TECNICAS REUNIDAS

RESULTS
January - December 2010

CONTENTS:

2010 Annual Accounts audited by Price Waterhouse Coopers

1. HIGHLIGHTS

HIGHLIGHTS *January - December*	Year 2010 € million	Year 2009 € million	Var. %
Awards	**3,619**	**2,661**	**36.0%**
Backlog	**5,730**	**4,820**	***18.9%***
Net Revenues	**2,771**	**2,634**	***5.2%***
EBIT	**156**	**149**	***4.4%***
Margin	***5.6%***	***5.7%***	
Ordinary Tax	**-26**	**-15**	***70.7%***
Extraordinary Tax Expense (1)	**-39**	**-**	***n.a***
Net Profit	**98**	**145**	***-32.6%***
Adjusted Net Profit (2)	**136**	**141**	***-3.6%***

(1) Total extraordinary tax expense was € 39,3 million, that includes € 35,7 million of extraordinary tax and € 3,6 million of delayed interests.

(2) Net Profit adjusted by extraordinary tax expense in 2010 and by tax rate recalculation in 2009.

- **Tecnicas Reunidas reached a record award figure of € 3,619 million in 2010. At year end, Backlog stood at € 5,730 million, 19% higher than in December 2009.**
- **Revenues rose to € 2,771 million, with a 5.2% increase.**
- **EBIT grew by 4.4% and the operating margin stood at 5.6%.**
- **Net cash of the Group closed at € 525 million. Dividends payments in 2010 amounted to € 72.8 million (€ 1.34 per share).**
- **2010 adjusted net profit was € 136 million, 3.6% lower than in 2009, due to corporate tax increase. In 2010, the company recognised an extraordinary tax expense of € 39.3 million. In the 9M 2010 results, this amount was accounted as a retained earnings reduction. Net accounting profit for the year, including the extraordinary expenses, was € 98 million.**

2. BACKLOG

	Project	Country	Client	Estimated Delivery
Refining and Petrochemical	Yanbu Refinery	Saudi Arabia	Saudi Aramco	2014
	Talara Refinery*	Peru	Petroperu	2014
	Izmit Refinery*	Turkey	Tüpras	2014
	Al Jubail Refinery	Saudi Arabia	SATORP	2013
	Hydrocraker - Danube*	Hungary	MOL	2012
	Elefsina	Greece	Hellenic Petroleum	2011
	Khabarovsk	Russia	OC Alliance	2011
	Sines	Portugal	Galp	2011
	Cartagena	Spain	Repsol	2011
	Crude Distillation Unit Mohammedia	Morocco	Samir	2011
	Alkylation unit	Chile	Enap	2011
	Refining Units	Mexico	Pemex	2011
	Phenolics Plant- Kayan	Saudi Arabia	Sabic	-
Upstream & Gas	Shah	United Arab Emirates	ADNOC	2014
	Mejillones LNG tank	Chile	Codelco/GDF Suez	2013
	Zhuhai LNG terminal	China	Guangdong Zhuhai Golden Bay LNG	2013
	Margarita field	Bolivia	Repsol/British Gas/Pan American Energy	2012
	SAS	United Arab Emirates	ADCO	2012
	Medgaz**	Algeria	Medgaz	-
	Mejillones**	Chile	Codelco/Suez	-
Power	Manifa	Saudi Arabia	Saudi Aramco	2012
	Moerdijk	Holland	Essent	2011
	Granadilla II	Spain	Endesa	2011
	Montoir de Bretagne**	France	Gaz de France	-
	Puerto de Barcelona**	Spain	Gas Natural	-
	San Adrian de Besós**	Spain	Endesa	-
I & I	Southern Sea Water Desalination Plant	Australia	Water Corporation	2011

* Project in execution on an open book basis

** Project in mechanical completion or carrying out services for the start up phase of the plant

Backlog as of December, 31st 2010

At the end of December 2010, the backlog of Tecnicas Reunidas (TR) stood at € 5,730 million, with a growth rate of 19% compared to the end of 2009. Awards for the year reached € 3,619 million, which represents a new record level for the company.

93.7% of the total backlog corresponds to projects from the Oil and Gas division. Projects in execution on an Open Book (OBE) basis represent 40.8% of total backlog.

2010 Order Intake:

The main projects included in the backlog during the year 2010 were the following:

- The Izmit proyect in Turkey: Tüpras and Técnicas Reunidas signed a contract for the engineering and construction of the Izmit refinery upgrading project. The project was awarded under the “open book” scheme, with future conversion to Lump Sum Turn Key (LSTK). According to the customer’s estimates, the project involves an investment of more than USD 1,500 million and it includes units such as a hydrocracker, a vacuum unit and a coker.

