Official Notice

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REPSOL

The Hague, July 31, 2015

In accordance with Article 14 of Law of 9 May 2006, on market abuse, Repsol International Finance, B.V. (the "Company") is filing the Interim Condensed Consolidated Financial Statements and Interim Management Report for the six month period ended 30 June 2015 of Repsol, S.A., Guarantor of the Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme of the Company.

The Interim Condensed Consolidated Financial Statements and Interim Management Report for the six month period ended 30 June 2015 of Repsol, S.A. were filed by Repsol, S.A. with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on July 30, 2015.

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Repsol, S.A. and Subsidiaries

Report on Limited Review

Interim Condensed Consolidated Financial Statements and Interim Directors' Report for the six-month period ended 30 June 2015

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Repsol, S.A.,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Repsol, S.A. and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet as at 30 June 2015, and the condensed consolidated income statement, condensed consolidated statement of recognized income and expenses, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2015 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Emphasis of Matters

We draw attention to Note 2 to the accompanying interim condensed consolidated financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014. Our conclusion is not modified in respect of this matter.

Also, the accompanying interim financial statements include the Talisman Group from 8 May 2015, the date of acquisition thereof by the REPSOL Group. Pursuant to accounting regulations, the purchase price of this transaction was allocated to the assets acquired and the liabilities assumed on the basis of their estimated fair values at that date. As indicated in Note 3 to the accompanying interim condensed consolidated financial statements, this business combination was accounted for on a provisional basis, since at the date of approval of these interim financial statements the Group had not yet completed the measurement of the assets acquired and liabilities assumed, and the twelve-month period from the acquisition of the Talisman Group established in IFRS 3 – Business Combinations had not yet elapsed. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2015 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2015. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Repsol, S.A. and Subsidiaries.

Other Matters

This report was prepared at the request of the Company's directors in relation to the publication of the half-yearly financial report required by Article 35 of Spanish Securities Market Law 24/1988, of 28 July, implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Javier Ares San Miguel

29 July 2015

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF 2015

REPSOL

REPSOL, S.A. and Investees comprising the Repsol Group

Translation of a report originally issued in Spanish.
In the event of a discrepancy, the Spanish language version prevails.

REPSOL, S.A. and investees comprising the Repsol Group
Consolidated balance sheet at June 30, 2015 and December 31, 2014

		Millions of euros	
ASSETS	Note	**06/30/2015**	**12/31/2014**
Intangible Assets:		4,396	1,859
a) Goodwill	3	2,796	498
b) Other intangible assets		1,600	1,361
Property, plant and equipment	5.3	32,545	17,141
Investment property		25	23
Investments accounted for using the equity method	5.4	12,342	11,110
Non-current financial assets	5.2	787	593
Deferred tax assets		6,074	3,967
Other non-current assets		238	155
NON-CURRENT ASSETS		**56,407**	**34,848**
Non current assets held for sale		146	98
Inventories		4,263	3,931
Trade and other receivables:		6,751	5,685
a) Trade receivables		3,769	3,083
b) Other receivables		2,188	1,970
c) Income tax assets		794	632
Other current assets		348	176
Other current financial assets	5.2	1,478	2,513
Cash and cash equivalents	5.2	2,092	4,638
CURRENT ASSETS		**15,078**	**17,041**
TOTAL ASSETS		**71,485**	**51,889**

Notes 1 to 11 are an integral part of this consolidated balance sheet at June 30, 2015.

REPSOL, S.A. and investees comprising the Repsol Group
Consolidated balance sheet at June 30, 2015 and December 31, 2014

LIABILITIES AND EQUITY	Note	Millions of euros 06/30/2015	12/31/2014
NET EQUITY			
Issued share capital	5.1	1,400	1,375
Share premium		6,428	6,428
Reserves		259	259
Treasury shares and own equity instruments		(84)	(127)
Retained earnings and other reserves		19,320	19,524
Profit attributable to the equity holders of the parent	4.3	1,053	1,612
Dividends and remunerations		-	(1,569)
Other equity instruments		1,003	-
EQUITY		**29,379**	**27,502**
Financial assets available for sale		4	(5)
Hedge transactions		(194)	(163)
Translation differences		1,813	603
ADJUSTMENTS FOR CHANGES IN VALUE		**1,623**	**435**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND OTHER HOLDERS OF EQUITY INSTRUMENTS		**31,002**	**27,937**
MINORITY INTERESTS		**256**	**217**
TOTAL EQUITY	**5.1**	**31,258**	**28,154**
Grants		8	9
Non-current provisions	5.5	6,990	2,386
Non-current financial liabilities:	5.2	11,469	7,612
a) Bank borrowings, bonds and other securities		11,382	7,524
b) Other financial liabilities		87	88
Deferred tax liabilities	3	4,368	1,684
Other non-current liabilities		2,035	1,801
NON-CURRENT LIABILITIES		**24,870**	**13,492**
Liabilities related to non-current assets held for sale		13	-
Current provisions	5.5	677	240
Current financial liabilities:	5.2	7,893	4,086
a) Bank borrowings, bonds and other securities		7,565	3,952
b) Other financial liabilities		328	134
Trade payables and other payables:		6,774	5,917
a) Trade payables		2,566	2,350
b) Other payables		3,889	3,402
c) Current income tax liabilities		319	165
CURRENT LIABILITIES		**15,357**	**10,243**
TOTAL EQUITY AND LIABILITIES		**71,485**	**51,889**

Notes 1 to 11 are an integral part of this consolidated balance sheet at June 30, 2015.

Repsol, S.A. and investees comprising the Repsol Group

Consolidated income statement for the periods ended June 30, 2015 and 2014

		Millions of euros	
	Note	**06/30/2015**	**06/30/2014**
Sales		20,043	23,531
Services rendered and other income		76	178
Changes in inventories of finished goods and work in progress inventories		59	28
Income from reversals of impairment losses and gains on disposal of non-current assets		227	4
Other operating income		694	515
OPERATING REVENUE		**21,099**	**24,256**
Supplies		(14,766)	(19,648)
Personnel expenses		(1,024)	(860)
Other operating expenses		(3,129)	(2,142)
Depreciation and amortization of non-current assets		(1,360)	(942)
Impairment losses recognized and losses on disposal of non-current assets	5.3	(137)	(234)
OPERATING EXPENSES		**(20,416)**	**(23,826)**
OPERATING INCOME		**683**	**430**
Finance income		65	65
Finance expenses		(332)	(322)
Changes in fair value of financial instruments	5.2	980	27
Net exchange gains/(losses)		(265)	72
Impairment and gains/(losses) on disposal of financial instruments		(7)	368
FINANCIAL RESULT		**441**	**210**
Share of results of companies accounted for using the equity method after taxes	**5.4**	**258**	**679**
NET INCOME BEFORE TAX		**1,382**	**1,319**
Income tax	6	(299)	(250)
NET INCOME FROM CONTINUING OPERATIONS		**1,083**	**1,069**
NET INCOME FROM DISCOUNTINUED OPERATIONS AFTER TAXES		**-**	**268**
NET INCOME FOR THE PERIOD		**1,083**	**1,337**
Net income attributable to minority interests		(30)	(10)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT		**1,053**	**1,327**

EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**5.1**	**Euros (1)**	**Euros (2)**
Basic		0.75	0.95
Diluted		0.75	0.95

(1) The earnings per share for the first half of 2015 include the adjustment regarding the interest corresponding to the perpetual subordinated bonds, detailed in heading 5.1.4.

(2) Includes the necessary modifications with respect to the interim condensed consolidated financial statements for the first half of 2014 in connection with the paid-up capital increase carried out as part of the shareholder compensation scheme known as the "*Repsol Flexible Dividend*", detailed in Note 5.

Notes 1 to 11 are an integral part of this consolidated income statement corresponding to the six-month period ended June 30, 2015.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated statement of recognized income and expenses for the periods ended June 30, 2015 and 2014

	Millions of euros	
	06/30/2015	**06/30/2014**
CONSOLIDATED NET INCOME FOR THE YEAR [(1)]		
(from the Consolidated Income Statement)	**1,083**	**1,337**
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY:		
From actuarial gains and losses and other adjustments	5	-
Total items not reclassified to the income statement	**5**	**-**
From measurement of financial assets available for sale	6	(224)
From measurement of other financial instruments	-	(42)
From cash flow hedges [(2)]	(555)	(41)
Translation differences	1,165	120
Entities accounted for using the equity method	42	17
Tax effect	8	78
Total items reclassified to the income statement	**666**	**(92)**
TOTAL	**671**	**(92)**
AMOUNTS TRANSFERRED TO THE CONSOLIDATED INCOME STATEMENT:		
From measurement of financial assets available for sale	6	(452)
From measurement of other financial instruments	-	42
From cash flow hedges	(13)	8
Translation differences	7	(5)
Entities accounted for using the equity method	(3)	8
Tax effect	6	112
TOTAL	**3**	**(287)**
Other transfers:		
From cash flow hedges [(2)]	**525**	**-**
TOTAL	**525**	**-**
TOTAL RECOGNIZED INCOME / (EXPENSES)	**2,282**	**958**
a) Attributable to the parent company	2,243	947
b) Attributable to minority interests	39	11

(1) Corresponds to the addition of the following consolidated income statement headings: "*Net income from continuing operations*" and "*Net income from discontinued operations after taxes*".

(2) Includes the effect of foreign exchanges cash flow hedges on the purchase Price of Talisman (see Note 5.2.), which has been considered as greater investment value.

Notes 1 to 11 are an integral part of this consolidated statement of recognized income and expenses corresponding to the six-month period ended June 30, 2015.

Repsol, S.A. and investees comprising the Repsol Group

Consolidated statement of changes in equity for the periods ended June 30, 2015 and 2014

	Equity attributable to equity holders of the parent								
	Capital and reserves								
Millions of euros	Issued share capital	Share premiun and reserves	Treasury shares and own equity instruments	Total net income attributable to the parent	Other equity instruments	Adjustments for changes in value	Total equity attributable to the parent	Minority interests	Total Equity
Closing balance at 12/31/2013	**1,324**	**26,240**	**(26)**	**195**	**-**	**(526)**	**27,207**	**243**	**27,450**
Adjustments	-	-	-	-	-	-	-	-	-
Initial adjusted balance	**1,324**	**26,240**	**(26)**	**195**	**-**	**(526)**	**27,207**	**243**	**27,450**
Total recognized income/ (expense)	-	-	-	1,327	-	(380)	947	11	958
Transactions with shareholders or owners									
Increase/ (decrease) of share capital	26	(26)	-	-	-	-	-	-	-
Dividend payments	-	(1,324)	-	-	-	-	(1,324)	-	(1,324)
Transactions with treasury shares or own equity instruments (net)	-	2	23	-	-	-	25	-	25
Increases / (decreases) due to changes in the scope of consolidation	-	-	-	-	-	-	-	-	-
Other transactions with shareholders and owners	-	(155)	-	-	-	-	(155)	-	(155)
Other changes in equity									
Transfers between equity accounts	-	195	-	(195)	-	-	-	-	-
Other changes	-	(19)	-	-	-	18	(1)	1	-
Closing balance at 06/30/2014	**1,350**	**24,913**	**(3)**	**1,327**	**-**	**(888)**	**26,699**	**255**	**26,954**
Total recognized income/ (expense)	-	(5)	-	285	-	1,331	1,611	(36)	1,575
Transactions with shareholders or owners									
Increase / (Decrease) of share capital	25	(25)	-	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	(1)	(1)
Transactions with treasury shares or own equity instruments (net)	-	-	(124)	-	-	-	(124)	-	(124)
Increases / (decreases) due to changes in the scope of consolidation	-	-	-	-	-	-	-	-	-
Other transactions with shareholders and owners	-	(245)					(245)	-	(245)
Other changes in equity	-	-	-	-	-	-		-	-
Payments based on equity instruments	-	-	-	-	-	-	-	-	-
Transfers between equity accounts	-	-	-	-	-	-	-	-	-
Other changes	-	4	-	-	-	(8)	(4)	(1)	(5)
Closing balance at 12/31/2014	**1,375**	**24,642**	**(127)**	**1,612**	**-**	**435**	**27,937**	**217**	**28,154**
Total recognized income/ (expense)	-	5	-	1,053	-	1,185	2,243	39	2,282
Transactions with shareholders or owners									
Increase / (Decrease) of share capital	25	(25)	-	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	-	-
Transactions with treasury shares or own equity instruments (net)	-	3	43	-	-	-	46	-	46
Increases / (decreases) due to changes in the scope of consolidation	-	-	-	-	-	-	-	-	-
Other transactions with shareholders and owners	-	(243)	-	-	-	-	(243)	-	(243)
Other changes in equity									
Transfers between equity accounts	-	1,612	-	(1,612)	-	-	-	-	-
Issues of perpetual subordinated obligations	-	(8)	-	-	1,003	-	995	-	995
Other changes	-	21	-	-	-	3	24	-	24
Closing balance at 06/30/2015	**1,400**	**26,007**	**(84)**	**1,053**	**1,003**	**1,623**	**31,002**	**256**	**31,258**

Notes 1 to 11 are an integral part of this consolidated statement of changes in equity corresponding to the six-month period ended June 30, 2015.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated cash flow statement for the periods ended June 30, 2015 and 2014

	Millions of euros	
	06/30/2015	**06/30/2014**
Net income before tax	**1,382**	**1,319**
Adjustments to net income:	**607**	**240**
Depreciation and amortization of non-current assets	1,360	942
Other adjustments to results (net)	(753)	(702)
Changes in working capital	**(450)**	**(466)**
Other cash flows from operating activities:	**(241)**	**(326)**
Dividends received	133	199
Income tax received / (paid)	(142)	(394)
Other proceeds from / (payments for) operating activities	(232)	(131)
Cash flows from operating activities [(1)]	**1,298**	**767**
Payments for investing activities:	**(9,876)**	**(2,104)**
Group companies and associates	(8,407)	(18)
Property, plant and equipment, intangible assets and investment properties	(1,331)	(1,171)
Other financial assets	(138)	(915)
Proceeds from divestments:	**1,331**	**4,725**
Group companies and associates	255	109
Property, plant and equipment, intangible assets and investment properties	14	24
Other financial assets	1,062	4,592
Other Cash Flows	**494**	-
Cash flows used in investing activities [(1)]	**(8,051)**	**2,621**
Proceeds from/ (payments for) equity instruments:	**1,024**	**22**
Issuances	995	-
Acquisition	(154)	(50)
Disposal	183	72
Proceeds from / (payments for) financial liabilities:	**2,576**	**(900)**
Issues	6,621	2,358
Return and depreciation	(4,045)	(3,258)
Payments for dividends and payments on other equity instruments:	**(245)**	**(1,350)**
Payments for dividends	(245)	(1,350)
Other cash flows from financing activities:	**789**	**(498)**
Interest payments	(395)	(410)
Other proceeds from/ (payments for) financing activities	1,184	(88)
Cash flows used in financing activities [(1)]	**4,144**	**(2,726)**
Effect of changes in exchange rates	**63**	**27**
Net increase / (decrease) in cash and cash equivalents	**(2,546)**	**689**
Cash flows from operating activities from discontinued operations	-	(72)
Cash flows from investment activities from discontinued operations	-	513
Cash flows from financing activities from discontinued operations	-	(1)
Net increase / (decrease) in cash and cash equivalents discontinued operations	**-**	**440**
Cash and cash equivalents at the beginning of the period	4,638	5,716
Cash and cash equivalents at the end of the period	2,092	6,845
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**06/30/2015**	**06/30/2014**
Cash and banks	1,550	4,882
Other financial assets	542	1,963
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2,092**	**6,845**

[(1)] Includes cash flows from continuing operations.

Notes 1 to 11 are an integral part of this consolidated cash flow statement corresponding to the six-month period ended June 30, 2015.

REPSOL, S.A. AND INVESTEES COMPRISING THE REPSOL GROUP

Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2015.

APPENDIX

(1) GENERAL INFORMATION

Repsol, S.A. and the companies comprising the Repsol Group (hereinafter "Repsol" the "Repsol Group" or the "Group") constitute an integrated group of oil and gas companies which commenced operations in 1987.

The Repsol Group is engaged in all the activities relating to the oil and gas industry, including exploration, development and production of crude oil and natural gas, transportation of oil products, liquefied petroleum gas (LPG) and natural gas, refining, the production of a wide range of oil products and the retailing of oil products, oil derivatives, petrochemicals, LPG and natural gas, as well as the generation and distribution of electricity.

These interim condensed consolidated financial statements for the six-month period ended June 30, 2015, were approved by the Board of Directors of Repsol, S.A. at their meeting on July 29, 2015.

(2) BASIS OF PRESENTATION

2.1 General principles

The accompanying interim condensed consolidated financial statements are presented in millions of euros (except where otherwise indicated), and were prepared based on the accounting records of Repsol, S.A. and its investees in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union at June 30, 2015, and specifically in accordance with the requirements established in the International Accounting Standard (IAS) 34 - *Interim Financial Reporting*, which establishes the accounting principles in relation with interim financial statements, in conformity with article 12 of RD 1362/2007, and with the required disclosures based on the Circular 1/2008 of January 30, from the Spanish Securities Exchange Regulator.

In this regard, the interim condensed consolidated financial statements present fairly the Group´s consolidated equity and financial position at June 30, 2015, as well as the results of its operations, the changes in equity and the consolidated cash flows for the six-month period then ended.

In accordance with IAS 34, the interim condensed consolidated financial report is only intended to provide an update on the Company's latest Consolidated financial statements, focusing on new activities, events, and circumstances occurred during the semester, and do not duplicate information previously reported in the Consolidated financial statements for the prior year. Therefore, for an appropriate understanding of the information provided in these interim condensed consolidated financial statements, they should be read in conjunction with the Repsol Group's Consolidated financial statements for the financial year 2014, which were approved by the Annual General Meeting of Repsol S.A. held on April 30, 2015.

2.2 Accounting policies: new standards and interpretations

In connection with the applicable accounting standard at December 31, 2014, below is a list of developments on accounting standards issued or amended by the IASB and endorsed by the European Union, which have been mandatorily applicable from January 1, 2015:

- IFRIC 21 *"Levies"*.
- Annual Improvements to IFRSs 2011-2013.

The application of these amendments has not had a significant impact on the accompanying interim condensed consolidated financial statements.

Below is a list of accounting standards issued by the IASB and endorsed by the European Union, which the Group has applied in advance from January 1, 2015:

- Annual improvements to IFRSs 2010-2012 [(1)].
- Annual amendments to IAS 19 "*Defined benefit plans: Employee contributions*" [(2)].

The application of these amendments has not had a significant impact on the accompanying interim condensed consolidated financial statements.

2.3 Comparison of information

The earnings per share figures for the six-month period ended June 30, 2014 have been restated with respect to the figures presented in the interim condensed consolidated financial statements at June 30, 2014, in accordance with the applicable accounting standard, as the average number of outstanding shares considered in the calculation should be based on the new number of shares issued after the capital increases, carried out as part of the shareholder remuneration scheme denominated "*Repsol Flexible Dividend*", detailed in heading 5.1 "*Equity*", which have been registered as of June 30, 2015.

2.4 Changes in accounting estimates and judgments

Estimates made by Management were used in the interim condensed consolidated financial statements to measure certain assets, liabilities, revenue, and expenses reported herein. These estimates were made based on the best information available, as described in Note 3 *"Accounting estimates and judgments"* of the Consolidated financial statements for the financial year 2014.

It is possible that future developments may require modifying these estimates (upwards or downwards) as of year-end 2015 or subsequent years.

Although there were no significant changes in the first half of 2015 in the methodology used to calculate the estimates made as of year-end 2014, it is worth highlighting the provisional valuation of the Talisman assets and liabilities after the acquisition closed on May 8, 2015, as this process required Repsol Group Management to use their judgment and make sensitive estimates that may be subject to change (see Note 3).

2.5 Seasonality

Amongst the Group activities, the liquefied petroleum gas (LPG) and natural gas businesses are those that involve the greatest seasonality due to their dependence on climatological conditions, with increased activity during winter and decreased activity during summer in the northern hemisphere.

[1] "*Annual Improvements to IFRSs 2010-2012 Cycle*" introduces amendments to several IFRSs. Some of these amendments have been issued by the IASB with effect from July 1, 2014, while others have been issued by the IASB effective for annual periods beginning on or after July 1, 2014. This document was adopted by means of Regulation (EU) 2015/28, effective in the EU for annual periods beginning on or after February 1, 2015, which, in the case of the Group, implies first-time application from January 1, 2016.

[2] "*Amendments to IAS 19 Defined benefit plans: Employee contributions*" was issued by the IASB with effect for annual periods beginning on or after July 1, 2014. This document was adopted by means of Regulation (EU) 2015/29, effective in the EU for annual periods beginning on or after February 1, 2015, which, in the case of the Group, implies first-time application from January 1, 2016.

(3) CHANGES IN THE GROUP´S COMPOSITION

Repsol prepares its consolidated financial statements including the investments in all of its subsidiaries, associates and joint arrangements. Appendix I of the Consolidated financial statements for the financial year 2014 details the main companies comprising the Repsol Group, which were included in the consolidation scope at said date.

Appendix I of this interim condensed consolidated financial statements details the main changes in the Group's composition taken place during the first half of 2015; which mainly correspond to the incorporation of all Talisman Group companies.

Acquisition of Talisman Energy, Inc.

On May 8, 2015, Repsol, through its Canadian subsidiary Repsol Energy Resources Canada Inc., acquired 100% of Talisman´s Energy Inc. (hereinafter "Talisman") ordinary shares at $ 8 each, as well as 100% of its preferred shares at CAD 25 each.

After the closing of the transaction, Talisman's ordinary shares were delisted from the Toronto and New York Stock Exchanges and its preferred shares were delisted from the Toronto Stock Exchange, the latter having converted into ordinary shares subsequently. Talisman is incorporated under the Canada Business Corporations Act.

The total amount paid out for the acquisition amounts to € 8,005 million[1], which includes $ 8,289 million paid for its ordinary shares, and CAD 201 million, paid for its preferred shares.

As provided under accounting standards, the purchase price has been provisionally allocated to the assets acquired and the liabilities assumed based on their estimated fair values as of the acquisition date.

The fair value of the *Upstream* assets and liabilities was calculated using the so-called income approach (discounted cash flow analysis using variables that are not directly observable in the market[2]) and using market metrics (comparable transaction prices). The most sensitive assumptions used in the cash flow projections used to value the assets are: i) hydrocarbons prices; ii) reserves and production profiles; iii) operating expenses and investments, including abandonment costs and; iv) discount rates. The estimated fair value of the long-term financial debt was calculated using observable market prices[3].

Repsol obtained two expert reports from independent appraisers for the purpose of allocating Talisman´s purchase price to the assets acquired and the liabilities assumed based on their fair values. The conclusions of these reports have been considered in the provisional valuation of Talisman´s assets and liabilities. The valuations included in these reports do not differ significantly from those used on a provisional basis by Repsol.

As a result of the purchase price allocation process, the following assets and liabilities have been revaluated with respect to their carrying amounts on Talisman's consolidated balance sheet as of May 8:

- *Upstream* fixed assets, located primarily in the United States, Indonesia, Vietnam and Colombia (€ 4,439 million).

[1] Includes the effect of exchange rate hedging transactions on the acquisition price (see heading 5.2.2.).
[2] Level 3 inputs according to the fair value hierarchy defined in IFRS 13 "*Fair value measurement*".
[3] Level 2 inputs according to the fair value hierarchy defined in IFRS 13 "*Fair value measurement*".

- Provisions to cover possible future payments resulting from the acquired business, as well as legal, tax and environmental liabilities and other contingent liabilities, in an aggregate amount of €2,500 million (see Note 5.4 "*Investments accounted for using the equity method*", Note 6 "*Tax situation*" and Note 7 "*Litigation*").

- Net deferred taxes mainly as a result of the revaluation of the aforementioned "*Upstream*" assets in the net amount of €1,524 million.

- Financial liabilities corresponding to the difference between the estimated fair value of the financial debt and their carrying amount in the amount of € 234 million.

The difference between the acquisition cost and fair value of the assets acquired and liabilities assumed is assigned to goodwill (€ 2,283 million), being mainly attributable to the recognition of the deferred taxes corresponding to differences between the fair value of the assets acquired and their tax bases, calculated using the tax rate applicable in the corresponding country. The balance for the goodwill is greatly justified by the synergies of the improved efficiency in the operations, decrease in general and administrative expenses, and the existence of other intangible assets not recognized as per prevailing accounting rules, which are expected to be materialized after the acquisition. Goodwill is neither depreciated, neither deductible, but periodically impairment tests are performed to evaluate its recoverability.

The breakdown of the net assets acquired on May 8, 2015 and the goodwill generated by this business combination is as follows:

Millions of euros	**"Provisional" Fair Value**	**Book value of the acquired company**
Intangible Assets	157	421
Property, plant and equipment	14,728	10,289
Investments accounted for using the equity method	432	508
Deferred tax assets	2,163	1,685
Other non-current assets	100	100
Other current assets	714	732
Cash and cash equivalents	494	461
Total Assets	**18,788**	**14,196**
Non-current provisions	(4,525)	(2,084)
Non-current financial liabilities	(3,654)	(3,420)
Deferred tax liabilities	(2,522)	(520)
Other non-current liabilities	(118)	(101)
Current provisions	(585)	(526)
Current financial liabilities	(991)	(991)
Other financial liabilities	(671)	(671)
Total Liabilities	**(13,066)**	**(8,313)**
NET ASSETS ACQUIRED	**5,722**	**5,883**
ACQUISITION COST	**8,005**	
GOODWILL	**2,283**	

The consolidated revenue and net income of the period contributed by Talisman since the acquisition date amounted to € 433 and € -103 million, respectively. If the acquisition had closed on January 1, 2015, the revenue and net income contribution by Talisman would have been € 1,200 and € -367 million, respectively.

The expenses related to the transaction incurred during the first half of the year amounted to €34 million and are recognized under the heading "*Other operating expenses*".

This business combination has been accounted for provisionally (see Appendix IV "*Accounting policies*"), as the process of measuring the assets acquired and liabilities assumed remained ongoing as of the date of authorizing the accompanying interim condensed consolidated financial statements for issue and the twelve-month period for so doing (starting from the Talisman acquisition date), as provided under IFRS 3 "*Business combinations*", had not yet elapsed.

(4) SEGMENT REPORTING

4.1 Definition of segments

The definition of the Repsol Group´s business segments is based on the delimitation of the different activities performed and from which the Group earns revenue or incurs expenses, as well as on the organizational structure approved by the Board of Directors for management of the businesses. Using these segments as a reference point, the Group's management team (Repsol´s Corporate, E&P and Downstream Executive Committee) analyses the main operating and financial indicators in order to make decisions about segment resource allocation and to assess how the Company is performing. The Group did not group segments for the presentation of this information.

At June 30, 2015, the operating segments of the Group are:

- *Upstream*, corresponding to the exploration and development of crude oil and natural gas reserves;
- *Downstream*, corresponding to (i) the refining, trading and transportation of crude oil and oil products, as well as the commercialization of oil products, petrochemical products and LPG, (ii) the commercialization, transport and regasification of natural gas and liquefied natural gas (LNG), and (iii) renewable energy power projects;
- *Gas Natural Fenosa*, corresponding to its shareholding in Gas Natural SDG, S.A., whose main activities are the distribution and commercialization of natural gas, and the generation, distribution and commercialization of electricity.

