	Shareholding		Shareholding company	Consol. method	Activity	Auditor
		Cost (€k)	%				
Layar Castilla, S.A.	Madrid	2,534	25.39%	Técnicas Reunidas, S.A.	Equity	Real estate development	Unaudited
Empresarios Agrupados, A.I.E.	Madrid	69	42.48%	Técnicas Reunidas, S.A.	Equity	Engineering services	E&Y
Empresarios Agrupados Internacional, S.A.	Madrid	558	42.48%	Técnicas Reunidas, S.A. and TR Proyectos Internacionales, S.A.	Equity	Engineering services	E&Y
Ibérica del Espacio, S.A.	Madrid	1,395	45.73%	Técnicas Reunidas, S.A. and TR Proyectos Internacionales, S.A.	Equity	Engineering services	Unaudited
Green Fuel Corporation, S.A.	Madrid	3,487	25.07%	Técnicas Reunidas, S.A.	Equity	Project analysis and execution	Unaudited
Productora de Diesel, S.A.	Viña del Mar	1,619	27.50%	Técnicas Reunidas Metalúrgicas, S.A.	Equity	Project analysis and execution	PwC

Exhibit III

CONSOLIDATED ANNUAL ACCOUNTS OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2009

JOINT VENTURES INCLUDED IN THE SCOPE OF CONSOLIDATION

Company name	Registered office	Shareholding		Venturer	Consol. method	Activity	Auditor
		Cost (€k)	%				
Heymo Ingeniería, S. A.	Madrid	517	39.98%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	KPMG
KJT Engeharia Materiais	Madeira	2	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	Deloitte
Damietta Project Management Co.	London	0	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	KPMG
Damietta LNG Construction	Damietta	11,331	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services and project execution	E&Y
Proyectos Ebramex, S. de R.L. de C.V.	Mexico City	7,213	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	PwC
Minatrico, S. de R.L. de C.V.	Mexico City	13,756	33.33%	Técnicas Reunidas, S. A.	Proportionate	Engineering services	PwC
Construcción e Ingeniería D.I. Ltda.	Santiago	1	50.00%	Initec Chile, S.A.	Proportionate	Engineering services	Other
Construcción e Ingeniería FIM Ltda.	Santiago	1,493	33.33%	Initec Chile, S.A.	Proportionate	Engineering services and project execution	Unaudited
Construcción e Ingeniería FI Ltda.	Santiago	1	50.00%	Initec Chile, S.A.	Proportionate	Engineering services and project execution	Unaudited
Técnicas Reunidas Ensol, S.A. (*)	Madrid	52	50.00%	Técnicas Reunidas, S. A.	Proportionate	Engineering services and project execution	Unaudited