- The Talara project in Peru: Técnicas Reunidas will develop the Talara Refinery Modernization Project in Peru for Petroperu. The project will be executed under the "open book" scheme, with expected future conversion to LSTK. According to initial estimates indicated by the client, the total investment of the project will be more than USD 1,300 million and it includes: the revamping, expansion and modification of existing process units like distillation unit and catalytic cracking unit; the revamping and modification of auxiliary services facilities and the construction of new processing units such as hydrotreating of diesel, hydrotreating of cracking naphtha, vacuum distillate and flexicoker, among others.

- The Yanbu project in Saudi Arabia: TR will develop a new refining project for Saudi Aramco, which involves the execution of the engineering, procurement and construction of a 114,000 bpd coker unit for the new Yanbu Export Refinery Project, located in the Red Sea coast. The contract was signed on a LSTK basis, with a value of approximately USD 770 million. This will be one of the biggest coking units in the world.

- The Zhuhai LNG project in China: TR will lead the development of a new LNG facility for Guangdong Zhuhai Golden Bay LNG, a consortium lead by China National Offshore Oil Corporation (CNOOC). The plant will be built in Zhuhai, in the Guangdong province, in the People’s Republic of China. The value of the Joint Venture contract with Tianchen Engineering Corporation (TCC), is worth approximately USD 200 million, and TR’s share will amount to approximately USD 140 million.

- Mejillones LNG tank project in Chile: TR will construct a LNG storage tank in Mejillones, in the Antofagasta region, in the North of Chile, for GNL Mejillones, a company formed by GDF Suez and Codelco. The contract was signed on a LSTK with an approximately value of USD 140 million. The project will last three years.

- The Reganosa project in Spain: Técnicas Reunidas was awarded by Reganosa the expansion of the regasification plant in Mugardos (La Coruña, Spain). The main shareholders of Reganosa are Gas Natural Fenosa, Endesa and Tojeiro Group.

In addition, the company was awarded other projects, less significant in size but highly valuable, as they involve technology development and R&D, or alternately, basic engineering development or FEEDs (Front End Engineering and Design):

- Front End Engineering and Design (FEED) work for the diesel hydro-treater project at Laffan Refinery in Qatar for Laffan Refinery Company Limited.

- Feasibility study for a petrochemical complex in Russia, for NGCC (Novy Urengoy Gas and Chemical Complex), a company owned by Gazprom.

- Contract for the technology development and the FEED of a 323 MW coal power plant with carbon capture and storage (CCS) using the oxi-combustion technology for Endesa at Compostilla, León, Spain.

- Licence of use of the technology ZINCEX™, which includes the FEED study, the privative equipment and the technical assistance for a 52.500 mtpy production plant of pure zinc in Sardinia, Italy.

- Licence of use renewable of ZINCEX™ for the 150.000 mtpy Skorpion Zinc plant in Namibia for Vedanta Plc, which bought the plant from Anglo American plc last December 2010.

- Letter of intend for the licence of the technology ZINCEX™, which includes the FEED study, the privative equipment and the technical assistance for a 140.000 mtpy production plant of pure zinc in the USA for Horsehead Corporation.

- Aquacell European project for the development of an innovative industrial residual water treatment system.

- CENIT projects: TR in consortium with other Spanish companies was awarded three medium to long term R&D projects by the Spanish government to develop cutting-edge technologies in :

    - The development of self healing materials
    - The development of batteries and accumulators based in ionic liquids
    - The development of complete offshore wind mills

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT January - December	Year 2010 € million	Year 2009 € million	Var. %
Net Revenues	**2,771.4**	**2,634.3**	**5.2%**
Other Revenues	2.6	0.7	
Total Income	**2,773.9**	**2,634.9**	**5.3%**
Raw materials and consumables	-1,902.5	-1,805.3	
Personnel Costs	-334.8	-313.3	
Other operating costs	-373.7	-360.5	
EBITDA	**162.9**	**155.9**	**4.5%**
Amortisation	-7.4	-6.9	
EBIT	**155.5**	**149.0**	**4.4%**
Financial Income/ expense	10.4	12.8	
Share in results obtained by associates	-2.5	-1.1	
Extraordinary financial expense (delayed interests to Tax Agency)	-3.6		
Profit before tax	**159.9**	**160.8**	**-0.6%**
Ordinary taxes	-26.2	-15.4	
Extraordinary taxes	-35.7		
Net Profit	**97.9**	**145.4**	**-32.6%**
Adjusted Net Profit*	**136.2**	**141.3**	**-3.6%**