Finally, *Corporation and adjustments* includes activities not attributable to the aforementioned businesses, and specifically, corporate expenses and financial result, as well as intersegment adjustments of consolidation.

4.2 Segment results

The results for each segment include those from joint ventures[1], or other managed companies operated as such[2], in accordance with the percentage of interest held by the Group, considering its operational and economic metrics in the same manner and with the same detail as for fully consolidated companies. Thus, the Group considers that the nature of its businesses and the way in which results are analysed for decision-making purposes is adequately reflected.

In addition, the Group, considering its business reality and in order to make its disclosures more comparable with those in the sector, uses as a measure of segment profit the so-called Adjusted Net Income, corresponding to the recurring net operating profit of continuing operations at current cost of supply ("*Current Cost of Supply*" or CCS) after taxes.

[1] See heading 5.4 "*Investments accounted for using the equity method*" and Appendix I of the Consolidated financial statements for the financial year 2014, which identify the Group's main joint ventures.
[2] Corresponds to Petrocarabobo, S.A., (Venezuela), an associated entity of the Group.

The Adjusted Net Income is prepared by using the inventory valuation method widely used in the industry, current cost of supply (CCS), which differs from that accepted under prevailing European accounting standards (*"Middle In First Out"* or MIFO). The use of CCS methodology facilitates users of financial information comparisons with other companies in the sector. Under CCS methodology, the purchase price of volumes of inventories sold during the period is based on current prices of purchases during the period. Consequently, Adjusted Net Income does not include the so-called "Inventory Effect", which is the difference between the net income using CCS and the net income using MIFO. The Inventory Effect is presented separately net of the tax effect and excluding non-controlling interests.

Likewise, Adjusted Net Income excludes the so-called non-recurring income, that is, those originating from isolated events or transactions of an exceptional nature, or which are not ordinary or usual transactions of the Group. Non-Recurring Income is presented separately, net of the tax effect and excluding non-controlling interests.

However, Adjusted Net Income of Gas Natural Fenosa segment includes the company's net income in accordance with the equity method[3].

At any rate, for each of the metrics identified by segments in this Note (adjusted net income, inventory effect, non-recurring income…), the corresponding items and figures are indicated to facilitate reconciliation with the corresponding metrics prepared in accordance with IFRS-EU.

4.3 Income for the period by segment

	Millions of euros			
SEGMENTS	**2Q 2015**	**2Q 2014**	**06/30/2015**	**06/30/2014**
Upstream	(48)	145	(238)	400
Downstream	439	162	973	452
Gas Natural Fenosa	105	159	227	282
Corporation and adjustments	(184)	(76)	278	(212)
Ajusted net income of the detailed segments	**312**	**390**	**1,240**	**922**
Inventory effect	83	5	(57)	(54)
Non-recurring income	(103)	156	(130)	191
Results from discontinued operations	-	(31)	-	268
Net income	**292**	**520**	**1,053**	**1,327**

Below, Repsol Group´s **net income evolution for the second quarter of 2015** is included, being compared with the same period in the previous year. For further information about Repsol Group´s results evolution for the first quarter of 2015, see section 4.3 of the Quarterly Condensed Consolidated Financial Statements for the three-month period ended March 31, 2015 and for the explanation for the cumulative results for the six-month period ended June 30, 2015, see section 4 of the Interim Management Report for the six-month period ended June 30, 2015.

Results for the second quarter of 2015 should be viewed against the backdrop of economic recovery, widening margins internationally across the industrial businesses, low crude oil and gas prices and the revaluation of the US dollar against the euro.

Adjusted Net Income amounted to € 312 million, 20% lower than the same period in the previous year. The decrease in *Upstream* results - influenced by the drop in crude oil and gas prices- and in *Corporation* -which in 2014 included results for divestment in YPF and in 2015 included Talisman´s cost- have partially offset the better *Downstream* results, especially in the industrial business.

[3] The remaining figures (revenue, capital employed, exploration investments...) only include cash flows generated in the Repsol Group as a shareholder of Gas Natural SDG, S.A. (dividends…).

Regarding *Upstream*, production increased 55%, reaching 525 kboe/d in the quarter, mainly due to the Talisman results since May 8, 2015 (182 kboe/d), and the greater production in Sapinhoá (Brazil). Despite the increase in production and the lower exploration costs, the strong decline in crude oil and gas prices determined a negative result for the quarter of € 48 million.

During the quarter, drilling concluded in nine exploratory wells and five appraisal wells, six of them with positive results (two exploratory, Q-9 in Alaska *"North Slope"* and TESO-2 in Algeria and the rest of appraisal), four negative (exploratory) and four wells under evaluation.

Adjusted net income of *Downstream* amounted to € 439 million, which represents a 171% increase with respect to the same period in 2014. This increase is mainly due to (i) improved Refining margins due to strengthening of product spreads, lower energy costs and improved efficiency, (ii) improved margins and sale volumes in the Chemical business.

With respect to *Gas Natural Fenosa*, in the second quarter of 2015 adjusted net income amounted to € 105 million, 34% lower than the same period in 2014. This decline in earnings is mainly attributable to the materialization of the non-recurring gain on the sale of Gas Natural Fenosa Telecomunicaciones and its investees in the second quarter of 2014, compared to the same period in 2015. On a like-for-like basis, by all means, adjusting the after-tax gain on the sale from 2Q14 profits, second-quarter adjusted net income would have increased by 2.1%, thanks to balanced business diversification and tighter financial discipline.

Corporation and adjustments disclose an adjusted net income of € -184 million, with respect to the € -76 million for the second quarter of 2014. The difference is mainly driven by the obtained results as a consequence of the YPF expropriation in 2014, as well as the financial and corporate expenses of Talisman in 2015.

Finally, **Net Income** amounted to € 292 million, compared to the € 520 million with respect the same period in 2014. The difference is mainly explained by the lower adjusted net income in 2015 as a result of lower crude oil prices and the positive non-recurring results obtained in 2014 as a consequence of the sale of the non-expropriated YPF shares.

4.4 Other information by segments

The geographic distribution of the main figures in each of the detailed periods is as follows:

	First half of 2015 and 2014							
	Operating revenue (1)		**Adjusted Net Income**		**Net operating investments (2)**		**Capital employed**	
Millions of euros	06/30/2015	06/30/2014	06/30/2015	06/30/2014	06/30/2015	06/30/2014	06/30/2015	12/31/2014
Upstream	**2,077**	**2,119**	**(238)**	**400**	**9,649**	**1,154**	**25,315**	**11,167**
Europe, Africa and Brazil	456	459	(55)	151	193	167	-	-
South America	977	1,184	87	365	550	254	-	-
North America	395	387	(19)	111	253	273	-	-
Asia and Russia	249	89	29	14	36	15	-	-
Exploration and Other	-	-	(280)	(241)	8,617	445	-	-
Downstream	**19,410**	**23,199**	**973**	**452**	**283**	**267**	**11,830**	**11,492**
Europe	17,788	20,688	951	299	205	214	-	-
Rest of the world	2,686	3,850	22	153	78	53	-	-
Adjustments	(1,064)	(1,339)	-	-	-	-	-	-
Gas Natural Fenosa	-	-	**227**	**282**	-	-	**4,690**	**4,567**
Corporation and Adjustments	**(492)**	**(689)**	**278**	**(212)**	**69**	**30**	**2,687**	**2,863**
TOTAL	**20,995**	**24,629**	**1,240**	**922**	**10,001**	**1,451**	**44,522**	**30,089**

(1) The operating revenue corresponds to the addition of the headings *"Sales"* and "*Services rendered and other income"* of the consolidated income statement for the periods ended June 30, 2015 and 2014.
It includes the figures corresponding to joint ventures and other managed companies operated as such in 2015 amounting € 834, € 41 and € 1 million in *Upstream*, *Downstream* and *Corporation*, respectively, and in 2014 amounting € 886 and € 34 million, in *Upstream* and *Downstream,* respectively.

(2) Includes operating investments net of divestments during the period but not investments in "*Other Financial Assets*". Adjusted operating investments at June 30, 2015 and 2014 include figures corresponding to joint ventures and other managed companies operated as such in the amount of € 596 million (*Upstream* and *Downstream*, € 586 and € 10 million, respectively) in 2015 and € 473 million (*Upstream* and *Downstream*, € 462 and € 11 million, respectively) in 2014.

4.5 Reconciliation between IFRS-EU Group results and results by segment

Reconciliation between net adjusted income and IFRS-EU net income at June 30, 2015 and 2014 is as follows:

	First half of 2015 and 2014											
			ADJUSTMENTS									
	Adjusted Net Income		Joint Venture Reclassification		Non-Recurring Income		Inventory effect		Total adjustments		IFRS-EU Net Income	
Millions of euros	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Operating result	1,109	1,158	(102)	(464)	(236)	(183)	(88)	(81)	(426)	(728)	683	430
Financial result	456	(176)	(37)	(57)	22	443	-	-	(15)	386	441	210
Net share of results of companies accounted for using the equity method after taxes	235	295	23	335	-	49	-	-	23	384	258	679
Net income before tax	**1,800**	**1,277**	**(116)**	**(186)**	**(214)**	**309**	**(88)**	**(81)**	**(418)**	**42**	**1,382**	**1,319**
Income tax	(524)	(342)	116	186	84	(118)	25	24	225	92	(299)	(250)
Net income from continuing operations	**1,276**	**935**	**-**	**-**	**(130)**	**191**	**(63)**	**(57)**	**(193)**	**134**	**1,083**	**1,069**
Net income from continuing operations attributable to minority interests	(36)	(13)	-	-	-	-	6	3	6	3	(30)	(10)
Net income from continuing operations attributable to the parent	**1,240**	**922**	**-**	**-**	**(130)**	**191**	**(57)**	**(54)**	**(187)**	**137**	**1,053**	**1,059**
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	268
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	**1,240**	**922**	**-**	**-**	**(130)**	**191**	**(57)**	**(54)**	**(187)**	**137**	**1,053**	**1,327**

(5) OTHER INFORMATION FOR THE PERIOD

This section outlines the most significant changes affecting the consolidated balance sheet and income statement headings in the first half of 2015 and 2014.

5.1 Equity

5.1.1 Issued Share Capital

At the Annual General Meeting on April 30, 2015, the Company's shareholders approved two bonus share issues to execute the shareholder remuneration scheme named "*Repsol Flexible Dividend*", in substitution of what would have been the traditional final dividend from 2014 profits and the interim dividend from 2015 earnings, under which shareholders can instead choose between receiving their remuneration in cash (by selling their bonus share rights in the market or back to the Company) or in Company shares.

The first of these bonus share issues was executed between June and July. The main characteristics of this issue is detailed below:

		June / July 2015
COMPENSATION IN CASH	Trading period for free subscription rights	June 18 - July 3
	Deadline to apply for the sale of rights to Repsol at the fixed price guaranteed	June 26
	Holders who accepted the irrevocable purchase commitment (1)	36.5% (502,021,533 rights)
	Regulated fixed price guaranteed	0.484 € gross / right
	Repsol gross rights acquisition	€ 243 million
REPSOL SHARES REMUNERATION	Holders who chose to receive new shares of Repsol	63.5% (872,672,628 rights)
	No.of rights needed for entitlement to one new share	34
	New issued shares	25,666,842
	Increased share capital (approximately)	1.87%
	Bonus share issue close	July 6
	Starting point of trading of the new shares on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia	July 15

(1) Repsol has renounced the corresponding shares to the bonus share rights acquired by virtue of the aforementioned purchase commitment. The balance sheet at June 30, 2015 recognizes a reduction in equity under "*Retained earnings and other reserves*", along with the obligation to pay the shareholders that had accepted the irrevocable purchase commitment in the amount of Repsol assignment rights.

Subsequent to the capital increase, Repsol S.A. issued share capital amounts to €1,400,361,059, fully subscribed and paid up and represented by 1,400,361,059 shares with a nominal value of 1 euro each.

According to the latest information available, the significant Repsol, S.A. shareholders are:

Significant shareholders (Latest available information)	% of share capital
Fundación Bancaria Caixa d'Estalvis y Pensions de Barcelona (1)	11.51
Sacyr, S.A.(2)	8.73
Temasek Holdings (Private) Limited (3)	5.92
Blackrock, Inc. (4)	3.09

(1) "Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona" holds its stake through CaixaBank, S.A.
(2) Sacyr, S.A. holds its stake through Sacyr Participaciones Mobiliarias, S.L.
(3) Temasek holds its stake through its subsidiary, Chembra Investment PTE, Ltd.
(4) Blackrock holds its stake through several controlled subsidiaries, all of which subject to a vote syndication arrangement. The information with respect to Blackrock is based on the declaration relating to its share capital said entity presented to the Spanish Securities Exchange Regulator (CNMV) on June 24, 2015.

5.1.2 Treasury shares and own equity investments

The main transactions undertaken by the Repsol Group involving treasury shares were as follows:

		Millions of €	
	No. of shares	Cost	% of capital
Balance at 12/31/2014	**7,689,371**		**0.56%**
Open-market purchases	8,187,573	(137)	0.58%
Open-market sales (1)	(11,042,495)	183	0.79%
Loyalty Programs (2)	54,435	1	0.00%
Repsol Flexible Dividend (3)	135,861	-	0.01%
Balance at 06/30/2015	**4,970,310**		**0.36%**

(1) Includes disposal of options on treasury shares (400,000 shares), amounting to € 6 million.

(2) All of the shares bought back under the scope of the second cycle of the (2012-2015) Loyalty Program are delivered to employees (see Note 9 "*Staff and remuneration*").

(3) New shares received under the "*Repsol Flexible Dividend*" scheme bonus share issues corresponding to treasury shares.

5.1.3 Other equity instruments

On March 25, 2015, Repsol International Finance, B.V. (RIF) issued € 1,000 million of subordinated debt in the Euromarket, guaranteed by Repsol, S.A. and of a perpetual nature or without maturity (amortizable upon request of the issuer starting from the sixth year or when certain special circumstances arise). This obligation has:

- a fixed annual coupon of 3.875% from the date of issue to March 25, 2021, payable annually from March 25, 2016.
- from March 25, 2021, the fixed annual coupon will be equal to the applicable 6-year swap rate plus a margin of: i) 3.56% annually until March 25, 2025; ii) 3.81% annually from March 25, 2025 until March 25, 2041; and iii) 4.56% annually from March 25, 2041.

The issuer has the option of deferring the coupon payments without being in breach of its covenants. Coupons so deferred will be cumulative but will have to be settled under certain instances defined in the related terms and conditions of the bonds.

The bonds were placed with qualified investors and admitted to trading on the Luxembourg Stock Exchange following presentation and registration of the corresponding prospectus with the competent authorities.

This bond was recognized under *"Other equity instruments*", included under equity in the consolidated balance sheet, considering that they do not meet the accounting conditions required to be treated as a Group´s financial liability. Finance expense associated to the bond has been recorded under "*Retained earnings and other reserves"*, amounting € 8 million.

5.1.4 Earnings per share

Earnings per share at June 30, 2015 and 2014 are detailed below:

EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO THE PARENT	2015	2014
Net income attributable to the parent (1) (millions of euros)	1,053	1,327
Adjustment of the interest expense for the subordintated perpetual debt (millions of euros)	(8)	-
Weighted average number of shares outstanding at June 30 (2) (shares)	1,397	1,399
EPS basic/diluted (€ / share)	**0.75**	**0.95**

(1) In 2014, includes the results corresponding to discontinued operations, amounting to € 268 million, which is equivalent to an EPS of € 0.20 per share

(2) Share capital registered in the consolidated balance sheet at June 30, 2014, amounted to 1,350,272,389 shares, though the weighted average number of shares in circulation for purposes of calculating earnings per share at said date, includes the effect of share capital increases carried out as part of the remuneration scheme for shareholders ("*Repsol Flexible Dividend*"), in accordance with the applicable accounting standard.

5.1.5 Shareholder remuneration

The following table breaks down the dividend payments received by Repsol shareholders during 2015 and 2014, carried out under the "*Repsol Flexible Dividend*" program, which is described in heading 5.1.1.:

Period	No. Of free-of-charge allocation rights sold to Repsol	Committed purchase price (€/right)	Cash disbursement (millions of euros)	New shares issued	Remuneration in shares (millions of euros)
December 2013 / January 2014	486,839,688	0.477	232	22,044,113	389
June / July 2014	320,017,594	0.485	155	25,756,369	487
December 2014 / January 2015	519,930,192	0.472	245	24,421,828	392
June / July 2015	502,021,533	0.484	243	25,666,842	422

During the six-month period ended June 30, 2014, the Company's shareholders also received a special dividend from 2014 profits in the amount of €1 (before tax) per Company share carrying dividend rights.

5.2 Financial instruments

The breakdown of the different items corresponding to the consolidated assets and liabilities of a financial nature included in the balance sheet, is as follows:

	Millions of euros	
	06/30/2015	12/31/2014
Non-current financial assets	787	593
Other current financial assets	1,478	2,513
Current derivatives on trading transactions [(1)]	72	503
Cash and cash equivalents	2,092	4,638
Total financial assets	**4,429**	**8,247**
Non- current financial liabilities	11,469	7,612
Current financial liabilities	7,893	4,086
Current derivatives on trading transactions [(2)]	117	144
Total financial liabilities	**19,479**	**11,842**

[(1)] Recognized in heading "*Other receivables*" of the consolidated balance sheet.
[(2)] Recognized in heading "*Other payables*" of the consolidated balance sheet.

5.2.1 *Financial assets*

The detail, by type of assets, of the Group's financial assets at June 30, 2015 and December 31, 2014, is as follows:

	June 30, 2015 and December 31, 2014													
	Financial assets held for trading (4)		Other financial assets at fair value through profit or loss (4)		Financial assets available for sale (4)		Loans and receivables (2)(3)		Held to maturity investments (2)		Hedging derivatives (4)		Total	
Million of euros	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Equity instruments	-	-	-	-	84	60	-	-	-	-	-	-	84	60
Other financial assets	-	-	90	90	-	-	611	441	2	2	-	-	703	533
Long term/Non-current	**-**	**-**	**90**	**90**	**84**	**60**	**611**	**441**	**2**	**2**	**-**	**-**	**787**	**593**
Derivatives	140	618	-	-	-	-	-	-	-	-	-	25	140	643
Other financial assets	-	-	12	12	-	-	1,410	2,373	2,080	4,626	-	-	3,502	7,011
Short term/Current	**140**	**618**	**12**	**12**	**-**	**-**	**1,410**	**2,373**	**2,080**	**4,626**	**-**	**25**	**3,642**	**7,654**
TOTAL (1)	**140**	**618**	**102**	**102**	**84**	**60**	**2,021**	**2,814**	**2,082**	**4,628**	**-**	**25**	**4,429**	**8,247**

(1) In heading *"Other non-current assets,"* and in headings "*Trade receivables*" and *"Other receivables"* of the balance sheet, an amount of € 238 million classified under long term and € 5,885 million classified under short-term are included at June 30, 2015, and, at December 31, 2014, € 155 million were classified under long term and € 4,550 million were classified under short term, arising out of commercial receivables not included in the breakdown of the financial assets in the previous table.

(2) The fair value agrees with the carrying amount.

(3) A number of deposits arranged with different financial institutions totaling €1,046 million were cancelled, upon maturity, during the first half.

(4) In heading *"Fair value of financial instruments"* within Appendix V, the classification of financial instruments by level of fair value hierarchy is being detailed.

5.2.2 Financial liabilities

The detail, by type of liabilities, of the Group's financial liabilities at June 30, 2015 and December 31, 2014, is as follows:

	June 30, 2015 and December 31, 2014									
	Financial liabilities held for trading (2)		Financial liabilities and other payables		Hedging derivatives (2)		Total		Fair Value	
Millions of euros	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Bank borrowings	-	-	1,421	1,359	-	-	1,421	1,359	1,421	1,359
Bonds and other securities	-	-	9,895	6,165	-	-	9,895	6,165	10,168	6,734
Derivatives	-	-	-	-	87	88	87	88	87	88
Other financial liabilities	-	-	66	-	-	-	66	-	66	-
Long-term / Non-current	**-**	**-**	**11,382**	**7,524**	**87**	**88**	**11,469**	**7,612**	**11,742**	**8,181**
Bank borrowings	-	-	2,633	645	-	-	2,633	645	2,633	645
Bonds and other securities	-	-	2,093	671	-	-	2,093	671	2,120	671
Derivatives	427	190	-	-	18	88	445	278	445	278
Other financial liabilities	-	-	2,839	2,636	-	-	2,839	2,636	2,839	2,636
Short-term / Current	**427**	**190**	**7,565**	**3,952**	**18**	**88**	**8,010**	**4,230**	**8,037**	**4,230**
TOTAL (1)	**427**	**190**	**18,947**	**11,476**	**105**	**176**	**19,479**	**11,842**	**19,779**	**12,411**

(1) At June 30, 2015 and December 31, 2014 this heading includes € 1,521 and € 1,414 million, respectively, corresponding to "*Other non-current liabilities*"; and € 201 and € 176 million, respectively, corresponding to "*Other payables*", related to finance leases carried at amortized cost that are not included in the table above.

[(2)] In heading *"Fair value of financial instruments"* within Appendix V, the classification of financial instruments by level of fair value hierarchy, is being detailed.

Bank borrowings

At June 30, 2015, withdrawal of credit facilities arranged with different financial institutions has increased.

Bonds and other securities

The chart below discloses the issues, repurchases and reimbursments of marketable debt securities (recognized under current and non-current *"Bonds and other securities*") taking place in the six-month periods ended 30 June 2015 and 2014:

Millions of euros	Balance at 12/31/2014	(+) Issuances	(-) Repurchases or reimbursments	(+/-) Exchange rate and other adjustments [(1)]	Balance at 06/30/2015
Bonds and debt securities issued in the European Union with prospectus	6,836	3,168	(1,748)	(46)	8,210
Bonds and debt securities issued outside the European Union	-	646	(1,050)	4,182	3,778
TOTAL	**6,836**	**3,814**	**(2,798)**	**4,136**	**11,988**

[(1)] Includes the first-time recognition of the debt securities issued by Talisman and acquired as a result of the business combination described in Note 3.

During the period of six months ended June 30, 2015, the main bond and other marketable securities issues are as follows:

- On March 25, 2015, Repsol International Finance B.V. (RIF), issued subordinated debt in the Euromarket, guaranteed by Repsol, S.A. The bond of a nominal amount of € 1,000 million and maturing in 2075 (amortizable upon request of the issuer starting from the tenth year or in certain established terms and conditions) was issued at a price of 100% of its nominal value, and accrues the following interest:

    a) a fixed annual coupon of 4.5% from the date of issue until March 25, 2025, payable annually from March 25, 2016.

    b) from March 25, 2025, a fixed annual coupon equal to the applicable 10-year swap rate plus a margin of: 4.20% annually until March 25, 2045; and 4.95% annually from March 25, 2045 until maturity at March 25, 2075.

  The issuer has the option of deferring the coupon payments without being in breach of its covenants. Coupons so deferred will be cumulative but will have to be settled under certain instances defined in the bond terms and conditions.

  The bonds were placed with qualified investors and admitted to trading on the Luxembourg Stock Exchange, following presentation and registration of the corresponding prospectus with the competent authorities.

  In anticipation of this bond issue, interest rate swaps designated as cash flow hedges were contracted during 2014 for a nominal amount of € 1,000 million. The accumulated effect in equity as a result of fair value measurement of these financial instruments amounted to € -116 million before taxes, which will be transferred to the income statement over the next 10 years as the corresponding coupon payments accrue.

- On May 15, 2015 a Talisman Energy Inc. bond issued in 2005 amounting € 334 million with a coupon of 5.125% matured.

- Moreover, Repsol International Finance, B.V. (RIF), holds a Euro Commercial Paper (ECP) Programme, arranged on May 5, 2013 and guaranteed by Repsol S.A., with a limit up to € 2,000 million. The following issues were carried out under this program in the first half of 2015:

Concept	Issuer	Currency	Face value (millions)	Average Rate %	Equivalent in euros
ECP	Repsol International Finance B.V.	Euros	1,670	0.14%	1,670
ECP	Repsol International Finance B.V.	Dollars	508	0.58%	455
ECP	Repsol International Finance B.V.	Pounds Sterling	15	0.87%	20
ECP	Repsol International Finance B.V.	Swiss francs	24	-0.78%	23

During the first half, ECPs were canceled amounting € 1,748 million.

- Talisman Energy Inc. holds a US Commercial Paper Program (USCP), arranged in October 2011 under which it can issue up to $ 1,000 million. Since May 8, 2015 it issued $ 721 million under this shelf program (equivalent amount in euros € 646 million), all of which paper had matured by June 30, 2015.

The balance of bonds and other securities outstanding at June 30, 2015 is as follows:

Security	Issuer	Date	Currency	Face Value (millions)	Average Rate %	Maturity	Market [5]
Bond [3]	Talisman Energy Inc.	oct-97	Dollar	300	7.250%	oct-27	NYSE
Bond	Talisman Energy Inc.	apr-02	Pound Sterling	250	6.625%	may-17	LSE
Bond [3]	Talisman Energy Inc.	may-05	Dollar	125	5.750%	may-35	NYSE
Bond [3]	Talisman Energy Inc.	jan-06	Dollar	500	5.850%	feb-37	NYSE
Bond [3]	Talisman Energy Inc.	nov-06	Dollar	600	6.250%	feb-38	NYSE
Bond [1]	Repsol International Finance, B.V.	feb-07	Euro	886	4.750%	feb-17	LuxSE
Bond	Talisman Energy Inc.	mar-09	Dollar	150	8.500%	mar-16	P.P.
Bond [3]	Talisman Energy Inc.	jun-09	Dollar	700	7.750%	jun-19	NYSE
Bond [3]	Talisman Energy Inc.	nov-10	Dollar	600	3.750%	feb-21	NYSE
Bond [1]	Repsol International Finance, B.V.	dec-11	Euro	850	4.250%	feb-16	LuxSE
Bond [1]	Repsol International Finance, B.V.	jan-12	Euro	1,000	4.875%	feb-19	LuxSE
Bond [3]	Talisman Energy Inc.	may-12	Dollar	600	5.500%	may-42	NYSE
Bond [1]	Repsol International Finance, B.V.	sep-12	Euro	750	4.375%	feb-18	LuxSE
Bond [1]	Repsol International Finance, B.V.	may-13	Euro	1,200	2.625%	may-20	LuxSE
Bond [1]	Repsol International Finance, B.V.	oct-13	Euro	1,000	3.625%	oct-21	LuxSE
Bond [1]	Repsol International Finance, B.V.	dec-14	Euro	500	2.250%	dic-26	LuxSE
Bond [2]	Repsol International Finance, B.V.	mar-15	Euro	1,000	4.500% [4]	mar-75	LuxSE

[1] Issues under the *"€ 10,000,000,000 Guaranteed Euro Medium Term Note Programme"* (EMTNs), guaranteed by Repsol S.A.

[2] A subordinated bond issued by Repsol International Finance, B.V. and guaranteed by Repsol, S.A. This issue does not correspond to any open-ended or shelf program.

