TECNICAS REUNIDAS

FIRST HALF RESULTS
June 2006

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1. HIGHLIGHTS

HIGHLIGHTS	1H06 € million	1H05 € million	Var. %	Year 2005 € million
Backlog	2,659	1,522	74.7%	1,712
Net Revenues	485	305	59.2%	685
Adjusted EBITDA [1]	26	13	91.2%	31
Margin	*5.3%*	*4.4%*		*4.6%*
Adjusted Net Profit [2]	26	19	38.2%	42
Margin	*5.4%*	*6.3%*		*6.1%*
Net cash position	239	120	100.1%	261

[1] EBITDA exluding IPO costs
[2] Net Profit exluding IPO costs and the profit from the sale of a real state subsisdary

- **Backlog increased € 1,137 million, compared to 1H2005, and € 947 million, compared to December 2005.**
- **Revenues grew 59.2%, compared to 1H2005, driven by growth in the three divisions.**
- **Adjusted EBITDA margin increased from 4.4% as of 1H2005 to 5.3%, mainly due to lower general and structural costs, relative to sales, and enhanced margins in the most recent contracts.**
- **Adjusted Net Profit grew from € 19 million to € 26 million. Adjusted Net Profit Margin decreased from 6.3% to 5.4% due to a 1H2006 lower tax income.**
- **Net cash at the end of June 2006 amounts € 239 million after distribution of reserves and year 2005 dividends (€ 72 million).**

2. BACKLOG

	Project	Country	Client	Estimated Completion
Refining and Petrochemical	Rabigh	Saudi Arabia	Saudi Aramco	2008
	Luján/Ensenada	Argentina	Repsol-YPF	2008
	Coker	Chile	Enap	2008
	Nitric Acid Plant	Chile	Enaex	2008
	HDS—Bio Bio	Chile	Enap	2008
	Refining Units	Mexico	Pemex	2008
	Dung Quat	Vietnam	Petrovietnam	2009
	Kirikkale	Turkey	Tüpras	2007
	Izmit	Turkey	Tüpras	2006
	Polymer Plant	Spain	General Electric	2007
	Phenol-Cumene Plant	Spain	Cepsa	2006
	Huelva	Spain	Cepsa	2008
Upstream and Natural Gas	Ju'aymah	Saudi Arabia	Saudi Aramco	2008
	Hawiyah	Saudi Arabia	Saudi Aramco	2008
	GC-28	Kuwait	KOC	2007
	Telemetry	Kuwait	KOC	2007
	TFT	Algeria	Total/Repsol/Sonatrach	2008
	RKF	Algeria	Cepsa/Sonatrach	2008
Power	Plana del Vent	Spain	Gas Natural	2008
	As Pontes	Spain	Endesa	2008
	Barranco de Tirajana	Spain	Endesa	2007
	Ocaña/Cuenca	Spain	—	2006
	Escatron	Spain	Global 3	2008

- The need for strong investments to cope with world demand in the oil and gas sector has secured a steady growth of Tecnicas Reunidas' backlog. From June 2005 to June 2006, backlog grew by 74.7%. From December 2005 to June 2006, backlog grew by 55.3%.

- At the end of June 2006, the company backlog reached a level of € 2,659 million, of which € 2,444 million corresponds to the oil and gas division.

  Tecnicas Reunidas is focused on both upstream and downstream projects in the oil and gas producing countries. The Company is well positioned in the Persian Gulf countries and holds strong relationships with the main National Oil Companies (NOCs).

  In the power sector, Spain is requiring capacity increases in power generation, transmission and distribution, to deal with growing demand, mainly through CCGTs and renewables.

  In the infrastructure sector, Tecnicas Reunidas has positioned itself in high growth and high margin niches. Most recently awarded projects are the Santiago de Compostela Airport, a Fotovoltaic Solar Plant at Madrid for Gedesma and a Carbon Fibre Plant at Toledo for Hexcel.

3. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT	1H06 € million	1H05 € million	Var. %	Year 2005 € million
Net Revenues	**485.0**	**304.7**	**59.2%**	**685.1**
Other Revenues	2.4	0.6		5.1
Total Income	**487.4**	**305.3**	**59.6%**	**690.2**
Raw materials and consumables	-277.1	-181.3	**52.8%**	-380.1
Personnel Costs	-76.8	-59.3	**29.4%**	-117.8
Other operating cost	-108.0	-51.3	**110.5%**	-161.1
IPO costs	**-1.3**	**0**		0
EBITDA	**24.2**	**13.4**	**81.4%**	**31.3**
Amortisation	-1.4	-0.9		-2.7
EBIT	**22.9**	**12.4**	**84.2%**	**28.6**
Financial Income/ expense	2.8	4.0		6.8
Results of the sale of subsidiary (Layar)	12.9	0.0		0.0
Share in results obtained by associates	0.0	0.4		1.2
Profit before tax	**38.7**	**16.8**	**129.8%**	**36.6**
Income tax	5.2	-2.3		-5.0
Net Pofit	**33.5**	**19.1**	**75.0%**	**41.6**

