

REPSOL INTERNATIONAL CAPITAL LIMITED

INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2013

UNAUDITED

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2013

Thousand of Euros		ASSETS	Note	Current Period	Previous Period
				6/30/2013	12/31/2012
A)	NON-CURRENT ASSETS			116,483	3,017,209
	Long term loans to related parties		7	116,483	3,017,209
	Other non-current financial assets			-	-
B)	CURRENT ASSETS			2,930,957	371
	Other debtors			-	-
	Short term loans and accrued interest receivable from related parties		7	2,930,949	369
	Other current financial assets			-	-
	Cash and cash equivalents			8	2
		TOTAL ASSETS (A+B)		3,047,440	3,017,580

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, 2013

Before appropriation of net result

Thousand of Euros				Current Period	Previous Period
				6/30/2013	12/31/2012
LIABILITIES					
A)	SHAREHOLDER'S EQUITY / (DEFICIT) (A.1 + A.2)			35,386	(48,258)
A.1)	EQUITY			37,588	47,736
	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			(251,421)	(224,717)
	Net profit (loss)			(10,148)	(26,704)
A.2)	REVALUATION CHANGES			(2,202)	(95,994)
	Revaluation reserve	6		(2,202)	(95,994)
B)	NON-CURRENT LIABILITIES			83,618	3,065,797
	a) Non-cumulative Warranted Non-voting (Preference Shares):	5		83,618	3,000,000
	b) Other non-current financial liabilities	6		-	65,797
C)	CURRENT LIABILITIES			2,928,436	41
	Non-cumulative Warranted Non-voting (Preference Shares)	5		2,871,312	-
	Other current financial liabilities	6		53,095	-
	Payable to related parties	7		2,010	9
	Creditors			2,019	32
	Other current liabilities			-	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY/ (DEFICIT) (A+B+C)				3,047,440	3,017,580

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

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE HALF YEAR ENDED JUNE 30, 2013

Thousand of Euros

			Current Period 6/30/2013	Previous Period 6/30/2012
		Note		
	OPERATIONAL RESULT		(28)	(14)
(+)	Financial income		66,706	67,538
	Interest income from related parties	7	66,706	67,538
(-)	Financial expenses		(76,826)	(84,335)
	Preference shares dividend	4	(55,470)	(68,790)
	Amortization of revaluation reserve		(1,458)	(1,572)
	Other financial expenses	5, 6 , 7	(19,898)	(13,973)
(+/-)	Unrealized fair value changes		-	-
(+/-)	Exchange gain (loss)		-	(1)
(+/-)	Gain or loss from disposal of financial instruments		-	-
=	FINANCIAL RESULT		(10,120)	(16,798)
=	PRE-TAX RESULT		(10,148)	(16,812)
(+/-)	Tax expense		-	-
=	NET LOSS		(10,148)	(16,812)

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

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED JUNE 30, 2013

Thousand of Euros

		Current Period	Previous Period
		6/30/2013	6/30/2012
A)	Net loss for the period	(10,148)	(16,812)
B)	Income and expenses charged directly to Equity	17,867	(12,361)
	Other comprehensive income not being reclassified to profit or loss	-	-
	Other comprehensive income to be reclassified to profit or loss	17,867	(12,361)
	Cash flow hedges	17,867	(12,361)
C)	Transfers to the Statement of Profit and Loss	75,925	(4,401)
1	Due to valuation of financial instruments	-	-
	a) Available for sale financial assets	-	-
	b) Other income / (expenses)	-	-
2	Cash flow hedges	75,925	(4,401)
3	Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME (A+B+C)		83,644	(33,574)

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, 2013

Thousand of Euros		Equity (Deficit)			Revaluation Changes	Total
		Common Stock	Reserves	Net Profit (Loss)		
Current Period						
December 31, 2012		347,057	(272,617)	(26,704)	(95,994)	(48,258)
I.	Comprehensive profit (loss)	-	-	(10,148)	93,792	83,644
II.	Capital transactions with owners	-	-	-	-	-
III.	Other changes in Shareholder's Equity (Deficit)	-	(26,704)	26,704	-	-
	Appropriation of net result	-	(26,704)	26,704	-	-
	Other changes	-	-	-	-	-
June 30, 2013		347,057	(299,321)	(10,148)	(2,202)	35,386

Thousand of Euros		Equity			Revaluation Changes	Total
		Common Stock	Reserves	Net Profit (Loss)		
Previous Period						
December 31, 2011		347,057	(270,235)	(2,382)	(70,201)	4,239
I.	Comprehensive profit (loss)	-	-	(16,812)	(16,762)	(33,574)
II.	Capital transactions with owners	-	-	-	-	-
III.	Other changes in Shareholder's Equity (Deficit)	-	(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)

