

REPORT & ACCOUNTS 2014



COMBOIOS DE PORTUGAL

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CP - COMBOIOS DE PORTUGAL, E.P.E.

TECHNICAL INFORMATION

CP - Comboios de Portugal, E.P.E.

Calçada do Duque, n° 20

1249 - 109 Lisboa

Corporate tax payer number: 500 498 601

Registered in C.R.C. Lisboa no. 109

Statutory Capital € 1,995,317,000

Design and Coordination:

Department of Planning and Activity Control

Financial Management

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Summary of
the year



SUMMARY OF THE YEAR

Operational indicators	2014	2013	2014-2013	2014/2013
Demand				
Passengers (10 ³)	109,785	106,547	3,238	3.0%
Passengers kilometre (10 ³)	3,518,813	3,310,668	208,144	6.3%
Offer				
Trains (10 ³)	455	449	6	1.3%
CK's (10 ³)	28,950	28,567	383	1.3%
LKO's (10 ³)	12,790	12,736	55	0.4%
Human resources				
Final employees	2,718	2,766	-48	-1.7%
Average employees	2,754	2,786	-32	-1.2%
Fleet – Active Park				
Railcars	234	235	-1	-0.4%
Locomotives	89	90	-1	-1.1%
Carriages	98	101	-3	-3.0%


Financial indicators (10 ³ €)	2012	2011	2012-2011	2012/2011
Traffic income	214.496	203.948	10.548	5,2%
Operational revenue*	303.955	295.703	8.252	2,8%
Operational costs*	289.185	273.751	15.434	5,6%
EBITDA*	14.770	21.953	-7.183	-32,7%
Operational outcome*	36.747	-19.703	56.450	286,5%
Net result	-159.869	-226.517	66.648	29,4%

* It does not include rescissions, Provisions, Depreciations, Impairments, Fair Value and Affiliates.

Ratios	2012	2011	2012-2011	2012/2011
Work productivity (10 ³ Ck's)	10.51	10.25	0.26	2.5%
Amount of costs in the TR wo/ Operating Allowances**	108.1%	101.5%	6.6 p.p.	-
Amount of costs in the TR w/ Operating Allowances***	116.2%	116.7%	-0.5 p.p.	-

** (CMVMC + FSE + PERSONNEL without rescissions)/Total Revenue (with operating allowances)

*** (CMVMC + FSE + PERSONNEL without rescissions)/Total Revenue (without operating allowances)

A blurred view from a train window showing a landscape with trees and a field. The text "Message from the Chairman" is overlaid on the image.

Message from the
Chairman

MESSAGE FROM THE CHAIRMAN

In the year of 2014, CP has transported 109.8 million passengers in all its services at a national level, thus presenting a growth of 3% against 2013. This positive increase of passengers was not verified since 2008 and it confirms the sustainable growth the Company has been showing since September 2013. These numbers assume a higher value since, nowadays, it is not possible to consider the high number of rail passengers that benefited from the travel concessions scheme, neither the ones circulating in services which no longer exist due to the fact of having been suppressed. This means 2014 shall be considered as a year of unheard recovery of passengers.

The recurring EBITDA remained positive in an amount of 14.8 million Euros, driven by the revenue of 10.5 million Euros. When compared with 2013, this amount presents a decrease of around 7.2 million Euros as a result, namely, of the impact of the decrease of carry-over payments in an amount of 16 million Euros. If the scenario were to be the same, that is, the maintenance of the amount of the carry-over payments attributed to CP in 2013 - around 34 million Euros -, the EBITDA would have presented an improvement of 8.9 million Euros.

CP closed the financial year of 2014 with a Net Profit of -159.9 million Euros, which means an improvement of 66.7 million Euros regarding 2013 (-226.5 million Euros).

In a calm and objective approach, these results are a motive for a vast gratification.

This growth was the result of a well identified set of factors, all of them made possible through social appeasement within the company: a more aggressive marketing policy; alterations in management towards operational optimisation and an assumed competition against all other means of transport.

Additionally, we could also observe an alteration regarding public speech, which insisted on the decadence of rail transportation and now defends the return to trains in order to obtain a sustainable and balanced mobility.

From this turning point it became possible to look at the future optimistically, foreseeing a continuous commitment by CP in providing a service towards the customer, justifying increasing option for trains and strengthening the trend of the demand and of the outcomes.

The goal of operational balance shall be pursued. In order for the company to achieve this goal, it shall insist in the increase of the efficiency and quality, despite the dependence of the company to external disturbing factors. Regarding these factors, it should be noted the urgent need for a coordinated and oriented Policy towards overcoming the aforementioned disturbing factors: the permanent degradation of the infrastructure; the

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aging of the rolling stock; and the absence of an adequate program of public procurement of the service to be provided.

The overcome CP has achieved shall be the basis for a public commitment to reconcile the financial restructuring of the historical debt with a pluriannual policy of economic and financial sustainability.

The year of 2014 has registered a first victory, and such victory is not from the Board of Administrators nor from management, it is a victory from all those working in the company, in an internal spirit of conciliation.

A blurred view from a train window showing a landscape with trees and a field. The text "The Management Team" is overlaid on the image.

The Management
Team

THE MANAGEMENT TEAM



Vice-President

Dr. Cristina
Pinto Dias

President

Eng. Manuel Queiró

Voting Member

Dr. Isabel
Vicente

Voting Member

Dr. Maria João
Calado Lopes

Framework of
the Year



FRAMEWORK OF THE YEAR

The Economic and Financial Assistance Programme agreed upon in May 2011 between the Portuguese authorities and the European Commission, the European Central Bank and the International Monetary Fund was completed in 2014.

In the aforementioned period, several structural reforms in different areas of the Portuguese economy were made aiming to correct the macroeconomic imbalances which were affecting it.

In 2014, the evolution of the Portuguese economy remained conditioned by this process of macroeconomic imbalance correction though, differently from the previous years, in the year of 2014 there was a moderated GDP growth (0.9%)¹.

The growth of the product shows the process of economic recovery has begun, and this is reinforced by the growth forecasts of the product - 1.5% for 2015 and 1.6% for 2016² -, which are slightly above the foreseen average in the Euro Area and, also, these values are a result of the export growth and domestic demand.

The Consumer Price Index (CPI) had a negative spread in 2014 (-0.1%).

Despite the elevated unemployment rate, the slight economic recovery has allowed an increase in the commuter traffic home/employment, and also in the tourism and leisure areas.

It should also be noted that the social peace ambiance achieved in the company has allowed the customers to have an increasingly positive view of CP. Furthermore, this social ambiance has given to the company the opportunity to develop more effective commercial practices, allowing an increase of 3% of passengers, something which had not been seen since 2008.

The company's activity in 2014 was directed by the guidelines, both medium-term and long-term, from the Strategic Transport Plan for 2011/2015 (PET), besides having also incorporated the guidelines in the National Budget for 2014.

Still during the year of 2014, in the scope of recasting the basis of Portuguese National Accounts, in compliance with the principles established by the new European System of Accounts from 2010 (SEC 2010), CP became part of the list of entities from the institutional sector of General Governments, as a reclassified state-owned company (EPR), becoming part of the consolidated accounting requirements of the National Budget of 2015.

¹ Source: Bank of Portugal - "Projeções para a economia portuguesa: 2014 - 2016" [Forecasts for the Portuguese Economy: 2014 - 2016].

² Source: Bank of Portugal - "Projeções para a economia portuguesa: 2014 - 2016" [Forecasts for the Portuguese Economy: 2014 - 2016].

How do we
Create Value



HOW DO WE CREATE VALUE

Human Resources

Permanent Staff

The company maintained the human resources rationalization, completing the year of 2014 with 2178 employees, which corresponds to an average Permanent Staff of 2.754.

Permanent Staff (*) at December 31	2014	2013	Ä 2014-2013
Bound staff	2,753	2,797	- 44
Effective Staff	2,718	2,766	- 48
On duty	2,712	2,760	- 48

(*)

Bound Staff - Permanent Staff linked to the company, although it may not be providing service or not being paid (includes unpaid leaves, staff granted/requested which is not paid by the company)

Effective Staff - staff to which the company pays (includes staff on duty + staff granted/requested paid by the company)

Staff on duty - staff providing service in the company

The total Permanent Staff of CP has decreased from 2.766 to 2.718, that is, a decrease of 48 employees - 38 due to revocation of employment contract by mutual agreement.

Around 75% of the employees are from the operating area and belong to the commercial and traction professional careers. The average age of the employees of CP is approximately 47 years old, and average seniority is of 22 years.

STAFF LINKED at December 31			
Career	2014	2013	Ä 2014-2013
Administrative	111	111	0
Technical Support and Management	95	97	-2
Commercial	1,226	1,250	-24
Material	84	85	-1
Transport Operation	106	109	-3
Others	27	23	4
Technics	294	298	-4
Traction	803	820	-17
TOTAL	2,746	2,793	-47
	7	4	3
TOTAL	2,753	2,797	-44
(*) Increase in 2014 due to the nomination of the Supervisory Board			

Absenteeism and Overtime Work

Indicators	2014	2013	Äp.p.
Absenteeism rate (without strikes)	5,87%	5,39%	0,49
Overtime Work Rate	9,53%	5,38%	4,15

The absenteeism rate increased in 5 p.p., from 5.39% to 5.87%.

The most contributing factors for the increase of the absenteeism rate are essentially the increase of days not worked due to occupational injuries' leaves and work accidents. These two causes for absenteeism represent around 66% of absences.

Throughout the year several projects were implemented with the aim of fighting absenteeism:

- Promoting the health of CP employees - Identification and characterization of the most frequent illnesses of CP employees, in cooperation with Ecosaúde, aiming to create preventive measures and, thus, reducing the number of episodes of occupational injuries' leaves and their respective duration (absenteeism due to natural illness);
- Evaluating the psychological impact in train crew caused by accidents related with people in railways;
- Analysis of the impact of previous incidents regarding aggressions or threats to the Conductors of urban services and of the Algarve line;
- Evaluation of the psychological impacts to the personnel in contact with passengers as a result of incidents regarding threats or aggressions.

The overtime work rate increased from 5.38% into 9.53%.

The main causes for the increase of overtime work are related to a great strengthening of the inspection brigades against fraud, namely in the urban area of Lisbon; to the increase of demand through the accomplishment of several special trains; to the need of rejuvenation in some professional careers; and to the near inexistence of strikes to overtime hours, rest days and official holidays cutbacks.

Training

CP maintained its focus in valuing the employees, investing in continuous and adequate professional training for reinforcement, updating and acquiring new skills.

In 2014 there were 349 professionals training, mostly through the affiliate Fernave. The respective global values are presented in the table below.

Training Indicators	2014
Total training hours	62,402
No. of trainees	2,728
No. of training actions	349

The professional training given in accordance with the Training Plan of 2014 has allowed:

1. To reinforce/update skills regarding:

- Sales (ILC and products AP and IC - eLearning) and customer care (directed to the customer);
- General safety (people and assets);
- Traffic safety (emergency plans, technical development plans, regulation plans, transport plans and tachymeter appliance plans);
- Marketing;
- Information systems;
- Resource management (human, financial and energetic);
- Law (public procurement, labour, administrative, tax and commercial law);
- Sustainability;

2. Acquire new skills in:

- Accreditation of train drivers for the line Oporto-Vigo (technical training and professional training in the Spanish language);
- Conduction, qualifying the train drivers to drive in a certain type of tractive stock;
- Teaching accreditation of trainers, allowing to reinforce the teaching skills of the employees giving internal professional training;
- Prevention and firefighting/First Aid/Drugs and alcohol prevention;
- Accreditation of Quality Auditors (rewriting of ISO9001:2015 and ISO31000).

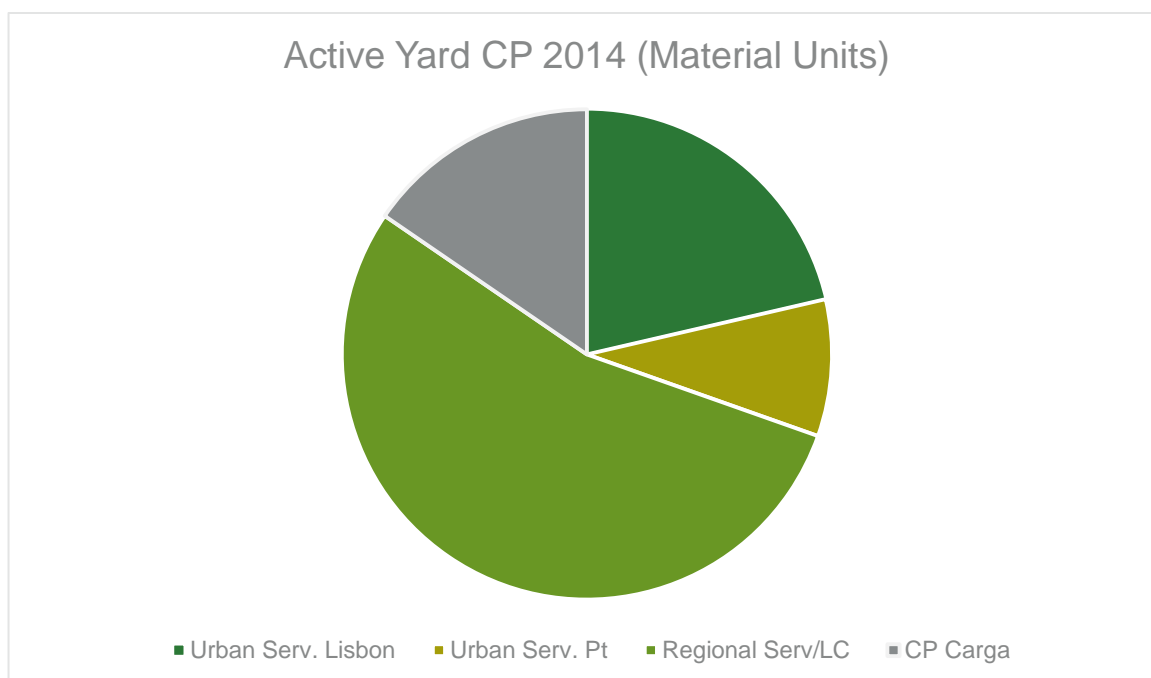
Fleet

In 2014, CP maintained the course for optimizing the use of the rolling stock yard and the promotion of studies in the areas of maintenance and repair of systems and equipment, bearing into account the latest technological developments. It has always aimed the promotion of safety, security and economy in the use of rolling stock. It has promoted contacts for selling rolling stock unnecessary to the service.

On duty and Disabled Material

On December 31st 2014, the total of CP's tractive and hauled stock had 915 units. From these units, 421 were active yard, 381 units were inoperable equipment and 113 were occasional equipment, such as the Historical Train, the wrecking train, or were under the supervision of the National Railway Museum Foundation of Portugal.

The active yard of the rolling stock, in commercial service in the Units of Business and in CP Carga, SA, had 186 electric railcars, 48 diesel railcars, 52 electric locomotives, 37 diesel locomotives and 98 carriages.



It should be noted that in the active yard there are 17 diesel railcars from the series 592, rented to RENFE.

In 2014, 11 diesel railcars were scrapped down for accounting purposes and its repercussion in the physical yard will only be verified in 2015.

There were equally established contacts with international and national entities which have expressed an interest in acquiring rolling stock to CP.

Fleet Improvements

During 2014, several activities were developed in the scope of improving de quality of the service provided to the customer, namely:

- Installation of the Wi-Fi system in carriages *Coralí* from the Inter-city rails service;
- Installation of equipment for the transportation of bicycles in six carriages from the Inter-city rails service;
- Beginning of the transformation from the steam traction to the diesel traction of the boiler of the Historic Train Locomotive;

With the purpose of maintaining the offer of a transportation service based in the highest safety standards, the following projects were pursued:

- General repair of bogies of the *Alfa Pendular* (Conclusion);
- Major repairs of the type R2 and R3 in several series.

