

TÉCNICAS REUNIDAS, S.A.

Audit report on the annual accounts
as at 31 December 2011



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

AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

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

We have audited the annual accounts of Técnicas Reunidas, S.A., consisting of the balance sheet at 31 December 2011, the income statement, the statement of changes in equity, the cash flow statement and related notes for the year then ended. The company's directors are responsible for the preparation of these annual accounts in accordance with the financial reporting framework applicable to the entity (as identified in Note 2 to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying annual accounts for 2011 present fairly, in all material respects, the financial position of Técnicas Reunidas, S.A. at 31 December 2011 and the results of its operations and cash flows for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

Without qualifying our audit opinion, we draw your attention to Note 1 of the accompanying annual accounts, which indicates that the Company holds majority shareholdings in several companies. The accompanying annual accounts have been prepared on a non-consolidated basis. On 28 February 2012 consolidated annual accounts were prepared for the group of companies on which we issued an unqualified opinion on 28 February 2012. These accounts reflect net equity totalling thousand euro 349,367, which includes profits for 2011 totalling 135,320. It should be noted that those consolidated annual accounts have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS- EU).

The accompanying directors' Report for 2011 contains the explanations which the directors consider appropriate regarding the company's situation, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the directors' Report is in agreement with that of the annual accounts for 2011. Our work as auditors is limited to checking the directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the company's accounting records.

Original in Spanish signed by
Rafael Pérez Guerra
Partner

28 February 2012

*PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 913 083 566, www.pwc.com/es*

TÉCNICAS REUNIDAS, S.A.

Annual accounts for the year ended 31 December 2011
and 2011 Director's Report

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TÉCNICAS REUNIDAS, S.A.
BALANCE SHEET AT 31 DECEMBER 2011 and 2010
(Figures in Thousand of Euros)

	Note	2011	2010
NON-CURRENT ASSETS		128,811	129,570
Intangible assets	5	48,232	45,287
Property, plant and equipment	6	19,920	19,570
Equity investments in group companies, jointly-controlled entities and associates	8	42,419	41,142
Financial assets	7	5,285	7,028
Shares and non-current equity holdings		222	222
Loans to employees		901	816
Derivatives	11	1,410	3,132
Other financial assets		2,752	2,858
Deferred tax assets	23	12,955	16,543
CURRENT ASSETS		1,686,722	1,692,635
Inventories	12	64,324	74,110
Trade and other receivable accounts	7 & 10	1,129,201	1,246,744
Investments in group companies, jointly-controlled entities and associates	7 & 8	113,395	97,436
Financial assets	7	41,072	42,848
Financial assets at fair value	9	34,271	34,867
Loans to third parties		94	94
Derivatives	11	5,897	7,663
Other financial assets		810	224
Prepayments and accrued income		939	1,093
Cash and cash equivalents	7 & 13	337,791	230,404
TOTAL ASSETS		1,815,533	1,822,205

Notes 1 to 32 and Exhibit I are an integral part of these annual accounts

TÉCNICAS REUNIDAS, S.A.
BALANCE SHEET AT 31 DECEMBER 2011 and 2010
(Figures in Thousand of Euros)

	Note	2011	2010
EQUITY		88,428	124,267
Capital and reserves		112,067	124,884
Capital	14	5,590	5,590
Issued capital		5,590	5,590
Share premium	14	8,691	8,691
Reserves	15	129,837	115,503
Legal reserve		1,137	1,137
Other reserves		128,700	114,366
(Treasury shares and own equity instruments)	14	(73,371)	(56,257)
Profit for the year	16	77,166	87,205
(Interim dividend)	16	(35,846)	(35,848)
Adjustments for changes in value		(24,066)	(2,878)
Hedge transactions	11	(24,087)	(2,400)
Translation differences		21	(478)
Grants, donations and legacies received	17	427	2,261
NON-CURRENT LIABILITIES		62,979	46,721
Long-Term Provisions	18	18,617	18,697
Long-term Employee benefit obligations		5,705	5,315
Other provisions		12,912	13,382
Long-Term Debts	7	44,198	27,860
Debts to credit institutions		27,105	26,858
Finance lease obligations		354	694
Derivatives	11	16,460	213
Other financial liabilities		279	95
Deferred tax liabilities	23	164	164
CURRENT LIABILITIES		1,664,126	1,651,217
Short-Term Provisions	18	5,254	2,235
Current borrowings	7 & 20	61,494	73,413
Debts to credit institutions		2,546	28,837
Derivatives		23,045	8,671
Other financial liabilities		35,903	35,905
Borrowings from related parties	7 & 21	52,440	95,498
Trade and other payables	7 & 22	1,543,902	1,480,071
Accruals and deferred income		1,036	-
TOTAL EQUITY AND LIABILITIES		1,815,533	1,822,205

Notes 1 to 32 and Exhibit I are an integral part of these annual accounts

TÉCNICAS REUNIDAS, S.A.

**INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2011 AND
2010
(Figures in Thousand of Euros)**

	Note	2011	2010
CONTINUING OPERATIONS			
Revenue	24	1,242,095	1,550,694
Revenue from the sale of goods and services		1,242,095	1,550,694
Changes in inventory of finished goods and work in progress		2,908	1,375
Own work capitalised		2,909	4,538
Cost of sales		(698,236)	(884,870)
Consumption of goods purchased for resale		(698,236)	(884,870)
Other income		957	836
Supplementary and other operating income		112	112
Grants released to the income statement during the year		845	724
Employee expenses	24	(189,139)	(188,423)
Wages and salaries		(156,538)	(156,963)
Staff welfare expenses		(31,624)	(31,217)
Impairment provisions		(977)	(243)
Other operating expenses	24	(335,314)	(418,516)
External services		(331,760)	(407,035)
Taxes other than income tax		(3,365)	(2,181)
Losses on, impairment of, and change in provisions for trade receivables		(189)	(9,300)
Depreciation and amortisation	5 & 6	(5,179)	(4,489)
Overprovisions		703	10,959
Impairment of and gains (losses) on disposal of non-current assets		(130)	(1,009)
OPERATING PROFIT (LOSS)		21,574	71,095
Finance income		67,666	49,708
Finance cost		(3,533)	(4,960)
Change in fair value of financial instruments		(746)	(524)
Net exchange differences		672	(62)
Impairment of and gains (losses) on disposal of financial instruments		(2,622)	1,007
NET FINANCE INCOME	25	61,437	45,169
PROFIT BEFORE INCOME TAX		83,011	116,264
Income tax	23	(5,845)	(29,059)
PROFIT FOR THE YEAR		77,166	87,205

Notes 1 to 32 and Exhibit I are an integral part of these annual accounts

TÉCNICAS REUNIDAS, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31
DECEMBER 2011 AND 2010

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE
(Figures in Thousand of Euros)

	Note	2011	2010
Profit for the year as per income statement		77,166	87,205
Income and expense recognized directly in equity			
On cash flow hedges	11	(28,610)	7,708
On actuarial gains and losses and other adjustments		(100)	881
Tax effect	23	11	(1,009)
Total income and expense recognised directly in equity		(28,698)	7,580
Amounts transferred to income statement			
On cash flow hedges	11	7,422	(2,550)
Tax effect			
Total amounts transferred to income statement		7,422	(2,550)
TOTAL RECOGNISED INCOME AND EXPENSE		55,889	92,235

Notes 1 to 32 and Exhibit I are an integral part of these annual accounts

TÉCNICAS REUNIDAS, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Share capital	Share premium	Reserves	(Treasury shares)	Retained earnings	Profit for the year	(Interim dividend)	Reserve for valuation adjustments	Grants, donations and legacies received	TOTAL
BALANCE AT 1 JANUARY 2010	5,590	8,691	95,072	(56,257)	-	92,780	(35,848)	(7,475)	2,261	104,814
Total recognised income and expense	-	--	433	-	-	87,205	-	4,597	-	92,235
Transactions with shareholders and owners										
- Dividend payment	-	-	-	-	(36,934)	-	(35,848)	-	-	(72,782)
- Transactions with treasury shares (net)	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	19,998	-	36,934	-92,780	35,848	-	-	-
BALANCE AT 31 DECEMBER 2010	5,590	8,691	115,503	(56,257)	-	87,205	(35,848)	(2,878)	2,261	124,267
BALANCE AT 1 JANUARY 2011	5,590	8,691	115,503	(56,257)	-	87,205	(35,848)	(2,878)	2,261	124,267
Total recognised income and expense	-	-	-89	-	-	77,166	-	(21,188)	-	55,889
Transactions with shareholders and owners										
- Dividend payment	-	-	-	-	-36,934	-	(35,846)	-	-	(72,780)
- Transactions with treasury shares (net)	-	-	-	(17,114)	-	-	-	-	-	(17,114)
Other changes in equity	-	-	14,423	-	36,934	(87,205)	35,848	-	(1,834)	(1,834)
BALANCE AT 31 DECEMBER 2011	5,590	8,691	129,837	(73,371)	0	77,166	(35,846)	(24,066)	427	88,428

Notes 1 to 32 and Exhibit I are an integral part of these annual accounts

TÉCNICAS REUNIDAS, S.A.
CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011
AND 2010
(Figures in Thousand of Euros)

	Note	2011	2010
Cash flows from operating activities			
1. Profit for the year		77,166	87,205
2. Adjustments for non-cash income and expense:			
- Taxes	23	5,845	29,059
- Depreciation and amortisation of PPE and intangible assets	5 & 6	5,179	4,489
- Change in provisions for contingencies and charges (net)		219	1,009
- Impairment losses		212	(1,659)
- Gains (losses) on fixed asset disposals/derecognitions		130	
- Gains (losses) on derecognition and disposal of financial instruments	25	2,622	
- Finance income	25	(67,666)	(49,708)
- Finance cost	25	3,533	4,960
- Change in gains/losses on derivatives		12,422	3,972
- Exchange gains/losses		(672)	62
- Change in fair value of financial instruments		746	524
- Impairment of financial instruments		545	(1,007)
- Other gains (losses)		-	434
3. Changes in working capital			
- Inventories		9,786	(46,146)
- Trade and other receivables		115,709	(601,450)
- Other accounts receivable		10,223	839
- Financial assets at fair value through profit or loss		-	(19,414)
- Trade payables		69,139	450,874
- Current tax liabilities		(6,893)	48,330
- Provisions for liabilities and charges and other accounts payable		(391)	(595)
- Other changes		205	(25,192)
4. Other cash flows from operating activities			
- Interest paid		(4,005)	(4,960)
- Dividends received		36,025	34,535
- Interest received		4,974	3,785
- Other receipts/(payments)		(687)	-
5. Net cash flows from (used in) operating activities		274,366	(80,054)
Cash flows from investing activities			
6. Payment on investments			
- Purchases of property, plant and equipment	5	(5,186)	(5,782)
- Purchases of intangible assets	6	(3,451)	(4,878)
- Investment in group companies and associates		(1,277)	(5,704)
- Disposal of non-current assets		-	(641)
7. Proceeds from disposals			
- Investments in group companies and associates		52	-
- Property, plant and equipment		32	-
8. Net cash flows used in investing activities		(9,830)	(17,005)
Cash flows from financing activities			
9. Proceeds from and repayment of equity instruments			
- Acquisition of treasury shares	14	(17,114)	-
10. Proceeds from and repayments of financial liabilities			
a) Issuance of:			
- Other liabilities		(341)	
- Bank loans			37,807
b) Repayment of:			
- Bank loans		(26,293)	(1,772)
- Borrowings from related parties		(40,667)	-
11. Dividends paid and payments on other equity instruments			
- Dividends paid		(72,734)	(72,783)
12. Net cash flows used in financing activities		(157,148)	(36,748)
Net increase/(decrease) in cash and cash equivalents		107,387	(133,807)
Cash and cash equivalents at beginning of year		230,404	364,211
Cash and cash equivalents at end of the year		337,791	230,404

Notes 1 to 32 and Exhibit I are an integral part of these annual accounts

TÉCNICAS REUNIDAS, S.A.

NOTES TO THE 2011 FINANCIAL STATEMENTS

(Thousand euro)

1. Company information

TÉCNICAS REUNIDAS, S.A. (the Company) was incorporated on 6 July 1960 as a limited liability company (“sociedad anónima”). It is entered in the Madrid Companies Register in volume 1407, sheet 129, page 5692. The latest adaptation and amendment of its Articles of Association is registered in volume 22573, section 8, book 0, sheet 197, page M-72319, entry 157. The registered offices of Técnicas Reunidas, S.A. are located at calle Arapiles, 14, Madrid (Spain). It is headquartered in Madrid, at calle Arapiles, 13.

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 Company operates through a number of business lines, mainly in the refinery, gas and power sectors.

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

As indicated in Note 8, the Company is the parent of a Group of companies. The accompanying financial statements were drawn up on an unconsolidated basis. On 28 February 2012, the Company’s Board of Directors authorised the 2011 consolidated annual accounts of Técnicas Reunidas, S.A. and subsidiaries for issue. The consolidated financial statements were drawn up under the International Financial Reporting Standards adopted by the European Union (IFRS-EU). As per the consolidated annual accounts, the Group’s equity at year-end 2011 stood at €340,649k (2010: €341,247k), a figure which includes Group profit for 2011 of €135,320k (2010: €97,932k).

2. Basis of presentation

a) Fair presentation

The 2011 annual accounts were prepared from the Company’s accounting records and are presented in accordance with prevailing company law and the accounting rules laid down in the Spanish National Chart of Accounts, enacted by means of Royal Decree 1514/2007, as amended by Royal Decree 1159/2010 and Ministry of Economy and Finance Order EHA/3362/2010, of 23 December, approving the rules for adapting the Spanish National Chart of Accounts for public infrastructure concession operators. The accompanying accounts were prepared by the Company’s directors in order to present fairly its equity and financial position and its financial performance and the changes in equity and cash flows in accordance with the above legislation.

In keeping with prevailing legislation, these annual accounts are the first presented since the rules for adapting the Spanish National Chart of Accounts for public infrastructure concession operators took effect. The Company has chosen to present comparative information restated to reflect the new accounting criteria, establishing 1 January 2010 as the transition date to this end. Note that the annual accounts for the year ended 31 December 2010 were drawn up in accordance with the National Chart of Accounts in effect in Spain under Royal Decree 1514/2007, as amended by Royal Decree 1159/2010.

In the opening balance sheet at 1 January 2010, the date on which the rules for adapting the Spanish National Chart of Accounts for public infrastructure concession operators were applied for the first time, the assets and liabilities arising from the concession arrangements recognised in accordance with the new industry-specific rules (detailed below) were reclassified and measured at their carrying amounts. The industry adaptation has not had any impact on the Company's equity.

The figures shown are presented in thousand euro, unless otherwise indicated.

<u>Cost</u>	<u>31/12/2009</u>	<u>Reclassifications</u>	<u>01/01/2010</u>
Concessions	41,668	(41,668)	-
Concession arrangements, regulated assets (*)	-	1,905	1,905
Concession arrangement prepayments, regulated assets (**)	-	39,763	39,763
<u>Accumulated amortisation and impairment charges</u>			
Concessions	(1,255)	1,255	-
Concession arrangements, regulated assets	-	(1,255)	(1,255)

(*) Corresponds to finished work in operation or for which the grantor extends the Company the right to use the infrastructure.

(**) Corresponds to concessions under development that are not yet operational.

b) Critical aspects of measurement and estimation of uncertainty

The preparation of the annual accounts requires the Company to make estimates and judgements concerning the future that may affect the amount of related assets, liabilities, income and expense and the scope of related disclosures. Critical judgements and key sources of estimation uncertainty are assessed continually and are based on historic experience and other factors, including forward-looking expectations, which are considered reasonable under the circumstances. The outcome of these estimates and judgements provides the basis of the carrying amounts of assets, liabilities, income and expenses that cannot be readily determined by other means. Actual results may differ from estimated results.

Sources of estimation uncertainty are deemed major if the nature of the estimates and judgements is material and if they pose a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities or could have a material impact on earnings performance. The main estimates applied by Company management are as follows:

Revenue recognition

The Company uses the percentage-of-completion method to recognise revenue. Use of the percentage-of-completion method requires it to estimate the services performed to date as a proportion of the total services to be performed. This revenue recognition method is applied only when the outcome of the contract can be reliably estimated and it is likely that the contract will generate profits. If the outcome of the contract cannot be reliably estimated, revenue is recognised to the extent that costs are recovered. When it is likely that the costs of a contract will exceed the revenues, the loss is immediately recognised as an expense. When applying the percentage-of-completion method, the Company makes significant estimates regarding the total costs necessary to perform the contract. These estimates are reviewed and assessed regularly in order to verify whether or not a loss has been generated and whether it is possible to continue to apply the percentage-of-completion method or whether it is necessary to re-estimate the expected margin on the project. During the project, the

Company also estimates probable contingencies related to the increase in the total estimated cost and adjusts revenue recognised accordingly.

Income tax and deferred tax assets

The calculation of income tax requires the interpretation of tax legislation applicable to the Company. 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 Company management. In addition, the Company assesses the recoverability of deferred tax assets based on the existence of future taxable income against which these assets may be utilised.

Provisions

Provisions are recognised when it is probable that a present obligation, arising as a result of past events, will give rise to an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably. Significant estimates are required to fulfil the applicable accounting requirements. Company 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.

Accounts receivable

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

Fair value of unlisted financial instruments

The Company determines the fair value of unlisted financial instruments (assets and liabilities) using valuation techniques. The Company exercises judgement in selecting a range of methods and assumptions which are based primarily on prevailing market conditions at the reporting date. The Company has used discounted cash flow analyses for some derivatives not traded on active markets, or other objective evidence of the fair value of the instrument concerned, such as recent comparable transactions or the value of call or put options outstanding at the balance sheet date.

Warranty claims

The Company 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 2011 and 2010. No relevant changes to these estimates are anticipated.

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 employee benefit costs and obligations include the appropriate discount rate and a growth rate for salaries and other benefits. Other key assumptions for pension obligations are based in part on prevailing market conditions. Any change in these assumptions will have an impact on the amount of the expense and liability recognised in connection with employee benefits. Additional information is disclosed in Note 19.

Impairment of investments in Group companies, jointly-controlled entities and associates

Investments in Group companies, jointly-controlled entities and associates are tested for impairment, as set forth in Note 3. As these companies are not listed, their recoverable amounts are based on the carrying amount of the shareholdings adjusted for any unrealised capital gains at the measurement date. These calculations require the use of estimates.

Useful lives of items of PPE and intangible assets

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 Company reviews the useful lives of its assets. When changes from previous estimations are identified, the necessary adjustments are made on a prospective basis.

c) Aggregation

Certain of the items presented on the balance sheet, income statement, statement of changes in equity and cash flow statement are aggregated to facilitate reader comprehension, while the required breakdowns are provided in the accompanying notes.

3. Accounting policies

3.1 Intangible assets

a) Software

Software includes the ownership and user rights for computer software acquired from third parties or developed by the Company and intended for use during several years. Licences for software acquired from third parties are capitalised at the cost of acquisition plus the costs incurred to ready it for use. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company which are deemed likely to generate future economic benefits in excess of costs for more than one year are recognised as intangible assets. Direct costs include software developer costs and an appropriate portion of relevant overhead.

Software is amortised on a straight-line basis over a four-year period from when it is implemented. Software maintenance charges are expensed in the year incurred.

b) Patents, licenses and trademarks

This heading recognises the amounts satisfied for ownership of or licences for its various items of industrial property. Industrial property has a finite useful life and is amortised over this term on a straight-line basis.

c) Concession arrangements, regulated assets

Concessions under construction refer to the administrative authorisations granted by a number of municipal councils to build and operate car parks and other assets for the period of time stipulated in each contract.

The industry adaption of the Spanish National Chart of Accounts for public infrastructure concession operators (effective since 1 January 2011) regulates the accounting treatment of these service concession arrangements, which are defined as arrangements under which the granting entity contracts a concession operator to build (or upgrade) and operate, or only to operate, infrastructure that is earmarked for the provision of public services of an economic nature for the period stipulated in the concession agreement and in exchange for the right to remuneration.

Concession arrangements must meet the following criteria:

- The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- The grantor controls any significant residual interest in the infrastructure at the end of the term of the arrangement.

Under these concession arrangements, the concession operator acts as service provider, providing infrastructure construction or upgrade services, on the one hand, and operating and maintaining the infrastructure throughout the term of the arrangement, on the other. The consideration received or receivable by the concession operator for infrastructure construction or upgrade services is recognised at the fair value of the service rendered. The operator recognises an intangible asset for the consideration to the extent that it receives a right to charge users of the public service and the right is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. The consideration for construction or upgrade services is recognised as an intangible asset under “Concession arrangements, regulated assets” within “Intangible assets” following the intangible asset model for the concession arrangements in which the operator assumes demand-related risk.

Concession arrangements are finite-lived intangible assets and their cost is amortised through the income statement during the concession term on a straight-line basis.

3.2 Property, plant and equipment

Items of property, plant and equipment are recognised at cost less accumulated depreciation and any accumulated impairment losses.

The costs incurred to extend, modernise or upgrade items of property, plant and equipment are capitalised only when they entail an increase in the asset’s capacity, productivity or an extension of its useful life, and so long as it is possible to ascertain or estimate the carrying amount of the assets derecognised in the course of the substitution.

The costs of major repairs are capitalised and depreciated over their estimated useful lives, while recurring maintenance expenses are taken to the income statement in the year incurred.

The depreciation of items of property, plant and equipment is calculated on a straight-line basis based on their estimated useful lives and residual values, with the exception of land which is not depreciated.

The estimated useful lives of each asset category are as follows:

	Depreciation rates
Buildings	2%
Laboratory facilities	20%
Photocopiers	10%
General installations	6%
Air conditioning equipment	8%
Topography work stations	10%
Furniture and office equipment	10%
Other equipment	15%
Data-processing equipment	25%
Vehicles	14%

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 amount, the carrying amount is immediately reduced accordingly. (Note 3.4)

Gains and losses on the sale of property, plant and equipment are calculated by comparing the consideration received with the carrying amount and are recognised in the income statement.

Own work capitalised is calculated by summing the acquisition cost of consumables, direct costs and indirect costs attributable to the assets and is recognised as revenue in the income statement.

3.3 Borrowing costs

The borrowing costs directly attributable to the acquisition or construction of items of property, plant and equipment that require more than one year to ready for their intended use are capitalised until the qualifying assets are ready for use.

3.4 Impairment of non-financial assets

The Company has not recognised any intangible assets with an indefinite useful life in the balance sheet.

The Company 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. The excess of the carrying amount of an asset over its recoverable amount, deemed the higher of fair value less costs to sell or value in use, is recognised as an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). For those assets that do not generate cash flows that are largely independent, the recoverable amount is determined for the cash-generating units to which the asset belongs. Impaired non-financial assets are reassessed at each balance sheet date for potential reversal of the impairment.

3.5 Financial assets

Management establishes the classification of investments for measurement purposes upon initial recognition and reviews the classification at each reporting date. The classification depends on the purpose for which the financial assets were acquired. Financial assets are measured as follows:

a) Loans and receivables: financial assets deriving from the sale of goods or rendering of services as part of the Company's ordinary course of business. This category also includes loans that are not commercial in origin, are neither equity instruments nor derivatives, carry fixed or determinable payments and are not quoted in an active market.

These financial assets are recognised initially at fair value, including directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method. Nevertheless, trade receivables which are due within less than one year are carried at nominal value, upon initial recognition and for subsequent measurement purposes, when the effect of not discounting the cash flows is not material.

Loans and receivables are tested for impairment at least at each reporting date and the corresponding impairment losses are recognised when there is objective evidence that all amounts due to the Company will not be collected. Impairment losses are recognised at the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the initial recognition date. Impairment losses and any subsequent reversals are recognised in the income statement.

b) Held-to-maturity investments: debt securities with fixed maturities and fixed or determinable payments traded on active markets which the Company has the positive intention and the ability to hold to maturity. If the Company were to sell a material portion of its held-to-maturity investments, the entire category would be reclassified to available-for-sale. These financial assets are included in current assets, except for amounts due more than 12 months from the end of the reporting period, which are classified as non-current assets. The criteria for measuring these investments are the same as those for measuring loans and receivables.

These investments are measured using the same criteria as loans and receivables, namely they are recognised initially at fair value and are subsequently measured at amortised cost plus accrued interest, calculated using the effective interest rate method.

c) Financial assets held for trading and other financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss include all assets held for trading acquired for sale in the short term or as part of a portfolio of identified financial instruments that are managed together with a view to generating short term returns and financial assets designated within this category by management upon initial recognition based on the determination that so doing results in more meaningful disclosures. Derivatives are also classified as held for trading unless they constitute financial guarantee contracts or are designated as hedging instruments (Note 3.11).

These instruments are initially recognised and subsequently measured at fair value and any changes in fair value are recognised in the income statement. Transaction costs that are directly attributable to the acquisition of these assets are expensed currently.

d) Equity investments in Group companies, jointly-controlled entities and associates: this category recognises equity investments in Group companies, jointly-controlled entities and associates. These financial assets are measured at cost, less any accumulated impairment losses. At year-end the Company determines whether there is any objective evidence that the carrying amount of these investments may not be recoverable, recognising any corresponding impairment losses, calculated as the difference between the investment's carrying amount and recoverable amount, deemed to be the higher of fair value less costs to sell and the present value of projected cash flows from the investment. Unless better evidence is available, impairment of this type of asset is estimated based on the investee's equity, adjusted for any unrealised capital gains at the measurement date. Impairment losses and any subsequent reversals are recognised in the income statement in the year they arise.

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

The fair values of listed 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 Company establishes fair value by using valuation techniques such as 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 these two methods can be used to estimate fair value, the investments are carried at acquisition cost less any impairment losses.

3.6 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. When the net realisable value of inventories is less than cost, the corresponding impairment provision is recognised in the income statement. If the circumstances giving rise to the impairment cease to exist, the impairment loss is reversed and the reversal is credited to the income statement. Cost is calculated as acquisition price or direct production cost. The cost of inventories includes design costs, raw materials, direct labour, other direct costs and manufacturing overheads (based on ordinary operating capacity), excluding interest expense. The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable cost of sales.

3.7 Cash and cash equivalents

Cash and cash equivalents include cash, deposits held at call with banks and other short-term highly liquid investments with an original maturity of three months or less, subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in current liabilities on the balance sheet. The Company had no bank overdrafts at either year-end.

3.8 Equity

The Company's share capital is represented by ordinary shares.

The costs of issuing new shares or stock options are recognised directly against equity as a deduction from reserves.

If the Company purchases own shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity 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 costs, is included in equity.

3.9 Financial liabilities

Financial liabilities at amortised cost: financial liabilities deriving from the purchase of goods or contracting of services as part of the Company's ordinary course of business. This category also includes non-trade payables that are neither derivative nor equity instruments. These liabilities are initially recognised at fair value, adjusted for directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Nevertheless, trade payables which are due within less than one year and do not carry a contractual interest rate are carried at their nominal value upon initial recognition and for subsequent measurement purposes, when the effect of not discounting the cash flows is not material.

These financial liabilities are initially recognised and subsequently measured at fair value and any changes in fair value are recognised in the income statement. Transaction costs that are directly attributable to the issuance of these liabilities are recognised in the income statement in the year they are incurred.

Financial liabilities falling due in less than 12 months from the balance sheet date are classified as current while those falling due in more than 12 months are classified as non-current.

A financial liability is derecognised when the corresponding obligation is extinguished.

3.10 Grants received

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

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.

3.11 Derivative financial instruments and hedge accounting

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

The Company designates certain derivatives as cash flow hedges. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recognised temporarily in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within net finance income/cost. Amounts deferred in equity are transferred to the income statement in the year in which the hedged transaction affects profit or loss. When the hedged forecast transaction results in the recognition of a non-financial asset or liability, the losses and gains previously deferred in equity are transferred out of equity, and included in the initial measurement of the cost of the asset or liability.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

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 within net finance income/cost in the income statement.

3.12 Current and deferred tax

Tax expense (income) is the amount of income tax accrued for the year and includes current and deferred tax expense (income).

Both current and deferred tax expense (income) are recognised in the income statement. However, the tax effects of items recognised directly with a credit or charge to equity are also recognised in equity.

Current tax assets and liabilities are measured at the amounts expected to be payable or recoverable from the tax authorities based on tax regulations prevailing at year-end. Deferred tax assets and liabilities are not discounted for measurement purposes.

Deferred taxes are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

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.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates and laws, that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Técnicas Reunidas, S.A. files its income tax return as part of a consolidated tax group together with certain Group companies.

3.13 Provisions and contingent liabilities

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

Provisions are recorded based on the best estimate of the liability payable by the Company, 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.

Contingent liabilities, meanwhile, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognised in the financial statements but are disclosed in Note 26.

3.14 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 Company's business. Revenue is recognised net of value added tax, returns, rebates and discounts. The Company 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 its businesses are fulfilled, as described below. In relation to inventories, the Company recognises revenue and profit/loss when the significant risks and rewards of ownership have been transferred to the buyer. The amount of revenue can not be measured until all of the contingencies associated with the sale have been resolved. The Company's estimates are based on historical data, taking into account customer and transaction types, as well as the specific terms of each contract.

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

Engineering contracts: when the outcome of a contract cannot be reliably estimated, the relevant revenue is recognised to the extent of the expenses recognised that are recoverable.

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

The Company 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 Company against customers or from changes in the scope of the project concerned are included in contract revenue when they are approved by the end client or when it is probable that the Company will receive an inflow of funds.

The Company 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. Interim billings outstanding and retentions are included in trade and other accounts receivable.

The Company 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 the contract award is not likely or known on the date these costs are incurred. The cost of submitting bids is included in the cost of the contract when it is likely or certain that the contract will be won, or when it is known that these costs will be reimbursed or included in the revenues originating from the contract, in which case they are recognised as inventories in accordance with the criteria outlined in Note 3.6.

Service concession arrangements

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

Interest income

Interest income is recognised using the effective interest rate method.

Dividend income

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

3.15 Foreign currency transactions

Functional and presentation currency

The Company's annual accounts are presented in Euro, which is both its functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

3.16 Employee benefits

a) Pension commitments

The Company has assumed commitments to its employees in the form of defined benefit plans (pension awards). A defined benefit plan is a pension plan under which the amount of the benefit

that will be received by an employee at the time of retirement is defined, normally on the basis of one or more factors such as age, years of service and remuneration.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs, if any.

If this difference gives rise to the recognition of an asset, its measurement may not exceed the present value of the benefits that may be repaid to the Company in the form of direct reimbursements or reduced future contributions, plus any unrecognised past-service costs. If the Company has to make any adjustment in respect of this asset measurement cap, the adjustment is recognised directly in equity within reserves.

The present value of the obligation is determined using actuarial calculation methods and unbiased and mutually compatible financial and actuarial assumptions.

Any changes at the balance sheet date in the calculation of the fair value of the benefit obligations, or in the fair value of plan assets where appropriate, that are attributable to actuarial gains or losses are recognised in the year in which they arise, directly in equity, within reserves. For these purposes, gains or losses relate exclusively to variations arising from changes to actuarial assumptions or adjustments applied based on experience.

Past-service costs are recognised immediately in the income statement unless they relate to conditional rights or vested benefits, in which case they are recognised in the income statement on a straight-line basis over the remaining vesting period. However, if an asset is recognised, the vested benefits are recognised in the income statement immediately, unless it gives rise to a reduction in the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan, in which case the surplus over this reduction is recognised immediately in the income statement.

b) Other long-term remuneration obligations

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

c) Termination benefits

Termination benefits are paid to employees as a result of a decision to terminate employment contracts before the normal retirement age or when employees voluntarily agree to resign in return for such benefits. The Company 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 the end of the reporting period are discounted to their present value.

d) Profit-sharing and bonus plans

The Company recognises a liability and an expense for bonus and/or profit-sharing arrangements when it is contractually obliged to make payment and when past practice has created a constructive obligation.

3.17 Leases

Finance leases

Asset leases in which the Company acts as lessee and retains substantially all the risks and rewards of ownership of the assets are classified as finance leases. Finance leases are recognised at the inception of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Present value is calculated using the rate of interest implicit in the lease agreement, or the interest rate used by the Company for similar transactions.

Lease payments are apportioned between finance charges and reduction of the lease liability. The total finance charge is apportioned over the term of the lease and is recognised in the income statement in the year accrued. 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. Items of property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases

Leases arrangements where the lessor retains substantially all the risks and benefits inherent to ownership of the asset are classified as operating leases. When the Company acts as lessee, operating lease payments (net of any bonus received by the lessor) are recognised in the income statement on a straight-line basis over the lease term.

3.18 Group companies and associates

For the purposes of presenting its annual accounts, a Group company is one over which the Company exercises control. 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).

Associates are companies over which the Company exercises significant influence but not control. Significant influence is presumed to exist when the shareholding is between 20% and 50% of the voting rights or, when the shareholding is lower, there are events and circumstances which demonstrate the exercise of significant influence.

3.19 Jointly-controlled entities – UTEs and consortiums

The proportional part of the balance sheet and income statement items of UTEs and consortiums are incorporated into the Company's balance sheet and income statement based on its ownership interest in the venture.

None of the UTEs use accounting criteria that differ from those applied by the Company.

3.20 Business combinations

The Company recognises business combinations resulting from the acquisition of shares or equity stakes in another company in accordance with the rules for accounting for investments in Group companies, jointly-controlled entities and associates (Note 3.5.e).

3.21 Related party transactions

As a general rule, transactions between Group companies are initially recognised at fair value and in accordance with the economic substance of the transaction. Subsequent measurement follows prevailing accounting rules.

3.22 Cash flow statement

The following expressions are used in the statement of cash flows:

- Cash flows: inflows and outflows of cash and cash equivalents (Note 13)
- Cash flows from operating activities: the principal revenue-producing activities of the Company and other activities that are not investing or financing activities.
- Cash flows from investing activities: payments and collections originating in the acquisition and disposal of non-current assets.
- Cash flows from financing activities: payments and collections arising from the issue and repayment/cancellation of financial liabilities, equity instruments and dividends.

4. Financial risk management

4.1 Financial risk factors

a) Market risk

a.1) Exchange rate risk

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

To manage the foreign exchange risk that derives from future transactions and recognised assets and liabilities, the Company uses forward contracts, in accordance with the hedging policy in place, brokered by the Company'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 Treasury Department is responsible for managing the net position in each foreign currency using external foreign exchange forward contracts. In addition, the Company 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 Company's risk management policy is to hedge 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 Company's business operations means that it is very common to denominate customer transactions in US dollars, while the corresponding costs are habitually denominated in multiple currencies, albeit principally US dollars. If the euro had depreciated / appreciated against the US dollar by a hypothetical 10% in 2011, leaving all other variables constant, profit before tax for the year would have been €4,811k higher / lower (2010: €1,569k / €4,620k higher / lower), mainly due to hypothetical gains / losses generated on the revaluation / devaluation of open positions in US dollars.

Meanwhile, if the euro had depreciated / appreciated against the US dollar by a hypothetical 10% in 2011, equity would have been €18,534k lower / higher (2010: €53,572k / €41,620k lower / higher); 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).

a.2) Price risk

The Company is partially exposed to commodity price risks, basically with respect to metals and oil, to the extent that they affect the price of equipment and manufactured materials used in construction projects. In general these impacts are effectively passed on in sales prices by all peer contractors operating in the sector.

The Company is exposed to price risk with respect to equity instruments. Exposure to this risk on account of the investments held by the Company and classified in the balance sheet at fair value through profit or loss is limited because they correspond primarily to investments in fixed-income funds which invest in very short-term assets (assets maturing in less than six months and not exposed to interest rate risk) (Note 9).