[3] Issues undertaken by Talisman Energy Inc. under the scope of its "Universal Shelf and Medium-Term Note Shelf Programs" in the US and Canada, respectively.

[4] Reviewed interest on March 25, 2025 and on March 25, 2045.

[5] LuxSE (Luxembourg Stock Exchange), LSE (London Stock Exchange), NYSE (New York Stock Exchange) and PP (private placement).

The outstanding balance of commercial paper at June 30, 2015 is as follows:

Concept	Issuer	Currency	Open balance at 06/30/2015 (millions)	Equivalent Amount in Euros
ECP	Repsol International Finance B.V.	Euros	754	754
ECP	Repsol International Finance B.V.	Dollars	188	168
ECP	Repsol International Finance B.V.	Pounds Sterling	10	14
ECP	Repsol International Finance B.V.	Swiss francs	8	8

Derivatives

Short term forward currency contracts and currency swap contracts (EUR/USD) were contracted during the period for various amounts. Settlement of these contracts generated a positive result of € 699 million before taxes.

In addition, during the month of March, the Group purchased a nominal amount of $ 8,289 million and CAD 201 million under an installment plan and via currency forward and swap contracts, which were designated as accounting hedges associated with the acquisition of Talisman Energy Inc. From its designation as an accounting hedge and until the acquisition date, the accumulated effect of marking these financial instruments to market was recognized under *"Adjustments for changes in value"* in equity at an amount of € 525 million before taxes, this sum has been capitalized within the acquisition cost (see Note 3).

Other financial liabilities

The loan granted by Repsol Sinopec Brasil B.V. is noteworthy, the related balance at June 30, 2015 and December 31, 2014, amounting to € 2,746 and € 2,535 million, respectively.

5.3 Property Plant and Equipment

The breakdown of “Property, plant and equipment” and of the changes therein for the first half of 2015 and 2014 is as follows:

Millions of euros	Upstream			Downstream and Corporation				
COST	Investments in areas with reserves	Investments in exploration	Other	Land, buildings, and other structures	Machinery and plant	Other	Assets under construction	Total
Balance at January 1, 2014	**8,563**	**1,724**	**1,206**	**2,383**	**16,923**	**1,218**	**912**	**32,929**
Additions	351	393	56	1	5	4	246	1,056
Disposals and derecognition	-	(9)	(1)	(5)	(117)	(6)	(14)	(152)
Translation differences	78	12	12	4	11	2	1	120
Changes in the scope of consolidation	-	(1)	-	-	-	-	-	(1)
Reclassifications and other changes	(89)	65	(11)	7	211	11	(240)	(46)
Balance at June 30, 2014	**8,903**	**2,184**	**1,262**	**2,390**	**17,033**	**1,229**	**905**	**33,906**
Balance at January 1, 2015	**10,345**	**2,715**	**1,458**	**2,505**	**17,487**	**1,283**	**714**	**36,507**
Additions	353	554	31	3	5	6	300	1,252
Disposals and derecognition	-	(1)	(12)	(2)	(23)	(4)	(3)	(45)
Translation differences	861	171	120	40	110	19	14	1,335
Changes in the scope of consolidation	13,585	1,051	92	-	-	-	-	14,728
Reclassifications and other changes	28	(15)	3	(3)	(11)	16	(124)	(106)
Balance at June 30, 2015	**25,172**	**4,475**	**1,692**	**2,543**	**17,568**	**1,320**	**901**	**53,671**
Accumulated depreciation and impairment losses								
Balance at January 1, 2014	**(3,721)**	**(1,161)**	**(272)**	**(909)**	**(9,806)**	**(1,034)**	**-**	**(16,903)**
Depreciation change for the year	(285)	(242)	(24)	(21)	(269)	(29)	-	(870)
Disposals and derecognition	-	-	1	5	115	5	-	126
Impairment losses (recognised) / reversed	(223)	-	-	-	(3)	-	-	(226)
Translation differences	(33)	(6)	(3)	(3)	(8)	(2)	-	(55)
Changes in the scope of consolidation	-	1	-	-	-	-	-	1
Reclassifications and other changes	-	3	-	-	-	-	-	3
Balance at June 30, 2014	**(4,262)**	**(1,405)**	**(298)**	**(928)**	**(9,971)**	**(1,060)**	**-**	**(17,924)**
Balance at January 1, 2015	**(5,255)**	**(1,674)**	**(355)**	**(958)**	**(10,155)**	**(969)**	**-**	**(19,366)**
Depreciation change for the year	(557)	(358)	(40)	(23)	(282)	(31)	-	(1,291)
Disposals and derecognition	-	-	6	1	20	4	-	31
Impairment losses (recognised) / reversed	(103)	-	-	-	-	(2)	-	(105)
Translation differences	(397)	(79)	(28)	(29)	(65)	(12)	-	(610)
Changes in the scope of consolidation	(1)	1	-	-	-	-	-	-
Reclassifications and other changes	-	115	3	4	102	(9)	-	215
Balance at June 30, 2015	**(6,313)**	**(1,995)**	**(414)**	**(1,005)**	**(10,380)**	**(1,019)**	**-**	**(21,126)**
Net carrying amount at June 30, 2014	**4,641**	**779**	**964**	**1,462**	**7,062**	**169**	**905**	**15,982**
Net carrying amount at June 30, 2015	**18,859**	**2,480**	**1,278**	**1,538**	**7,188**	**301**	**901**	**32,545**

The heading “Changes in the scope of consolidation” primarily includes the oil and gas exploration and production assets corresponding to Talisman (see Note 3).

The main investments made by the Group by geographical area are detailed in section 4.4 "*Other information by segments"* with information developed on the Group´s reporting model.

Commitments

During the first half of 2015, commitments for investment in Peru have been made to develop Project RLP 21 on La Pampilla refinery, in connection with EPC Gas Block amounting € 160 million.

Impairment of assets

Repsol performs a valuation of its intangible assets, its property, plant and equipment, and other non-current assets, as well as its goodwill, at least annually, or whenever there are indicators that the assets have become impaired, to determine whether there is an impairment loss.

During the first half of 2015, the Group recognized net provisions for asset impairment losses of € 105 million, before taxes. It mainly includes the impairment of the non-conventional assets at the Mississippian Lime field located in the states of Kansas and Oklahoma in the US, as a result of the expected trend of crude oil prices and the modification of development plans. The discount rate used to calculate the recoverable amount of the asset has been 7.8%.

5.4 Investments accounted for using the equity method

Repsol accounts using the equity method, all investments and results in joint ventures and associated companies in which it participates.

Joint Ventures

The investments accounted for using the equity method correspond mainly to the joint ventures of Gas Natural Fenosa S.A., Repsol Sinopec Brasil S.A., YPFB Andina, S.A. and BPRY Caribbean Ventures, LLC.

As a result of the business combination with Talisman on May 8, 2015, the Group began to consolidate its interests in Talisman Sinopec Energy United Kingdom Limited (TSEUK) and Equion Energía Limited (Equion):

TSEUK

TSEUK is a joint venture held by Talisman Energy Inc. and Addax Petroleum UK Limited, a subsidiary of the Sinopec Group, that holds 51% and 49% respectively, and whose core business is the exploration and exploitation of oil and gas in the North Sea. The investment value in TSEUK is zero.

Equion

This joint venture is 51% and 49% held by Ecopetrol, S.A. and Talisman Energy Inc., respectively. Equion, mainly, explores for, researches, exploits, develops and sells oil and gas and derivative products in Colombia. The carrying amount of this investment is € 399 million at June 30, 2015.

Associated companies

Associated companies in which the Group has significant influence relate mainly to investments in Petrocarabobo, S.A., Dynasol Elastomeros, S.A. de C.V., Dynasol Gestión, S.A. and Compania Logistica de Hidrocarburos CLH, S.A.

Carring amounts and results

The investments accounted for using the equity method, as well as the Group's share of their results using this method in each corresponding period, is provided in the table below:

	Millions of euros			
	Carrying amount of the investment		Share of their results	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Joint ventures	12,084	10,857	271	617
Associates	258	253	(13)	62
TOTAL	**12,342**	**11,110**	**258**	**679**

Movement in this consolidated balance sheet heading during 2015 and 2014 is as follows:

Million of euros	2015	2014
Balance at January 1	**11,110**	**10,340**
Net investments	210	18
Changes in the scope of consolidation	432	-
Share of results of companies accounted for using the equity method after taxes	258	679
Dividends distributed	(227)	(420)
Translation differences	599	69
Reclasifications and other changes	(40)	(34)
Balance at June 30	**12,342**	**10,652**

5.5 Provisions

The changes of current and non-current provisions for the first half of 2015 and 2014 are as follow:

Million of euros	2015	2014
Balance at January 1	**2,626**	**2,949**
Allowances of provisions charged to results	201	129
Reversals of provisions with a credited to results	(85)	(112)
Provisions released due to payment	(232)	(67)
Changes in the scope of consolidation	5,110	-
Translation differences	146	13
Reclasifications and other	(99)	(34)
Balance at June 30	**7,667**	**2,878**

The heading "*Changes in the scope of consolidation*" includes provisions relating to Talisman business combination (see Note 3), which mainly correspond to:

- Decommissioning provisions of oil and gas exploration and production assets totaled €2,075 million, mainly related to obligations to decommission wells, pipes and complexes in North America and South-east Asia and *offshore* platforms in the North Sea.

- Provisions recognized to cover obligations deriving from tax claims (see Note 6), legal and arbitration proceedings (see Note 7) and pension commitments in an aggregate amount of € 1,438 million.

- Provisions related to other possible future disbursements as a result of Talisman business amounting € 1,597 million.

Furthermore, the heading *"Provisions released due to payment"*, among other concepts, it includes the settlement of Talisman´s share-based payments to employees amounting € 78 million.

(6) TAX SITUATION

Income tax

For the calculation of this period's corporate income tax, the effective tax rate that would be applicable to the total profits expected for the yearly period was used. However, the tax effects derived from occasional events or unique transactions undertaken during the period are fully taken into account in the period. Additionally, it has also been integrated the impact on income tax from the company Talisman Energy Inc. and its subsidiaries, from the acquisition date (see Note 3).

The effective tax rate for the first half of 2015 applicable to continuing operations, before taxes and before the share of results from companies accounted for using the equity method, has been 26.6%. It is lower compared to the same period last year (39.1%), mainly due to decreased results in businesses with higher tax burdens, such as *Upstream*.

The variance of the deferred tax assets and liabilities during the first half of 2015, highlights the net deferred tax liability amounting € 1,524 million, recognized within the Talisman business combination, as a consequence of the revaluations made in the process of allocating the purchase price.

Government and legal proceedings with tax implications

As detailed in Note 3, the Repsol Group closed the acquisition of Talisman Energy Inc. (Talisman) on May 8, 2015. The main tax claims which Talisman and its subsidiaries are parties at June 30, 2015 are as follows:

Canada

The Canadian tax authorities, (*"Canada Revenue Agency"*, CRA) regularly inspect the tax matters of the Talisman Group companies based in Canada. In 2015, verification and investigation activities related to the years 2006-2010 have been made.

As part of these proceedings, the CRA has questioned certain restructuring transactions, although this line of questioning has not resulted in court proceedings to date.

Indonesia

Indonesian Corporate Tax Authorities have been questioning various aspects of the taxation of permanent establishments that Talisman Group has in the country. In any case, the litigation in which are based the above actions are pending in courts. These proceedings are pending a court hearing.

Malaysia

Talisman Malaysia Ltd. and Talisman Malaysia (PM3) Ltd., the Talisman Group's operating subsidiaries in Malaysia, have received notifications from the Inland Revenue Board (IRB) in respect of the years 2007, 2008 and 2011 questioning, primarily, the deductibility of certain costs. These proceedings are pending a court hearing.

Norway

As part of the process of verifying the tax affairs of Talisman Energy Norge AS, the Talisman Group's subsidiary in Norway, the Norwegian tax authorities have questioned the deductibility of certain items. These proceedings are pending a court hearing.

Timor-Leste

The authorities of Timor-Leste, questioned the deduction by TLM Resources (JPDA 06-105) Pty Limited, the Talisman Group's subsidiary in East Timor, of certain expenses for income tax purposes. This line of questioning is at a very preliminary stage of debate with the authorities.

As for the main tax proceedings affecting the Group at December 31, 2014, there have been no changes as of June 30, 2015, except as noted below:

Bolivia

Repsol E&P Bolivia, S.A. and YPFB Andina, S.A. (in which Repsol has an 48.33% interest), are pursuing several lawsuits against rulings handed down by Bolivia's Supreme Court denying the possibility of deducting royalties and hydrocarbon interests for corporate income tax calculation purposes, prior to the nationalization of the oil sector.

A first lawsuit concerning Repsol E&P Bolivia S.A. was resolved unfavorably by the Supreme Court. After the corresponding appeal, the Constitutional Court overruled the sentence and ordered that the proceeding be returned to the Supreme Court, which has not yet made a pronouncement on this matter.

Moreover, in one of several disputes YPFB Andina, SA kept this concept, the Constitutional Court dismissed the action brought by the company against unfavorable Supreme Court resolution. The judgment does not enter into the merits, therefore no mandatory jurisprudence to the unresolved lawsuits. In this regard, the company believes that there are legal arguments that protect their position, expressly endorsed with interpretative, Law 4115, September 26, 2009.

Canada

The Canadian tax authorities have rejected the application of certain tax breaks related to the Canaport assets. Repsol Energy Canada Ltd. and Repsol Canada, Ltd. have appealed the corresponding tax assessments (2005-2008), firstly via administrative and subsequently via judicial redress proceedings. Canada's Tax Court ruled in favor of Repsol on January 27, 2015. However, this sentence was appealed by the Crown before the *"Federal Court of Appeal"* on March 9, 2015.

Spain

In 2015, the Spanish tax authorities initiated an inspection of the Group's returns in respect of corporate income tax, value added tax and other duties and withholdings between 2010 and 2013.

Trinidad & Tobago

In 2015, BP Trinidad & Tobago LLC, a company in which the Repsol Group has a 30% interest along with BP, signed an agreement with the local authorities (*"Board of Inland Revenue"*), resolving most of the matters under dispute in relation to several taxes and for the years 2003-2009: *"Petroleum Profit Tax"* (income tax), *"Supplemental Petroleum Tax*" (production tax), and non-resident personal income tax withholdings and the issues recurring in the years not subject to inspection (2010-2014).

As a result of the uncertainty concerning the materialization of the existing tax contingencies associated with lawsuits and other tax matters, the Group has recognized provisions deemed adequate to cover those tax contingencies. The amount recognized on the Group's balance sheet at June 30, 2015 is € 1,476 million against € 649 million at December 31, 2014. This sum includes the provisions and the fair value of the contingent liabilities identified during purchase price allocation process conducted as part of the Talisman business combination (see Note 3).

(7) LITIGATION

The information herein updates the status of the information included under Note 29 "*Contingencies, commitments and guarantees*" [1], since the preparation of the 2014 consolidated financial statements.

Galley pipeline lawsuit

In August 2012, a portion of the Galley pipeline, in which TSEUK has a 67.41% interest, suffered an upheaval buckle.

In September 2012, TSEUK, in which Talisman holds 51% interest, claimed for the suffered losses as a consequence of the incidence to Oleum Insurance Company ("Oleum"), a wholly-owned Talisman subsidiary. TSEUK delivered a proof of loss seeking recovery under the insuring agreement of $315 million.

In November 2014, TSEUK delivered extensive documentation purporting to substantiate its claim. The information delivered to date does not support a determination of coverage and Oleum is seeking additional information from TSEUK to facilitate final coverage determination.

Addax arbitration

On July 13, 2015, Addax Petroleum UK Limited and Sinopec International Petroleum Exploration and Production Corporation, filed a Notice of Arbitration against Talisman Energy Inc. and Talisman Colombia Holdco Limited in connection with the purchase of 49% shares of Talisman Energy (UK) Limited (now known as TSEUK). In the Company´s opinion the claims included in the Notice of Arbitration are without merit.

Passaic River / Newark Bay, United States, Lawsuit.

The events underlying this lawsuit related to the sale by Maxus Energy Corporation ("Maxus") of its former chemicals subsidiary Diamond Shamrock Chemical Company ("Chemicals") to Occidental Chemical Corporation ("OCC"). Maxus agreed to indemnify Occidental for certain contingencies relating to the business and activities of Chemicals prior to September 4, 1986, the date of the Chemicals share purchase agreement, including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals prior to the Closing Date. In 1995, YPF S.A. ("YPF") acquired Maxus and in 1999, Repsol S.A. acquired YPF.

On September 26, 2012 OCC lodged a *"Second Amended Cross Claim"* (the "Cross Claim") against Repsol, YPF, Maxus, Tierra and CLHH. On February 2015, Repsol, YPF, and Maxus responded to the Cross Claim lodged by OCC in 2012. In addition, the counterclaims filed by Repsol and Maxus against the Cross Claim were answered on

[1] See headings 5.3 and note 8 for contingencies and guarantees, respectively.

March 2, 2015 by OCC.

On July 1, 2015, the judge issued a new procedural calendar, among other things, the act of the trial was fixed for the hearing to June 2016.

As of June 30, 2015, Repsol consolidated balance sheet heading includes provisions for litigation totaling € 155 million (excluding provisions for tax contingencies). This amount includes provisions recorded as a result of the acquisition of Talisman (see Note 3) in which legal provisions and contingencies have been recognized for a total amount of € 118 million, corresponding to a large number of causes, without any of them individually representing a significant amount.

(8) RELATED PARTY TRANSACTIONS

Repsol undertakes transactions with related parties under general market conditions. For the purposes of presenting this information, the following are considered to be related parties:

a. Significant Shareholders: as of June 30, 2015, the significant shareholders of the Company, deemed related parties of Repsol are Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, Sacyr Vallerhemoso S.A. and Temasek Holdings (Private) Limited (see heading 5.1.)

b. Executives and directors: includes members of the Board of Directors as well as members of the Corporative Executive Committee, created on May 8, 2015; and members of the former Executive Committee, whose members are considered as "executives" for purposes of this section (see heading 9.3).

c. People, companies or entities within the Group: includes operations with companies or entities in the Group which have not been eliminated during the consolidation process. These are mainly transactions with integrated companies by the equity method.

Income, expenses and other transactions recorded for the six-months period ended June 30, 2015 with related parties were as follows:

EXPENSES AND INCOME: Thousand of euros	June 30, 2015 Significant shareholders	Executives and Directors (1)	People, companies or entities within the Group	Total
Financial expenses	2,676	-	20,029	22,705
Management or collaboration contracts	-	-	-	-
R & D transfers and license agreements	-	-	266	266
Operating leases	622	-	1,246	1,868
Receipts from services	4,634	-	159,195	163,829
Purchase of goods (finished or in progress) (2)	-	-	3,316,576	3,316,576
Uncollectible or doubtful corrections	34	-	-	34
Losses on derecognition or disposal of assets	-	-	643	643
Other expenses	7,447	-	724	8,171
TOTAL EXPENSES	**15,413**	**-**	**3,498,679**	**3,514,092**
Financial income	38,458	1	43,092	81,551
Management or collaboration contracts	-	-	5,255	5,255
R & D transfers and license agreements	-	-	-	-
Operating leases	399	-	1,893	2,292
Services rendered	4,216	-	800	5,016
Sale of goods (finished or in progress) (3)	41,285	-	342,650	383,935
Gains on derecognition or disposal of assets	-	-	21,842	21,842
Other income	160	-	49,434	49,594
TOTAL INCOME	**84,518**	**1**	**464,966**	**549,485**

OTHER TRANSACTIONS: Thousand of euros	June 30, 2015 Significant shareholders	Executives and Directors (1)	People, companies or entities within the Group	Total
Purchase of property, plant and equipment and other assets	19,359	-	-	19,359
Finance agreements: loans and capital contributions (lender) (4)	-	64	2,757,626	2,757,690
Finance lease agreements (lessor)	-	-	4,978	4,978
Disposal of property, plant and equipment and other assets	14,789	-	-	14,789
Finance agreements: credits and capital contributions (lessor) (5)	515,295	-	3,852,505	4,367,800
Guarantees given(6)	65,259	-	2,654,963	2,720,222
Guarantees received	48,452	-	193	48,645
Commitments acquired (7)	(2,642,429)	-	6,000,375	3,357,946
Cancelled commitments / guarantees	-	-	-	-
Dividends and other profit distributed (8)	-	172,601	-	172,601
Other transactions (9)	1,303,505	-	-	1,303,505

Note: includes the related-party transactions performed by Talisman (Note 3) since the Group took control of the latter on May 8, 2015.

(1) Includes transactions performed with executives and directors not included in Note 9 *"Staff and Remunerations"*, regarding remunerations perceived by the Executives and Directors, corresponding to the outstanding balance at the reporting date of the loans granted to members of senior management and the corresponding accrued interest, as well as dividend and other remuneration received as a result of holding shares in the Company.

(2) It mainly includes purchases with the group Gas Natural Fenosa (GNF), BPRY Caribbean Ventures LLC (BPRY) and the group Repsol Sinopec Brasil (RSB), entities consolidated by the equity method (see heading 5.4 *"Investments accounted for using the equity method"*) amounting € 471, € 249 and € 209 million.

(3) It mainly includes sales to Gas Natural Fenosa (GNF) and BPRY Caribbean Ventures LLC (BPRY), consolidated by the equity method, amounting € 121 and € 88 million.

(4) It includes loans to Group companies integrated by the equity method, as well as unused credit lines for these companies.

(5) *"Significant shareholders"* includes credit lines with La Caixa for the maximum amount granted of € 370 million. *"People, companies or entities within the Group"* mainly includes the loan granted by Repsol Sinopec Brasil S.A. to its shareholders (see heading 5.2 *"Financial Instruments")*, financing granted in favour of TSEUK, is part of the investment value (see heading 5.4), as well as the unused credit lines of the entities integrated societies by the equity method.

(6) It mainly includes € 1,602 million corresponding to 3 guarantees issued by Repsol, S.A. in relation with 3 operating floating leases of the subsidiary Guará BV and € 865 million, corresponding to the counter granted by Talisman Energy Inc associated with issued bank guarantees on behalf of its subsidiary Talisman Sinopec Energy UK Ltd (TSEUK) covering decommissioning obligations arising from its exploration activity in the North Sea.

(7) Corresponds to firm purchase commitments net of firm sales commitments outstanding at the reporting date. It highlights the commitment to sell gas of 367.5 mmBtu daily, of Talisman in the Corridor Block in Indonesia to Gas Supply Pte. Ltd, subsidiary of significant shareholder Temasek Holdings Limited and maturing in 2023.

(8) The amounts recorded under dividends and other profit distributions include the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of free-of-charge allocation rights as part of the paid-up capital increase closed in January 2015 under the framework of the remuneration program named "*Repsol Flexible Dividend*". In contrast, this sub-heading does not include the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of free-of-charge allocation rights as part of the paid-up capital increase closed in July 2015, which in the case of the significant shareholders amounted to € 177 million. Nor does it include the shares acquired as a result of the aforementioned capital increase.

(9) Includes remunerated accounts and deposits in the amount of € 873 million, exchange rate hedges in the amount of € 21 million and interest rate hedges in the amount of € 78 million arranged with La Caixa Group.

Income, expenses and other transactions recorded for the six-months period ended June 30, 2014 with related parties were as follows:

EXPENSE AND INCOME: Thousands of euros	June 30, 2014			
	Significant shareholders	**Executives and Directors**	**People, companies or entities within the Group**	**Total**
Financial expenses	16,639	-	16,111	32,750
Management or collaboration constracts	-	-	-	-
R&D transfers and license agreements	-	-	-	
Operating leases	699	-	1,085	1,784
Receipts from services	5,342	-	158,109	163,451
Purchase of goods (finished or in progress)	1,514,589	-	3,212,798	4,727,387
Uncollectible or doubtful corrections	-	-	-	-
Losses on derecognition or disposals of assets	-	-	-	-
Other expenses	4,157	-	399	4,556
TOTAL EXPENSES	**1,541,426**	**-**	**3,388,502**	**4,929,928**
Financial income	16,283	1	25,161	41,445
Management or collaboration constracts	-	-	2,472	2,472
R&D transfers and license agreements	-	-	1	1
Operating leases	370	-	-	370
Services rendered	4,039	-	982	5,021
Sale of goods (finished or in progress)	47,947	-	346,287	394,234
Gains on derecognition or disposal of assets	-	-	-	-
Other income	232	-	47,344	47,576
TOTAL INCOME	**68,871**	**1**	**422,247**	**491,119**

OTHER TRANSACTIONS: Thousands of euros	June 30, 2014 **Significant shareholders**	**Executives and Directors**	**People, companies or entities within the Group**	**Total**
Purchase of property, plant and equipment and other assets	-	-	-	-
Finance agreements: loans and capital contributions (lender)	587	88	1,049,369	1,050,044
Finance lease agreements (lessor)	-	-	-	-
Disposal of property, plant and equipment, and other assets	19,413	-	-	19,413
Finance agreements: credits and capital contributions (lessor)	474,867	-	2,386,523	2,861,390
Guarantees given	43,841	-	1,415,349	1,459,190
Guarantees received	30,802	-	106	30,908
Commitments acquired	117,992	-	8,218,403	8,336,395
Cancelled commitments/guarantees	-	-	-	-
Dividends and other profit distributed	552,578	878	-	553,456
Other transactions	1,698,871	-	-	1,698,871

Note: The information included in the above charts for the previous period, is detailed in the interim condensed consolidated financial statements of the Repsol Group for the six-month period ended June 30, 2014

(9) STAFF AND REMUNERATIONS

9.1 Average headcount

The average headcount at June 30, 2015 and 2014 was:

	06/30/2015	06/30/2014
Men	18,526	16,125
Women	8,984	7,686
Average headcount	**27,510**	**23,811**

The increase in average headcount at June 30, 2015 is primarily attributable to the acquisition of Talisman (see Note 3).

9.2 Loyalty programs and share acquisition plans

As for the share-based plans of Repsol, S.A.approved at the Annual General Meeting, duly reported in the 2014 annual consolidated financial statements, the following developments occurred during the first half of 2015:

i.) "*Loyalty Program*"

Repsol has a "Plan for Delivery of Shares to Beneficiaries of the Pluri-Annual Remuneration Program" (regarding the description and conditions of this Plan, see Note 28 of the consolidated financial statements for the financial year 2014).

A total of 219 employees and executives took part in the fifth cycle of the Plan (2015-2018), having acquired a total of 170,302 shares on May 29 2015, with an average price of € 17.4126 per share. Consequently, the Group is committed corresponding to this fifth plan to deliver a maximum of 56,698 shares to those employees who fulfill the Plan requirements after the three-year vesting period ends.

During this fifth cycle, the current members of the Corporate Executive Committee have acquired a total of 63,040 shares.

Additionally, the second cycle of the plan vested on May 31, 2015. As a result, the rights of 171 beneficiaries to 71,932 shares vested (receiving a total of 54,435 shares net of the payment on account of the personal income tax to be made by the Company). In parallel, the rights of the members of the Corporate Executive Committee (including those that are also Directors) to 29,994 shares also vested (net of the withholding retained by the Company, these individuals received a total of 20,487 shares).

ii.) *"Share Acquisition Plan"*

At the Annual General Meeting held on April 30, 2015, the Company's shareholders approved the 2016-2018 Share Acquisition Plan, which continues with the similar plans ratified at the Annual General Meetings of April 15, 2011 (the 2011-2012 Share Acquisition Plan) and May 31, 2012 (the 2013-2015 Share Acquisition Plan).

