

REPSOL INTERNATIONAL CAPITAL LIMITED

INTERIM CONDENSED FINANCIAL STATEMENTS

AS OF JUNE 30, 2014

UNAUDITED

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

Thousand of Euros		ASSETS	Note	Current Period	Previous Period
				6/30/2014	12/31/2013
A)	NON-CURRENT ASSETS			118,094	117,596
	Long term loans to related parties		7	118,094	117,596
	Other non-current financial assets			-	-
B)	CURRENT ASSETS			40	42
	Other debtors			-	-
	Short term loans and accrued interest receivable from related parties		7	13	13
	Other current financial assets			-	-
	Cash and cash equivalents			27	29
	TOTAL ASSETS (A+B)			118,134	117,638

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, 2014

Before appropriation of net result

Thousand of Euros				Current Period	Previous Period
				6/30/2014	12/31/2013
LIABILITIES					
A)	SHAREHOLDER'S EQUITY / (DEFICIT) (A.1 + A.2)			34,505	33,994
A.1)	EQUITY			36,489	36,137
	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			(263,020)	(251,421)
	Net profit (loss)			352	(11,599)
A.2)	REVALUATION CHANGES			(1,984)	(2,143)
	Revaluation reserve	6		(1,984)	(2,143)
B)	NON-CURRENT LIABILITIES			83,618	83,618
	a) Non-cumulative Warranted Non-voting (Preference Shares):	5		83,618	83,618
	b) Other non-current financial liabilities			-	-
C)	CURRENT LIABILITIES			11	26
	Non-cumulative Warranted Non-voting (Preference Shares)	5		-	-
	Other current financial liabilities			-	-
	Payable to related parties	7		5	3
	Creditors			6	23
	Other current liabilities			-	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY/ (DEFICIT) (A+B+C)				118,134	117,638

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, 2014

Thousand of Euros

			Current Period 6/30/2014	Previous Period 6/30/2013
		Note		
	OPERATIONAL RESULT		(6)	(28)
(+)	Financial income		2,329	66,706
	Interest income from related parties	7	2,329	66,706
(-)	Financial expenses		(1,970)	(76,826)
	Preference shares dividend	4	(1,590)	(55,470)
	Amortization of revaluation reserve		(159)	(1,458)
	Other financial expenses		(221)	(19,898)
(+/-)	Unrealized fair value changes		-	-
(+/-)	Exchange gain (loss)		(1)	-
(+/-)	Gain or loss from disposal of financial instruments		-	-
=	FINANCIAL RESULT		358	(10,120)
=	PRE-TAX RESULT		352	(10,148)
(+/-)	Tax expense		-	-
=	NET LOSS		352	(10,148)

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, 2014

Thousand of Euros

		Current Period	Previous Period
		6/30/2014	6/30/2013
A)	Net loss for the period	352	(10,148)
B)	Income and expenses charged directly to Equity	-	17,867
	Other comprehensive income not being reclassified to profit or loss	-	-
	Other comprehensive income to be reclassified to profit or loss	-	17,867
	Cash flow hedges	-	17,867
C)	Transfers to the Statement of Profit and Loss	159	75,925
1	Due to valuation of financial instruments	-	-
	a) Available for sale financial assets	-	-
	b) Other income / (expenses)	-	-
2	Cash flow hedges	159	75,925
3	Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME (A+B+C)		511	83,644

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

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2014

Thousand of Euros

Current Period		Equity (Deficit)			Revaluation Changes	Total
		Common Stock	Reserves	Net Profit (Loss)		
December 31, 2013		347,057	(299,321)	(11,599)	(2,143)	33,994
I.	Comprehensive profit (loss)	-	-	352	159	511
II.	Capital transactions with owners	-	-	-	-	-
III.	Other changes in Shareholder's Equity (Deficit)	-	(11,599)	11,599	-	-
	Appropriation of net result	-	(11,599)	11,599	-	-
	Other changes	-	-	-	-	-
June 30, 2014		347,057	(310,920)	352	(1,984)	34,505

Previous Period		Equity			Revaluation Changes	Total
		Common Stock	Reserves	Net Profit (Loss)		
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

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, 2014

Thousand of Euros		Current Period	Previous Period
		06/30/2014	06/30/2013
A)	Cash flow from operating activities (1+2+3)	496	(3,658)
1	Net result	352	(10,148)
2	Adjustments to net result	(580)	10,120
	(+) Amortization of fixed assets	-	-
	(+/-) Other adjustments to net result	(580)	10,120
	Amortization of revaluation reserve	159	1,458
	Amortization of issuance costs	-	-
	Unrealized foreign exchange	-	-
	Interest income from related companies	(2,329)	(66,706)
	Dividends on Preference Shares	1,590	55,470
	Other changes	-	19,898
3	Other cash flows from operating activities	724	(3,630)
	(-) Dividend on preference share payments	(1,590)	(27,630)
	(+) Interest collections	2,329	33,189
	(+/-) Other inflows / (outflows) from operating activities	(15)	(9,189)
B)	Cash flow from investing activities	(498)	3,664
1	1. Payment of investments	(498)	-
	(-) Loans to related parties	(498)	-
2	2. Proceeds from investments	-	3,664
	(+) Loans to related parties	-	3,664
	(+) 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	-	-
E)	Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	(2)	6
F)	Cash and cash equivalents, beginning of the year	29	2
G)	Cash and cash equivalents, end of the year (E+F)	27	8