The Company reduces and mitigates price risk through the policies established by Group management, which basically consist of accelerating or slowing the rate of placements and selecting the currencies and countries of origin. An additional mechanism used to mitigate this risk takes the form of contracting formulae that apportion a price component for covering possible cost deviations.

a.3) Cash flow interest rate risk

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

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

	2011			2010		
	Referenced to Euribor	Other benchmarks	Total	Referenced to Euribor	Other benchmarks	Total
Borrowings (Note 20)	(29,651)		(29,651)	(55,695)		(55,695)
Interest-earning cash and cash equivalents (Note 13)	221,973	115,818	337,791	172,502	57,902	230,404
Net cash position	192,322	115,818	308,140	116,807	57,902	174,709

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 €853k (2010: €575k).

b) Credit risk

The Company manages its credit risk exposure as a function of the following groups of financial assets:

- Assets arising from derivatives (Note 11)
- Various balances included in cash and cash equivalents (Note 13)
- Trade and other receivable balances (Note 10).

The derivatives and other instruments arranged with financial institutions included as cash and cash equivalents are contracted with highly prestigious financial entities which carry 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 Company's most important projects. These counterparties are generally state oil companies or multinationals, along with major Spanish energy groups.

The Company's key customers represented 71% of total "Trade receivables" (within Trade and other receivables) at 31 December 2011 (2010: 68%) and are tied to transactions with entities such as those described in the preceding paragraph. As a result, the Company considers credit risk to be very low. In addition to the credit analysis performed before entering into a contract, the global position of trade and other receivables is monitored on an ongoing basis, while the most significant exposures (including exposure to the type of entities mentioned earlier) are monitored at the individual level.

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 Treasury Department aims to maintain funding flexibility by keeping credit lines available.

Management monitors liquidity forecasts on the basis of projected cash flows. As mentioned above, the strategy of self-financing projects results in significant net cash balances. In addition, the Company has in place undrawn credit lines that increase its liquidity balance. As a result, the Company's directors believe that its liquidity risk is low. The following is a breakdown of the significant liquidity parameters:

	Thousand euro	
	2011	2010
Debts to credit institutions (Note 20)	(29,651)	(55,695)
Cash and cash equivalents (Note 13)	337,791	230,404
Net cash balance	308,140	174,709
Undrawn credit lines (Note 20)	103,000	61,166
Total liquidity reserves	411,140	235,875

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The balances payable within 12 months are equivalent to their carrying amounts, since the effect of discounting them is insignificant.

Figures in Thousand of Euros

**Less than
one year Between 1
and 2 years Between 2
and 5 years Over 5
years**

At 31 December 2011				
Borrowings	2,546	2,546	6,138	18,421
Derivative financial instruments	23,045	14,742	1,718	-
Trade and other payables	1,543,902	354	-	-
Non-accrued interest payable	895	818	2,039	3,486
Total	1,570,388	18,460	9,895	21,907
At 31 December 2010				
Borrowings	28,837	4,667	5,827	16,364
Derivative financial instruments	8,671	213	-	-
Trade and other payables	1,480,071	694	-	-
Non-accrued interest payable	441	71	89	250
Total	1,518,020	5,645	5,916	16,614

4.2. Capital risk management

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

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

The Company monitors capital based on a leverage ratio. This ratio is calculated as debt divided by equity. Debt is calculated as total borrowings. Capital is calculated as equity, as shown in the financial statements.

	2011	2010
Borrowings – I (Note 20)	(29,651)	(55,695)
Net cash position - II	308,140	174,709
Equity - III	88,428	124,267
% I / III	33.53%	44.82%
% II / III (*)	348.46%	140.59%

4.3. Fair value estimation

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial instruments traded on active markets is based on market prices at each reporting date.

The fair value of financial instruments that are not quoted in an active market (e.g. derivatives of non-official market) 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.

The fair value of trade receivables and payables is assumed to approximate their carrying amount less any impairment provisions. The fair value of financial liabilities for reporting purposes is estimated by discounting future contractual cash flows at the prevailing market interest rate that would be borne by the Company on equivalent financial instruments.

5. Intangible assets

Detail & changes of the various items comprising 'Intangible assets' is provided below:

	Thousand euro				
	Concession arrangements, regulated assets	Concession arrangement prepayments, regulated assets	Patents, licenses and trademarks	Computer software	Total
Balance at 01/01/2010					
Cost	1,905	39,763	13	5,830	47,511
Accumulated amortisation	(55)	-	-	(4,374)	(4,429)
Accumulated impairment losses	-	(1,200)	-	-	(1,200)
Carrying amount	1,850	38,563	13	1,456	41,882
Additions	-	4,538	-	340	4,878
Decreases	-	-	-	-	-
Amortisation charge	(101)	-	-	(372)	(473)
Impairment charge	-	(1,000)	-	-	(1,000)
Balance at 31/12/2010					
Cost	1,905	44,301	13	6,170	52,389
Accumulated amortisation	(156)	-	-	(4,746)	(4,902)
Accumulated impairment losses	-	(2,200)	-	-	(2,200)
Carrying amount	1,749	42,101	13	1,424	45,287
Additions	-	2,932	-	519	3,451
Decreases	-	-	-	-	-
Transfers	32,728	(32,728)	-	-	-
Amortisation charge	(78)	-	-	(428)	(506)
Impairment charge	(2,200)	2,200	-	-	-
Balance at 31/12/2011					
Cost	34,633	14,505	13	6,689	55,840
Accumulated amortisation	(234)	-	-	(5,174)	(5,408)
Accumulated impairment losses	(2,200)	-	-	-	(2,200)
Carrying amount	32,199	14,505	13	1,515	48,232

'Concession arrangements, regulated assets' relates to the construction cost of various assets (shopping centres, car parks and others) for which the Company has obtained the rights to operate the infrastructure for a specified term. At the end of the concession term the assets revert in their entirety to the concession grantor. The Company will amortise the capitalised concession assets over the relevant concession terms. Until operation of the assets begins, the amounts related to

those construction costs, are deferred under 'Concession arrangement prepayments, regulated assets'.

In 2011 the Company did not recognise any additional impairment losses on these assets (2010: €1,000k).

Concession assets under construction have been financed with debts to credit institutions amounting to €29,652k (2010: €26,890k).

In 2011, the Company capitalised borrowing costs in connection with financing obtained specifically for the construction of concession assets. Capitalised borrowing costs totalled €1,124k (2010: €688k).

Software records the ownership and user rights for computer software acquired from third parties.

At 31 December 2011, there were fully-amortised intangible assets still in use with an original cost of €4,701k (2010: €4,701k).

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

<u>Concession</u>	<u>Grantor</u>	<u>Term</u>	<u>Remuneration</u>	<u>Redemption</u>
<u>Alcobendas sports complex (**)</u>	<u>Alcobendas town council</u>	<u>50 years</u>	<u>User charges</u>	<u>At end of concession term</u>
<u>San Sebastián de los Reyes – La Viña Shopping Centre, sports complex, car park and public spaces (*)</u>	<u>San Sebastián de los Reyes town council</u>	<u>50 years</u>	<u>User charges</u>	<u>The municipal council can extend the concession term to 60 years</u>
<u>Underground car park at Huercal - Overa (Almería) (*)</u>	<u>Huercal-Overa town council</u>	<u>30 years</u>	<u>User charges</u>	<u>Subject to successive term extensions</u>
<u>Sports complex at Huercal - Overa (Almería) (**)</u>	<u>Huercal-Overa town council</u>	<u>50 years</u>	<u>User charges</u>	<u>At end of concession term</u>
<u>Pulpí underground car park (**)</u>	<u>Pulpí town council</u>	<u>40 years</u>	<u>User charges</u>	<u>At end of concession term</u>
<u>Alcobendas underground car park (**)</u>	<u>Alcobendas town council</u>	<u>75 years</u>	<u>User charges</u>	<u>At end of concession term</u>

(*) Operative concessions

(**) Concessions under construction

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 in accordance with the industry adaptation of the Spanish National Chart of Accounts for public infrastructure concession operators.

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

6. Property, plant and equipment

The reconciliation of the carrying amount the items comprising property, plant and equipment at the beginning and end of the period is as follows:

	Thousand euro		
	Land and buildings	Plant and other PPE	Total
Balance at 1/01/2010			
Cost	549	34,348	34,897
Accumulated depreciation	(328)	(16,765)	(17,093)
Carrying amount	221	17,583	17,804
Additions	650	5,132	5,782
Decreases	-	-	-
Depreciation charge	(45)	(3,971)	(4,016)
Balance at 31/12/2010			
Cost	1,199	39,480	40,679
Accumulated depreciation	(373)	(20,736)	(21,109)
Carrying amount	826	18,744	19,570
Additions	117	5,069	5,186
Decreases		(238)	(238)
Depreciation charge	(60)	(4,613)	(4,673)
Derecognition of accumulated depreciation	-	74	74
Balance at 31/12/2011			
Cost	1,316	44,311	45,627
Accumulated depreciation	(433)	(25,275)	(25,708)
Carrying amount	884	19,036	19,920

a) Impairment losses

The Company neither recognised new impairment losses nor reversed previously recognised impairment losses on any item of property, plant and equipment in either 2011 or 2010.

b) Property, plant and equipment located abroad

At 31 December 2011, the carrying amount of items of property, plant and equipment located outside Spain (plant and other PPE) was €1,111k (2010: €1,111k). Accumulated depreciation on these assets stands at €364k (2010: €253k).

c) Fully-depreciated assets

At 31 December 2011, there were there were fully depreciated items of property, plant and equipment still in use with an original cost of €11,925k (2010: €8,837k).

d) Assets under finance lease

“Plant and other items of PPE” includes the following amounts held under finance leases in which the Company is the lessee:

	Thousand euro	
	2011	2010
Capitalised finance lease cost	6,555	5,611
Accumulated depreciation	(4,386)	(3,030)
Carrying amount	2,169	2,581

Finance lease agreements entered into by the Company mainly relate to the acquisition of computer equipment. These contracts have an average term of 3 years.

e) Assets under operating lease

The 2011 income statement recognises operating lease expense related to office rentals in the amount of €19,903k (2010: €36,794k).

f) Insurance

The Company's policy is to write any insurance policies deemed necessary to cover risks to which its property, plant and equipment are exposed.

7. Analysis of financial instruments

7.1 Analysis by category

The carrying amounts of the financial instrument categories established in the rules for recognition and measurement of financial instruments, with the exception of equity investments in Group companies, jointly-controlled entities and associates (Note 8.a), are follows:

a) Financial assets:

Thousand euro					
At 31 December 2011	Other	At fair value through profit or loss (Note 9)	Loans and receivables (Notes 8 & 10)	Hedging derivatives (Note 11)	Cash and cash equivalents (Note 13)
Equity instruments	222	-	-	-	-
Derivatives	-	-	-	1,410	-
Other financial assets	-	-	3,653	-	-
Non-current	222	-	3,653	1,410	-
Debt securities	-	34,271	-	-	-
Derivatives	-	-	-	5,897	-
Other financial assets	-	-	1,243,500	-	337,791
Current	-	34,271	1,243,500	5,897	337,791

Thousand euro					
At 31 December 2010	Other	At fair value through profit or loss (Note 9)	Loans and receivables (Notes 8 & 10)	Hedging derivatives (Note 11)	Cash and cash equivalents (Note 13)
Equity instruments	222	-	-	-	-
Derivatives	-	-	-	3,132	-
Other financial assets	-	-	3,674	-	-
Non-current	222	-	3,674	3,132	-
Equity instruments					
Debt securities	-	34,867	-	-	-
Derivatives	-	-	-	7,663	-
Other financial assets	-	-	1,344,498	-	230,404
Current	-	34,867	1,344,498	7,663	230,404

b) Financial liabilities:

	Thousand euro			
	2011		2010	
	Debts and other payables (Note 20)	Hedging derivatives (Note 11)	Debts and other payables (Note 20)	Hedging derivatives (Note 11)
Debts to credit institutions (Note 20)	27,105	-	26,858	-
Derivatives	-	16,460	-	213
Other financial liabilities	633	-	789	-
Non-current	27,738	16,460	27,647	213
Debts to credit institutions (Note 20)	2,546	-	28,837	-
Derivatives	-	23,045	-	8,671
Other financial liabilities	1,632,245	-	1,611,474	-
Current	1,634,791	23,045	1,640,311	8,671

8. Investments in group companies, jointly-controlled entities and associates

The breakdown of investments in group companies, jointly controlled entities and associates is as follows:

	Thousand euro	
	2011	2010
Non-current assets - Equity investments in group companies, jointly-controlled entities and associates (a)	42,419	41,142
Current assets - Investments in group companies, jointly-controlled entities and associates (b)	113,395	97,436

(a) Non-current assets - Equity investments in group companies, jointly-controlled entities and associates

This heading reflects the Company's equity investments in group companies, jointly-controlled entities and associates.

In 2011, dividends received amounted to €67,702k (2010: €42,904k) and are recognised as finance income in the income statement (Note 25).

The Company's investments sustained the following changes in 2011:

The following companies, whose core business is the provision of engineering and project management services, were incorporated:

- Técnicas Reunidas RUP Insaat Ve Taahhüt Limited Sirketi.
- Servicios Unidos S.A.
- Técnicas Reunidas Brasil Participações LTD.
- Técnicas Reunidas TEC Ltda.
- Técnicas Reunidas Hungary Dufi CCGT Kft

Técnicas Reunidas Ensol S.L. was liquidated, giving rise to a gain of €52k, which is recognised as finance income in the income statement (Note 25).

The following changes took place in 2010:

- Incorporation of Técnicas Reunidas SNG Alliance Ltd., whose corporate purpose is to provide engineering and project management services.
- In 2010 the Company acquired Master S.A. de Ingeniería y Arquitectura for €1,600k.

The breakdown of investments in group companies, jointly-controlled entities and associates at year-end 2011 and 2010 is follows:

Investments in group companies, jointly-controlled entities and associates at year-end 2011

Company	Registered business address	Activity	Equity at year-end 2011						
			Direct interest	Indirect interest	Carrying amount	Share capital	Reserves	Profit (loss)	Dividends
Comercial Técnicas Reunidas, S.L.	MADRID	COMMERCIAL DEVELOPMENT	100.00%	-	-	3	-	-	-
Técnicas Reunidas Internacional, S.A.	MADRID	ENGINEERING SERVICES	100.00%	-	120	120	2,043	47	-
Técnicas Reunidas Australia Pty.	MELBOURNE	ENGINEERING SERVICES	100.00%	-	-	-	2,727	7,313	2,702
Termotécnica, S.A.	MADRID	EQUIPMENT WHOLESALING	99.98%	-	300	781	911	629	-
TR Construcción y Montaje S.A.	MADRID	PROPERTY DEVELOPMENT	100.00%	-	150	332	1,157	1	-
Técnicas Reunidas Ecología, S.A.	MADRID	ENGINEERING SERVICES	100.00%	-	120	120	1,525	(308)	-
Técnicas Reunidas Metalúrgicas, S.A.	MADRID	ENGINEERING SERVICES	100.00%	-	60	120	2,093	276	-
Técnicas Reunidas Trade Panamá, S.A.	PANAMA	COMMERCIAL DEVELOPMENT	100.00%	-	46	46	44	-	-
Española de Investigación y Desarrollo S.A.	MADRID	ENGINEERING SERVICES	100.00%	-	438	90	3,804	2,112	-
TR Proyectos Internacionales, S.A.	MADRID	DEVELOPMENT AND CONTRACTING	100.00%	-	421	1,503	1,288	(132)	-
Técnicas Reunidas Venezuela S.A	CARACAS	COMMERCIAL DEVELOPMENT	100.00%	-	9	9	-	-	-
Layar, S.A.	MADRID	CORPORATE MANAGEMENT	100.00%	-	6,698	1,085	3,982	139	-
Initec Plantas Industriales, S.A.	MADRID	ENGINEERING SERVICES	100.00%	-	4,613	6,600	157,783	65,008	60,000
Initec Infraestructuras, S.A.	MADRID	ENGINEERING SERVICES	100.00%	-	1,322	1,800	5,299	7	-
Técnicas Reunidas Ecuador S.A.	QUITO	ENGINEERING SERVICES	100.00%	-	3	3	-	-	-
Técnicas Reunidas Gulf Ltd.	YEDAH	ENGINEERING SERVICES	75.00%	-	15,339	550	24,431	19,628	-
ReciclAguilar, S.A.	MADRID	ENGINEERING SERVICES	80.00%	-	126	15	(223)	(40)	-
Técnicas Reunidas Hellas S.A.	ATHENS	ENGINEERING SERVICES	100.00%	-	60	-	1,914	3,863	-
Técnicas Reunidas Netherlands B.V.	HAGUE	ENGINEERING SERVICES	100.00%	-	18	-	6,736	2,607	-
TR De Construção Unip. LDA	LISBON	ENGINEERING SERVICES	100.00%	-	3,500	3,500	5,211	10,845	-
TR SNG Alliance Ltd.	LA PAZ	ENGINEERING SERVICES	100.00%	-	37	20	524	-	-
TR Algeria S.A.	ALGERIA	ENGINEERING SERVICES	100.00%	-	1	1	-	-	-
Servicios Unidos S.A.	CARACAS	ENGINEERING SERVICES	100.00%	-	74	74	-	-	-
TR Hungary Dufi CCGT Kft	HUNGARY	ENGINEERING SERVICES	80.00%	-	-	-	-	1,192	-
TR Rup Insaat Ve Taahhüt L.S.	TURKEY	ENGINEERING SERVICES	80.00%	-	-	-	-	5,384	-
TR Brasil Participações Ltd.	BRAZIL	ENGINEERING SERVICES	50.00%	-	6	6	-	-	-
TR Tec Ltda	BOLIVIA	ENGINEERING SERVICES	15.00%	85.00%	1	2	597	(5,697)	-
Total investment in group companies						33,462			
JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES									
Heymo Ingeniería, S.A.	MADRID	ENGINEERING SERVICES	39.98%	-	517	903	5,751	702	-
Layar Castilla, S.A.	MADRID	PROPERTY DEVELOPMENT	25.39%	-	565	685	993	32	-
Empresarios Agrupados, A.I.E.	MADRID	BUSINESS SERVICES	34.40%	8.60%	69	162	587	-	-
Empresarios Agrupados Internacional, S.A.	MADRID	BUSINESS SERVICES	34.40%	8.60%	264	1,202	1,629	7,374	-
KJT Engehnaria Materiais	MADEIRA	ENGINEERING SERVICES	33.33%	-	-	5	1,780	(29)	-
Ibérica del Espacio	MADRID	ENGINEERING SERVICES	37.94%	9.51%	1,055	2,240	753	(1,345)	-
Master S.A. de Ingeniería y Arquitectura	MADRID	ENGINEERING SERVICES	40.00%	-	1,600	152	655	(120)	-
Proyectos Ebramex, S. de R.L. de C.V.	MEXICO CITY	ENGINEERING SERVICES	33.33%	-	-	21,639	(64,622)	16,986	-
Minatrico, S. de R.L. de C.V.	MEXICO CITY	ENGINEERING SERVICES	33.33%	-	-	41,289	(84,653)	10,105	-
Other						4,887			
Total investments in jointly-controlled entities and associates						8,957			
Total						42,419			

Investments in group companies, jointly-controlled entities and associates at year-end 2010

Equity at year-end 2010 (thousand euro)

Company	Registered business address	Business	Direct interest	Indirect interest	Carrying amount	Share capital	Reserves	Profit (loss)	Dividends
Comercial Técnicas Reunidas, S.L.	MADRID	COMMERCIAL DEVELOPMENT	100.00%		-	3	-	-	-
Técnicas Reunidas Internacional, S.A.	MADRID	ENGINEERING SERVICES	100.00%		120	120	4,190	(2,147)	-
Termotécnica, S.A.	MADRID	EQUIPMENT WHOLESALING	99.98%		300	781	1,058	(210)	-
TR Construcción y Montaje S.A.	MADRID	PROPERTY DEVELOPMENT	100.00%		150	332	1,176	(19)	-
Técnicas Reunidas Ecología, S.A.	MADRID	ENGINEERING SERVICES	100.00%		120	120	1,521	(366)	-
Técnicas Reunidas Metalúrgicas, S.A.	MADRID	ENGINEERING SERVICES	100.00%		60	120	447	2,449	-
Técnicas Reunidas Trade Panamá, S.A.	PANAMA	COMMERCIAL DEVELOPMENT	100.00%		46	46	42	2	-
Española de Investigación y Desarrollo S.A.	MADRID	ENGINEERING SERVICES	100.00%		438	90	3,034	746	-
TR Proyectos Internacionales, S.A.	MADRID	DEVELOPMENT AND CONTRACTING	100.00%		421	1,503	1,149	139	-
Técnicas Reunidas Venezuela S.A.	CARACAS	COMMERCIAL DEVELOPMENT	100.00%		9	9	-	-	-
Layar, S.A.	MADRID	CORPORATE MANAGEMENT	100.00%		6,728	1,085	3,923	59	39,074
Initec Plantas Industriales, S.A.	MADRID	ENGINEERING SERVICES	100.00%		4,613	6,600	145,114	56,313	-
Initec Infraestructuras, S.A.	MADRID	ENGINEERING SERVICES	100.00%		1,322	1,800	5,299	(2,598)	-
Técnicas Reunidas Ecuador S.A.	QUITO	ENGINEERING SERVICES	100.00%		4	3	-	-	-
Técnicas Reunidas Gulf Ltd.	YEDAH	ENGINEERING SERVICES	75.00%		15,339	550	25,591	(4,800)	-
ReciclAguilar, S.A.	MADRID	ENGINEERING SERVICES	80.00%		126	60	(236)	(32)	-
Técnicas Reunidas Hellas S.A.	ATHENS	ENGINEERING SERVICES	100.00%		60	-	666	2,351	-
Técnicas Reunidas Netherlands B.V.	HAGUE	ENGINEERING SERVICES	100.00%		18	-	1,455	5,281	-
TR De Construção Unip. LDA	LISBON	ENGINEERING SERVICES	100.00%		3,500	3,500	2,680	2,531	-
Técnicas Reunidas Australia Pty Ltd	MELBOURNE	ENGINEERING SERVICES	100.00%		-	-	2,489	6,401	3,461
TR SNG Alliance Ltd.	LA PAZ	ENGINEERING SERVICES	100.00%		38	20	-	524	-
Total investment in group companies					33,412				
JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES									
Heymo Ingeniería, S.A.	MADRID	ENGINEERING SERVICES	39.98%		517	903	5,751	(703)	-
Layar Castilla, S.A.	MADRID	PROPERTY DEVELOPMENT	25.39%		565	685	963	23	-
Empresarios Agrupados, A.I.E.	MADRID	BUSINESS SERVICES	34.40%	8.60%	69	162	587	-	-
Empresarios Agrupados Internacional, S.A.	MADRID	BUSINESS SERVICES	34.40%	8.60%	264	1,202	5,708	1,715	-
KJT Engenharia Materiais	MADEIRA	ENGINEERING SERVICES	33.33%		-	5	1,815	(35)	-
Ibérica del Espacio	MADRID	ENGINEERING SERVICES	37.94%	9.51%	1,055	2,240	724	114	-
TR Ensol s.a.	MADRID	ENG. SERVICES / PROJECT MGT	50.00%		52	104	23	82	-
Proyectos Ebramex, S. de R.L. de C.V.	MEXICO CITY	ENGINEERING SERVICES	33.33%		-	21,639	(53,814)	(10,808)	-
Minatrico, S. de R.L. de C.V.	MEXICO CITY	ENGINEERING SERVICES	33.33%		-	41,289	(65,525)	(19,128)	-
Master S.A. de Ingeniería y Arquitectura	MADRID	ENGINEERING SERVICES	40.00%		1,600	152	2,070	1,415	-
Other					3,608				
Total investments in jointly-controlled entities and associates					7,730				
Total					41,142				

Accumulated impairment losses on investments at 31 December 2011 totalled €36,228k (year-end 2010: €36,228k).

None of the Company's subsidiaries, jointly-controlled entities or associates is publicly listed.

b) Current assets - Investments in group companies, jointly-controlled entities and associates

	Thousand euro	
	2011	2010
Loans and receivables	49,798	60,781
Other financial assets	63,597	36,655
Total	113,395	97,436

At 31 December 2011, loans to Group companies includes €31,994k (2010: €46,963k) relating to tax receivables arising from income taxes payable by the companies comprising the consolidated tax group (Note 23). The rest of this balance corresponds to trade credit extended to Group companies, associates and UTEs, relating primarily to the provision of engineering services. The loans to partners in UTEs and joint ventures earn interest at market Euribor + 120bp (2010: Euribor + 80bp).

At year-end 2011, "Other financial assets" in the table above includes €63,000k (2010: €36,323k) corresponding to dividends pending collection from Group companies.

The carrying amount of loans to Group companies and other financial assets above does not differ materially from the fair values of these financial assets.

9. Financial assets at fair value through profit or loss

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

	2011	2010
- Investments in short-term fixed income securities	24,617	27,782
- Investments in listed equity securities	9,654	7,085
	34,271	34,867

All these financial assets are designated as held for trading.

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

In 2011, the Group invested €9,492k in funds (2010: €20,000k).

The changes during the year in the fair value of financial assets at fair value through profit or loss are recognised in "Change in fair value of financial instruments" within finance income. In 2011, the Group recognised a loss of €746k in this respect (2010: loss of €523k) (Note 25).

In 2011 the Company sold investments in funds, generating a gain of €185k (2010-nil).

Financial assets at fair value through profit and loss represent investments in listed equities and short-term fixed-income securities. The fair value of these securities at 31 December 2011 was determined based on year-end closing prices. Returns on fixed-income securities are tied to trends in eurozone interest rates.

The maximum exposure to credit risk at the reporting date is the fair value of these assets.

10. Loans and receivables

	Thousand euro	
	2011	2010
Trade receivables for sales and provision of services	986,975	1,092,040
Trade receivables, related parties	79,338	88,517
Sundry receivables	27,897	31,208
Receivable from employees	291	364
Current income tax assets	4,629	327
Other tax receivables	35,978	40,195
Impairment provisions	(5,907)	(5,907)
	1,129,201	1,246,744

The carrying amounts of trade and other receivables do not differ materially from their fair values.

At year-end 2011, trade receivables include €690,270k (2010: €710,809k) relating to completed work pending billing, measured on the basis of the accounting criteria set forth in Note 3.14.

The movement in the provision for impairment losses on trade receivables is as follows:

	Thousand euro	
	2011	2010
Opening balance	5,906	906
Provision for receivables impairment	-	5,000
Receivables written off during the year as uncollectible	-	-
Closing balance	5,906	5,906

The balance of trade receivables past due but not impaired at 31 December 2011 was €88,624k and primarily correspond to amounts past due by more than one year (2010: €147,416k, primarily corresponding to amounts past due by less than 6 months).

Trade receivables past due by less than six months are not deemed impaired.

No other balances included "Trade and other receivables" are deemed impaired.

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

	Thousand euro	
	2011	2010
Euro	251,695	321,155
USD	186,713	203,018
Other currencies	11,512	11,762
Subtotal	449,920	535,935
Completed work pending certification	679,281	710,809
Total	1,129,201	1,246,744

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

11. Derivative financial instruments

The derivative balances at year-end 2011 and 2010 are as follows:

	Thousand euro			
	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange forwards – cash flow hedges	7,307	39,505	10,795	8,884
Total	7,307	39,505	10,795	8,884
Less non-current portion:				
Foreign exchange forwards – cash flow hedges	1,410	16,460	3,132	213
Current portion	5,897	23,045	7,663	8,671

Set out below is a maturity schedule for the contracts in force at 31 December 2011 and 2010:

Instrument type	Thousand euro		Notional amounts						
	Fair value		Maturities of notional amounts as of 31/12/2011				Maturities of notional amounts as of 31/12/2010		
	Balances at 31/12/2011	Balances at 31/12/2010	2012	2013	2014	Notional total	2011	2012	Notional total
Asset balances and notional amounts	7,307	10,795	884,987	1,501,100	-	2,386,087	175,280	150,917	326,197
USD / EUR	355	8,688	51,700	-	-	51,700	153,861	150,917	304,778
JPY / USD	-	1,913	-	-	-	-	16,725	-	16,725
JPY / EUR	-	194	-	-	-	-	4,694	-	4,694
USD / RUB	2,371	-	35,384	-	-	35,384	-	-	-
USD / JPY	216	-	8,721	-	-	8,721	-	-	-
EUR / USD	2,112	-	60,700	1,100	-	61,800	-	-	-
EUR / JPY	481	-	425,000	-	-	425,000	-	-	-
EUR / RUB	1,633	-	300,000	1,500,000	-	1,800,000	-	-	-
RUB / USD	139	-	3,481	-	-	3,481	-	-	-
Liability balances and notional amounts	39,505	8,884	710,241	385,375	50,700	1,146,316	138,525	27,430	165,955
USD / EUR	36,607	8,476	622,422	385,375	50,700	1,058,497	110,394	27,430	137,824
USD / RUB	1,844	-	63,891	-	-	63,891	-	-	-
AUD / EUR	96	339	2,300	-	-	2,300	5,633	-	5,633
JPY / USD	-	69	-	-	-	-	22,498	-	22,498
USD / JPY	6	-	1,553	-	-	1,553	-	-	-
RUB/ USD	950	-	19,666	-	-	19,666	-	-	-
EUR / USD	2	-	409	-	-	409	-	-	-
Net balance	(32,198)	1,911							

Set out below is a maturity schedule in fair value terms for the contracts in force at 31 December 2011 and 2010:

	2011	2012	2013	2014	Total fair value
Total assets, 2011	-	5,897	1,410	-	7,307
Total liabilities, 2011	-	23,045	14,742	1,718	39,505
Total assets, 2010	7,663	3,132	-	-	10,795
Total liabilities, 2010	8,671	213	-	-	8,884

The total fair value of hedging derivatives is classified as a non-current asset or liability if the time remaining to maturity of the hedged item is more than 12 months from the reporting date and as a

current asset or liability if the time remaining to maturity of the hedged item is less than 12 months of that date.

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

The after-tax gains/losses accumulated in equity in "Reserve for valuation adjustments" in connection with foreign currency forward contracts at 31 December 2011 amounted to a loss of €24,066k (2010: a loss of €2,400k) and are recognised in the income statement in the year or years in which the hedged transaction affects profit or loss.

No material portion of the foreign currency hedges was deemed ineffective in either 2011 or 2010. Gains or losses on any ineffective portion would have been recognised in profit or loss.

12. Inventories

This heading includes the following items in the amounts set forth below:

	Thousand euro	
	2011	2010
Ongoing and finished construction projects	5,805	5,805
Bid presentation costs	9,835	6,927
Prepayments to suppliers	48,615	61,306
Materials	69	71
	64,324	74,109

'Ongoing and finished construction projects' in the table above capitalise the cost of several assets (mainly car parks), as described in Note 5, 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. Cash and cash equivalents

	Thousand euro	
	2011	2010
Cash	126,985	91,325
Cash equivalents	210,806	139,079
	337,791	230,404

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

In 2011 the effective average interest rate earned on short-term deposits at banks was 1.17% on euro deposits (2010: 0.53%) and 0.91% on US dollar deposits (2010: 0.33%) and the average deposit term was 15 days (2010: 10 days).

Of total cash and cash equivalents at 31 December 2011, €267,158k (2010: €220,486k) relates to balances recorded by the joint ventures and UTEs in which the Company has shareholdings, as indicated in Note 27.

There were no cash or cash equivalents with restricted availability at 31 December 2011. For the purposes of the statement of cash flows, the cash balance includes cash and other cash equivalents.

14. Capital and share premium

	Share capital	Share premium	Treasury shares	Total
Balance at 1 January 2010	5,590	8,691	(56,257)	(41,976)
Other movements	-	-	-	-
Balance at 31 December 2010	5,590	8,691	(56,257)	(41,976)
Purchase of treasury shares	-	-	(17,114)	(17,114)
Balance at 31 December 2011	5,590	8,691	(73,371)	(59,090)

a) Capital

At 31 December 2011 and 2010 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.

According to a notice filed with the Spanish securities market regulator in November 2009, Mr. José Lladó Fernández-Urrutia holds a direct and indirect shareholding, through ARALTEC S.L. and ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES S.L., in TÉCNICAS REUNIDAS, S.A. of 37.09%.

In addition, under the terms of a shareholder agreement signed by Aragonesas Promoción de Obras y Construcción, S.L., BBVA Elcano Empresarial I, SCR, and BBVA Elcano Empresarial II, SCR, S.A. on 23 May 2006, and subsequently amended on 24 April 2009, specifically the clause stipulating vote pooling, Mr. José Lladó Fernández-Urrutia controls 43.69% of the voting rights in TÉCNICAS REUNIDAS, S.A.

d) Share premium

This reserve is freely distributable.

c) Treasury shares

The movement in treasury shares in 2011 and 2010 is set forth below:

	2011		2010	
	Number of treasury shares	Amount	Number of treasury shares	Amount
Opening balance	1,581,135	56,257	1,581,135	56,257
Additions / purchases	573,189	17,114	-	-
Decreases / sales	-	-	-	-
Other movements	-	-	-	-
Closing balance	2,154,324	73,371	1,581,135	56,257

At 31 December 2011 treasury shares represented 3.85% of the parent company's share capital (2.83% at year-end 2010), acquired at an average price of €34.33 per share (€35.20 in 2010).

The Company's shareholders authorised the board to buy back own shares at a General Meeting on 22 June 2011.

15. Reserves

a) Reserves

	Thousand euro	
	2011	2010
- Legal reserve	1,137	1,137
- Other reserves	128,701	114,366
	<u>129,838</u>	<u>115,503</u>

Legal reserve

The legal reserve, which is fully paid in and has been endowed in accordance with article 274 of Spain's Corporate Enterprises Act, 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.

Other reserves

This reserve is freely distributable.

16. Profit for the year

a) Proposed distribution of profit

The proposed distribution of 2011 profit to be put before the shareholders in general meeting and the ratified distribution of 2010 profit is set forth below:

	2011	2010
<u>Basis of appropriation</u>		
Profit for the year	77,166	87,205
	<u>77,166</u>	<u>87,205</u>
<u>Appropriation to:</u>		
Other reserves	4,346	14,423
Dividends	72,820	72,782
	<u>77,166</u>	<u>87,205</u>

b) Interim dividend

As agreed by the Board of Directors on 15 December 2011, the Company paid an interim dividend against 2011 profit totalling €35,846k (€0.667 per share) in January 2012.

The amounts payable did not exceed the profit generated since year-end net of the related tax liability.

In compliance with article 277 of the Spanish Corporate Enterprises Act, as amended, enacted by Legislative Royal Decree 1/2010 of 2 July 2010, set forth below are the forecast accounting and cash statements as of the dates of payment of the interim dividends:

Forecast accounting statement	Thousand euro	
	2011	2010
Estimated profit for the year	155,500	110,500
Estimated income tax	<u>(22,600)</u>	<u>(15,000)</u>
Maximum possible payout	132,900	95,500
Proposed payout	<u>(35,846)</u>	<u>(35,848)</u>
Surplus	<u>97,054</u>	<u>59,652</u>
Cash balance prior to payout	650,000	505,000
Interim dividend	<u>(35,846)</u>	<u>(35,848)</u>
Cash surplus	<u>614,154</u>	<u>469,152</u>

The €72,782k dividend charged against 2010 profits consisted of the following:

- A €35,848k interim dividend approved by the Board of Directors on 20 December 2010 and paid in January 2011.
- A dividend of €36,934k approved at the AGM held to ratify the 2010 annual accounts.