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

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED JUNE 30, 2013

Thousand of Euros		Current Period	Previous Period
		06/30/2013	06/30/2012
A)	Cash flow from operating activities (1+2+3)	(3,658)	(9,479)
1	Net result	(10,148)	(16,812)
2	Adjustments to net result	10,120	12,836
	(+) Amortization of fixed assets	-	-
	(+/-) Other adjustments to net result	10,120	12,836
	Amortization of revaluation reserve	1,458	1,572
	Amortization of issuance costs	-	-
	Unrealized foreign exchange	-	-
	Interest income from related companies	(66,706)	(67,538)
	Dividends on Preference Shares	55,470	68,790
	Other changes	19,898	10,012
3	Other cash flows from operating activities	(3,630)	(5,503)
	(-) Dividend on preference share payments	(27,630)	(36,660)
	(+) Interest collections	33,189	33,820
	(+/-) Other inflows / (outflows) from operating activities	(9,189)	(2,663)
B)	Cash flow from investing activities	3,664	9,075
1	1. Payment of investments	-	-
	(-) Loans to related parties	-	-
2	2. Proceeds from investments	3,664	9,075
	(+) Loans to related parties	3,664	9,075
	(+) Other financial assets	-	-
C)	Cash flow from financing activities	-	-
	Capital increase	-	-
	Proceeds (payments) from financial instruments	-	-
D)	Effects of exchange rate changes on the balance of cash held in foreign currencies	-	-
	Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	6	(404)
F)	Cash and cash equivalents, beginning of the year	2	407
G)	Cash and cash equivalents, end of the year (E+F)	8	3

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2013

(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 14th, 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 30th, 2013, 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.

In relation to the repurchase offer of the Preference Shares series B and C issued by the Company in May and December 2011 see Note 5 Preference Shares.

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, 2013 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, 2012, which have been prepared in accordance with IFRS.

The accompanying financial statements were prepared from the Company's accounting records as of June 30th, 2013.

b) First time adoption of standards

b.1) First time adoption of standards

The following new standards, amendments to standards and interpretations are applicable for the first time for the financial year beginning January 1st, 2013. None of them have had any relevant impact for the Company except for what is described below:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
Government Loans Amendments to IFRS 1
- IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and
Financial Liabilities Amendments to IFRS 7
- IFRS 10 Consolidated Financial Statements
- IAS 27 Separate Financial Statements
- IFRS 11 Joint Arrangements
- IAS 28 Investments in Associates and Joint Ventures
- IFRS 12 Disclosure of Interests in Other Entities
- Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition Guidance
- IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The application of this IFRS has not had any material impact on the amounts recognised in the Company's financial statements other than additional disclosures.

- IAS 1 Presentation of items of Other Comprehensive Income

The amendments introduce new terminology, whose use is not mandatory, for the statements of comprehensive income and income statement. Under the amendments to IAS 1, the "Statement of comprehensive income" is renamed as the "Statement of profit or loss and other comprehensive income". The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. The application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income other than the above mentioned presentation changes.

- IAS 19 Employee Benefits (Revised 2011)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- Improvements to IFRSs 2009-2011 Cycle:
 - IAS 1 - Clarification of the requirement for comparative information
 - IAS 16 Classification of servicing equipment
 - IAS 32 - Tax effects of distributions to holders of equity instruments
 - IAS 34 - Interim financial reporting and segment information for total assets and liabilities

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

b.2.) Amendments to standards and interpretations which are applicable for the first time for the financial year beginning January 1st, 2014.

The Company is currently analysing the impact that the future application of these standards may have on the Company's Financial Statements. However, the Company does not expect a significant impact on the Company's Financial Statements as a consequence of these said standards and amendments. It might involve the inclusion of certain disclosures and additional information.

- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities
- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 - Levies

b.3.) Standards and subsequent amendments which are applicable for the first time for the financial year beginning January 1st, 2015.

The Company is currently analysing the impact that the future application of these standards may have on the Company's Financial Statements.

- IFRS 9 Financial Instruments (and subsequent amendments to IFRS 9 and IFRS 7 issued on 16 December 2011)

c) Accounting principles

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31st, 2012, 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.

Until June 30th, 2013 and 2012, 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 %	30/06/2013		30/06/2012	
			Effective rate per share %	Total Amount	Effective rate per share %	Total Amount
B	Quarterly at March 31, June 30.	Floating rate	3.699% annual (Euribor +3.5%)	€18,490	4.585% annual (Euribor +3.5%)	€22,930
C	Quarterly at March 31, June 30.	Floating rate	3.699 % annual (Euribor +3.5%)	€ 36,980	4.585 % annual (Euribor +3.5%)	€ 45,860
				€55,470		€68,790

Since June 30 payment day for the 2013 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. An amount of EUR 27,840 thousand for accrued dividend is registered under the caption "Non-cumulative Warranted Non-voting (Preference Shares)".