3.1 REVENUES

REVENUES BREAKDOWN	1H06 € million	1H05 € million	Var. %	Year 2005 € million
Oil and gas	358.6	230.3	55.7%	486.6
Power	73.8	43.7	68.9%	123.6
Infrastructure and industry	52.6	30.7	71.3%	74.9
Net Revenues	**485.0**	**304.7**	**59.2%**	**685.1**

Tecnicas Reunidas net revenues grew by 59.2%, reaching the level of € 485 million, with strong performance in all business units:

Oil and Gas: In the first half of 2006, revenues from the oil and gas division increased by 55.7%, representing 73.8% of total sales. The refining and petrochemical subdivision was the major contributor to this growth but upstream also showed a positive increase:

- Refining and petrochemical. Sales were pushed up by two recently awarded major projects: Dung Quat for Petrovietnam (Vietnam) and Rabigh for Saudi Aramco (Saudi Arabia). Other projects like Minatitlán (Mexico) for Pemex, several refinery units for Enap in Chile and Kirikkale (Turkey) for Tüpras maintain high levels of activity.

- Upstream and natural gas. This subdivision experienced a significant increase compared to the previous year as the Juaymah and Hawiyah projects awarded in year 2005 have entered into phases of maximum activity and revenue generation.

Power: Revenues from this division increased 68.9% from € 43.7 million in the first half of 2005 to € 73.8 million in first half 2006:

- Plana del Vent (Tarragona) a CCGT for Gas Natural has mainly driven this increase. Other CCGTs like As Pontes (La Coruña, Spain) and Barranco de Tirajana (Canary Islands, Spain) are generating similar volumes of activity as the year before.

Infrastructure and industry**:** Revenues in the infrastructure and industry division grew by 71.3%, reaching € 52.6 million in June 2006, as a result of a series of new projects starting this year. The major projects contributing to 2005 net revenues were the desalination plant of Rambla Morales and the construction of facilities for municipalities.

3.2 OPERATING PROFIT

OPERATING MARGINS	1H06 € million	1H05 € million	Var. %	Year 2005 € million
Adjusted EBITDA	25.5	13.4	91.2%	31.3
Margin	*5.3%*	*4.4%*		*4.6%*
Adjusted EBIT	24.2	12.4	94.6%	28.6
Margin	*5.0%*	*4.1%*		*4.2%*

EBIT BREAKDOWN	1H06 € million	1H05 € million	Var. %	Year 2005 € million
Operating Profit from divisions	39.9	24.0	66.0%	54.1
IPO costs	-1.3	0.0		0.0
Costs not assigned to divisions	-15.7	-11.6	35.3%	-25.5
Operating profit (EBIT)	**22.9**	**12.4**	**84.2%**	**28.6**

Adjusted EBIT reached € 24.2 million in the first half of 2006, up over 94.6% and Adjusted EBITDA reached € 25.5 million in the first half of 2006, 91.2% up.

Operating profit from divisions reflected improved cost management and better pricing terms in the most recently negotiated contracts. Margins are improving in the industry as a consequence of strong demand for engineering and construction services, due to the favourable trend in demand and prices for oil and gas. In the case of Tecnicas Reunidas, the increased brand recognition by major clients had led to repeat business at improved margins.

Also, economies of scale had a positive effect on general expenses and structural costs as a percentage of revenues.

Booked IPO costs amounted €1.3. Other IPO costs are still under revision and will be booked within the second semester of year 2006.

3.4 NET PROFIT

NET PROFIT	1H06 € million	1H05 € million	Var. %	Year 2005 € million
Profit after taxes	33.5	19.1	75.0%	41.6
Net margin	6.9%	6.3%		6.1%
Adjusted Profit after taxes	**26.5**	**19.1**	**38.2%**	41.6
Adjusted margin	***5.4%***	***6.3%***		***6.1%***

Net Profit grew by 75% compared to 1H2005, as a consequence of EBIT improvement and the net effect of the exceptional income and expenses (sale of a subsidiary with real state assets and IPO costs).

Financial Income/ Expense

Financial results decreased from an income of € 4 million as of June 2005 to an income of € 2.8 million as of June 2006:

Financial Income/Expense	1H06 € million	1H05 € million
Net financial Income *	5.1	2.1
Gains/losses in transactions in foreing currency	-2.3	1.9
Financial Income/Expense	**2.8**	**4.0**

***** From net cash and other investments less financial expenditure

- The principal factor behind the decrease in the financial income is the significant change in the gains/losses in transactions in foreign currency. Although, the company has been keeping its strict policy of protecting its business from FX risks by contracting FX forwards for each project, 2006 and 2005 financial results were highly impacted by the application of IFRS accounting rules to some FX forwards which did not qualify for the hedge accounting treatment under the new rule. Currently, new FX forwards are being contracted following IFRS requirements for hedge accounting treatment. Therefore, once all contracts are fully adapted, the company does not expect to have significant FX accounting gains or losses.