The maintenance of most of the rolling stock is developed in the factories of EMEF, an affiliate company of CP. SIMEF, ACE (company of railway maintenance and engineering services held by EMEF, in 51%, and by Siemens, in 49%) has provided maintenance only in the series of locomotives 4700 and 5600.

Offer

In 2014, the offer of CP, assessed in Trains*Kilometre, was of 28,950 thousand CK, which represents an increase of 1.3% against 2013.

The verified increase is justified by the social peace scenario which was maintained after the agreements with the Employees Representative Structures in March and July 2013, and by performing special services as an answer to the occasional increase of market demand.

In 2014 there was also an increase of the train stops of the Celta train linking Oporto to Vigo, and a readjustment of the schedules of the Oporto Urban Services. This alteration had as a goal the provision of better connections to this international train, in order to contribute to a higher attractiveness of this offer.

The Long Distance Service has reinforced its offering to Braga with two new Inter-city connections by extending the service of Oporto Line, justified by the increase of market demand.

The seat-kilometres offered were slightly above the previous year, due to the increase of market demand, showing a growth of the occupation rates.

Trains Kilometre (*10 ³)	2014	2013	2014-2013	2014 /2013
Urban Services Lisbon	6,861	6,786	75	1.1%
Urban Services Oporto	4,568	4,502	66	1.5%
Long-Course Services	8,132	7,939	193	2.4%
Regional Services	9,388	9,340	48	0.5%
TOTAL	28,950	28,567	383	1.3%

Offered Places Kilometre (*10 ⁶)	2014	2013	2014-2013	2014 /2013
Urban Services Lisbon	5,939	6,099	-160	-2.6%
Urban Services Oporto	2,166	2,098	68	3.2%
Long-Course Services	2,468	2,394	74	3.1%
Regional Services	2,216	2,144	73	3.4%
TOTAL	12,790	12,736	55	0.4%

Occupation Rate	2014	2013	2014-2013
Urban Services Lisbon	19.1%	18.3%	0,8 p.p.
Urban Services Oporto	27.1%	27.2%	-0,1 p.p.
Long-Course Services	54.3%	49.1%	5,2 p.p.
Regional Services	20.5%	20.9%	-0,4 p.p.
TOTAL	27.5%	26.0%	1,5 p.p.

Service Quality

The global index of regularity of CP in 2014 was 99%.

The general increase of this indicator against 2013 was justified by the diminishing of labour struggles in the Company.

Regularity	2014	2013	2014-2013
Urban Service Lisbon			
Sintra/Azambuja	98.7%	97.6%	1,2 p.p.
Cascais	98.3%	97.1%	1,2 p.p.
Sado	99.3%	97.2%	2,1 p.p.
Urban Services Oporto			
Aveiro	99.0%	98.3%	0,7 p.p.
Braga	99.4%	98.7%	0,7 p.p.
Caíde	99.3%	98.7%	0,6 p.p.
Guimarães	99.3%	98.6%	0,7 p.p.
Long-Course Service			
Alfas	99.6%	98.1%	1,5 p.p.
Inter-City	99.6%	98.7%	0,9 p.p.
Regional Service	99.0%	97.6%	1,4 p.p.

In 2014 there was a general decrease in the daily index of punctuality against the previous year.

However, regarding the *Alfa Pendular* punctuality, it increased around 4 p.p..

For the average rates of punctuality in the Inter-city services, the velocity limitations of the infrastructure where a contributing factor, with special emphasis for Beira Alta line, where the maintenance/modernization work still affects its performance.

Daily Punctuality	2014	2013	2014-2013
Urban Service Lisbon			
Sintra/Azambuja	86.1%	87.9%	-1,7 p.p.
Cascais	90.5%	92.7%	-2,2 p.p.
Sado	89.2%	90.9%	-1,8 p.p.
Urban Services Oporto			
Aveiro	88.1%	87.1%	1,0 p.p.
Braga	92.4%	95.0%	-2,6 p.p.
Caíde	91.7%	94.5%	-2,8 p.p.
Guimarães	90.0%	92.8%	-2,8 p.p.
Long-Course Service			
Alfas	74.5%	70.6%	3,9 p.p.
Inter-City	68.2%	70.7%	-2,5 p.p.
Regional Service	80.4%	83.0%	-2,6 p.p.

Market Demand

In 2014 CP transported 109.8 million passengers, representing an increase of 3% regarding 2013 and, in absolute terms, representing an increase of around 3.2 million transported passengers. This growth of market demand was transversal to all CP services, underlining the Long-distance Service, which presented an increase of 12.1%.

The market demand for tickets shows a sustainable growth of the single-service tickets in all services, which compensated the decrease registered in the combined monthly tickets.

The trend reversal of passengers' loss is the result of the maintenance of a social peace working environment, which allowed restoring to the customers a reliable and regular service, the adoption of more aggressive marketing policies, the reinforcement of inspection brigades - fixed and itinerant - and of the slight improvement of some economic indicators of the country.

Passengers (*10 ³)	2014	2013	2014- 2013	2013 /2012
Urban Services Lisbon	74,378	72,497	1,881	2.6%
Urban Services Oporto	19,665	19,060	605	3.2%
Long-Course Services	5,187	4,626	560	12.1%
Regional Services	10,555	10,364	192	1.8%
TOTAL	109,785	106,547	3,238	3.0%

Passengers - Kilometre (*10 ³)	2014	2013	2014- 2013	2013 /2012
Urban Services Lisbon	1,136,462	1,115,770	20,693	1.9%
Urban Services Oporto	587,206	570,040	17,166	3.0%
Long-Course Services	1,339,834	1,175,969	163,865	13.9%
Regional Services	455,309	448,889	6,420	1.4%
TOTAL	3,518,813	3,310,668	208,144	6.3%

Income

The income from traffic stood at 214.5 million Euros, demonstrating an increase over 10.5 million Euros, at a level of 5.2% against the previous year.

The income fees followed the growth trend of market demand, being influenced by the heaviest relative weight of occasional tickets and of the Long Distance Service. Also, because the major increases were registered in both of these.

The daily average tariff update of 1% in all services also contributed for the income fees, except in the Long Distance.

Traffic Income (*10 ³)	2014	2013	2014- 2013	2013 /2012
Urban Services Lisbon	73,283	70,050	3,232	4.6%
Urban Services Oporto	24,366	23,664	703	3.0%
Long-Course Services	88,601	82,872	5,729	6.9%
Regional Services	28,229	27,361	868	3.2%
TOTAL (*)	214,479	203,948	10,531	5.2%

(*) In 2014 are not included 17 thousand € accounted for in other Organs

Investments

The investment decisions in 2014, as in the previous years, were made in the perspective of ensuring the least indispensable interventions in order to guarantee both the safety and operationally of the equipment and railway facilities, or for concluding projects which were already in course.

Thus, CP has concluded a total of 14.5 million Euros in investments, 97% destined to rolling stock and 2% to fixed facilities.

Investments 2014	Amounts (thousand €)
Rolling Stock	14,032
Commercial Equipment	44
Computerization	47
Other Investments	342
TOTAL	14,464

Main Projects

In the rolling stock, the most relevant investments were centred in projects of "Great Repairs R2+R3" (8 million Euros) and the process of "Half Life Intervention for *Alfa Pendulares*" begun.

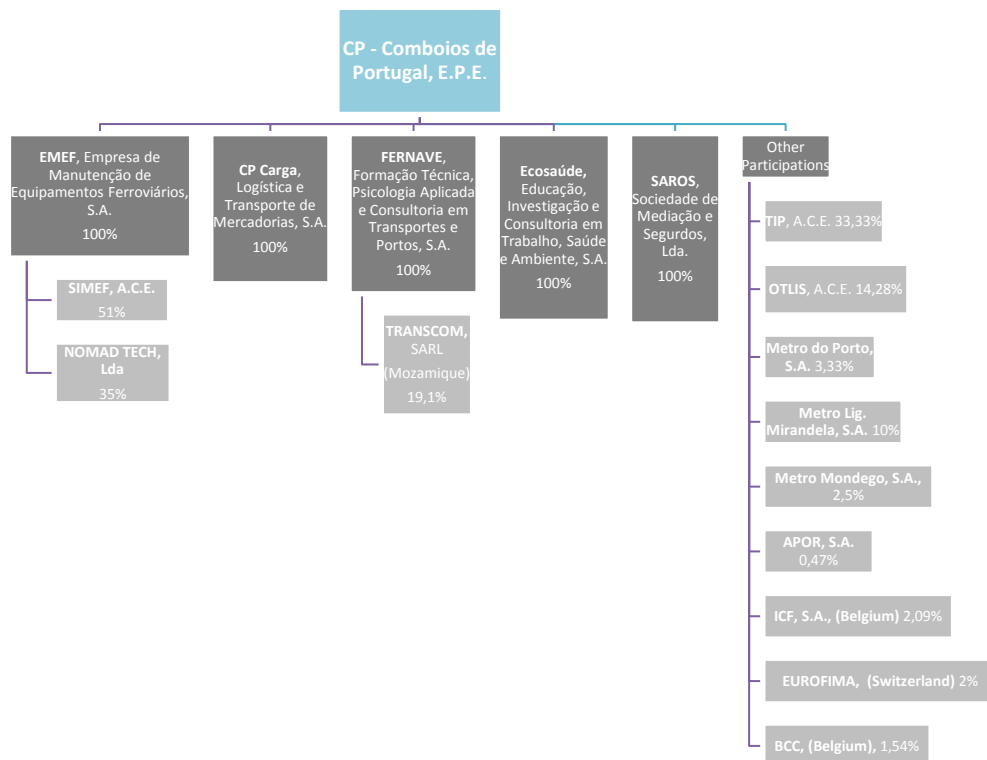
The project related to "Great Repairs R2+R3" gathers the interventions of programmed maintenance of rolling stock with the aim of restoring its level of serviceability and safety. The value of the investment in this project was higher than in the previous year, since the strikes during 2012 and the beginning of 2013 lead to a temporary deferral of the aforementioned interventions.

From the remaining investments regarding rolling stock, the "Repair of Bogies CPA's" (1 million Euros) - project concluded in 2014 - and the acquisition of yard parts (459 thousand Euros) should be highlighted. Lastly, the beginning of the project of reconversion of the steam boiler for the diesel locomotive from the Douro Historical Trains (338 thousand Euros) should also be highlighted, once this intervention has an underlying transformation of this tourism product, adapting it to the demands of that market.

CP Group

CP is a public railway transport company held 100% by the State. It controls companies in the field of supplies in the area and it holds minority case-by-case participations.

The following scheme presents the financial holdings from CP and its affiliate companies at 31-12-2014:



The Board of Directors has established a sustainable group strategy which constitutes the structuring of controlling interests and the development of a culture of efficiency and of added value aiming to obtain a positive EBITDA from the affiliate companies.

Without Prejudice of a further detail of the activity from the affiliate companies in the Report and Consolidated Accounts, we set out as of now some information about the most relevant 100% controlled undertakings.

CP Carga - Logística e Transportes Ferroviários de Mercadorias, S.A.

CP Carga is an operator of transportation of goods, using CP locomotives and its own carriages

CP Carga has registered 5.3 million Euros of Net Income in the financial year of 2014. The company has been improving significantly its financial performance over the years, leveraging its incomes not only through the growth of its total revenue but also through expenses control. However, in a normal situation, the outcomes of 2014 would remain negative. The positive outcomes of 2014 were a result of the process of transferring Terminals to REFER in December 1 2014, which created an important significant impact in the company's income fees.

CP Carga Amounts in thousands €	2014	2013	2014-2013	2014/2013
Total Revenue	63,944,216	58,132,756	5,811,459	10.0%
Operational Outcome	13,081,114	-15,514,933	28,596,048	184.3%
Net Outcome	5,341,758	-22,992,076	28,333,834	123.2%
Tons (10³)	9,235	8,288	947	11.4%

EMEF - Empresa de Manutenção de Equipamento Ferroviário, S.A.

EMEF, built in 1992, has a vast object in the area of railway engineering.

The increase of 8% of the services provided along with the obtained reduction regarding operating expenses has led EMEF, in the financial year of 2014, to a very positive performance. The company obtained an operating outcome of 2.2 million Euros and a net income of 0.9 million Euros. The growth of activity concerning 2013 had an increase of 6% recharging the business of repair and maintenance of rolling stock for CP (+2 million Euros) and of 50% for CP Carga (+2.5 million Euros).

EMEF Amounts in thousands €	2014	2013	2014-2013	2014/2013
Total Revenue	54,993,577	50,935,813	4,057,763	8.0%
Operational Outcome	2,244,053	-1,686,613	3,930,666	233.1%
Net Outcome	909,485	-3,390,285	4,299,770	126.8%

Ecosaúde - Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A.

ECOSAÚDE provides healthcare services in the companies of the group and in the market.

In the financial year of 2014 the company inverted the downward trend of the Total Revenue (TR), showing a growth of 1.2% (in the previous years it had reduced the TR in 6%). Likewise, the alteration of the facilities in Lisbon - from Santos to Parque das Nações - should be pointed out as well as, in the end of 2014, the decrease of the total Permanent Staff in 8% (termination of employment agreements by mutual agreement). These management measures resulted in around 130 thousand Euros in the trading account of the financial year of 2014, which harmed the results of the financial year but has clearly benefited the competitiveness of the company in the years to come. Besides, it has rationalized its expenses structure. Concerning cash holdings, the company was autonomous, and the Operating Cash Flow exceeded the need of investments and debt services.

Ecosaúde Amounts in thousand €	2014	2013	2014-2013	2014/2013
Total Revenue	2,081,745	2,057,630	24,115	1.2%
Operational Outcome	-90,862	-65,500	-25,362	-38.7%
Net Outcome	-126,068	-119,235	-6,833	-5.7%

SAROS - Sociedade de Mediação de Seguros, Lda.

SAROS provides services in the area of mediation with the insurance agents' category in the fields of LIFE and NON-LIFE. SAROS activity is focused in managing the insurance portfolio of the companies from CP Group.

The Net Income ascertained in 2014 a total of 269.8 million Euros, and this amount has revealed to be inferior in 5.9% against the previous year. This decrease occurred, to a large extent, due to the verified reduction in the item "Sales/Provided Services", which showed a negative variation of 13.4% against 2013. It is necessary to highlight the positive contribution of the item "External Services and Supply", which presented in the obtained Results - item which, in 2014, achieved a decrease of 8.5% regarding the results of 2013.

SAROS Amounts in €	2014	2013	2014-2013	2014/2013
Total Revenue	335,868	387,756	-51,888	-13.4%
Operational Outcome	273,186	290,681	-17,495	-6.0%
Net Outcome	269,828	286,749	-16,921	-5.9%

FERNAVE - Formação Técnica, Psicologia Aplicada e Consultoria Em Transportes e Portos, S.A.

In 2014, despite FERNAVE could not achieve the operational balance, it shall be noted that EBIT showed a recovery of 10% and the Net Income, even though it was negative, has improved in around 13%. This variation occurred mainly due to the reduction of operating expenses, especially in the item of "External Services and Supply".

FERNAVE Amounts in thousands €	2014	2013	2014-2013	2014/2013
Total Revenue	1,098,160	1,469,264	-371,104	-25.3%
Operational Outcome	-500,058	-557,505	57,447	10.3%
Net Outcome	-674,735	-781,741	107,006	13.7%

A photograph taken from the interior of a train, looking out through a window. The view is heavily blurred due to motion, showing a landscape with trees and a field. The text "Our Activity throughout the Year" is overlaid on the image in a dark, serif font.

Our Activity
throughout the Year

OUR ACTIVITY THROUGHTOUT THE YEAR

Timeline

January



- Renewal of Quality Assurance
- Train Sharing
- Selling in Oporto in Payshop Network

February



- Wi-Fi in IC from Linha do Norte

March



- Operation Carnival
- Rail & Fly - a partnership CP/TAP

April



- Operation Easter
- Tourist ticket
- Sale of Porto Card

July



- Celta Schedule
- NOS Alive
- Historic Train

June



- Rock in Rio
- Popular Saints

May



- Final of the Champions League
- Online Support Line

August



- Promo Inter Rail
- MEO Sudoeste

September



- Portugal Rail Pass
- CP at Google Transit
- 125 years of Cascais Line

October



- Flexi Pass Atlantic
- 158 years of Railway in Portugal

November



- New CP site

December



- New IC Lisboa-Braga

Developed Activity

Offer/Operation

Increase of Celta train stops and improvement of Oporto railways connections

The Celta Train, which establishes the connection between Oporto and Vigo, begun to stop also in Valencia, Viana do Castelo e Nine, in order to provide a higher number of customers.