Note 5: Preference Shares

On May 31st, 2013, the Company and Repsol S.A.'s Board of Directors approved a tender offer for the repurchase in cash of the Preference Shares B and C and simultaneously, and linked to the repurchase offer, a tender offer for the subscription of Bonds Series I/2013 to be issued and offered by Repsol S.A. to the holders of Preference Shares who accepted the repurchase offer, in accordance with the following terms and conditions;

- (i) Preference Shares are to be repurchased by the Company, in cash, for 97.5% of its nominal value (EUR 975);
- (ii) the acceptance of the repurchase offer implies the simultaneous, unconditional and irrevocable subscription application of Bonds with a nominal value of EUR 500. Holders of Preference Shares accepting the repurchase offer retains the difference between the repurchase price and the subscription price of the Bonds (EUR 475 for each Preference Share), for its discretionary use;
- (iii) holders of Preference Shares might only accept the repurchase offer with respect to all the Preference Shares that they hold. A partial acceptance in relation to a Series of Preference Shares or an acceptance of the repurchase offer regarding only one of the Preference Shares but not the other (in the event that the relevant holder holds Preference Shares of both Series) are not be permitted;
- (iv) the repurchase offer does not modify any rights or obligations of those holders who do not accept the repurchase offer.

The acceptance period of the repurchase offer started on June 5th, 2013 and ended June 25th, 2013.

During the acceptance period, the Company received acceptances to the repurchase offer for:

- (i) 970,178 Preference Shares Series B, representing a 97.02% of the initial nominal value of the issue (therefore, the outstanding amount of this issue after liquidation of the repurchase offer will be 29,822 Preference Shares Series B - 2.98% of the initial nominal value);
- (ii) 1,946,204 Preference Shares Series C, representing a 97.31% of the initial nominal value of the issue (therefore, the outstanding amount of this issue after liquidation of the repurchase offer will be 53,796 Preference Shares Series C- 2.69% of the initial nominal value).

Therefore, given the abovementioned acceptance results (97.21% as a whole for the two Series), the Company paid on July 1st, 2013 to those accepting the repurchase offer a total amount of EUR 2,843,473 thousand in cash, out of which EUR 1,458,191 thousand were applied, necessarily, simultaneously, unconditionally and irrevocably to the subscription of Repsol Bonds Series I/2013.

As per June 30th, 2013 the Preference Shares for which its holders accepted the repurchase offer are registered at fair value and classified as short term in Statement of Financial Position as of June 30th, 2013. As a result of this valuation the Company has registered a net loss of EUR 1,558 thousand under the caption "Other financial expenses" including the effect of hedging derivative financial discontinued instruments (Note 6).

On July 1st, 2013 the Preference Shares subject to the repurchase agreement were paid and derecognized from the statement of financial position and Repsol Bonds Series I/2013 were subscribed by those accepting the repurchase offer.

Note 6: Derivative Financial Instruments

As per June 30th, 2011 the dividend on each Series B Preference Share was a floating rate per annum equal to three month Euribor plus a margin equal to 3.5%. The Company contracted from June 30th, 2011, several interest rate swaps 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 2013, a total amount of EUR 10,340 thousand, is presented under the caption "Other financial expenses".

As per June 30th, 2013 hedge accounting for the IRS is discontinued as a consequence of the repurchase of the Preference Shares Series B and C remaining only effective for the percentage of the non-purchased Preference Shares. The corresponding gain or loss recognized in other comprehensive income and accumulated in equity has been recognized in profit and loss 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 (EUR 1,428 thousand) related to the Preference Shares not subject to the repurchase agreement. The reserve will be reclassified to profit or loss 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 30th, 2013, the fair value (level 2) amounted EUR 53,095 thousand and is recorded under "other current financial liabilities" since it was cancelled July 2nd, 2013.

During the first quarter of 2007, a Swap qualified as a cash flow hedge, failed the effectiveness test and accordingly the Company proceeded with its discontinuance starting December 31st, 2006. The cumulative loss deferred in equity is also affected by the repurchase of the Preference Shares Series B and C. The corresponding part of the cumulative loss deferred in equity related to the Preference Shares subject to the repurchase agreement has been recognized immediately as an expense under the caption "Other financial expenses". The cumulative loss related to Preference Shares not subject to the repurchase agreement (EUR 774 thousand) continues to be separately

recognized in equity, under the caption "Revaluation reserve" and amortized as the financial instrument matures.

Note 7: Related Party Transactions

The balance sheet captions "Long term loans to related parties" and "Short term loans and accrued interest receivable from related parties" recognize the principal and interest accrued. The caption of the profit and loss "Interest income from related parties" (EUR 66,706) shows the interest charges of the loan granted by the Company to Repsol Netherlands Finance B.V., which bears interest at arm's length. Funds for the repurchase of Preference Shares Series B and C will be obtained by the repayment of Repsol Netherlands Finance B.V.'s loan, so a part of this loan has been reclassified to the short term.

Under the caption "Other financial Expenses" is recorded a liquidity commission for the Preference Shares (EUR 8,000 thousand) of which EUR 4,000 thousand were with "Caixa Bank, S.A.". The caption "Payable to related parties" includes EUR 2,000 thousand liquidity commission outstanding with "Caixa Bank, S.A." and EUR 10 thousand payable to Repsol International Finance BV.

Note 8: Subsequent events

There have been no subsequent events after June 30th, 2013, up to the date these financial statements were available to be issued.

Note 9: Statutory and Supervisory Board

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

July 29th, 2013

STATUTORY DIRECTORS:

Richard McMillan

Rafael Guerrero Mendoza

José María Pérez Garrido

Javier Sanz Cedrón