17. Grants received

The breakdown of non-repayable grants recognised under 'Grants, donations and bequest received' is as follows:

Grantor	Euro	Purpose	Grant date
Huercal Overa town council	<u>427</u>	Huercal Overa concession	28/06/2006
	<u>427</u>		

The movements in this heading during the year are as follows:

	Euro	
	2011	2010
Opening balance	2,261	2,261
Additions	-	-
Released to income	-	-
Other decreases	<u>(1,834)</u>	<u>-</u>
Closing balance	<u>427</u>	<u>2,261</u>

18. Provisions

	Thousand euro	
	2011	2010
Long-term employee benefit obligations (Note 19)	5,705	5,315
Other provisions	12,912	13,382
Non-current	18,617	18,697
Short-term provisions	5,254	2,235
Current	5,254	2,235

In 2011 the Company recognised provisions amounting to €9,912k (2010: €4,300k) and reversed/used provisions amounting to €8,474k.

a) Other provisions (non-current)

This balance breaks down as follows:

	Thousand euro	
	2011	2010
Provision for project completion	1,000	6,971
Provision for estimated project losses	-	2,410
Other provisions	11,912	4,001
Non-current	12.912	13.382

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 Company estimates the probable costs that will be incurred during the warranty period and records the relevant provision.

Provision for estimated project losses:

The Company recognises provisions for estimated future losses on projects currently in progress.

Other:

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

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

b) Other provisions (current)

This balance corresponds to provisions recognised in connection with current liabilities and charges.

19. Long-term employee benefit obligations

The breakdown of the amounts recognised under non-current employee benefit obligations assumed by the Company vis-à-vis its employees is as follows:

	Thousand euro	
	<u>2011</u>	<u>2010</u>
Balance sheet commitments:		
Pension and retirement benefits	<u>5,705</u>	<u>5,315</u>
	<u>5,705</u>	<u>5,315</u>
Income statement charges for:		
Pension and retirement benefits	<u>977</u>	<u>1,024</u>
	<u>977</u>	<u>1,024</u>

Pension and retirement benefits

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

At 31 December 2011 and 2010 there are no assets linked to the defined benefit commitments with employees.

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

	<u>2011</u>	<u>2010</u>
Present value of obligations at 1 January	5,315	5,354
Cost of services for the current year	689	686
Interest cost	288	339
Benefits paid	(687)	(444)
Actuarial gains / (losses) recognised in equity	100	(620)
Balance sheet liability	<u>5,705</u>	<u>5,315</u>

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

	<u>2011</u>	<u>2010</u>
Opening balance	5,315	5,354
Income statement charge	977	405
Actuarial gains / (losses) charged to equity	100	-
Contributions paid	(687)	(444)
Closing balance	<u>5,705</u>	<u>5,315</u>

The amounts recognised in the income statement are as follows:

	<u>2011</u>	<u>2010</u>
Cost of services for the current year (Note 24.c)	689	686
Finance cost of discounting provision to present value (Note 25)	288	338
Total income statement charge	<u>977</u>	<u>1,024</u>

The principal actuarial assumptions used are as follows:

	<u>2011</u>	<u>2010</u>
Annual discount rate	4.80%	4.25%
Annual salary growth	3.00%	3.00%
Annual inflation	2.00%	2.00%
Mortality table	PERM/F 2000 Producción	PERM/F 2000 Producción
Retirement age	65 years	65 years

20. Long-Term and Short-Term Debts

	<u>Thousand euro</u>	
	<u>2011</u>	<u>2010</u>
Debts to credit institutions	27,105	26,858
Finance lease obligations	354	694
Derivatives (Note 11)	16,460	213
Other financial liabilities	279	95
Non-current borrowings	44,198	27,860
Debts to credit institutions	2,546	28,837
Derivatives (Note 11)	23,045	8,671
Other financial liabilities	35,903	35,905
Current borrowings	61,494	73,413

The carrying amount of borrowings (both current and non-current) approximates their fair value.

a) Debts to credit institutions

The carrying amount of debts to credit institutions approximates their fair value. The loans are benchmarked to Euribor, with periodic reset features of up to six months.

Set out below is a maturity schedule for the contracts in force at 31 December 2011 and 2010:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 and beyond</u>	<u>Total</u>
2011		2,546	2,546	24,559	29,651
2010	28,837	4,667	4,667	17,524	55,695

The carrying amounts of debts to credit institutions are denominated in the following currencies:

	<u>Thousand euro</u>	
	<u>2011</u>	<u>2010</u>
Euro	29,651	50,456
US dollars and other currencies	-	5,239
	29,651	55,695

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

	2011		2010	
	Euro	USD	Euro	USD
Debts to credit institutions	3.02%	-	1.53%	1.33%

The carrying amount of borrowings (both current and non-current) approximates their fair value.

The Company has the following undrawn credit lines:

Floating rate:	Thousand euro	
	2011	2010
– Maturing in less than one year	88,000	61,166
– Maturing in more than one year	15,000	-
	103,000	61,166

b) Other financial liabilities (current)

This heading primarily reflects the Board-approved €35,846k dividend payable at year-end (2010: €35,848k) (Note 16).

21. Borrowings from related parties

	Thousand euro	
	2011	2010
Group companies	38,992	67,983
Associates	13,448	27,515
	52,440	95,498

The breakdown of the items comprising this heading is as follows:

	Thousand euro	
	2011	2010
Engineering services payable	14,754	7,186
Current loans	24,238	60,245
Other	-	552
Group companies	38,992	67,983
Engineering services payable	3,448	12,855
Consolidation of UTEs	10,000	14,660
Associates	13,448	27,515

In 2011, the balances payable to Group companies carried interest at an average rate of Euribor + 120bp (2010: Euribor + 80bp).

22. Trade and other payables

	Thousand euro	
	2011	2010
Due to suppliers	970,954	952,701
Trade payables, related parties	125,059	140,630
Sundry payables	3,806	9,455
Employee benefit obligations payable	690	148
Other taxes payable	18,841	23,017
Customer prepayments	424,552	354,120
	1,543,902	1,480,071

Discounting has no significant effect on the fair values of trade and other payables. The nominal values of these payables are considered a good proxy of their fair values.

The carrying amounts of trade payables are denominated in the following currencies:

	Thousand euro	
	2011	2010
USD	60,879	29,153
Other currencies	2,003	3,644
	62,882	32,797

Supplier payment disclosures under Law 15/2010

As required under disclosure requirements introduced by legislation passed in Spain on 29 December 2010, the Company has reviewed balances payable to suppliers and creditors outstanding at 31 December 2011, concluding that none of the balances outstanding were past due by more than the legally established payment terms.

23. Income tax and tax matters

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.

The reconciliation of income and expenses to taxable income for 2011 is set forth below:

	Thousand euro				
	2011				
	Income statement		Income and expense recognised directly in equity		
Recognised income and expense	77,166	77,166			
	Increases	Decreases	Increases	Decreases	
Income tax expense	5,845		5,845	-	-
Permanent differences	3,158	(91,839)	(88,681)	-	-
Temporary differences:	390	(970)	(580)	-	-
Taxable income (tax loss)			<u>(6,250)</u>		

The breakdown of income tax expense (income) is as follows:

	Thousand euro	
	2011	2010
Current tax	(1,875)	2,798
Deferred tax	3,588	474
Outcome of tax assessments	-	25,787
Other adjustments	4,132	-
	<u>5,845</u>	<u>29,059</u>

Deferred taxes generated by transactions that have been directly charged to equity in 2011 amounted €11k (2010: €1,009k).

The additions attributable to permanent differences correspond to the following items:

	Thousand euro	
	2011	2010
Non-deductible expenses	349	594
Provisions recognised	2,809	-
	<u>3,158</u>	<u>594</u>

The decreases attributable to permanent differences correspond to the following items:

	Thousand euro	
	2011	2010
Profits generated abroad	31,838	71,347
Double taxation deduction	60,000	32,969
	<u>91,838</u>	<u>104,316</u>

Deferred tax

	Thousand euro	
	2011	2010
Deferred income tax assets		
- to be recovered after more than 12 months	12,955	16,543
- to be recovered within 12 months	-	-
	<u>12,955</u>	<u>16,543</u>
Deferred income tax liabilities		
- to be recovered after more than 12 months	164	164
- to be recovered within 12 months	-	-
	<u>164</u>	<u>164</u>

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

	2011		2010	
	Assets	Liabilities	Assets	Liabilities
At 1 January	16,543	164	18,026	164
Reversals / Utilisations	(3,555)	-	2,955	-
Additions	-	-	(4,438)	-
At 31 December	<u>12,955</u>	<u>164</u>	<u>16,543</u>	<u>164</u>

The deferred taxes relate to the following items:

	Thousand euro	
	2011	2010
Deferred tax assets		
Unused tax losses carried forward	-	3,414
Unused tax credits carried forward	-	-
Tax credits arising from temporary differences:	-	-
- Hedging reserve	204	204
- Provisions for liabilities and charges	12,751	12,925
	<u>12,955</u>	<u>16,543</u>

Deferred tax liabilities	Thousand euro	
	2011	2010
Hedging reserve	164	164
	164	164

There are no unused recognised tax losses at year-end 2011 (year-end 2010: €11,381k, €3,414k of tax deduction).

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

Tax inspections concluded in 2010

As notified to the stock market regulator in a significant event filing on 10 September 2010, in 2010 the Spanish tax authorities concluded the tax inspections of the Group's Spanish companies initiated in 2008.

The agreement reached concluded that the transfer prices invoiced by the Group companies needed to be increased. This assessment generated an additional tax liability of €10,970k plus related interest expense of €1,924k.

The Company proceeded to re-estimate its tax returns for prior years not yet inspected (2008 and 2009) to factor in the new transfer price measurement criteria; as a result the aggregate tax expense payable in respect of those years increased by €13,129k. The same criteria were used to measure transfer prices in 2010 and 2011.

The Company recognised all the related accounting consequences, which implied a charge to income tax expense in the wake of the inspections of €25,787k, in its 2010 income statement.

24. Revenue and expense

a) Revenue

The geographic breakdown of the Company's revenue in 2011 and 2010 is as follows:

Market	Thousand euro	
	2011	2010
Spain	165,587	131,786
European Union	138,374	172,930
OECD (excl. Spain and EU)	272,920	23,314
Other	665,214	1,222,664
	1,242,095	1,550,694

The revenue split by operating segment was as follows:

Business	Thousand euro	
	2011	2010
Oil & gas	1,089,084	1,173,538
Power	109,358	301,308
Other	43,653	75,848
Total	1,242,095	1,550,694

b) Foreign currency transactions

The balances corresponding to transactions denominated in foreign currency are the following:

	Thousand euro	
	2011	2010
Sales	146,125	24,470
Purchases	1,949	9,585
Services received	18,453	15,807

c) Employee benefit expense

	Thousand euro	
	2011	2010
Wages and salaries	155,518	155,586
Termination benefits	1,020	1,376
Staff welfare expenses	31,624	31,217
Charge for employee benefit obligations (Note 19)	977	244
	189,139	188,423

Average headcount by job category:

	2011	2010
Directors and senior management	25	22
Graduates, diploma holders and administrative staff	1,879	1,910
Skilled workers	786	795
Sales staff	21	19
	2,711	2,746

The breakdown of the Company's year-end headcount by gender is as follows:

	2011			2010		
	Men	Women	Total	Men	Women	Total
Directors and senior management	23	2	25	20	2	22
Graduates, diploma holders and administrative staff	1,328	526	1,854	1,381	534	1,915
Skilled workers	465	312	777	481	318	799
Sales staff	16	4	20	15	5	20
	1,832	844	2,676	1,897	859	2,756

None of the workforce presented disabilities of a severity of 33% or higher in either 2011 or 2010.

d) Other expenses

The breakdown of the income statement heading is as follows:

	Thousand euro	
	2011	2010
Services	254,416	317,298
Rent and fees	24,629	40,156
Independent professional services	11,977	9,906
Transport expense	8,971	9,211
Repairs and maintenance	4,204	3,339
Insurance premiums	2,299	2,463
Banking and similar services	4,336	4,273
Other	20,928	20,389
External services	331,760	407,035
Taxes other than income tax	3,365	2,181
Losses on, impairment of and change in trade provisions (Note 18)	189	9,300
	335,314	418,516

25. Finance income and finance cost

	Thousand euro	
	2011	2010
Finance income:		
From equity investments:		
In group companies and associates (Note 8)	62,702	42,904
In third parties	52	333
From marketable securities and other financial instruments:		
In group companies and associates	923	2,590
In third parties	3,989	3,881
	67,666	49,708
Finance cost:		
Borrowings from related parties	(1,161)	(3,499)
Third-party borrowings	(2,084)	(1,122)
Discounting of provisions (Note 19)	(288)	(339)
	(3,533)	(4,960)
Change in fair value of financial instruments:		
Held for trading and other securities	(746)	(524)
	(746)	(524)
Exchange differences	672	(62)
Financial asset impairment and disposal gains/(losses)		
Impairment charges and losses (Note 8)	(2,622)	1,007
Gains (losses) on disposals		-
	(2,622)	1,007
Finance income and finance cost	61,437	45,169

26. Contingencies

a) Contingent liabilities

The Company has contingent liabilities relating to bank sureties and other guarantees granted during the ordinary course of business. The contingent liabilities are not expected to give rise to additional material liabilities other than those already provisioned, as disclosed in Note 18. In the ordinary course of the Company's activities, as is common practice with engineering and construction companies, the Company extended guarantees to third parties totalling €1,422,294k (2010: €1,198,109k) in order to duly guarantee contract delivery.

In accordance with the general terms of contracting, the Company is 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.

b) Commitments

Capital commitments

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

Operating lease commitments

The Company rents several premises under irrevocable operating lease agreements (Note 6). These leases have variable terms, segment clauses and renewal rights. The Company is required to provide six months' termination notice on these agreements.

Minimum future payments on irrevocable operating leases are as follows:

	<u>2011</u>	<u>2010</u>
Less than 1 year	9,541	12,147
Between 1 and 5 years	11,002	12,172
Over 5 years	136	154

Purchase commitments (suppliers and subcontractors)

The Company 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 Company in turn invoices its customers in accordance with similar milestones to those in place with its suppliers.

27. Temporary joint ventures (UTEs) and consortiums

The Company has interests in the UTEs listed in Exhibit I. The amounts set out below represent its percentage interest in the assets, liabilities, revenues and expenses of these UTEs. The following amounts are recognised in the balance sheet and income statement:

	<u>2011</u>	<u>2010</u>
Assets:		
Non-current assets	47,370	47,563
Current assets	697,450	801,244
	<u>744,820</u>	<u>848,807</u>
Liabilities:		
Non-current liabilities	44,459	27,026
Current liabilities	647,958	744,468
	<u>692,417</u>	<u>771,494</u>
Net assets (liabilities)	<u>52,403</u>	<u>77,313</u>
Revenue	602,649	828,600
Expenses	(532,662)	(753,652)
Profit after tax	<u>69,987</u>	<u>74,948</u>

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

28. Director and senior management remuneration

a) Director remuneration

There follows information on total compensation paid to members of the Company's Board of Directors during the years ended 31 December 2011 and 2010:

- Board meeting attendance fees received by all board members: €919k (2010: €826k).
- Wages and salaries: €756k (2010: €1,056k).
- Insurance premiums and pension plans: €19k (2010: €7k).

b) Senior management compensation

Total compensation paid in 2011 to key management personnel was €5,320k (2010: €4,355k).

- Advances: €160k (2010: €180k).

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

Article 229 of Spain's Corporate Enterprises Act, enacted by means of Legislative Royal Decree 1/2010, of 2 July 2010, obliges directors to report to the boards on which they serve, their fellow directors, or if they are sole directors, the General Meeting, on any potential direct or indirect conflict of interest vis-à-vis the entity whose interests they represent. A potentially-conflicted director must abstain from intervening in the resolutions or decisions concerning the transaction giving rise to the conflict in question.

In addition, the Directors must disclose any direct or indirect shareholdings they or their related parties hold in the share capital of any other company with the same, similar or complementary corporate purpose as that of the Company, additionally disclosing the positions/duties discharged at those companies.

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

29. Other related-party transactions

As indicated in Note 1, the Company is the parent company of a Group of companies. Related party transactions are as follows:

a) Transactions with the Company's core shareholders

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

All transactions between the Company and the BBVA Group relate to banking activities and are carried out on an arm's length basis.

Set out below are details of these transactions at 31 December 2011 and 2010:

	Thousand euro	
	2011	2010
Credit facilities	10,000	20,000
Drawn balances	-	1,821
Guarantees furnished	309,861	310,731

In addition, the Company has 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.

The Company also arranged forward foreign currency sale contracts with the BBVA Group, with notional values totalling USD361,430k and JPY1,553k (2010: USD201,701k and JPY51,165k).

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

b) Transactions with Company directors and officers and their related parties

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

	2011				2010			
	Trade receivable	Trade and other payables	Purchases	Sale of goods	Trade receivables	Due to suppliers	Purchases	Sale of goods
Isolux-Corsan	-	-	-	-	-	424	424	-

These transactions form part of the Company's ordinary course of business and relate to project execution.

Set out below is the breakdown of transactions undertaken with the Santander Group where one of the Company's directors also sits on the board:

Thousand euro	
2011	2010

Credit facilities	30,000	30,000
Drawn balances	-	5,887
Guarantees furnished	369,794	134,028

The Company also arranged forward foreign currency sale contracts with the Santander Group, with notional amounts totalling USD316,295k and AUD1,955k (2010: USD125,456k and AUD7,400k).

In addition, the Company has 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 Santander Group.

All transactions between the Company and the Santander Group correspond to banking activities and are carried out on an arm's length basis.

Note 28 provides details of the compensation paid to the directors of Técnicas Reunidas, S.A. and its senior officers.

c) Transactions with Group companies, jointly-controlled entities and associates

The table below details aggregate transactions with the Group companies, jointly-controlled entities and associates listed in Note 8:

	Group companies	Jointly-controlled entities and associates
Services received	42,299	980
Finance costs	1,155	6
Total expenses	43,454	986
Services rendered	23,307	226
Finance income	373	550
Dividends received (Note 25)	62,702	-
Total revenue	86,382	776

The services received and rendered pertain to the Company's ordinary course of business and were conducted on an arm's length basis.

30. 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 position or performance. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

31. Events after the end of the reporting period

Between the balance sheet close and the date the accompanying financial statements were authorised for issue no significant events have occurred that have not been recognised in these financial statements.

32. Audit fees

The fees accrued by PwC in 2011 for audit services amounted to €234k (2010: €220k). The fees accrued by companies using the PwC trademark in 2011 for services other than audit services amounted to €123k (2010: €221k).

EXHIBIT I – TEMPORARY JOINT VENTURES (UTES) AND CONSORTIUMS IN WHICH THE COMPANY HAS SHAREHOLDINGS

The temporary joint ventures (UTES) and consortiums included in these annual accounts are the following:

Name	Ownership interest, %	Name	2011 Ownership interest, %
VIETNAM CONSORTIUM	20%	UTE TR/INITEC EBRAMEX INGENIERIA	51%
TR FRANCE BRANCH	100%	UTE TR/INITEC INFRA CONS.COMP.LA VIÑA	85%
TR KHABAROVSK BRANCH	100%	UTE TR/INITEC INFRA CONS.PC.HUERCAL OVERA	85%
TR MOSCOW BRANCH	100%	UTE TR/INITEC INFRA CONSTRUCCI.PARCELA S	85%
UTE ALQUILACION CHILE	15%	UTE TR/INITEC JV HAWIYAH GPE	15%
UTE EP SINES	80%	UTE TR/INITEC KJT PR. LNG	85%
UTE HDT/HDK FASE II	15%	UTE TR/INITEC MINATRICO INGENIERIA	51%
UTE HYDROCRACKER HUNGARY	15%	UTE TR/INITEC P.I. JV TR RABIGH DP	85%
UTE INITEC/TR JU'AYMAH GPE	15%	UTE TR/INITEC PROYECTO DGC CHILE	15%
UTE INITEC/TR MEJILLONES	15%	UTE TR/INTERCONTROL VARIANTE PAJARES	80%
UTE INITEC/TR PLANTAS HDT Y HCK	15%	UTE TR/IONICS RAMBLA MORALES	40%
UTE INITEC/TR RKF ARGEL	15%	UTE TR/IONICS/TCOSA/CHSA DEP.ROPESA	25%
UTE INITEC/TR SAIH RAWL	15%	UTE TR/IPI ELEFSINAS	65%
UTE INITEC/TR TFT ARGEL	15%	UTE TR/IPI KHABAROVSK	15%
UTE PEIRAO XXI	50%	UTE TR/IPI REFINERIA SINES GALP	85%
UTE TR POWER	85%	UTE TR/KV CON.PL.Y URB.ZALIA	50%
UTE TR/ALTAMARCA COMPLEJO LA VIÑA	80%	UTE TR/LOGPLAN A.T.AENA	55%
UTE TR/ALTAMARCA PISCINA CUBIERTA	80%	UTE TR/PAI URBANIZACION CALAFELL	55%
UTE TR/ALTAMARCA/HMF C.ALCOBENDAS	34%	UTE TR/RTA VILLAMARTIN	50%
UTE TR/ANETO RED NORTE OESTE	50%	UTE TR/SEG PROJ.NT AENA	70%
UTE TR/ARDANUY ALGECIRAS	70%	UTE TR/SENER PROEYCTO HPP GEPESA	60%
UTE TR/ASFALTOSY CONS.APARCAM.ALCOBENDAS	50%	UTE TR/SERCOAL CENTRO DE DIA	50%
UTE TR/CTCI GUANDONG EO/EG	90%	UTE TR/SERCOAL EDIFICIO SERVICIOS MULTIPLES	50%
UTE TR/CTCI JIANGSU SERVICIOS	90%	UTE TR/SOLAER I.S.F. MORALZARZAL	90%
UTE TR/CTCI JIANGSU SUMINISTROS	90%	UTE TR/TECNORESIDUOS PT VALDEMINGOMEZ	90%
UTE TR/ESPINDESA - PEL SINES	85%	UTE TR/TREC OPER.DESALADORA R.MORALES	50%
UTE TR/ESPINDESA - TR AKITA	85%	UTE TR/TRIMTOR DEP.CAÑADA GALLEGO	50%
UTE TR/FERROVIAL LA PLANA DEL VENT	58%	UTE TR/TRIMTOR EDAR LIBRILLA	50%
UTE TR/GDF AS PONTES	50%	UTE TR/TT HORNOS RUSIA	95%
UTE TR/GDF BARRANCO DE TIRAJANA	50%	INT.VALORIZA	50%
UTE TR/GDF CTCC BESOS	50%	UTE TR RUP TURQUIA	80%
UTE TR/GDF CTCC PUERTO DE BARCELONA	50%	UTE TR YANBU REFINERY - TRYR	80%
UTE TR/GEA COLECTOR PLUVIALES H.O.	80%	UTE TR ABU DHABI SHAH I	15%
UTE TR/GEA/SANHER EL CARAMBOLO.	40%	UTE MARGARITA	15%
UTE TR/GUEROLA CENTRAL TERMOSOLAR	50%	UTE PERELLO tr/vialobra	50%
UTE TR/I.P.I. TR JUBAIL	85%	UTE ENSA/TR CAMBIADORES TAISHAN	50%
UTE TR/I.P.I. ABUH DABIH -SAS	15%	UTE TANQUE MEJILLONES	15%
UTE TR/I.P.I. C.P.BIO BIO	15%	UTE TR/SEG PORTAS	50%
UTE TR/I.P.I. FENOLES KAYAN	85%	UTE TR/ESPINDESA	25%
UTE TR/I.P.I. OFFSITES ABUH DABIH	85%	UTE URBANIZACION PALMAS ALTAS SUR	40%
UTE TR/INITEC DAMIETTA LNG	85%		

Name	Ownership interest, %	Name	Ownership interest, %
VIETNAM CONSORTIUM		20% UTE EP SINES	80%
TR FRANCE BRANCH	100%	UTE TR/INITEC DAMIETTA LNG	85%
TR KHABAROVSK BRANCH	100%	UTE TR/INITEC EBRAMEX INGENIERIA	51%
TR MOSCOW BRANCH	100%	UTE TR/INITEC INFRA CONS.COMP.LA VIÑA	85%
UTE ALQUILACION CHILE		15% UTE TR/INITEC JV HAWIYAH GPE	15%
UTE TR/INITEC INFRA CONS.PC.HUERCAL OVERA	85%	UTE TR/INITEC INFRA CONSTRUCC.PARCELA S	85%
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UTE INITEC/TR RKF ARGELIA	15%	UTE TR/IONICS RAMBLA MORALES	40%
UTE INITEC/TR SAIH RAWL	15%	UTE TR/IONICS/TCOSA/CHSA DEP. OROPESA	25%
UTE INITEC/TR TFT ARGELIA	15%	UTE TR/IPI ELEFSINAS	65%
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UTE TR/ESPINDESA - PEL SINES	85%	UTE TR/SENER PROEYCTO HPP GEPESA	60%
UTE TR/ESPINDESA - TR AKITA	85%	UTE TR/SERCOAL CENTRO DE DIA	50%
UTE TR/FERROVIAL LA PLANA DEL VENT	58%	UTE VALORIZA TR SS2	50%
UTE TR/GDF AS PONTES	50%	UTE TR/SOLAER I.S.F. MORALZARZAL	90%
UTE TR/GDF BARRANCO DE TIRAJANA	50%	UTE TANQUE MEJILLONES	15%
UTE TR/TECNORESIDUOS PT VALDEMINGOMEZ	90%	UTE TR/TREC OPER.DESALADORA R.MORALES	50%
UTE TR/GDF CTCC PUERTO DE BARCELONA	50%	UTE TR/TRIMTOR EDAR LIBRILLA	50%
UTE TR/GEA COLECTOR PLUVIALES H.O.	80%	UTE TR/GDF CTCC BESOS	50%
UTE TR/GEA/SANHER EL CARAMBOLO.	40%	TR ABU DHABI SAS BRANCH	100%
UTE TR/GUEROLA CENTRAL TERMOSOLAR	50%	UTE TR RUP TURQUIA	80%
UTE TR/I.P.I. TR JUBAIL	85%	UTE TR YANBU REFINERY – TRYR	80%
UTE TR/I.P.I. ABUH DABIH -SAS	15%	UTE TR ABU DHABI SHAH I	15%
UTE TR/I.P.I. C.P.BIO BIO	15%	UTE MARGARITA	15%
UTE TR/I.P.I. FENOLES KAYAN	85%	UTE PERELLO tr/vialobra	50%

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1. Business performance

2011 remained a challenging year on the economic front. The crisis unleashed in the US in 2008, which spilled over to Europe in 2009 and 2010, only intensified last year.

This situation is having widespread ramifications in all sectors of the economy. In particular, it has manifested in a credit squeeze which is driving borrowing costs higher.

Despite this, the energy sector extended the momentum of recent years. Estimates for global demand for energy continue to point annual growth in the next 25 years. Moreover, the customers investing in energy projects are major companies that are profitable and strategic in their home markets. As a result, they are less affected by the credit crunch than companies in other sectors; nevertheless, banks are taking longer than before to approve and arrange their loan applications. This new paradigm was one of the factors affecting Técnicas Reunidas' business performance in 2011.

It is also worth highlighting the intensification in competition faced by the Company in the past year, notably in the Middle East. Since Técnicas Reunidas entered the Middle Eastern market back in 2003, this market has accounted for a significant portion of its project pipeline, and by extension the Company's annual capital expenditure, all of which has underpinned the Company's success in several countries in the region. This situation did not change in 2011, although the market's competitive dynamics did. In 2011, the Company was hurt by aggressive price competition on the part of its Korean competitors, with a direct adverse impact on the volume of new contract wins in the region. Nevertheless, the Company had already re-oriented its sales and marketing strategy towards new markets presenting high growth potential, a strategy which paved the way for product and customer diversification.

As a result, the Company notched up very satisfactory achievements in the course of 2011. Técnicas Reunidas proved capable of replicating in new markets the strategy that had unlocked growth opportunities in the Middle East in prior years thanks to customer satisfaction levels and references. Técnicas Reunidas managed to adapt flexibly to market demand, winning new contracts in familiar markets such as Turkey, Peru, Hungary and Australia, but with new customers and products. It also scored repeat business with existing customers which chose to trust in the professionalism of Técnicas Reunidas. This was the case of the MOL Group in Hungary, Total in France and the Southern Sea Water consortium in Australia.

The Spanish job market remained very weak. Unemployment continued to climb throughout the year to end at record highs of over 22%. Despite this adverse backdrop, Técnicas Reunidas reduced its headcount only marginally. The company's most valued asset is its qualified staff. Técnicas Reunidas is committed to maintaining its experienced professionals who are ready to successfully manage ongoing and prospective projects. In 2011, the Company had an average headcount of 2,711. Should growth in the project pipeline so warrant, it has the flexibility to adapt as required.

There was no change in shareholder remuneration policy. Técnicas Reunidas aims to earmark 50% of profits to dividend payments. In 2012, the Company will pay out a total dividend of €1.34 per share from 2011 profits. Note that even though the Company saw its net profit narrow due to the application of new tax measurement criteria, management decided to maintain its dividend in absolute terms so as not to penalise shareholders.

The financial performance of each of TR's business lines is analysed individually below:

Oil and gas

The oil and gas investment cycle is very long and capital intensive. Expectations are for large scale investment. The last report issued by the International Energy Agency (World Energy Outlook

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2011) talks of combined investment in oil and gas assets of US\$19.49 trillion in the next 25 years. These estimates are based on energy supply needs. The same report estimates demand for oil in 2035 of 99.4 million barrels per day, growth of 15% over 2010, implying the need to increase output by 0.51 million bpd annually over the next 25 years. As for demand for gas, the same report estimates demand of 4.75 trillion cubic metres in 2025, growth of 54% over 2009, implying the need to increase output by 64.4 million m³ over the next 26 years. These figures corroborate the sector's healthy and sustainable long-term prospects. However, the sector is not immune from the lingering financial market instability which has squeezed access to financing right along the business chain, slowing the lending machinery down and hurting Técnicas Reunidas' pace of order intake in 2011.

More specifically, the Company had to tackle a number of unusual circumstances in 2011. In the first quarter, it won a contract to build a nitric acid and ammonium nitrate plant for YARA in Australia, which had to be removed from the pipeline a short time later due to shareholder changes and project delays. Meanwhile, most of the new contracts secured were awarded and converted to open book arrangements at the end of the year, as a result mainly of the longer time taken to arrange financing.

Nevertheless, the Company views its 2011 performance as satisfactory from the sales standpoint as it managed to penetrate new customers while generating repeat business from existing customers. In parallel, it was able to penetrate new markets. Técnicas Reunidas continues to seek new growth opportunities by offering its recurring customers solutions designed to enable them to make their services and products stand out.

In 2011, Técnicas Reunidas reinforced its position in the Mediterranean (Turkey), Latin America (Peru) and Asia-Pacific (Australia). These markets present large-scale investment requirements deriving from the countries' development requirements and the existence of untapped oil and gas resources.

The most significant project wins in this segment in 2011 were:

- In 1Q11, Yara International ASA selected Técnicas Reunidas for the TAN (technical ammonium nitrate) plant in the Burrup Peninsula in the state of Western Australia. TR was chosen to design and build the project (turnkey) with the following main processing units: wet ammonium nitrate, nitric acid and dry ammonium nitrate prilling plant. Yara chose TR not only as the main contractor for the whole project, but also selected TR's technology and know-how (Espindesa) for the liquid ammonium nitrate and nitric acid plants. At the time of the award, Yara International held a 35% interest in a consortium. Over the course of the year, its shareholder was forced to abandon the project; due to uncertainties surrounding the materialisation of the new company, the project work never commenced. As a result, taking a conservative stance, Técnicas Reunidas decided to remove the project from its pipeline until the new corporate situation is resolved and the project recommences. Throughout 2011, Yara International and Técnicas Reunidas remained in constant contact, keeping each other updated on the status of the project. Técnicas Reunidas hopes to be able to add this project back into its pipeline in 2012 as soon as the new shareholder structure is officially determined.
- In July, Total selected Técnicas Reunidas for the engineering, procurement, construction and commissioning of a new gasoil hydrodesulphurization unit (HDS) at its Normandy Refinery in France. This contract has been awarded under the EPC Lump Sum Turn Key model. The unit, with a design capacity of 3.840 tons/day, is designed to produce a desulphurised diesel with just 8 parts per million sulphur content and will be operational in 2013. This is the second contract awarded by Total, having been awarded one of the projects at the Jubail refinery in Saudi Arabia in 2009 in a consortium with Saudi Aramco.

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- In October, Tüpras and Técnicas Reunidas signed the outstanding agreements related to the financing of the Izmit Resid Upgrading Project (RUP), rendering the lump sum turn key (LSTK) contract effective. TR had started the execution of this project in 2010 under a 'cost plus' scheme, with the option of conversion to LSTK. The project encompasses the hydrocracker, vacuum, coker, naphtha hydrogenation, diesel desulfurization, hydrogen, sulphur recovery, amine regeneration and sour water stripping units. TR had already worked for Tüpras in the past on a long-term basis, having also participated in an earlier project at the Izmit refinery. This project is an important milestone for the Company, not only in terms of client investment volumes, the project's technical complexity and the resultant geographic diversification of the pipeline, but because it demonstrates the satisfaction and loyalty of TR's clients.
- At the end of the year, Nitratos del Perú, S.A. (NdP) engaged Técnicas Reunidas, in a consortium with Technip Italy, to execute the first phase of the development of a new petrochemical complex for the production of ammonia, nitric acid, ammonium nitrate and associated OSBL facilities in Paracas, in the Peruvian province of Pisco. This phase encompasses the project engineering activities during the first six months and constitutes stage one of the complex construction project. The start-up of the complex is initially scheduled for the end of 2014. For the nitric acid and ammonium nitrate plants, NdP is acquiring the technology and know-how of Espindesa, a wholly-owned subsidiary of the Técnicas Reunidas Group. This project is crucial for Peru, insofar as it will enable the supply of products to the petrochemicals industry and to the explosive industry, mainly for mining purposes. The complex will produce 710,000 tons of ammonia and 350,000 tons of ammonium nitrate per year. This is the first project awarded by NdP and the second awarded in Peru of late, following the major contract for the redevelopment of the Talara refinery for Petroperú.

The rest of the projects in the backlog, awarded prior to 2011, progressed as scheduled. At year-end, the most advanced projects, were the expansion of the Sines refinery for Galp Energy in Portugal and the greenfield Yanbu refinery for Saudi Aramco in Saudi Arabia.

Meanwhile, projects completed and delivered to clients meeting all their specifications included the phenol plant at the Kayan petrochemical complex for SABIC in Saudi Arabia, the refining units for PEMEX in Mexico and the expansion of the Cartagena refinery for Repsol in Spain.

Power

Power projects have been the contracts affected most by the crisis as they are shorter lived (with the exception of nuclear power projects): even though it is easier to adapt them to prevailing market circumstances, they are more dependent on economic growth. However, the driving forces vary by region and energy source. In Spain, the dearth of major new investments continues, as this market was already well developed prior to the crisis. As a result, the Company is readying itself to look for good opportunities outside Spain. The last report issued by the International Energy Agency (World Energy Outlook 2011) talks of combined investment in the global energy sector of US\$16.88 trillion in the next 25 years. Once again in 2011, Técnicas Reunidas successfully bid for a new combined cycle project despite the fact that tender awards were drawn out by the deterioration in access to financing.

In October, MOL-CEZ European Power Hungary Ltd. (MCEPH), a consortium between the MOL Group and CEZ, awarded Técnicas Reunidas the contract to build a combined cycle gas turbine power plant (CCGT) in Százhalombatta (Hungary). The contract has been awarded on an EPC lump sum turn key basis and encompasses the project management, engineering, procurement and construction of a combined cycle gas power plant at the MOL Group's Duna refinery in Hungary (installed capacity of 860 MW). Notably, this is the first time that Técnicas Reunidas will

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work directly with equipment supplier Siemens, thereby opening up a new commercial avenue for marketing new combined cycle projects using Siemens technology.