Exhibit IV

UTEs AND CONSORTIUMS IN WHICH THE CONSOLIDATED COMPANIES HAVE INTERESTS

Company name	Percentage shareholding	Company name	Percentage shareholding
UTE ALQUILACION CHILE	100%	UTE TR/I.P.I. C.P.BIO BIO	100%
TR FRANCIA BRANCH	100%	UTE TR/I.P.I. FENOLES KAYAN	100%
TR KHABAROVSK BRANCH	100%	UTE TR/I.P.I. OFFSITES ABUH DABIH	100%
TR MOSCU BRANCH	100%	UTE TR/INITEC DAMIETTA LNG	100%
UTE FCC VALENCIA	63%	UTE TR/INITEC EBRAMEX INGENIERIA	100%
UTE HDT/HDK FASE II	100%	UTE TR/INITEC INFRA CONS.COMP.LA VIÑA	100%
UTE HYDROCRACKER HUNGARY	100%	UTE TR/INITEC INFRA CONS.PC.HUERCAL OVERA	100%
UTE INITEC I./AN + PD S.C. AEROP.DE SANTIAGO	72%	UTE TR/INITEC INFRA CONSTRUCCI.PARCELA S	100%
UTE INITEC I./GEOCART CATASTRO R.D.	50%	UTE TR/INITEC JV HAWIYAH GPE	100%
UTE INITEC I./KV CONS.CONDUCCION DE TABERNAS	50%	UTE TR/INITEC KJT PR. LNG	100%
UTE INITEC INFRA/BLC/FBA NAT AEROP.REUS	90%	UTE TR/INITEC MINATRICO INGENIERIA	100%
UTE INITEC INFRA/EVREN EVAL.RECURSOS	70%	UTE TR/INITEC P.I. JV TR RABIGH DP	100%
UTE INITEC P.I./SPIE CAPAG MEDGAZ	50%	UTE TR/INITEC PROYECTO DGC CHILE	100%
UTE INITEC/FOSTER ACONCAGUA II	50%	UTE TR/INTERCONTROL VARIANTE PAJARES	100%
UTE INITEC/FOSTER/MAN ACONCAGUA I	33%	UTE TR/IONICS RAMBLA MORALES	40%
UTE INITEC/TR JU'AYMAH GPE	100%	UTE TR/IONICS/TCOSA/CHSA DEP.OROPESA	25%
UTE INITEC/PYCSA ALBERCA DEL JUCAR	50%	UTE TR/IPI ELEFSINAS	100%
UTE INITEC/TR MEJILLONES	100%	UTE TR/IPI KHABAROVSK	100%
UTE INITEC/TR RKF ARGELIA	100%	UTE TR/IPI REFINERIA SINES GALP	100%
UTE INITEC/TR PLANTAS HDT Y HCK	100%	UTE TR/KV CON.PL.Y URB.ZALIA	50%
UTE INITEC/TR SAIH RAWL	100%	UTE TR/LOGPLAN A.T.AENA	55%
UTE INITEC/TR TFT ARGELIA	100%	UTE TR/PAI URBANIZACION CALAFELL	55%
UTE IPI/ACCIONA 5º TANQUE CARTAGENA	50%	UTE TR/PYCSA CUEVAS DEL CAMPO	50%
UTE IPI/DSD FCC COGENERACION PAMPILLA	50%	UTE TR/RTA VILLAMARTIN	50%
UTE IPI/DSD FCC CRAQUEO PAMPILLA	50%	UTE TR/SEG PORTAS	50%
UTE IPI/TECHNIGAZ TZI CARTAGENA	30%	UTE TR/SEG PROY.NT AENA	70%
UTE MEIRAMA	14%	UTE TR/SERCOAL CENTRO DE DIA	50%
UTE PRESA LOTETA	50%	UTE TR/SERCOAL EDIFICIO SERVICIOS MULTIPLES	50%
UTE PROVER	50%	UTE TR/SOLAER I.S.F. MORALZARZAL	90%
UTE RUZAFA	50%	UTE TR/TECNORESIDUOS PT VALDEMINGOMEZ	90%
UTE TIN GAS	27%	UTE TR/TREC OPER.DESALADORA R.MORALES	100%
UTE TR POWER	100%	UTE TR/TRIMTOR DEP.CAÑADA GALLEGO	50%
UTE TR/ALTAMARCA COMPLEJO LA VIÑA	80%	UTE TR/TRIMTOR EDAR LIBRILLA	50%
UTE TR/ALTAMARCA PISCINA CUBIERTA	80%	UTE TR/TT HORNOS RUSIA	100%
UTE TR/ALTAMARCA/HMF C.ALCOBENDAS	34%	UTE TRISA/AST. PET/.MINATRICO SUMINISTROS	33%
UTE TR/ANETO RED NORTE OESTE	50%	UTE TRISA/AST. PET./ODEBRECHT EBRAMEX SUMI.	33%
UTE TR/ARDANUY ALGECIRAS	70%	UTE VALORIZA TR SS2	50%
UTE TR/ASFALTOSY CONS.APARCAM.ALCOBENDAS	50%	INT UE CAMB ANAV	50%
UTE TR/CTCI GUANDONG EO/EG	90%	UTE PEIRAO XXI	50%
UTE TR/CTCI JIANGSU SERVICIOS	90%	UTE TR/GEA COLECTOR PLUVIALES H.O.	80%
UTE TR/CTCI JIANGSU SUMINISTROS	90%	CONSORCIO ECUADOR	100%
UTE TR/ESPINDESA	100%	UTE TR/MASTER (EXPO ZARAGOZA)	50%
UTE TR/ESPINDESA - PEL SINES	100%	UTE TR/MASTER (Pte Liquidacion)	50%
UTE TR/ESPINDESA - TR AKITA	100%	UTE EP SINES	100%
UTE TR/FERROVIAL LA PLANA DEL VENT	58%	C. ITOIZ	50%
UTE TR/GDF AS PONTES	50%	UTE INITEC INF- FULCRUM CUENCA SEGURA	51%
UTE TR/GDF BARRANCO DE TIRAJANA	50%	UTE TR/GEA/SANHER EL CARAMBOLO.	40%
UTE TR/GDF CTCC BESOS	50%	UTE TR/HEYMO/AEROPUESTOS DE PARIS	40%
UTE TR/GDF CTCC PUERTO DE BARCELONA	50%	UTE TR/I.P.I. TR JUBAIL	100%
UTE TR/GUEROLA CENTRAL TERMOSOLAR	50%	UTE TR/I.P.I. ABUH DABIH -SAS	100%
VIETNAM	20%		

Free translation of the consolidated annual accounts originally issued in Spanish and prepared in accordance with International Reporting Standards as adopted by the European Union. In the event of a discrepancy, the Spanish language version prevails.