In the same date, the urban offer in Braga line was adjusted, in order to ensure better connections to the Celta train in Nine.

More Inter-city Connections to Braga

Launching two new inter-city connections to Braga (one in each way), which allowed this city to provide twelve railway long distance connections, departing from Lisbon.

Finals of the Champions League

A coordination between CP and RENFE in achieving a reinforcement of the offer for the international *Lusitânia Comboio Hotel* for the transportation of *Atletico de Madrid* and *Real Madrid* fans, which came to Lisbon to watch the final of the UEFA Champions League.



Providing mobility to large scale events of participants

Special services as a result of the occasional increase of Market Demand, as well as in the holiday seasons (Easter, popular saints, etc.) as in other events (concerts, football matches, etc.).



Renewal of the rental agreement of rolling stock to RENFE

Renewal of the rental agreement of rolling stock to RENFE, which now covers twenty railcars, six belonging to the current series of circulation and the remaining fourteen of a new series with improvements regarding performance and inner comfort.

Fight against fraud

Inspection actions and fraud fight

Intensification of the inspection actions in several train stops and on board of trains, and development of teaching and preventive measures destined to raise customers' awareness for the validation of transport tickets.

Tariff

Launching of the *Assinatura Jovem* and of the *Flexipasse Jovem*

Both created to substitute the *Assinaturas de Estudantes* and the *Flexipasse Estudante*, the new products (with 25% discount regarding the *Assinatura Normal*) become available to every Customer with 25 years of age and under, regardless of their Student condition.

Extension of the geographical coverage of the Navegante Transport Card

The *Navegante* transport card, valid for Travels in the city of Lisbon, begun to cover a broader geographical range until Amadora (Sintra line), Algés (Cascais line) and Bobadela (Azambuja line).



Launching of the new promotional tariff named TRAIN SHARING

Valid for round-trip travel, to be made at Tuesdays, Wednesdays and Thursdays, destined to groups of 3 or 4 passengers travelling together in Alfa or Inter-city services. It is specially oriented for customer groups travelling due to work purposes, and for families and friends groups travelling for leisure.

Launching of Portugal Rail Pass

With the options of 3 and 7 days, it is destined exclusively to foreign tourists, not residing in Portugal, and it can be used for a month since the purchase day.



Launching of the Tourist Ticket in CP Lisboa

New product, oriented for the leisure segment, providing full freedom to its users to travel, for 1 or 3 days, in every line of CP Lisboa, regardless their origin and destination.



Promotion of the InterRail Transport Card

Designed by Early Bird 2014, it provides 15% discount on the Global InterRail Transport Card during the season of less market demand.



Ticketing/Distribution

Launching of new cards with no contact from CP Porto (SIGA)

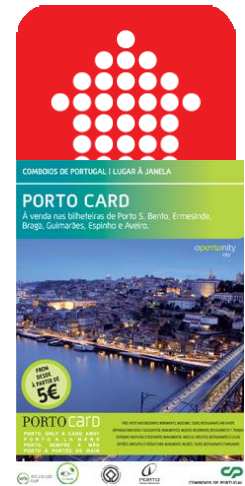
Technologically more evolved, namely at the information storage capacity level, and with a more modern and appealing image.

Protocol with PAYSHOP

Extension of the network of selling transport tickets of CP Porto into the network PAYSHOP.

Sale of the PortoCard in the ticket office of CP Porto

The Porto Card is a touristic product allowing free access - or with discount - in museums and monuments, as well as reduced prices in touristic circuits, concert halls, restaurants and local commerce. It also includes unlimited travelling in the Subway, Oporto Urban Trains between Valongo-Espinho, during the validity of the card.



Sale of transport tickets in Oriente's Lounge

Besides the customized customer service, information about CP products and services, information regarding departures and arrivals of trains, space for resting, reading, work meetings, television, internet, daily press and beverages, customers have now the possibility of acquiring, in CP Lounge of Oriente's station, their ticket, or change tickets already acquired.

Innovation

Installation of Wi-Fi in Inter-city trains in the Norte Line

The Wi-Fi service is available for customers in *Alfa Pendular* service since July 2013, and in the Beira Baixa Inter-city since November 2013. Throughout 2014 it was also installed in the service carriages of the Inter-city service in the Norte Line.



New CP website

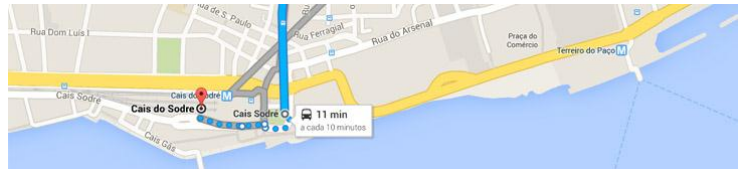
The new version aims a larger focus in sales and the increase of customer's comfort level, using this channel, making the search and navigation in the website more



intuitive. It is based in a new structure of contents, founded in the search of schedules and ticket sales, the websites is adaptable to several devices, allowing a more friendly experience in tablets and smartphones.

CP in GOOGLE TRANSIT

GOOGLE TRANSIT, integrated in the GOOGLE MAPS service, now contains the CP courses and schedules. It functions with the establishment of the points of origin and destination and supplies information regarding the possible transportation alternatives, the duration of the travel and of waiting periods.



For CP, this tool allows to extend the service search channels through one of the largest search engines in a global scale, namely for the foreign tourism market. Through the geographical search points for Portugal, the user now has available another means of transportation (train) and, if he/she thus chooses, he/she will learn not only the duration of the course but also visualise it in the map, as well as the regular train schedules following the hour of search.

Partnerships

Partnership CP/TAP

Launching of the product Rail&Fly, which allows TAP customers privileged conditions regarding their travel purchases in the network Alfa and Inter-city of CP.



Partnerships with events which create travels

Several partnerships, for concerts or cultural and sporting events.



In this scope the *Blueticket* protocol for selling combined tickets Train + Shows and the partnership with *Casas do Benfica* for the transport of fans shall be highlighted.

Construction in the spaces of support to employees

Aiming to improve the spaces with higher comfort and necessary equipment to prepare and have meals.

Communication

Campaign *Alfa Pendular* and *Inter-city*

It was present in TV for 5 weeks. In the scope of the promotion campaign of *Alfa Pendular* and *Inter-city* services, CP has produced, in close relationship with SIC, a set of five mini editorial contents, each of them with different and specific themes, in accordance with the attributes of these products and with the purposes of communication of the brand.



International Campaign - *Lusitânia Comboio Hotel* and *Sud Expresso*

Performed in order to make these services known, along with their prices and discounts - namely the tariffs PROMO and PROMO+, as well as inform about the connection of *Inter-city* trains between Oporto-Campanhã and Coimbra-B to this service.

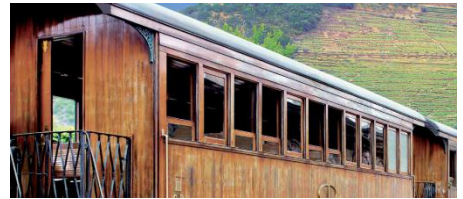
Trial Campaign - Oporto Urban Trains

With the purpose of promoting the trains and allow new customers to try it, the campaign has portrayed real customers in their daily travels, as well as aiming to make known, to the potential customers, that the train travels may provide more time for their daily routine. Train travels were offered to users of individual transportations in the commuter traffic home / work / school, as well as the offering of the second monthly fee for the first 1,000 new customers who made their first monthly subscription.

Communication of the

Historical Train 2014

With the purpose of making this product known, the campaign regarded its history and description of its main features, and the commercial offer it has - prices, promotional packs and partnerships.



Campaigns of promotion of "Courses"

Amongst others, the Course of *Amendoeiras*, the Course of *Lampreia*, the Course of *Sabores da Aldeia - Cabrito Estonado*, the Course of *Cerejas do Fundão*, the Course of *Sabores da Aldeia*, *Marrofa Lamb* and the *Grape Harvest Festival* were promoted.



Campaign of the Braga Line

Promotion of €2 travels in two days in order to promote the destiny of Braga. With this CP ticket, customers had the possibility of free entrance on these days in some of the city's museums and benefit, also, special conditions in some participating restaurants.



ROCKCARD CP 2014

In the scope of Rock in Rio 2014, CP reissued one of its brand products for music, the CP *ROCKCard*, and it was promoted in the online and offline network of CP and its associates, in social media and in the Superior Channel. The product contained: One entrance for the Rock in Rio festival, a train round-trip travel in the line Oporto-Lisbon-Oporto and road transport transfers between the Lisboa Oriente's station and the Bela Vista Park.



Campaign of the West Line

2nd communication wave, after 6 months of the schedule alterations in the West Line, with sectional communication purposes: Promote the direct connection Caldas da Rainha - Coimbra; creating awareness about the proximity of the West Line to the centre of the country and the reinforcement of communication in the segment Young People/Regional service: 25% discount for young people.



Campaign INTRA_RAIL - relaunching of the product

At the end of the year the *Intra_Rail* product was relaunched. Created in 2006, the *Intra_Rail* is now regenerated, due to the cancellation of its previous zone limitation, making it easier to circulate all over the continental territory, as well as the alteration in the duration of one of its modalities.



Other Actions

Upgrading the rail-way of the Stock and Shops Park of Campolide

This area was damaged due to its hard use. The safety of the local railway circulation was substantially improved, facilitating, this way, the shunting operations, parking and maintenance of the units belonging to the Sintra Line.



Renovation of Quality Assurance

CP renewed the assurance of its Quality Management System (SGQ) in accordance with the rule ISO 9001:2008.



Work Group of Investment Priorities in Infrastructures

The Company participated in the Work Group of Investment Priorities in Infrastructures.

125 years of the Cascais Line



As a way of commercially marking this event, CP Lisboa provided, exclusively in September 30, 125 special memberships Cascais/Lisbon, valid for one year, with the symbolic price of €125 each.

In order to mark these two events, CP and Cascais Municipal Council, in strict cooperation with the Railway National Museum, provided the opportunity to about one hundred guests of travelling between Cascais and Cais do Sodré, on board of the Presidential Trail.

Awards Received

Most Trusted Brand in the Environment Category in 2014

The Study of “Trusted Brands” of Reader’s Digest Selections has approached, once more, the environmental issue. The 2014 edition, in a new category dedicated to State-Owned Companies, has awarded CP the third place.



This distinction reveals the recognition, given by customers and general population, of the CP’s dedication to the environmental issues, as well as the effort of the growing integration of responsible environmental practices in several branches of its activity.

A blurred view from a train window showing a landscape with trees and a field. The text is overlaid on the top half of the image.

Mandatory Legal
Obligations Compliance

MANDATORY LEGAL OBLIGATIONS COMPLIANCE

Summary

Mandatory legal obligations compliance	compliance	Quantifying	Justification
	Y/N/N/A		
Management Goals/Budget and Activity Plans			
Improve EBITDA	N	-32,7% against 2013	Justified due to the breakdown of Exploitation Allowances in the amount of 16.5 million € (-48%)
Diminish the weight of Expenses in the Total Revenue	N	+6.6 p.p. against 2013	(CMVMC + FSE + Personnel w/o rescissions)/Total Revenue (w/ exploitation allowances) (*)
Financial Risk Management			
	Y	4,90%	Average funding cost (*)
Debt Ceiling Growth			
	Y	+8,5% against 2103	(*)
Evolution of Suppliers' PMP			
	Y	+95 days	Variations between 2013 and 2014 (*)
Disclosure of Payments in Arrear			
	Y	2,146,031 €	(*)
Recommendations from the stakeholder in accounting approval			
	Y		The Governing Ministry recommended CP the compliance with the Principle of Unity of the State's Treasury, in accordance with the legislation in force. CP channels all the released funds by the operation to IGCP.
Remunerations:			
Non-attribution o management awards, according to article 41, Law no. 83-C/2013	Y	Not Applicable	(*)
Social Bodies - salary cuts in force at 2014	Y	61,685 €	(*)
External Auditor - salary cuts in accordance with the provisions of article 73 from Law no. 83-C/2013	Y	Not Applicable	(*)
Remaining workers - salary cuts in force in 2014	Y	2,927,123 €	(*)
Remaining workers - prohibition of salary valuations, in accordance with the provisions of article 39 from Law no. 23-C/2013	Y	Not Applicable	(*)
Article 32 of EGP			
Using credit cards	Y	Not used	Credit cards or other means of payment are not used, for the expenses of the Company, by the Members of the Boards of Directors.
Reimbursement of expenses of personnel representation	Y	There are none	There is no place for reimbursement to the Members of the Board of Directors for any eventual expenses of personnel representation.
Public Procurement			
Application of the norms of public procurement by the company	Y	Not Applicable	(*)
Application of the norms of public procurement by the affiliates	Y	Not Applicable	(*)
Submitted agreements to prior approval from TC	Y	0	
Audits from the Court of Auditors			
	N/A		There were no audits performed by the Court of Auditors in 2014.
Vehicle Fleet			

No. of vehicles	Y	-6	(*)
Expenses with vehicles	Y	-106,879.00 €	(*)
Operational Expenses from EPS (Art no. 61, Law no. 83-C/2013)			
CMVMC	Y	-32% against 2010	(*)
FSE	Y	+3% against 2010	(*)
Personnel (with rescissions)	Y	-15% against 2010	(*)
Employees Reduction (Art no. 60, Law no. 83-C/2013)			
No. of employees	Y	-495 or -15% against 2010	Average complement staff in force
No. of managing positions	Y	-27 or -59% against 2010	
Principle of Unity of Treasury (Art no. 123, Law no. 83-C/2013)			
Centralized availabilities in IGCP	Y	90%	Amount of sight deposits in IGP/Total amount of slight deposits (*)
Income gained while non-compliance with UTE delivered in revenue to the State	N/A	0	Once CP has complied with the Principle of Unity of the Treasury, there are no income gained while non-complying to UTE and delivered in State's Revenue.

(*) Explained in an autonomous point in this report

Management Goals

CP's activity throughout the year was established by the Budget and Business Plan 2014 (PAO 2014) sent to the Sectorial and Financial responsible Ministries in December 12 2013. Promoting the efficiency remained the strategic focus of the Company in 2014.

CP closed the financial year of 2014 with a net result of -159.9 million Euros, around 48% better than predicted. In order to achieve this goal, several positive deviation registered in the operating outcome, in the financial outcome and fair-value of the portfolio of derivatives of CP.

The financial outcome in 2014 was of -198.8 million Euros, 43.6 million Euros better than expected, as a result of the interest rates practiced for the new financings were below of what was initially expected, as a consequence of the substitution of the short-term bank debt for indebtedness at medium-term and long-term for the State.

During the financial year of 2014 two swaps agreements were concluded, generating a positive variation of the fair-value of the portfolio of derivatives around 65.6 million Euros. Regarding the terms of the PAO 2014, it had been accepted that the conclusion of the BES swap might occur during the financial year of 2013, and it did not happen.

The operational outcome, without fair-value was, in 2014, of -28.7 million Euros, representing a positive deviation of around 41 million Euros against what was expected.

This deviation is justified essentially by the impact in the accounts of CP and CP Carga, the disposal to REFER of freight terminals, by the increase of revenue and by cost containment, extended to most of the items of External Services and Supply.

These deviations were partially compensated by the increase of personnel expenses, as a result of the restitution of all wage cuts from July and the retake of the wage cuts from mid-September, of the increase of overtime work, resulting from the action of fraud fight and, also, because most of the terminations occurred mostly at the end of the year.