Revenue at this division fell 48% year-on-year to €203 million, shaped by the conclusion in 2010 of several major projects including the Besos and Granadilla combined cycle plants for Endesa in Spain, the Puerto de Barcelona combined cycle plant for Gas Natural in Spain and the Montoir de Bretagne combined cycle plant for Gaz de France in France, all of which were delivered to the respective customers on satisfactory terms. The projects making the biggest contribution to division revenue were the Manifa generation plant for Saudi Aramco in Saudi Arabia and the Moerdijk combined cycle plant for Essent in Netherlands. This division accounted for 8% of total Group revenue.

Técnicas Reunidas also possesses a very strong track record in the nuclear power sector. Despite the Fukushima disaster in Japan, nuclear power is increasingly in demand. More stringent safety standards, meanwhile, will spell higher investment requirements. The International Energy Agency (World Energy Outlook 2011) is forecasting investment in nuclear power plants of US\$1.13 trillion in the next 25 years.

In 2011, Técnicas Reunidas, through Group investee Empresarios Agrupados, continued to provide engineering support services to Spain's operative nuclear power plants and made further progress on the following projects underway in Spain and abroad:

- Participation in the engineering work for the Lungmen (Taiwan) NPP for the Taiwan Power Corporation (TPC), encompassing two 1,360 MW ABWRs (advanced boiling water reactors), in joint venture with General Electric Nuclear Energy.
- ITER experimental fusion reactor. Preparation of the technical specifications for the Fusion for Energy (the ITER experimental reactor) tender (under a design and build scheme) for the manufacture of the PF coils to be included in the ITER facility in Cadarache (France).
- Participation in the Taishan NPP project in the province of Guangdong, China, working for the consortium made up of Areva and two CGNPC subsidiaries, China Nuclear Power Engineering Company (CNPEC) and China Nuclear Power Design Company (CNPDC). This project includes the design and construction of the two EPR units.
- Participation in the Olkiluoto 3 project in Finland for Teollisuuden Voima Oyj (TVO). TR will provide its services to the consortium comprising Areva and Siemens which is designing the world's first third-generation EPR reactor.
- Participation in the Fennovoima Oy project in Finland for the consortium comprising Voimaosakeyhtiö SF and E.ON Kärnkraft Finland. TR will provide its services to Areva for the design of a new NPP. The ultimate client assigned the project to two providers, Areva and Toshiba, and will award the construction project to the best design proposal in one year's time.
- Collaboration on the engineering development and design of the new passive 1,550 MW third-generation ESBWR (economical simplified boiler water reactor) reactor for General Electric-Hitachi (GEH). The services included supporting GEH in obtaining ESBWR design certification from the US Nuclear Regulatory Commission (NRC) and applying for the Combined Construction and Operation Licence (COL) for specific US plant projects to be equipped with an ESBWR reactor.
- Participation in a number of R&D projects under the umbrella of the EU's sixth and seventh Framework Programmes related to the development of future nuclear power plants within the international program for the development of Gen IV reactors to be operational within a time horizon of 30 years.

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- Management of the project for dismantling Block V-1 of the Bohunice NPP in Slovakia. London-based EBRD is to provide the project financing.
- Preparation of the technical specifications for the tender for the construction of an NPP using PWR (pressurised water reactor) technology in the Czech Republic for power utility ČEZ.
- Consultancy services for Lithuanian power utility VAE with a view to executing the new Visigino NPP in Lithuania.
- Consultancy services for Swiss power utility NOK (RESUN) in preparing the studies and documentation required to apply for the initial permit to build a new NPP in Switzerland equipped with a light water reactor.
- Management of the Project Management Unit, financed by London-based EBRD, for the design, permitting and site selection for the construction of a low and medium radioactive waste storage and conditioning facility in Bulgaria.

Infrastructure

The Company's infrastructure division operates mainly on a local basis. These projects are generally tied to public investing activity. As a result of the deterioration in the economic situation in Spain, all major infrastructure plans have been put on hold. However, Técnicas Reunidas anticipated this new era years ago by diversifying into new markets.

The water treatment market presents significant upside in Asian (e.g. Australia) and Middle Eastern markets and the Company is building its franchise and reputation in this business line.

In 2011 revenue from the Infrastructure & Industry division amounted to €124 million and accounted for 5% of total revenue. The project making the biggest contribution to revenue was the Perth desalination plant for the Water Corporation of Western Australia, which was delivered in 2Q11. As this was the biggest project in the pipeline, revenue in this division decreased by 44% year-on-year. The other projects in the pipeline, which include airport infrastructure, industrial facilities, desalination and water treatment plants and other projects for public authorities, made satisfactory progress.

Building on the success of this first desalination facility in Australia, coupled with the customer's satisfaction with the experience and outcome, last August the Company was awarded the contract for the second phase of the Australian desalination project. Técnicas Reunidas, in a consortium with Valoriza Agua (a Sacyr Vallehermoso subsidiary), A. J. Lucas and Worley Parsons (together, the Southern Seawater Alliance), won the contract to extend the Binningup Sea Water Desalination Plant in Western Australia for the Water Corporation. Técnicas Reunidas, S.A. holds a 38% interest in the consortium, as does Valoriza Agua, while the two Australian partners hold 19% and 5%, stakes, respectively. Following the extension work, the Southern Seawater Desalination Plant will provide a total 100hm³ of drinking water per year. The consortium will be responsible for the design, turnkey construction, operation and maintenance of the plant, including the water pipelines and other infrastructure. This milestone marks Técnicas Reunidas' second desalination project in the region, reinforcing the brand's franchise in the Australian market.

2. Financial indicators

The Company prepares its annual financial statements under the Spanish National Chart of Accounts enacted by Royal Decree 1514/2007.

In 2011, the Company's revenue fell to €1.24 billion. Although EBIT narrowed to €22 million, the profits reported by its investees drove profit after tax 11% higher year-on-year to €77 million.

2011 DIRECTORS' REPORT

3. Research and development

In recent years, Técnicas Reunidas has earmarked significant sums to its R&D effort with a view to developing new technology in multiple areas such as materials, energy and environmental protection, all with a strategic focus on boosting business diversification and in collaboration with other companies with equally strong research commitments. By the same token, the Company is forging closer ties with public research organisms and technology centres.

The R&D effort amounted to €3 million in 2011, up from €2.19 million in 2010. The number of people attached to the Company's technology centre rose substantially from 47 in 2010 to 67 last year.

Técnicas Reunidas is currently involved in strategic consortiums working on a number of research projects at both the Spanish and European levels:

- The CENIT (acronym in Spanish for the National Strategic Consortia for Technical Research programme) BioSos project for sustainable bio-refining, researching how to use biomass materials to create monomer synthesis routes to obtain products for the construction sector. This work is being spearheaded by the Processes Department and has a budget of €1.8 million.
- The CENIT VERDE project for the development of the recyclable electric vehicle, in which the Company is responsible for recycling the lithium contained in the batteries. The project has a budget of €1.88 million.
- The CENIT TRAINER project for the development of new autonomous and smart material regeneration technology. The Company's task is to develop self-repairing materials that act against corrosion. The project has a budget of €1.46 million.
- The CENIT LIQUION project researching ionic liquids for industrial applications. TR is developing non-conventional metal extraction lines and energy storage systems. The budget is €2.73 million.
- The CENIT AZIMUT offshore energy 2020 project, for which TR is developing energy storage systems based on redox flow batteries. The budget is €2.17 million.

Also in 2011, funds were granted for the Innpronta ITACA project in which TR is involved and which consists of research into treatment, reuse and monitoring technology for the future sustainability of waste water filtering. The Company's budget is €2.7 million. Noteworthy European initiatives include the GREENLION project for which the Company is developing battery recycling technology based on lithium chemistry (Técnicas Reunidas' budget is €0.63 million) and the CERAMPOL project for the development of next generation membranes for water treatment (budget: €0.65 million).

4. Events after the end of the reporting period

The economic and business environment characterising the second half of 2011 has remained unchanged during the early months of 2012. The economic uncertainty triggered by the eurozone debt crisis lingers and continues to have a direct impact on global financing conditions. Elsewhere, raw material prices, particularly crude oil prices (Brent) continue to fluctuate widely and could affect customer investment decisions. Official estimates point to growth in demand for crude oil in 2012 and, by extension, the need to continue to invest in the energy sector.

Although the sector's prospects remain positive and point to continued investing activity, global economic conditions could result in delays in tender awards and conversion to open book formulae.

Subsequent to year-end, the Company signed a new contract that is not reflected in the 2011 financial statements. In early 2012, Incitec Pivot Ltd (IPL) awarded Técnicas Reunidas the front end engineering design (FEED) work for a new petrochemical complex for the production of nitric

2011 DIRECTORS' REPORT

acid and ammonium nitrate in Kooragang Island, Newcastle, in New South Wales, Australia. Incitec Pivot also selected TR's technology and know-how for the liquid ammonium nitrate and nitric acid plants. This milestone marks Técnicas Reunidas' third new client win in Australia.

5. Treasury shares

The Company bought back own shares in 2011. Between July and August it increased its treasury position by 573,189 shares, equivalent to 1.03% of share capital. As a result, at year-end 2011 the Company held 3.85% of its share capital as treasury stock.

6. Financial risk management and use of financial instruments

The main financial risk factors and the procedures in place for managing them are detailed in Note 3 to the accompanying financial statements.

7. Other business risk factors

Demand for TECNICAS REUNIDAS' services is closely correlated with investment in the oil and gas industry, a metric which is hard to forecast accurately.

- TECNICAS REUNIDAS' future business performance depends on the adjudication of new contracts.
- TECNICAS REUNIDAS depends on a relatively select number of contracts and clients, some of which are concentrated in a single country.
- TECNICAS REUNIDAS carries on some of its business activities outside Spain. These activities expose the Company to potential economic, social and political uncertainty. Unanticipated and adverse developments in the nations where TECNICAS REUNIDAS operates could lead to project stoppage, cost overruns and/or potential losses.
- TECNICAS REUNIDAS depends on key management personnel.
- The success of the Company's business associations, consortiums, UTEs and joint ventures depends on due delivery by our venture partners of their respective contractual obligations.
- A failure in the Company's IT systems could have a material adverse impact on TECNICAS REUNIDAS' business performance.
- TECNICAS REUNIDAS may be exposed to claims relating to errors or omissions on the part of its professionals.
- Warranty liability vis-à-vis its clients could have a material adverse impact on TR's profitability.
- TECNICAS REUNIDAS is not immune from sundry lawsuit risk.

8. Average Group headcount by category

<u>Category:</u>	<u>2011</u>	<u>2010</u>
Board members	2	2
Senior managers	23	20
Graduates, diploma holders	1,879	1,910
Skilled workers	786	795
Sales staff	21	19
TOTAL	2,711	2,746

2011 DIRECTORS' REPORT

9. Environmental costs/assets

Given the activities in which the Company is involved, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or performance.

Environmental protection is a priority for TR. TR is a finalist for the 2011/12 edition of the European Business Awards for the Environment (specifically in category B, Major Corporations, Product, at the national level, for the development of a new product or service that makes an outstanding contribution to sustainable development). These prizes are awarded bi-annually with the goal of publicly acknowledging companies whose initiatives have contributed to compliance with the sustainable development principles and whose efforts in this field could serve as an example to other companies. The project submitted by the Company is called Research into Ionic Liquid Technology for Use in Industry which is a process for extracting metals using ionic liquids.

10. Capital structure, restrictions on the transfer of shares and significant shareholdings

The Company's share capital comprises 55,896,000 shares, each with a par value of €0.10. All shares are of a single series; accordingly all shares entitle/oblige their holders to the same rights and obligations. There are no restrictions on transferring the Company's shares.

The next table lists the significant shareholdings in the Company:

Shareholder		No. of shares	Ownership interest
Araltec, S.L.	Direct	17,882,564	31.99%
Aragonesas Promoción de Obras y Construcciones, S.L.	Direct	2,848,383	5.10%
Causeway Capital Management LLC	Direct	1,681,350	3.01%

11. Restrictions on voting rights

Article 16 of the Company's Articles of Association restricts attendance at General Meetings to shareholders holding at least 50 shares.

12. Shareholder agreements

On 23 May 2006, the following pacts were established by virtue of an agreement between Aragonesas Promoción de Obras y Construcción, S.L. and BBVA Elcano Empresarial I, SCR and BBVA Elcano Empresarial II, SCR:

- Shareholder voting agreement for the pooling of votes on the Company's government bodies encompassing the shares held by Mr. José Lladó Fernández Urrutia (through Araltec, S.L. and Aragonesas Promoción de Obras y Construcciones, S.L.) and those held by BBVA Elcano

2011 DIRECTORS' REPORT

Empresarial, SCR and BBVA Elcano Empresarial II, SCR, in order to give the majority vote to the companies controlled by Mr. José Lladó Fernández Urrutia.

- Nine-year shareholder lock-up agreement encompassing BBVA Elcano Empresarial I, SCR and BBVA Elcano Empresarial II, SCR. The agreements additionally stipulate a gradual and optional timeline for releasing the shares subject to the shareholder voting and lock-up agreements between 2010 and 2015, additionally granting Mr. José Lladó Fernández Urrutia right of first refusal over the said shares.

13. Rules governing the appointment and replacement of directors and the amendment of the Company's bylaws

The Corporate Governance Report outlines the rules governing the Board of Directors in detail. The highlights are:

Articles 17 to 22 of the Board Regulations regulate the appointment and removal of directors of Técnicas Reunidas, specifically stipulating that:

1. Directors are appointed, subject to a prior report by the Appointments and Remuneration Committee, by the shareholders in general meeting or the Board of Directors, in keeping with the provisions set forth in Spain's Corporate Enterprises Act.

2. The Board of Directors must endeavour to select candidates of renowned solvency, competence and experience.

3. The Board of Directors may not propose or designate anyone to fill an independent directorship who discharges executive duties at the Company or its Group or who is related thereto by means of family or professional ties to executive directors, other executive officers and/or shareholders of the Company or its Group.

4. Directors are appointed for a five (5) year term, without prejudice to the possibility of removal before the end of their tenure by the shareholders in general meeting. At the end of their mandate, they may be reappointed for one or more terms of similar length.

5. Independent directors are obliged to step down when they have served as independent directors for an uninterrupted period of 12 years from when the Company's shares were first traded publicly.

6. Directors shall tender their resignation to the Board of Directors and the Board shall accept their resignation if deemed appropriate in the following situations:

- When they cease to hold the executive position associated with their appointment to the board.
- When they are involved in any legally stipulated conflict of interest or prohibition.
- When they are seriously admonished by a public authority for having infringed any of their fiduciary obligations as directors.
- When their continued presence on the Board jeopardises the interests of the Company or when the reasons for which they were appointed cease to exist (for example when a proprietary director disposes of its investment in the Company).

14. Powers of directors and, specifically, powers to issue or buy back shares

The Board of Directors is vested with the customary management powers and powers of attorney, as provided for in the Spanish Corporate Enterprises Act, and is the Company's highest decision-making body, notwithstanding the matters reserved to the vote of the shareholders in general meeting.

2011 DIRECTORS' REPORT

In respect of powers to issue or buy back shares, article 5 of the Board Regulations stipulates that it is the Board's duty to:

- Execute treasury share policy under the scope of the powers vested in it by the Company's shareholders in general meeting.
- Approve the Company's general policies and strategies, which include treasury share policy, notably with respect to limitations thereon
- Approve the Company's most important business decisions in relation to investments and shareholdings in other companies, financial transactions and hiring and compensation matters.

15. Significant agreements that could take effect, be modified or terminate upon a change of control of the Company following a takeover bid

There are no such agreements in force.

16. Agreements between the Company and its directors, officers or employees that provide for compensation in the event of resignation or unfair dismissal or if the employment relationship is terminated following a takeover bid

There are agreements with three senior officers providing for legally-stipulated termination benefits in the case of unfair dismissal and benefits amounting to €1,891k in the case of dismissal for just cause, a redundancy program or as a result of any other decision taken by the Company.

17. Corporate governance report

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

The report can also be downloaded from the CNMV's website.

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED PUBLIC LIMITED COMPANIES

ISSUER'S IDENTIFICATION DETAILS

FINANCIAL YEAR CLOSE DATE: DECEMBER 31, 2011

C.I.F.: A-28092583

COMPANY NAME: TECNICAS REUNIDAS, S.A.

ANNUAL CORPORATE GOVERNANCE REPORT FORM FOR LISTED PUBLIC LIMITED COMPANIES

To better understand the report form and to complete it, please read the instructions at the end of this form.

A - OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital:

Date of last modification	Share capital (Euro)	Number of shares	Number of voting rights
30/05/2006	5,589,600.00	55,896,000	55,896,000

Indicate whether there are different types of shares with different associated rights:

NO

A.2 Give details of direct or indirect holders of significant stakes in your company at close of financial year, excluding members of the Board:

Personal or corporate name of the shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
ARALTEC, S.L.	17,882,564	0	31,993
ARAGONESAS PROMOCION DE OBRAS Y CONSTRUCCIONES, S.L.	2,848,383	0	5,096
CAUSEWAY CAITAL MANAGEMENT LLC	0	1,681,350	3,008

Indicate the most significant changes in the shareholding structure during the financial year:

Personal or corporate name of the shareholder	Date of the operation	Description of the operation
SCHRODERS PLC	11/03/2011	Increase of 3% of the share capital
SCHRODERS PLC	04/10/2011	Reduced of 3% of the share capital

A.3 Fill in the following tables on members of the company's Board of Directors who have company shares with voting rights:

Corporate or personal name of the director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
MR. JOSE LLADO FERNANDEZ-URRUTIA	60,000	24,420,083	43,796
MR. FERNANDO DE ASUÁ ÁLVAREZ	8,000	760	0,016
MR DIEGO DEL ALCÁZAR Y SILVELA	1,129	4,000	0,009
MR PEDRO LUIS URIARTE SANTAMARINA	6,700	3,300	0,018

Personal or corporate name of the indirect shareholder	Through: Personal or corporate name of the direct shareholder	Number of direct voting rights	% of total voting rights
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	ARALTEC, S.L.	17,882,564	31.993
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	ARAGONESAS PROMOCION DE OBRAS Y CONSTRUCCIONES, S.L.	2,848,383	5.096
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	BBVA VIZCAYA HOLDING, S.A.	1,262,070	2.258
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	BBVA ELCANO EMPRESARIAL II, SCR, S.A. DE RÉGIMEN SIMPLIFICADO	1,213,533	2.171
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	BBVA ELCANO EMPRESARIAL II, SCR, S.A. DE RÉGIMEN SIMPLIFICADO	1,213,533	2.171

% of total voting rights held by the board of directors	43.839
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Fill in the following tables on the members of the company's Board of Directors who possesses rights over company shares:

A.4 Indicate, where applicable, any relations of a family, commercial, contractual or corporate nature that exist between the holders of significant stakes, to the extent that these are known by the company and unless they bear little relevance or derive from normal commercial trade or business:

Type of relationship:

Company

Brief description:

MR. José Llado Fernández-Urrutia is the controlling shareholder of ARALTEC, S.L. and of ARAGONESAS PROMOCION DE OBRAS Y CONSTRUCCIONES, S.L.

Name or denomination of related companies:

ARAGONESAS PROMOCION DE OBRAS Y CONSTRUCCIONES, S-L.

ARALTEC, S.L.

A.5 Indicate, where applicable, any relations of a commercial, contractual or corporate nature that exist between the holders of significant stakes and the company and/or its group, unless these bear little relevance or derive from normal commercial trade or business:

A.6 Indicate whether the company has been informed of shareholders' agreements which affect it, in accordance with that established in article 112 of the Spanish Securities Market Act (Ley del Mercado de Valores, or LMV). Where applicable, briefly describe them and list the shareholders bound by the agreement:

YES

% of share capital affected:

43.668

Brief description of the agreement:

Within the framework of the company going onto the Stock Exchange, on 23 May 2006 certain shareholders subscribed a shareholders' contract for the purpose of syndicating the vote and commitment to remain which materialised in restrictions in the transmission of the company shares and a preferential acquisition right of the shares between the signatories of the contract. On 24th April 2009, Bilbao Vizcaya Holding, S.A. was partially subrogated to the obligations of BBVA Elcano Empresarial, S.C.R, S.A. and BBVA Elcano Empresarial II, S.C.R, S.A. under the above mentioned shareholders agreement, without any modification to its objects or the rights and obligations of the parties.

Parties to the shareholders' agreement:

BILBAO VIZCAYA HOLDING; S.A.

BBVA ELCANO EMPRESARIAL, SCR, S.A DE REGIMEN SIMPLIFICADO

BBVA ELCANO EMPRESARIAL II, SCR, S.A. DE REGIMEN SIMPLIFICADO

ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.

ARALTEC, S.L.

Indicate whether the company knows of the existence of joint actions among its shareholders. Where applicable, briefly describe them:

NO

If during the financial year there has been any modification or termination of these agreements or joint actions, provide details below:

A.7 Indicate whether there is any individual or legal entity who exercises or may exercise control over the company in accordance with article 4 of the Securities Market Act. If so, identify this person or entity:

NO

A.8 Fill in the following tables on the company's treasury shares:

At close of financial year:

Number of direct shares	Number of indirect shares (*)	% of total equity
2,154,324		3,854

(*)Through:

Total	0
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Give details of any significant variations which took place during the financial year, in accordance with that set forth in Royal Decree 1362/2007:

Capital Gains/(losses) on the shares disposed of during the period (figures in thousands of Euro)	0
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A.9 Give details of the conditions and term of the current mandate from the Shareholders' Meeting to the Board of Directors to carry out acquisitions or transfers of treasury stock.

Agreement passed by the Ordinary General Shareholders' Meeting held on 22 June 2011:

Resolution adopted by the Shareholders' General Meeting of 22 June 2011:

(i) Authorisation of the board of directors for the derivative acquisition of the company's treasury shares, directly or by way of companies controlled by it, subject to the following limits and requirements:

. Methods of acquisition: acquisition by purchase, by any other acts "intervivos" for consideration or any other method permitted by law

. Maximum number of shares to be acquired: the acquisitions may be carried out, at any time, up to the maximum figure permitted by law

. Minimum and maximum acquisition price: the minimum price of acquisition of the shares shall be equivalent to 75% of their quoted value, and the maximum price to 120% of their quoted value on the date of acquisition.

. Maximum volume of trading: the maximum daily volume of trading for the acquisition of treasury shares shall not exceed 25% of the average of the total volume of shares of Técnicas Reunidas S.A. traded in the last ten sessions:

. Duration of the authorisation: five (5) years from the date of this resolution.

The rules on this matter contained in the Company Internal Rules of Conduct shall also be complied with in the carrying out of these operations.

(ii) Cancellation of the unused part of the authorisation granted on this same matter at the General Meeting held on 23 June 2010.

(iii) Authorisation of the board of directors to use the treasury shares acquired wholly or partially for the performance of remuneration programmes consisting of or involving the delivery of shares or option rights over shares, in accordance with the provisions of section 1 a) of article 146 of the Companies Act.

A.10 Indicate, where applicable, any restrictions imposed by law or Company Bylaws on the exercise of voting rights, as well as any legal restrictions on the acquisition or transfer of shares in the equity. Indicate whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights a shareholder may exercise due to legal restrictions	0
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Indicate whether there are restrictions in the company's Bylaws on the exercise of voting rights:

YES

Maximum percentage of voting rights a shareholder may exercise due to a statutory restriction	0
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Description of the legal and statutory restrictions on exercise of voting rights.
<p>The first paragraph of Article 16 of the Articles of Association, the literal tone of which is indicated below, links the attendance at the Shareholders General Meetings to holding 50 or more shares:</p> <p>All shareholders holding 50 or more shares, the title of which was inscribed in the corresponding accounting register five days before the date on which the General Meeting will be held and demonstrates this by presenting, in the company's registered office or in that of the entities that are indicated in the meeting notification, the corresponding legitimising certificate that indicates the number, class and series of the shares owned, along with the number of votes that can be exercised, may attend the General Meetings personally or may be represented by another person, although this person is not a shareholder. The representation will be governed by what is established in the Limited Companies Law.</p> <p>Holders of less than 50 shares may group together for the purposes of attending the General Meeting, granting their representation to one of them.</p>

Indicate whether there are legal restrictions on the acquisition or transfer of shares in the equity:

NO

A.11 Indicate whether the General Shareholders' Meeting has agreed to adopt any measures intended to neutralize potential takeover bids, pursuant to the terms of Act 6/2007.

NO

If applicable, explain the approved measures and the terms under which the restrictions will become ineffective:

B - STRUCTURE OF THE COMPANY ADMINISTRATION

B.1 Board of Directors

B.1.1 Indicate the maximum and minimum number of directors stipulated in the Company Bylaws:

Maximum number of directors	12
Minimum number of directors	7

B.1.2 Complete the following table with the members of the Board of Directors:

Personal or corporate name of the member	Representative	Seat on the board	Date of first appointment	Date of last appointment	Election procedure
MR. JOSÉ LLADO FERNÁNDEZ-URRUTIA	--	CHAIRMAN	06/07/1960	22/06/2011	VOTING IN SHAREHOLDER S' MEETING
MR. FERNANDO DE ASÚA ALVAREZ	--	VICE-CHAIRMAN	09/06/1993	22/06/2011	VOTING IN SHAREHOLDER S' MEETING

MR. JUAN LLADÓ ARBURUA	--	VICE-CHAIRMAN	19/11/1999	22/06/2011	VOTING IN SHAREHOLDERS' MEETING
MR. JUAN MIGUEL ANTOÑANZAS PÉREZ- EGEA	--	VICE-CHAIRMAN	28/06/1985	22/06/2011	VOTING IN SHAREHOLDERS' MEETING
MR. ANTONIO HOYOS GONZÁLEZ	--	MEMBER	29/05/1987	22/06/2011	VOTING IN SHAREHOLDERS' MEETING
MR. DIEGO DEL ALCÁZAR Y SILVELA	--	MEMBER	25/03/2010	22/06/2011	CO-OPTION
MR. JAVIER ALARCO CANOSA	--	MEMBER	26/06/2007	22/06/2011	VOTING IN SHAREHOLDERS' MEETING
MR. JAVIER GÓMEZ- NAVARRO NAVARRETE	--	MEMBER	10/05/2006	22/06/2011	VOTING IN SHAREHOLDERS' MEETING
MR. JOSE MANUEL LLADÓ ARBURUA	--	MEMBER	10/05/2006	22/06/2011	VOTING IN SHAREHOLDERS' MEETING
MR. PEDRO LUIS URIARTE SANTAMARINA	-	MEMBER	22/06/2011	22/06/2011	VOTING IN SHAREHOLDERS' MEETING
MR. WILLIAM BLAINE RICHARDSON	-	MEMBER	22/06/2011	22/06/2011	VOTING IN SHAREHOLDERS' MEETING
MR. ALVARO GARCIA- AGULLO LLADO	--	MEMBER	03/06/1976	22/06/2011	VOTING IN SHAREHOLDERS' MEETING

Total number of Board members	12
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Indicate any members who left the Board of Directors during the period:

B.1.3 Fill in the following tables on the different types of members of the board:

EXECUTIVE DIRECTORS

Personal or corporate name of the director	Committee that proposed the appointment	Position within the company structure
MR. JOSE LLADO FERNANDEZ-URRUTIA	--	CHAIRMAN
MR. JUAN LLADO ARBURUA	--	1ST VICE-CHAIRMAN

Total number of executive directors	2
% of total Board of Directors	16,667

EXTERNAL DIRECTORS REPRESENTING SIGNIFICANT SHAREHOLDERS

Personal or corporate name of the director	Committee that proposed the appointment	Personal or corporate name of the shareholder being represented or that proposed the appointment
MR. JAVIER ALARCO CANOSA	APPOINTMENTS AND REMUNERATION COMMITTEE	BBVA ELCANO EMPRESARIAL, SCR, S.A. DE REGIMEN SIMPLIFICADO
MR. JOSÉ MANUAL LLADÓ ARBURÚA	--	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.
MR. ÁLVARO GARCÍA-AGULLÓ LLADÓ	--	ARALTEC, S.L.

Total number of directors representing significant shareholders	3
% of total Board of Directors	25,000

INDEPENDENT EXTERNAL BOARD MEMBERS

Name or denomination of the director

MR. FERNANDO DE ASUA ALVAREZ

Profile

Economist and Computer Specialist from the Universidad Complutense de Madrid and graduate in Business Administration and Mathematics from the University of California (USA). His professional experience is centred on a long professional career in IBM and IBM España between 1959 and 1991, Managing Director of South America Area and later Europe, Managing Director of IBM España and Director of IBM World Trade Corp. Vice-President of Grupo Banco Santander from 2004.

Name or denomination of the director

MR. JUAN MIGUEL ANTOÑANZAS PEREZ-EGEA

Profile

Doctorate in Industrial Engineering. Worked in Barreiros - Chrysler for 10 years, as Managing Director of Manufacture and Assembly. Also worked five years in ITT as Operations Director for Spain, Managing Director of Marconi Española and Vice-President of ITT España. Director of Planning and President of Instituto Nacional de Industria 1973-1976. President of Seat 1977-1984. President of Uralita 1998-2002.

Name or denomination of the director

MR. ANTONIO HOYOS GONZALEZ

Profile

State Lawyer. General Secretary of Enagas, of the Instituto Nacional de Hidrocarburos, of Banco Hispano Americano and of Banco Central Hispano. Also held the post of Managing Director of Campsa and of Banco Santander Central Hispano.

Name or denomination of the director

MR. DIEGO DEL ALCÁZAR Y SILVELA

Profile

Studied law, political science and business administration at the Complutense University of Madrid and the Sorbonne. Worked at Banco de Levante. Chairman and founder of the IE Business School, one of the top 10 business schools in the world according to the Financial Times and Business Week.

Chairman of the Business Institute Foundation. Chairman of the Board of Directors of Vocento, S.A. and member of the Boards of Directors of ABC, S.L., ONO, S.L., Fuentes de Mondariz, S.A., Thomil, S.A., Chnocolates Eureka, S.A. and Director of the Zubiri, ABC and Vocento Foundation. Vice President of the Foundation for the Support of Hispanic Art.

Name or denomination of the director

MR. FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE

Profile

Industrial Engineer Specialised in Chemistry. Held many executive positions in Editorial Tania (1979-1983), Feria Internacional de Turismo (1980-1983), Viajes Marsans (1982-1985). State Sports Secretariat (1987-1993) and the Ministry of Commerce and Tourism (1993-1996). President of MBD and currently President of Aldeasa, S.A. and of Consejo Superior de Carnalías Oficiales de Comercio.

Name or denomination of the director

MR. PEDRO LUIS URIARTE SANTAMARINA

Profile

Graduate in Economics and Law of the Universidad Comercial de Deusto of Bilbao. 46 years of experience in industry (9 years), finance (23), strategic consultancy (10) and public administration (4) in addition to 7 years university teaching in parallel to this. In banking he was managing director (1984) and vice-president (1997) of BBV. After the merger of this bank with Argentaria (1999) he was appointed managing director and vice-president of BBVA until he took early retirement in 2001. From 1997 to 2002 he was also vice chairman of the board of directors of Telefónica S.A. Among other professional activities he is currently president of Economía, Empresa, Estrategia S.A.

Total number of independent members	6
% of total Board of Directors	50,000

OTHER EXTERNAL DIRECTORS

NAME OF THE EXTERNAL DIRECTORS	ELECTION PROCEDURE
MR WILLIAM BLAINE RICHARDSON	ANNOUNCEMENT COMMISSION

TOTAL NUMBER OF OTHER EXTERNAL DIRECTORS	1
% of total Board of Directors	8,333

Explain the reasons why they cannot be considered independent or representing significant shareholders and their connections with the company, its directors or its shareholders.

Name or denomination of the director

MR WILLIAM BLAINE RICHARDSON

Company, CEO or Shareholder with he has a relationship

TÉCNICAS REUNIDAS, S.A.

Reasons

MR. Richardson has a contract with the company.

B.1.4 Explain, where applicable, the reasons why directors representing significant shareholders have been appointed at the request of shareholders whose stake amounts to less than 5% in the share capital.

Name or company denomination of the shareholder

BBVA ELCANO EMPRESARIAL II, SCR, S.A. DE REGIMEN SIMPLIFICADO

Justification

The companies BBVA ELCANO EMPRESARIAL, SCR, S.A. DE REGIMEN SIMPLIFICADO y BBVA ELCANO EMPRESARIAL II, SCR, S.A. DE REGIMEN SIMPLIFICADO, and BILBAO VIZCAYA HOLDING, S.A. participate individually in 2.171%, 2.171% and 2.258% respectively of the share capital each, and possess an overall total of 6.685% of the share capital, and have been recognised the right to jointly name a director because of the shareholders' agreement indicated in Section A.6.

Indicate any failure to address formal requests for presence on the Board of Directors made by shareholders whose stake is equal to or higher than that of others at whose request directors have been appointed. Where applicable, explain the reasons why the request was not addressed.

NO

B.1.5 Indicate whether any director has left the post before the end of his/her term of office, whether they have explained their reasons to the Board and by which means and, if this was made in writing to the entire Board, explain at least the reasons given:

NO

B.1.6 Indicate, if applicable, the powers vested in any Chief Executive Officers:

Name or denomination of the director

DON JOSE LLADO FERNANDEZ-URRUTIA

Brief description

In line with Articles 28 of the Articles of Association, the President will possess all the powers of the Board of Directors except those assigned in Article 25 referring to the election of the President and the Vice-Presidents. In line with Article 28 of the Articles of Association the powers delegated to the President may be delegated to third parties. Likewise, the President will be considered as the highest executive in the company, with the attributes required to exercise this authority, and will, in addition to other items assigned in the Statutes, be responsible for the following functions:

- a) to ensure compliance with the Articles in their entirety and that the agreements of the General Meeting and of the Board of Directors are executed faithfully.
- b) Perform a high level inspection of the Company and of all its services.