Profit from the sale of a subsidiary

Tecnicas Reunidas sold 75% of its subsidiary Layar Castilla (company that holds real state assets) on March 30th, 2006, obtaining a profit of € 12.9 million.

Income tax

Técnicas Reunidas recognised a tax expense of € 5.2 million for 1H2006, that compares to a tax income of € 2.3 million for 1H2005. This tax expense is due to the inclusion in the tax base of the exceptional income arising from the sale of Layar Castilla. Tax expense due to this sale amounts € 5,0 million

Income tax credits are primarily the result of the tax treatment from the use of UTEs (Spanish temporary joint ventures) and analogous entities, based on the Spanish tax law.

4. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET June, 30th	1H 06 € million	1H05 € million	year 2005 € million
ASSETS:			
Non-current Assets			
Tangible and intangible assets	22.7	15.8	21.0
Investment in associates	7.1	10.7	11.5
Deferred tax assets	19.1	21.3	24.0
Other non-current assets	4.5	2.8	2.9
	53.3	**50.6**	**59.4**
Current assets			
Inventories	2.6	5.0	5.9
Trade and other receivables	570.5	340.1	473.0
Other current assets	6.6	0.7	3.6
Cash and Financial assets	311.2	161.1	315.4
	890.9	**507.0**	**797.8**
TOTAL ASSETS	**944.2**	**557.6**	**857.3**
EQUTY AND LIABILITIES:			
Equity	**130.1**	**136.9**	**146.6**
Non-current liabilities	**8.1**	**8.8**	**8.8**
Provisions	**42.9**	**35.7**	**45.2**
Current liabilities			
Financial Debt	71.7	41.4	54.2
Accounts payable	661.3	309.6	550.7
Other current liabilities	30.0	25.1	51.8
	763.1	**376.2**	**656.7**
Total liabilities	**814.1**	**420.7**	**710.7**
TOTAL EQUITY AND LIABILITIES	**944.2**	**557.6**	**857.3**

NET CASH POSITION June, 30th	1H 06 € million	1H05 € million	Var.	year 2005 € million
Current assets less cash and financial assests	579.7	345.9		482.5
Current liabilities less financil debt	-691.3	-334.8		-602.5
COMMERCIAL WORKING CAPITAL	**-111.6**	**11.1**		**-120.0**
Financial assets	35.3	56.6		57.2
Cash and cash equivalents	275.9	104.6		258.1
Financial Debt	-71.7	-41.4		-54.2
NET CASH POSITION	**239.5**	**119.7**	**100.1%**	**261.2**
NET CASH + COMMERCIAL WORKING CAPITAL	**127.8**	**130.8**	**-2.3%**	**141.1**

EQUITY June, 30th	1H 06 € million	1H05 € million	Var.	year 2005 € million
Shareholders' funds + retained profit	129.6	146.7	13.9%	167.0
Hedging reserve	-1.7	-11.0		-10.6
Interim dividends	0.0	0.0		-12.0
Minorty Interest	2.2	1.2	73.3%	2.1
EQUITY	**130.1**	**136.9**	**7.1%**	**146.6**

- Net cash decreased € 22 million, compared to December 2005 as a consequence of the distribution in March 2006 of reserves amounting to € 48 million and the payment of the ordinary dividend corresponding to the 2005 results, amounting to € 24 million. This decrease was partially offset by € 16 million of cash generated from the sale of the aforementioned real state subsidiary in March 2006.

- Equity was impacted by both, the distribution of dividends and reserves (€ 60 million) and the net profit obtained from the subsidiary sale (€ 7.9 million after taxes).

5. RELEVANT EVENTS AND OTHER COMMUNICATIONS

- Técnicas Reunidas, S.A. was listed in the Spanish stock market on the 21st of June. The IPO price was set at € 17 per share. Since then, the stock price has been trending upwards inside a range between € 17 and € 20.48.

  The company has a free float of 38.07%, after the green shoe exercise on the 21st of July. The rest of the nominal shares remain in hands of the founders of the company.

- During the month of July, TR has started to work in two new projects:

  - The new hydrocracking unit for CEPSA at the La Rábida refinery, Huelva, with a capacity of 42.000 bpsd, which doubles the conversion capacity of the refinery.

  - The second phase of the power plant at Escatrón, Zaragoza for Global 3, that will increase its generation capacity from 186 MW to 276 MW.