1. Financial Indicators.

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

In financial year 2009, the Group's net sales were 2,634 million euro, which represents a 6% increase over the year before, maintaining the trend of recent years.

The operating income was 149 million euro, which is 5.7% of the sales figure.

Profits after taxes amounted to 145 million euros and accounted for 5.5 % of sales.

2. Research and Development.

The Group maintained its policy of investing in the Research, Development and Innovation which is so crucial to it business, developing technological aspects where niches of potential commercial interest can be detected.

3. Significant Events Subsequent to Year End.

At the beginning of this year, the Company signed two refinery contracts that had been awarded in December 2009: the Izmit refinery modernisation project and the Talara refinery modernisation project. Unlike the previous year, in which new project awards slowed down during the first half of the year as a result of the economic uncertainty, Técnicas Reunidas started 2010 in an ideal situation. At this time, the Company's order book is at a record high and is well diversified in terms of clients and countries.

4. Acquisition of Treasury Stock.

There were no transactions with treasury stock in 2009.

5. Management of Financial Risks and Use of Financial Instruments.

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

6. Other Risk Factors Affecting the Business.

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

- The future business success of TECNICAS REUNIDAS is contingent upon new contract being awarded.
- TECNICAS REUNIDAS depends on a relatively small number of contracts and clients, some of them located in the same country.
- TECNICAS REUNIDAS does part of its business abroad. This business is exposed to a certain degree of economic, social and political uncertainty. Unexpected, adverse changes in the countries where Técnicas Reunidas does business could result in its projects being paralysed, increased costs and potential losses.
- TECNICAS REUNIDAS depends on its key executive personnel.
- The success of associations, consortia, and joint ventures depends on our partners' complying with their respective obligations.
- A failure of information technology systems could have a negative impact on the business of TECNICAS REUNIDAS.

- TECNICAS REUNIDAS may be exposed to claims for the errors or omissions of its professionals.
- The warranty liability to clients could have a negative effect on Técnicas Reunidas's profits.
- TECNICAS REUNIDAS is not exempt from the risk of being involved in litigation.

7. Average Number of Employees by Category.

Category:	2009	2008
Engineers and other professionals	2,638	2,485
Surveyors, specialists and qualified assistants	1,050	994
Administrative	998	942
Unqualified assistants	309	392
Other categories	390	419
TOTAL	5,385	5,232

8. The Environment

Given the lines of business in which the companies of the Group operate, the Group has no liabilities, expenses, assets, provisions or contingencies of an environmental nature which could have a significant effect on its net worth, financial situation or results.

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

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

The significant shareholders, direct and indirect, are shown below:

Company		Number of Shares	Percentage of Total
Araltec, S.L.	Direct	17,882,564	31.99%
Aragonesa de Promoción de Obras y Construcciones	Direct	2,848,383	5.10%
Banco Bilbao Vizcaya Argentaria	Indirect	4,507,202	8.06%

10. Restrictions on Voting Rights.

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

11. Shareholder Agreements.

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

A syndicated voting commitment on the governing bodies of the Company by the shares controlled by José Lladó Fernández Urrutia (Araltec, S.L. and Aragonesas Promoción de Obras y Construcciones, S.L.) and those in the possession of the companies BBVA Elcano Empresarial, SCR and BBVA Elcano Empresarial II, SCR, in order to ensure a majority of votes in favour of the companies controlled by José Lladó Fernández Urrutia.

- A commitment by the companies BBVA Elcano Empresarial I, SCR and BBVA Elcano Empresarial II, SCR to maintain their shareholding for a period of nearly 9 years. The agreement also establishes a calendar for the progressive and optional exclusion of the shares subject to the syndication and maintenance agreement between the years 2010 and 2015 and a preferential acquisition right in favour of José Lladó Fernández Urrutia.

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

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

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

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

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

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

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

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

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

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

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

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

- Execute the treasury stock policy as authorised to do so by the General Meeting.
- Approve the Company's general policies and strategies, including the treasury stock policy and its limits, in particular.

- Approve the company's most relevant operating decision relative to investments and shareholdings in other companies, financial operations, hiring and employee remuneration.

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

There are no agreements of this kind.

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

There is only one such agreement with a company executive which provides that in the event of illegal dismissal the indemnity would be determined in court and in the event of an objective dismissal, layoff or any other decision by the company, the amount of the indemnity would be 488,000 euros.

16. Corporate Governance Report.

The Corporate Governance Report is appended to this Directors' Report.

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