The recurring EBITDA (EBITDA before indemnity due to terminations, impairments, provisions, subsidiaries and fair-value) was positive in 14.8 million Euros, 5.9% better than expected.

Financial Risk Management

The order no. 101/09-SETF, of January 1st, establishes a set of instructions aiming to mitigate the effects of the volatility of the financial markets regarding the financial situation of the companies and, also, establishes the obligation of data reporting in that scope. In the table below the situation of CP in 2014 regarding these subjects is summarized.

Management of Financial Risk (Order no. 101/09-SETF, from Jan 30)	Complied with			Description
	Y	N	N/A	
Procedures adopted regarding risk assessment and respective hedging measures				
Diversification of financing instruments			X	In the first semester of 2014 CP held its short-term funding jointly to the National Banking System at a variable Euribor rate. In the second semester the situation was altered, by converting the debt into medium-term and long-term, at a fixed rate.
Diversification of the modalities of interest rates available			X	
Diversification of creditor entities			X	
Hiring instruments of management risk hedging considering the market conditions			X	
Adoption of an active reinforcement policy of permanent capitals				
Consolidation of paid liability: transformation of short-term liability in M/L-term, in favourable conditions	X			In the first semester of 2014 CP held its short-term funding jointly to the National Banking System at a variable Euribor rate. In the second semester the situation was altered, by converting the debt into medium-term and long-term, at a fixed rate. Thus, the mid and long term debt weighed 85% to the total amount of the remunerated debt.
Hiring of the operation minimizing financial cost (all-in-cost) of the operation	X			Loans hired based in the total amount
Minimizing of the provision of real guarantees	X			Decrease of the debt guaranteed by the State
Minimizing of restrictive clauses (covenants)	X			Loans hired Negotiation always the minimization of restrictive clauses
Prosecuted measures aiming to obtain the financial structuring of the company				
Adoption of policies minimizing the attributed foreign capitals to the financial hedging of the investments	X			CP has maintained in 2014 the amount of drop in investments at the least indispensable in order to ensure the safety and operability of the rolling stock and of fixed instalments. In 2014, the funding activities presented positive flows, as a result of the disposal to REFER of freight terminals and of the acceptance of payment by REFER of the invoice concerning the disposal of the building from former FERGRÁFICA.
Option for investments with proven social/corporate profitability, benefiting from FC and CP	X			
Using the auto-funding and revenues of drop in investments	X			
Inclusion in the R & A				
Description of the evolution of the annual fixed rate of funding in the past 5 years	X			In an autonomous point in the present report.
Income supported annually with the remunerated liability and other costs in the past 5 years	X			In an autonomous point in the present report.
Analysis of the efficiency of the funding policy and of the use of management instruments of financial risk.	X			In an autonomous point in the present report.
Reflection in the DF of the effect of fair-value variation from swaps agreements in portfolio				
	X			

FC - Community Funds

CP - Equity

Y - Yes

N - NO

N/A- Not Applicable

In the chapter "Funding" of the present report it is possible to obtain additional information regarding the financial management during 2014.

Average Time for Payment (ATM)

During 2014, CP has released enough funds for ensuring its operational activity. However, the company did not have conditions for ensuring by its own means the service of the historical debt and, in the sequence of reduction of the attributed carry-over payments, it no longer had enough funds for ensure its investments.

In that context, during the first months of the year, CP remained relying on the Domestic Banking System, obtaining short-term loans in order to complete its resulting responsibilities from the debt service.

However, the company was not able to obtain the full funding necessary to ensure de payment of commitments resulting from the debt service. For that reason, it had to rely on the revenue of its exploitation activity in order to ensure the fulfilment of the aforementioned commitments.

This situation ended up rendering the payment to some suppliers impossible, namely to REFER, and it also contributed for the worsening of the average time for payments.

Since September, with the integration of CP in the consolidated accounting requirement of the State Budget, the company was able to stop relying on funding from credit institutions. This way, its funding needs became satisfied by State loans, in accordance with the applicable laws for reclassified public companies.

In the scope of the State funding agreement concluded in October 2014, CP was able not only to transform its short-term debt in medium-term and long-term debt, but also to obtain the necessary funding for ensuring the payment of a significant part of the historical debt to REFER.

The amounts in arrears over 360 days, at December 31 2014, were around 474 thousand Euros and, from these, 145 thousand Euros concerned REFER. All debt values regarded situations pending on rendering accounts or in dispute settlements.

Overdue Debts (amounts in Euros)	0-90 days	Overdue debts in accordance with Art. No.1 from Decree 65-A/2011			
		90-120 days	120-240 days	240-360 days	>360 days
Acquisition of goods and services	1,502,277	21,124	107,051	41,942	473,636
Acquisition of capital	0	0	0	0	0
Balance overdue to Suppliers (total)	1,502,277	21,124	107,051	41,942	473,636
REFER	-53,318	0	6,899	0	144,612
Others	1,555,595	21,124	100,153	41,942	329,024

The following table presents the ATM referring to the 4th quarters of 2013 and 2014.

ATM	2013	2014	Var. 2014/2013
Deadline (days)	229	266	16%
Deadline w/o REFER (Days)	68	60	-12%

The ATM presented a growth tendency until the 3rd quarter of 2014. This situation, as it was previously analysed, resulted from the difficulties CP had in obtaining funding, which forced the company to channel allocations from its exploitation for the payment of inherent liabilities at the debt service, and it affected the payment to suppliers, namely REFER.

In December 2014 CP was able to alter this scenario and settle almost the whole amount of debt to REFER. This substantial debt decrease to suppliers will only present itself as a positive impact in the trimestral ATM indicator of the following periods, and it is calculated based on the average debt of the previous 12 months.

This way, CP's ATM at the end of the 4th quarter of 2014 amounted to 266 days, 37 days more than the same period of 2013. If we exclude the debt to REFER regarding the services of Network Directorate from this indicator, the ATM would be around 60 days at the end of the 4th quarter of 2014, presenting a decrease of 8 days regarding the calculations of 2013. It should be noted that the ATM without REFER includes, nonetheless, other debts to REFER regarding extra-Directorate services which are not easily expunged from the indicator.

Recommendations from the Shareholder Issued When the 2013 Accounts were approved

The Responsible Ministry recommended CP to comply with the Good Governance Principles, according to the law in force.

In this context, CP has maintained the effort with the aim of channelling all the funds released by the Public Debt Management Institute (IGCP), though the surplus investments was made by CEDICs (European Committee of the Consulting Engineers of the Common Market).

Remunerations

Salary Reduction Measures

- The rules regarding salary reductions foreseen in Law no. 83-C/2013 from December 31 were applied during the year of 2014. The aforementioned Law was approved by the State's budget for 2014, until the respective statement of unconstitutionality, as well as the Law no. 75/2014 from September 12;
- The reduction of 5.0% of the fixed monthly net salary from the members of the Board of Directors was maintained (as per paragraph 1 article 12 and paragraph 20 of Law no. 12-A/2010 from July 30), as well as the imposed limitation to the aforementioned salaries which, during the enforcement of the Economic and Financial Assistance Programme, cannot overcome the amount which was already being paid (as per Decree no. 8/2012 from January 18 and the Council of Ministers Resolution no. 36/2012 from March 26, as amended by the Council of Ministers Resolution no. 45/2013 from July 18 and article 256 of the Law no. 83-C/2013) and the non-attribution of management awards (as per article 41 of Law no. 83-C/2013 from December 31.
- During the year of 2014 the recognition of the unenforceability of the foreseen scheme for the public service workers was maintained, regarding the travels and daily allowances of the traveling personnel and, in the aforementioned subjects, the rules of AEs (Company Agreements) were still applicable;
- The payment of overtime work was made in accordance with the foreseen rules in the Employment Agreement Scheme in Public Services, by virtue of article 18 of Decree 133/2003 of October 3. During 2014 the enforcement of the agreements concluded with the trade unions in 2013, regarding only the payment of work provided in a not compensated non-working day and in a not compensated official holiday, was extended. The aforementioned agreements were transmitted to the responsible Ministries at due time;
- Regarding the workers with a 35 working-hours, the applied scheme was the one foreseen in article 45 of Law no. 83-C/2013 from December 31;
- The monthly base gross salary of the members of inspection bodies and of ROC was reduced in 10%, bearing into account their full remuneration (CP + remuneration of other entities);
- The performance of services from the external auditor was addressed in July 2014 by an international contest which allowed a decrease of the financial burden maintained with the audit services to the individual and consolidated accounts of the companies of the Group. The aforementioned agreement is in force for the following three years financial years.

The reductions, regarding the Governing Bodies and remaining workers, may be summarized in the following table:

Designation Unit: €	2010	2011	2012	2013	2014
Personnel Expenses (€)	0	0	83,530,337	98,036,837	103,342,128
Social Bodies Expenses (€)	509,746	469,233	418,369	442,818	499,442
Reductions resulting from legal alterations	0	66,716	76,758	67,952	61,685
Increases resulting from legal alterations	0	0	0	0	0
Expenses with Total Staff without O.S. (€) (*)	-9,805,994	-15,992,122	80,006,790	92,423,563	100,421,229
Reductions resulting from legal alterations	0	2,589,338	2,119,059	2,501,077	2,927,123
Increases resulting from legal alterations	0	0	0	0	0
Terminations/Indemnities	9,296,247	15,523,889	3,105,178	5,170,456	2,421,457

(*) The increase of Personnel Expenses (without indemnities) in 8.1 million Euros was mainly the result of adjusting the amounts of expenses regarding occupational injuries' allowances of 11.1 million Euros. The aforementioned alteration had, however, a compensation of equal amount in the reduction of the established provisions for the mentioned allowances, thus, speaking in real net terms, those accounting adjustments had no impact in the company's outcomes.

Governing Bodies Remuneration

Board of Directors

Start-End Mandate	Position	Name	Designation		OPRLO	
			Way	Date	Identification of Entity	Payer (O/D)
21-02-2013 to 21-02-2015	President	Manuel Tomás Cortez Rodrigues Queiró	RCM no. 6-A/2013 (DRE 2nd Series, no. 42) With the Declaration of Amendment no. 285/2013 (DRE 2nd Series no. 45) from 05-03-2013		N/A	N/A
21-02-2013 to 21-02-2015	Vice-President	Cristina Maria dos Santos Pinto Dias			N/A	N/A
21-02-2013 to 21-02-2015	Executive Voting Member	Maria Isabel de Jesus da Silva Marques Vicente			N/A	N/A
21-02-2013 to 21-02-2015	Executive Voting Member	Maria João S. C. Rosa Calado Lopes			N/A	N/A

OPRLO - Option for Remuneration in the Place of Origin

O/D - Origin / Destination

NAME	Accumulation of Positions		
	Entity	Function	Scheme (Public/private)
Manuel Tomás Cortez Rodrigues Queiró	CP Carga	President of the BoD	Public
Cristina Maria dos Santos Pinto Dias	EMEF	President of the BoD	Public
	TIP	President of the BoD	Public
	SIMEF	President of the BoD	Public
	OTLIS	Voting Member of the BoD	Public
	Nomad Tech	Manager	Public
Maria Isabel de Jesus da Silva Marques Vicente	EMEF	Voting - member of the BoD	Public
	ECOSAÚDE	Sole Administrator	Public
	SAROS	Manager	Public
	FMNF	Non-Executive Voting Member of the BoD	Public
	FMNF	Voting member of the C.C.	Public
Maria João S. C. Rosa Calado Lopes	CP Carga	Voting Member of the BoD	Public
	FERNAVE	Sole Administrator	Public

CP Carga - Logística e Transportes Ferroviários de Mercadorias, S.A.

EMEF - Empresa de Manutenção de Equipamento Ferroviário, S.A.

Ecosáude - Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A.

FERNAVE - Formação Técnica, Psicologia Aplicada e Consultoria Em Transportes e Portos, S.A.

SAROS - Sociedade de Mediação de Seguros, Lda.

Nomad Tech, Lda

SIMEF A.C.E. - Serviços Integrados de Manutenção e Engenharia Ferroviária, A.C.E.

FMNF - Fundação do Museu Nacional Ferroviário Ginestal Machado

TIP - Transportes Intermodais do Porto, ACE

OTLIS - Operadores de Transportes da Região de Lisboa, ACE

BoD - Board of Directors

C.C. - Consulting Committee

Name	EGP			
	Fixed	Rate	Gross Monthly Amounts (€)	
	Y/N	A,B,C	Base Salary	Representation Expenses
Manuel Tomás Cortez Rodrigues Queiró	Y	A	5,722.75 €	2,289.10 €
Cristina Maria dos Santos Pinto Dias	Y	A	5,150.48 €	2,060.19 €
Maria Isabel de Jesus da Silva Marques Vicente	Y	A	4,578.20 €	1,831.28 €
Maria João S. C. Rosa Calado Lopes	Y	A	4,578.20 €	1,831.28 €

EGP - Statute of Public Manager

Name	Annual Remuneration (€)						
	Variable	Fixed **	Other	Reduction Law no. 12-A/2010	Other Salary Reductions	Reduction on previous Years	Gross After Reductions
Manuel Tomás Cortez Rodrigues Queiró	0.00 €	107,587.75	0.00 €	5,379.39	14,771.78	0.00 €	87,436.58
Cristina Maria dos Santos Pinto Dias	0.00 €	96,828.88	0.00 €	4,841.44	11,003.29	0.00 €	80,984.15
Maria Isabel de Jesus da Silva Marques Vicente	0.00 €	86,070.20	0.00 €	4,303.51	6,540.05	0.00 €	75,226.64
Maria João S. C. Rosa Calado Lopes	0.00 €	86,070.20	0.00 €	4,303.51	6,540.05	0.00 €	75,226.64

Notes: *"Reduction Previous Years" concerns remunerations regularized in the year in question belonging to previous years

*Indicate the motives for this procedure

** Remuneration + Expenses of representation

Name	Annual Remuneration (€)				
	Variable	Fixed *	Gross (1)	Salary Reductions (2)	Amount After Reductions (3) = (1) - (2)
Manuel Tomás Cortez Rodrigues Queiró	0.00 €	107,587.75	107,587.75 €	20,151.17	87,436.58
Cristina Maria dos Santos Pinto Dias	0.00 €	96,828.88	96,828.88 €	15,844.73	80,984.15
Maria Isabel de Jesus da Silva Marques Vicente	0.00 €	86,070.20	86,070.20 €	10,843.56	75,226.64
Maria João S. C. Rosa Calado Lopes	0.00 €	86,070.20	86,070.20 €	10,843.56	75,226.64

Note: * Remuneration + Representation Expenses (without reductions)

Name	Social Benefits							
	Meal Allowance (€)		Social Protection Scheme		Health insurance (€)	Life Insurance (€)	Others	
	Daily	Yearly	Identification	Amount			Identification	Amount
Manuel Tomás Cortez Rodrigues Queiró	6.86 €	1,474.90 €	Social Security	20,896.60 €	274.83 €	0.00 €	Personal Accidents Insurance	8.06 €
Cristina Maria dos Santos Pinto Dias	6.86 €	1,488.62 €	Social Security	19,235.22 €	274.83 €	0.00 €	Personal Accidents Insurance	8.06 €
Maria Isabel de Jesus da Silva Marques Vicente	6.86 €	1,715.00 €	CGA	18,020.73 €	274.83 €	0.00 €	Personal Accidents Insurance	8.06 €
Maria João S. C. Rosa Calado Lopes	6.86 €	1,715.00 €	Social Security	17,868.02 €	274.83 €	0.00 €	Personal Accidents Insurance	8.06 €

Name	Mobile communications Expenses (€)		
	Established Monthly Plafond	Annual Amount	Obs.
Manuel Tomás Cortez Rodrigues Queiró	80.00 €	283.20 €	
Cristina Maria dos Santos Pinto Dias	80.00 €	662.29 €	
Maria Isabel de Jesus da Silva Marques Vicente	80.00 €	193.84 €	
Maria João S. C. Rosa Calado Lopes	80.00 €	83.84 €	