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2014

(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. (the ultimate parent of Repsol Group), 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 Clifton House, 74 Fort Street, Grand Cayman, Cayman Islands (P.O. Box 1350).

As of June 30th, 2014, 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 condensed financial statements are unaudited.

Note 2: Basis of Presentation and Accounting Principles

a) Basis of presentation

This interim condensed financial information for the six months ended June 30th, 2014 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. The interim condensed financial information should be read in conjunction with the annual financial statements for the year ended December 31st, 2013, which have been prepared in accordance with IFRS.

The accompanying financial statements were prepared from the Company’s accounting records as of June 30th, 2014.

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, 2014. None of them have had any relevant impact for the Company except for what is described below:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition Guidance
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities
- Amendments to IAS 32 – Offsetting Financial Assets and Liabilities
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

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, 2015.

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 IAS 19 Employee Benefits – Employee contributions
- Improvements to IFRSs 2010-2012 Cycle
- Improvements to IFRSs 2011-2013 Cycle:
- IFRIC 21 – Levies

b.3.) Standards and subsequent amendments which are applicable for the first time for the financial year beginning January 1st, 2016.

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

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IFRS 11 - Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 41 - Agriculture: Bearer Plants

b.4.) Standards and subsequent amendments which are applicable after 2016.

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
- IFRS 15 Revenue from Contracts with Customers

c) Accounting principles

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31st, 2013, 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, 2014 and 2013, 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 %	30/06/2014		30/06/2013	
			Effective rate per share %	Total Amount	Effective rate per share %	Total Amount
B	Quarterly at March 31, June 30.	Floating rate	3.803% annual (Euribor +3.5%)	€567	3.699% annual (Euribor +3.5%)	€18,490
C	Quarterly at March 31, June 30.	Floating rate	3.803 % annual (Euribor +3.5%)	€ 1,023	3.699 % annual (Euribor +3.5%)	€ 36,980
				€1,590		€55,470

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 of Repsol S.A. 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; and

(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 were 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 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

Starting June 30th, 2011 the dividend on each Series B Preference Share changed to a floating rate per annum equal to three month Euribor plus a margin equal to 3.5%. The Company signed 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. At inception the IRS was intended to mature on June 30, 2016. Under interest rate swap contracts, the Company agreed to exchange the difference between fixed and floating interest rate amounts calculated on agreed notional principal amounts. Such contracts enabled 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, was presented under the caption "Other financial expenses".

From June 30th, 2013 hedge accounting for the IRS was discontinued as a consequence of the repurchase of the Preference Shares Series B 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 the statement of income under the caption "Other financial expenses". On July 2, 2013 the IRS was cancelled early and settled in cash.

The cash flow hedge reserve in equity represents the cumulative effective portion of gains or losses arising on changes in fair value of the interest rate swaps (EUR 1,285 thousand) related to the Preference Shares not subject to the repurchase agreement. The reserve will be reclassified to the statement of income when the hedged transaction affects the statement of income.

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 was 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 was recognized immediately as an expense under the caption "Other financial expenses" in June 30th, 2013. The cumulative loss related to Preference Shares not subject to the repurchase agreement (EUR 699 thousand) continues to be separately recognized in equity, under the caption "Revaluation reserve" and amortized as the financial instrument matures.

As per June 30th, 2014 the company does not held any financial derivative.

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 statement of income "Interest income from related parties" (EUR 2,329) shows the interest charges of the loan granted by the Company to Repsol Netherlands Finance B.V., which bears interest at arm's length.

Under the caption "Other financial expenses" is recorded a liquidity commission for the Preference Shares (EUR 221 thousand) of which EUR 111 thousand were with "Caixa Bank, S.A.". The caption "Payable to related parties" includes EUR 5 thousand payable to Repsol International Finance BV.

Note 8: Subsequent events

There have been no subsequent events after June 30th, 2014, 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.

The interim condensed financial statements for June 2014 were approved by the Board of Directors and authorized for issue on 25 July, 2014.

25 July, 2014

STATUTORY DIRECTORS:

Richard McMillan

Rafael Guerrero Mendoza

Francisco Javier Nogales Aranguez

Javier Sanz Cedrón