The 2016-2018 Share Acquisition Plan is targeted at executives and employees of the Repsol Group in Spain and is designed to enable those so wishing to receive up to €12,000 of their annual remuneration in Company shares. In determining the Plan's specific terms and conditions, the Company will attempt to draft them in such a way that the Plan complies with the requirements under prevailing tax legislation for exemption from personal income tax.

During the first half of 2014, the Group has purchased 199,839 treasury shares for € 3.7 million, to be delivered to Group employees. At the date of issue of this document, the Share Purchase Plan 2015 has not been launched.

The shares to be delivered under both schemes, i) and ii), may consist of directly or indirectly held treasury shares of Repsol, new issuance shares or shares acquired from third parties under agreements entered into to cover the delivery commitments assumed.

9.3 Compensation of Board members and executive officers

During the first half of 2015 a total of 17 members have been part of the Board of Directors.

For the purposes of this section, Repsol deems as *"executive officers*[1]" the members of the Corporate Executive Committee created on May 8, 2015 and the members of the former Executive Committee. In the first half of 2015, a total of 12 members have been part of the Executive Committee/Corporate Executive Committee.

The table below itemizes the remuneration accrued during the first half of 2015 by the people who, at some point during the six-month period and during the time they occupied such positions, were members of the Board of Directors, and by the people who, similarly for the same period and duration, were members of the Group's former Executive Committee or its current Corporate Executive Committee. Unless indicated otherwise, the compensation figures provided for "*executive officers*" do not include the compensation accrued in their capacity as directors of Repsol, S.A., as the director compensation disclosures for these individuals is included in the section on directors remuneration.

The information provided for the interim period of 2014 is prepared using the same criteria for comparative purposes.

[1] The aforementioned classification of *"executive officers"* to mere informational purposes, does neither replace nor is configured as an interpreting element of other senior management concepts contained in the regulations applicable to the Company (as contained in Royal Decree 1382/1985), and it does not seek the creation, recognition, modification or termination of legal or contractual rights or obligations.

	Thousands of euros	
Directors [1]	06/30/2015	06/30/2014
Compensation:		
Fixed compensation	1,971	2,017
Variable compensation	1,512	1,350
Bylaw stipulated remunerations	2,901	2,627
Others [2]	473	333
Total compensation received by directors	**6,857**	**6,327**

	Thousands of euros	
Executives	06/30/2015	06/30/2014
Total compensation received by executives [2] [3]	**23,141**	**6,147**

[1] The composition and number of members of the Board of Directors varied between 2015 and 2014.
[2] Includes settlement of the second cycle of the Loyalty Plan and in-kind benefits received. In-kind benefits include the corresponding payments on account.
[3] Includes the amounts for compensation when terminating contracts and covenant not to compete amounting € 15.3 million at June 30, 2015.

During the first half of 2015 the accrued cost of the retirement, disability, and death insurance policies for Board Members, including the corresponding tax payments on account, amounts to € 198 thousand (€ 206 thousand in the first half of the previous year); and the contributions to pension plans and long-service bonuses amount to € 230 thousand (€ 149 thousand for the same period in the previous year).

As for the Group's executives, the amount accrued during the first half of 2015 in respect of contributions to the pension plans offered to these individuals by the Group, contributions to savings plans and life and accident insurance premiums (including in the latter instance the corresponding payments on account) totaled €1,112 thousand (€1,186 thousand during the first semester of the previous period).

(10) SUBSEQUENT EVENTS

As part of its proactive strategy of reducing its already limited presence in territories classified as tax havens, on July 23, 2015, Repsol culminated the process of liquidating Repsol International Capital, Ltd. In 1997 and 2002, this entity issued preferred shares in the amounts of $725 million (NYSE-listed) and € 3,000 million, respectively; these shares were bought back in 2011 and 2013.

(11) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These interim condensed consolidated financial statements are prepared on the basis of International Financial Reporting Standards, as endorsed by the European Union (IFRS-UE), and Article 12 of Royal Decree 1362/2007. Consequently, certain accounting practices applied by the Group may not conform with other generally accepted accounting principles in other countries.

APPENDIX I: MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

a) *Business combinations, other acquisitions and acquisitions of interest in subsidiaries, joint ventures and/or associates*

Name of the entity (or business activity) acquired/absorbed	Type of transaction	Transaction close date	% of voting rights acquired (1)	% of total voting rights acquired in the entity post-acquisition
Talisman Energy Inc. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Energy Canada (2)	Acquisition	may-15	100.0%	100.0%
Talisman Energy USA Inc. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Alberta Shale Partnership (2)	Acquisition	may-15	100.0%	100.0%
Talisman Energy Norge AS (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Corridor) Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Vietnam 15-2/01) Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Malaysia Limited (2)	Acquisition	may-15	100.0%	100.0%
Talisman Malaysia (PM3) Limited (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Algeria) B.V. (2)	Acquisition	may-15	100.0%	100.0%
Papua Petroleum (PNG) Ltd (2)	Acquisition	may-15	100.0%	100.0%
Papua Petroleum Pty Ltd.(2)	Acquisition	may-15	100.0%	100.0%
Talisman Australasia Pty Ltd.(2)	Acquisition	may-15	100.0%	100.0%
Talisman Energy Kimu Alpha Pty Ltd(2)	Acquisition	may-15	100.0%	100.0%
Talisman Niugini Pty Ltd.(2)	Acquisition	may-15	100.0%	100.0%
Talisman Oil & Gas (Australia) Pty Limited (2)	Acquisition	may-15	100.0%	100.0%
Talisman Resources (JPDA 06-105) Pty Limited (2)	Acquisition	may-15	100.0%	100.0%
Talisman Resources (Bahamas) Limited (2)	Acquisition	may-15	100.0%	100.0%
Fortuna International Petroleum Corporation (2)	Acquisition	may-15	100.0%	100.0%
Oleum Insurance Company Limited (2)	Acquisition	may-15	100.0%	100.0%
Talisman International (Barbados) Inc. (2)	Acquisition	may-15	100.0%	100.0%
Talisman International Business Corporation (2)	Acquisition	may-15	100.0%	100.0%
Talisman Malaysia Holdings Limited (2)	Acquisition	may-15	100.0%	100.0%
Talisman Oil Limited (2)	Acquisition	may-15	100.0%	100.0%
Talisman Vietnam Limited (2)	Acquisition	may-15	100.0%	100.0%
Fortuna International (Barbados) Inc. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Transgasindo Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Wiriagar Overseas Limited (2)	Acquisition	may-15	100.0%	100.0%
Foreland Oil Limited (2)	Acquisition	may-15	100.0%	100.0%
Fortuna Resources (Sunda) Limited (2)	Acquisition	may-15	100.0%	100.0%
504744 Alberta Ltd. (2)	Acquisition	may-15	100.0%	100.0%
7308051 Canada Ltd (2)	Acquisition	may-15	100.0%	100.0%
8441251 Canada Ltd. (2)	Acquisition	may-15	100.0%	100.0%
8441316 Canada Ltd. (2)	Acquisition	may-15	100.0%	100.0%
8787352 Canada Ltd. (2)	Acquisition	may-15	100.0%	100.0%
8787387 Canada Ltd (2)	Acquisition	may-15	100.0%	100.0%
Red Sea Oil Corporation (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Asia) Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Colombia) Oil & Gas Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Jambi) Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Ogan Komering) Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Pasangkayu) Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Sageri) Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Sumatra) Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Vietnam 133 &134) Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman (Vietnam 46/02) Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Central Alberta Partnership (2)	Acquisition	may-15	100.0%	100.0%
Talisman Groundbirch Partnership (2)	Acquisition	may-15	100.0%	100.0%
Talisman Indonesia Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman North Jabung Ltd. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Wild River Partnership (2)	Acquisition	may-15	100.0%	100.0%
TLM Finance Corp (2)	Acquisition	may-15	100.0%	100.0%
Trans Mediterranean Oil Company Ltd. (2)	Acquisition	may-15	15.0%	15.0%

Name of the entity (or business activity) acquired/absorbed	Type of transaction	Transaction close date	% of voting rights acquired [1]	% of total voting rights acquired in the entity post - acquisition
Triad Oil Manitoba Ltd. [2]	Acquisition	may-15	100.0%	100.0%
FEX GP Inc. [2]	Acquisition	may-15	100.0%	100.0%
FEX L.P. [2]	Acquisition	may-15	100.0%	100.0%
Fortuna (US) L.P. [2]	Acquisition	may-15	100.0%	100.0%
Fortuna Energy Holding Inc. [2]	Acquisition	may-15	100.0%	100.0%
FUSI GP Inc. [2]	Acquisition	may-15	100.0%	100.0%
Talisman Energy Services Inc. [2]	Acquisition	may-15	100.0%	100.0%
Talisman Vietnam 07/03-CRD Corporation LLC [2]	Acquisition	may-15	100.0%	100.0%
TE Global Services Inc. [2]	Acquisition	may-15	100.0%	100.0%
Amulet Maritime Limited [2]	Acquisition	may-15	100.0%	100.0%
Equion Energia Limited [2]	Acquisition	may-15	49.0%	49.0%
Rift Oil Limited [2]	Acquisition	may-15	100.0%	100.0%
Rigel Petroleum UK Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman (Jambi Merang) Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Colombia Holdco Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Energy DL Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Energy NS Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Finance (UK) Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Perpetual (Norway) Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Resources (North West Java) Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Sinopec Alpha Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Sinopec Beta Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Sinopec Energy UK Limited [2]	Acquisition	may-15	51.0%	51.0%
Talisman Sinopec LNS Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Sinopec North Sea Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Sinopec Oil Trading Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Sinopec Pension and Life Scheme Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Sinopec Transportation (UT) Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman Sinopec Trustees (UK) Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman UK (South East Sumatra) Limited [2]	Acquisition	may-15	100.0%	100.0%
Talisman UK Investments Limited [2]	Acquisition	may-15	100.0%	100.0%
TEGSI (UK) Limited [2]	Acquisition	may-15	100.0%	100.0%
Transworld Petroleum (U.K.) [2]	Acquisition	may-15	100.0%	100.0%
FEHI Holding S.ar.l. [2]	Acquisition	may-15	100.0%	100.0%
Fortuna Finance Corporation S.ar.l. [2]	Acquisition	may-15	100.0%	100.0%
Talisman Holding International S.ar.l [2]	Acquisition	may-15	100.0%	100.0%
Talisman International Holdings B.V. SCS [2]	Acquisition	may-15	100.0%	100.0%
TE Capital S.ar.l. [2]	Acquisition	may-15	100.0%	100.0%
TE Colombia Holding S.ar.l [2]	Acquisition	may-15	100.0%	100.0%
TE Finance S.ar.l. [2]	Acquisition	may-15	100.0%	100.0%
TE Global Holding S.ar.l [2]	Acquisition	may-15	100.0%	100.0%
TE Holding S.ar.l. [2]	Acquisition	may-15	100.0%	100.0%
TE NOK S.ar.l. [2]	Acquisition	may-15	100.0%	100.0%
TE Resources S.ar.l. [2]	Acquisition	may-15	100.0%	100.0%
Talisman RTC Sdn.Bhd. [2]	Acquisition	may-15	100.0%	100.0%
Transasia Pipeline Company Pvt. Ltd. [2]	Acquisition	may-15	15.0%	15.0%
Talisman (Block K 39) B.V. [2]	Acquisition	may-15	100.0%	100.0%
Talisman (Block K 44) B.V. [2]	Acquisition	may-15	100.0%	100.0%
Talisman (Block K 9) B.V. [2]	Acquisition	may-15	100.0%	100.0%
Talisman Andaman B.V. [2]	Acquisition	may-15	100.0%	100.0%
Talisman Banyumas B.V. [2]	Acquisition	may-15	100.0%	100.0%
Talisman Colombia B.V. [2]	Acquisition	may-15	100.0%	100.0%
Talisman East Jabung B.V. [2]	Acquisition	may-15	100.0%	100.0%
Talisman East Tanjung B.V. [2]	Acquisition	may-15	100.0%	100.0%

Name of the entity (or business activity) acquired/absorbed	Type of transaction	Transaction close date	% of voting rights acquired (1)	% of total voting rights acquired in the entity post - acquisition
Talisman Energy (Sahara) B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Energy Poland B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Energy Tangguh B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Global Holdings B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman International Holdings B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Java B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman K Holdings B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Peru B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Sadang B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Sakakemang B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Sierra Leone B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman South Mandar B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman South Sageri B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Sumatra B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Vietnam 05-2/10 B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Vietnam 07/03 B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Vietnam 135-136 B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Vietnam 146-147 B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Vietnam 45 B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman Vietnam 46-07 B.V. (2)	Acquisition	may-15	100.0%	100.0%
Talisman West Bengara B.V (2)	Acquisition	may-15	100.0%	100.0%
TV 05-2/10 Holding B.V. (2)	Acquisition	may-15	100.0%	100.0%
TV 135-136 Holding B.V. (2)	Acquisition	may-15	100.0%	100.0%
Rigel Petroleum (NI) Limited (2)	Acquisition	may-15	100.0%	100.0%
Talisman Energy Investments Norge AS (2)	Acquisition	may-15	100.0%	100.0%
Talisman Petroleum Norge AS (2)	Acquisition	may-15	100.0%	100.0%
Talisman Resources Norge AS (2)	Acquisition	may-15	100.0%	100.0%
Honner Limited (2)	Acquisition	may-15	100.0%	100.0%
Rowell Limited (2)	Acquisition	may-15	100.0%	100.0%
Talisman Energy Kimu Beta Ltd (2)	Acquisition	may-15	100.0%	100.0%
Talisman Energy Niugini Limited (2)	Acquisition	may-15	100.0%	100.0%
Paladin Resources Limited (2)	Acquisition	may-15	100.0%	100.0%
Talisman SEA Pte. Ltd. (2)	Acquisition	may-15	100.0%	100.0%
New Santiago Pipelines AG (2)	Acquisition	may-15	100.0%	100.0%
Santiago Pipelines AG (2)	Acquisition	may-15	100.0%	100.0%
Talisman Ocensa Pipelines Holdings AG (2)	Acquisition	may-15	100.0%	100.0%
Talisman Santiago AG (2)	Acquisition	may-15	100.0%	100.0%
Talisman SO AG (2)	Acquisition	may-15	100.0%	100.0%
Edwards Gas Services LLC (2)	Acquisition	may-15	50.0%	50.0%
Thang Long Joint Operating Company (2)	Acquisition	may-15	60.0%	60.0%
Truong Son Joint Operating Company (2)	Acquisition	may-15	30.0%	30.0%
Principle Power, Inc.	Part. Increase	feb-15	0.7%	25.4%
Societat Catalana de Petrolis, S.A.	Part. Increase	feb-15	4.9%	94.9%
Repsol Chile, S.A.	Part. Increase	apr-15	0.0%	100.00%
Gas Natural Fenosa SDG, S.A.	Part. Increase	jun-15	0.25%	30.3%

(1) Corresponds to the equity shareholding in the acquired company.
(2) See Note 3 "*Changes in the Groups´Composition*".

b) *Reduction in interest in subsidiaries, join ventures, and/or associates and other similar transactions*

Name of the entity (or business activity) sold, split or retired	Type of transaction	Effective date of the operation	% of voting rights sold or retired	% of voting rights acquired in the entity post-acquisition	Income / Loss generated (Millions of euros)(2)
Enirepsa Gas, Limited	Liquidation	march-15	30.0%	0.0%	3
Perú Hunt Pipeline Development Company, Llc. (1)	Liquidation	april-15	44.7%	0.0%	-

(1) This company is the parent of Hunt Pipeline Development Perú, LP, which in turn owns 100% of Hunt Pipeline Company of Perú, Ltd., a company domiciled in the Cayman Islands. The Repsol Group has derecognized its interests in these three companies.

(2) Corresponds to recognized pre-tax profit.

NOTE: With respect to the decreases, increases and changes in ownership interests in the Gas Natural Fenosa Group's companies, see this group's interim condensed consolidated financial statements (www.portal.gasnatural.com).

APPENDIX II: JOINT OPERATIONS AT JUNE 30, 2015

The main joint operations in which Repsol holds interests through Talisman (see Note 3) at June 30, 2015 are:

Name	Ownership interest % (1)	Operator	Activity
Algeria			
Block 405a	35.00%	Pertamina	Production
Australia			
JPDA 06-105 PSC	25.00%	Eni JPDA 06-105 Pty Ltd	Production
AC/L 5	33.33%	Woodside Energy Limited	Production
WA-18-L	100.00%	Talisman Oil & Gas (Australia) Pty Limited	Production
Canada (1)			
Groundbirch (Birish Columbia)	37.59%	Shell	Production
Edson (Alberta)	66.67%	Talisman	Production
Edson (Alberta)	50.00%	Talisman	Production
Fir (Alberta)	25.00%	Delphi	Production
Pine Creek (Alberta)	10.42%	Apache	Production
Quebec	75.00%	Talisman	Exploration(2)
Nunavut	75.00%	Shell	Exploration(2)
Northwest Territories	25.00%	BP	Exploration(2)
Northwest Territories	2.08%	Suncor	Exploration(2)
Colombia			
CAG -5	50.00%	Meta Petroleum Corp	Exploration
CAG-6	40.00%	Meta Petroleum Corp	Exploration
CPE-6	50.00%	Meta Petroleum Corp	Exploration
CPE-8	50.00%	Talisman Colombia Oil & Gas Ltd	Exploration
CPO-9	45.00%	Ecopetrol S.A.	Exploration and Production
El Portón	25.00%	Cepsa Colombia S.A.	Exploration
Niscota	30.00%	Equion Energía Ltd.	Exploration
Mundo Nuevo	21.00%	Hocol S.A.	Exploration
PUT -9	40.00%	Meta Petroleum Corp	Exploration
PUT-30	50.00%	Talisman Colombia Oil & Gas Ltd	Exploration
USA (1)			
Eagle Ford (Texas)	50.00%	Talisman / Statoil	Production
Marcellus (Chafee Corners - Pennsylvania)	67.12%	Talisman	Production
Marcellus (Caton Elmira - New York and Pennsylvania)	49.25%	Swepi / Talisman	Production
Indonesia			
Andaman III PSC	100.00%	Talisman Andaman B.V.	Exploration
Corridor PSC	36.00%	ConocoPhillips (Grissik) Ltd.	Production
East Jabung PSC	51.00%	Talisman East Jabung B.V.	Exploration
Jambi Merang PSC	25.00%	Joint Operating Body Pertamina-Talisman Jambi Merang	Production
Ogan Komering PSC	50.00%	Joint Operating Body Pertamina-Talisman Ogan Komering	Production
Sadang PSC	40.00%	Talisman Sadang B.V.	Exploration
Sageri PSC	50.00%	Talisman (Sageri) Ltd.	Exploration
Sakakemang PSC	90.00%	Talisman Sakakemang B.V.	Exploration
South East Sumatra PSC	7.48%	CNOOC SES Ltd.	Production
South Mandar PSC	33.00%	PTTEP South Mandar Limited	Exploration
South Sageri PSC	35.00%	TOTAL E&P South Sageri	Exploration
Tangguh LNG Project (3)	3.06%	BP Berau Ltd.	Production
Kurdistan			
Block Topkhana	60.00%	Talisman (Block K39) BV	Exploration
Block Kurdamir	40.00%	Talisman (Block K44) BV	Development

Name	Ownership interest % [(1)]	Operator	Activity
Norway			
Licence 019 B	61.00%	Talisman Energy Norge AS	Production
Licence 019 C	15.00%	Talisman Energy Norge AS	Production
Licence 019 D	31.00%	Talisman Energy Norge AS	Production
Licence 038	65.00%	Talisman Energy Norge AS	Production
Licence 038 C	70.00%	Talisman Energy Norge AS	Production
Licence 038 D	40.00%	Talisman Energy Norge AS	Production
Licence 038 E	65.00%	Talisman Energy Norge AS	Exploration
Licence 052	27.00%	Statoil Petroleum AS	Production
Licence 052 B	9.00%	Statoil Petroleum AS	Production
Licence 053 B	33.84%	Wintershall Norge AS	Production
Licence 055 (A, B y D)	33.84%	Wintershall Norge AS	Production
Licence 143 BS	100.00%	Talisman Energy Norge AS	Production
Licence 148 (A y B)	10.00%	Lundin Norway AS	Exporación and Production
Licence 185	33.84%	Wintershall Norge AS	Production
Licence 316 (A y B)	60.00%	Talisman Energy Norge AS	Production
Licence 378	17.50%	Wintershall Norge AS	Exploration
Licence 640	60.00%	Talisman Energy Norge AS	Exploration
Licence 672	25.00%	Talisman Energy Norge AS	Exploration
Malaysia			
PM3 CAA PSC	41.44%	Talisman Malaysia Limited	Development and Production
PM 305 PSC	60.00%	Talisman Malaysia Limited	Production
PM 314 PSC	60.00%	Talisman Malaysia Limited	Production
SB 309 PSC	70.00%	Talisman Malaysia Limited	Exploration
SB 310 PSC	70.00%	Talisman Malaysia Limited	Exploration
SB1 Kinabalu Oil PSC	60.00%	Talisman Malaysia Limited	Development and Production
Papua New Guinea			
Licence no. 4	40.00%	Talisman Niugini Pty Ltd	Exploration
Licence no. 10	40.00%	Talisman Niugini Pty Ltd	Development y Pipelines
Licence no. 8	22.29%	Oil Search Limited	Exploration
Licence no. 21	32.50%	Horizon Oil (Papua) Limited	Exploration
Licence no. 28	30.00%	Eaglewood Energy (BVI) Limited 40%	Exploration
Licence no. 38	25.00%	Talisman Energy Niugini Limited	Exploration
Licence no. 235	60.00%	Foreland Oil Limited	Exploration
Licence no. 239	55.00%	Talisman Energy Niugini Limited	Exploration
Licence no. 261	30.00%	Foreland Oil Limited	Exploration
Licence no. 269	50.00%	Talisman Niugini Pty Ltd	Exploration
Licence no. 287	50.00%	Talisman Energy Niugini Limited	Exploration
Licence no. 426	70.00%	Talisman Energy Niugini Limited	Exploration
Peru			
Batch 76	35.00%	Hunt Oil Exploration and Production Company of Perú L.L.C. Sucursal	Exploration
Batch 103	60.00%	Talisman Perú B.V. Sucursal	Exploration
Batch 109	70.00%	Repsol Exploración Perú Sucursal	Abandonment
Batch 101	30.00%	Talisman Perú B.V. Sucursal	Abandonment
Batch 134	55.00%	Talisman Perú B.V. Sucursal	Abandonment
Vietnam			
Block 46 CN PSC	33.15%	Talisman Vietnam Limited	Production
Block 15/2-01 PC	60.00%	Thang Long Joint Operating Company (TLJOC)	Production
Block 133-134 BCC	49.00%	Talisman (Vietnam 133-134) Ltd.	Exploration
Block 135-136 PSC	40.00%	Talisman Vietnam 135-136 B.V.	Exploration
Block 05-2/10 PSC	40.00%	Talisman Vietnam 05-2/10 B.V.	Exploration
Block 07/03 PSC	55.00%	Talisman Vietnam 07/03 B.V.	Development
Block 146-147 PSC	80.00%	Talisman Vietnam 146-147 B.V.	Exploration

(1) Acreage interests in Canada and the USA are held under a large number of joint operating agreements (JOAs). This table includes only those significant agreements in which Repsol holds interests of more than 2,000 net acress.

(2) Operations on acreage corresponding to these areas are currently suspended due to government restrictions in Canada..

(3) Talisman holds a 42.4% interest in Wiriagar, one of the three Production Sharing Contracts (PSC) of the Tangguh LNG Project

APPENDIX III: REGULATORY FRAMEWORK

The activities of Repsol, S.A. and subsidiaries are subject to extensive regulation. The information provided in this section constitutes an update that reflects significant developments in the regulatory framework applicable to the Group subsequent to the 2014 consolidated financial statements, as detailed in Appendix III "*Regulatory Framework*".

Spain

Liquid Hydrocarbons, Oil and Derivatives

Spanish Law 8/2015, amending the Hydrocarbon Sector Act (Law 34/1998 of October 7, 1998), took effect on May 21, 2015. It regulates certain tax and non-tax measures related to hydrocarbons exploration, research and operation activities. It fosters "non-conventional" extraction, or "fracking", creating an incentive scheme for regional administrations and local bodies that pursue such activities, as well as creating a profit-sharing scheme for land owners.

The aforementioned Law 8/2015 introduces the following tax and non-tax measures:

- A new tax on the Value of Gas extraction, Oil and Condensate, applicable from January 1, 2016 is created and whose rate varies between 1% and 8% of the value of annual production.

- Two fees are added to the current canon surface, applicable from May 23, 2015: The third rate, which taxes the drilling of boreholes and the fourth rate, which taxes the acquisition of seismic data.

- From 2016 payments to the underlying land owners are set, by which holders for mining concessions granted after May 23, 2015, shall pay the landowners an annual amount equal 1% of the value of the extracted hydrocarbons.

In the retail segment, Law 11/2013 had established several limits on growth in the number of fuel supply facilities of wholesalers with provincial markets shares of over 30%. Law 8/2015 stipulates that the provincial market shares may no longer be measured in terms of points of sale but rather based on prior-year sales figures. The new legislation entitles the government to revise this percentage threshold in three years' time and even to remove the restriction altogether, market trends and the sector's business structure so permitting.

In addition, Law 8/2015 allows owners of oil and gas product retailers that do not belong to the distribution network of a wholesale operator (private label networks operating without exclusive supply agreements) to inform consumers of the origin of the fuel they sell by advertising the wholesaler from which they purchase the said fuel (article 43.5). Furthermore, as from effectiveness of this law, oil and gas product retailers may supply products to other retailers subject only to the requirement to first register themselves in the special duty registry (article 43.1).

As for liquid petroleum gas (LPG) prices and tariffs, Ministerial Order IET/389/2015, of March 5, 2015, updates the system for automatically determining the maximum price at which bottled LPG can be retailed and for determining the price of piped LPG, adjusting the formulae used to calculate raw material costs in order to, as per the wording of the Order, adapt them "*to the supply reality in the national market in recent years*". Adaptation of these raw material cost calculation formulae does not, however, apply to sales costs, thereby resulting in a reduction in maximum bottled LPG retail prices and piped LPG retail prices.

Law 8/2015 classifies breaches of the obligation to provide home delivery of bottled LPG as a 'very serious' infringement, to remind operators rests solely with largest market share according to the provisions of Law 18/2014, ratifying the universal service obligation, making it a legal requirement. Regarding LPG bulk:

- Retailers of bulk, non-piped LPG are obliged to service all consumers by request in the province in which the retailer is currently operating.

- Retailers of bulk, piped LPG are obliged to service all supply requests within the corresponding area of their respective networks.

Law 8/2015 conveys upon users the obligation to inspect LPG recipient facilities (article 74.1 p), however, it also makes the distributors subsidiary responsible for this obligation if they determine that such inspection has not been performed by a qualified company. It obliges LPG wholesalers and bulk LPG retailers to take out civil liability insurance, and keep such policies current, or arrange other financial guarantees in sufficient amount to cover the risks arising from their business activities.