Name	Costs with vehicles								
	Assigned Vehicle	Concluded Agreement	Reference Amount of the Vehicle	Modality	Beginning year	Conclusion Year	Amount of the Monthly allowance	Annual Expense with allowances	No. of Remaining contractual Allowances
	Y/N	Y/N	(€)	(1)			(€)	(€)	
Manuel Tomás Cortez Rodrigues Queiró	Y	Y	49,745.80	Renting	2010	2016	979.16	11,749.92	72
Cristina Maria dos Santos Pinto Dias	Y	Y	57,575.98	Renting	2008	2016	708.15	8,497.80	96
Maria Isabel de Jesus da Silva Marques Vicente	Y	Y	59,418.04	Renting	2008	2016	681.98	8,183.76	96
Maria João S. C. Rosa Calado Lopes	Y	Y	57,575.98	Renting	2008	2016	676.39	8,116.68	96

(1): Acquisition; ALD, Leasing or other

Name	Established Monthly Fuel Plafond	Annual Expenses Related with Vehicles (€)					Observations
		Fuel	Toll	Other Repairs	Insurance		
Manuel Tomás Cortez Rodrigues Queiró	¼ of the representation expenses	2,807.27 €	352.70 €	0.00 €	0.00 €	Vehicle in ACV, with insurance and maintenance included in the allowance	
Cristina Maria dos Santos Pinto Dias		1,325.30 €	146.00 €	0.00 €	522.71 €	Vehicle in ACV, with insurance and maintenance included in the allowance	
Maria Isabel de Jesus da Silva Marques Vicente		1,652.91 €	228.05 €	0.00 €	522.71 €	Vehicle in ACV, with insurance and maintenance included in the allowance	
Maria João S. C. Rosa Calado Lopes		1,334.36 €	11,00 €	0.00 €	522.73 €	Vehicle in ACV, with insurance and maintenance included in the allowance	

Name	Annual Expenses Regarding Service Travels					
	On duty travels	Housing Expenses	Daily Allowances	Others		Total Expense with Travels (€)
	(€)	(€)	(€)	Identify	Amount (€)	
Manuel Tomás Cortez Rodrigues Queiró	4,501.57 €	1,556.74 €	1,590.55 €	Taxi	82.30 €	7,731.16 €
Cristina Maria dos Santos Pinto Dias	421.35 €	401.66 €	654.94 €	Taxi	85.50 €	1,563.45 €
Maria Isabel de Jesus da Silva Marques Vicente	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €
Maria João S. C. Rosa Calado Lopes	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €

Inspection

Supervisory Board

Mandate (beginning - end)	Position	Name	Designation		Fixed Statute of Remuneration (Monthly)
			Way	Date	
13-11-2013 to 31-12-2015	President	António José Farinha Simão	Joint Order w/o no. from Ministries of Finance and Economy	13.22.2013	1,602.37 €
13-11-2013 to 31-12-2015	Fixed Voting Member	Maria de Lurdes Pereira Moreira Correia de Castro			1,201.78 €
13-11-2013 to 31-12-2015	Fixed Voting Member	Cláudio de Castro Garcia do Couto Cabral			1,201.78 €
13-11-2013 to 31-12-2015	Non-Fixed Voting Member	Nelson Manuel Costa Santos			N/A

Supervisory Board

Name	Yearly Remuneration 2014 (€)		
	Gross (1)	Salary Deductions (2)	Amount After Deductions (3) = (1) - (2)
António José Farinha Simão	22,433.17 €	1,624.44 €	20,808.73 €
Maria de Lurdes Pereira Moreira Correia de Castro	16,824.94 €	1,188.70 €	15,636.24 €
Cláudio de Castro Garcia do Couto Cabral	16,824.94 €	1,188.70 €	15,636.24 €
Nelson Manuel Costa Santos	0.00 €	0.00 €	0.00 €

Certified Public Accountant

Mandate (Beginning - End)	Position	Identification SROC/ROC		Designation		Hired	No. of mandates performed in the company
		Name	Number	Way	Date		
9-12-1993 until 31-7-2014	ROC	Alves da Cunha, A. Dias e Asscciad. Sociedade de Revisores Oficiais de Contas, represented by Dr. José Luís Areal Alves da Cunha	585	After the nomination from the Supervisory Board at November 13 2013, he held the position ROC until July 31 2014.		9-12-1993	5
01-08-2014	ROC	Oliveira	1,056	Joint Order w/o		16-05-2014	1

until 31-12-2015		Reis e Associados - Sociedade de Revisores Oficiais de Contas. Lda - . Represented by Dr. Joaquim Oliveira de Jesus		number from May 16 2014. From the Ministries of Finance and Economy, begun his position at August 1 2014 in order to complete the mandate of 2013-2015.		
01-08-2014 until 31-12-2015	Replacement ROC	Oliveira, Reis e Associados - Sociedade de Revisores Oficiais de Contas, Lda, ROC Replacement Replacement Dr. José Vieira dos Reis	359	Joint Order w/o number from May 16 2014. From the Ministries of Finance and Economy, begun his position at August 1 2014 in order to complete the mandate of 2013-2015.	16-05-2014	1

Name	Annual Remuneration	
	Fixed (€) (1)	Gross Payed (€) (2)
Alves da Cunha, A. Dias e Asscciad. Sociedade de Revisores Oficiais de Contas, represented by Dr. José Luís Areal Alves da Cunha	26,676.00 €	14,638.75 €
Oliveira Reis e Associados - Sociedade de Revisores Oficiais de Contas. Lda - . Represented by Dr. Joaquim Oliveira de Jesus	21,500.00 €	8,313.32 €

External Auditor

Name	No. registry in CROC	No. Registry in CMVM	Hiring Date		Yearly Remuneration		
			Date	Duration	Amount of Service Provision	Remuneratory Deduction	Amount After Deductions
Pinto Ribeiro Lopes Figueira & Associados, SROC, LDA	197	9199	10-07-2014	3 years	11,750.00 €	(see note)	N/A

Note: The amount of the services hired concerns 3 financial years and covers CP audit services (individual and consolidated accounts) and of the companies from CP Group. The amount of the agreement for the 3 years was of 84,750€. The costs regarding exclusively CP for those 3 years are of 32,250€.

Implementation of the article 32 of the Public Manager Statute

In the scope of CP-Comboios de Portugal, E.P.E., in accordance with the provisions of paragraphs 1 and 2 article 32 of the Public Manager Statute (Decree no. 71/2007 from March 27, in the wording of Decree no. 8/2012 from January 18), no other credit cards or other payment instruments are used, for the expenditures made at the company's service, by the Members of the Board of Directors, and there is also no reimbursement to members of any eventual expenses of personal representation.

Public Procurement

The proceedings adopted by the company under contracting are governed by the Public Contracts Code (CCP), approved by the Decree no. 18/2008 from January 29, having been considered a contracting authority of the special transportation sector. The company has, at the present moment an agreement with ACINGOV regarding the use of an electronic platform for hiring, thus, the company has the necessary means for the realization of public proceedings of acquisition, in accordance with the legislation in force.

CP, in the proceedings related with the acquisition of goods and services, executes the making of public and limited contests through pre-qualification or through consulting several entities.

CP has, in 2014, concluded an agreement of an amount over 5 million Euros with ENDESA Energia, SA, for high voltage electrical power for traction.

National Public Purchasing System (SNCP) and State's Motor Vehicle Fleet

National Public Purchasing System

CP has concluded, in July 2010, an agreement of subscription to the National Public Purchasing System (SNCP) as a voluntary purchasing entity.

Bearing in mind the framework agreements already existing in ANCP (*Agência Nacional de Compras Públicas* [National Agency of Government Procurements]), has been analysing case by case if the use of the mentioned agreements are beneficial regarding the agreement amounts already concluded directly by the company, as well as if the technical characteristics in question correspond to its needs.

[signed]61

Since 2012, CP has executed the agreements of ESPAP (*Entidade de Serviços Partilhados da Administração Pública* [Entity of Shared Services of the General Government]) for the areas of surveillance and human safety, vehicles renting, hiring travel agencies, acquisition of printing consumables, storage facility and its content and paper.

State's Motor Vehicle Fleet

CP has no connection with the named State's Motor Vehicle Fleet, despite its voluntary subscription to the National Public Purchasing System (SNCP) and despite its last vehicle hiring in renting through the mentioned system.

Bearing in mind the provisions in the Circular Letter of the Directorate General of Treasury and Finance, no. 4238 of July 1 2013 and in the Ordinance no. 5410/2014 of the Ministry of Environment, Regional Planning and Energy and of the National Treasury of April 17 2014, it was complied with at a ratio of two scrapped vehicles for each new acquisition, to the decrease of the range of vehicles and the maximum established rents. This resulted in an inferior automobile park and with less expenses of use.

In 2014, 8 vehicles were ordered to be put down, and those were replaced by hiring three new vehicles in the AOV scheme (two vehicles of the LP inferior range for 48 months and 120.000 Km and a vehicle of the LP inferior-van of 5 seats for 48 months and 200.000 Km). Joining these scrapping measures and new renting with the decision of prolonging the enforceability of the AOV agreements concluding in 2015, it is estimated a monthly saving of €2.200.

Reduction Measures of Operating Expenses

PRC (Amounts in €)	Goal 2014	Finan. Year 2010	Finan. Year 2011	Finan. Year 2012	Finan. Year 2013	Finan. Year 2014	Δ2014/2013		Δ2014/2010	
							Absolute	%	Absolute	%
EBITDA	12,669,726	13,358,199	39,441,453	35,405,712	21,952,591	14,769,653	-7,182,938	-	1,441,455	11%
(1) CMVMC	8,841,470	11,400,400	11,440,560	9,284,408	8,477,671	7,715,510	-762,161	-9%	-3,684,890	-32%
(2) FSE	174,198,338	165,726,647	163,269,005	165,580,922	166,757,128	169,938,629	3.181,501	2%	4,211,982	3%
Travels/ Stays	389,678	481,207	444,708	460,901	374,713	341,010	-33,703	-9%	-140,197	-29%
Daily Allowances										
Communications	843,833	1,382,359	1,236,341	954,755	788,014	759,112	-28,902	-4%	-623,247	-45%
(3) Personnel Expenses	84,635,105	122,251,077	108,072,860	83,530,337	98,000,235	103,342,128	5,341,892	5%	18,908,949	-15%
(3.1) From which carry-over payments	2,400,000	9,296,567	15,523,889	3,105,178	5,170,456	2,421,457	-2,748,999	-53%	-6,875,110	-74%
(4) Total Expenses = (1)+(2)+(3)-(3.1)	265,274,913	290,081,557	267,258,537	255,290,489	268,064,578	278,574,810	10,510,232	4%	11,506,747	-4%
(5) Total Revenue (W/ Exploitation funds)	252,012,909	273,263,770	275,016,672	271,772,406	264,081,550	257,663,529	-6,418,021	-2%	15,600,241	-6%
Weight of the Expenses in the TR (%) (4)/(5)	105%	106%	97%	94%	102%	108%	+6 P.P.	-	+2 P.P.	-
Numbers of HR	2,741	3,275	3,153	2,924	2,786	2,754	-32	-1%	-521	-16%
Social Bodies (*)		6	6	6	5	7	2	40%	1	17%
No. Of Managing Positions (**)		46	39	36	28	19	-9	-31%	-27	-59%
No. Total Staff		3,223	3,108	2,882	2,754	2,728	-26	-1%	-495	-15%
No. Total Staff/No. Managing Positions		70,07	79,69	80,06	100,13	143,58	43,45	3%	73,51	105%
Vehicles										
No. of Vehicles		N/A	N/A	N/A	57	51	-6	-11%	n/a	n/a
Expenses w/ vehicles		N/A	N/A	N/A	381,905	275,026	-106,879	-28%	n/a	n/a

The weight of the main items of expenses in the total revenue presents an unfavourable evolution of 2 p.p. against 2010. This variation is justified mainly because of the decrease in about 50% of the carry-over payments (-17 million Euros). If we disregard the aforementioned impact, we can verify the weight of the main items of expenses of the total revenue, without carry-over payments, would present an improvement of around 6 p.p., showing an decrease of 122% in 2010 to 116% in 2014, pointing out the relevant effort of expenses reduction, justified by the measures of rationalization of services and by the processes of cost reduction established by the Company.

We should also point out that this ratio excludes a set of income and expenses of operational and recurring nature, accounted in the items of

other income and expenses, which are fundamental for the evaluation of the operational balance of the company³.

The item with the most relevant decrease is Personnel Expenses, with an amount of around -19 million Euros, as a result of the reduction of the total Permanent Staff and of the issued salary reductions. Furthermore, we shall consider the impact of the variation of the number of terminations. To be noted that the decrease was not superior due to 2014 being influenced by the adjustment of the expenses regarding occupational injuries' allowances of 11.1 million Euros. The aforementioned alteration had, however, a compensation of equal amount in the reduction of the established provisions for the mentioned allowances, thus, speaking in real net terms, those accounting adjustments had no impact in the company's outcomes. Expunging this effect, the decrease of Expenses with Personnel regarding terminations would be around 30 million Euros, which would represent a reduction of roughly 25% against 2010.

Considering the number of total Permanent Staff and of leading positions, the Company has reduced the mentioned amounts in 16%, compared with 2010, including a decrease of 59% of managing positions of first level (annual average amounts).

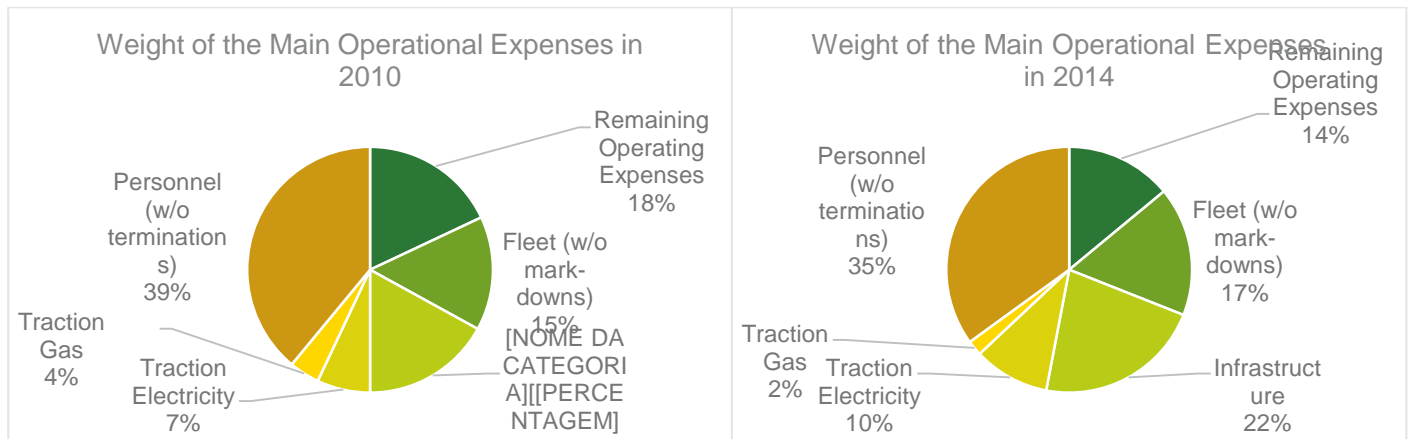
The decrease the Cost of the Sold Goods and of the Consumed Goods in 3.7 million Euros had a result, in turn, of a rationalization of the offer, and of the fact that some services became fully executed in electrical traction. There was also a transfer for CP Carga of the fuel deposits for traction strictly connected with the economic activity of that company, allowing to compensate the noted variations of cost.

External Services and Supplies, despite the effort of cost contain developed by the Company for all the items, presented a global growth of 3%. This increase is justified primarily by the increases of expenses held with the Infrastructure Use Rate (over 38% in 2014 regarding 2010), corresponding to an increase of around 17 million Euros, from electricity for traction (over 33% in 2014 regarding 2010), corresponding to a growth of around 7 million Euros, due to relevant increases of costs and to the loss of the interruptibility system in some substations and, also, of expenses with the rental of rolling stock (over 193% in 2014 regarding 2010), presenting an increase of around 5 million Euros, due to the lack of investment in the electrification of the infrastructures and to the limitations to the investment in rolling stock. Excluding the mentioned impacts, the external services and supply would present a decrease of, roughly, 25 million Euros, which would result in a reduction of around 15% against 2010.