B.1.7 Identify, where applicable, any Board members who occupy administrative or executive posts in other companies which belong to the same business group as the listed company:

Personal or corporate name of the member	Company name of the group entity	Position
MR. JOSE LLADO FERNANDEZ-URRUTIA	TECNICAS REUNIDAS INTERNACIONAL. S.A.	CHAIRMAN
MR. JUAN LLADO ARBURUA	EMPRESARIOS AGRUPADOS INTERNACIONAL. S.A.	MEMBER
MR. JUAN LLADO ARBURUA	EMPRESARIOS AGRUPADOS. A.I.E.	MEMBER
MR. JUAN LLADO ARBURUA	ESPAÑOLA DE INVESTIGACION Y DESARROLLO. S.A.	VICE-CHAIRMAN
MR. JUAN LLADO ARBURUA	EUROCONTROL. S.A.	MEMBER
MR. JUAN LLADO ARBURUA	INITEC INFRAESTRUCTURAS. S.A.U.	MEMBER
MR. JUAN LLADO ARBURUA	INITEC PLANTAS INDUSTRIALES. S.A.U.	MEMBER
MR. JUAN LLADO ARBURUA	TECNICAS REUNIDAS INTERNACIONAL. S.A.	1st VICE-CHAIRMAN
MR. JUAN LLADO ARBURUA	TECNICAS REUNIDAS PROYECTOS INTERNACIONALES. S.A.	SOLE ADMINISTRATOR

B.1.8 Give details, where applicable, of any company Board members who also sit on the Boards of other entities that do not belong to the Group and which are listed on official securities markets in Spain, insofar as these are known by the Company:

Personal or corporate name of the member	Corporate name of the listed entity	Position
MR. FERNANDO DE ASUA ALVAREZ	BANCO SANTANDER. S.A.	1 st VICE-CHAIRMAN
MR. DIEGO DEL ALCÁZAR Y SILVELA	VOCENTO, S.A.	CHAIRMAN
MR. JAVIER GÓMEZ-NAVARRO NAVARRETE	IBERIA LÍNEAS AÉREAS DE ESPAÑA. SOCIEDAD ANÓNIMA OPERADORA. SOCIEDAD UNIPERSONAL.	MEMBER

B.1.9 Indicate whether the company has established rules on the number of Boards on which its own Board members may sit. If so, explain:

NO

B.1.10 In relation to recommendation number 8 of the Unified Code, indicate the company's general strategies and policies which must be approved by plenary session of the Board of Directors:

Investment and financing policy	YES
Definition of the structure of the group of companies	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan, as well as the annual budget and management objectives	YES
Policy of Remuneration and assessing the performance of senior executives	YES
Risk control and management policy, as well as the periodic monitoring of internal information and control systems	YES
Dividends and treasury shares policy and, in particular, limits thereto	YES

B.1.11 Fill in the following tables on the aggregate remuneration of Board members accrued during the financial year:

a) In the company covered by this report:

Type of remuneration	Figures in thousands of euro
Fixed Remuneration	755
Variable Remuneration	0
Allowances	919
Benefits as per Bylaws	0
Share options and/or other financial instruments	0
Others	19

Total	1,693
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Other Benefits	Figures in thousands of euro
Advance payments	0
Loans granted	0
Pension Funds and Plans: Contributions	4
Pension Funds and Plans: Acquired obligations	0
Life insurance premiums	15
Guarantees created by the company in favour of Board members	0

b) Remuneration payable to members of the company's Board of Directors due to positions held on other Boards of Directors and/or within the senior management of other Group companies:

Type of remuneration	Figures in thousands of euro
Fixed Remuneration	0
Variable Remuneration	0
Allowances	0
Benefits as per Bylaws	0

Share options and/or other financial instruments	0
Others	0

Total	0
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Other Benefits	Figures in thousands of euro
Advance payments	0
Loans granted	0
Pension Funds and Plans: Contributions	0
Pension Funds and Plans: Acquired obligations	0
Life insurance premiums.	0
Guarantees created by the company in favour of Board members	0

c) Total remuneration by type of director:

Type of member	By company	By group
EXECUTIVE	920	0
EXTERNAL REPRESENTING	249	0
INDEPENDENT EXTERNAL	486	0
OTHER EXTERNAL	38	0

Total	1,693	0
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d) With regard to the profit attributed to the parent company

Total remuneration to directors (in thousand euro)	1,693
Total remuneration to directors /profit attributed to the parent company (expressed in %)	1.3

B.1.12 Identify any senior management members that are not in turn executive directors, and indicate the total remuneration payable thereto during the financial year:

Personal or corporate name of the member

MR. FERNANDO BLANCO FERNANDEZ	RESPONSIBLE OF THE RABIGH PROJECT MANAGEMENT.
MR. CARLOS MARTIN BURILLO	GENERAL SECRETARY RESPONSIBLE FOR THE LEGAL ADVICE OF INITEC PLANTAS INDUSTRIALES, S.A.U.
MR. ENRIQUE RUBEN ALSINA MASSANA	GENERAL DIRECTOR OF CORPORATE DEVELOPMENT
MR. FELIPE REVENGA LOPEZ	DIRECTOR OF GROUP PROJECTS
MR. EMILIO GOMEZ ACEVEDO	LEGAL ADVICE RESPONSIBLE
MR. JOSE HERRERO GARCIA	DIRECTOR OF OPERATIONS IN THE NATIONAL MARKET (INDUSTRY DIVISION)
MR. ARTHUR W. CROSSLEY SANZ	COMERCIAL DIRECTOR OF INITEC PLANTAS INDUSTRIALES, S.A.U.
MR. ADOLFO MARTINEZ VIRTO	DIRECTOR ENERGY GENERATION DIVISION
MR. JAVIER DE LOS SANTOS RESPALDIZA	RESPONSIBLE FOR MANAGEMENT PROJECTS
MR. PABLO ANDRES SAEZ	RESPONSIBLE FOR MANAGEMENT PROJECTS
MR. JOSE MARIA GONZALEZ VELAYOS	INTERNAL AUDITOR
MRS. LAURA BRAVO RAMASCO	SECRETARY OF THE BOARD OF DIRECTORS

Total senior management remuneration (in thousand euro)	5,320
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B.1.13 Identify, on an aggregate basis, whether members of the company's or group's senior management, including executive directors, are afforded guarantees or golden parachute clauses in the event of dismissal or changes of control. Indicate whether these contracts must be communicated to and/or approved by the governing bodies of the company or its group:

Number of beneficiaries	3
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	Board of Director's	General Shareholder's Meeting
Board that authorizes the clauses	YES	NO

Was the annual General Meeting informed of the clauses?	NO
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B.1.14 Describe the process for establishing the remuneration of Board members and the relevant provisions of the Bylaws.

Process for establishing the remuneration of Board members and relevant Bylaws	
<p>Article 22 of the Articles of Association establishes the following: The administrators will be remunerated through a retribution consisting of a fixed amount that will be set each year by an agreement of the General Meeting and may be different for each of the administrators. If the Meeting decided only on a fixed amount to be received by the Administration Body, but not on the division between the members of this, the Board of Directors itself, through the Appointments and Remuneration Committee, will distribute the amount among its members in the manner it deems best, and may be different for each one of the Directors and depending on whether they are members or not of Committees to the Board of Directors, of the positions they hold and their dedication to Company service.</p> <p>Additionally, the Board of Directors Regulations in Article 25 establishes the following:</p> <p>1. The directors and members of the Audit Committee and of the Appointments and Remuneration Committee will be remunerated through a procedure of allowances for attendance at each meeting and/or through a remuneration consisting of a fixed amount that will be determined each year by agreement of the General Meeting and may be different for each of the administrators.</p> <p>The overall amount of these allowances will be established by the General Meeting and while it is not modified by this, will be increased each year in line with the Consumer Price Index.</p> <p>2. If the General Meeting does not establish this, the Board will set each year the exact amount to be received by each of its members, and it may graduate the amount to be received by each one of the directors in accordance with whether or not he pertains to delegated organs of the Board, the positions held on the Board, or in general, his dedication to administration tasks and to the service of the Company.</p> <p>3. The Board will make every effort to ensure that the remuneration is in line with market demands.</p> <p>4. In particular, the Board of Directors will take all the measures it can to assure that the remuneration of the external directors, including that which, as the case may be, they receive as members of Committees, are in line with the following guidelines: The external director should be remunerated in line with his real dedication. The external director should be excluded from the welfare systems financed by the Company for dismissal, death and other situations. The amount of the external director's remuneration should be calculated in such a way that it offers incentive to dedication, but is not an obstacle to his independence.</p> <p>5. The remuneration of the position of administrator is understood as independent of the amounts that he may additionally receive as fees or salaries based upon rendering professional services of from a labour contract, as the case may be.</p> <p>6. The Company is authorised to contract a third party responsibility insurance policy for its directors.</p> <p>7. The remuneration of the external directors and of executive directors, in this latter case in the part corresponding to the role as director independently of the executive function, will be reported individually for each director in the Annual Report. Those corresponding to executive directors, in the part corresponding to the executive function, will be included as a group, with a breakdown of the various concepts or retribution parts</p>	

Indicate whether the following decisions must be approved by plenary session of the Board.

Following the proposal of the company's Chief Executive, the appointment and cessation of senior executives, as well as their compensation clauses.	YES
The remuneration of Board members and, in the case of executive ones, the additional remuneration for their executive functions and other conditions set forth in their contracts.	YES

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the matters covered therein:

YES

Amount of the fixed remuneration items., with a breakdown, where applicable, of allowances for participation on the Board and its Committees and an estimation of the annual fixed remuneration to which they give rise	YES
Variable remuneration items.	YES
Main characteristics of the benefits systems, with an estimation of their annual amount or equivalent cost.	YES
Conditions that must be contained within the contracts of those who perform senior management functions as executive directors.	YES

B.1.16 Indicate whether the Board submits a report on the remuneration policy for Board members for voting by the General Shareholders' Meeting, as a separate item on the agenda and by way of consultation. If so, explain those aspects of the report concerning the remuneration policy approved by the Board for future years, the most significant changes in such policies compared to that applied during the financial year in question and an overall summary of how the remuneration policy was applied over the financial year in question. Outline the role played by the Remuneration Committee and, if external consultancy was used, the identity of the external consultants that provided it:

YES

Questions dealt with in the remuneration policy
<p>The remuneration policy deals with the following questions among others contained in the Sole Document of Recommendations on Corporate Governance approved by the CNMV on 22 May 2006:</p> <ul style="list-style-type: none"> - Fixed items of directors' remuneration. - Variable remuneration items, including the classes of director to whom they are applied. - Main characteristics of provision systems. - Basic terms of the contracts of those who carry out tasks of senior management as executive directors.

Role played by the remuneration committee	
In accordance with article 14 of the Regulations of the Board of Directors of the company the Appointments and Remuneration Committee reports to the board of director son the systems and the amount of the annual remuneration of the directors and senior executives.	
Has it taken external advice?	YES
Identity of the external advisers	
Ernst & Young	

B.1.17 Indicate, if applicable, the identity of the Board members who are also members of the Board of Directors, executives or employees of companies that hold significant shareholdings in the listed company and/or in entities belonging to its Group:

Personal or corporate name of the director	Corporate name of the significant shareholder	Position
MR. JOSE LLADO FERNANDEZ-URRUTIA	ARAGONESAS PROMOCION DE OBRAS Y CONSTRUCCIONES, S.L.	MANAGING DIRECTOR
MR. JOSE LLADO FERNANDEZ-URRUTIA	ARALTEC, S.L.	PRESIDENT AND CEO

Give details, if applicable, of any relevant relations other than those contemplated in the previous section, between members of the Board of Directors and significant shareholders and/or Group entities:

Personal or corporate name of the Board member

MR. JOSE LLADO FERNANDEZ-URRUTIA

Personal or corporate name of the significant shareholder

ARALTEC, S.L.

Description of the relation

MR. JOSE LLADO FERNANDEZ-URRUTIA IS DIRECT OWNER OF 93.18% OF THE SHARE CAPITAL

Personal or corporate name of the Board member

MR. JOSE LLADO FERNANDEZ-URRUTIA

Personal or corporate name of the significant shareholder

ARGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.

Description of the relation

MR. JOSE LLADO FERNANDEZ-URRUTIA IS INDIRECT OWNER OF 75,75% OF THE SHARE CAPITAL

Personal or corporate name of the Board member

MR. JUAN LLADO ARBURUA

Personal or corporate name of the significant shareholder

ARALTEC, S.L.

Description of the relation

MR. JUAN LLADO ARBURUA IS DIRECT OWNER OF 1.36% OF THE SHARE CAPITAL

Personal or corporate name of the Board member

MR. JUAN LLADO ARBURUA

Personal or corporate name of the significant shareholder

ARGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.

Description of the relation

MR. JUAN LLADO ARBURUA IS DIRECT 4.85% OWNER OF ARGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.

Personal or corporate name of the Board member

MR. JOSE MANUEL LLADO ARBURUA

Personal or corporate name of the significant shareholder

ARALTEC, S.L.

Description of the relation

MR. JOSE MANUEL LLADO ARBURUA IS DIRECT OWNER OF 1.36% OF ARALTEC, S.L.

Personal or corporate name of the Board member

MR. JOSE MANUEL LLADO ARBURUA

Personal or corporate name of the significant shareholder

ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.

Description of the relation

MR. JOSE MANUEL LLADO ARBURUA IS INDIRECT OWNER OF 4.85% OF ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.

Personal or corporate name of the Board member

MR. JOSE MANUEL LLADO ARBURUA

Personal or corporate name of the significant shareholder

ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.

Description of the relation

MR. JOSE MANUEL LLADO ARBURUA IS MEMBER OF ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L. BOARD OF DIRECTORS.

B.1.18 Indicate whether any amendments were made to the Board Regulations during the financial year:

YES

Description of amendments

Articles 5, 13.2, 14.2, 15.5, 17, 21, 28 of the Regulations of the Board of Directors have been amended in accordance with the provisions of article 115 of the Securities Market Act for adaptation to the changes introduced by Act 12/2010 of 30 June, amending the Auditing Act, the Securities Market Act and the Public Limited Companies Act, and Royal Legislative Decree 1/2010 of 2 July which approves the Companies Act. The new wording of these articles is as follows:

Article 5 General function of the board

1. Apart from the matters reserved to the General Meeting, the board of directors is the highest decision-making body of the company having the powers granted to it by the Companies Act and, in particular, the following:

[...]

Article 13 Auditing Committee: Composition, powers and functions

[...]

2. Without prejudice to any other tasks which may be assigned to it from time to time by the board of directors, the Auditing Committee shall have the following basic functions:

- . Report to the General Meeting of Shareholders on any matters raised there by shareholders which come within its competence.
- . Propose to the board of directors, for submission to the General Meeting of Shareholders, the appointment of the auditors of accounts or auditing firms referred to in article 264 of the Companies Act, the terms of their engagement, the scope of their instructions and, as appropriate, the renewal or non-renewal of their appointment.
- . Supervise the efficiency of internal auditing systems; ensure their Independence and efficiency.

B.1.19 Indicate the procedures for the appointment, reappointment, evaluation and cessation of Board members. Give details of the competent bodies, the processes to be followed and the criteria used in each of the procedures.

Nomination:

Article 17 of the Board of Directors Regulations establishes the following:

Article 17.- Nomination of Directors

The Directors will be designated, after receiving a report from the Appointments and Remuneration Committee, by the General Meeting or the Board of Directors in line with the content of the Limited Companies Law.

Independently of the above, the appointment of directors that are independent will be done at the proposal of the Appointments and Remuneration Committee.

Additionally, Article 18 of the Board of Directors Regulations establishes the following:

Article 18.- Designation of external directors.

1. The Board of Directors will procure that the election of candidates is from persons with recognised solvency, competence and experience, and should exercise due rigour in relation to those calls to cover the posts of independent directors foreseen in the article of this Regulation.

2. The Board of Directors may not propose or designate to cover a post as independent director persons that hold any executive position in the Company or its group or that are linked through family and/or professional ties with the executive directors, with other upper management positions and/or with shareholders of the Company or its group.

Re-election:

Article 19 of the Board of Directors Regulations establishes the following:

Article 19.- Re-election of Directors

The Board of Directors, before proposing the re-election of Directors to the General Meeting, will evaluate, with the abstention of the persons affected, as foreseen in Article 22.1 of its own regulation, the quality of work and the dedication to the position of the Directors proposed, during the preceding mandate.

There are no procedures established on the evaluation of directors in the General Shareholders Meeting nor do any procedures exist for evaluation of directors either in the Statutes or the Board of Directors Regulations.

Removal:

Article 20 of the Board of Directors Regulations establishes the following:

Article 20.- Duration of the position

1. Directors will exercise their position for a period of five (5) years, without prejudice to the possibility that they may be dismissed before that by the General Meeting. Upon termination of their mandate they may be re-elected one or more times for periods of the same duration.

2. The appointment of administrators expires when, having completed the mandate, the following General Meeting has been held or the legal time limit has passed for holding the meeting which must decide on the approval of the previous year's accounts.

3. The directors designated by co-option should be ratified on the date of the first General Meeting that follows.

4. A director who terminates his mandate or for any other reason ceases to exercise his position cannot be director or occupy management positions in any other entity that has a similar social objective to that of the Company for a period of two (2) years.

The Board of Directors, if it considers it opportune, may dispense the director leaving the company of this obligation or shorten the duration period.

Article 22.4 of the Articles of Association establishes the following:

Article 22.4. - Requisites, duration and re-election of Directors. Payment.

The Directors will exercise their position during a period of five years, except when they are removed by the Shareholders General Meeting. They may be re-elected one or more times for periods of equal duration. The appointment of Directors will be subject to the content of Articles 123 and following of the Limited Companies Law.

the potential effect on the credit and reputation of the company, decide to proceed or not in having the director resign. In any case, the Board will inform in a reasonable manner, in the Annual Report on Corporate Governance.

4. When, whether it is through resignation or for other reasons, a director ceases in his position before his mandate terminates, he will explain the reasons in a letter to all the members of the Board. The reason for resignation will be included, in any case, in the Annual Report on Corporate Governance.

B.1.20 Indicate the cases in which Board members are obliged to resign.

In line with Article 21.2 of the Board of Directors Regulations, the directors should place their position at the disposal of the Board and formalise, if the Board deems convenient, the corresponding resignation in the following cases:

- a) When they cease in the executive position that was associated with their appointment as a director;
- b) When they incur in any of the incompatible or prohibited situation legally foreseen;
- c) When they have been seriously reprimanded by the Board of Directors for having infringed their obligations as directors;
- d) When their continuance of the Board could place the interests of the Company at risk or when the reason for which they were nominated disappear (for example, when a supplementary director disposes of his holdings in the Company).

Additionally, Article 24 of the Articles of Association established that all directors will cease in their position because of the expiry of the period for which they were elected, as well as through death, resignation, incapacity or removal agreed by the General Meeting.

B.1.21 Explain whether the function of Chief Executive of the company falls upon the Chairman of the Board of Directors. If applicable, indicate the measures that have been taken to limit the risks of accumulation of powers in one sole person:

YES

Measures to limit risks
<p>The list of the faculties that correspond to the Board of Directors, the Audit Committee and the Appointments and Remuneration Committee in line with Articles 5, 13 and 14 of the Board of Directors Regulations, are measures designed to limit the risk of accumulation of power in one single person. Likewise, the President and the chief executive of the Company exercise their responsibilities assisted by the First Vice-President.</p> <p>In particular article 5, section 3, of the Board of Directors Regulations states that those faculties legally or institutionally reserved for the direct knowledge of the Board cannot be delegated, nor can those that are considered in the Statutes as not delegable, nor others required for the responsible exercise of the general supervision function.</p>

Indicate and, where applicable, explain whether rules have been established that empower one of the independent Board members to request that a meeting of the Board be convened or that new items be added to the agenda, the aim being to coordinate and echo the concerns of the external directors and for evaluation by the Board of Directors

YES

Explanation of the rules
<p>As is established in Article 9 of the Board of Directors Regulations, the Board of Directors should of necessity designate one or more Vice-Presidents from among its members, of whom at least one should be of an independent.</p> <p>The normal faculty of convoking the Board of Directors corresponds to the President, of setting up the agenda for the meetings and of directing the discussions. The President, however, in line with Article 8 of the Board of Directors Regulations, must convoke the Board of Directors and include in the agenda the points to be addressed when three directors or the independent Vice-President so request.</p> <p>The First Vice-President may, as established in Article 9 of the Board of Directors Regulations, convoke the Board of Directors when, three directors have requested the President, and their request was not attended within a week. An equal faculty corresponds to the Second Vice-President when the First Vice-President does not convoke the Board of Directors in the previous mentioned terms,</p> <p>Likewise, Article 19 of the Board of Directors Regulations empowers the Board of Directors to evaluate the work quality and dedication of the Directors, before proposing their re-election.</p>

B.1.22 Are reinforced majorities (different to the legal ones) required in any type of decision?

NO

Indicate how the resolutions of the Board of Directors are adopted, stating, at least, the minimum quorum and the types of majorities required to adopt the resolutions:

Description of the resolution:

All the agreements.

Quorum	%
In line with Article 16.1 of the Board Regulation, the board will be validly constituted when at least half of the members plus one are present or represented.	51.00

Type of Majority	%
In line with Article 16.3 of the Board Regulation, except in cases that legally or statutorily specifically establish other majorities, the Board of Directors decisions will be taken based upon a simple majority of those present.	51.00

B.1.23 Explain whether there are specific requirements, different from those relating to Board members, in order to be appointed Chairman.

NO

B.1.24 Indicate whether the Chairman has a casting vote:

YES

Matters on which there is a casting vote

The casting vote of the President will be effective when a tie exists in any voting, as is established under Article 26 2nd paragraph of the Articles of Association and Article 16.3 of the Board of Directors Regulations.

B.1.25 Indicate whether the Bylaws or the Board Regulations establish any limit on the age of directors:

NO

Maximum age of the Chairman	Maximum age of the Chief Executive	Maximum age of Executive members
0	0	0

B.1.26 Indicate whether the Bylaws or the Board Regulations establish a limited term of office for independent directors:

YES

Maximum term of office in years	12
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B.1.27 If there are no or very few female directors, explain the reasons and the initiatives adopted in order to correct this situation:

Explanation of the reasons and the initiatives
In the selection of new directors the Company employs practices that are not prone to implicit biases that raise obstacles to the selection of directors.

In particular, indicate whether the Appointments and Remuneration Committee has established procedures so that the selection processes do not suffer from implicit biases which hamper the selection of female Board members and whether female candidates who meet the required profile are deliberately sought:

NO

B.1.28 Indicate whether there are formal processes in place for votes on the Board of Directors to be delegated. Where applicable, briefly describe them.

There are no formal processes in the Articles of Association for the delegation of votes in the Board of Directors. These processes should be in line with the content of current Legislation.

However, Article 16 of the Board of Directors Regulations states that the directors will do everything possible to attend the Board meetings and, when they cannot do so personally, will grant their representation in writing and as a special situation for each session to another member of the Board including the opportune instructions and will communicate this to the President of the Board of Directors.

Finally, Article 26 of the Articles of Association establishes that any director may authorise another director to represent him.

B.1.29 Indicate the number of meetings of the Board of Directors held during the financial year. Likewise indicate, where applicable, the number of times the Board met without the Chairman being present:

Number of Board meetings	7
Number of Board meetings without the attendance of the chairman	0

Indicate the number of meetings held by the different Board Committees during the financial year:

Number of meetings of the Executive or Delegate Committee	0
Number of meetings of the Audit Committee	5
Number of meetings of the Appointments and Remuneration Committee	2
Number of meetings of the Appointments Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30 Indicate the number of Board meetings held during the year without the attendance of all its members. Proxies granted without specific instructions for the meeting will be considered nonattendances:

Number of non-attendances of directors during the financial year	0
% of non-attendance over the total votes during the financial year	0

B.1.31 Indicate whether the individual and consolidated annual accounts presented to the Board for approval are previously certified:

YES

Identify, where applicable, the people who certified the company's individual and consolidated accounts for approval by the Board:

Name	Position
JESUS GARRALÓN CASTELLOT	Chief Financial Officer

B.1.32 Explain any mechanisms established by the Board of Directors to prevent the individual and consolidated accounts prepared by it from being presented at the General Shareholders' Meeting with qualifications in the audit report.

Article 39.3 of the Board of Directors Regulations establishes that the Board will procure the definite preparation of the Accounts so that there are no reasons for provisos by the Auditor. However, when the Board believes that it should maintain its criteria, it will publicly explain the content and scope of the discrepancy.

Likewise, the Audit Committee will meet, ordinarily quarterly, to review the regular financial information that has to be submitted to the securities exchange authorities, along with the financial information that the Board of Directors has to approve and include in its annual public documentation.

B.1.33. Is the secretary to the Board also a director?

NO

B.1.34 Explain the procedures for the appointment and cessation of the Secretary to the Board, indicating whether they are proposed by the Appointments Committee and approved by plenary session of the Board.

Appointment and Cessation Procedure
<p>Article 5 of the Board Regulation attributes as a function of the Board the designation and renovation of the internal positions of the Board of Directors and of the members of the Committees.</p>
<p>Likewise, Article 10.3 of the Board Regulation states that the Board of Directors will elect a Secretary whose appointment will correspond to a person, who may or may not be a director, with the aptitudes to undertake the functions that correspond to the position. When the Secretary of the Board is not a director, he will have a voice but not a vote.</p>

Does the Appointments Committee communicate appointments?	YES
Does the Appointments Committee communicate cessations?	YES
Does the plenary session of the Board approve appointments?	YES
Does the plenary session of the Board approve cessations?	YES

Does the Secretary to the Board have special responsibility for ensuring that the recommendations of good governance are followed?

YES

B.1.35 Indicate, if applicable, the mechanisms established by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

Article 39 of the Board Regulation establishes that the Audit Committee will abstain from proposing to the Board of Directors, and this in turn will abstain for submitting to the General Meeting, the appointment as auditor of the

Company's accounts any firm of auditors that is a situation of incompatibility as reflected in the Legislation on audits as well as those firms where the fees to be paid by the Company, in all concepts, are 5% higher than their total income during the last year.

The Audit Committee is, therefore, in charge of the relationship with the Company's external auditors, receiving information on matters that might put the independence of these at risk and on any other matters related to the accounts audit process, as well as other communications foreseen in the Legislation on the audit of accounts and related to the technical norms for audits (Article 29.1 b of the Articles of Association and Article 13.2 of the Board of Directors Regulations).

Moreover, Article 38 of the Board Regulation governs the relationship of the Company with the markets in general and therefore with the financial analysts and investment banks, among others, with which the relationship of Técnicas Reunidas is based upon the principles of transparency and non-discrimination. The Company coordinates the contacts with them, managing both their requests for information and those from institutional and particular investors. In relation to rating agencies, the Company is not subject to credit ratings.

Additionally, the Audit Committee has agreed, with the aim of safeguarding the independence of the auditor, to limit the amount of the services invoiced by the audit firm for work other than audit.

B.1.36 Indicate whether during the financial year the company has changed its external auditor. If so, identify the incoming and outgoing auditors:

NO

Outgoing Auditor	Incoming Auditor

If there were disagreements with the outgoing auditor, explain the content of these:

NO

B.1.37 Indicate whether the audit firm carries out other work for the company and/or its group different from that of auditing and, in such case, state the total fees paid for this work and the percentage this represents of the fees billed to the company and/or its group:

YES

	Company	Group	Total
Fees for work other than that of auditing (thousand euro)	123	61	184
Fees for work other than that of auditing/ Total amount invoiced by the audit company (in %)	29.930	23.450	27.420

B.1.38 Indicate whether the audit report of the annual accounts for the previous financial year contains reservations or qualifications. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of these reservations or qualifications.

NO

B.1.39 Indicate the number of consecutive years during which the current audit firm has been auditing the annual accounts of the company and/or its group. Likewise, indicate the percentage represented by the years audited by the current audit firm of the total number of years in which the annual accounts have been audited:

	Company	Group
Number of consecutive years	22	9
	Company	Group
Nº of years audited by the current audit firm/ Nº of years that the company has been audited (in %)	100.0	100.0

B.1.40 Indicate any equity holdings of company Board members in the share capital of entities which have the same, or an analogous or complementary type of activity as that which comprises the corporate purpose of both the company and its group, insofar as these have been communicated to the company. Likewise, indicate the positions or functions they exercise in these companies:

Personal or corporate name of the director	Corporate name of the entity with analogous type of activity	% Participation	Position
MR FRANCISCO JAVIER GOMEZ- NAVARRO NAVARRETE	ISOLUX CORSAN CONCESIONES. S.A.	0.000	MEMBER
MR WILLIAM BLAIN RICHARDSON	ABENGOA, S.A.	0.000	MEMBER

B.1.41 Indicate whether there is a procedure giving the directors access to external consultancy and, if applicable, provide details:

YES

Details of the procedure
<p>Chapter VII of the Board of Directors Regulations (Articles 23 and 24) in which the information is regulated, establishes the following:</p> <p>(i) The board may request information on any aspect of the company and examine its books, documents and other documentation. The right to information extends to the participated companies, whenever this is possible.</p> <p>The request for information should be addresses to the Secretary of the Board of Directors, who will have it reach the President of the Board of Directors and the appropriate interlocutor in the Company.</p> <p>The Secretary will advise the director of the confidential nature of the information requested and received and of his confidentiality duty, in line with the content of the present Regulation.</p> <p>The President may deny the information if he considers: (i) that it is not needed for the full completion of the duties requested of the director or (ii) that its cost is not reasonable in the light of the importance of the problem and the assets and income of the Company.</p> <p>(ii) With the aim of being helped in the exercise of their functions, the external directors may request the contracting at the Company's expense of legal, accounting, financial advisors and other experts.</p>
Details of the procedure
<p>This charge should be of necessity addressed to concrete problems of a certain importance and complexity that arise in fulfilling the duties of the position.</p> <p>The decision to contract should be communicated to the President of the Company and may be vetoed by the Board of Directors if it is demonstrated:</p> <p>a) That it is not necessary for the full performance of the functions assigned to the external directors;</p> <p>b) That its cost is not reasonable in view of the importance of the problem and of the assets and income of the Company; or</p> <p>c) That the technical assistance involved can be given adequately by Company experts and technicians.</p>

B.1.42 Indicate whether there is a procedure whereby directors can obtain the information needed to prepare meetings of the governing bodies with sufficient time and, if so, give details:

YES

Details of the procedure
Article 15.3 of the Board of Directors Regulations establishes that the calling of ordinary meetings will be made personally, by letter, fax, or e-mail, and will be authorised by the signature of the President or, if needed, by the Secretary or the Vice-President, by order of the President. The calling of the meeting should be issued with a minimum advance notice of five days. The communication should always include the agenda of the session and be accompanied by the relevant information duly summarised and prepared.

B.1.43 Indicate whether the company has established rules which oblige the directors to report and, where appropriate, resign in those cases which may damage the image and reputation of the company:

YES

Explain the rules
Article 21 of the Board of Directors Regulations establishes the directors should put their position at the disposal of the Board of Directors and formalise, if this considers it convenient, the corresponding resignation, when, among other matters, their continuance on the Board puts the interests of the Company at risk.
Likewise, Article 21 of the Board of Directors Regulations establishes that the directors should immediately inform the Board of any penal actions in which they appear as the accused, and the posterior legal vicissitudes of the case. The Board will of necessity examine the case as soon as the member is processed or an oral judgement for any of the offences listed in Article 124 of the Limited Companies Act is opened, and, in view of the concrete circumstances and their potential effect on the credit and reputation of the company, will decide if it requires the director to resign or not.

B.1.44 Indicate whether any member of the Board of Directors has informed the company that he/she has been sentenced or formally accused of any of the offences stipulated in article 124 of the Spanish Public Limited Companies Act (Ley de Sociedades Anónimas):

NO

Indicate whether the Board of Directors has analysed the case. If so, explain the decision taken regarding whether or not the director should remain in his/her post, giving reasons.

NO

Decision taken	Reasons

B.2 Committees of the Board of Directors

B.2.1 List all the committees of the Board of Directors and their members:

AUDIT COMMITTEE

Name	Position	Type
MR. FERNANDO DE ASÚA ÁLVAREZ	PRESIDENT	INDEPENDENT
MR. ALVARO GARCIA-AGULLO LLADO	MEMBER	PROPRIETARY
MR. ANTONIO HOYOS GONZALEZ	MEMBER	INDEPENDENT
MR. JAVIER ALARCO CANOSA	MEMBER	PROPRIETARY
MR. JUAN MIGUEL ANTOÑANZAS PEREZ-EGEA	MEMBER	INDEPENDENT

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
MR. FERNANDO DE ASUA ALVAREZ	PRESIDENT	INDEPENDENT
MR. DIEGO DEL ALCÁZAR Y SILVELA	MEMBER	INDEPENDENT
MR. FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE	MEMBER	INDEPENDENT
MR. JOSE MANUEL LLADO ARBURUA	MEMBER	PROPRIETARY

B.2.2 Indicate whether the following functions are vested in the Audit Committee.

Monitoring the preparation process and the integrity of the financial information on the company and, where applicable, the group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and correct application of accounting criteria.	YES
Periodically revising the internal control and risk management systems, so that the main risks are adequately identified, managed and made known.	YES
Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and dismissal of the head of the internal audit service; proposing the budget for this service; receiving periodic information on its activities; and checking that senior management takes the conclusions and recommendations of its reports into account.	YES
Establishing and overseeing a mechanism that enables employees to communicate – confidentially and, when considered appropriate, anonymously – any possible irregularities they may observe within the company, especially financial and accounting ones.	YES
Presenting to the Board of Directors proposals for the selection, appointment, reappointment and replacement of the external auditor, as well as the conditions under which it is contracted.	YES
Regularly receiving, from the external auditor, information on the audit plan and the results of its implementation, and checking that senior management takes its recommendations into account.	YES
Ensuring the independence of the external auditor.	YES
In the case of groups, helping to ensure that the group auditor also conducts the audits for the individual group companies.	YES

B.2.3 Describe the rules governing organization and functioning, as well as the responsibilities of each of the Committees attached to the Board of Directors.

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

In accordance with Article 14 of the Board Regulation, within the Board of Directors an Appointments and Remuneration Committee will be formed under the following rules:

a) Composition:

The Appointments and Remuneration Committee will consist of a minimum of three (3) and a maximum of five (5) directors, the majority non-executive, named by the Board of Directors. For these purposes, it will be understood that directors are executive when they, under any title, perform management responsibilities in the company or any company in the group or those others who are considered as such by the norms or recommendations of good governance applicable in each moment.

The President of the Appointments and Remuneration Committee will be elected among these non-executive directors, and should be substituted every four years, and may be re-elected when a year has passed since the date of cessation.

b) Competencies:

Without prejudice to other functions that the Board of Directors may assign, the Appointments and Remuneration Committee has the following basic responsibilities:

- To formulate and revise the criteria that should be applied to constitute the company's management team and that of its subsidiaries and for the selection of candidates and to inform the Board of Directors on the appointment and dismissal of the managers depending directly to the Board of Directors.

- To inform the General Meeting or, the Board of Directors, in the case of cooption, on the appointment of Directors prior to their designation by the General Meeting or, as the case may be, by the Board of Directors through the cooption procedure.

- To inform the Board of Directors on the appointment of the internal positions (President, Vice-Presidents, Managing Director, and if applicable, the Secretary and Vice-Secretary) of the Board of Directors.

- To present to the Board of Directors the proposals for appointment of upper managers reporting directly to this, so that it may proceed to designate them.

- To regularly analyse, formulate and revise the proposals for policies for hiring, loyalty creation and dismissal of managers.

- To regularly analyse, formulate and revise the proposals for policies for Remuneration of managers, bearing in mind their suitability and yield.

- To inform the Board of Directors annually on the evaluation of performance of Company upper management.

- To inform the Board of Directors on the systems and amounts of the annual Remuneration of the directors and upper management and to prepare the information to be included in the public information on the remuneration of directors.

- To ensure transparency in the Remuneration.

- To inform the Board of Directors on the transactions that imply or might imply conflicts of interests.

c) Operation and functioning.

The Appointments and Remuneration Committee will meet, normally once a year to prepare the information on the remuneration of the directors that are to be approved and applied by the Board of Directors. Likewise, it will meet each time is called by the President, who should do so whenever the Board or its President request the issue of a report or the adoption of proposals and, in any case, always when it is convenient for the adequate performance of its functions.

The request for information from the Appointments and Remuneration Committee should be made by the Board of Directors or its President. Likewise, the Appointments and Remuneration Committee should consider the suggestions that members of the Board of Directors, managers and shareholders of the Company send to it.

Committee name

AUDIT COMMITTEE

Brief description

The rules for the organisation and functioning of the Audit Committee are those that are detailed below and that are established in Articles 29 of the Articles of Association and 13 of the Board of Directors Regulations:

a) Composition:

The Audit Committee will consist of a minimum of three (3) and maximum of five (5) directors, with a non-executive majority, named by the Board of Directors. For these purposes, directors will be considered as executive when, under any title, they perform management responsibilities in the Company or in and of the companies in the group.