Gas Natural

The aforementioned Law 8/2015 creates an official natural gas hub with a view to facilitating the entry into the market of new suppliers, creating a new single hub operator, tasked with management of the hub, which must be operational within 4 months from the date of effectiveness of this piece of legislation, at the latest

Contributions to the national energy efficiency fund

Article 7 of Directive 2012/27/EU of the European Parliament and of the Council of October 25, 2012 on energy efficiency makes it binding on member states to justify quantity of energy savings by 2020, obliging each state to establish energy efficiency obligation schemes such that energy distributors and/or retailers are obliged to achieve a cumulative quantity of energy savings by year-end 2020 means of annual savings between 2014 and 2020 equivalent to 1.5% of their annual energy sales. As a result, Spanish Royal Decree-Law 8/2014, of July 4, 2014, and Law 18/2014, of October 15, 2014, establish a national energy efficiency obligation scheme by virtue of which gas and electricity retailers, oil product wholesalers and liquid petroleum gas wholesalers (the parties bound by the obligation scheme) are allocated an annual energy saving target at the national level called savings obligations

On February 24, 2015, Ministerial Order IET/289/2015, of February 20, 2015, published in the Official State Journal on February 24, 2015, stipulates the National Energy Efficiency Fund contribution obligations in respect of 2015; this Order has been appealed, as have the collection assessments relating to 2014 and 2015, by several of the companies, including the Repsol Group, affected by the obligation to contribute to the aforementioned National Fund.

Peru

Hydrocarbons refining and retailing

In Peru, the sale of products derived from oil and gas is governed by supply and demand. However, under Emergency Decree No. 010-2004, the Oil-Derived Fuel Price Stabilization Fund (the "Fund"), aimed to preventing oil price volatility. The Fund's resources are drawn from contributions made and discounts applied by producers and importers with respect to the prices of each product, depending on whether the import parity prices (IPP) are above or below the so-called Price Band. Peruvian Law No. 29552 stipulated the permanent nature of this Fund.

However, Emergency Decree No. 01-2015, amended by Law No. 30334 - legislation establishing measures designed to invigorate the economy in 2015 - has stipulated that the Price Band will not be updated (until December 2016) when the IPP increases, but rather only when it decreases, thereby automatically increasing the amount owed by the Fund to the producers. Supreme Decree No. 154-2015-EF enacted a supplementary credit for the purpose of financing the Fund and schedules the injection of new funds for Fund financing purposes on a quarterly basis through June 2016, if warranted.

Venezuela

On March 15, 2015, a Law went into effect that empowers the President of the Republic in the Council of Ministers, to legislate by decree with status, effect, and force of law in matters delegated for the reformed guarantee of sovereign rights and the protection of the Venezuelan people and the constitutional order of the Republic. The Head of State may legislate matters relating to security and national defense, as well as commercial, socioeconomic, financial, energy and industrial issues, as well as punitive matters regarding administrative, civil, and even criminal law. Said delegation of powers shall be valid from its date of publication in the Official State Gazette until December 31, 2015.

APPENDIX IV: ACCOUNTING POLICIES

For the preparation of the accompanying interim condensed consolidated financial statements, Repsol used the same accounting policies as those applied in 2014, which are described in Appendix IV of the Consolidated financial statements for the financial year 2014. In addition and as a result of the transaction described in Note 3 *"Changes in the Group´s Composition"* has been considered appropriate to describe the following accounting policy:

Business combinations

The business combinations in which the Group acquires control of one or more businesses by merging or spinning off several companies or by acquiring all of the assets and liabilities of a company or part of a company that qualifies as a business or several businesses are accounted for using the acquisition method, according to the standards establish in IFRS 3 *"Business combinations"*. The acquisition method entails, except for the recognition and measurement exceptions established in IFRS 3, the registration in the books at the acquisition date, of the identificable assets acquired and liabilities assumed at their fair value on this date, provided that this value can be reliably established. Costs related to the acquisition are expensed in the income statement.

The difference between the cost of the business combination and the fair value of the identifiable assets acquired and liabilities assumed is recognized as goodwill if positive, and as a gain on a bargain purchase in profit or loss if negative.

Business combinations for which the measurement period for applying the acquisition method has not fully elapsed at the end of the reporting period are accounted for using provisional amounts. The provisional amounts must be adjusted within a maximum of one year from the acquisition date. Adjustments made to round out initial accounting for a business combination are made retroactively so that the amounts recognized are those that would have been recognized had the Group had access to all the required information upon initial recognition of the transaction; comparative figures are adjusted accordingly.

APPENDIX V: OTHER DETAILED INFORMATION

Operating revenue by geographic area

The distribution of operating revenue (corresponding to the headings *"Sales"* and *"Services rendered and other income"* in the accompanying IFRS-EU consolidated income statement attached) by geographical area, based on the markets they are intended, is as follows:

	Millions of euros	
Geographic Area	06/30/2015	06/30/2014
Spain	10,555	12,340
European Union	3,028	3,655
O.C.D.E.	2,765	3,265
Rest of countries	3,771	4,449
TOTAL	**20,119**	**23,709**

Operating revenue by segments

Operating revenue by segments is disclosed below (segment delimitation, their income and results is detailed in heading 4.2):

	Millions of euros					
	Operating revenue from customers		Operating revenue inter segments		Operating revenue [1]	
Segments	**06/30/2015**	**06/30/2014**	**06/30/2015**	**06/30/2014**	**06/30/2015**	**06/30/2014**
Upstream	1,643	1,784	434	335	2,077	2,119
Downstream	19,350	22,839	60	360	19,410	23,199
Gas Natural Fenosa	-	-	-	-	-	-
Corporation	2	6	-	9	2	15
(-) Inter-segment adjustments and eliminations of operating income	-	-	(494)	(704)	(494)	(704)
TOTAL	**20,995**	**24,629**	**-**	**-**	**20,995**	**24,629**

[3] The operating revenue corresponds to the addition of the headings *"Sales"* and *"Services rendered and other income"* of the consolidated income statement for the periods ended June 30, 2015 and 2014. It includes the figures corresponding to joint ventures and other managed companies operated as such in 2015 amounting € 834, € 41 and € 1 million in *Upstream*, *Downstream* and *Corporation*, and in 2014 amounting € 886 and € 34 million, in *Upstream* and *Downstream*, respectively.

Fair value of financial instruments

The classification of financial instruments recognized in the financial statements at fair value on June 30, 2015 and December 31, 2014, is as follows:

Millions of euros	June 30, 2015 and December 31, 2014							
	Level 1		Level 2		Level 3		Total	
Financial assets	2015	2014	2015	2014	2015	2014	2015	2014
Financial assets held for trading	17	356	123	262	-	-	140	618
Other financial assets at fair value through profit and loss	102	102	-	-	-	-	102	102
Financial assets available for sale (1)	1	1	-	-	30	-	31	1
Hedging derivatives	-	2	-	23	-	-	-	25
Total	**120**	**461**	**123**	**285**	**30**	**-**	**273**	**746**

	Level 1		Level 2		Level 3		Total	
Financial liabilities	2015	2014	2015	2014	2015	2014	2015	2014
Financial liabilities held for trading	-	28	427	162	-	-	427	190
Hedging derivatives	15	-	90	176	-	-	105	176
Total	**15**	**28**	**517**	**338**	**-**	**-**	**532**	**366**

Financial instruments recognized at fair value are classified at different levels, as described below:

Level 1: Valuations based on a quoted price in an active market for an identical instrument.
Level 2: Valuations based on a quoted price in an active market for similar financial assets or based on other valuation techniques that rely on observable market inputs.
Level 3: Valuations based on inputs that are not directly observable in the market.

(1) Does not include € 53 and € 59 million at June 30, 2015 and December 31, 2014, corresponding to equity investments in companies that are measured at acquisition cost under IAS 39.

In accordance with accounting regulations, the techniques used to value instruments classified as level 2 for fair value hierarchy purposes are based on an income approach, which consists of discounting known or estimated future cash flows to present value using discount curves built from benchmark market interest rates (estimated using implied forward curves provided by the market in the case of derivatives), including adjustments for credit risk based on the duration of the instruments. In the case of options, price-setting models based on the Black & Scholes formula are used.

The main inputs used to value financial instruments vary by instrument, but are mainly exchange rates (spot and forward), interest rate curves, counterparty risk curves, equity prices and the volatility metrics for all of the listed inputs. In all instances, the market data is obtained from reputed information providers or correspond to the prices published by official bodies.

INTERIM MANAGEMENT REPORT

For the six-month period ended June 30, 2015

REPSOL, S.A. and Investees comprising the Repsol Group

Translation of a report originally issued in Spanish.
In the event of a discrepancy, the Spanish language version prevails.

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1. MAIN EVENTS OF THE PERIOD

Relevant events during the first half of 2015 signaled the beginning of a serious transformation of the Repsol Group. On May 8, 2015, Repsol acquired the Talisman petroleum group, which has a solid hydrocarbon exploration and production business, and approved a new organizational structure in which the Chief Executive Officer (CEO), Josu Jon Imaz San Miguel, assumed all the executive functions, with three new top management bodies presiding, and full responsibility for their respective areas: i) Corporate Executive Committee ii) E&P Executive Committee and iii) *Downstream* Executive Committee.

The newly created company emerging from the Talisman integration has converted Repsol into one of the top 15 oil and gas companies worldwide, increasing our presence in international markets, strengthening the *Upstream* business as a growth engine while increasing its size, and diversifying the composition and the risk of its assets.

Otherwise, the results obtained throughout the normal course of business (adjusted net income of € 1,240 million) in a market characterized by low crude oil and gas prices and the depreciation of the euro against the dollar, which have reflected in the advantages of our integrated model, the quality of our industrial assets, and the efficiency of the *Downstream* businesses, which have made it possible to take advantage of international margins in order to compensate for the drop in *Upstream* business results due to the drop in prices as well as the interruption of Libyan production.

1.1. TALISMAN ENERGY ACQUISITION

On May 8, 2015, Repsol completed the acquisition of the petroleum Canadian company Talisman Energy, Inc. (“Talisman").

The investment amounted to € 8,005million[1], which has been financed using Repsol’s liquidity, mainly arising from the collection of the compensation as a result of the YPF expropriation and from the sale of the shares not expropriated. After the acquisition, which has implied the inclusion of Talisman's debt (€ 3,994 million), the Group's credit rating remains unchanged (see Note 4, “*Financial overview*”).

Talisman is a Canadian company based in Alberta, Canada, and is set up based on Canadian company law. The transaction closed, and subsequently Talisman's ordinary shares ceased to be listed on the Toronto and New York stock exchanges, while the preferred shares on the Toronto stock exchange were subsequently converted to ordinary shares.

Its main business activities include the exploration, development, production, transportation and marketing of crude oil, natural gas and other liquids of hydrocarbons, focusing the most of its activity on two areas: America (United States, Canada and Colombia) and Asia-Pacific (Australia, Timor Leste, Indonesia, Malaysia, Papua New Guinea and Vietnam). Additionally, Talisman has activity in United Kingdom, Norway, Algeria and Kurdistan.

For further information regarding the impact of the inclusion of Talisman in the Group´s interim condensed consolidated financial statements, see heading 4.2 and in connection with its operational magnitudes, assets, and synergies with Repsol’s *Upstream* business provided by Talisman, see heading 5.1 *Upstream*.

[1] See Note 3 of the interim condensed consolidated financial statements for the six-month period ended June 30, 2015.

1.2. RESULTS OF THE PERIOD

Millions of euros	June 2015	June 2014	Variation
Upstream	(238)	400	(638)
Downstream	973	452	521
Gas Natural Fenosa	227	282	(55)
Corporation and adjustments	278	(212)	490
Adjusted Net Income	**1,240**	**922**	**318**
Inventory effect	(57)	(54)	(3)
Non-recurring income	(130)	191	(321)
Income from discontinued operations	-	268	(268)
Net Income	**1,053**	**1,327**	**(274)**

In the first half of 2015 **Adjusted Net Income** amounted to € 1,240 million, 34 % higher than the same period in 2014. The notable improvement in *Downstream* results thanks to efficiency developments and a better international outlook, and the positive effects on the Corporation from the appreciation of the dollar on this currency positions, have compensated for decreased *Upstream* results affected by lower crude and gas prices, and from disruptions to production in Libya. This result incorporates the operations of Talisman from the date of acquisition by Repsol (May 8).

In *Upstream*, it is noteworthy the impact on the results of the decrease in prices, which has been mitigated by the significant increase in production (440 kboe/d, 29% higher than in 2014 due to the inclusion of Talisman's and the connection of new wells in Sapinhoá (Brazil) and *Mid-continent* (United States), as well as the improvement of the exploration costs despite having maintained investments efforts in exploration.

In *Downstream*, the adjusted net income results for the period have increased 115% compared to 2014, to reach € 973 million. This increase reflects the improved margins and the increase in sales volumes of the Refining and Chemical businesses, which offset the decrease in the results obtained due to lower margins in *Gas&Power* in North America. These results continue to reflect the quality of the Group's assets, making it possible for Repsol to continue at the head of European competitors in terms of integrated Refining and Marketing margins.

The contribution to the results of *Gas Natural Fenosa* in the first half of 2015 amounted to € 227 million that compares favorably with the results of the previous year if the extraordinary results obtained from the sale of the telecommunications business are removed in 2014.

Corporation and Adjustments disclose and adjusted net income of € 278 million, mainly explained by improved financial results derived from the US dollar revaluation against the euro.

Net Income for the first half of 2015 amounted € 1,053 million, compared to the € 1,327 million in previous year. This drop is chiefly driven by the 2014 extraordinary results obtained or 2014 results obtained from discontinued operations (mainly LNG sales business and the shares not expropriated from YPF).

In section 4, a more detailed analysis of the semester result is contained.

1.3. OTHER EVENTS DURING THE PERIOD

Subordinated debt has been issued, guaranteed by Repsol, S.A, amounting € 2,000 million. The bond was issued in two tranches, one of a nominal amount of € 1,000 million and maturing in 2075 (amortizable upon the request of the issuer starting from the tenth year), and the other for the same amount with no maturity (amortizable upon the issuer's request of the starting from the sixth year).

The Company maintains the compensation to its shareholders. In addition, in January and July the Company executed two share capital increases by means of which the *"Repsol flexible dividend"* programme was implemented, which allows shareholders to choose between receiving their payment, totally or partially, in newly-issued shares or in cash.

Regarding Repsol's performance on the stock exchange ended with a 1.3% revaluation; during the first six months of the year, its behavior was in line with the Ibex-35 index as well as the other players in the European Oil & Gas sector. The Company benefited from the recovery of the price of crude oil from their minimums in January; however, the macroeconomic uncertainty and the Greek crisis weighed heavily on the markets at the end of the period.

Finally, Repsol has maintained its commitment to society and its employees. During the first half of 2015, an increase of 3,481 employees were recorded over the six-month period (14 % higher than the same period 2014, mainly due to the Talisman acquisition), investing approximately € 10 million in training and in relation to employee accident rates, the Total Frequency Rate was in line with the first half of 2014. Additionally, despite the 263,000 ton increase in CO_2 emissions compared to the same period in 2014, as a consequence of the increase in production, actions were taken to reduce 92,400 tons of CO_2, assuming equivalent operating conditions.

1.4. MAIN FIGURES AND INDICATORS OF THE PERIOD [A]

Results, financial overview and shareholder remuneration [1]	June 2015	June 2014
Results		
EBITDA	2,383	2,202
Adjusted Net Income	1,240	922
Net Income	1,053	1,327
Earnings per share (€/share)	0.75	0.95
Capital employed [2]	44,522	29,346
ROACE (%)[3]	4.1	4.4
Financial overview		
Net financial debt [4]	13,264	1,935
EBITDA [5] / Net financial debt (x times)	0.4	2.0
Shareholder remuneration		
Total shareholder remuneration (€/share)	0.47	1.48

Main stock indicators	June 2015	June 2014
Share price at close of financial year (€)	15.75	19.26
Average share price (€)	16.97	18.79
Market capitalisation (at closure)	21,651	25,510

Other ways of creating value	June 2015	June 2014
People		
Total employees [6]	28,277	24,796
Number of new hires in the year [7]	6,406	2,865
Paid taxes [8]	4,995	6,127
Safety and environmental management		
Overall Frequency Rate of accidents [9]	0.77	0.7
Direct CO_2 emissions (million t) [10]	6.411	6.148

Our business performance [1]	June 2015	June 2014
Upstream		
Net liquids production (kbbl/d)	168	126
Net gas production (kboe/d)	273	214
Net hydrocarbon production (kboe/d)	440	340
Average crude oil realization price ($/bbl)	51.1	86.9
Average gas realization price ($/Thousand scf)	3.1	4.1
EBITDA	903	1,359
Adjusted Net Income	(238)	400
Investments [11]	9,649	1,154
Downstream		
Refining capacity (kbbl/d)	998	998
Conversion index in Spain (%)	63	63
Refining margin indicator in Spain ($/bbl)	8.9	3.5
Oil product sales (kt)	22,721	21,143
Petrochemical product sales (kt)	1,424	1,334
LPG sales (kt)	1,230	1,219
Gas sales in North America (TBtu)	164.2	149.6
EBITDA	1,655	948
Adjusted Net Income	973	452
Investments [10]	283	267
Gas Natural Fenosa		
Adjusted Net Income	227	282

Macroeconomic environment	June 2015	June 2014
Brent ($/bbl) average/closure	57.8/61.4	108.9/112.1
WTI ($/bbl) average/closure	53.3/59.5	100.8/105.4
Henry Hub ($/Mbtu) average/closure	2.8/2.8	4.8/4.4
Algonquin ($/Mbtu) average/closure	6.9/1.5	12.3/4.9
Average exchange rate ($/€)average/closure	1.12/1.11	1.37/1.37

(1) Where appropriate, figures shown in million euros.
(2) Capital employed in continuing operations.
(3) The ROACE for the first half of 2015 is an annualised indicator by a mere extrapolation of this period´s figures, and the corresponding to the 2014 financial year corresponds to the annual real data.
(4) Comparative figure 2014 corresponds to 31 December 2014.
(5) EBITDA for the first half of 2015 is an annualised indicator obtained by a mere extrapolation of this period´s figures; the corresponding to the 2014 financial year corresponds to the annual real data.
(6) The workforce figure does not include employees of partially-owned companies in which Repsol does not have management control, following the Group´s accounting consolidation criteria. In 2014, does not include employees with annual working hours equal to or less than 20% of the hours set in the collective bargaining agreement
(7) The % of permanent new hires in the year for the first semester of 2015 and 2014 amounts 59% and 33%, respectively.
(8) Includes taxes paid which represent a cash expense for the company, deducted from their earnings, and which are retained or passed on to end taxpayer. Excludes amounts due to be paid in the future or charges from previous periods
(9) Overall frequency rate (IF) with sick leave: number of accidents leading to days lost or deaths recorded over the year, for every million hours worked.
(10) Includes direct emissions of CO_2 from the most relevant business units and countries in which the Group operates, accounting for 98% of the Company's direct Greenhouse Gas (GHG) emissions inventory.
(11) Net investments in operating assets disposals.

[A] The information presented throughout this section reflects all of the Talisman data since the takeover, and unless specifically stated to the contrary, it was prepared in accordance with the Group's reporting model described in Note 4 "*Segment Results*" in the interim condensed consolidated financial statements corresponding to the six month period ended June 30, 2015. APPENDIX I and II of this document reflect the reconciliation between the adjusted figures and the EU-IFRS financial information.

2. OUR COMPANY

2.1 CORPORATE GOVERNANCE

On April 29, 2015, Mr. Juan María Nin Génova tendered his resignation as a member of the Repsol Board of Directors. On April 30, the Board agreed to fill the vacancy by naming as a member of the Board of Directors, through the cooptation system, Mr. Gonzalo Gortázar Rotaeche.

On May 8, 2015, once the acquisition of Talisman Energy Inc. was finalized, the Chairman of Repsol's Board of Directors, based on a favorable report from the Nomination and Remuneration Committee, approved a new organization chart, reflecting the new Chief Executive Director (CEO), Mr. Josu Jon Imaz San Miguel, which assumed all the executive functions and has strengthened the business management capacity to increase efficiency and add value.

On June 25, 2015, Repsol Board of Directors resolved to amend its Regulations. The approved amendments include, the split of the Nomination and Remuneration Committee in two separate Committees, one with authorities regarding appointments and the other regarding remuneration. Additionally, the Board has agreed to replace the current Strategy, Investments and Corporate Social Responsibility Committee with a Sustainability Committee.

Presided over by the CEO, three management bodies were created with full responsibilities over their respective areas: Corporate Executive Committee, E&P Executive Committee and *Downstream* Committee.

(1) Presided by the Chief Executive Officer (CEO). Includes Corporate Executive Directors, Business Executive Directors, and Executive Directors which report to the CEO. The Corporate Executive Committee oversees global strategies, company policies, and any other transversal decisions.

(2) Presided by the Chief Executive Officer (CEO). Includes E&P Executive Director, Executive Directors and Executive Directors which report to the E&P Executive Director, Executive Corporate Directors, and Executive Directors which report directly to the CEO, Corporate Executive Director of Institutional Relations, and Corporate Economic and Tax Director. The E&P Executive Committee is responsible for high-level *Upstream* business decisions.

(3) Presided by the Chief Executive Officer (CEO), and integrated by the Executive Director of *Downstream*, Executive Directors, and Executive Directors which report directly to the *Downstream* Executive Director, General Corporate Directors, and Executive Directors reporting directly to the CEO and Corporate Economic and Tax Director. The E&P *Downstream* Executive Committee is responsible for high-level business decisions.

The new organizational structure´s aims include, among other objectives:

- Aligning the organization with Repsol´s new assets portfolio. This is based on a one-company model that takes into account the different characteristics of the *Upstream* and *Downstream* businesses.

- Serving Repsol´s enlarged global footprint. The integration of Talisman increases Repsol´s geographical presence, creating the need to align the structure and operation of the corporate functions.

- Embodying Repsol´s vision of a company focused on long-term business sustainability, technological progress and social welfare.

2.2 STRATEGY

The Talisman acquisition met the goals mapped out in the 2012-2016 strategic plan designed to transform Repsol into a company integrated with its *Upstream* business as its growth engine with a portfolio of assets located across areas with the greatest geopolitical stability.

Prior to year-end a new strategic plan 2016-2020 will be presented, which will open the door to a new cycle focused on creating value, maintaining financial solvency, and bolstering our commitment to our shareholders, society, and our employees.

3 MACROECONOMIC OUTLOOK

Recent economic developments

The first half of 2015 was characterized by lower deflation risks in the Eurozone, as a result of improved growth expectations and upward trend of oil prices. Meanwhile, the growth momentum in the US ending 2014 slowed down because of temporary factors, as well as the rise in the US dollar. Emerging economies, with China at the lead, began to show signs of weakness, amplifying the flagging international trade, and hindering many from growing in line with internal demand in a sustained manner.

The 0.2% contraction of the US economy during the first quarter of the year can be explained by a very cold winter, the east coast port strike, and the appreciation of the dollar. The lower price of oil has had a negative impact on investment in the sector, while until now it has not boost consumption as much as expected, since consumers have preferred to save in order to decrease liabilities. Despite that during the second quarter, job growth consolidated, the Federal Reserve will expect greater indications of a more robust economy in general, prior to raising interest rates.

In the Eurozone harmonized inflation reached an inter-annual 0.2% in June, rising from a negative reading, while the growth of the real GDP reached 1% interannual the first quarter of 2015; this positive trend was continue during the second quarter. Factors behind the growth of the Eurozone are related to the depreciation of the Euro, the lower price of fuel, and most of all, expectations generated by the application of non-conventional measures by the European Central Bank (ECB) and decreased tax consolidation. Growth was supported by an increase in internal consumption, with convergence among member countries.

Emerging economies have continued its decelerating trend, faced with the notable economic downturn in certain countries with significant weight in this block, such as Russia and Brazil, as well as a moderate rate of expansion in China. In this regard, the Chinese economy grew 7.0% inter-annually in both the first and second quarter of 2015, due to the lack of strong investment, and decreasing exterior competitiveness, dragging on the real exchange rate appreciation of the Yuan and the adjustment of the real estate sector. In China, the behavior during the first months of 2015 was weaker than expected, thereby forcing authorities to apply certain stimulus measures, while trying not to further exacerbate imbalances.

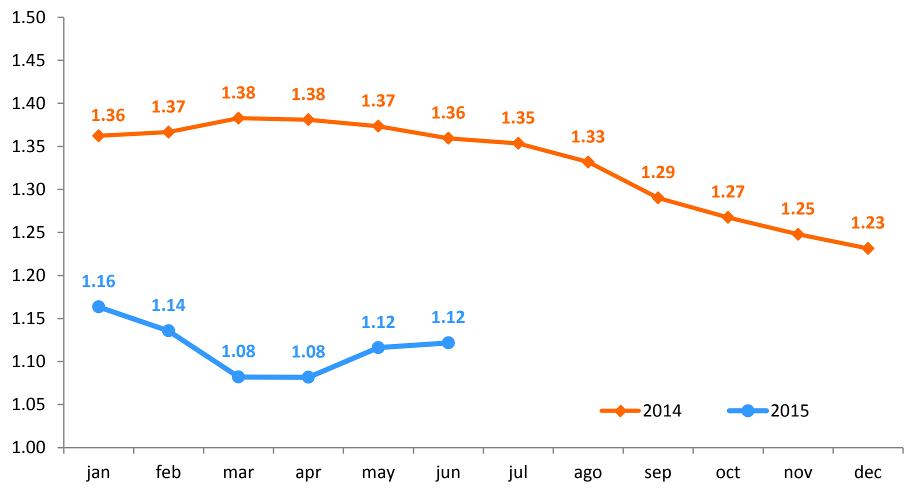
Global trade, a key growth factor prior to the financial crisis, which was previously expanding at rates doubling world growth, increased only 3.1% in 2014, and in 2015 should only grow 2%. This behavior is mainly due to the weakness of emerging countries, which are currently shrinking trade 1.5 percentage points. Against this backdrop, industrial production in the majority of countries is reflecting a weak growth.

Evolution of exchange rate

The trend of the exchange market has been conditioned by the development of negotiations with Greece, and chiefly by the expectations of growth in the US and the Eurozone, as well as its repercussions on monetary policies. The program for expanding the Bank of Japan's (BOJ) balance sheet was followed by the European Central Bank (ECB), which further easing its monetary policies thanks to the implementation of its programs for purchasing sovereign assets announced in January. Meanwhile, the Bank of England (BOE) and the Federal Reserve (FED) were determining right moment to raise interest rates.

In this context, during the first months of 2015 and until mid-April, the dollar continued its appreciation, reaching 1.05 euros/dollar (its lowest level since 2003). Subsequently, this trend party reversed, since the market viewed a lower probability that the FED would tighten its monetary policies in the short term, but also based on the perception of an improved activity in the Eurozone, and above all, a significant decrease in the deflation risks.

Evolution of the EUR/USD exchange rate (monthly average)



Source: *Bloomberg* and Economic Research Department.