* Net Profit adjusted by extraordinary tax expense in 2010 and by tax rate recalculation in 2009

3.1 REVENUES

REVENUES BREAKDOWN January - December	Year 2010 € million	%	Year 2009 € million	%	Var. %
Oil and gas	2,153.5	77.7%	2,104.9	79.9%	2.3%
Power	395.1	14.3%	342.6	13.0%	15.3%
Infrastructure and industries	222.8	8.0%	186.8	7.1%	19.3%
Net Revenues	**2,771.4**	**100%**	**2,634.3**	**100%**	**5.2%**

In 2010, net revenues reached € 2,771 million, up 5.2%, compared to 2009. All company divisions contributed to this growth.

Oil and Gas: In 2010, revenues rose by 2.3% compared to 2009, representing 77.7% of total sales. Refining and Petrochemical was the largest contributor to sales.

- Refining and petrochemical. The projects with higher contribution to 2010 revenues were: Sines for Galp Energia (Portugal), Jubail for Saudi Aramco (Saudi Arabia), Khabarovsk for OC Alliance (Russia) and Cartagena for Repsol (Spain).

- Upstream and natural gas. The main project contributor to revenues in this division was the SAS project for ADCO in Abu Dhabi.

Power: Revenues in this division grew by 15.3%, from € 342.6 million in 2009 to € 395.1 million in 2010. This increase was mainly driven by the Moerdijk CCGT project for Essent in Holland, the Manifa project for Saudi Aramco in Saudi Arabia and the Granadilla CCGT project for Endesa in Spain.

Infrastructure and industries**:** In 2010, Infrastructure and Industries revenues stood at € 222.8 million growing by 19.3%, due mainly to the execution of the Perth desalination plant in Australia for Water Corporation.

3.2 OPERATING PROFIT

OPERATING MARGINS January - December	Year 2010 € million	Year 2009 € million	Var. %
EBITDA	162.9	155.9	4.5%
Margin	*5.9%*	*5.9%*	
EBIT	155.5	149.0	4.4%
Margin	*5.6%*	*5.7%*	

EBIT BREAKDOWN January - December	Year 2010 € million	Year 2009 € million	Var. %
Operating Profit from divisions	216.4	205.0	5.6%
Costs not assigned to divisions	-60.9	-55.9	8.9%
Operating profit (EBIT)	**155.5**	**149.0**	**4.4%**

- In 2010, EBITDA and EBIT reached € 162.9 million and € 155.5 million respectively with a growth of 4.5% in EBITDA and a 4.4% in EBIT, from 2009.

- TR's EBITDA and EBIT margins were 5.9% and 5.6%, respectively, standing at similar levels as in 2009.

3.3 NET PROFIT

NET PROFIT January - December	Year 2010 € million	Year 2009 € million	Var. %
Net Profit	**97.9**	**145.4**	**-32.6%**
Margin	**3.5%**	**5.5%**	
Adjusted Net Profit*	**136.2**	**141.3**	**-3.6%**
	4.9%	**5.5%**	

*** Net Profit adjusted by extraordinary tax expense in 2010 and by tax rate recalculation in 2009 on the basis of new transfer prices policy**

Financial Income/Expense Margin	Year 2010 € million	Year 2009 € million
Net financial Income *	8.4	6.4
Gains/losses in transactions in foreing currency	2.0	6.4
Extraordinary financial expense (delayed interests to Tax Agency)	-3.6	
Financial Income/Expense	**6.8**	**12.8**

***** Financial income less financial expenditure

In 2010, Net accounting profit reached € 97.9 million, declining by 32.6% compared to the year 2009. 2010 Net profit adjusted by extraordinary items was € 136.2 million which represents a 3.6% decrease due to higher corporate tax.

Net financial result

Net financial result decreased from € 12.8 million in the year 2009 to € 6.8 million in the year 2010.

This decrease is the result of:

- Lower gains in transactions in foreign currency, as in 2009, the gains were extraordinary high due to currency volatility in that year.

- The incorporation as financial expense of € 3.6 million in delayed interests related to the tax audit.

Taxes

The total tax accounted for 2010 was € 61.9 million, amount that includes two items

- 2010 corporate tax expense of € 26.2 million
- An extraordinary expense of € 35.7 million, derived from the tax audit, completed in September 2010

The effective tax rate for the year 2010 was 16,4%, after applying the new transfer pricing policy of the company, consistent with the settlement of the tax audit finished in September 2010.