The following charts represent the global structure of the expenses of the Company in 2010 and 2014. It is possible to determine the reduction of the weight of expenses with personnel, diesel oil for traction and the

³ As an example, we mention the re-invoicing of Electricity and diesel oil for Traction to CP Carga, whose income is accounted in other operational expenses, though its expenses are being supported by CP in the items CMVMC and FSE.

remaining expenses (sub-contracts, expendable items, utilities, etc.), which is the object of measures of rationalization and renegotiation / containment. In contrast, we verify an increase of the weight of expenses related with the rate of use of the infrastructure, the electricity for traction and the fleet of rolling stock.



In the scope of expenses with travels, stays and daily allowances it was verified a decrease of 29% regarding 2010. These items include transportation of operating staff from and to the work places/dormitories, in other words, linked to the production of transportations.

The expenses with communication have also registered, since 2010, a decreasing evolution (-45% than in 2010). This item includes, beyond the fixed and mobile communications, the data communications, namely with the stations, which are indispensable to the business.

Compliance with the Good Governance Principles

After the publication of Law no. 55-A/2010, CP has considered the Scheme of the State's Treasury, created by Decree no. 191/99 from June 5, with the updated wording of the Law no. 39-A/2005, which began to be applicable.

As a consequence, and before the difficulties in applying UTE resulting from the maladjustment of the scheme to the company's activity, CP has required the Responsible Financial Ministry permission for maintaining the bank account movements in the framework of the banking relationship necessary to the financial support of the Company and to the normal development of service exploitation, without prejudice of providing the relevant increase of movements through IGCP and the application of all the mobile cash in the respective account.

Despite the non-existence of an answer to the dispositions proposed by CP, there has been a development of all the efforts for the compliance, whenever possible, with the good governance principles:

- The number of movements of the account of IGCP has increased significantly, whether at the level of receivables whether at the level of payments and, also, the account is moved with the highest possible regularity;
- Most of the payments are concluded through IGCP, as well as some payments to national and foreign suppliers;
- The receivables of the customers are being channelled to the IGCP account;
- Since December 2010 the occasional treasury surplus are applied in IGCP - Cedic's.
- The available values which have not yet been applied, due to their amount, are maintained in IGCP's account.

The moving of bank accounts relying on the National Banking has been maintained, not only due to the necessary financial support until the end of the 2nd quarter of 2014, but also due to impossibility of concluding a few payments and receivables through IGCP's account given its operational features of the Bank.

Audits performed by the Court of Auditors

There were no audits performed by the Court of Auditors during 2014.

Information in the SEE [State Corporate Sector] website

Information in the SEE website	Disclosure		Comments
	Y / N / N/A	Date Update	
Statutes	Y	14-03-2012	
Characterization of the Company	Y	25-05-2014	
Governing Ministry and Stakeholder Functions	Y	21-08-2013	
Governing Model/Members of Social Bodies:	Y	10-10-2014	
Identification of Social Bodies	Y	10-10-2014	
Fixed Statute of Remuneration	Y	10-10-2014	
Disclosure of the Gained Remunerations by the Social Bodies	Y	10-10-2014	
Identification of the functions and responsibilities of the BoD Members	Y	10-10-2014	
Presentation of the curriculum synthesis of the members of the Social Bodies	Y	10-10-2014	
Public Financial Effort	Y	25-05-2014	
Synthesis Form	Y	10-10-2014	
Historic and Current Financial Information	Y	23-07-2013	
Good Governance Principles	Y	26-05-2014	
Internal and External Regulations to which the Company must Comply	Y	26-05-2014	
Relevant Transactions w/ related entities	Y	26-05-2014	
Other Transactions	Y	26-05-2014	
Analysis of the Sustainability in the dominium:	Y	26-05-2014	
Economic	Y	26-05-2014	
Social	Y	26-05-2014	
Environmental	Y	26-05-2014	
Assessment and compliance of the PGG	Y	26-05-2014	
Ethics Code	Y	26-05-2014	

A blurred view from a train window showing a landscape with trees and a field. The text "Economic and Financial Analysis" is overlaid on the image.

Economic and
Financial Analysis

ECONOMIC AND FINANCIAL ANALYSIS

Trading account evolution

INCOMES AND EXPENSES (Amounts in M€)	PERIODS		VARIATION	
	REAL 31-12-2014	REAL 31-12-2013	Amount	%
Provided sales and services	239,759	229,698	10,061	4%
Operating allowances	17,905	34,384	-16,479	-48%
Other Income and Gains	46,291	31,622	14,670	46%
SUB-TOTAL	303,955	295,703	8,252	3%
Sold commodities and consumed materials costs	-7,716	-8,478	762	9%
External services and supply	-169,939	-166,757	-3,182	-2%
Personnel Expenses (w/o compensations)	-100,921	-92,866	-8,054	-9%
Other expenses and losses	-10,611	-5,649	-4,961	-88%
SUB-TOTAL	-289,185	-273,751	-15,435	-6%
Operational result of transportation activities* (EBITDA)	14,770	21,953	-7,183	-33%
Expenses/reversal of write-offs and amortization	-65,063	-69,296	4,233	6%
Impairment of depreciable and amortisable investments (losses/reversals)	-4,707	-2,524	-2,183	-86%
Carry-Over Payments	-2,421	-5,170	2,749	53%
Gains/losses attributed to subsidiaries, associated companies and joint ventures	1,226	-2,956	4,183	141%
Inventory Impairments (losses/reversals)	-117	-122	5	4%
Impairment of receivables (losses/reversals)	1,604	-1,029	2,634	256%
Provisions (increases/decreases)	15,387	-19,169	34,556	180%
Impairment of non-depreciable and non-amortisable investments (losses/reversals)	10,614	-7,409	18,023	243%
Fair-value increases/reductions	64,456	66,022	-566	-1%
Operational Outcome	36,747	-19,703	56,450	287%
Interests and similar income gained	5,188	4,732	456	10%
Payable interest and similar expenses	-204,017	-211,256	7,239	3%
Financial Outcome	-198,829	-206,524	7,695	4%
Outcome Before Taxation	-162,082	-226,227	66,145	28%
Income tax of the period	2,213	-289	2,502	866%
Net Outcome of the Period	-159,869	-226,517	66,647	29%

OPERATIONAL RESULT OF THE ACTIVITY OF PASSENGERS TRANSPORTATION (EBITDA)	14,770	21,953	-7,183	-33%
Carry-Over Payments	-2,421	-5,170	2,749	53%
Application MEP, fair-value, impairment and provisions	94,169	35,335	58,834	167%
Depreciations	-69,770	-71,821	2,050	3%
OPERATIONAL OUTCOME	36,747	-19,703	56,450	287%
FINANCIAL OUTCOME	-198,829	-206,524	7,695	4%
NET INCOME	-159,869	-226,517	66,647	29%

*Before carry-over payments, fair-value, impairments, provisions, depreciations, funding expenses and taxes

[signed] 69

The financial statements are presented in the following table, in compliance with the Accounting Normalization System (SNC) in force. For the effects of management analysis, the following table shows in a more suitable manner, the performance of the company.

CP closed the financial year of 2014 with a net result of -159.9 million Euros, 66.7 million Euros ahead than the results of 2013 (-226.5 million Euros).

This improvement is mainly the result of the increase of sales and provided services in 10.1 million Euros, of the increase of other income and gains in 14.7 million Euros, as a consequence, mainly, of the disposal of the Freight Terminals and of the general improvement of the remaining items of the operational outcome not related with the transportation activity, namely regarding provisions and impairments. The Financial Outcome presented a better result (7.7 million Euros) than the one verified in 2013, as a result of the decrease of the interest rates applied in the renovation of the funds of funding operations. The recurring EBITDA (Operational Outcome of the activity of Passengers Transportation) was positive in an amount of 14.8 million Euros. Regarding 2013, this indicator has presented a decrease of 7.2 million Euros, justified namely by the reduction of the value of the carry-over payments attributed in 16.1 million Euros, even if partially compensated by the increase of the service provisions (+10.1 million Euros).

The increase of Personnel Expenses (without indemnities) in 8.1 million Euros was mainly the result of adjusting the amounts of expenses regarding occupational injuries' allowances of 11.1 million Euros. It should be noted that this movement was performed with the aim of altering the accounting and fiscal treatment of the benefits of employees regarding occupational injuries' allowances. The aforementioned alteration had, however, a compensation of equal amount in the reduction of the established provisions for the mentioned allowances, thus, speaking in real net terms, those accounting adjustments had no impact in the company's outcomes.

If the mentioned procedural alteration had not been performed, the expenses with the company's personnel would have been reduced in around 3 million Euros against the previous year, as a result of, in 2013, the impact of the restitution of the vacation allowance of 2012 and 2013 having been accounted; and this became a paid allowance as a result of the publication of Law no.39/2013. Still considering the impact in the variation of expenses with personnel, it should be mentioned the reduction of 48 employees from the total Permanent Staff, the increase of overtime work resulting from the fraud fight actions and de application of the salary cuts foreseen in the State's Budget for 2014 in the first five months of the year as well as the decision of the Constitutional Court for the termination of the salary cuts, which affected the payments and allowances paid until 31 may 2014 - and this measure was kept in force until mid-September, henceforth the mentioned salary cuts of 2103 were resumed.

Despite the generalized effort of cost containment, the External Services and Supply registered an increase of 3.2 million Euros against 2013, due mainly to the rate of usage of the infrastructure, which registered an increase of 2.2 million Euros, and the expenses of preservation and repair of rolling stock due to malfunction - which increased in 1.4 million Euros.

The scrapping of 10 UTS's 600 and one ALLAN have contributed to the increase of other expenses and losses in 5 million Euros. In real net terms, the impact of the aforementioned scrapings in the company's accounts was around 1.2 million Euros, having been reflected in 5.6 million Euros in other expenses and losses and 4.4 million euros in income related with impairment reversions and recognition of allowances to investment.

Regarding the remaining items of the Operational Outcome non-related with the transportation activity, should be noted the decrease of provisions in the amount of 34.6 million Euros, due to the previously explained reduction of the provision established for occupational injuries in 11.1 million Euros and the decrease of the established provisions to address the inherent liabilities to the own negative capitals of the companies of the Group, highlighting the contribution for the effect of the improvement of the results of CP Carga and, also, the diminishing of impairments related with non-current assets held for sale and the reversion of the established impairments for rolling stock that has been meanwhile scrapped (10 UTD's 600 and one ALLAN), and/or reallocated to the operational activity of the company. It should also be noted the decrease of the value of the depreciations, in comparison with 2013, in 4.2 million Euros and the decrease of the losses attributed to subsidiaries, associated companies and joint ventures in 4.2 million Euros, highlighting the contribution for the effect of the improvement of the outcomes of EMEF.

Evolution of the main items of Balance

ITEMS (Amounts in thousands €)	PERIODS		VARIATION 2014/2013	
	31-12-2014	31-12-2013	Amount	%
ASSET				
Non-current Asset	854,610	910,822	-56,272	-6%
Current Asset	115,370	117,966	-2,597	-2%
Total of the Asset	969,980	1,028,848	-58,868	-6%
EQUITY AND LIABILITY				
Equity including:	-3,406,037	-3,236,374	169,663	5%
Net income of the period	-159,869	-226,517	-66,647	-29%
Total of the equity	-3,406,037	-3,236,374	169,663	5%
LIABILITY				
Non-current Liability	3,638,043	1,965,172	1,672,871	85%
Current Liability	737,974	2,300,050	-1,562,076	-68%
Total of the Liability	4,376,017	4,265,222	110,795	3%
Total of both Equity and Liability	969,980	1,028,848	-58,868	-6%

Assets

In 2014, CP's asset have diminished in 58.9 million Euros, and the following impacts are the most significant:

- Diminishing of fixed tangible assets in 73.8 million Euros, as a result of the disposal to REFER of the Freight Terminals⁴ and the depreciations of the assets were only partially compensated by the concluded investment;
- Increase of the amount of financial holdings - MEP in 15.2 million Euros, as a result of the loans to the companies of the Group (9 million Euros to CP Carga, 3 million Euros to EMEF and 2.1 million Euros to Fernave). MEP has also been applied to the net incomes of the companies of the Group, with special reference to the financial year of 2014, outlining the positive impact of the financial holdings resulting from the net outcome of EMEF;
- Recognition of assets for deferred taxes in the amount of 2.5 million Euros as a result of the subscription of CP to the special scheme applicable to the assets for deferred taxes (Law no. 61/2014 of August 26), making possible in that context the gaining of tax credits related with the application of the mentioned scheme in the treatment of occupational injuries' allowances;
- Increase of the customers' balance and of other receivables in 13.4 million Euros. For this situation the increase of the debt of CP Carga was a fundamentally contributing factor. The liquid debt of the main customers and other debtors, at the end of 2014, was a

⁴ Joint ordinance from April 23 2014, from the State Department of the Treasury and of the Infrastructure, Transportation and Communications.

total of 43.9 million Euros, and the debt of CP Carga represented 70% of the total of the mentioned debt.

- Diminishing of the balance of the State and other Public Entities in 5.2 million Euros as a result of the decrease of the VAT values to be recovered and, also, of requested reimbursable VAT amounts;
- Decrease of the short-term financial holdings in the IGCP of 16 million Euros;
- Decrease of the non-current assets held for sale in 4 million Euros, as a result of the scrapping of rolling stock classified in this balance item (10 UTD's 600 and one ALLAN) and of the reclassification for fixed assets of material reallocated to exploitation;
- Increase of cash balance and bank deposits in 9.7 million Euros as a consequence of the payment resulting from the offsetting of accounts concluded by REFER on December 31 2014.

Liability

In 2014, CP's liability has increased in 110.8 million Euros, and the following impacts are the most significant: This increase of the debt was due exclusively to the necessary in order to ensure the payment of taxes and of the historical debt to REFER.

Decrease of the debts to suppliers and other creditors in 134.3 million Euros, namely due to the payment of the debt to REFER of 124.7 million Euros;

- Decrease of the provisions established in 16.4 million Euros as a result of the annulment of the established provisions in order to answer to the liabilities due to occupational injuries' allowances (11.7 million Euros) and to answer to the inherent liabilities of negative equities from the companies of the Group (4.5 million Euros), underlying the contribution of CP Carga;
- Favourable variation in the amount of potentially unfavourable swaps between the end of 2013 and the end of December 2014 of 65.5 million Euros.

Funding

Funding Policy

During the first quarter of 2014, CP remained relying on the Domestic Banking System, obtaining short-term loans in order to complete its resulting liabilities from the debt service.

Since September, with the integration of CP in the consolidated accounting requirement of the State Budget, the company was able to stop relying on funding from credit institutions. This way, its funding needs became satisfied by loans from the Portuguese State, in accordance with the applicable laws for reclassified public companies.

In that context, an agreement was concluded in October between CP and the Portuguese State regarding a medium-term and long-term loan, in the total amount of 2.283.084.000 Euros, in order to satisfy the needs for funding in the period between October and December 2014.

