

REPSOL INTERNATIONAL CAPITAL LIMITED

INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2012

UNAUDITED

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

Thousand of Euros			Current Period	Previous Period
ASSETS		Note	6/30/2012	12/31/2011
A)	NON-CURRENT ASSETS		3,031,718	3,040,793
	Long term loans to related parties	7	3,031,718	3,040,793
	Other non-current financial assets		-	-
B)	CURRENT ASSETS		34,092	779
	Other debtors		-	-
	Short term loans and accrued interest receivable from related parties	7	34,089	372
	Other current financial assets		-	-
	Cash and cash equivalents		3	407
TOTAL ASSETS (A+B)			3,065,810	3,041,572

The accompanying notes 1 to 9 are an integral part of the financial statements.

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION

(Continued)

JUNE 30, 2012

Before appropriation of net result

Thousand of Euros			Current Period	Previous Period
LIABILITIES			6/30/2012	12/31/2011
A)	SHAREHOLDER'S EQUITY (A.1 + A.2)	Note	(29,335)	4,239
A.1)	EQUITY		57,628	74,440
	Common stock US\$1 par value, 518,900,000 shares authorized, issued, fully paid and outstanding		347,057	347,057
	Other reserves		(47,900)	(47,900)
	Accumulated deficits		(224,717)	(222,335)
	Net profit (loss)		(16,812)	(2,382)
A.2)	REVALUATION CHANGES		(86,963)	(70,201)
	Revaluation reserve		(86,963)	(70,201)
B)	NON-CURRENT LIABILITIES		3,058,977	3,036,876
	a) Non-cumulative Warranted Non-voting (Preference Shares):	4	3,000,000	3,000,000
	i) Series B – 1,000,000 shares authorized, issued and outstanding at June 30, 2012 - €1,000 par value.		1,000,000	1,000,000
	ii) Series C – 2,000,000 shares authorized, issued and outstanding at June 30, 2012, - €1,000 par value.		2,000,000	2,000,000
	b) Other non-current financial liabilities	6	58,977	36,876
C)	CURRENT LIABILITIES		36,168	457
	Outstanding interest on Non-cumulative Warranted Non-voting (Preference Shares)	4	32,130	-
	Other current financial liabilities		-	24
	Payable to related parties	7	2,019	9
	Creditors		2,019	48
	Other current financial liabilities		-	376
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY (A+B+C)			3,065,810	3,041,572

The accompanying notes 1 to 9 are an integral part of the financial statements.

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF INCOME

FOR THE HALF YEAR ENDED JUNE 30, 2012

Thousand of Euros

			CURRENT PERIOD	PREVIOUS PERIOD
		Note	6/30/2012	6/30/2011
	OPERATIONAL RESULT		(14)	(68)
(+)	Financial income		67,538	85,887
	Interest income from related parties	7	67,538	57,743
	Other financial income		-	28,144
(-)	Financial expenses		(84,335)	(83,352)
	Preference shares dividend	4	(68,790)	(63,482)
	Amortization of issuance cost	5	-	(9,978)
	Amortization of revaluation reserve		(1,572)	(1,642)
	Other financial expenses		(13,973)	(8,250)
(+/-)	Unrealized fair value changes:		-	-
	Collar fair value increase		-	(31,305)
	Embedded collar fair value decrease		-	31,305
(+/-)	Exchange gain (loss)		(1)	126
=	FINANCIAL RESULT		(16,798)	2,661
=	PRE-TAX RESULT		(16,812)	2,593
(+/-)	Tax expense		-	-
=	NET RESULT		(16,812)	2,593

The accompanying notes 1 to 9 are an integral part of the financial statements.

REPSOL INTERNATIONAL CAPITAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED JUNE 30, 2012

Thousand of Euros

		Current period	Previous period
		6/30/2012	6/30/2011
A)	Net result	(16,812)	2,593
B)	Income and expenses charged directly to Equity	(12,361)	-
	Cash flow hedges	(12,361)	-
C)	Transfers to the Profit and Loss account	(4,401)	1,642
1	Due to valuation of financial instruments	-	-
	a) Available for sale financial assets	-	-
	b) Other income / (expenses)	-	-
2	Cash flow hedges	(4,401)	1,642
3	Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME (A+B+C)		(33,574)	4,235

The accompanying notes 1 to 9 are an integral part of the financial statements.