The performance of the euro with regard to its key European references has been irregular. The pound sterling has appreciated with regard to the euro, despite the fact that no imminent rise in interest rates is expected in 2015. The Swiss franc has undergone upward pressure after its abandoned the anchor of the euro, while in Denmark expansive measures increased, while still linked to the euro. The rate of the depreciation of the Yen against the US dollar slowed down, with an accumulated drop of 58% with respect to the dollar since October 2012.

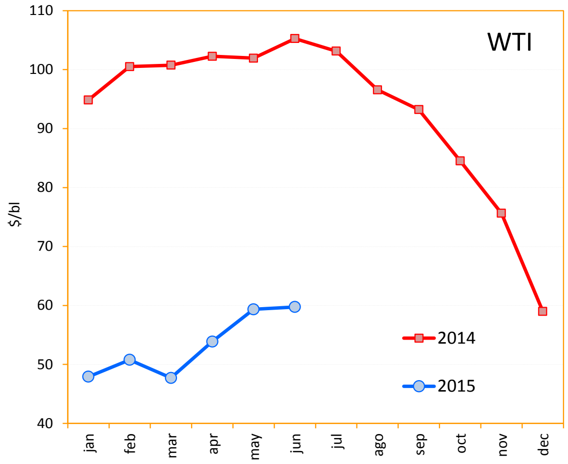
The decreased inflationary pressures faced with the drop in the prices of crude oil, and the delay in the rise in FED interest rates opened a window of opportunity to emerging countries to apply a more accomodating policy, translating to a generalized decrease in interest rates. Meanwhile, the currencies have been quite volatile with a tendency towards depreciation.

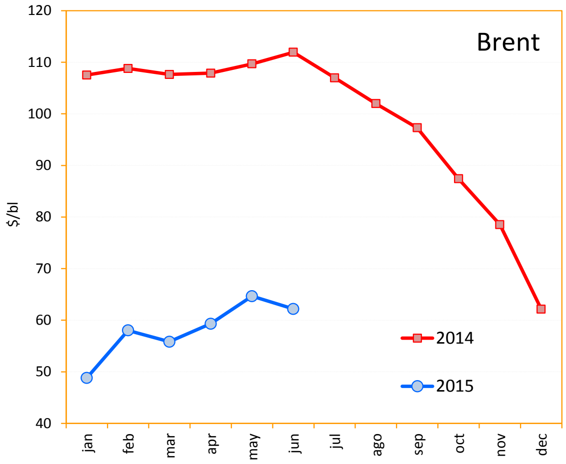
Recent developments in the energy sector

Crude – Brent and WTI

During the first half of 2015, crude oil prices (Brent and WTI) continued on a generally upward swing after the minimum levels hit in January, registering a respective average on physical markets of 58.1 and 53.2 $/bl. Among the factors pushing these prices upward are the following: the reduction of the number of active drilling towers in the US, the result of the cuts in investments in exploration and production in a low prices context, which has resulted in a drop in US production, even in unconventional areas, the 2015 global demand growth upward revisions by Official Agencies, and geopolitical factors such as the conflicts in Syria, Libya, and Yemen. However, these factors were partially offset by the strong dollar and the US market in which, despite a drop in inventories since May, levels have continue at their historical highs. In the short term, increased demand supported by low prices and further weakening of production should contribute to an adjustment in inventories, which will help keep prices high in a scenario which of high volatility. An uncertainty factor in the short term are the discussions held between Iran and the G5 + 1 (United Nations Security Council, plus Germany), which may result in lifting of international sanctions imposed to Iran since 2011. The sanctions include limitations on crude exports as well as financing operations with Iranian banks.

Evolution of Brent and WTI prices per barrel



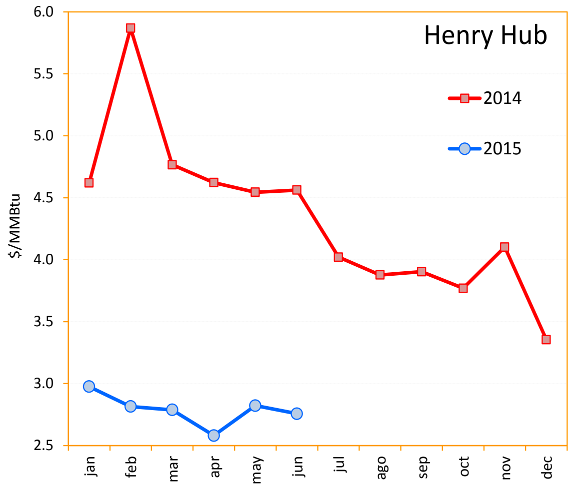


Source: *Bloomberg* y and Economic Research Department.

Gas Natural – Henry Hub

During the first half of 2015, the HH price was around 2.8 $/mmBtu. The price dropped approximately 42% with regard to the year before. The factors which had the greatest influence on this trend were the higher production levels and inventories with regard to the prior year.

Henry Hub Evolution



Source: *Bloomberg* y *Bloomberg* y and Economic Research Department.

4 RESULTS, FINANCIAL OVERVIEW AND OUR SHAREHOLDER REMUNERATION [1]

4.1 RESULTS

Millions of euros	2015	2014	Variation
Upstream	(238)	400	(160)%
Downstream	973	452	115%
Gas Natural Fenosa	227	282	(20)%
Corporation and adjustments	278	(212)	(231)%
Adjusted net income	**1,240**	**922**	**34%**
Inventory effect	(57)	(54)	(6)%
Non-recurring income	(130)	191	(168)%
Income from discontinued operations	-	268	(100)%
Net income	**1,053**	**1,327**	**(21)%**

NOTE: For further information on the segments businesses, see Note 4 "*Segment Results*" of the interim condensed consolidated financial statements for the six-month period ended 30 June 2015.

Adjusted net income

Compared to the same period of the previous year, results for the first half of 2015 were produced in a macroeconomic environment characterized by economic recovery, improved international margins for industrial businesses, the low price of crude oil and gas, and the revaluation of the dollar against the euro.

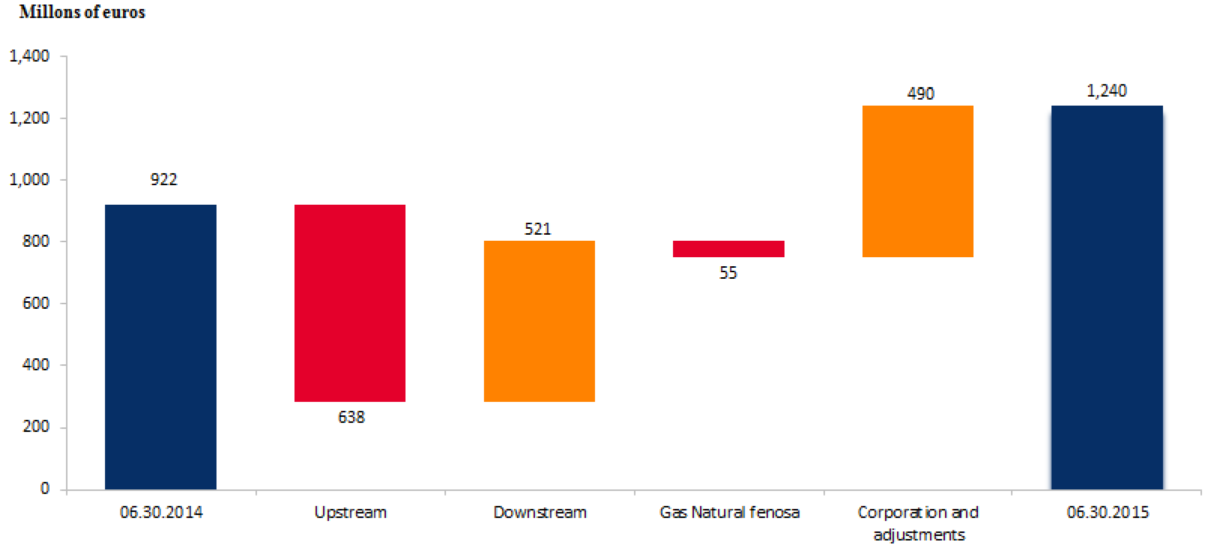
It is noteworthy in these results; Talisman´s results are included for the first time, from the acquisition date, May 8.

Adjusted Net Income for the first half of 2015 amounted to € 1,240 million, 34% higher than the same period in 2014. This increase is explained by a notable increase in the results of *Downstream*, influenced by higher margins in industrial businesses, improved efficiencies, and a better international environment, as well as improved results in *Corporation*, as a consequence to the appreciation of the dollar. These improved results were partially offset with the negative results from *Upstream*, due to the fall in oil crude and gas prices and the interruption in production in Libya.

EBITDA amounted to € 2,383 million compared to € 2,202 million, 9% increase compared to the same period of 2014.

[1] Unless expressly stated otherwise, all information given in this section has been prepared in accordance with the Group's reporting model described in Note 4 *"Segment Results"* of the interim condensed consolidated financial statements for the six-month period ended 30 June 2015. Appendix I and II in this document include a reconciliation between adjusted and IFRS figures adopted by the European Union.

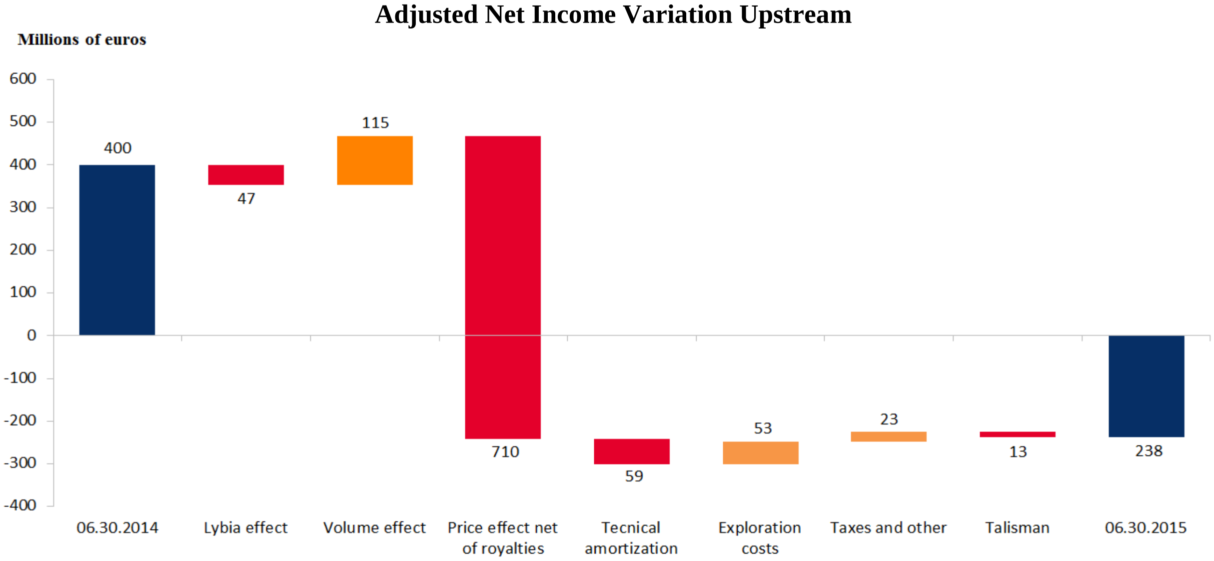
Adjusted Net Income Variation



Upstream

Adjusted net income from *Upstream* operations in the first half of 2015 has supposed a loss of € 238 million loss, compared to the € 400 million profit during the same period of 2014. In the following chart is broken down the main causes for this trend in the result, mainly due to the drop in prices:

Adjusted Net Income Variation Upstream



It is noteworthy to highlight some of the main factors that have an impact on the result:

- Increased production. Net production in the first half of 2015 reached 440 Kboe/d, 29% increase compared to 2014. This increase is mainly driven by the contribution since May 8 of Talisman´s assets (92 Kboe/d, mainly in US, Canada, Indonesia and Malaysia), as well as the place in service of the new wells in Sapinhoá (Brazil) and Mid-continent (in the United States of America). All took place despite the absence of production in Libya due to the conflicts in the country, and the lower production in Trinidad & Tobago due to increased shutdowns in drilling and maintenance fields. Average production in June reached 660 Kboe/d.

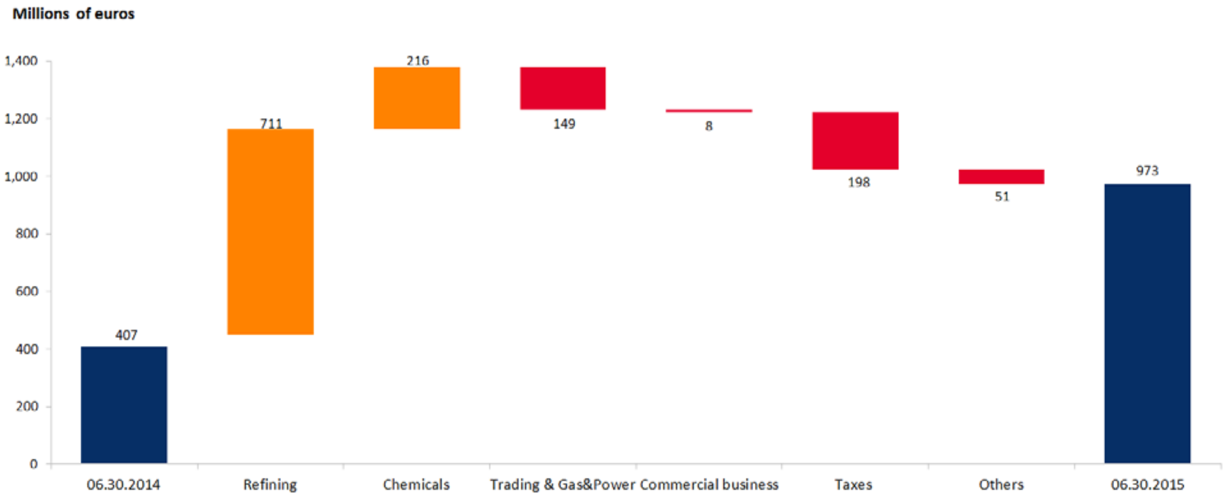
- Investment in exploration has been maintained. During the period, the drilling of fourteen exploratory surveys and six appraisal surveys have been concluded: eight positive (three exploration: Q-9 in Alaska *"North Slope"*, K-4 in Russia and TESO-2 in Algeria and five appraisal: Q-8 and Q-301 in Alaska *"North Slope"*, 6-P in Russia and Margarita 8 and BQR-4 in Bolivia), eight negative (all exploratory) and four still in evaluation at June 30 (three exploratory and one appraisal). Despite the intense exploratory activity, exploration costs have been lower compared to the same period in 2014.

- Greater amortization, as a result of the start of production of key projects in the strategic plan.

Downstream

Downstream adjusted net income for the first half of 2015 was € 973 million, 115% increase on the same period of 2014.

Adjusted Net Income Variation Downstream



The main factors explaining this trend are:

- Improved margins in Refining operations thanks to the stronger product differentials, lower energy costs, and efficiency improvements.

- Better margins and an increase in the volume of sales in the Chemical business, supported by an improved international environment.

- Less impressive results from the *Gas & Power* businesses, affected by lower margins in the period despite the increased volume sold in North America were partially compensated by improved results in the business of *trading* products and shipping management.

- The results of the Marketing business were in line with those for the previous year.

Gas Natural Fenosa

Adjusted net income for the first half of 2015 was € 227 million, compared to € 282 million for the same period in previous year. This decrease is mainly driven by the extraordinary results from the sales of Gas Natural Fenosa Telecomunicaciones and subsidiaries during the first half of 2014, the comparative period. On a like-for-like basis, adjusting the net capital gain generated the prior year, net profit rose 1.2% thanks to the ideal balance of the business with a diversified international presence, as well as a greater financial discipline.

Corporation and adjustments

Adjusted net income for the first half of 2015 was € 278 million, mainly explained by improved financial results derived from the US dollar revaluation against the euro, partially offset by the incorporation of the financial and corporate expenses from Talisman.

Net Income

Net Adjusted Income should include the effects of:

- *Inventory effect:* this effect, associated with the valuation of crude and average cost products (MIFO), instead of the current cost of supply (CCS), remained in line with the previous year.

- *Non-recurring results:* The first half of 2014 includes the capital gains attributable to the sale of the shares of YPF which had not been expropriated, and the investment in Transportadora de Gas del Peru. The first half of 2015 includes asset impairments amounting € 65 million, mainly due to the impact of the drop in the prices of the *Midcontinent*.

- *Result from discontinued operations:* during 2014 this effect included the positive effect of the sale of the investment in Repsol Comercializadora de Gas, S.A.

As a result of the trend of these results, the Group´s Net Income for the first half of 2015 amounted € 1,053 million. The decrease, compared to the net income in the first half of 2014 (€ 1,327 million), is explained by the absence of non-recurring results and results from discontinued operations in 2015 but obtained in 2014.

The main financial performance indicators for the first half of 2015 and 2014, are as follows:

PERFORMANCE INDICATORS	**06/30//2015**	**06/30/2014**
Return on average capital employed (ROACE) [(1)] (%)	4.1	6.9
Earnings per Share (€/share) [(1)]	0.75	0.95

[(1)] ROACE: (net recurring operating income + recurring results of investments) / (average capital employed for the period of continuing operations).The ROACE for the first half of 2014 and 2015 is an annualised indicator.

4.2 MAIN IMPACTS ARISING FROM THE ACQUISITION OF TALISMAN

First time consolidation of Talisman in the Repsol Group consolidated financial statements[1]

Talisman acquisition represents an investment of € 8,005 million, corresponding to the purchase price of 100% of its ordinary shares ($ 8,288 million) and its preferred shares (CAD 201 million), as well as the effect of the exchange rate derivative hedging within the purchase price.

In accordance with the accounting standards, the first-time consolidation of the assets and liabilities of Talisman in the Repsol Group interim condensed consolidated financial statements has been done at fair value at the acquisition date (May 8).

[1] See Note 3 of the interim condensed consolidated financial statements for the six-month period ended June 30, 2015.

As a result to this valuation, assets amounting to € 21,071 million were integrated, including goodwill amounting to € 2,283 million, as well as liabilities totaling € 13,066 million. Goodwill mainly corresponds to the deferred taxes recognized as a result of the accounting revaluation of the acquired assets, and is more than justified due to the synergies which should materialize as a result of the integration, amounting to over $ 3,000 million.

The performed valuation is still provisional in nature, and has been compared with reports from prestigious independent appraisers.

Assets and liabilities valuation	**Millions of euros**
Upstream business	11,204
Other net assets and liabilities	(1,331)
Financial debt (1)	(4,151)
Goodwill	2,283

(1) Financial debt calculated without taking into consideration the companies integrated for using the equity method, financial debt calculated according to the Groups ‘reporting model, amounted € 3,994 million.

Talisman Results

Talisman results since May 8, 2015 have been included in the Repsol Group's results. In accordance with the reporting model for the Group's business segments, Talisman results are distributed as follows:

	Millions of euros
Upstream	(13)
Corporation	(90)
Net Income	**(103)**

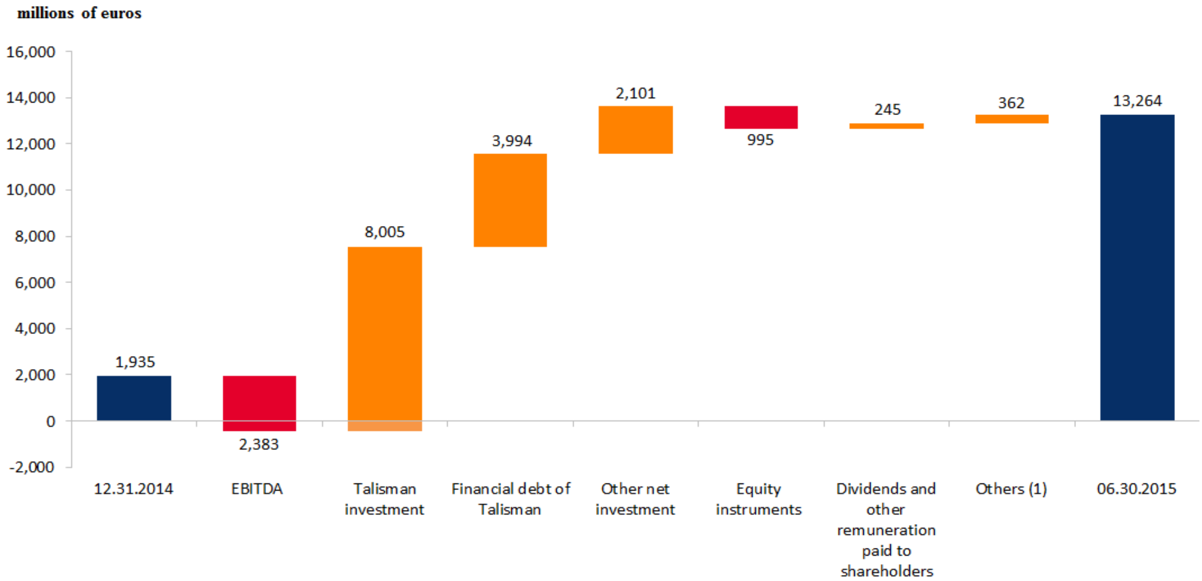
4.3 FINANCIAL OVERVIEW

During the first half of 2015, Repsol's financial situation was impacted by the Talisman acquisition and the related increase in indebtedness, which did not affect its credit rating.

Indebtedness

The Consolidated Group's adjusted net financial debt at 30 June 2015 amounts to € 13,264 million, against € 1,935 million at December 31, 2014, representing an increase of € 11,329 million. The increase in net debt is mainly explained by the purchase price of Talisman and the inclusion of its debt. The evolution of adjusted net financial debt in the first half of 2015 is described below:

Net financial debt variation



(1) Mainly includes income tax payments, net interests and changes in working capital.

Main financing operations

- On 25 March 2015, Repsol International Finance, B.V. (RIF), issued subordinated debt for a total amount of €2,000 million, in two tranches:

  a) The bond of a nominal amount of € 1,000 million and maturing in 2075 (amortizable upon request of the issuer starting from the tenth year or when certain special circumstances arise) was issued at a price of 100% of its nominal value, and accrues a fixed annual coupon of 4.5% from the date of issue until March 25, 2025, date from which it will begin to bear a variable coupon.

  b) The bond of a nominal amount of € 1,000 million, of a perpetual nature or without maturity (amortizable upon request of the issuer starting from the sixth year or when certain special circumstances arise). It is an equity instrument[1] with a fixed annual coupon of 3.875%, payable annually from the date of issue until March 25, 2021, date from which it will begin to bear a variable coupon.

[1] The bond was recognized in equity under "*Other equity instruments*" on the consolidated Balance Sheet. For further information, see heading 5.2 of the interim condensed consolidated financial statements corresponding to the six-month period ended June 30, 2014.

- On May 15, 2015 a Talisman Energy Inc. bond issued in 2005 amounting € 334 million with a coupon of 5.125% matured.

- Repsol International Finance, B.V. ("RIF"), holds a Euro Commercial Paper (ECP) Programme, arranged on May 5, 2013, with a limit up to € 2,000 million, which is guaranteed by Repsol S.A. The following issues were made under the scope of this program in 2015:

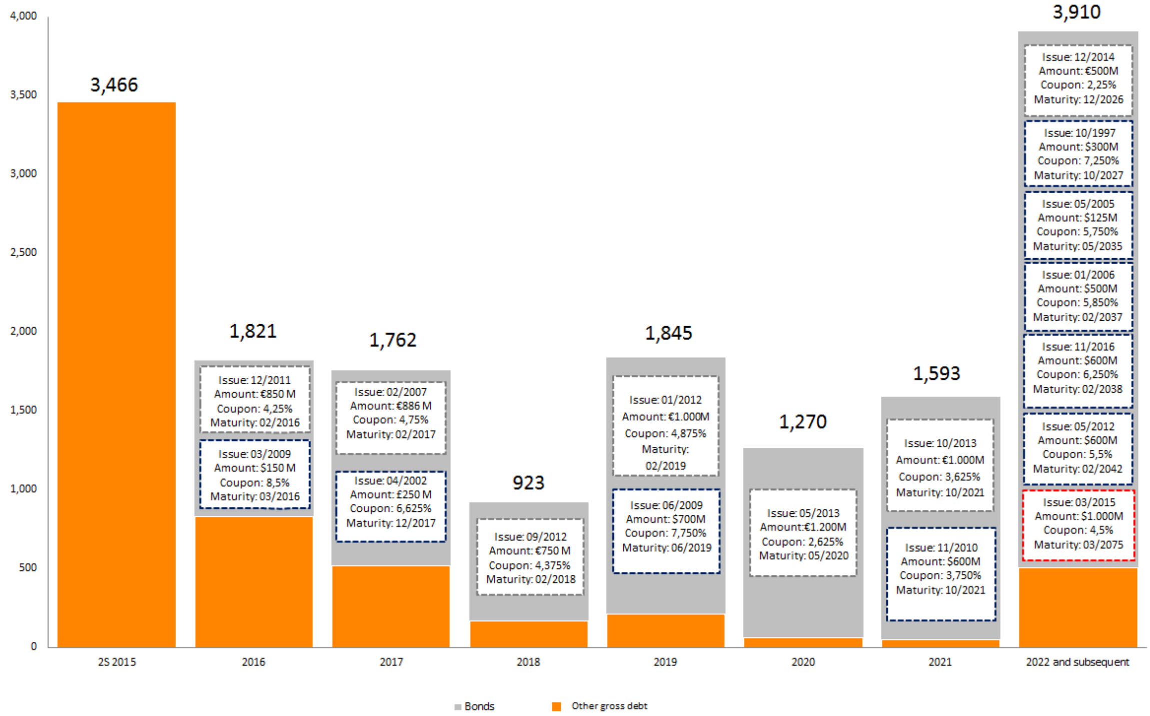
CONCEPT	ISSUER	CURRENCY	FACE VALUE (million)	EQUIVALENT IN EURO
ECP	Repsol International Finance B.V.	Euro	754	754
ECP	Repsol International Finance B.V.	Dollar	188	168
ECP	Repsol International Finance B.V.	Pound Sterling	10	14
ECP	Repsol International Finance B.V.	Swiss francs	8	8

- Additionally, Talisman Energy Inc. maintained a U.S. Commercial Paper (USCP) program, arranged in October 2011, for a maximum amount of $ 1,000 million. Within the scope of this program, since May 8, a total of $ 721 million were issued (being equivalent to € 646 million), which had matured in their entirety at June 30, 2015.

Maturity dates for gross debt

The maturity date profile of the existing financial debt at June 30, 2015, is as follows:

Maturity dates for gross debt [1] on June 30, 2015



(1) Does not include the perpetual subordinated bond issued by Repsol International Finance, B.V (RIF) on March 25, 2015 in the amount of € 1,000 million. Includes exchange rate derivatives and interest.

-- RIF issues within the scope of "Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme" (EMTNs) guaranteed by Repsol S.A.

-- Subordinated bond, maturing in 60 years, issued by RIF and guaranteed by Repsol S.A.

-- Issuances through Talisman Energy Inc., within the scope of of the "Universal Shelf Prospectus" programs and the medium term bond issuance program "Medium-Term Note Shelf Prospectus" in the United States and Canada, respectively.