The President of the Audit Committee will be elected among the non-executive directors, and should be substituted every four years, and may be re-elected once one year has passed from the date of his cessation. Care will be taken that all of the Audit Committee members, and especially its President, are named taking into account their knowledge and experience in accounting and audit matters.

b) Competences:

Without prejudice to any other tasks that may be assigned at any time by the Board of Directors, the Audit Committee will perform the following basic functions:

- To inform the General Shareholders Meeting on matters that are raised there by shareholders in matters of its competence.
- To propose to the Board of Directors, for its submission to the next General Shareholders Meeting, the appointment of the external auditors of the accounts as referred to in Article 204 of the Limited Companies Law, as well as, the contract conditions, the scope of their professional mandate and, if applicable, the revocation or not of their renovation.
- To supervise the internal audit systems; assuring their independence and efficacy.
- To revise the Company accounts, monitor compliance with the legal requirements and the correct application of accounting principles, counting for this upon the direct collaboration of the external and internal auditors.

- To know and supervise the process of preparation and the integrity of financial information related to the Company and, as necessary, the group, revising the compliance to the requisites of the norms and the correct application of the accounting criteria; to know and supervise the Company's internal control systems, to check the suitability and integrity of these; and to revise the designation or substitution of those responsible for these.

- To regularly revise the internal control and risk management systems, so that the principal risks are identified, managed and that suitable awareness of them exists.

- To handle the relationships with the external auditors and receive information from these on matters that might put the independence of these at risk and any other matters related to the performance of the audit of accounts, along with other communication foreseen in the legislation on the audit of accounts and in the technical norms of auditing.

- To supervise compliance with the audit contract, assuring that the opinion on the annual accounts and the principal content of the report are written in a clear and precise form, and to evaluate the results of each audit.

- To revise the regular financial information that should be supplied to the markets committee and its supervision bodies, assuring that the intermediate accounts are prepared with the same accounting criteria as the annual accounts.

- To examine compliance with the Internal Conduct Regulation, with this present Regulation and, in general, with the governance rules of the Company and to make suggestions necessary for its improvement.

- To inform the Board of Directors, before the adoption of the corresponding decisions by this, on (i) the creation or acquisition of holdings in special purpose vehicles or entities resident in tax havens, as well as any other type of transactions or operations of a similar nature that because of their complexity might impinge upon the transparency of the group, and (ii) linked operation.

c) Operation and functioning:

The Audit Committee will meet, ordinarily, quarterly, to revise the regular financial information that has to be sent to the stock exchange authorities, as well as, those that the Board of Directors must approve and include within the annual public documentation. In addition, it will meet any time its President calls upon it, and this should be always when the Board or its President requests the issue of a report or the adoption of a proposal by the Audit Committee and, in any case, anytime it is so requested by any of the Members of the Audit Committee or it is convenient for the satisfactory performance of its functions.

The Audit Committee will prepare an annual report on its functioning highlighting the principal incidents, if any, that occurred in relation to the functions for which it is responsible. In addition, when the Audit Committee considers it opportune, it will include in this report proposals to improve the rules of governance of the Company. The report from the Audit Committee will be included in the annual report on corporate governance of the Company and will be at the disposal of shareholders and investors on the website.

The members of the management team or personnel of the Company and its group will be obliged to attend meetings of the Audit Committee and to give their collaboration and access to the information that they have when the Committee requests this. The Committee may likewise require the attendance at its meetings of the auditors of the accounts.

In those cases in which the Audit Committee considers it necessary, they can gather advice from independent expertises for the correct execution of its functions.

B.2.4 Indicate the powers of each Committee with regard to consultancy, consultation and, where applicable, delegation:

Name of the Committee

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief Description

Article 14 of the Board Regulation attributes to the Appointments and Remuneration Committee the functions described in section B.2.3 above.

Name of the Committee

AUDIT COMMITTEE

Brief Description

Article 13 of the Board Regulation attributes to the Audit Committee the functions that are described in section B.2.3 above.

B.2.5 Indicate, where applicable, the existence of regulations governing the Committees attached to the Board, the place where they are available for consultation and any amendments that may have been made during the financial year. Likewise indicate whether an annual report on the activities of each Committee has been voluntarily prepared.

Name of the Committee

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief Description

The organisation and functioning norms of the Appointments and Remuneration Committee are reflected in the Board of Directors Regulations, which is at the disposal of all to consult on the Company web page (www.tecnicasreunidas.es).

Name of the Committee

AUDIT COMMITTEE

Brief Description

The organisation and functioning norms of the Audit Committee are reflected in the Board of Directors Regulations, which is at the disposal of all to consult on the Company web page (www.tecnicasreunidas.es).

B.2.6 Indicate whether the composition of the Executive Committee reflects the participation on the Board of the different categories of directors:

NO

If not, explain the composition of the executive committee
<i>Not applicable, since there is currently no executive committee in the company which opted for other forms of delegation of Powers legally accepted and described under other headings in this report.</i>

C - RELATED OPERATIONS

C.1 Indicate whether the plenary session of the Board has reserved for itself the function of approving, following a favourable report from the Audit Committee or any other body entrusted with this task, the operations that the company performs with directors, with significant shareholders or shareholders represented on the Board, or with people connected to them:

YES

C.2 Give details of any relevant operations involving a transfer of assets or liabilities between the company or Group entities and significant shareholders in the company:

C.3 Give details of any relevant operations involving a transfer of assets or liabilities between the company or Group entities and the company's administrators or directors:

Personal or corporate name of the administrators or directors	Name of the group company or entity	Nature of the operation	Type of operation	Amount (thousand Euros)
EXECUTIVE DIRECTORS	TECNICAS REUNIDAS, S.A.	Contractual	Other expenses	774

Personal or corporate name of the administrators or directors	Name of the group company or entity	Nature of the operation	Type of operation	Amount (thousand Euros)
MR WILLIAM BLAINE RICHARDSON	TECNICAS REUNIDAS, S.A.	Contractual	Other expenses	17

C.4 Give details of relevant operations carried out by the company with other companies belonging to the same group, provided they are not eliminated during the process of preparing the consolidated financial statements and do not form part of the normal business of the company in terms of their subject and applicable terms and conditions:

C.5 Indicate whether the members of the Board of Directors have, over the course of the financial year, found themselves embroiled in any conflict of interest, in accordance with that set forth in article 127 ter. of the Spanish Public Limited Companies Act (Ley de Sociedades Anónimas).

NO

C.6 Give details of the mechanisms in place to detect, determine and resolve possible conflicts of interest between the company and/or its group and its Board members, executives or significant shareholders.

The Regulation of the Board of Directors and the Internal Conduct Regulation regulate the mechanisms established to detect and regulate possible conflicts of interests.

In relation to directors the mechanism established to detect possible conflicts of interest are regulated in the Board of Directors Regulations. Article 29 of the Board Regulation establishes that the Director should communicate the existence of any conflicts to the Board of Directors and abstain from attending or interfering in deliberations that affect matters in which he is personally interested. It is also considered that there are personal interests by the director when the matter affects any of the following persons:

- The spouse or a person with a similar affective relationship, except when the operations affect his/her exclusive patrimony;
- Parents, children and siblings and their respective spouses or persons with a similar affective relationship;
- Parents, children and siblings of the spouse or the person with similar affective relationship; and
- Concerted persons and companies or entities over which any of the persons in the above sections may exercise a significant influence.

When the Director is a legal entity, the following persons will be considered related parties:

- The partners that are, in relation to the legal entity Director in any of the situations contemplated in article 4 of Law 24/1988, of 28 July, on the Securities Markets.
- The directors, through fact or by law, the liquidators and the empowered with general powers of the legal entity Director.
- The companies that are part of the same group, such as is defined in Article 4 of 24/1988, of 28 July on the Securities Market and their partners.
- The persons that in relation to the representative or the legal entity Director are considered as linked persons.

The director may not perform directly or indirectly professional or commercial transactions with the Company unless he informs in advance of the conflict of interests situation and the Board approves the transaction.

In the case of transactions in the normal course of business, which are habitual and recurring and are under market conditions, the generic authorisation of the Board of Directors will suffice.

Article 32 of the Board Regulation also establishes that the director cannot avail in his own benefit or of a person that is linked in the terms established in Article 29 above, a business opportunity of the Company, unless he previously offers it to the company and this desists from exploiting it. For the purposes of the above, a business opportunity is understood as any possibility to make an investment or undertake a commercial operation that has arisen in connection to the exercise by the director, or through the use of information means of the Company, or under circumstances such as would be reasonable to think that the offer of a third party was in reality directed to the Company.

Additionally, the director must inform the Company of the positions he holds on the Board of Directors of other quoted companies and, in general, of any facts, circumstances or situations that might be relevant in relation to his performance as an administrator of the Company in line with the content of this regulation.

The body that settles conflicts of interest of the directors is the Audit Committee.

Regarding upper management the mechanisms established to detect and regulate possible conflicts of interests are addressed in the Internal Conduct Regulation which is also applicable to the directors. Article 10 of the Internal Conduct Regulation establishes that persons subject to this should act with freedom of judgement on all occasions, with loyalty to the Company, and its shareholders and independently of their own or other's interests. Consequently, they will abstain from rewarding their own interests at the expense of those of the Company and those of some investors at the expense of others and from intervening in or influencing decision making that may affect the persons or entities with which there is a conflict of interests and to access confidential information that affects this conflict.

Additionally the subject persons should inform the First Vice-President of possible conflicts of interests in which they find themselves because of their activities outside the Company, their family relationships, the personal patrimony, or for any other reason, with (i) the Company or any of the companies integrated into Técnicas Reunidas Group; (ii) significant suppliers or customers of the Company or any of the companies Técnicas Reunidas Group; or (iii) entities engaged in similar business or competing with the Company or any of the companies in the Técnicas Reunidas Group. Any doubt on the possibility of a conflict of interests should be consulted with the First Vice-President, and the final decision rests with the Audit Committee.

C.7 Is more than one Group company listed in Spain?

NO

Identify any subsidiaries which are listed:

D - RISK CONTROL SYSTEMS:

D.1 General description of the risk policy of the company and/or its group, detailing and evaluating the risks covered by the system, together with an explanation of why these systems are adequate for each type of risk.

The Audit Committee is the body in charge of establishing and supervising the control mechanisms, and should supervise the audit internal control systems to ensure their independence and efficacy.

Likewise the company has an internal auditor, who, under the supervision of the Audit Committee, watches to ensure the correct functioning of the information and internal control.

The risk control systems are considered to be sufficient in relation to the activities carried out by the Company

Risk management

Result of the experience of Técnicas Reunidas in the prior analysis and preparation of major projects, of the knowledge of the formulae for logistics and of the technological needs of the projects, Técnicas Reunidas believes that it has been capable of balancing this information for the preparation and negotiation of offers in such a manner that the inherent risks in these projects do not compromise its prestige or results in a significant way. Técnicas Reunidas's history in the execution of projects goes back to 1963.

Turn Key projects, however, do carry some particular risks that can be grouped into two categories:

- Risks inherent to the nature of the projects undertaken;
- Risks related to the economic management of project.

Técnicas Reunidas has adopted management policies for these and other risks that include the application of the following measures:

Measures intended to mitigate the inherent risks related to the nature of the projects undertaken:

- Strict and careful selection of projects, that begins with a prior detailed analysis of each customer, market, geographic zone and country in which it is projected to work, and the establishment of a local presence before making offers.

Likewise, for each specific project that Técnicas Reunidas contemplates an exhaustive analysis is undertaken of the interest and margins of the project as well as its risks. Frequently, the Group rejects projects, especially when it considers that the margin might not cover the risks identified. Técnicas Reunidas regularly contracts CESCE policies and other products to reduce the commercial risks associated with its operations.

- Implementation of diversification policies: the geo-political risks associated with working in certain emerging markets are measured against a policy of geographic diversification, and also diversification in the type of customers and in the type of products or projects that are undertaken and a policy of selective agreements with local partners or international contractors.

Técnicas Reunidas considers that it has succeeded in having a distribution of its commercial efforts among national oil companies -NOCs- such as Saudi Aramco, Enap, KOC, PDO, Tupras, Pemex, Sonatrach, Sinopec or Petrovietnam, Major multinationals such as Shell, BP, General Electric or BASF, major Spanish groups such as Repsol-YPF, Endesa, Gas Natural or Cepsa, and with Spanish government bodies.

Moreover, Técnicas Reunidas tempers the inherent volatility of the business thanks to the fact that it has increased the recurrent sources of profits, such as, infrastructure projects, building engineering projects and industrial maintenance services.

- Implementation of policies intended to share the risk with third parties. The Group employs joint ventures with other engineering and construction companies to spread the risks inherent to a project or to combine the financial capacity (access to guarantees, financing, etc.), the technological capacity and the efficient use of human resources and other resources to achieve the adjudication of other projects.

These joint ventures tend to be made with the sole purpose of undertaking a specific project of major dimensions so that, because of its size or the positioning of the customer or the country, it is advisable to diversify risks or, for example, to gain construction partners. Thus, Técnicas Reunidas in the last number of years has been in association with General Electric in Spain and the US, with Technip in Vietnam and Italy, with GS in Turkey, KBR and JGC in Egypt or with MAN Ferrostaal and Skanska in Peru, Chile and Argentina and with CCC in Greece and Odebrecht in Mexico. These structures finalise when the project has been finished, that is, when the corresponding guarantees have expired.

Since these joint ventures tend to be structured in such a way that each of the participants responds jointly to the customer (so that Técnicas Reunidas may become responsible for non-compliance by the other participant), Técnicas Reunidas carefully analyses the possible participants and its possible responsibilities before reaching agreements. Moreover, Técnicas Reunidas ensures that the internal agreements between the participants in these joint ventures expressly address the sharing or spreading of responsibilities between them as well as reciprocal contributions of guarantees to assure compliance with these responsibilities.

Normally, Técnicas Reunidas assumes a leadership position in managing the project. In the exceptional cases where this does not occur, Técnicas Reunidas procures control of the risks by ensuring that personnel of its confidence are placed in all of the various management teams in which the work to be done, is spread or divided.

- We ensure that Técnicas Reunidas has the adequate technical capacity to undertake the projects with full guarantees of success. Likewise, the Group concentrates efforts in employing experienced personnel for the design and engineering of projects, to assure that the posterior management is done in time and form, to comply with the applicable environmental norms and the contractual obligations, and to avoid alterations that might delay the project's progress or increase costs.

- We ensure that Técnicas Reunidas maintains a strong balance sheet and the financial solvency to undertake projects with full guarantees of success. In this area, Técnicas Reunidas evaluates all possible financial contingencies and technical contingencies. In the case of financial contingencies, it evaluates the possible accounting and economic impacts with the aims of reducing the risks that may arise.

- We develop contracting formulae that mitigate the risks assumed by Técnicas Reunidas: The Company encourages an "Open Book" project contracting model whereunder the turnkey price is locked in when the project is in the advanced stages and only once Técnicas Reunidas and the client have a very clear idea of the estimated project costs, thereby reducing the risk of significant cost differences.

In addition, to the extent possible, the contracts with customers include clauses exonerating responsibility by Técnicas Reunidas in cases of force majeure (such as natural disasters or catastrophes) and including uprisings and legislative changes, and of exoneration from penalties by delays caused by such events.

- In this regard, contracts with suppliers and sub-contractors generally include suitable clauses deriving responsibility especially with regard to materials, civil works, assembly and construction. At times, the construction work is included in turn key contracts in which the sub-contractors assume all the responsibility for the construction up to its functioning and delivery.

- Ensure the contracting of appropriate and specialised insurance to cover both the financial risks (non-payment, changes in currency) and technical risks, of design and construction and accident responsibility, damage to equipment and materials, etc. Third party responsibility risks in the execution of projects and those related with construction and assembly are covered in these insurance policies with an overall coverage amounting to 760 million euro. Moreover, the Group has contracted insurance to cover third party responsibility in the transport of equipment destined for plant and airport projects.

- Provide an information system allows the status of a project to monitored in real time to ensure that the project runs smoothly and that the pertinent measures can be implemented in a timely fashion. The ERP used to manage the information generated by the Group's different areas and divisions achieves this objective.

Procedures related to the economic management of projects.

- Exchange rate risk: Because Técnicas Reunidas has diversified its suppliers geographically, it often happens that the currency in which the customer pays is different than the currency in which the company pays its suppliers. In this regard, the Company continuously monitors exchange rate risks from the time a project is awarded and takes out the exchange rate insurance policies needed to mitigate these risks early on in the project.

- Liquidity management: It is common practice in the sector for the agreements with clients to contain clauses calling for the amounts payable to contractors and suppliers to be paid in advance by the Client. However, in keeping with a policy of prudence, Técnicas Reunidas makes sure to have corporate or associated lines of financing available for certain projects to protect itself in the event of unforeseen cash requirements.

- Technical contingencies: Técnicas Reunidas includes a contingency figure in its project budgets to cover the budget deviations which could potentially occur during the execution of the projects. The procedures for monitoring these contingencies on a regular basis allow the Company to determine any excesses or shortfalls in these contingencies and to systematically adjust the final results based on these analyses.

- Tax risks: The Company, given the geographical scope of its operations and the fact that a significant part of its business is carried out in association with other companies or joint ventures, requires the advice of tax experts who collaborate in establishing the taxation criteria to be followed by the different Group companies located in Spain and abroad.

Técnicas Reunidas applies and revises these measures in a systematic manner within the framework of internal risk control and management procedures.

a) Analysis of projects and offer phase (i) the procedure begins with a process of identification of the risks in which the budget department and the technical office identify and evaluate the technical risks in the engineering, supply and construction activities, and the contracts department revises the draft customer contracts and prepares a report on the problematic points or omissions; the corporate development team takes a first decision regarding the modifications needed in the offer; (ii) after this, the evaluation process begins, and if approved, the evaluation of the contingencies, in which the corporate development team revises the technical offer and the report on the contracts, adjusts the risks and contingencies from the commercial risk perspective, and prepares a draft of the offer and, it validates it setting the final price; (iii) the next step is the negotiation process for the final contract, in which the customer is sent the offer and the comments on the draft contracts, new versions of the contracts are reviewed and discussed with the customer and, finally, the final versions of the contracts are submitted to the executive committee; the executive committee revises these and, as the case may be, accepts the final versions of the contracts and approves the offer.

b) Execution phase of the projects: (i) during the execution of a project there is a process to monitor the risks in which the team in charge of the project controls the evolution of the risks identified in the contractual documentation and identifies any new risks that may arise; the team and the project leader decide on what information is to be sent to Group management, and it the responsibility of the project leader to inform management of the project progress and the monitoring of the risks; (ii) the following step is the process of analysis of deviations in which the project team analyses the probability that the risks may occur and their possible impact applying flexible non-homogenous criteria; likewise, the project team orders the risks by their probability level and identifies those that require the application of decisions or corrective measures; (iii) finally, the corrective measure process is applied in which the project team identifies and analyses the cause behind the probable contingencies, evaluates alternative measures, estimates the cost of each measure and selects the concrete measure to adopt.

Safety

Técnicas Reunidas is committed to the highest level through the establishment of demanding safety levels for itself, its personnel and its sub-contractors.

The Group has developed its own security, health and hygiene policies that are adopted by each of its divisions adapted to the specific scope of each project.

Safety Management System:

The Safety Management System is the manner in which the Group plans the future, conceives, designs and implements the programmes and controls the results in safety with a view to continued improvement.

The management system addresses the following aspects:

- . A safety policy integrated with health and respect for the environment.
- . Planning of objectives for the whole organisation and procedures to identify dangers, evaluate risks, implement control measures and identify the contractual and legal requisites.
- . Implementation of safety plans through documentation communicated to the personnel and procedures to identify risks and the possible response.

. Regular checking and measurement of the execution of safety plans with procedures to investigate, mitigate, take corrective actions and prevention of accidents, incidents and irregularities. These procedures are recorded and regularly audited by the system.

. Regular review of the system by Group management to ensure its continuous adaptation and effectiveness.

The practical implementation of the Safety Management System in all the projects under execution is also a priority of Técnicas Reunidas.

Safety statistics:

Safety statistics is one of the quantitative methods to evaluate safety performance. The improvement objective in the safety programmes of the Group has demonstrated good results in the reduction in the various indices that measure accident levels in works.

Thus, in Spain the most indicative index employed, in line with the IWO (International Work Organisation), is the FI (Frequency Index). This index has fallen in the building sector in Spain by 60% since 2001. The IF Index for the Group in 2005 was 6.71.

In other countries the indices most employed are those of the OSHA (Occupational Safety and Health Administration), in particular the LTIR (Lost Time Incident Rate) and the (Total Registrable Incident Rate). Applying these indices to the total works in the Group, the LTIR has fallen from 2.09 in 2001 to 0.28 in 2005 and the fall in the TRIR in the same period was from 2.53 to 0.67.

Although there are no indices available worldwide for a possible comparison, Técnicas Reunidas management believes that these frequency indices show a good level in operations when compared to the annual values of the International Association of Petroleum and Gas Producers.

Finally, this is information supplied in the 2009 Management Report referring to the risk factor in the activities:

. The demand for TECNICAS REUNIDAS's services is intimately related to the level of investment in the gas and petroleum industry, which is difficult to predict.

. TECNICAS REUNIDAS depends on a relatively small number of contracts and customers.

. TECNICAS REUNIDAS performs part of its activities in foreign countries. These activities are exposed to possible economic, social and political uncertainties. Unexpected and adverse changes in those countries in which TR operates could lead to the paralysing projects, cost increases and potential losses.

. TECNICAS REUNIDAS depends on its key management personnel.

. The success of the associations, consortiums, UTE's and joint ventures depends on the correct compliance with their respective obligation by all our partners.

. A fault in the technological information systems could have a negative impact on TECNICAS REUNIDAS's business.

. TECNICAS REUNIDAS employs the legal structure in each country most suited to the projects contracted.

- . The progress of TECNICAS REUNIDAS's future business depends upon the adjudication of new contracts.
- . TECNICAS REUNIDAS may be exposed to claims resulting from errors and omissions by its professionals.
- . The responsibility to customers for guarantees could materially and negatively affect the profits of TR.
- . TECNICAS REUNIDAS is not exempt from the risk of finding itself involved in litigation.

D.2 Indicate whether any of the different types of risk affecting the company and/or its group (operating, technological, financial, legal, image-related, tax, etc.) materialised during the financial year,

NO

If so, indicate the circumstances that led to them and whether the established control system worked.

D.3 Indicate whether there is a committee or other governing body responsible for establishing and supervising these control devices.

YES

If so, give details of its functions.

Name of the committee or body

AUDIT COMMITTEE

Description of functions

The Audit Committee is the Organ in charge of establishing and supervising the control mechanisms, and supervising the internal control systems of the Company and checking on the suitability and integrity of these. Its functions are detailed in Section B.2.3 above.

D.4 Identification and description of the processes for complying with the different regulations that affect the company and/or its group.

Técnicas Reunidas and its group comply with the specific regulations applicable within the environment of its activities, with the Limited Companies Law, and also with the rest of the related legislation that is applicable.

Additionally, and to the extent that it is a company quoted on the securities market, it complies with the specific applicable regulations and in this sense it submits to the provisions of the current Securities Market Law and the rest of the related legislation and corresponding application.

In this area, it complies with the obligation to submit quarterly, six-monthly and annually economic/financial information on the Company and its group, along with the communication of relevant events and the rest of the information requested by the National Securities Market Committee. Additionally, shareholders and investors have at their disposition, and may consult on the company website, all the information on corporate governance and relevant information on the Company so that they may exercise their rights in the terms foreseen in the applicable norms.

In reference to the specific regulations on the business and activities of the Company, the procedures implemented in the various business and support areas, equally comply with various specific norms applicable to the activity environment of the Company and its group.

E - GENERAL SHAREHOLDERS' MEETING

E.1 Indicate and, where applicable, provide details of whether there are any differences between the required quorum for the General Shareholders' Meeting and the quorum system set forth in the Spanish Public Limited Companies Act (Ley de Sociedades Anónimas, hereinafter LSA)

NO

	% of quorum different from that established in art. 102 of the LSA for general concerns	% of quorum different from that established in art. 103 of the LSA for special concerns
Quorum required on first call	0	0
Quorum required on second call	0	0

E.2 Indicate and, where applicable, give details of any differences with the system contemplated in the LSA for the adoption of corporate resolutions.

NO

Describe how it is different from the system contemplated in the LSA.

E.3 List any rights of shareholders in relation to the general meetings which are different to those established in the LSA.

The rights of the shareholders in relation to the General Meetings are those established in the Limited Companies Law, and currently addressed in Articles 14, 16 and 17 of the Articles of Association. Additionally, these rights are shown in more detail in the General Meeting Regulation, the full text of which is at the disposal of the public on the Company's website. In particular, the General Meeting Regulation addresses the following shareholders' rights:

Right to information

Article 9 establishes that from the same day as publication of the calling of the General Meeting and until the seventh day before the General Meeting is held, inclusive, the shareholders may request the Board of Directors, on the subjects included in the agenda, any information and clarifications that feel they need, or request in writing the questions they believe pertinent.

Moreover, with the same prior advance and form, the shareholders may request information and clarifications or present questions in writing on the information available to the public that was supplied to the National Securities Market Committee since the last General Meeting was held. The Board of Directors will be obliged to supply in writing the information requested up to the day that the General Meeting is held.

The requests for information may be made by delivering the request to the registered address or by sending it to the Company by mail or other electronic communications means to the address specified in the corresponding announcement of the meeting or to the Office of the Shareholder. Electronic documents will be admitted as requests for information when they incorporate the legally recognised electronic signature employed by the requester, or other mechanisms that, through agreements adapted beforehand, are considered by the Board of Directors as received with adequate guarantees of authenticity and identity of the shareholder who exercises his right to information.

Whatever the means employed to issue the request for information, the request from the shareholder should include his name and address, accrediting the shares of which he is owner, so that this information can be checked against the list of shareholders and the number of shares in his name supplied by the Management of Shares of the Registry Systems Company, Compensación y liquidación de valores, S.A. (Systems Company or Iberclear), for the General Meeting in question. The proof that the request was sent to the Company is due form and time will correspond to the shareholder. The Company's website will detail the pertinent explanations to exercise the shareholder's right to information, in the terms foreseen in the applicable norms.

The requests for information regulated in this article will be answered, once the identity and condition as shareholder of the petitioner have been checked, before the Shareholders General Meeting is held.

The administrators are obliged to supply the information in writing, up to the day of the General Meeting, except in cases in which:

- (i) Publication of the data requested could prejudice, in the view of the President, the common interests in the company;
- (ii) The request for information or clarification does not refer to matters included in the meeting agenda nor to information accessible to the public that would be supplied by the Company to the National Securities Market Committee since the last General Meeting was held;
- (iii) The information or clarification requested could be considered as abusive, or
- (iv) Is considered as such in legal or regulatory dispositions or in legal resolutions.

However, the exception indicated in point (i) above will not be applicable when the request is supported by shareholders representing, at least, a quarter of the share capital. The Board of Directors may authorise any of its members, the Presidents of Committees of the dependents or its Secretary, in the name and representation of the Board, to respond to the requests for information presented by the shareholders.

The means to send the information requested by the shareholders will be the same as that through which the corresponding request was sent, unless the shareholder indicates for this purpose a different means among those declared as suitable in line with the content of this article. In any case, the administrators may send the information by registered mail with receipt or burofax. The Company may include on its website information related to the replies given to shareholders in response to the questions made in the exercise of the right to information that is regulated herein.

The right to representation

Article 12 establishes that without prejudice to the attendance of legal entity shareholders through whosoever has the power to represent them, every shareholder who has the right of attendance may be represented in the General Meeting through another person, although this person is not a shareholder.

Additionally, the shareholders with less than fifty shares may group together for the purposes of exercising their right of attendance and vote in the General Meeting by conferring their representation on one of them.

The representation should be granted especially for each General Meeting, in writing or through distance communication means, the use of which are expressly foreseen by the administration organ in the meeting announcement, once they meet the requisites foreseen in that convocation and, in any case, duly guarantee the identity of the person represented and of the representative.

The same precept regulates the rules to consider as valid the representation granted by means of communication over distances.

The right to vote at a distance

Article 24 develops the right to issue a vote at a distance by the shareholders with the right to attend, being owners of at least 50 shares or having grouped together with others so that together they possess more than 50 shares, through written postal correspondence or other electronic means of communication, authorising the Board of Directors to develop the provisions of that article, adequate means and procedures in line with the state of the technical situation to allow the issue of the vote and the delegation of the representation through electronic means, complying as may be the case, to the legal norms related to this system and what is foreseen in the Statutes and in the Board Regulation. Nevertheless, it is noted that as of today no method has been developed for the delegation of representation through electronic means.

E.4 Indicate, if applicable, any measures adopted to encourage participation by shareholders at general meetings.

Article 17 of the Articles of Association, foresees as a measure to promote participation of the shareholders in the General Meetings that the President should direct the discussions and grant the right to speak to any shareholder that had requested this. The shareholders who had requested this in writing would have priority; immediately afterwards those who requested by word would have the right to speak.

In addition, Article 36 of the Board Regulation establishes in this area that the Board of Directors will promote the informed participation of shareholders in the General Meetings and will take whatever measures it deems opportune to facilitate that the Shareholders General Meeting effectively exercises the functions that are its obligation in line with the Law and the Articles of Association. In particular the Board of Directors will take the following measures:

- a) It will spend efforts in placing at the disposal of the shareholders, prior to the Meeting, all the information that is legally required and all that which, although not legally obliged, could be of interest and can reasonably be supplied;
- b) It will attend, with great diligence, the information requests from the shareholders prior to the meeting; and
- c) It will attend, with equal diligence, the questions that are raised by the shareholders during the Meeting.

In line with the above, the shareholders will have at their disposal all the documentation needed to be able to debate on the matters in the agenda for the General Meeting with sufficient time in advance. These documents will be published on the website of the Company and of the Spanish Securities and Exchange Committee (CNMV) equally, the shareholders may delegate the representation and the vote to other persons, although they may not be shareholders, if they cannot attend the General meeting personally

Additionally, Article 17 of the Articles of Association allows fractioning of the vote to allow that the financial intermediaries who have been legitimised as shareholders but who act on the part of different clients may issue their votes in agreement with the instruction from these.

E.5 Indicate whether the Chairman of the General Shareholders' Meeting coincides with the position of Chairman of the Board of Directors. Give details, where applicable, of any measures that may have been adopted in order to guarantee the independence and correct functioning of the General Meeting:

YES

Outline of the measures
<p>Article 16 of the Meeting Regulation establishes that the general Meeting will be presided by the President of the Board of directors or, otherwise by the First or Second Vice-President and in the absence of the President and Vice-Presidents, by the member of the Board of directors named by the General meeting itself and in the case of non-attendance of all the members of the Board of directors, by the shareholder elected in each case by the shareholders present at the meeting.</p> <p>The President, even when present at the session, may pass the management of the debate to the Secretary or the member of the organ of administration he considers opportune. Likewise, the President may have any expert that he believes convenient attend the meeting.</p> <p>It corresponds to the President to declare the General Meeting validly constituted, to manage and establish the order of the discussions and interventions and the times assigned to these as foreseen in the Regulations of the Meeting, and to terminate the debates when he considers the matter sufficiently debated and order the voting, resolve the doubts that may arise concerning the agenda and the list of attendees, proclaim the approval of the agreements, close the session and, as the case may be, decide on the suspension, and, in general, exercise all the functions, including those related to order and discipline, that are necessary for good order and conducting of the meeting, and may decide on the expulsion of those who perturb the normal conduct of the meeting, including the interpretation of the content of this Regulation.</p> <p>Additionally, the Meeting Regulation contains, among other matters, the precepts relating to the preparation of the list of attendees, the conducting of the Meeting and the voting of the agreement propositions that guarantee the correct functioning of the General meetings.</p> <p>The administration organ may require the presence of a Notary to prepare the minutes of the General Meeting and will be obliged to do so when, with five days notice prior to the General Meeting, this is requested by shareholders representing, at least, one percent of the share capital.</p> <p>The notary deed will be considered as the minutes of the General Meeting and does not need the approval of this.</p> <p>Without prejudice to the inscription in the Mercantile Registry of those inscribable agreements and to the legal provisions that may be applicable in the area of publication of the agreements taken, the Company will communicate the agreements taken to the National Securities Market Committee, through the corresponding communication of relevant matters, either literally or through an extract of the content. The text of the agreements corresponding to the General Meeting held during the current and prior year will be also be accessible on the Company's website. Likewise, at the request of any shareholder or of who may have represented him at the General Meeting, the Secretary will issue a certificate of the agreements or of the notary deed if applicable.</p>

E.6 Indicate, if applicable, any changes made during the financial year to the regulations of the General Shareholders' Meeting.

The preamble and articles 5, 6, 7, 8, 12, 13, 15 and 25 of the Regulation of the General Meeting have been amended in order to be adapted to Royal Legislative Decree 1/2010 of 2 July approving the Companies Act. The new wording of these articles is as follows:

Preamble

This Regulation (hereinafter the "Regulation") has been adopted by the General Meeting of Shareholders of Técnicas Reunidas, S.A. (hereinafter the "Company") pursuant to the provisions of article 512 of Royal Decree Law 1/2010 of 2 July approving the Companies Act. The Regulation seeks to systematize and develop the

rules which govern the organisation and functioning of the General Meeting of Shareholders of the Company. Its ultimate objective is to facilitate the participation of the shareholders in the General Meeting, promoting the transparency and publicising of the procedures of preparation, holding and development of the General Meeting, specifying, developing and extending the forms of exercise of the policy rights of the shareholders of the Company.

Article 5. Powers of the General Meeting

The General Meeting has power to decide on all matters allocated to it by statute or the by-laws. Those decisions which, whatever their legal nature, involve an essential modification of the effective activity of the Company shall also be submitted for the approval or ratification of the General Meeting of Shareholders. In particular, and merely by way of illustration, it may:

- a) approve, as appropriate, the management of the company;
- b) approve, as appropriate, the annual accounts, both individual and consolidated, and decide on the application of the result;
- c) appoint and remove the members of the directorship body, and ratify and revoke the appointment of members of the board of directors made by co-opting;
- d) appoint and remove the auditors of the accounts of the Company;
- e) agree the increase or reduction of the share capital, the dissolution, conversion to another type of company, merger and division of the Company, except in those cases in which it is not necessary by virtue of applicable regulations, the issuing of debentures and, in general, any amendment of the corporate by-laws;
- f) agree the dissolution and winding up of the Company and those operations the effect of which is equivalent to the winding up of the Company;
- g) approve or ratify the disposal by sale or in any other way of essential operative assets or any other operation or activity which involves an effective modification of the corporate object or the main activities of the Company (by way of example, mere operations of sale and lease back of real estate or of other assets which continue, after the disposal in question, to be subject by some other means to the Company's business activity, or the disposal of owned assets where the Company opts to outsource an activity which was previously carried on directly, shall not be considered included in this category);
- h) approve the "subsidiarisation" or incorporation to subsidiary companies of essential activities carried on up to that time by the Company itself, even if it retains the full ownership of the such companies;
- i) authorise the board of directors to increase the share capital or issue debentures and other securities;
- j) authorise the acquisition by the Company of its own shares on the terms applicable by law;
- k) decide on those matters submitted for its consideration and approval by the directors; and l) approve this Regulation and any subsequent amendments.

Article 6. Calling of the General Meeting

Without prejudice to the provisions of the Companies Act on the holding of the General Meeting with all capital represented and the calling of the General Meeting by court order, General Meetings of Shareholders must be called by the directors.

The directors must call the Ordinary General Meeting within the first six months of each financial year. The Ordinary General Meeting shall be valid even if it is called or held out of time.

The directors must also call it:

- (i) where this is requested by shareholders who are holders of at least five per cent of the share capital, referring in the request to the matters to be dealt with at the General Meeting. In this case the General Meeting must be called to be held within thirty days following the date on which the directors are requested by way of a notary to call it. The directors must also include in the agenda the matter or matters referred to in the request; or
- (ii) where a takeover bid is made for the shares of the Company, in order to inform the General Meeting of the takeover bid and to discuss and decide on the matters which have been submitted for its consideration.