REPSOL INTERNATIONAL CAPITAL LIMITED
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2012

Thousand of Euros

CURRENT PERIOD		Equity			Revaluation	Total
		Common Stock	Reserves	Net Profit (Loss)	Changes	
December 31, 2011		347,057	(270,235)	(2,382)	(70,201)	4,239
I.	Comprehensive income (loss)	-	-	(16,812)	(16,762)	(33,574)
II.	Capital transactions with owners	-	-	-	-	-
III.	Other changes in Shareholder's Equity	-	(2,382)	2,382	-	-
	Appropriation of net result	-	(2,382)	2,382	-	-
	Other changes	-	-	-	-	-
June 30, 2012		347,057	(272,617)	(16,812)	(86,963)	(29,335)

PREVIOUS PERIOD		Equity			Revaluation	Total
		Common Stock	Reserves	Net Profit (Loss)	Changes	
December 31, 2010		347,057	(269,557)	(678)	(36,595)	40,227
I.	Comprehensive income (loss)	-	-	2,593	1,642	4,235
II.	Capital transactions with owners	-	-	-	-	-
III.	Other changes in Shareholder's Equity	-	(678)	678	-	-
	Appropriation of net result	-	(678)	678	-	-
	Other changes	-	-	-	-	-
June 30, 2011		347,057	(270,235)	2,593	(34,953)	44,462

The accompanying notes 1 to 9 are an integral part of the financial statements.

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE HALFYEAR ENDED JUNE 30, 2012

Thousand of Euros		Current Period	Previous Period
		6/30/2012	6/30/2011
A)	Cash flow from operating activities (1+2+3)	(9,479)	14,418
1	Net result	(16,812)	2,593
2	Adjustments to net result	12,836	17,495
	(+) Amortization of fixed assets	-	-
	(+/-) Other adjustments to net result	12,836	17,495
	Amortization of revaluation reserve	1,572	1,642
	Amortization of issuance costs	-	9,978
	Interest income from related parties companies	(67,538)	(57,743)
	Dividends on Preference Shares	68,790	63,482
	Other changes	10,012	136
3	Other cash flows from operating activities:	(5,503)	(5,670)
	(-) Dividend on preference shares payments	(36,660)	(63,482)
	(+) Interest collections	33,820	57,839
	(+/-) Other inflows / (outflows) from operating activities	(2,663)	(27)
B)	Cash flow from investing activities	9,075	477,715
1	1. Payment of investments	-	-
	(-) Loans to related parties	-	-
2	2. Proceeds from investments	9,075	477,715
	(+) Loans to related parties	9,075	477,715
	(+) Other financial assets	-	-
C)	Cash flow from financing activities	-	(492,493)
	Capital increase	-	-
	Proceeds (payments) from financial instruments	-	(492,493)
D)	Effects of exchange rate changes on the balance of cash held in foreign currencies	-	-
E)	Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	(404)	(360)
F)	Cash and cash equivalents, beginning of year	407	373
G)	Cash and cash equivalents, end of year (E+F)	3	13

The accompanying notes 1 to 9 are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

(Expressed in Euros)

Note 1: Company Description

Repsol International Capital Limited (the "Company"), formerly N.W.J.P.S.C. Limited, was incorporated on August 14, 1989, under the laws of the Cayman Islands. All the ordinary shares of the Company are owned directly by Repsol International Finance B.V., ("The Parent") a limited liability company organized under the laws of The Netherlands, all the ordinary shares of which are owned by Repsol S.A., a limited liability company organized under the laws of Spain. Repsol S.A. is an integrated oil and gas company engaged in all aspects of the petroleum business.

The sole business of the Company is to issue preference shares in various markets and advance the net proceeds to various non-Spanish members of the Repsol Group (the "Group"). The Company engages in no activities other than those related to the borrowing and lending of such funds.

The Company's registered office is located at Landmark Square 3rd Floor, 64 Earth Close, Grand Cayman, Cayman Islands (P.O. Box 30592).

As of June 30, 2012, the capital stock of the Company consisted of 518,900,000 ordinary shares of USD 1 par value each, fully subscribed by Repsol International Finance B.V.

These interim financial statements are unaudited.

Note 2: Basis of Presentation and Accounting Principles

a) Basis of presentation

This condensed interim financial information for the six months ended June 30th 2012 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended December 31st 2011, which have been prepared in accordance with IFRS.

The accompanying financial statements were prepared from the Company's accounting records as of June 30th 2012.

b) First time adoption of standards

The following new standards, amendments to standards and interpretations, that could affect to the Company, are applicable for the first time for the financial year beginning January 1st 2012, none of them have had any relevant impact for the Company:

- Amendments to IFRS 1 ‘Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters’
- Amendments to IFRS 7 ‘Disclosures – Transfer of financial assets’
- Amendments to IAS 12 ‘Deferred Tax: Recovery of underlying Assets’

The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

c) Accounting principles

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31st 2011, as described in those annual financial statements.

The company is not taxable in Cayman Island consequently there is no charge for income tax in these financial statements.

Note 3: Seasonality

The Company does not present any seasonality in the normal course of its business.

Note 4: Payment of Dividends

Pursuant to the classification of the Preference Shares as a financial liability the dividends paid to the holders of these Preference Shares are recorded as a financial expense.