Financial prudence

Despite the considerable disbursement which the Talisman acquisition represented, and the increase in indebtedness arising from assuming its debt, Repsol maintains available cash resources and other liquid financial instruments, including undrawn lines of credit, to cover the debt maturities for at least the next 3 years, and covering 50% of its gross debt (53% if we include € 452 million of immediately-drawable deposits classified as financial investments, in accordance with their maturity). The Group had undrawn credit lines amounting € 5,755 and € 3,312 million at June 30, 2015 and December 31, 2014, respectively.

Net debt and net debt to capital employed ratio, in which capital employed refers to net debt plus total equity, provide a true and fair view of the volume of necessary borrowings and their relative weighting in the funding of capital employed in transactions.

INDICATORS OF FINANCE SITUATION	**Consolidated Group**	
Millions of euros, except ratios, which are expressed in %	**06/30/2015**	**12/31/2014**
Net financial debt	13,264	1,935
Net financial debt / Capital employed	29.8%	6.4%
EBITDA(1) / Net financial debt (x times)	0.4	2.0

(1) EBITDA for the first half of 2015 is an annualised indicator obtained by a mere extrapolation of this period´s figures; the corresponding to the 2014 financial year corresponds to the annual real data.

Credit rating

Repsol S.A. and Talisman Energy Inc.´s current credit rating is as follows:

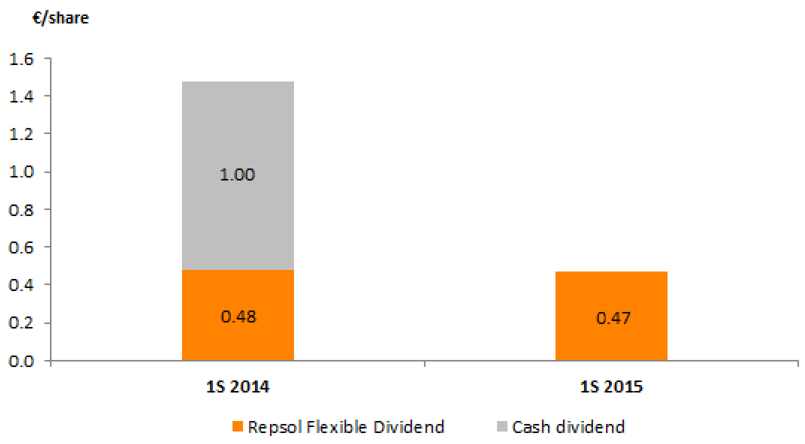
	STANDARD & POOR'S		**MOODY'S**		**FITCH RATINGS**	
TERM	**Repsol, S.A.**	**Talisman Energy Inc.**	**Repsol, S.A.**	**Talisman Energy Inc**	**Repsol, S.A.**	**Talisman Energy Inc**
Long-term	BBB-	BBB-	Baa2	Baa3	BBB	BBB-
Short-term	A-3	A-3	P-2	P-3	F-3	F-3
Outlook	Stable	Stable	Negative	Negative	Stable	Stable
Latest data review	12/18/2014	10/09/2014	12/19/2014	12/19/2014	12/22/2014	09/26/2014

Treasury shares and own equity investments

No significant transactions have occurred with treasury shares and equity instruments. For further information on treasury shares and equity instruments, please see Note 5.1 heading "*Treasury shares and own equity investments*" of the interim condensed consolidated financial statements for the six-month period ended June 30, 2015.

4.4 SHAREHOLDER REMUNERATION

Shareholder remuneration in the first half of 2015 and 2014, including cash dividend and script dividend under the *"Repsol flexible dividend"* program, is as follows:



Remuneration indicated in the above table for the first half of 2014 includes the sum of the irrevocable purchase commitment of free of charge allocation rights assumed by Repsol in its paid-up capital increase executed in January 2014 (0.477 euros gross per right), under the remuneration scheme called *"Repsol flexible dividend"*, and an extraordinary interim dividend from results for 2014 of 1 euro per share. Consequently, Repsol has paid a total gross amount of €1,557 million to its shareholders in the first half of 2014, and has delivered 22,044,113 new shares for an equivalent amount of € 389 million, to those who opted to receive new-issue company shares.

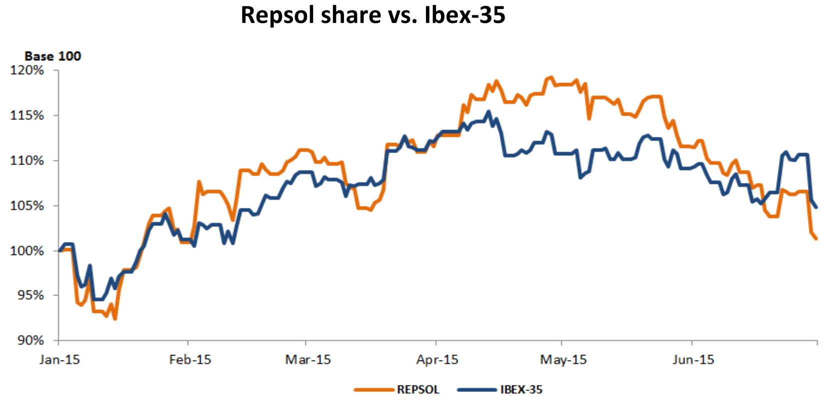
Remuneration during the first half of 2015 includes the sum of the irrevocable purchase commitment of free of charge allocation rights assumed by Repsol in its paid-up capital increase executed in January 2015 (0.472 euros gross per right), under the remuneration scheme called *"Repsol flexible dividend"*, Consequently, Repsol has paid a total gross amount of € 245 million to its shareholders in the first half of 2015, and has delivered 24,421,828 new shares for an equivalent amount of € 392 million, to those who opted to receive new-issued company shares.

Likewise, in July 2015, under the "*Repsol Flexible Dividend*" program, and to replace what would have been the dividend on account for 2014, Repsol made a cash of € 243 million (€ 0.484 gross per right) to those shareholders who chose to sell their free of charge allocation rights to the Company, and distributed 25,666,842 shares, for an equivalent amount of € 422 million, to those who chose to receive new shares in the Company.

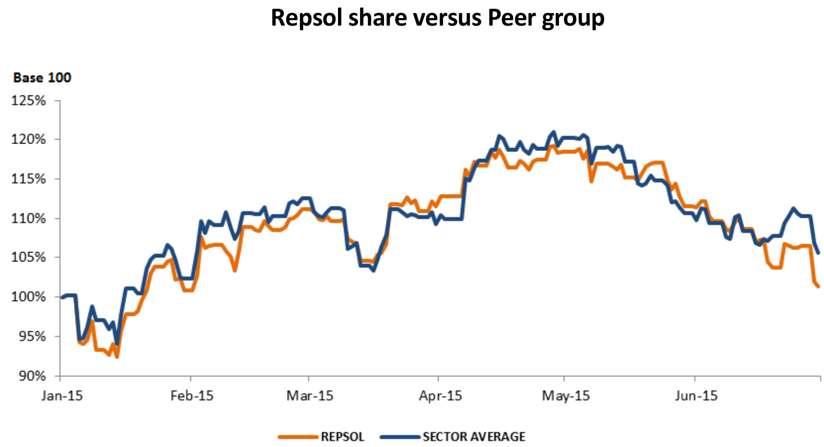
For additional information on the total remuneration received by shareholders, the aforementioned paid-up capital increases issued under the *"Repsol flexible dividend"* scheme, see Note 5.1 heading *"Issued share capital"* of the interim condensed consolidated financial statements for the six-month period ended 30 June 2015.

4.5 OUR SHARES

Ibex-35 performance during the first half of 2015 was generally positive for the leading European markets. Starting at the beginning of the year, stock markets received a push from the announcement and subsequent implementation of the European Central Bank's "Quantitative Easing" debt repurchase program; however, fears arising from the Greek debacle as well as other macroeconomic factors inverted this positive trend towards the end of the period. The Ibex closed the period with a revaluation of +4.8% after a loss of over 400 points in June.



Repsol shares closed the term with a 1.3% increase, once the listed price at mid-June discounted the price of the "*Repsol Flexible Dividend"* free rights allocation program. Both Repsol and the rest of the European oil sector benefited from the gradual recovery of oil prices from minimums reached in January this year. Repsol remains one of the leading companies in its sector and the Ibex-35 in shareholder remuneration.



Note: industry average formed by BP, ENI, Total, RDS (B), OMV, Galp and Statoil.

The main stock-exchange indicators of the Group during the first half of 2015 and 2014 are detailed bellow:

MAIN STOCK EXCHANGE INDICATORS	06/30/2015	06/30/2014
Shareholder remuneration (€/share) (1)	0.47	1.48
Share Price at close of financial year (2) (euros)	15.75	19.26
Average share price (euros)	16.97	18.79
Maximum Price for the period (euros)	18.54	20.90
Minimum Price for the period (euros)	14.37	17.10
Outstanding shares at the end of the period (millions of euros)	1,375	1,324
Market capitalization at the end of the period (millions of euros) (3)	21,651	25,510
Book value per share (euros) (4)	22.56	20.16

(1) The shareholder remuneration policy for the each period includes dividends paid and the fixed price set for Repsol for the freely-assigned acquisition rights included in the "*Repsol Flexible Dividend*" program. 2014 shareholder remuneration includes an extraordinary dividend of 1 euro per share, paid on June 6, 2014.

(2) Corresponds to the quoted year-end price per share in the Continuous Market of the Spanish Stock Exchanges.

(3) Corresponds to the trading price per share at closing multiplied by the number of outstanding shares.

(4) Corresponds to the Net Equity attributable to the parent / number of shares outstanding at closing.

5 PERFORMANCE OF OUR BUSINESS AREAS

5.1. UPSTREAM

Figures and indicators

	June 2015	June 2014
Net production of liquids (kbbl/d)	168	126
Net production of gas (kboe/d)	273	214
Total Net production of hydrocarbons (kboe/d)(1)	440	340
Average crude realization price ($/bbl.)	51.1	86.9
Average gas realization price ($/Thousand Scf)	3.1	4.1
Extraction cost (2) ($/boe)	7.39	5.14
Finding cost (three-year average) ($/boe)(3)	9.29	6.21

(1) The production of hydrocarbons incorporated by the Talisman assets since May 8 totals 16.6 Mbep. Contribution for June 2015 amounts to:

	June 2015
Net production of liquids (kbbl/d)	112
Net production of gas (kboe/d)	198
Total net production of hydorcarbons (Kboe/d)	310

(1) Net Lifting Cost: Lifting Costs / Net Production
(2) Finding cost: (Purchase acreage investments + Exploration) / Discoveries and Extensions

Results and investments

Millions of euros	June 2015	June 2014	Variation
EBITDA	**903**	**1.359**	**(34)%**
Europe, Africa and Brazil	(55)	151	(136)%
South America	87	365	(76)%
North America	(19)	111	(117)%
Asia and Russia	29	14	107%
Exploration and other	(280)	(241)	16%
Adjusted Net Income	**(238)**	**400**	**(160)%**
Investments(1)	**9,649**	**1,154**	**736%**
Exploration Costs	**422**	**379**	**11%**
Effective Tax Rate	**31**	**40**	**9**

(1) Divestments net investments in operating assets. Development capital expenditure accounted for 63% of the total, and was concentrated in Venezuela (27%), US. (24%), Trinidad and Tobago (15%), Brazil (10%), UK (5%), Bolivia (4%) and Canada (4%). Exploration capital expenditure represented 35% of the total investments, and was earmarked primarily for the U.S. (33%), Angola (28%), Europe (15%), Russia (4%) and Brazil (4%).

Main events of the first semester 2015

- **Exploratory campaign:** during the first half of 2015, drilling concluded in fourteen exploratory wells and six appraisal wells, eight with positive results (three exploratory and five appraisal), eight negative (all of them exploratory) and four wells (three exploratory and one appraisal), which at June 30 were still under evaluation. At the end of the first semester of 2015, there were three ongoing exploration surveys and four appraisal. Additionally, the Wedan (Libya) drill was suspended due to causes unrelated to the operation.
- In January 2015, development drilling began at the important **Reggane Nord gas project.** The estimated duration of these development projects is 36 months; gas production is forecasted to begin the second half of 2017. In the first half of 2015, a production test was performed on the first drilled well, with positive results; work began on construction of the gas processing plant. Repsol participated in the project with a 29.25% investment, operating jointly with the Algerian national company Sonatrach (40%), the German RWE Dea AG (19.5%), and the Italian firm Edison (11.25%).
- In January of 2015, drilling finished in the **Spanish Sandía-1x offshore exploratory well.** An analysis of sample taken in December 2014 revealed that the gas found had neither the sufficient volume nor quality for commercial use, which had a negative impact on the 2014 financial statements.
- In February of 2015, Repsol announced a new gas discovery in Bolivia, in the Margarita- Huacaya block, with the **Margarita-8** appraisal drilling. This discovery represents an increase in the Caipipendi area's reserves, and consolidates Repsol's position as a Bolivian gas producer. The block is located in the southern area of the country, and is operated by Repsol with a 37.5% share.
- During the first quarter, **oil was found in Russia** with the exploratory **K-4** spud in the Karabashskiy-2 block. Also, in May the appraisal drilling of **6-P** located in the Karabashskiy-1 block finished with positive results. Both blocks are 100% owned by Repsol.
- On April 20, 2015, Repsol announced **a new gas discovery in the Illizi basin** located in southeast Algeria. This is the third discovery in the area, and was made in the **Emellel Sud-Ouest-2 (TESO-2)** exploratory well within the southeastern Illizi block. Repsol owns 52.5% of the exploratory phase, and operates the discovery consortium including the Italian company Enel (27.5%) and the French GDF-SUEZ (20%).

- During April of 2015, within the winter exploration and appraisal campaign in the **Alaska North Slope**, evaluation/appraisal drills revealed positive results **(Q-8 and Q-301)** as did the exploratory drill **(Q-9)**. In addition to those in prior years, the success of this year's exploratory campaign reaffirms the area's high potential. Repsol operates the exploratory consortium with a 70% investment.
- On May 4, Repsol announced the **second gas discovery** in Bolivia**, in the Margarita- Huacaya block,** with the **Margarita-7** appraisal drilling.
- On May 8, the **acquisition of the Canadian firm Talisman Energy** was finalized; all of its assets were incorporated into the Repsol portfolio.
- The installation of the main production platform of the **Perla mega-gas field** located in Venezuela's Cardón IV block terminated in May. The first phase of development of the Perla oil field will make it possible to produce 150 million cubic feet/day. The subsequent development phases should result in an output of up to 450 million cubic feet/day, to later reach 800 and 1,200. On June, the connection of the first production well was announced.
- On June 23, 2015, YPFB Andina, in which Repsol owns 48.3%, announced a key crude oil discovery in the **Santa Cruz en Bolivia** section, with the exploratory drill of **Boquerón (BQN-4)**.
- During the first half of 2015 **2 new wells located in the Northern Sapinhoá** area began production with the "*Cidade de Ilhabela*" FPSO (Floating Production, Storage and Offloading). At the end 2015, the production plateau of 150,000 daily barrels of crude oil should be reached in the northern section of the Sapinhoá megafield in block BM-S-9 located in deep Brazilian waters. The production plateau was reached in 2014 in the **southern Sapinhoá region**; a new well began production in March of 2015, through the FPSO "*Cidade de São Paulo*" which has a production capacity of 120,000 daily barrels of crude oil.
- Due to the serious **instability of Libya**, production there was interrupted during the entire six-month period.

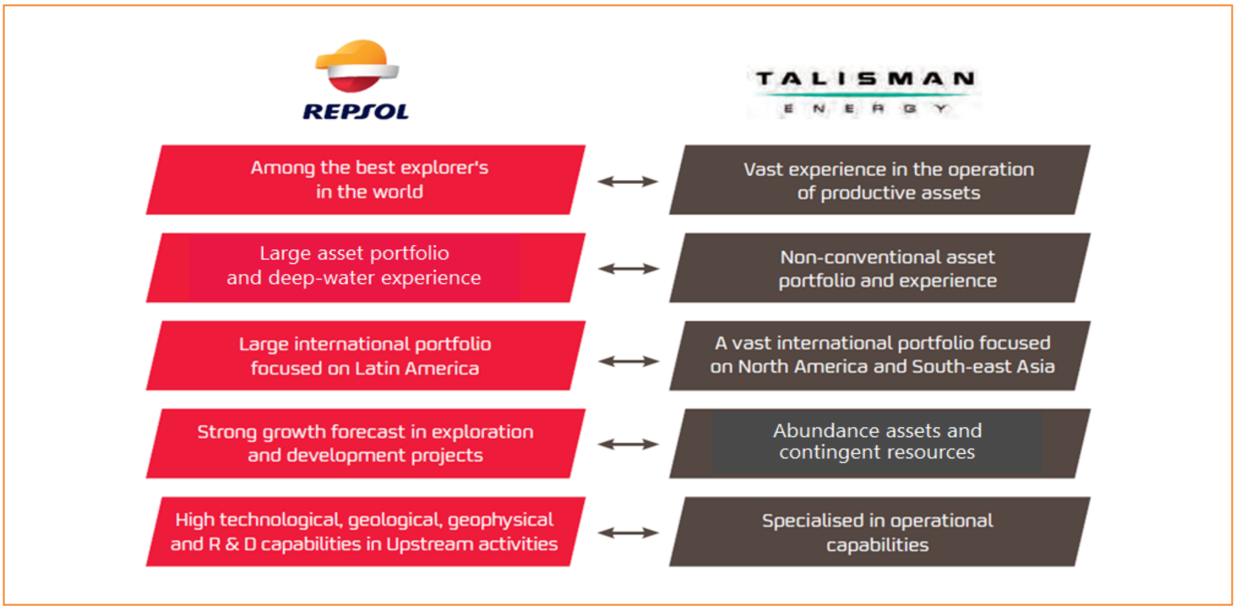
Additionally, since May 8, 2015 (effective date of the Talisman acquisition), the following **key events related to its assets** took place as a result:

- In the **US Marcellus basin,** 4 exploratory spuds took place, and in June the Repine compressor was received, making it possible to begin production in several Friendsville area wells. 3 new exploratory perforations were made in the **Eagle Ford** basin.
- In mid May, initial perforation began at the **Duvernay basin in Canada** in the Ferrier 13-9 well, which it is expected to be finished at the end of July.
- On May 10, in the **United Kingdom (UK),** production in the **Tartan field** began again, after having stopped the third quarter of 2012. Improvement work in the platform of UK Abroath also finished, which will make it possible to start up the Arbroath, Arkwright, Brechin, and Godwin wells.
- In **Norway**, Varg gas exportation resume on May 15, and Phase I of the Varg P&A project recommenced.
- An agreement was reached with COPI (Conoco Phillips Indonesia) to extend the duration of the PGN Gas Sale Agreement for the sale of gas from the **Indonesian corridor field,** until the PSC contract for the block ends.
- Final approval was received from the Indonesian authorities to gain entry through a 51% investment in the **East Jabung PSC block.**
- The **Malaysian Kinabalu production** increase project was approved. This project consisted in a new platform, lines connecting the existing Kinabalu installations, and the perforation of 10 additional productive wells.
- In **Papua New Guinea**, at the end of May the seismic 2D campaign terminated successfully in the PPL269 block.
- In **Colombia, Equion** (a joint venture that is 49% owned by Talisman and 51% by the Colombian company Ecopetrol) terminated 2 development wells (FL Tp-12 y FR If-14).

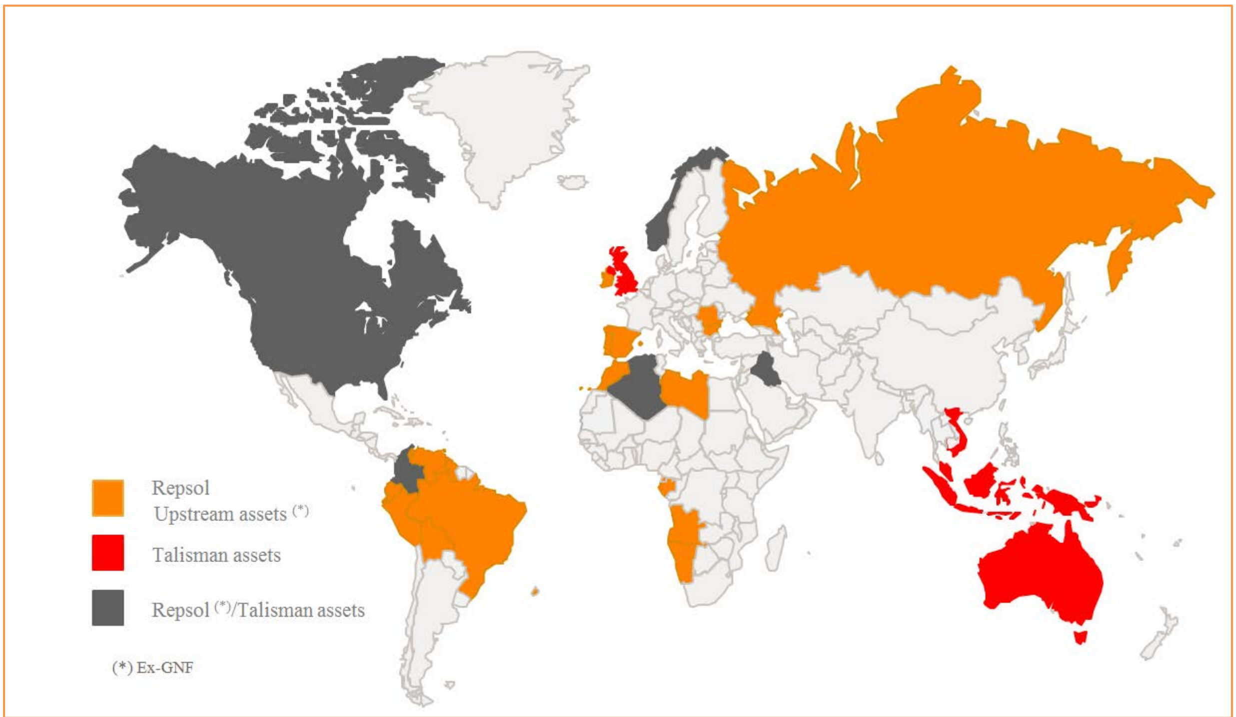
Acquisition of Talisman Energy

The acquisition of Talisman is presented as a transformational operation from a growth perspective, in which the Upstream segment has been practically doubled in terms of production, operating assets, employees, and capital employed, as well as from a portfolio risk and composition perspective, and the incorporation of new talent, knowledge, and capacities.

The complementarity of Repsol and Talisman Technical capabilities will improve the merged company´s potential.



The acquisition of Talisman increases the Group's activity in the following geographic areas:



The main assets by geographical area described as follows:

NORTH AMERICA

United States of America

Talisman is present in two shale gas in this country, a dry shale gas play (Marcellus) and a liquids-rich shale gas play (Eagle Ford).

- Marcellus Shale. Talisman´s interests in this area, is located mainly in the Pennsylvania state (170,000 net acres of land), and in lesser extent in the New York state.

  In Pennsylvania, Talisman has midstream assets consisting of approximately 277 miles of gathering/transmission pipelines serviced and eight compression/gas dehydration facilities. The pipeline system has throughput capacity of 1.5 bcf/d. The New York midstream assets currently consist of approximately 195 miles of gathering/transmission pipelines with throughput capacity of 125 mmcf/d and seven compression/gas dehydration facilities.

- Eagle Ford Shale. Talisman holds 57,000 net acres of land in the Eagle Ford Shale play, which is located in southeast Texas. In 2013, Talisman transitioned operatorship of the eastern part of this area to the company Statoil.

Canada

- *Greater Edson*. Area of crude oil and gas formations located in Edson (Alberta) with 519,000 net acres of land.

- *Chauvin*. Area located in Alberta/ Saskatchewan, of 135,000 net acres of land, with stable heavy conventional oil production.

- *Duvernay*. Area with crude oil and gas production, located in west-central Alberta, which currently holds interests in approximately 323,000 net acres of land.

- *Montney*: Talisman retained Groundbirch and Saturn assets in this gas production area, after having completed the cession of the Montney´s remaining assets.

SOUTHEAST ASIA

Indonesia

Talisman´s Indonesian assets include interests in production sharing contracts (“PSC”) at *Corridor, Ogan Komering* and *Jambi Merang* in South Sumatra and in the *Tangguh* LNG project in West Papua. Talisman also holds exploration acreage in *Sakakemang* and *Andaman III PSC*, located in South Sumatra and in Aceh (in North Sumatra) respectively. Additionally, Talisman also owns 6% in the Grissik-to-Duri pipeline and the Grissik-to-Singapore pipeline which is used to transport gas from the *Corridor* Block.

- *Corridor*. Talisman has a 36% non-operated interest in all Corridor PSC blocks but two of the producing fields (Gelam and Suban fields), which Talisman´s interests are 30.96% and 32.4% respectively. The majority of Talisman’s natural gas production from the Corridor block is currently sold under long-term sales agreements with PT Chevron Pacific Indonesia, Gas Supply Pte. Ltd. and PT Perusahaan Gas Negara.

- Talisman´s interest in the Jambi Merang Block is 25% and 3.01% in the LNG Tangguh Project, which by 2016, it is expected to take the decision of increasing the actual process capability.

Malaysia

- Talisman operates the Block PM-3 CAA PSC between Malaysia and Vietnam and associated production facilities, holding a 41.44% interest, with the exception of the Bunga Kekwa 8G-31 Bloks where Talisman holds a 35% interest. Actually, the license of this block is under renovation, not expecting any incidents.

- Talisman also holds a 60% interest in each of the Block PM-305 and PM-314K, and a 70% interest in exploration licenses for SB-309 and SB-310, offshore Sabah in east Malaysia.

- Talisman holds a 60% equity interest and operatorship of the *Kinabalu Oil PSC*, which is a mature offshores oilfield in the Malaysian Sabah Basin.

Other

- *Vietnam.* Talisman holds a 60% interest in Block 15-2/01 as a partner in the Than Long Operating Company ("JOC"), which operates the block located in Cuu Long Basin, the predominant crude oil producing area in the country. Additionally, Talisman holds a 49% operated interest in Blocks 133 and 134, a 40% operated interest in Blocks 135, 136 and 05-2/10, a 55% operated interest in Block 07/03 (including the *"Red Emperor/CRD"* discovery), and a 80% operated interest in Blocks 146 and 147.

- *Australia/Timor-Leste.* Talisman holds non-operated interest in the Laminaria and Corallina fields offshore Australia, 33% and 40%, respectively, and holds a 25% interest in Block JPDA 06-105.

- *Papua New Guinea.* Talisman continues to progress its gas aggregation strategy with the companies Santos Ltd. And Mitsubishi Corporation and targets to aggregate 2 to 4 TCF of gas in the western area of the country.

LATIN AMERICA

Colombia

Repsol is present in Colombia through Equion, joint venture in which Talisman holds 49% interest and the Colombian company Ecopetrol holds the remaining 51%. Additionally, it participates in three pipelines and progress in the Piedmont project is being made.

Additionally, Talisman currently holds an interest in 4.3 million net acres of land in Colombia, where it has an active exploration program in the proven hydrocarbon basins of the Llanos and Putumayo heavy oil regions.