If the Ordinary General Meeting were not to be called within the time referred to in this article it may be called by the Court of First Instance of the area in which the Company has its registered office, on a request by the shareholders and having given the directors the opportunity to make representations, the Court also appointing the person who is to chair the General Meeting. Extraordinary General Meetings must also be called in this way where this is requested by shareholders of the percentage of the share capital referred to in section

(i) above.

Article 7. Notice of the calling of the Meeting

The calling of both ordinary and extraordinary General Meetings must be in the form of a notice published in the Official Bulletin of the Commercial Registry and the Company's website

(www.tecnicasreunidas.es) with the minimum prior notice laid down by law in respect of the date set down for the holding of the Meeting. The board of directors may publish the notice in a greater number of corporate means of communication if it considers this appropriate in order to give greater publicity to the calling of the Meeting.

The notice calling the Meeting shall state whether it is ordinary or extraordinary, the place where it is to be held, at the date of the Meeting in first session and all matter to be dealt with therein. The notice may also state the date on which, if appropriate, the General Meeting is to meet in second session. There must be at least a period of twenty-four hours between the first and the second session. The shareholders shall be advised insofar as possible as to whether it is likely the General Meeting will be held in first or second session.

The General Meeting of Shareholders shall be held in the municipality in which the Company has its registered office. The board of directors may however decide that the General Meeting is to be held in some other place where this is considered appropriate and is indicated in the notice calling the Meeting. If the place the General Meeting is to be held is not referred to in the notice calling the Meeting it shall be deemed to have been called to be held at the Company's registered office.

All matters to be dealt with shall be referred to clearly and concisely in the notice calling the Meeting.

The notice shall also refer to the shareholders' right to be represented at the General Meeting by another person, even if this is not a shareholder, and to the requirements and procedures for exercising this right, and to the shareholders' right to information and the form in which it may be exercised.

The directors must include in the notice reference to the specific means of distance communication shareholders may use to cast or delegate their vote and the instructions they must follow to do so.

Shareholders who represent at least five per cent of the share capital may request the publication of a supplement to the notice of a General Meeting of Shareholders including one or more points in the agenda. This right must be exercised by way of a notice served by verifiable means which must be received in the registered office within five days following the publication of the notice.

The supplement to the notice must be published at least fifteen days prior to the date set down for the holding of the General Meeting, at least in the same media, including the Official Bulletin of the Commercial Registry, in which the original notice was published.

Failure to publish the supplement to the notice within the time laid down shall be grounds for the Meeting to be declared void.

The Company shall send the notice of the calling of the General Meeting, including any supplement to the notice, to the National Securities Market Commission in accordance with the regulations applicable in each case. In the same way the text of the notice including any supplements shall be published in the Company's website. The board of directors may require the presence of a notary at the General Meeting to keep minutes. It must do so where the circumstances contemplated in applicable regulations are present. If the General Meeting, duly called, is not held at its first session and the date of the second is not stated in the notice this must be stated, with the same publicity requirements as the first, within fifteen days following the date of the General Meeting not held and eight days prior to the date of the Meeting.

Article 8. Information to be made available from the date of the Meeting being called on the Company's website

In addition to what is required by statute or the by-laws and the provisions of this Regulation the Company shall publish in its website from the date of publication of the calling of the General Meeting the texts of any proposed resolutions formulated by the directors in relation to the points on the agenda and any reports which are necessary or ordered by the directors.

All information considered useful or appropriate for facilitating the attendance and participation of shareholders at the General Meeting shall also be added to the Company's website from the date of notice of the calling of the Meeting including, as appropriate and by way of illustration, the following:

(i) procedure for obtaining an attendance card;

(ii) instructions for casting or delegating votes from a distance using any means contemplated in the

notice calling the Meeting;

(iii) information on the place the General Meeting is to be held and how to arrive and enter;

(iv) information on any systems or procedures facilitating following the General Meeting; and

(v) information on the way in which shareholders may exercise their right to information (mail, e-mail and any other analogous data).

Likewise in order to facilitate communication by shareholders prior to the holding of General Meetings a Shareholders' Electronic Forum shall be created in the Company's website from the time of the Meeting being called the content of which shall be determined by applicable regulations, which may be accessed, with the safeguards and on the terms considered appropriate by the board of directors, both by individual shareholders and any voluntary associations of shareholders which are created. Article 12. Representation

Without prejudice to the attendance of legal person shareholders by way of their legally recognised representatives, all shareholders entitled to attend may be represented at the General Meeting by another person even if that person is not a shareholder.

Likewise shareholders with less than fifty shares may form groups for the purposes of exercising their right to attend and to vote at General Meetings being represented by one of them.

The proxy is revocable at all times. As a general rule the last act carried out by the shareholder prior to the holding of the General Meeting shall be considered valid provided the date can be accredited. If it cannot be accredited the vote of the shareholder shall prevail over that of the representative. In any event the personal attendance at the General Meeting of the person represented shall have the effect of revoking the proxy.

The proxy must be conferred on a special basis for each General Meeting, in writing or by the means of distance communication the use of which has been expressly contemplated by the directors in the notice calling the Meeting, provided the requirements laid down in the said notice are complied with and the identity of the person represented and of the representative are duly guaranteed.

Without prejudice to the provisions of article 187 of the Companies Act the proxy, which shall be special for each General Meeting, must be given in writing. Where it is given by means of distance communication it shall only be valid if it is given:

(i) by postal delivery or correspondence, sending to the Company the attendance and delegation card issued by the entity or entities in charge of keeping the register of accounting annotations or by the depositary entities duly signed and completed by the shareholder or other written means which, in the opinion of the board of directors expressed in a prior resolution passed for such purposes, makes it possible to verify the identity of the shareholder giving the proxy and that of the representative being appointed; or

(ii) by electronic means of distance communication, to which a copy in electronic format of the attendance and delegation card shall be attached, which duly guarantee the proxy given and the identity of the person being represented. Proxies given by these means shall be accepted where the electronic document by virtue of which they are given includes the legally recognised electronic signature used by the person being represented or some other type of identification which the board of directors considers, in a prior resolution adopted for such purposes, to provide adequate guarantees of authenticity and of identification of the shareholder giving the proxy.

In order to be valid proxies given by any of the said means of distance communication referred to in sections (i) and (ii) above must be received by the Company before midnight of the third day prior to that set down for the holding of the General Meeting in first session. The board of directors may provide for a shorter period in accordance with the provisions of the by-laws.

Likewise the documents in which the proxies for the General Meeting are given must include at least the following information:

(i) date of holding of the General Meeting and agenda;

(ii) identity of person being represented and representative. If it is not stated the proxy shall be deemed given to the chairman of the board of directors or whoever is acting for him;

(iii) number of shares of which the shareholder granting the proxy is the holder; and

(iv) voting instructions of the shareholder granting the proxy for each one of the points on the agenda.

The President, the Secretary if the General Meeting or the persons appointed as mediators shall be deemed empowered to determine the validity of the proxies granted and compliance with the requirements for attendance at the General Meeting.

The power to grant proxies is without prejudice to statutory regulations on representation of family members and the granting of special power of attorney.

Article 13. Public request for representation

In those cases in which the directors of the Company, the entities acting as depositaries for securities or those in charge of the register of account annotations request representation for themselves or for another and, in general, provided the request is made publicly, the rules contained in the Companies Act and other applicable regulations shall be applied. In particular the document in which the proxy is recorded must contain, in addition to the information referred to in article 12 above, indication of the way in which the representative will vote in the event of precise instructions not being given, subject in any event to legal regulations.

There shall be deemed to be a public request for representation where a single person represents more than three shareholders.

Artículo 15. Constitution of the General Meeting Special cases

The General Meeting shall be validly constituted in first session where the shareholders in attendance or represented hold at least twenty-five per cent of the subscribed capital with voting rights. The Meeting shall be validly constituted in second session whatever the capital present at the same.

For the General Meeting, ordinary or extraordinary, to be able validly to decide to issue debentures, suspend or limit the right of preferential acquisition of new shares, increase or reduce capital, convert the company into a different type of company, merge or divide it or make an overall assignment of its assets and liabilities, move the registered office overseas and dissolve and wind up the Company, and in general for any amendment of the by-laws, the presence in first session of shareholders, in attendance or represented, who hold at least fifty percent of the subscribed capital with voting rights shall be necessary. In second session the presence of twenty-five per cent of the capital shall be sufficient, although where the shareholders present represent less than fifty per cent of the subscribed capital with voting rights the resolutions referred to in this paragraph may only be validly adopted with the vote in favour of two thirds of the capital in attendance or represented at the General Meeting.

Absences which occur once the General Meeting has been constituted shall not affect its being validly held.

Article 25. Voting on proposed resolutions

Once the interventions of the shareholders have concluded, and any information or clarification has been provided in accordance with the provisions of this Regulation, the resolutions proposed on the matters contained in the agenda and any others which are not legally required to be in the agenda shall be voted on, the President deciding in the case of the latter the order in which they shall be voted on.

Fractioning of votes is permitted in order for financial intermediaries who appear as shareholders but who act on behalf of various clients to be able to cast their votes in accordance with their instructions. The Secretary need not give a prior reading to proposed resolutions the texts of which have been circulated to the shareholders at the start of the meeting, except where this is requested by a shareholder for all or some of the proposals or the President otherwise considers it appropriate. It shall in any event be indicated to those present the point of the agenda the proposed resolution being voted on refers.

Each one of the points on the agenda shall be voted on separately. However if the circumstances make it advisable the President may decide that proposals on various points of the agenda are to be voted on jointly, in which case the result of the vote shall be deemed individually reproduced for each proposal if none of those present has expressed a wish to change their vote in respect of any of them.

Otherwise the minutes shall record the changes of vote expressed by each one of those present and the result of the vote on each proposal as a consequence of the same.

The process of adopting resolutions shall take place following the agenda given in the notice calling the Meeting. A vote shall first be taken on any resolution proposed in each case by the board of directors. In all cases once a proposed resolution has been approved all others relating to the same subject and incompatible with it shall fail automatically without a vote being taken.

As a general rule and without prejudice to other alternative systems being used at the President's discretion in view of the circumstances or the nature or contents of the proposal, the vote on the proposed agreements shall be calculated by the following procedure:

(i) votes in favour shall be the votes of all shares present at the meeting, in attendance and represented, less (a) the votes of shares whose holders or their representatives state that they vote against, cast a blank vote

or abstain, communicating or expressing their vote or abstention to the notary (or if there is none to the Secretary or the staff assisting the Secretary) to be recorded in the minutes

(b) the votes of shares whose holders have voted against, cast a blank vote or have expressly abstained, by way of any means of communication referred to in this article, and

(c) the votes of shares whose holders or their representatives have left the meeting prior to the vote on the proposed resolution in question and have made a note of their leaving with the notary (or if there is none with the Secretary);

(ii) the communications or declarations to the notary (or if there is none to the Secretary or the staff assisting the Secretary) contemplated in the previous paragraph and concerning the casting of a vote or an abstention may be made individually in respect of each one of the proposed resolutions or jointly for a number of them or all of them, informing the notary (or if there is none to the Secretary or the staff assisting the Secretary) of the identity and status – shareholder or proxy – of the person making them, the number of shares to which they refer and the nature of the vote or the abstention; and

(iii) for the adoption of resolutions concerning matters not included in the agenda the shares of those shareholders who have taken part in the General Meeting by means of distance voting shall not be considered shares present, either in attendance or represented. For the adoption of any of the resolutions referred to in article 514 of the Companies Act those shares in respect of which the right to vote may not be exercised by application of the said provision shall not be considered represented or in attendance.

E.7 Give details of attendance at general meetings held during the financial year to which this report refers:

Attendance Details					
Date of General Meeting	% attendance in person	% representing	% remote voting		Total
			Electronic vote	Others	
22/06/2011	0.220	59.220	0.000	0.000	59.220

E.8 Briefly indicate the resolutions adopted at the General Shareholders' Meetings held in the financial year to which this report refers and the percentage of votes with which each resolution was adopted.

In the Shareholders General Meeting held on 2011, the following agreements were approved:

First – Approval of the Annual Accounts of the Company, consisting of the Balance Sheet, the Income statement and the Report, prepared by the Board of directors, along with the Management Report, prepared by this same body, corresponding to the year closed on 31 December 2010. The agreement was approved by 95.46% (33.233.931 votes) of the votes cast.

Second. – Approval of the Annual Accounts of the consolidated group of the Company, consisting of the Balance Sheet, the Income statement, Recognised Income and Expenses Statement, Cash Flow Statement and the Report, prepared by the Board of directors and the consolidated Management Report prepared by the same body, corresponding to the year closed on 31 December 2010.

The agreement was approved by 95.46% (33,233,931 votes) of the votes cast.

Third. – Once known the positive results shown both in the Consolidated Group (103,865,643 euro – one hundred three million eight hundred sixty-five thousand six hundred forty-three euro), and in the Company (87,204,643.55 euro eighty-seven million two hundred four thousand six hundred forty-three euro with fifty-five cents), it was agreed to approve the proposal for the application of the Company's profits for the year closed on 31 December 2010 as follows:

-Apply the definite profit for the year 2010 to:

-Dividend: 72,781,919 euro (seventy-two million seven hundred eighty-one thousand nine hundred nineteen euro).

-The balance will be assigned to surplus.

-Once the dividend on account approved by the Board of Directors in its meeting dated 16 December 2010 was paid on 19 January 2011 in the amount of 0.66 euro (sixty-six cents) gross per share, a complementary dividend of 0.68 euro (sixty-eight cents) gross per share was paid. The value of this complementary dividend amounted to 36,934,018 euro (thirty-six million, nine hundred thirty-four thousand eighteen euro). If on the payment date of this complementary dividend there were any company shares not entitled to receive the dividend payment, the amount is distributed amount the rest of the shares entitled to receive the dividend payment. Where applicable, taxes will be withheld from the dividend payments accordingly. The resulting cash payment will be made in the first fifteen days of July 2011, in the terms that the Board of Directors, with powers to substitute, deems most convenient.

The agreement was approved by 95.46% (33,233,606 votes) of the votes cast.

Fourth. – Approve the management by the Board of Directors during financial year 2010.

Agreement approved with 94.95% (33,056,796 votes) of the votes cast.

Fifth.- At the proposal of the Audit Committee, renew the appointment as auditors of the Company and its consolidated group for the year 2011 of the audit firm PricewaterhouseCoopers Auditores S.L., domiciled in Paseo de la Castellana, 43, 28046 Madrid with C.I.F. B-79031290.

Agreement approved with 94.96% (33,060,985 votes) of the votes cast.

Sixth.- In accordance with Recommendation 5 (a) of the Unified Code of Good Governance of traded companies there shall be a separate vote on each one of the following appointments, re-elections and / or removals of directors:

- On a proposal of the board of directors and following the necessary report of the Appointments and Remuneration Committee, to appoint Mr. William Blaine Richardson, of US nationality, whose status is that of "Other external director", as a director of the company for the period laid down in the by-laws of five years.

- On a proposal of the board of directors and following the necessary report of the Appointments and Remuneration Committee, to appoint Mr. Pedro Luis Uriarte Santamarina, whose status is that of "Independent director", as a director of the company for the period laid down in the by-laws of five years.

- On a proposal of the board of directors, to re-elect Mr. José Lladó Fernández-Urrutia as director for the period laid down in the by-laws of five years, whose status is that of "Executive Director".

- On a proposal of the board of directors, to re-elect Mr. Juan Lladó Arburúa as director for the period laid down in the by-laws of five years, whose status is that of "Executive Director".

- On a proposal of the board of directors, to re-elect Mr. Juan Miguel Antoñanzas Pérez-Egea as director for the period laid down in the by-laws of five years, whose status is that of "Independent External Director".

- On a proposal of the board of directors, to re-elect Mr. Fernando de Asúa Alvarez as director for the period laid down in the by-laws of five years, whose status is that of "Independent External Director".

- On a proposal of the board of directors, to re-elect Mr. Alvaro García- Agulló Lladó as director for the period laid down in the by-laws of five years, whose status is that of Proprietary External Director.

- On a proposal of the board of directors, to re-elect Mr. Javier Gómez- Navarro Navarrete as director for the period laid down in the by-laws of five years, whose status is that of "Independent External Director".

- On a proposal of the board of directors, to re-elect Mr. José Manuel Lladó Arburúa as director for the period laid down in the by-laws of five years, whose status is that of Proprietary External Director.

- On a proposal of the board of directors, to re-elect Mr. Antonio de Hoyos González as director for the period laid down in the by-laws of five years, whose status is that of "Independent External Director".

- On a proposal of the board of directors, to re-elect Mr. Diego del Alcázar y Silvela as director for the period laid down in the by-laws of five years, whose status is that of "Independent External Director". Resolution passed by 77.35% (26,931,019 votes) of the quorum.

Seventh.- Following the necessary report of the board of directors, amendment of articles 6, 10, 13, 14, 15, 16, 19, 20,21, 22, 29, 30 and 35 (now 37) of the company by-laws.

Resolution passed with 95.26% (33,164,815 votes) of the quorum.

Eighth.- Following the necessary report of the board of directors, approval of the amendment of the Preamble and articles 5, 6, 7, 8, 12, 13, 15 and 25 of the Regulation of the General Meeting.
Resolution passed with 95.41% (33,215,656 votes) of the quorum.

Ninth.- Information on the amendment of the Regulation of the Board of Directors, in accordance with the provisions of article 516 of the Companies Act.
Resolution passed with 95.29% (33,173,645 votes) of the quorum.

Tenth.- (i) Authorisation for the derivative acquisition of the company's treasury stock, directly or through companies nominated for this purpose, subject to the following limits and requisites:

. Acquisition modalities; acquisition by purchase/sale title or any other "intervivos" act with obligatory title.

. Maximum number of shares to acquire: up to the maximum limit allowed by law.

. Minimum and maximum acquisition price: the minimum acquisition price of the shares will be the equivalent of 75% of the quoted value, and the maximum acquisition price will be 120% of the quoted price on the acquisition date.

. Maximum contracting volume: the maximum daily contracting volume, referring to the acquisition of treasury shares, will not be superior to 25% of the average of the total volume of shares of Técnicas Reunidas, S.A. contracted in the last ten sessions.

. Duration of the authorisation: five (5) years from the date of this agreement.

In addition, the performance of these operations will comply with the norms that exist in this area, contained in the Company's Internal Code of Conduct.

(ii) Cancel the authorisation agreed on this same subject in the General Meeting held on 23 of Jun 2010.

(iii) Authorise the Board of Directors to destine, totally or partially, the treasury shares acquired to the execution of the remuneration programmes that are designed to or mean the delivery of shares or option rights, as established in paragraph 1st of Article 146 of the Limited Companies law.

Agreement approved by 94.24% (32,809,331 votes) of the votes cast.

Eleventh.- Authorise the Board of Directors, with the express faculty of substitution, to set-up and contribute to associations and foundations, in line with current legislation.

Agreement approved by 95.29% (33,176,794 votes) of the votes cast.

Twelfth.- With the favourable report of the Appointments and Remuneration Committee:

(i) Set at 3,000,000 euro the maximum annual gross amount of the remuneration corresponding to the whole group of directors for the services rendered during the year 2011.

(ii) Delegate to the Board of Directors the setting of the concrete amount corresponding to each one of the members of this within the limits set earlier, being allowed to graduate the amount to be received by each one of them depending on whether they pertain to or not to delegated organs of the Board, the position they occupied in these , and in general, on their dedication to the tasks of administration or to the service of the Company and the remuneration they may receive as fees or salary because of the professional and labour services rendered, as the case may be.

Agreement approved by 94.47% (32.890.434 votes) of the votes cast, with 0.23% (78,674 votes) of denegation and 0.76% (264,892 votes) of abstentions.

Thirteenth.- The board of directors, in compliance with article 61 ter of the Securities Market Act, has prepared the Report on Director Remuneration Policy of the financial year in progress (2011), which has been available to the shareholders since the calling of this General Meeting and which, following the favourable report of the Appointments and Remuneration Committee, it presents to the General Meeting of Shareholders for it to vote on a consultative basis as a separate point on the agenda.

Resolution passed by 76.76% (26,724,298 votes) of the quorum.

Fourteenth.- Delegate to the chairman of the board of directors, the first vice-chairman and the secretary of the board of directors in order that any of them without distinction may formalise, interpret, develop, correct and notarise the resolutions adopted by this General Meeting and in particular proceed to file the certification of the resolutions approving the annual accounts and the application of results with the Commercial Registry, attaching those documents legally necessary, and execute all those public or private documents which may be necessary up to the obtaining of the appropriate recording of the resolutions adopted in the Commercial Register, including requests for partial registration, and with powers to correct or rectify in light of any oral or written report of the Registrar.

Resolution passed by 95.46% (33,233,526 votes) of the quorum.

E.9 Indicate whether there are any restrictions in the Bylaws establishing a minimum number of shares needed to attend the General Shareholders' Meeting.

YES

Number of shares needed to attend the General Shareholders' Meeting	50
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E.10 Indicate and explain the policies followed by the company with regard to the delegation of votes at the General Shareholders' Meeting.

Article 16 of the Articles of Association establishes the following:

Article 16 - Composition of the General Meetings.

All shareholders holding 50 or more shares, the title of which was inscribed in the corresponding accounting register five days before the date on which the General Meeting will be held and demonstrates this by presenting, in the company's registered office or in that of the entities that are indicated in the meeting notification, the corresponding legitimising certificate that indicates the number, class and series of the shares owned, along with the number of votes that can be exercised, may attend the General Meetings personally or may be represented by another person, although this person is not a shareholder. The representation will be governed by what is established in the Limited Companies Law. Holders of less than 50 shares may group together for the purposes of attending the General Meeting, granting their representation to one of them.

Persons who are shareholders who are not in full exercise of the civil rights and shareholders that are legal entities may be represented by those exercising their legal representation, duly accredited. Both in these cases and when the shareholder delegates his right to attend, not more than one representative may attend the General Meeting.

Representation granted to persons who may not exercise this by Law, will not be valid or enforceable. The representation can always be withdrawn. Attendance by the represented shareholder at the General Meeting, whether physically or through having cast a vote at a distance, means the cancellation of any delegation, no matter what the date of this may be. The representation will equally be without effect through the disposal of the shares when the Company has knowledge of this.

Additionally, Article 12 of the General Meeting Regulation establishes that, without prejudice to the attendance by legal entity shareholders through the person who has representation powers, any shareholder with the right to attend can be represented at the General Meeting by another person, although this person is not a shareholder.

Likewise, shareholders of less than fifty shares may group together for the purpose of exercising their right to attend and vote in the General Meetings by conferring their representation to one of them.

The representation can always be withdrawn. As a general rule, and when the date can be proven with certainty, the latest action prior to the meeting will be taken as valid. If this certainty does not exist, the vote of the shareholder will prevail over that of delegated vote. In any case, the personal attendance of the represented shareholder at the General Meeting will be valued as revocation of the representation.

The representation should be granted especially for each General Meeting, in writing or through distance communication means the use of which are expressly foreseen by the administration organ in the meeting announcement, once they meet the requisites foreseen in that convocation and, in any case, duly guarantee the identity of the person represented and of the representative.

Independently of the content of Article 108 of the Limited Companies Law, the representation will be especially for each General Meeting and must be granted in writing.

When it is granted through distance communication means, it will only be considered as valid when it is made:

(i) Through postal delivery or correspondence, sending the attendance card to the Company and the delegation issued by the entity or entities in charge of keeping the register of annotations in account or by the depositary entity duly signed and completed by the shareholder or another written means that, in the judgement of the Board of Directors in an agreement previously taken for this purpose, allows the due verification of the identity of the shareholder that grants the representation and of the delegated person; or

(ii) Through electronic means of communication at a distance, to which is attached a copy in electronic format of the attendance and delegation card, which duly guarantees the representation attributed and the identity of the represented person. Representation granted using these means will be admitted when the electronic document through which it is granted incorporates the legally recognised electronic signature employed by the represented person or another type of identification that, through agreement previously approved for this purpose, the Board of Directors considers to offer sufficient guarantees of authenticity and identification of the shareholder who grants his representation.

To be valid, the representation granted through any of the distance communication means stated in sections (i) and (ii) above should have been received by the Company before midnight on the third day prior to that of the General Meeting in first convocation. The Board of Directors may establish a shorter period in line with the provisions of the Statutes.

Likewise, the documents on which the representation is recorded for the General Meeting should include at least the following:

- (i) Date for the holding of the General meeting and the agenda;
- (ii) The identity of the represented and representative. When not specified it will be understood that the representation has been granted to the President of the Board of Directors or to whoever substitutes him;
- (iii) The number of shares that the shareholder who grants the representation owns; and
- (iv) The voting instructions by the shareholder who grants the representation for each of the points on the agenda.

The President, the Secretary of the Board of Directors or the persons designated by them, will be understood as empowered to determine the validity of the representations conferred and compliance with the requisites for attendance at the general Meeting.

The representation faculty is understood to be without prejudice to what the Law establishes in the case of family representation and the granting of powers in general.

E.11 Indicate whether the company is aware of the policy of institutional investors regarding their participation in the decision-making process of the company:

NO

E.12 Indicate the address and means of accessing corporate governance content on the company's website.

The company's website is www.tecnicasreunidas.es. To accede to the corporate governance content available on the site enter the tab entitled Shareholder and Investor Information and then the tab for Corporate Governance.

F - DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

Indicate the degree to which the company follows the recommendations of the Unified Good Governance Code. If any of them are not complied with, explain the recommendations, regulations, practices or criteria that the company applies.

1. The Bylaws of listed companies should not limit the maximum number of votes a single shareholder can cast, nor contain other restrictions that make it difficult to take control of the company by means of the acquisition of its shares on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Compliant

2. When the parent company and a subsidiary company are both listed, the following should be precisely and publicly defined:

- a) Their respective areas of activity and possible business relations between them, as well as those of the subsidiary listed company with other companies belonging to the same group;
- b) The mechanisms in place to resolve any conflicts of interest that may arise.

See sections: C.4 and C.7

Not applicable

3. Even when not expressly required by applicable company law, any operations that involve structural modifications to the company should be presented for the approval of the General Shareholders' Meeting, including, in particular the following:

- a) The conversion of listed companies into holding companies by means of subsidiarization, or the incorporation into subsidiary entities of core activities carried out by the company itself up to such time, even if the latter retains full ownership of such activities;
- b) The acquisition or transfer of core operating assets, when this involves an effective modification of the corporate purpose;
- c) Operations the effect of which is equivalent to winding-up the company.

Compliant

4. Detailed proposals of resolutions to be adopted at General Shareholders' Meetings, including the information referred to in recommendation 28, should be made public at the time the notification of the General Meeting is published.

Compliant

5. At the General Shareholders' Meeting, those matters deemed substantially independent should be voted on separately, such that shareholders can exercise their voting preferences separately. This rule should apply, in particular, to:

- d) The appointment or ratification of directors, who must be voted on individually;
- e) In the case of amendments to the Bylaws (for each article or group of articles deemed substantially independent).

See section E.8

Partially Compliant

The amendments made to the by-laws in 2011 were designed, without exception, to adapt this text to the Companies Act which has now repealed the Public Limited Companies Act. It was therefore necessary to replace references to articles of the Public Limited Companies Act with their equivalents in the Companies Act, and to change the content in those cases in which the new regulations made this necessary.

6. Companies should allow votes to be split so that financial intermediaries authorized to act as shareholders but who act on behalf of different clients are able to cast their votes in accordance with the instructions of the latter.

See section: E.4

Compliant

7. The Board should perform its functions with unity of purpose and independence of judgement, provide equal treatment to all shareholders and be guided by the company's interests, understood as maximising the economic value of the company in a sustainable manner.

It should likewise ensure that in its relations with stakeholders the company respects applicable laws and regulations, fulfils its obligations and contracts in good faith, respects the good practices and uses of the sectors and territories in which it operates, and observes any additional principles governing social responsibility it may have voluntarily accepted.

Compliant

8. As the core of its mission, the Board should be responsible for approving the company's strategy and the precise organisation for putting it into practice. It should likewise oversee and control the Management as it fulfils the objectives set and ensure that the latter respects the company's corporate purpose and interests. For such purposes, the plenary session of the Board should reserve the power to approve:

a) The general policies and strategies of the company, and in particular:

- i) The strategic or business plan, as well as the annual management objectives and budget;
- ii) The investments and financing policy;
- iii) The definition of the structure of the business group;
- iv) The corporate governance policy;
- v) The corporate social responsibility policy;
- vi) The policy on the remuneration and assessment of the performance of senior executives;

- vii) The risk control and management policy, as well as the periodic monitoring of the internal information and control systems.
- viii) The dividends and treasury stock policy and, in particular, limits thereto.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

- i) Upon the proposal of the company's chief executive, the appointment and eventual cessation of senior executives, as well as their compensation clauses.

See section: B.1.14

- ii) The remuneration of Board members, plus, in the case of executive members, the additional remuneration for their executive functions and other conditions set forth in their contracts of employment.

See section: B.1.14

- iii) The financial information the company must periodically make public due to its status as a listed company.
- iv) Any kinds of investments or operations deemed strategic due to their special characteristics or the high sums of money involved, unless the approval thereof falls upon the General Shareholders' Meeting;
- v) The creation or acquisition of equity holdings in entities with special purposes or those established in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could negatively affect the transparency of the group.

c) The transactions that the company carries out with directors, significant shareholders or shareholders represented on the Board, or with people related to them ("related transactions").

This Board authorisation will not, however, be necessary in those related transactions that simultaneously meet the following three conditions:

- 1st. The transactions must be carried out under contracts whose terms and conditions are standardized and applied en masse to many clients;

2. They must be carried out at the generally applicable prices or rates of the supplier of the goods or services in question;

3rd. The amount thereof may not exceed 1% of the company's annual revenue.

It is recommended that the Board should approve related transactions following a favourable report from the Audit Committee or, where applicable, any other committee entrusted with that function; and that the directors they affect, in addition to not exercising or delegating their voting rights, leave the meeting room while the Board deliberates and votes on it.

It is recommended that the powers attributed here to the Board be non-delegable, save those mentioned in letters b) and c), which may be adopted for reasons of urgency by the Delegate Committee, with subsequent ratification by the plenary session of the Board.

See sections: C.1 and C.6

Partially compliant

Article 14.2 of the Regulation of the Board of Directors provides as follows:

2. Without prejudice to any other functions the board of directors may assign to it the Appointments and Remuneration Committee has the following responsibilities

- Formulate and review the criteria to be followed in the composition of the management team of the Company and its subsidiaries and for the selection of candidates and inform the board of directors of the appointment or removal of executives coming immediately under the board of directors.

- Inform the General Meeting or, in cases of co-opting, the board of directors on the appointment of directors prior to their appointment by the General Meeting or by the board of directors by the co-opting procedure.

- Inform the board of directors on appointments to internal positions (chairman, vice chairmen, managing director if any and secretary and vice secretary if any) on the board of directors.

- Refer to the board of directors proposals for the appointment of senior executives answering directly to the board for it to proceed to make the appointment.

- Analyse, formulate and regularly review proposed policies on hiring, loyalty and removal of directors.

- Analyse, formulate and regularly review proposed policies on executive remuneration weighting suitability and performance.

- Report annually to the board of directors on the assessment of the performance of the Company's senior executives.

- Inform the board of directors on the systems and amount of the annual remuneration of directors and senior executives and prepare the information to be included in the annual public information on directors' remuneration.

- Ensure the transparency of remuneration.

- Report to the board of directors on transactions which involve or may involve conflicts of interest.

- Report on appointments and removals of Company senior executives and propose the basic terms of any contracts entered into with them.

9. The Board should be the right size to ensure efficient functioning and participation, which makes it advisable, that it should not be composed of less than five nor more than fifteen members.

See section: B.1.1

Compliant

10. External independent directors and those representing significant shareholders should constitute the broad majority of Board members, with the number of executive directors being kept to the required minimum, taking into account the complexity of the group and the percentage of the company's share capital held by executive Board members.

See sections: A.2, A.3, B.1.3 and B.1.14

Compliant

11. If there is any Board member who cannot be considered either independent or representing significant shareholders, the company should explain this circumstance and his/her connections with either the company or its executives or with its shareholders.

See section: B.1.3

Compliant

12. Among external Board members, the relation between the number of independent Board members and those representing significant shareholders should mirror the existing weighting between the company capital represented by directors representing significant shareholders and the rest of the capital.

This criterion of strict proportionality may be attenuated in the following cases such that the weighting of directors representing significant shareholders is greater than that which corresponds to the total percentage of capital they represent:

1. In companies with high capitalization in which there are none, or very few, shareholding stakes which are legally considered significant, but there are shareholders with shareholding stakes of high absolute value.

2. In the case of companies in which there is a plurality of shareholders represented on the Board, and they are not related to each other.

See sections: B.1.3, A.2 and A.3

Compliant

13. The number of independent Board members should represent at least one third of the total number of Board members.

See section: B.1.3

Compliant

14. The Board should explain the nature of each director to the General Shareholders' Meeting, which must execute or ratify the appointment. The nature of the post should likewise be confirmed or, where applicable, reviewed each year in the Annual Corporate Governance Report, following prior verification by the Appointments Committee. The report should also explain the reasons why directors representing significant shareholders have been appointed at the request of shareholders whose shareholding stake amounts to less than 5% of the share capital. Reasons should also be provided for any rejections of formal requests for presence on the Board made by shareholders whose shareholding stake is equal to or greater than that of others upon whose request Board members representing significant shareholders have been appointed.

See sections: B.1.3 and B.1.4

Compliant

15. If there are no or very few female directors, the Board should explain the reasons and the initiatives adopted in order to correct this situation. In particular, and when new vacancies arise, the Appointments Committee must ensure that:

- a) The selection processes do not suffer from implicit biases which hamper the selection of female directors;
- b) The company deliberately seeks and includes among the potential candidates women who meet the required professional profile.

See sections: B.1.2, B.1.27 and B.2.3

Partially Compliant

The Appointments and Remuneration Committee, when selecting candidates to fill vacancies that may arise on the Board of Directors, adheres to practices that do contain implicit biases that would preclude the selection of female directors.

16. The Chairman, as the person responsible for the efficient functioning of the Board, should ensure that Board members receive sufficient information in advance, stimulate debate and the active participation of members during the sessions of the Board and uphold their right to take any stance and express any opinion they deem fit. He or she must likewise organise and coordinate the periodic evaluation of the Board with the Chairs of the relevant committees, as well as, where applicable, that of the managing director or chief executive.

See section: B.1.42

Compliant

17. When the Chairman of the Board also acts as the company's chief executive, one of the independent directors should be authorized to request that a meeting of the Board be convened or that new items be included on the agenda, the aim being to coordinate and echo the concerns of external directors, and also to head the evaluation of the Chairman by the Board.

See section: B.1.21

Compliant

18. The Secretary of the Board should take special care to ensure that the actions of the Board:

- a) Are in keeping with the letter and the spirit of applicable laws and regulations, including those approved by regulatory bodies;
- b) Are in accordance with the company's Bylaws, and with the Regulations of the Shareholders' Meeting, those of the Board and any others the company may have;
- c) Take into account the recommendations on good governance contained in this Unified code, which the company has accepted.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his/her appointment and cessation must be recommended by the Appointments Committee and approved by plenary session of the Board. Moreover, this appointment and cessation procedure must figure in the Board Regulations.

See section: B.1.34

Compliant

19. The Board should meet as often as required to perform its functions efficiently, following the schedule of dates and matters established at the start of the financial year. Each Director must be able to propose other items on the agenda not initially envisaged.

See section: B.1.29

Compliant

20. Non-attendances by Board members should only occur in exceptional cases and be listed in the Annual Corporate Governance Report. If representation proves essential, it should be conferred with specific instructions.