Till June 30th 2012 and 2011, the Company’s Board of Directors declared the following dividends on each of Series B and C Preference Shares to holders:

Thousands of Euros

Series	Date of payment	Dividend per share %	30/06/2012		30/06/2011	
			Effective rate per share %	Total Amount	Effective rate per share %	Total Amount
A	2011 – Sole payment at February 8	7.45% annual	-	€ -	7.45% annual	€4,322
B	Quarterly at March 31, June 30.	Floating rate	4.585% annual (Euribor +3.5%)	€22,930	3.944% annual (floor)	€19,720
C	Quarterly at March 31, June 30.	Floating rate	4.585 % annual (Euribor +3.5%)	€ 45,860	3.944 % annual (floor)	€ 39,440
				€68,790		€63,482

On December 30th, 2010, the Company's Board of Directors resolved to carry out on February 8th, 2011, the redemption of 100% of the outstanding Series A Preference Shares. Series A Preference Shares were redeemed at \$25.00 plus accrued and unpaid dividends thereon from and including December 31st, 2010 amounting to \$0.20 per Preference Share .

In May 2001, the Company issued 1,000,000 Non-cumulative Guaranteed Non-voting Preference Shares, each of EUR 1,000 par value, for EUR 1,000,000,000 (the "Series B Preference Shares"). The dividends on each Series B Preference Share was a floating rate per annum equal to three month Euribor with a cap of 7% and a floor of 4% for the first 10 years, and for the following years, starting June 30, 2011, three month Euribor plus a margin equal to 3.5%.

In December 2001, the Company issued 2,000,000 Non-cumulative Guaranteed Non-voting Preference Shares, each of EUR 1,000 par value, for EUR 2,000,000,000 (the "Series C Preference Shares"). The dividend on each Series C Preference Share was a floating rate per annum equal to three month Euribor with a cap of 7% and a floor of 4% for the first 10 years and for the following years, starting December 31, 2011, three month Euribor plus a margin equal to 3.5%.

Since June 30, payment day for the 2012 second quarter dividend, was not a working day for the purpose of carrying out operations in Euros, the dividend payment was made the immediately following business day for transactions in Euros. The outstanding amount, EUR 32,130 thousand, is recorded in the caption "Outstanding interest on Non-cumulative Warranted Non-voting (Preference Shares)" in the Statement of Financial Position.

Note 5: Preference Shares Issuance Cost

The issuance costs linked to Series B and Series C Preference Shares were completed amortized during last year. The amortization of issuance cost for last year amounted EUR 9,978 thousand.

Note 6: Derivative Financial Instruments

Until June 30th 2011, the dividend on each Series B Preference Share has been a floating rate per annum equal to three month Euribor with a cap of 7% and a floor of 4%. Consequently the Collar linked to the Series B Preference Shares with a notional amount of EUR 1,000 million expired June 30th 2011.

Starting June 30, 2011 the dividend on each Series B Preference Share is a floating rate per annum equal to three month Euribor plus a margin equal to 3,5%. The Company has contracted from June 30, 2011, several interest rate swap for a notional amount of EUR 1,000,000,000 to hedge the interest rate risk arising from the floating rate preference shares Series B. Under interest rate swap contracts, the company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to cancel off the risk of cash flow exposures on the issued variable rate of Preference Shares Series B. The impact in the profit and loss for the six months of 2012, EUR 5,973 thousand, is showed under the caption "Other financial Expenses".

The cash flow hedging reserve in equity represents the cumulative effective portion of gains or losses arising on changes in fair value of the interest rate swaps, the reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period. At June 30, 2012, the fair value amounted EUR 58,977 thousand and is recorded under "other non current financial liabilities".

Until December 31st 2011, the dividend on each Series C Preference Share has been a floating rate per annum equal to three month Euribor with a cap of 7% and a floor of 4%. Consequently the Collar linked to the Series C Preference Shares with a notional amount of EUR 1,000 million matured on December 31st 2011.

Note 7: Related Party Transactions

The Statement of Financial Position captions "Long term loans to related parties" and "Short term loans and accrued interest receivable from related parties" recognize the principal and interest accrued, and the caption of the profit and loss "Interest income from related parties" (EUR 67,538) shows the interest charges of the loan granted by the Company to Repsol Netherlands Finance B.V., which bears arm length interest.

During the six months to June 30th 2011, the Company has recorded interest income from "Caixa Bank, S.A.", a Repsol Group related party, connected to the collar for an amount of EUR 6,989 thousand which is recorded under the caption "Other financial income". The collar was cancelled December 31st 2011.

Under the caption "Other financial Expenses" are recorded a liquidity commission for the Preference Shares of which EUR 4,000 thousand were accrued to "Caixa Bank, S.A.", of which EUR 2,000 thousand still outstanding and recorded under the liability caption "Payable to related parties". The caption "Payable to related parties" also includes EUR 19 thousand payable to Repsol International Finance BV.

Note 8: Events Occurring after the Reporting Period

There has not been any significant event occurring after the Statement of Financial Position date.

Note 9: Statutory and Supervisory Board

The Statutory Directors do not receive any remuneration. The company does not have supervisory directors.

July 31st, 2012

STATUTORY DIRECTORS:

Richard McMillan

Rafael Guerrero Mendoza

José María Pérez Garrido

Javier Sanz Cedrón