- Talisman has a 45% non-operated working interest in Block CPO-9, where in 2014 it was announced the presence of hydrocarbons in the Nueva Esperanza-1 exploratory well and the Akacias development plan is being developed.

- On Block CPE-6, with a 50% interest, work is underway aimed at future declaration of commerciality.

- Talisman operates Block CPE-8, with a 50% interest. The block is under overwhelming force and its activities will not resume until September 2015.

EUROPA, NORTH AFRICA AND REST OF THE WORLD

Norway

Talisman operates the Blane, Gyda, Rev, Yme and Varg fields with interest ranging from 18% to 70%. It also holds interest from 0.5% to 34% in a number of non-operated fields with associated production facilities of Brage, Veslefrikk, Huldra, Brynhild and Tambar East.

Working activities on removing the Yme field platform, are expected to be done during the second semester of 2015.

United Kingdom

Talisman holds a 51% equity interest in the Joint Venture TSEUK, along with the Company Addax Petroleum UK Limited, a wholly owned subsidiary of the Sinopec Group, which holds the remaining 49%, for the hydrocarbon exploration and exploitation along the North Sea.

Currently, TSEUK´s operating areas encompass a total of 42 fields, 32 of which are operated. TSEUK´s working interests in fields range from 5% to 100%. TSEUK also has interests in a number of production facilities and pipelines, including 100% interest in the “Flotta Terminal”, terminal storage and processing of crude oil in the Scottish Orkney Islands.

Algeria

Talisman holds a 35% non-operated interest in block 405a, under a PSC with Algeria´s national oil company, Sonatrach. Through its participation in this block, Talisman holds 35% interest in the producing Greater Menzel Lejma North fields and the Menzel Lejmat Southeast field, a 2% interest in the producing unitized Ourhoud field, and a 9% interest in the unitized EMK field. Talisman´s Algeria production is 100% liquids.

Kurdistan - Iraq

Talisman has an interest in Kurdamir y Topkhana blocks, in the Durdistan Region of Iraq, covering 119,000 net acres.

5.2. DOWNSTREAM

Figures and indicators

	June 2015	June 2014
Refining capacity (kbbl/d)	**998**	**998**
Europe (including stake at ASESA)	896	896
Rest of the world	102	102
Conversion index (%)	**59**	**59**
Crude processed (million t)	**20.8**	**19.2**
Europe	19.0	17.6
Rest of the world	1.8	1.6
Refining margin indicator ($/Bbl)		
Spain	8.9	3.5
Peru	5.7	1.8
Number of service stations	**4,698**	**4,618**
Europe	4,312	4,258
Rest of the world	386	360
Oil product sales (kt)	**22,721**	**21,143**
Europe	20,488	19,046
Rest of the world	2,233	2,097
Petrochemical product sales (kt)	**1,424**	**1,334**
Europe	1,214	1,105
Rest of the world	210	229
LPG sales (kt)	**1,230**	**1,219**
Europe	726	721
Rest of the world	504	498
LNG sold in North America (Tbtu)	**164.2**	**149.6**
LNG regasified in Canaport (Tbtu)	**19.1**	**13.6**

Results and investments

Millions of euros	June 2015	June 2014	Variation
EBITDA	**1,655**	**948**	**75%**
Europe	951	299	201%
Rest of the world	22	153	(53)%
Adjusted Net Income	**973**	**452**	**115%**
Inventory Effect	(57)	(54)	(5)%
MIFO recurrent net income	**917**	**398**	**130%**
Investments(1)	**283**	**267**	6%
Effective Tax Rate (%)	**27**	**27**	-

(1) Divestments Net investments in operating assets. In 2015, the majority of investments for the period were used for operating improvements at facilities and to fuel quality, in addition to safety and the respect of the environment.

Main events of the first semester 2015

- The **sale of the bases of Group III in the ILBOC (Cartagena) plant** which began at the end of 2014 reached a new milestone, as it is now present in several countries, such as Spain, France, Portugal, Italy, Croatia, Greece, Israel, Tunisia, Morocco, Turkey, and Algeria.
- Repsol launched a **new line of motorcycle lubricants** during the last quarter of 2014, and has now begun selling it worldwide as part of its focus on businesses internationalization, as well as to capture a significant share of the market. This line incorporates GP motorcycle technology, with maximum quality and earning the most demanding certifications in the market, being prepared to meet all its clients' demands.
- On February 20, 2015, Order IET/289/2015 was approved, which establishes the financial contributions to the **National Energy Efficiency Fund in 2015.**
- On March 5, Order IET/389/2015 was published, which modifies the **formulas of regulated price of bottled and piped LPG**, changing the quotes and freight costs for raw materials as well as their weighted amounts. The impact is around € 80/tn of lower recognized cost.
- In April, Repsol and the mexican Group KUO reached an **agreement to strengthen their alliance with Dynasol**, a joint venture in existence since 1999. As a consequence, Repsol will contribute its Spain-based business for chemical accelerants which vulcanize rubber, while the KUO Group will contribute its synthetic rubber in emulsion form and nitrile rubber, which are based in Mexico and China. The transaction is subject to receiving approval from governmental and competition authorities.

- At the beginning of May, Repsol launched its **new bottled LPG**, "Repsol light" bottle, with an updated image, keeping its familiar orange color, but weighing less (7 kg) than the traditional bottle, whose price is not regulated by RDL 8/2014.
- During May, the **new Chinese 100kt/y synthetic rubber plant** started production through a joint venture, which is 50% Dynasol and 50% the Chinese partner Shanxi Northern Xing'an Chemical Industry (Xing'an). In addition to the abovementioned agreement increasing the scope of its agreement with KUO, this new plant will convert Dynasol into a global market leader in the synthetic rubber segment, as well as a worldwide producer with plants in Europe, America, and Asia.
- During the most recent Council of Ministers held June 28, the **2014-2020 AV (Alternative Vehicles)** plan was approved, through which the government will support the use of alternative fuels in land transportation, with the following to be developed: Natural gas, LPG, electrical, hydrogen and biofuels, grouped into three areas: industrialization (manufacturing and implementation of these technologies in Spain), market generation (vehicles), and the infrastructure rollout for each alternative fuel.
- In June 2015, the **first offload of the product took place in the Coruña refinery from the exterior Punta Langosteira port.** In consequence, the activity from the Puerto Exterior refinery cargo platform has begun, where 60% of its traffic will be located before April 2018.
- **Work to adapt the La Pampilla Refinery** to new Peruvian quality oil standards advanced during the first half of the year.
- Moving forward with its technological innovation policies, in 2015 Repsol launched **Neotech**, a new line of cutting-edge fuels.
- To boost its relationship with its clients, Repsol, it is offering a new line of **Repsol Más** payment cards, designed to foster loyalty and as a payment method, adapted to recent digital advances.
- The Group has maintained its policy of close **association with leading companies in the market**:
  - Repsol and **El Corte Inglés** have increased their collaboration to reach 50 Supercor Stop & Go stores at its Repsol service stations and based on results obtained, 300 shops might be involved in upcoming years.
  - Repsol and **Renault** have agreed to promote the sale of Renault and Dacia **AutoGas** vehicles.
  - Repsol and **Michelin** have a strategic alliance designed to **favour traffic and the sale of their respective products.**

6 RISK MANAGEMENT

Repsol's operations and earnings are subject to risks as a result of changes in competitive, economic, political, legal, regulatory, social, industrial, business and financial conditions.

The risks faced by the Group in the second half of 2015 are the same as those detailed in the management report accompanying the condensed consolidated financial statements for the year-end 2014. Therefore, this information should be read in conjunction with the description of the risk factors included in the Consolidated Management Report for the year-end 2014, as well as with Note 17 "*Financial risk and capital management*" of the Consolidated Financial Statements for the said year.

Below are shown, in summary form, the existing risks at December 31, 2014, that remain valid as risks for the second semester of 2015, and any other new risk factor identified the first half of the year 2015.

6.1 STRATEGIC AND OPERATIONAL RISKS

Uncertainty in the current economic context

Global economic growth is still weak and more fragile than expected. The latest International[1] Monetary Fund ("IMF" WEO April 2015) forecasts estimate that the global economy is slowly acelerating, supported by the improving advanced economies, despite a slight divergence among them, compensated by the deterioration of emerging economies. Thus, global growth of around 3.5% in 2015 is expected, slightly higher than the 3.4% in 2014. However, it is also true that recent economic and macroeconomic events have raised risks.

Due to the divergence in the growth and in the monetary policies, tensions in global financial markets have risen, with an increased volatility in exchange and interest rates. At the end of April, a notable rise in the yields for long-term sovereign bonds has taken place, which were especially low in the Eurozone. This trend is assisted by an improvement in growth and inflation expectations, as well as the current market illiquidity of bonds, since banks and other financial institutions have dropped their market maker activity.

Otherwise, the imminent normalization of the US monetary policy might be a source of turmoil, such as tightening global financial conditions and capital outflows in emerging countries. Also, the appreciation of the US dollar represents a challenge to emerging countries with greater external debt in dollar terms. According to the Bank of International Settlements, the volume of debt in dollars (for both bonds and bank credit) issued by emerging economies amounts to $4.5 billion in 2015, which is double the amount in 2009.

A growth adjustment in China more abrupt than expected should have notable repercussions. The channels of influence should be through a weaker trade, especially affecting the rest of Asia but also dragging on the recovery of developed economies, and through the lower commodity prices, with a greater impact on Latin America.

In addition to the geopolitical risks remaining latent in Ukraine and the Middle East, the Greek economic and political situation is once again a focus of tension, increasing market volatility, after fail to pay € 1,500 million at June 30, 2015 to the IMF.

Finally, the economic-financial situation could have a negative impact on third parties with whom Repsol does or could do business. Any of the factors described above, whether in isolation or in combination with each other, could have an adverse effect on the financial position, businesses, or results of operations of Repsol.

1 *Source*: IMF—World Economic Outlook April 2015.

Fluctuations in international prices of crude oil and reference products and in demand, due to factors beyond Repsol's control

World oil prices have experienced significant changes over the last 10 years, in addition to being subject to international supply and demand fluctuations, over which Repsol has no control.

International product prices are influenced by the price of oil and the demand for said products. Also, international prices of crude oil and products affect the refining margin. International oil prices and demand for crude oil may fluctuate significantly during economic cycles as well.

Reductions in oil prices negatively affect Repsol's profitability, the value of its assets and its plans for capital investment. Likewise, any significant drop in capital investment could have an adverse effect on Repsol's ability to replace its crude oil reserves.

Regulatory and tax framework of Repsol's operations

The oil industry is subject to extensive regulation and intervention by governments in matters such as the award of exploration and production permits, the imposition of specific drilling and exploration obligations, restrictions on production, price controls, divestments of assets, foreign currency controls, and the nationalisation, expropriation or cancellation of contractual rights.

Likewise, oil refining and petrochemical activities, in general, are subject to extensive government regulation and intervention in matters such as safety and environmental controls.

Finally, the energy sector, and particularly the oil industry, is subject to a singular fiscal framework. In *Upstream* activities it is common to see specific taxes on profit and production, and with respect to *Downstream* activities, the existence of taxes on product consumption is also common.

Repsol is subject to extensive environmental and safety legislations and risks

Repsol is subject to extensive environmental and safety regulations in all the countries in which it operates. These regulations govern, among various matters, those concerning the Group's environmental operations concerning their producers, air emissions and climate change, energy efficiency, extraction technologies, water discharges, remediation of soil and groundwater and the generation, storage, transportation, treatment and final disposal of waste materials and safety.

On the other hand, after the acquisition of Talisman, the Company increased its non-conventional hydrocarbons activity. From an environmental perspective, concern for the impact of exploration and operation of this type of resource could lead governments to approve new legislation or demand further requirements for its development, with the related impact on the Company.

Operating risks related to exploration and exploitation of hydrocarbons and reliance on the cost-effective acquisition or discovery of, and, thereafter, development of, new oil and gas reserves

Oil and gas exploration and production activities are subject to particular risks, many of which are beyond Repsol´s control. These activities are exposed to the production, equipment and transportation risks, mistakes or inefficiencies in operations management and purchasing processes, natural hazards and other uncertainties relating to the physical characteristics of oil and gas fields, and their abandonment. In addition to this, some of the Group´s development projects are located in deep waters, mature areas and other difficult environments such us of Gulf of Mexico, Alaska, the North Sea, Brazil and the Amazon rainforest, or in complex oilfields, which could aggravate these risk further. Moreover, any mean of transport of hydrocarbons implies inherent risks: during road, rail, maritime or pipe transportation, hydrocarbons or other hazardous substances may be spilled.

Additionally, Repsol depends on replacing depleted oil and gas reserves with new proven reserves profitably, in a way that enables subsequent production to be economically viable.

Location of reserves

Part of Repsol's oil and gas reserves are located in countries that are or could be economically or politically unstable.

Oil and gas reserves estimation

In the estimation of proven oil and gas reserves, Repsol relies on the guidelines and the conceptual framework of the Securities and Exchange Commission's (SEC) definition of proven reserves and on the criteria established by the Petroleum Resources Management System of the Society of Petroleum Engineers (PRMS-SPE). In the estimation of non-proven oil and gas reserves, Repsol relies on the criteria and the guidelines established by the PRMS-SPE.

The accuracy of these estimates depends on a number of different factors, assumptions and variables, some of which are beyond Repsol's control. As a result, measures of reserves are not precise and are subject to revision.

Projects and operations carried out through joint arrangements and associate companies

Many of the Repsol Group's projects and operations are conducted through joint arrangements and associates. If Repsol does not act as the operator on those projects or operations, its ability to control and influence the performance and management of the operations and to identify and manage risk is limited. Additionally, there is a possibility that if any of Repsol's partners or members of a joint venture or associated company fails to comply with their financial obligations or incur any other breach, that could affect the viability of the whole project.

Repsol may engage in acquisitions, investments and disposals as part of its strategy

As part of Repsol's strategy, the company may engage in acquisitions, investments and disposals of interests. Acquisitions and investments involve a number of risks, including possible adverse effects on Repsol's operating result, risks associated with unanticipated events or liabilities relating to the acquired assets or businesses which may not have been disclosed during due diligence investigations, difficulties in the assimilation of the acquired operations, technologies, systems, services and products, and risks arising from contractual conditions that are triggered by a change of control of an acquired company.

Any failure to successfully integrate such acquisitions could have a material adverse effect upon the business, results of operations or financial conditions of Repsol. Any disposal of interest may also adversely affect Repsol's financial condition, if such disposal results in a loss to Repsol.

On May 8, 2015, Repsol acquired 100% of the shares of Talisman Energy Inc. ("**Talisman**"), a Canadian company devoted to the exploration and production of gas and oil. As is the case for any business combination, Repsol's capacity to reach its strategic goals for entering into the acquisition will depend on its capacity to integrate teams, processes, and procedures, as well as to maintain its relationships with clients and partners.

Talisman's results for the past two years were negative, mainly due to writing off its assets and future cost forecasts, including its corresponding joint ventures. Moreover, its businesses are subject to the inherent risks of oil and gas activities as well as other particulars, and there might be other unknown risks (such as those which are tax, legal, or environmental…). Should any of the indicated risks materialize after taking control of Talisman, a negative impact might be noted on the Repsol Group's operations, results, or financial situation.

Repsol's current insurance coverage may not be sufficient for all the operational risks

Repsol holds insurance coverage against certain risks inherent in the oil and gas industry, in line with industry practice. Insurance coverage is subject to deductibles and limits that in certain cases may be materially exceeded by the liabilities and/or losses incurred. In addition, Repsol's insurance policies contain exclusions that could leave the Group with limited coverage in certain circumstances. Furthermore, Repsol may not be able to maintain adequate insurance at rates or on terms considered reasonable or acceptable, or be able to obtain insurance against certain risks that could materialise in the future. If Repsol were to experience an incident against which it is not insured, or the costs of which materially exceed its coverage, it could have an adverse effect on its business, financial position and results of operations.

Repsol's natural gas operations are subject to particular operational and market risks

Natural gas prices tend to vary between the different regions in which the Group operates, and such prices may be lower than prevailing prices in other regions of the world.

In addition, the Group has entered into long-term contracts to purchase and supply natural gas in various parts of the world. These contracts have different price formulas, which could result in higher purchase prices than the price at which such gas could be sold in increasingly liberalised markets. Furthermore, gas availability could be subject to the risk of counterparties breaching their contractual obligations, thus necessitating searching for other sources of natural gas, potentially at higher prices than those envisaged under the breached contracts.

The Group has long term contracts in place for the sale of gas to clients which, in the event of there being insufficient reserves in countries envisaged under them, Repsol would not be able to meet its contractual obligations, some of which may lead to sanctions being imposed.

Cyclical nature of the petrochemical activity

The petrochemicals industry is subject to wide fluctuations in supply and demand arising from a number of economic factors, which are the cause of the cyclical nature of the petrochemicals market on a regional and global scale.

Repsol Group's strategy requires efficiency and innovation in a highly competitive market

The oil, gas and petrochemical industry operates in the context of a highly competitive energy sector. This competition influences the conditions for accessing markets or following new business leads, the costs of licenses and the pricing and marketing of products.

The implementation of the Group's strategy requires a significant ability to anticipate and adapt to the market and continuous investment in technological advances and innovation.

The Repsol Group is subject to the effects of administrative, judicial and arbitration proceedings

The Repsol Group is subject to the effects of administrative, judicial and arbitration proceedings arising in the ordinary course of business. In addition, Repsol could become involved in other possible future lawsuits over which Repsol is unable to predict the scope, subject-matter or outcome. Any current or future dispute inevitably involves a high degree of uncertainty, and therefore any outcome could affect the business, results or financial position of the Repsol Group.

Information technology and its reliability and robustness are key factors in maintaining our operations

The reliability and security of Repsol Group's information technology systems are critical to maintaining the availability of its business processes and the confidentiality and integrity of the data belonging to the Company and third parties. Given that cyber-attacks are constantly evolving, the Repsol Group cannot guarantee that it will not suffer material losses in the future caused by such attacks.

Misconduct or violations of applicable legislation by our employees can damage the reputation of the Repsol Group

The existence of management misconduct or breach of applicable legislation, when occurring, could cause harm to the Company's reputation, in addition to incurring sanctions and legal liability.

6.2 FINANCIAL RISKS

Repsol has in place a structure and systems that enable it to identify, measure and control the financial risks to which the Group is exposed. The main financial risks are described below:

Liquidity risk

Liquidity risk is associated with the Group's ability to finance its obligations at reasonable market prices, as well as its ability to carry out its business plans with stable financing sources.

Credit risk

Credit risk is the risk of a third party failing to carry out its contractual obligations, resulting in loss for the Group.

The exposure of the Group to credit risk is mainly attributable, among others, to commercial debts from trading transactions, which are measured and controlled in relation to the customer or individual third parties. Additionally, the Group is also exposed to counterparty risk derived from non-commercial contractual transactions that may lead to defaults. In these cases, the Group analyses the solvency of counterparties with which the Group has or may have non-commercial contractual transactions.

Market risk

Exchange rate fluctuation risk: Repsol is exposed to fluctuations in currency exchange rates since revenues and cash flows generated by oil, natural gas and refined product sales are generally denominated in US dollars or are otherwise affected by dollar exchange rates. Operating income is also exposed to fluctuations in currency exchange rates in countries where Repsol conducts its activities. Repsol is also exposed to exchange risk in relation to the value of its assets and financial investments.

Commodity price risk: as a result of performing operations and trading activities, the earnings of the Repsol Group are exposed to volatility in the price of oil, natural gas, and related derivative products.

Interest rate risk: the market value of the Group's net financing and net interest expenses could be affected as a consequence of interest rate fluctuations.

Credit rating risk: credit ratings affect the pricing and other conditions under which the Repsol Group is able to obtain financing. Any downgrade in the credit rating of Repsol, S.A. could restrict or limit the Group's access to financial markets, increase its new borrowing costs and have a negative effect on its liquidity.

ABOUT THIS REPORT

This report, it must be read in conjunction with the interim condensed consolidated financial statements of the Repsol Group for the six-month period ended June 30, 2015. Users of this report should be aware that the forward-looking information contained in this document reflects the plans, forecasts or estimates of the Group's managers, which are based on assumptions that are considered reasonable, and that cannot be considered as a guarantee of the entity's future performance, in the sense that such plans, forecasts or estimates are subject to numerous risks and uncertainties, meaning that the future development of the Group will not necessarily coincide with what was initially planned. Such risks and main uncertainties are described in section 2.6 "*Risk Management*".

For the preparation of this report consideration was given to the recommendations contained in the "*Guidelines for the preparation of listed company Management Reports*" by the National Commission on Markets and Competition ("Comisión Nacional del Mercado de Valores", CNMV) published in 2013.

APPENDIX I: RECONCILIATION OF ADJUSTED RESULTS WITH IFRS FINANCIAL STATEMENTS RESULTS ADOPTED BY THE EUROPEAN UNION

	First half of 2015					
		ADJUSTMENTS				
Millions of euros	**Adjusted Result**	**Joint Ventures Reclassification**	**Non-recurring items**	**Inventory Effect**	**Total Adjustments**	**IFRS-EU Results**
Operating Income	1,109	(102)	(236)	(88)	(426)	683
Financial Result	456	(37)	22	-	(15)	441
Share of results of companies accounted for using the equity method- net of tax	235	23	-	-	23	258
Net Income before tax	**1,800**	**(116)**	**(214)**	**(88)**	**(418)**	**1,382**
Income tax	(524)	116	84	25	225	(299)
Net income from continuing operations	**1,276**	**-**	**(130)**	**(63)**	**(193)**	**1,083**
Net income from continuing operations attributable to minority interests	(36)	-	-	6	6	(30)
Net income from continuing operations attributable to the parent	**1,240**	**-**	**(130)**	**(57)**	**(187)**	**1,053**
Income from discontinued operations	-	-	-	-	-	-
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	**1,240**	**-**	**(130)**	**(57)**	**(187)**	**1,053**

	First half of 2014					
		ADJUSTMENTS				
Millions of euros	**Adjusted Result**	**Joint Ventures reclassification**	**Non-recurring items**	**Inventory Effect**	**Total Adjustments**	**IFRS-EU Results**
Operating Income	1,158	(464)	(183)	(81)	(728)	430
Financial Result	(176)	(57)	443	-	386	210
Share of results of companies accounted for using the equity method- net of tax	295	335	49	-	384	679
Net Income before tax	**1,277**	**(186)**	**309**	**(81)**	**42**	**1,319**
Income tax	(342)	186	(118)	24	92	(250)
Net income from continuing operations	**935**	**-**	**191**	**(57)**	**134**	**1,069**
Net income from continuing operations attributable to minority interests	(13)	-	-	3	3	(10)
Net income from continuing operations attributable to the parent	**922**	**-**	**191**	**(54)**	**137**	**1,059**
Income from discontinued operations	-	-	-	-	-	268
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	**922**	**-**	**191**	**(54)**	**137**	**1,327**

APPENDIX II: RECONCILIATION OF OTHER ECONOMIC DATA WITH IFRS FINANCIAL STATEMENT ADOPTED BY THE EUROPEAN UNION

NET DEBT (Millions of euros)	**Joint Ventures Net Financing**	**Joint Ventures Reclassifications** (1)	**Net financial debt on balance**
Non-current financial instruments (assets)	311	392	703
Other current financial assets	570	908	1,478
Cash and cash equivalents	2,514	(422)	2,092
Non-current financial liabilities	(11,544)	75	(11,469)
Current financial liabilities	(5,204)	(2,689)	(7,893)
Net market valuation of derivatives ex-exchange rate (2)	89	-	89
TOTAL	**(13,264)**	**(1,736)**	**(15,000)**

(1) Mainly includes the net financing of the Repsol Sinopec Brasil Group broken down in the following sections: Cash and cash equivalents amounting to € 15 million, and current financial liabilities from intra-group loans amounting to € 2,535 million euros, less € 37 million euros for third-party loans.
(2) The net market value of financial derivatives different from exchange rate derivatives has been eliminated from this section.

OTHER ECONOMIC DATA FOR THE FIRST HALF OF 2015 (Millions of euros)	**According to net debt evolution**	**Joint ventures adjustments** (1)	**Financial Investments / Divestments**	**According to Cash Flow Statements**
EBITDA	2,383	(394)	-	1,989
Net investments	(10,106)	638	1,417	(8,051)

(1) Includes due to the investment in the Repsol Sinopec Brasil (RSB) Group, EBITDA of € 110 million, *Net Investments* of € 132 million.

APPENDIX III: CONVERSION TABLE AND GLOSSARY

			OIL				GAS		ELECTRICITY
			Litres	Barrels	Cubic metres	toe	Cubic metres	Cubic feet	kWh
OIL	1 barrel [1]	bbl.	158.99	1	0.16	0.14	162.60	5,615	$1.7x10^6$
	1 cubic metre [1]	m^3	1,000	6.29	1	0.86	1,033	36,481	10,691.5
	1 ton of oil equivalent [1]	toe	1,160.49	7.30	1.16	1	1,187	41,911	12,407.4
GAS	1 cubic metre	m^3	0.98	0.01	0.001	0.001	1	35.32	10.35
	1,000 cubic feet=$1.04x10^6$ Btu	ft^3	27.64	0.18	0.03	0.02	28.3	1,000	293.1
ELECTRICITY	1 megawatt hour	MWh	93.53	0.59	0.10	0.08	96.62	3,412.14	1,000

[1] Reference measurement: 32.35 °API and relative density 0.8636

			Metre	Inch	Foot	Yard
LENGTH	metre	m	1	39.37	3.281	1.093
	inch	in	0.025	1	0.083	0.028
	foot	ft.	0.305	12	1	0.333
	yard	yd.	0.914	36	3	1

			Kilogram	Pound	Ton
MASS	kilogram	kg	1	2.2046	0.001
	pound	lb	0.45	1	0.00045
	ton	t	1,000	22.046	1

			Cubic feet	Barrel	Litre	Cubic metres
VOLUME	cubic foot	ft^3	1	0.1781	28.32	0.0283
	barrel	bbl.	5,615	1	158.984	0.1590
	litre	l	0.0353	0.0063	1	0.001
	cubic metre	m^3	35.3147	6.2898	1,000	1

Term	Description
bbl/bbl/d	Barrel/Barrel per day
bcf	Billion cubic feet
bcm	Billion cubic meters
boe	Barrels of oil equivalent
Btu/MBTu/MMBTu	British thermal unit/ thousand ofe Btu/millions of Btu
LPG	Liquefied Petroleum Gas.
LNG	Liquefied Natural Gas.
Gwh	Gigawatts per hour

Term	Description
kbbl	Thousand barrels of oil
kbbl/d	Thousand barrels of oil per day
kboe	Thousand barrels of oil equivalent
kboe/d	Thousand barrels of oil equivalent per day
km^2	Square kilometre
Kt/Mt	Thousand tons
Mbbl	Million barrels
Mboe	Million barrels of oil equivalent

Term	Description
Mm^3/d	Million cubic metres per day
Mscf/d	Million standard cubic feet per day
kscf/d	Thousands of cubic standard feet per day
MW	Million watts
MWh	Million watts per hour
TCF	Trillion cubic feet
toe	ton of oil equivalent
USD/Dollar	US dollar