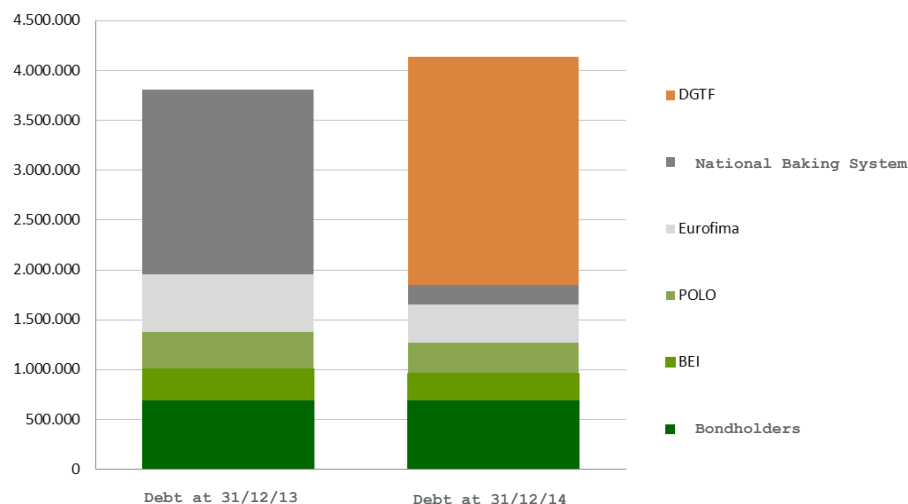
The aforementioned loan, fully used in 2014, allowed the conversion of the short-term debt the company held at the end of September, besides allowing the payment of the historical debt to REFER.

Structure of the Remunerated Debt

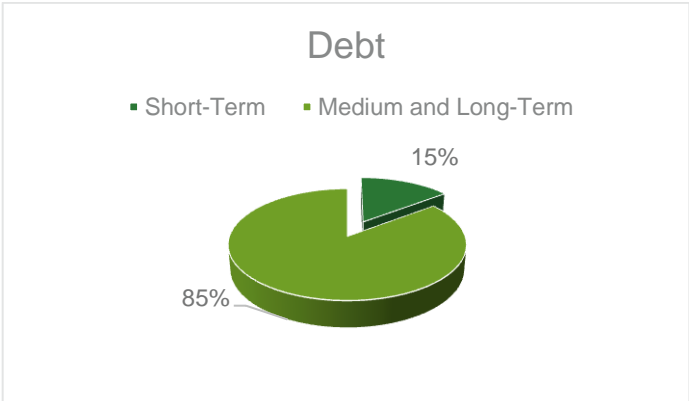
In 2014, the growth of indebtedness was due to the funding of the financing costs and to the settlement of the historical debt to REFER.

At December 31 2014 the remunerated debt was up to 4.134 thousand million Euros.

The short-term debt, held by the National Banking System, was almost fully replaced by medium-term and long-term debt to DGTF:



With the conversion of almost all the short-term debt into medium-term and long-term debt, the structure of the debt was altered significantly, and the short-term debt ended up having a reduced weight in the total debt, contrasting with the trend of the last years.



Co-financing Sources

CP had a non-recoverable funding in 2014 of 1.6 million Euros, coinciding with co-funding funding from the Portuguese State in the scope of PIDDAC (Central Administration Investment and Expenditure Development Program).

The co-funding amounts gained were destined to the following projects:

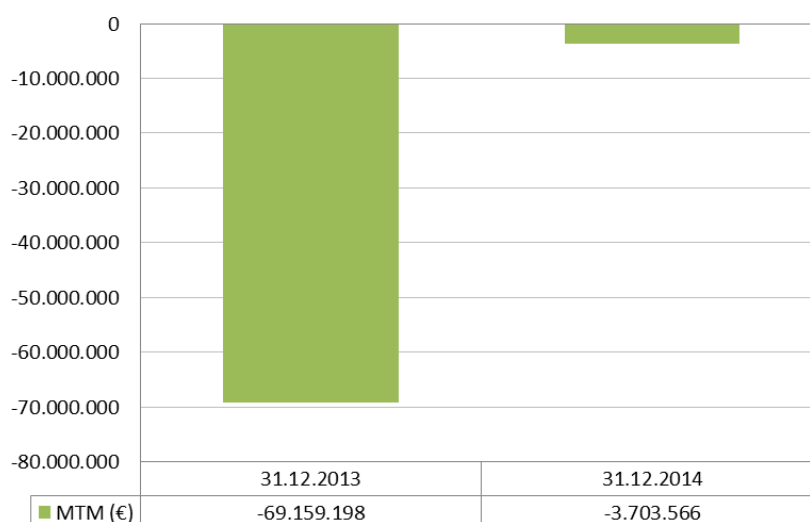
PIDDAC 2014 (Amounts in thousands €)	Amounts
Repairs of rolling stock	1,556
UDD's 450 Benefiting	44
TOTAL	1,600

In the scope of the funding program Atlantic Route, it also gained Community Funds for the last tranche of funding of the following project:

Atlantic Route (Amounts in thousands €)	Amounts
CP Kids	17
TOTAL	17

Risk Management Instruments

The financial year of the option of cancelling the swap BESE/Novo Banco, negotiated through the IGCP, implied the payment of 49.7 million Euros, which granted a discount of 3.8 million Euros regarding the market value. It has, however, allowed a significant improvement of the portfolio of derivatives, with a very favourable variation in its fair-value:



Thus, the portfolio of derivatives of CP begun to be established only by one instrument of financial risk management.

Counterparties	Associated Loan	Notional (M€)	Due date
ABN/RBS	Eurofima 126	75.000	07-04-2016

Financing Costs

The financing costs decreased when compared with 2013, namely due to the low rates applied in the funding for replacement of debt.

Description (Amounts in thousands €)	2010	2011	2012	2013	2014
Interests	152,206	169,472	185,516	200,844	197,703
Surety	2,394	2,338	1,808	1,804	1,504
Other Costs	2,732	15,701	7,107	7,521	3,855
Financial Costs	157,332	187,511	194,431	210,169	203,062
Debt	3,324,312	3,522,394	3,637,063	3,807,787	4,134,441
Average funding cost	4,73%	5,32%	5,35%	5,52%	4,91%

Remunerated Liability (Amounts in thousands €)	2013	2014		
Obtained Funding (*)	3,807,786.56	4,134,440.94	326,654.38	9%
... from which, granted by DGTF	0.00	2,283,084.00	2,283,084.00	100%
Increase of Capital by Endowment	0.00	0.00	0.00	0
Increase of Capital by Credit Conversion	0.00	0.00	0.00	0
Adjusted indebtedness	0.00	0.00	0.00	0

Debt Ceiling

In 2014, the indebtedness growth (8.5%) was due to the funding of the financial costs and, also, due to the funding of the financing costs and to the settlement of the historical debt to REFER, and the operation released the necessary means to the current functioning and to investments in rolling stock.

Perspectives
for 2015



PERSPECTIVES FOR 2015

The economic recovery signals, the social peace of the working environment which resulted from the concluded agreements with the Employees Representative Structures and a more effective investment in commercial and communication policies, allowed the alteration of the loss of procurement situation verified in the last few years and, furthermore, they resulted as an incentive for the improvement of the activity levels of CP in 2015.

It is foreseen that, in 2015, the Portuguese economy shall accelerate the economic recovery initiated in 2014, due to the performance linked with the maintenance of the levels of increase in exportations and to a moderate increase of importations, as well as the controlled restitution of the levels of investment and stabilization of the private consumption, jointly with a continuing effect of budgetary discipline.

Although the several conjuncture indicators suggest a favourable scenario, there still are uncertainties regarding budget and associated risks to the possibility of a less positive performance than the one foreseen for economy in the Euro Zone, which may influence negatively the evolution of the economic growth. Thus, the strategic focus is maintained in the gaining of economic and financial sustainability of the Company.

In order to obtain it, the strategic guidelines of the Board of Directors, established in accordance with the guidelines from the Responsible Ministries of Finance, Transportation and Infrastructures (PETI) for the horizon 2014-2020 are, namely:

- Create/maintain social peace and employees appreciation;
- Further development of the dialogue with the infrastructure manager;
- Definition of the yard and valuation of the rolling stock;
- Fight demand loss by defining a policy of cost with the aim of promoting demand and income, and of the use of digital platforms as central elements of the customer proximity strategy;
- Fight against fraud;
- Adaptation of the offer to the demand;
- Expenses decrease;
- Profitabilization of non-core assets;
- Viability of affiliate companies.

In this context, the following main actions for 2015 were established:

- **Offer/Operation**

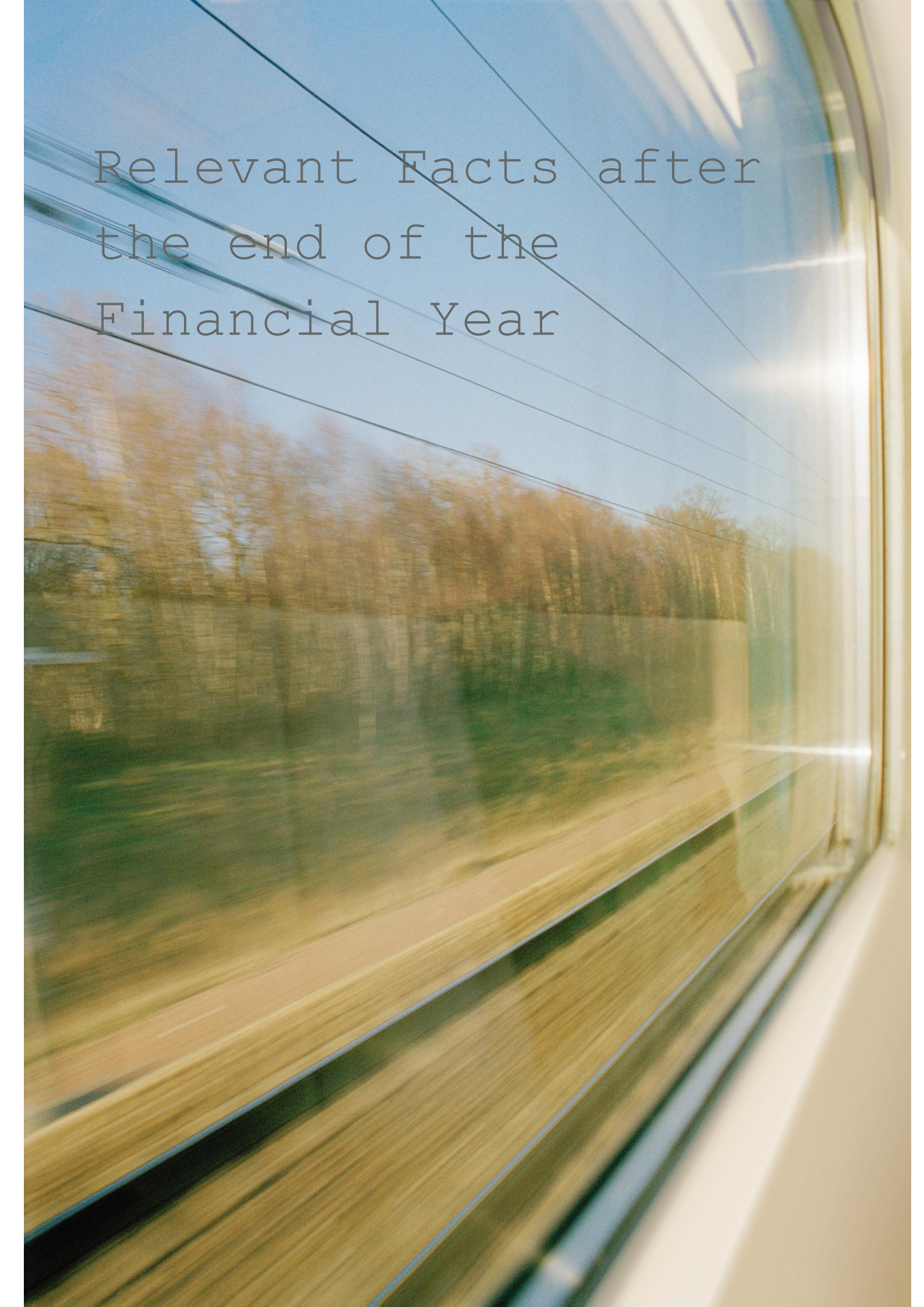
- Create a new CP schedule, promoting the bonding/integration of the offer in the several services in the main hubs, promoting the network effect;
 - Consolidate the Type-approval Procedure of CP rolling stock in Spain (Carriages *Corail* and Modernized);
 - Make free Wi-Fi available in the trains of the Inter-City (IC) service in the Norte Line and in the Lines of Beira Alta, Alentejo and Sul, and plugs for charging electronic portable devices in the IC carriages;
 - Perform "Half-Life" interventions in the CPA which, in addition to mechanic and technical interventions, it will improve the comfort conditions and the image of the trains;
 - Establish the Merging of the Operational Centres of Circulation.
-
- **Tariff**
 - Simplify the tariff of combined tickets with other Operators - Revision of combined Tickets with other operators;
 - Drive sales for Transportation of Groups;
 - Create products combined with parking;
 - Develop products for the Senior segment;
 - Match the policy "Yield Management" to the market and the evolution of demand, with the aim of maximising the revenue of *Alfa Pendular* (AP) and IC.
-
- **Ticketing**
 - Project "CP Card": Adapt the ticketing of the CP card for the National System and integrate the unimodal of the Oporto urban;
 - Introduce the new support *Viva Viagem* with further capacity;
 - Introduce the mandatory validation of monthly tickets through the development of systems and equipment with the aim of automatic sharing of the Intermodal ticket (AMTL imposition).
-
- **Internal Procedures**
 - Simplify the Commercial Regulation with the aim of increasing the efficiency of the sales process, facilitating the work of the Sale Operators (AC, OVC, ORV) and inspection;
 - Expand the use of the "e-requisition" to all the public government entities;
 - Promote Intermodality;
 - Maintain fight fraud brigades.
-
- **IT Projects**

- Introduce improvements in the ELO - Operational Management - system and control of the effective performance of work;
- Develop apps for mobile equipment;
- Implement new ways of payment:
 - Mobile payments - implementation of adaptations of ticketing for the acceptance of payments through mobile equipment - project to be developed in partnership with SIBS;
 - PayPal - implementing the adaptations to the *netTicket* for accepting payments through the PayPal system;
- Increasing the interfaces CP-REFER;
- Build a CRM platform and develop its implementation.

- **Safety of circulation**
 - Pursue the project of implementation of the system of communications GSM-R in the rolling stock;
 - Implement the System of Safety Management.

- **Safety of people and assets**
 - Acquire/redraft the CCTV systems in rolling stock and instalments.

- **Asset Management:**
 - Make assets profitable through disposal or rental;
 - Scrapping and demolishing of degraded rolling stock;
 - Continue with the promotion of selling rolling stock to the national and international markets.

A blurred view from a train window showing a landscape with trees and a field. The text is overlaid on the upper portion of the image.

Relevant Facts after
the end of the
Financial Year

RELEVANT FACTS AFTER THE END OF THE FINANCIAL YEAR

There were no relevant facts which could have had impact in the accounts after the balance date.

A blurred view from a train window showing a landscape with trees and a field. The text "Proposal for Application of Results" is overlaid on the image.

Proposal for
Application of
Results

PROPOSAL FOR APPLICATION OF RESULTS

In accordance with the provisions in force, it is proposed that the Net Results of the financial year, a deficit of 159.869,171 Euros, are transferred for the account of Surplus brought forward.

Lisbon, March 5 2015

The Board of Directors,

[signed]

Chairman: Eng. Manuel Tomás Cortez Rodrigues Queiró

[signed]

Vice-president: Dr. Cristina Maria dos Santos Pinto Dias

[signed]

Voting Member: Dr. Maria Isabel de Jesus da Silva Marques Vicente

[signed]

Voting Member: Dr. Maria João Semedo Carmelo Rosa Calado Lopes

Statement of Conformity



STATEMENT OF CONFORMITY

(in accordance with section c) of paragraph 1 article 245 of the Securities Code)

As far as we know: The information foreseen in section a) of paragraph 1 article 245 of the Securities Code was established in compliance with the applicable accounting norms, providing a true and appropriate image of the asset and the liability, of the financial situation and of the results of CP - Comboios de Portugal, EPE (Company), and the management report exhibits accurately the business evolution, the performance and the position of the company and, also, it contains a description of the main risks and uncertainties of the company.