See sections: B.1.28 and B.1.30

Compliant

21. When the Board members or Secretary express concerns regarding a proposal or, in the case of the Board members, concerning the functioning of the company and these concerns are not resolved at the Board meeting, they should be recorded in the minutes upon the request of the person that raised them.

Compliant

22. Once a year, the plenary session of the Board should evaluate:

- a) The quality and efficiency of the functioning of the Board;
- b) The degree to which the Chairman of the Board and the company's Chief Executive have performed their duties, based on the report presented to the Board by the Appointments Committee;
- c) The functioning of its Committees, based on the reports submitted by the latter.

See section: B.1.19

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23. All Board members should be able to exercise their right to obtain any additional information they judge necessary on any matters within the Board's sphere of competence. Unless the Bylaws or the Board Regulations establish otherwise, this request should be made to the Chairman or the Secretary of the Board.

See section: B.1.42

Compliant

24. All Board members should be entitled to obtain from the company any consultancy required for the performance of their functions. The company should likewise establish adequate channels to enable members to exercise this right, which in special circumstances may include external consultancy paid for by the company.

See section: B.1.41

Compliant

25. The companies should establish an orientation programme to provide new Board members with rapid and sufficient overview of the company, including its rules on corporate governance. They should also offer Board members refresher programmes when circumstances make this advisable.

Compliant

26. The companies should require Board members to dedicate the necessary time and effort to their functions as such, thereby ensuring that they are carried out effectively, and consequently:

a) Board members should inform the Appointments Committee of their other professional obligations, in case these could interfere with the required dedication;

b) The companies should establish rules on the number of Boards their directors can form part of.

See sections: B.1.8, B.1.9 and B.1.17

Partially Compliant

Article 26 of the Board of Directors Regulations establishes that the directors will be obliged to gather information and prepare themselves for the meetings of the Board and, if applicable, of the delegated organs to which they pertain and Article 34 of the Board of Directors Regulations establishes within the duties of the directors, to inform the Company of the positions that they occupy on the Board of Directors of any other quoted companies and , in general of the events, circumstances or situations that could be relevant for their functions as administrator of the Company in accordance with the content of this Regulation. Although there are no other additional approved regulations related to the number of boards on which they may perform as directors, the Board of Directors and the Appointments and Remuneration Committees is informed of the professional obligations of each director and of the number of boards to which he pertains, and all the directors dedicate to their function the time and effort required.

27. Proposals concerning appointments or reappointments of Board members that the Board submits to the General Shareholders' Meeting, including interim appointments via co-optation, should be approved by the Board:

- a) At the proposal of the Appointments Committee in the case of independent directors.
- b) Following a report from the Appointments Committee in the case of all other directors.

See section: B.1.2

Compliant

28. The companies should publish the following information on their Board members through their websites and keep it updated:

- a) Professional profile and biography;
- b) Other Boards of Directors to which they belong, whether or not they are listed companies;
- c) Indication of the category of director in question, indicating, in the case of directors representing significant shareholders, the shareholder they represent or have connections with.
- d) Date of first appointment as company Board member, as well as subsequent ones, and;
- e) Company shares and share options they own.

Compliant

29. Independent directors should not remain as such for an uninterrupted period of more than 12 years.

See section: B.1.2

Compliant

30. Directors representing significant shareholders should tender their resignations when the shareholders they represent sell their entire shareholding. The corresponding number of members should likewise do so when their shareholder reduces its shareholding to a level that requires the reduction in the number of its members on the Board.

See sections: A.2, A.3 y B.1.2

Compliant

31. The Board of Directors should not propose the cessation of any independent director prior to expiry of the term of office for which he/she has been appointed pursuant to the Bylaws, except for just cause upheld by the Board following a report from the Appointments Committee. In particular, just cause will be understood to exist when the Board member fails to fulfil the duties attached to the post, or falls within any of the circumstances described in section III, point 5 (Definitions) of this Code.

The cessation of independent directors may also be proposed as a result of takeover bids, mergers or other similar operations that entail a change in the company's capital structure, providing the changes in the structure of the Board arise from the proportionality criterion indicated in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Compliant

32. The companies should establish rules obliging Board members to report and, where appropriate, resign, in cases that could harm the good image and reputation of the company and, in particular, obliging them to inform the Board of any criminal lawsuits brought against them, as well as subsequent trial proceedings.

If a Board member is brought to trial, or served with formal notice of an impending trial against him or her, for any of the offences indicated in article 124 of the Spanish Public Limited Companies Act (Ley de Sociedades Anónimas), the Board should examine the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. The Board should likewise provide a duly grounded description of the foregoing in the Annual Corporate Governance Report.

See sections: B.1.43 y B.1.44

Compliant

33. All Board members should clearly express their opposition when they consider that any proposal presented to the Board may run contrary to corporate interests. In particular, independent members and other members not affected by any potential conflict of interests should do the same in the case of decisions that could prejudice the shareholders not represented on the Board.

When the Board makes significant or reiterated decisions concerning which a Board member has already raised serious reservations, he/she should draw the appropriate conclusions and, should he or she opt to resign, explain the reasons in the letter referred to in the following recommendation.

This Recommendation also applies to the Secretary to the Board, even if he or she is not a Board member.

Compliant

34. When, due to resignation or any other reason, a Board member leaves the post before the end of the mandate, they must explain their reasons in a letter to be sent to all Board members. Without prejudice to the fact that the departure must be reported as a relevant event, the reason for the departure should also be explained in the Annual Corporate Governance Report.

See section: B.1.5

Not Applicable

35. The remuneration policy approved by the Board should address at least the following matters:

a) The amount of the fixed remuneration items, with a breakdown, where applicable, of allowances for participation on the Board and its Committees and an estimate of the annual fixed remuneration to which they give rise;

b) Variable forms of remuneration, including, in particular:

i) Categories of Board members to which they apply, as well as an explanation of the relative importance of the variable remuneration compared to fixed remuneration.

ii) Criteria for evaluating the results on which any right to remuneration is based, either in the form of shares, share options or any other variable item;

iii) Fundamental parameters and grounds for any system of annual bonuses or other benefits not paid in cash; and

iv) An estimate of the absolute amount of the variable remuneration which the proposed remuneration plan will give rise to, depending on the degree to which the underlying hypotheses or objectives are met.

c) Main characteristics of the benefit systems. (for example, complementary pensions, life insurance and similar concepts), with an estimate of their annual amounts or equivalent cost.

d) Conditions that must be contained within the contracts of those exercising senior management functions as executive Board members, which will include:

i) Duration;

ii) Terms for advance notice; and

vii) Any other clauses related to bonuses, as well as compensation or golden parachute clauses in the event of early termination of the contractual relationship between the company and the executive director.

See section: B.1.15

Compliant

36. Only executive Board members should receive remuneration in the form of shares in the company or Group companies, share options or other instruments pegged to the value of shares, variable Remuneration pegged to the performance of the company or benefit plans.

This recommendation will not apply to shares delivered on the condition that Board members retain them until they leave office.

See sections: A.3 and B.1.3

Compliant

37. The remuneration of external Board members should adequately reflect the dedication, qualification and responsibility the position requires, but should not be so high as to compromise their independence.

Compliant

38. The remuneration related to the company's results should take into account any possible qualifications in the report of the external auditor that may lower these results.

Compliant

39. In the case of variable remuneration, the remuneration policies should incorporate the necessary technical precautionary clauses to ensure that such remuneration is in keeping with the professional performance of the beneficiaries, and does not simply derive from the general evolution of the markets, the company's sector of activity or other similar circumstances.

Non Application

40. The Board should submit for voting at the General Shareholders' Meeting, as a separate item on the agenda and by way of consultation, a report on the remuneration policy for Board members. This report should likewise be made available to the shareholders, either separately or in any other way the company considers convenient.

This report will focus especially on the remuneration policy approved by the Board for the current year, as well as, where appropriate, that envisaged for future years. It will deal with all the matters referred to in Recommendation 35, save those that may imply the disclosure of sensitive commercial information. It will highlight the most significant changes in these policies compared to that applied during the year immediately preceding the General Shareholders' Meeting in question. It will also include an overall summary of how the remuneration policy was applied in the previous financial year.

Likewise, the Board should report on the role played by the Remuneration Committee in preparing the remuneration policy and, if external consultancy was used, state the identity of the external consultants that provided it.

See section: B.1.16

Compliant

41. That Consolidated Annual Accounts and Director's Report details the individual remuneration of directors during the year and include:

- a) The breakdown of individual remuneration of each director, including where appropriate:
 - i) Attendance allowances or other fixed remuneration payable to Board members;
 - ii) Additional remuneration payable to the Chairman or members of any Board committees;
 - iii) Any remuneration from profit sharing schemes or premiums, and the reason why it was given;
 - iv) Contributions paid into defined-contribution pension plans in favour of the Board member, or any increase in the member's vested rights, when these relate to contributions made to defined benefit plans;
 - v) Any compensation agreed upon or paid in case of resignation or removal from office;
 - vi) Remuneration received as a Board member in other Group companies;
 - vii) Remuneration for the performance of senior management functions of executive Board members;
 - viii) Any form of remuneration different from the above, regardless of the Group Company that pays it, especially when it is considered a related transaction or when omitting it would distort the true image of the total remuneration paid to the Board member.
- b) An individualised breakdown of any shares, share options or any other instrument pegged to the value of shares granted to Board members, giving details of:
 - i) Number of shares or options granted in the year, and conditions for their exercise;
 - ii) Number of options exercised during the year, with indication of the number of shares affected and the exercise price;
 - iii) Number of options remaining unexercised at the end of the year, with indication of their price, date and other requirements for exercise;

iv) Any modification during the year of the conditions for exercising existing options.

c) Information on the relationship, over the preceding financial year, between the remuneration obtained by the executive Board members and the company's results or other measurements of performance.

Partially compliant

To date the Remuneration of the directors have been shown globally, although detailing the amounts corresponding to per diems for attendance at the Board Meetings and salaries and wages.

42. When there is a Delegated or Executive Committee (hereinafter, "Executive Committee"), the structure of participation of the different categories of members should be similar to that of the Board itself, and the Secretary to the Board should also serve as Secretary to the committee in question.

See sections: B.2.1 and B.2.6

Not Applicable

43. The Board should always be aware of the matters dealt with and the decisions taken by the Executive Committee, and all Board members should receive a copy of the minutes of the Executive Committee's sessions.

Not Applicable

44. The Board of Directors should create – in addition to the Audit Committee required by the Spanish Securities Market Act (Ley del Mercado de Valores) – a committee, or two separate committees, for Appointments and Remuneration.

The rules governing the composition and functioning of the Audit Committee and the Appointments and Remuneration Committee or Committees should figure in the Board Regulations and include the following:

a) The Board will be responsible for appointing the members of these Committees, taking into account the knowledge, skills and experience of the members and the tasks of each Committee, and shall likewise deliberate on their proposals and reports. The Committees must report to the Board on their activities and the work performed at the first plenary Board meeting following their respective Committee meetings;

b) These Committees must be composed exclusively of external directors, with a minimum of three. The foregoing is without prejudice to the right of executive directors or senior executives to attend when this is expressly agreed by the members of the Committee.

c) The Chairs must be occupied by independent directors.

d) They will be entitled to seek external consultancy when they consider it necessary for the performance of their functions.

e) Minutes of their meetings must be drawn up and a copy given to each Board member.

See sections: B.2.1 and B.2.3

Compliant

45. The task of overseeing compliance with the internal codes of conduct and with the rules on corporate governance should rest with the Audit Committee, the Appointments Committee, or to the Compliance or Corporate Governance Committee should the latter exist as a separate committee.

Compliant

46. Members of the Audit Committee, and in particular its chairman, should be appointed taking into account their knowledge and experience in relation to accountancy, auditing and risk management.

Compliant

47. Listed companies should have an internal audit function which, under the supervision of the Audit Committee, ensures the correct functioning of the internal control and information systems.

Compliant

48. The head of the internal audit department should present its annual work plan to the Audit Committee, inform of any incidents that may have occurred in its development, and present an activities report at the end of each financial year.

Compliant

49. The risk management and control policy should identify at least:

a) The different types of risk (operating, technological, financial, legal, image-related, etc.) facing the company, including, among financial or economic risks, contingent liabilities and other risks off the balance sheet;

b) The level of risk that the company considers acceptable;

c) The measures envisaged to mitigate the impact of the risks identified, if they materialise;

d) The internal control and information systems that will be used to control and manage the aforementioned risks, including contingent liabilities or risks off the balance sheet.

See sections: D

Compliant

50. The Audit Committee should be entrusted with the following:

1. In relation to the internal control and information systems:

a) Supervising the preparation process and the integrity of the financial information on the company and – where applicable- the group, verifying compliance with the regulatory requirements, the adequate delimitation of the scope of consolidation and the correct application of the accountancy criteria.

b) Periodically revising the internal control and risk management systems, so that the main risks are adequately identified, managed and made known.

c) Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and cessation of the head of the internal audit service; proposing the budget of this service; receiving periodic information on its activities; and checking that senior management takes the conclusions and recommendations of its reports into account.

d) Establishing and overseeing a mechanism that enables employees to communicate – confidentially and, if considered appropriate, anonymously – any potential irregularities, especially financial ones, they may observe within the company.

2. In relation to the external auditor:

a) Referring to the Board any proposals for the selection, appointment, reappointment or replacement of the external auditor, as well as the terms and conditions of its contract.

b) Regularly receiving from the external auditor information on the audit plan and the results of its implementation, and verifying that senior management takes its recommendations into account.

c) Ensuring the independence of the external auditor and, to this end:

i) Ensuring that the company communicates the change of auditor to the Spanish Securities and Exchange Committee (CNMV) as a relevant event, attaching a statement on any disagreements with the outgoing auditor, if any, and details thereof.

ii) Ensuring that the company and the auditor respect the applicable rules and regulations regarding the provision of services other than those of auditing, the limits on the concentration of the auditor's business and, in general, any other regulations in place to ensure the independence of auditors;

iii) In the event the external auditor is rejected, it must examine the underlying grounds for the decision.

d) In the case of groups, attempting to ensure that the group auditor is likewise entrusted with the task of auditing the component group companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Compliant

51. The Audit Committee should be able to summon any company employee or executive, and even have them attend without the presence of any other executive.

Compliant

52. The Audit Committee should inform the Board, prior to the adoption by the latter of the corresponding decisions, of the following matters indicated in Recommendation 8:

a) The financial information that the company must periodically publish due to its status as a listed company. The Committee must ensure that the interim accounts are prepared with the same accountancy criteria as the annual accounts and, to such end, decide upon the desirability of a limited audit by the external auditor.

b) The creation or acquisition of equity holdings in entities with special purposes or those established in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could negatively affect the transparency of the group.

c) Related transactions, unless this prior reporting function has been attributed to another supervisory and control committee.

See sections: B.2.2 and B.2.3

Compliant

53. The Board of Directors should seek to present the accounts to the General Shareholders' Meeting without reservations or provisos in the audit report. In exceptional cases when these do exist, both the Chairman of the Audit Committee and the auditors must clearly explain to shareholders the content and scope of such reservations or provisos.

See section: B.1.38

Compliant

54. The majority of the members of the Appointments Committee – or the Appointments and Remuneration Committee if both functions are combined – should be independent directors.

See section: B.2.1

Compliant

55. In addition to the functions indicated in the above Recommendations, the following duties should also correspond to the Appointments Committee:

- a) Evaluating the skills, knowledge and experience necessary on the Board, and consequently defining the required functions and aptitudes of candidates to fill each vacancy, and evaluating the time and dedication necessary to perform their work properly.
- b) Examining or organizing, in the manner it considers appropriate, the succession of the Chairman and the chief executive and, where appropriate, making proposals to the Board, so that this succession takes place in an orderly, well-planned manner.
- c) Giving its opinion on the appointments and cessations of senior executives that the chief executive proposes to the Board.
- d) Informing the Board about the matters of gender diversity indicated in Recommendation 14 of this Code.

See section: B.2.3

Partially Compliant

According to Article 14 of the Board of Directors Regulations, the functions of the Appointments and Remuneration Committee, independently of other functions that the Board of Directors may assign to it, are as follows:

To formulate and revise the criteria that should be applied to constitute the company's management team and that of its subsidiaries and for the selection of candidates and to inform the Board of Directors on the appointment and dismissal of the managers depending directly to the Board of Directors.

To inform the General Meeting or, the Board of Directors, in the case of capitulation, on the appointment of Directors prior to their designation by the General Meeting or, as the case may be, by the Board of Directors through the cooption procedure.

To inform the Board of Directors on the appointment of the internal positions (President, Vice-Presidents, Managing Director, and if applicable, the Secretary and Vice-Secretary) of the Board of Directors.

To present to the Board of Directors the proposals for appointment of top managers reporting directly to this, so that it may proceed to designate them.

To regularly analyse, formulate and revise the proposals for policies for hiring, loyalty creation and dismissal of managers.

To regularly analyse, formulate and revise the proposals for policies for Remuneration of managers, bearing in mind their suitability and yield.

To inform the Board of Directors annually on the evaluation of performance of Company upper management.

To inform the Board of Directors on the systems and amounts of the annual Remuneration of the directors and upper management and to prepare the information to be included in the public information on the remuneration of directors.

To ensure transparency in the Remuneration.

To inform the Board of Directors on the transactions that implies or might imply conflicts of interests.

56. The Appointments Committee should consult the company's Chairman and chief executive, especially on matters related to executive directors.

Any director should be able to request the Appointments Committee to consider any potential candidates that may be considered ideal for the purpose of filling vacant positions as Board member.

Partially Compliant

Although not specifically regulated in the Articles of Association nor in the Board of Directors Regulations, the Appointments and Remuneration Committee consults the President, especially when dealing with matters referring to executive directors.

Additionally, although not specifically addressed in the Articles of Association nor in the Board of Directors Regulations, any request by a director to the Appointments and Remuneration Committee to consider possible candidates will be welcome.

57. In addition to the functions outlined in the above Recommendations, the following should also correspond to the Remuneration Committee:

a) Proposing the following to the Board of Directors:

- i) The policy of remuneration of directors and senior executives;
- ii) The individual remuneration of executive directors and other conditions of their contracts.
- iii) The basic conditions of senior executives' contracts.

b) Ensuring observance of the Remuneration policy established by the company.

See sections: B.1.14 and B.2.3

Compliant

58. The Remuneration Committee should consult the company's Chairman and chief executive, especially on matters related to executive directors and senior executives.

Compliant

G - OTHER INFORMATION OF INTEREST

If you think that there is any relevant principle or aspect in relation to the corporate governance practices applied by your company which has not been dealt with in this report, mention it and give an explanation below.

Note to section B.1.10

The Board of Directors is attributed functions detailed in this section, in accordance with Article 5 of the Board Regulation. However, these faculties are not included in those that cannot be delegated that are listed in Article 12.2 of the Board Regulation.

Note to section B.1.11

The amount for per diems differs in relation to that stated in section 39.e) of the Annual Report for the year 2011 because that sections shows the allowances for the directors, while the Annual Report for the year 2011, for all the directors and posts on the Board of Directors.

Additionally, the amount shown as wages and salaries in the aforementioned section 39.e) of the Annual Report for the year 2011 includes the wages and salaries of other posts on the Board of Directors, unlike the information shown in this section B.1.11 which refers exclusively to the remuneration of the directors.

Note to section F.25

The directors of the Company, on becoming members of the Board of Directors, receive, among other documents, the Articles of Association, the Board of Directors Regulations and the General Meetings Regulation.

The General Secretary is attentive to any information that might be relevant for the Company, placing this at the disposal of all the directors.

Note to section F.47

The Company possesses an internal audit function which, under the supervision of the Audit Committee, keeps a close watch on the correct functioning of the internal information and control systems. During the year 2008 the Company incorporated an internal auditor, covering, as a result, the post that had been vacant since September 2007.

Note to section F.57

In accordance with Article 14 of the Board of Directors Regulations, the functions of the Appointments and Remuneration Committee, independently of other functions that the Board of Directors may assign it, are as follows:

To formulate and revise the criteria that should be applied to constitute the company's management team and that of its subsidiaries and for the selection of candidates and to inform the Board of Directors on the appointment and dismissal of the managers reporting directly to the Board of Directors.

To inform the General Meeting or the Board of Directors on the appointment of Directors prior to their designation by the General Meeting or, as the case may be, by the Board of Directors through the cooption procedure.

To inform the Board of Directors on the appointment of the internal positions (President, Vice-Presidents, Managing Director, and if applicable, the Secretary and Vice-Secretary) of the Board of Directors.

To present to the Board of Directors the proposals for appointment of top managers reporting directly to this, so that it may proceed to designate them.

To regularly analyse, formulate and revise the proposals for policies for hiring, loyalty creation and dismissal of managers.

To regularly analyse, formulate and revise the proposals for management remuneration policies, bearing in mind their suitability and yield.

To inform the Board of Directors annually on the evaluation of performance of the Company's upper management.

To inform the Board of Directors on the systems and amounts of the annual remuneration of the directors and upper management and to prepare the information to be included in the public information on the remuneration of directors.

To ensure transparency in the remuneration.

To inform the Board of Directors on the transactions that imply or might imply conflicts of interests.

Although some of them are not specifically cited in Article 14 of the Board of Directors Regulations, it is considered that all of the functions shown in F.57 correspond to the Appointments and Remuneration Committee.

Note to section F.58

Although not specifically regulated in the Articles of Association nor in the Board of Directors Regulations, the Appointments and Remuneration Committee consults the President especially on matters related to executive directors and upper management.

Within this section, you may include any other information, clarification or detail related to the above sections of the report, to the extent that they are relevant and not reiterative.

Specifically, indicate whether the company is subject to non-Spanish legislation with regard to corporate governance and, if so, include the information it is obliged to provide and which is different from that required in this report.

Binding definition of independent director:

Indicate whether any of the independent directors have or have had any relation with the company, its significant shareholders or its executives which, had it been sufficiently significant or important, would have meant that the director could not be considered independent in accordance with the definition given in section 5 of the Unified Good Governance Code:

NO

Date and signature:

This annual corporate governance report was approved by the Board of Directors of the company at its meeting held on

28/02/2012

Indicate whether there were any directors who voted against or abstained in relation to the approval of this report.

NO

**ADDITIONAL INFORMATION TO THE ANNUAL CORPORATE GOVERNANCE
REPORT OF TÉCNICAS REUNIDAS, S.A., FOR THE YEAR ENDED DECEMBER
2011**

**INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE
PROCESS OF ISSUING OF FINANCIAL INFORMATION (ICFR)**

Control environment of the entity

- 1. Bodies and / or functions responsible for: (i) the existence and maintenance of adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.**

Article 5 of the Regulations of the Board of Directors includes among the Board's powers that of approval of risk control and management policy and regular monitoring of internal information and control systems.

The Audit Committee, in accordance with article 13 of the Regulations of the Board of Directors, shall carry out the functions of supervision of the efficiency of internal control systems and of risk management systems. It also supervises the process of preparation and presentation and the integrity of the financial information reviewing the Group's internal control systems and checking the suitability and integrity of the these. It is to have the assistance of internal and external auditors for the carrying out of these functions.

Senior management, by way of Financial Management, is responsible for the implementation of internal control systems for financial information which ensure the correctness, reliability, sufficiency and clarity of the individual and consolidated financial statements contained in public reports.

- 2. Whether the following elements exist particularly as regards the process of preparation of financial information:**

- a) Departments and / or mechanisms responsible: (i) for the design and review of the organisational structure; (ii) for clearly defining lines of responsibility and authority, with a suitable distribution of tasks and functions; and (iii) for there being adequate procedures for them to be correctly distributed in the entity, in particular as regards the process of preparation of financial information.**

The Board of Directors is responsible for designing and reviewing the company's organisational structure. This organisational structure contains the mechanisms responsible for defining its internal control structure, the operational and financial management of the Group being responsible for implementing the internal control systems for both operational and financial information key processes.

The Operational Management issues by way of the Department of Standardisation and Procedures issues the procedures which govern the various processes associated with project management, including management of engineering, purchasing, construction and cost control. Cost Control Management is responsible for the suitability of management of the information coming from the various management sections. Regular audits are carried out of the suitability of the implementation of these procedures.

Financial Management is responsible for the issuing and implementation of the procedures which govern project management support processes, and of the various processes of transition from the information reported by operational management to the preparation of accounting and financial information which ensure the suitability and integrity of the same. Regular audits are carried out on the suitability of the implementation of these procedures.

- b) Code of conduct, approval body, level of distribution and instruction, principles and values included (indicating whether there are specific references to the recording of operations and the preparation of financial information), responsible body for analysing breach and proposing corrective measures and penalties.**

The Code of Conduct of Técnicas Reunidas (Ethical Code) is expected to be approved by the Board of Directors in 2012, although discussions concerning the details of its approval and subsequent distribution had begun on the close of the financial year 2011 in order to ensure the greatest possible degree of circulation and implementation.

The principles and values on which this Ethical Code will be based, and which are to guide the conduct of Técnicas Reunidas in relation to the interest groups it comes into contact with in the course of its activity include integrity, professionalism and respect for the law, human rights and civic values, quality and innovation and orientation to the customer, professional development, non-discrimination and equality of opportunity and respect for the environment.

- c) Complaints channel, making it possible to inform the Audit Committee of irregularities of a financial and accounting nature, in addition to possible breaches of the code of conduct and irregular activities in the organisation, stating as appropriate whether the channel is of a confidential nature.**

The Ethical Code will include the introduction of a complaints channel created for these purposes known as the Ethics Channel and which will make it possible to make complaints concerning conduct in the financial and accounting areas. The processing of such complaints will be confidential.

- d) Training and regular refresher programmes for staff involved in the preparation and review of financial information, and in the evaluation of ICFR, which cover at least accounting rules, auditing, internal control and risk management.**

Training courses for people involved in the preparation and review of financial information are planned and held every year which include refresher programmes on accounting rules and other processes relating to the management of financial information. 1,400 hours of training were given in 2011 in face-to-face sessions given by third parties specifically aimed at people involved in the generation of financial information.

Specific courses of a financial nature are also given in the framework of overall training created in the Group by Human Resources Management to key staff from operational areas involved in processes affecting the company's financial information.

Assessment of risks of financial information

- 3. What are the main characteristics of the process of identification of risks, including those of error or fraud, as regards:**

- a) Whether the process exists and is documented.**

The Group, at the request of the Auditing Committee, has a catalogue of key risks which includes those which affect internal control of financial information. The methodology used for the preparation of this catalogue is that of COSO II. The homogeneity of the projects carried out over time and the relatively low number of contracts means that the catalogue of key risks relating to internal control of financial information is stable.

- b) Whether the process covers all objectives of financial information (existence and occurrence; integrity; valuation; presentation, disclosure and comparability; and rights and obligations), whether it is updated and how often.**

The Group has defined the activities and processes which cover the transactions which can affect the financial statements and the objectives and risks associated with the same, existing controls and implemented procedures associated with those controls.

The process covers the objectives of financial information (existence and occurrence; integrity; valuation; presentation, disclosure and comparability; and rights and obligations)

- c) The existence of a process of identification of the perimeter of consolidation, taking into account among other aspects the possible existence of complex corporate structures, instrumental or special-purpose entities.**

There are no complex corporate structures, instrumental or special-purpose entities in the consolidated Group and this is hence not considered an area of risk which could affect the financial information. However financial management reviews the perimeter of consolidation every quarter and the external auditors review it every six months.

The accounting treatment of the various entities of the Group in their positions as subsidiaries, associates or multi-group is in accordance with the rules of the Group and is reviewed by Financial Management and external auditors.

- d) Whether the process takes into account the effects of other types of risk (operative, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements.**

The internal control of operations requires assessment of associated risks of varying natures (legal, technological, environmental, etc.). The process of generation of the financial information adequately reflects the assessment of these risks by operational control.

- e) Which governing body of the entity supervises the process**

Financial Management and Operational Management of the Company are responsible for supervision of the process.

Transactions not linked to normal operations are specifically analysed by the group's senior management which seeks the help of outside experts where necessary.

Control activities

- 4. Procedures for review and authorisation of the financial information and the description of the ICFR to be published in the securities markets indicating who is responsible for them, and for documentation describing flows of activities and controls (including those concerning the risk of fraud) of the various types of transaction which might materially affect the financial statements, including the procedure of accounting closure and the specific review of relevant judgments, estimates, valuations and projections.**

Senior management, basically by way of Financial Management, is responsible for reviewing the financial information. The consolidated annual accounts and the six-monthly financial reports are reviewed by the Auditing Committee with the help of the external auditors who present their recommendations. The President and the First Vice President review and authorise the accounts which are then formulated by the board of directors.

The financial information for the first and third quarters is also reviewed by the Auditing Committee.

The Auditing Committee is the body responsible for supervising the system of control of financial information and is supported in this function by internal and external auditors.

The Group has procedures and controls for the activities and processes which cover the main transactions which may affect the financial statements, including:

- Performance of projects, including the design of engineering, management of supplies, development of construction and cost control
 - Estimation of results
 - Determination of progress of projects
 - Foreign currency management
- Cash flow management
- Invoicing and payment management
- Reporting and consolidation process

These procedures contain a detailed description of activities and sub-activities and the manner in which they are to be performed. There is also description of the various levels of responsibility associated with the performance of the various activities.

The ITGs or procedures prepared by the company for internal control purposes are available in the Group's corporate intranet.

The Group's annual accounts provide information on those relevant areas which require judgments and estimates associated basically with activities of Operations Management and which are set in accordance with approved policies and procedures. Financial management reviews these estimates in accordance with specific procedures developed in line with the policies and criteria laid down in the Accounting Policy Manual, the content of which is in accordance with international accounting rules and has been reviewed by external auditors.

5. Internal control policies and procedures for information systems (including access security, exchange controls, operation of the same, operational continuity and segregation of functions) which support the relevant processes of the entity in relation to the preparation and publication of financial information

The system for financial information in Técnicas Reunidas is SAP. The SAP system comes within our Information Security Management System certified in accordance with international rule ISO/IEC 27001:2005. Access to the system is protected by individualised access keys which are changed monthly.

Currently from the SAP system there are the Development, Test and Production environments, any change to the programmes or parameterisation which make up the system take place in the development environment, are transported to the TEST environment and following validation are transported to the production

environment. Each change to the system is recorded in the process of transport to the production environment.

The current approved documentation relating to the SAP system, which forms part of the SGSI, is:

- The Information Security Policy
- The Information Security Management System Manual
- Procedures for the control of exchanges, of accesses, operation, continuity and segregation of functions in IT.

All of this documentation is in the Corporate Intranet of Técnicas Reunidas.

The Group also uses specific applications in the processes of purchases and consolidation of financial statements. These also have security access control and continuity guarantee policies.

6. Internal control policies and procedures designed to supervise the management of activities sub-contracted to third parties and those aspects of evaluation, calculation or valuation entrusted to independent experts which may significantly affect financial statements.

At the close of 2011 there are no activities carried on by third parties nor have any processes been outsourced which might be relevant to the process of preparing financial information.

Nor have any evaluations, calculations or valuations which might materially affect the financial statements been entrusted to independent experts except those relating to valuations of employment liabilities or those of advisers concerning litigation. In these cases the services are provided by specialist firms of recognised prestige. Legal Management supervises valuations made by third parties.

Information and communication

7. A specific function responsible for defining and updating accounting policy (accounting policy area or department) and resolving doubts or conflicts deriving from its interpretation, maintaining regular communication with those in charge of the operations in the organisation, and an accounting policy manual kept up to date and circulated to the units by which the entity operates.

The Accounting and Consolidation Unit, coming under Financial Management, is responsible for identifying, defining and updating the Group's accounting policies and for resolving doubts or disputes deriving from their interpretation. The Group has an accounting policy manual which is regularly updated and reviewed by external auditors. The subsidiaries are informed of accounting policies and amendments of the same applicable to them by way of internal meetings.

Financial Management also informs the Auditing Committee of changes made to accounting policy.

The Group's financial information control policy includes the carrying out of external audits, mandatory or voluntary, on practically all of the subsidiaries coming within the perimeter of consolidation even where not material. Such audits are commissioned to international firms of recognized prestige.

8. Mechanisms for the gathering and preparation of financial information with homogenous format, applied and used by all units of the entity or the group, which support the main financial statements and the notes and the information given on ICFR.

The process of consolidation and preparation of financial information is carried out in a centralised way.

The centralised information system of the financial information, which is handled directly by the group's Financial Management, covers 80% of the Group's volume of business. The other financial information comes from financial statements previously reviewed by external auditors and it is Financial Management which is responsible for the process of homogenisation of these financial statements.

There are also control mechanisms which ensure that the financial information includes the breakdowns necessary for it to be adequately interpreted in the market.

The Group will introduce a new system of reporting of financial information in 2012 which has been prepared jointly with its external auditors.

Supervision of the system operation

9. The activities of supervision of ICFR carried out by the Auditing Committee and whether the entity has an internal audit function the powers of which include supporting the committee in its task of supervising the internal control system including ICFR. Information is also to be given on the scope of the evaluation of ICFR in the course of the financial year and the procedure by which the person responsible for the evaluation notifies its results, whether the entity has an action plan which sets out possible corrective measures and whether its impact on financial information has been considered.

The Group has an Internal Auditing Management which every year presents a work plan, the incidents detected during the performance of the same and a report on its activities. Its function includes review of the control systems of those specific divisions or projects which in accordance with relevance criteria are considered significant for the financial year in progress, and it provides regular reports on the weaknesses detected in the course of its work and the measures proposed for their correction.

The Group's Financial Management and the Auditing Commission decided to adapt and adjust the existing model of internal control of financial information in accordance with the specific recommendations made by the CNMV in the Guide for the preparation of the description of the internal control system for financial information. While the current model remains in force a schedule of actions has been prepared for 2011 and 2012. The actions planned for 2011 were carried out in that year.

- 10. Whether there is a discussion procedure by which the auditor of accounts (in accordance with the provisions of the Technical Rules of Accounting), the internal audit function and other experts can inform senior management and the Auditing Committee or directors of the entity of significant internal control weaknesses identified during the processes of review of the annual accounts or any others they have been commissioned to carry out. Information is also to be given on whether there is an action plan which seeks to correct or mitigate the weaknesses observed.**

The Auditing Committee meets at least once every three months, prior to the regular publication of the financial information, in order to obtain and analyse the said information to comply with the functions entrusted to it by the board of directors. These meetings review the individual and consolidated annual accounts, the six-monthly and three-monthly financial reports, the information notes on results sent to the CNMV and any other information considered of interest. The head of Financial Management attends these meetings.

At the meetings of the Auditing Committee to review the annual accounts at which the presence of external auditors is required these present a set of recommendations relating, among other matters, to the internal control arising as a consequence of their ordinary work as auditors of the Group's accounts. The external auditors do not however carry out specific work to evaluate the internal control system for financial information.

Other additional information

11. Securities not traded on a regulated EC market indicating, as appropriate, the various classes of share and for each class of share the rights and obligations they confer.

There are no securities issued which are traded on a non-EC regulated market.

12. Any restriction on the transfer of securities and any restriction on voting rights

There are no restrictions in the by-laws on the transfer of shares or on the right to vote.

13. The rules applicable to the amendment of the company's by-laws

Amendment of the company's by-laws must be in accordance with the provisions of the Companies Act.

14. Significant agreements which the company has entered into or which come into force, are amended or terminate in the event of a change of control of the company as a result of a takeover bid

There are no significant agreements of the type referred to in this section.

15. Information on agreements between the company and its directors and executives or employees which provide for compensation where they resign or are unfairly dismissed or the employment relationship comes to an end as a result of a takeover bid.

On the date of closing of the financial year there are 3 agreements between the company and members of its senior management which provide for compensation in the circumstances referred to.