The accounting method used by the company to record the tax assessments in the 2010 annual accounts has been modified from the method used in the first nine months of 2010.

Initially, the company booked the tax assessments as a reduction of retained earnings considering that tax assessments were the consequence of an “error” in the interpretation of the law. However, after further analysis, the company considers that a “change of estimates” describes more closely the basis of the assessments. A change of estimations differs from an error, as it arises when a proper interpretation of the law becomes incorrect due to subsequent events.

According to IFRS, any impact produced by a change of estimations has to be booked as an expense in the profit and loss account of the current year.

This change has an impact in profit and loss account only, decreasing the net profit, but it has no effect on cash or Equity.

To sum up, the accounting treatment of the taxes for the period 2004 – 2009, is the following:

CONCEPT	AMOUNT € MILLION	ACCOUNTING TREATMENT
2004 - 2007 Assessments	22.6	2010 Tax expense
Delayed interests	3.6	2010 Financial expense
2008 - 2009 Corporate tax increase	13.1	2010 Tax expense

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET December 31, 2010	Year 2010 € million	Year 2009 € million
ASSETS:		
Non-current Assets		
Tangible and intangible assets	78.9	72.7
Investment in associates	7.5	12.2
Deferred tax assets	24.5	22.7
Other non-current assets	9.1	8.0
	119.9	**115.6**
Current assets		
Inventories	17.6	19.6
Trade and other receivables	2,015.0	1,235.2
Other current assets	41.6	50.5
Cash and Financial assets	586.8	822.7
	2,661.0	**2,128.0**
TOTAL ASSETS	**2,780.9**	**2,243.6**
EQUITY AND LIABILITIES:		
Equity	**341.2**	**317.4**
Non-current liabilities	**43.6**	**34.8**
Financial Debt	27.0	19.3
Other non-current liabilities	16.6	15.5
Long term provisions	**18.2**	**24.5**
Current liabilities		
Financial Debt	34.3	7.0
Trade payable	2,241.0	1,771.8
Other current liabilities	102.6	88.0
	2,377.9	**1,866.8**
Total liabilities	**2,439.7**	**1,926.1**
TOTAL EQUITY AND LIABILITIES	**2,780.9**	**2,243.6**

EQUITY December 31, 2010	Year 2010 € million	Year 2009 € million
Shareholders' funds + retained earnings	420.0	390.8
Treasury stock	-56.3	-56.3
Hedging reserve	5.8	12.2
Interim dividends	-35.8	-35.8
Minority Interest	7.5	6.5
EQUITY	**341.2**	**317.4**

NET CASH POSITION December 31, 2010	Year 2010 € million	Year 2009 € million
Current assets less cash and financial assets	2,074.2	1,305.2
Current liabilities less financial debt	-2,343.6	-1,859.8
COMMERCIAL WORKING CAPITAL	**-269.3**	**-554.6**
Financial assets	68.0	31.5
Cash and cash equivalents	518.8	791.2
Financial Debt	-61.3	-26.3
NET CASH POSITION	**525.5**	**796.5**
NET CASH + COMMERCIAL WORKING CAPITAL	**256.1**	**241.9**

- In 2010, Equity grew by € 23.8 million, despite the extraordinary tax expense and the dividends distributed over the period.

- At the end of December 2010, net cash position reached € 525.5 million, a lower level than in the year 2009 (€ 796.5 million), as no cash advances were received from the two large projects included in the backlog (Izmit and Talara) in the first quarter of 2010, since these projects were signed on "Open Book" basis.

- Total dividends distributed out of 2009 results, were € 72.8 million (€ 1.34 per share) which represents an increase of 4% compared to the dividend of the previous year. In January 2010, the company paid out an interim dividend of € 35.8 million (€ 0.66 per share), and in July, the company distributed a complementary dividend of € 36.9 million (€ 0.68 per share) among the shares not held as Treasury Stock.

  In January 2011, the company paid out an interim dividend of € 0.66 per share out of 2010 results.

ANNEX: FILINGS WITH CNMV RELEVANT EVENTS AND OTHER COMMUNICATIONS

In the fourth quarter of 2010, the company filed with the Spanish CNMV the following communication:

- The company reported to the CNMV that the Board of Directors approved on the 20th of December 2010, the distribution of € 0.66 per share, € 35.8 million, as an advanced payment of the dividend out of 2010 results, to be approved in the next Shareholders General Meeting. The interim dividend was paid on the 19th of January of 2011, being the same amount than last year's.