Lisbon, March 5 2015

The Board of Directors,

[signed]

Chairman: Eng. Manuel Tomás Cortez Rodrigues Queiró

[signed]

Vice-president: Dr. Cristina Maria dos Santos Pinto Dias

[signed]

Voting Member: Dr. Maria Isabel de Jesus da Silva Marques Vicente

[signed]

Voting Member: Dr. Maria João Semedo Carmelo Rosa Calado Lopes

Financial Statements



FINANCIAL STATEMENTS

Individual Balance at December 2014

(Amounts in Euros)

ITEMS	NOTES	PERIODS	
		31-12-2014	31-12-2013
ASSET			
Non-current Asset			
Fixed Tangible Assets	6	729,470,691	803,258,602
Intangible Assets	7		76,344
Financial Statements - Equity Method	9	94,879,297	79,728,193
Financial Statements - Other Methods	10	27,771,396	27,818,515
Deferred Tax Assets	11	2,488,729	
		854,610,113	910,881,654
Current Asset			
Inventory	14	5,016,865	4,712,359
Customers	15	4,548,260	6,988,234
Advancements to Suppliers	16	133,790	133,790
State and Other Public Entities	17	10,096,548	15,257,279
Shareholders/partners	12		141,291
Other receivables	18	39,358,696	23,510,576
Deferrals	19	7,769,677	8,493,006
Financial Assets Held for Negotiation	20	54	54
Other Financial Assets	21		16,000,000
Non-current Assets Held for Sale	22	23,370,359	27,342,322
Cash-flow and bank deposits	4	25,075,428	15,387,409
		115,369,677	117,966,320
Total of the Asset		969,979,790	1,028,847,974
EQUITY AND LIABILITY			
Equity			
Paid-up Capital	23	1,995,317,000	1,995,317,000
Legal Reserves	26	24,703	24,703
Other Reserves	27	1,306,650	1,306,650
Surplus brought forward	28	(5,495,329,134)	(5,268,812,622)
Financial assets adjustments	29	132,640	
Other changes in equity	30	252,380,126	262,306,764
Net Income of the Period		(159,869,171)	(226,516,513)
Minority interests			
Total of Equity		(3,406,037,186)	(3,236,374,018)
Liability			
Non-Current Liability			
Provisions	31	97,383,672	113,814,569
Obtained Funding	32	3,529,598,251	1,851,356,939
Other accounts payable	33	11,061,019	
		3,638,042,942	1,965,171,508
Current Liability			
Suppliers	34	20,760,395	149,328,125
Advances to Customers	35	295,470	544,869
State and other public Entities	17	3,366,354	3,150,558
Obtained Funding	32	604,842,688	1,956,429,623
Other accounts payable	33	98,803,720	115,578,145
Deferrals	19	6,201,841	5,859,966
Financial Liabilities Held for Negotiation	36	3,703,566	69,159,198
		737,974,034	2,300,050,484
Total of the Liability		4,376,016,976	4,265,221,992
Total of Equity and Liability		969,979,790	1,028,847,974

[signed]

Official Accounts Technician - Dr. Ana Coelho

[signed]

President - Eng. Manuel Tomás Cortez Roriguez Queiró

[signed]

Vice-President - Dr. Cristina Maria dos Santos Pinto Dias

[signed]

Voting Member - Dr. Maria Isabel de Jesus da Silva Marques Vicente

[signed]

Voting Member - Dr. Maria João Semedo Carmelo Rosa Calado Lopes

Individual Demonstration of the Outcomes by Nature

(Amounts in Euros)

Period Ended at December 31 2014

INCOME AND EXPENSES	Notes	PERIODS	
		31-12-2014	31-12-2013
Provided sales and services		239,758,877	229,697,915
Operating allowances	38	17,904,652	34,383,635
Gains/losses attributed to subsidiaries, associated companies and joint ventures	39	1,226,449	(2,956,393)
Sold commodities and consumed materials costs	40	(7,715,510)	(8,477,671)
External services and supply	41	(169,938,629)	(166,757,128)
Personnel Expenses	42	(103,342,128)	(98,036,837)
Inventory Impairment (losses/reversions)	14	(117,381)	(122,424)
Impairment of Receivables (losses/reversions)	15,18	1,604,235	(1,029,364)
Provisions (Increases/reductions)	31	15,386,586	(19,169,257)
Impairment of non-depreciable and non-amortisable investments	43	10,613,892	(7,409,368)
Other Income and gains	44	46,291,486	31,621,641
Other expenses and losses	45	(10,610,569)	(5,649,397)
Outcomes before Fair-Value, depreciations, funding expenses and taxes		41,061,960	(13,904,648)
Fair-value increases/reductions	46	65,455,632	66,022,026
Outcomes before depreciations, funding expenses and taxes		106,517,592	52,117,378
Expenses/reversal of write-offs and amortization	47	(65,063,492)	(69,296,156)
Impairment of depreciable and amortisable investments	48	(4,706,977)	(2,524,434)
Operational Outcome (before funding losses and taxes)		36,747,123	(19,703,212)
Interests and similar income gained	49	5,187,844	4,731,517
Payable interest and similar expenses	50	(204,016,984)	(221,255,747)
Outcome before taxes		(162,082,017)	(226,227,442)
Income tax over the period		2,212,846	(289,071)
Net income of the period		(159,869,171)	(226,516,513)

[signed]

Official Accounts Technician - Dr. Ana Coelho

[signed]

President - Eng. Manuel Tomás Cortez Roriguez Queiró

[signed]

Vice-President - Dr. Cristina Maria dos Santos Pinto Dias

[signed]

Voting Member - Dr. Maria Isabel de Jesus da Silva Marques Vicente

[signed] 91

[signed]

Voting Member - Dr. Maria João Semedo Carmelo Rosa Calado Lopes

Individual Statement of Outcome by Functions**(Amounts in Euros)****Period Ended at December 31 2014**

	PERIODS	
	2014	2013
Provided sales and services	257,548,499	263,554,518
Provided sales and services Cost	(257,199,567)	(278,919,176)
Gross Outcome	348,932	(15,364,658)
Other Income	142,951,293	105,206,666
Distribution Expenses	(39,958,879)	(20,956,048)
Administrative Expenses	(48,917,805)	(42,692,820)
Investigation and Development Expenses		
Other Expenses	(17,676,418)	(45,896,352)
Operational Outcome (before funding expenses and taxes)	36,747,123	(19,703,212)
Funding Expenses (Net)	(198,829,140)	(206,524,230)
Outcomes before taxes	(162,082,017)	(226,227,442)
Income Tax over the Period	2,212,846	(287,071)
Net Income Outcome	(159,869,171)	(226,516,513)
Outcome of discontinued activities		

[signed]

Official Accounts Technician - Dr. Ana Coelho

[signed]

President - Eng. Manuel Tomás Cortez Roriguez Queiró

[signed]

Vice-President - Dr. Cristina Maria dos Santos Pinto Dias

[signed]

Voting Member - Dr. Maria Isabel de Jesus da Silva Marques Vicente

[signed]

Voting Member - Dr. Maria João Semedo Carmelo Rosa Calado Lopes

Individual Statement of individual alterations in Equity
In the period of 2013

(Amounts in Euros)

DESCRIPTION	NOTES	EQUITY ATTRIBUTED TO THE HOLDERS OF THE PARTENT COMPANY											TOTAL OF EQUITY	
		Paid-up capital	Own Shares (Quotas)	Other equity instruments	Issuance Awards	Legal Reserves	Other Reserves	Surplus brought forward	Adjustments in financial assets	Surplus of revaluation	Other variations in Equity	Net Income of the Period		
Position at the beginning of the period in 2013	1	22 to 29	1,995,317,000	-	-	-	24.703	1,306,650	(5,041,155,378)	(1,677,569)	-	273,720,024	(223,589,401)	(2,996,053,971)
Alterations in the period			-	-	-	-	-	-	-	-	-	-	-	-
First adoption of the new accounting referential			-	-	-	-	-	-	-	-	-	-	-	-
Alterations of accounting policies		5	-	-	-	-	-	-	-	-	-	-	-	-
Differences of conversion of financial statements			-	-	-	-	-	-	-	-	-	-	-	-
Realization of the surplus of revaluation of tangible and intangible assets			-	-	-	-	-	-	-	-	-	-	-	-
Surplus of revaluation of tangible and intangible assets and respective variations			-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for deferred taxes			-	-	-	-	-	-	-	-	-	-	-	-
Other alterations recognized in equity		27 to 29	-	-	-	-	-	(4,067,843)	(1,677,569)	-	(11,413,260)	-	(13,803,534)	
Net outcome of the period	2		-	-	-	-	-	(4,067,843)	(1,677,569)	-	(11,413,260)	(226,516,513)	(13,803,534)	
Integral result	3		-	-	-	-	-	-	-	-	-	(226,516,513)	(226,516,513)	
Operations with stakeholders in the period	4=2+3		-	-	-	-	-	-	-	-	-	-	(240,320,047)	
Realizations of capital			-	-	-	-	-	-	-	-	-	-	-	
Realization of issuance awards			-	-	-	-	-	-	-	-	-	-	-	
Distributions			-	-	-	-	-	-	-	-	-	-	-	
Entries for losses hedging			-	-	-	-	-	-	-	-	-	-	-	

[signed] 93

Other Operations		-	-	-	-	-	-	(223,589,401)	-	-	-	223,589,401	223,589,401
	5	-	-	-	-	-	-	(223,589,401)	-	-	-	223,589,401	-
Position at the end of the period of 2013	6=1+2+3+5	1,995,317,000	-	-	-	24.703	1,306,650	(5,268,812,622)	-	-	-	(226,516,513)	(3,236,374,018)

[signed]

Official Accounts Technician - Dr. Ana Coelho

[signed]

President - Eng. Manuel Tomás Cortez Roriguez Queiró

[signed]

Vice-President - Dr. Cristina Maria dos Santos Pinto Dias

[signed]

Voting Member - Dr. Maria Isabel de Jesus da Silva Marques Vicente

[signed]

Voting Member - Dr. Maria João Semedo Carmelo Rosa Calado Lopes

Individual Statement of individual alterations in Equity
In the period of 2014

(Amounts in Euros)

DESCRIPTION	NOTES	EQUITY ATTRIBUTED TO THE HOLDERS OF THE PARTENT COMPANY											TOTAL OF EQUITY	
		Paid-up capital	Own Shares (Quotas)	Other equity instruments	Issuance Awards	Legal Reserves	Other Reserves	Surplus brought forward	Adjustments in financial assets	Surplus of revaluation	Other variations in Equity	Net Income of the Period		
Position at the beginning of the period in 2013	1	22 to 29	1,995,317,000	-	-	-	24.703	1,306,650	(5,268,812,622)	-	-	262,306,764	(226,516,513)	(3,326,374,018)
Alterations in the period			-	-	-	-	-	-	-	-	-	-	-	-
First adoption of the new accounting referential			-	-	-	-	-	-	-	-	-	-	-	-
Alterations of accounting policies		5	-	-	-	-	-	-	-	-	-	-	-	-
Differences of conversion of financial statements			-	-	-	-	-	-	-	-	-	-	-	-
Realization of the surplus of revaluation of tangible and intangible assets			-	-	-	-	-	-	-	-	-	-	-	-
Surplus of revaluation of tangible and intangible assets and respective variations			-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for deferred taxes			-	-	-	-	-	-	-	-	-	-	-	-
Other alterations recognized in equity		27 to 29	-	-	-	-	-	-	132,640	-	(9,926,638)	-	(9,793,998)	
Net outcome of the period	2		-	-	-	-	-	-	132,640	-	(9,926,638)	-	(9,793,998)	
Integral result	3		-	-	-	-	-	-	-	-	-	(159,869,171)	(159,869,171)	
Operations with stakeholders in the period	4=2+3		-	-	-	-	-	-	-	-	-	(159,869,171)	(169,663,169)	
Realizations of capital			-	-	-	-	-	-	-	-	-	-	-	
Realization of issuance awards			-	-	-	-	-	-	-	-	-	-	-	
Distributions			-	-	-	-	-	-	-	-	-	-	-	
Entries for hedging losses			-	-	-	-	-	-	-	-	-	-	-	

[signed] 95

Other Operations			-	-	-	-	-	-	(226,516,512)	-	-	-	226,516,512	226,516,512
	5		-	-	-	-	-	-	(226,516,512)	-	-	-	226,516,512	-
Position at the end of the period of 2013	6=1+2+3+5		1,995,317,000	-	-	-	24.703	1,306,650	(5,495,329,134)	132,640	-	252,380,126	(159,869,171)	(3,406,037,186)

[signed]

Official Accounts Technician - Dr. Ana Coelho

[signed]

President - Eng. Manuel Tomás Cortez Roriguez Queiró

[signed]

Vice-President - Dr. Cristina Maria dos Santos Pinto Dias

[signed]

Voting Member - Dr. Maria Isabel de Jesus da Silva Marques Vicente

[signed]

Voting Member - Dr. Maria João Semedo Carmelo Rosa Calado Lopes

Individual Statement of Cash-Flows at Dec. 31 2014
 Period Ended at December 31 2014

(Amounts in Euros)

DEMONSTRATIOON OF CASH-FLOWS	2014	2013
Cash-flows from operational activities - direct method		
Customers receivables	261,756,874	265,360,697
Payments to suppliers	-358,590,505	-130,264,339
Staff Payments	-87,421,679	-90,634,021
Cash generated by the operations	-184,255,310	44,462,337
Payment/Receiving of income tax	-96,516	-562,209
Other Payments/Receivables	38,875,475	41,569,508
Cash-Flows from operational activities (1)	-145,476,351	85,469,636
Cash-Flows from investing activities		
Payments concerning:		
Fixed Tangible Assets	-18,646,496	-16,196,710
Intangible Assets	0	0
Financing Investments	-14,100,000	-15,496,233
Other Assets	173,500,000	215,126
Operational Allowances	1,600,081	1,748,003
Interests and similar income	5,160,980	3,602,694
Dividends	354,585	113,696
Cash-Flows of investing activities (2)	33,178,259	-41,913,424
Cash-Flows of investing activities		
Receivables from:		
Obtained funds	4,412,340.152	407,210,379
Realizations of capital and other equity instruments	0	0
Loss Hedging	0	0
Donations	0	0
Other funding operations	0	38,675
Payments concerning:		
Obtained funds	-4,085,685,774	-229,919,242
Interests and similar expenses	-204,664,364	-209,046,356
Dividends	0	0
Capital Reductions and other equity instruments	0	0
Other funding operations	0	0
Cash-Flow of the financing activities (3)	121,990,014	-31,716,544
Cash-Flow and its equivalents variations (4)=(1)+(2)+(3=)	9,691,922	11,839,668
Effect of exchange rates	-3,903	-10,080
Cash and its equivalents at the beginning of the period	15,387,409	3,557,821
Cash and its equivalents at the end of the period	25,075,428	15,387,409

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Official Accounts Technician - Dr. Ana Coelho

[signed]

President - Eng. Manuel Tomás Cortez Roriguez Queiró

[signed]


Vice-President - Dr. Cristina Maria dos Santos Pinto Dias

[signed]

Voting Member - Dr. Maria Isabel de Jesus da Silva Marques Vicente

[signed]

Voting Member - Dr. Maria João Semedo Carmelo Rosa Calado Lopes

A blurred view from a train window showing a landscape with trees and a field. The text "Annexes to the Financial Statements" is overlaid on the image.

Annexes to the
Financial Statements

ANNEXES TO THE FINANCIAL STATEMENTS

Identification of Entity and Operability notes (Note 1)

Identification

CP - Comboios de Portugal, E.P.E. is a corporate public entity, a corporate body governed by public law, with administrative, financial and asset autonomy, with registered office in Calçada do Duque, no. 20, 1249-109 Lisboa, whose current legal system and Statutes were approved by Decree no. 137-A/2009 from July 12, as amended by Decree no. 50/2012 from March 14.

The aforementioned statutes were approved in result of the revision of the legal system of the State-owned enterprises established by Decree no. 558/99 from December 14, as amended by Decree no. 200/2007 from August 23, and in the meantime revoked by Decree no. 133/2013 from October 3, which introduces broad alterations to the previous diplomas. The principles of good governance applicable to state and public companies became a part of the latter Decree.

CP has as main purpose the performance of services of railway transportation of passengers in railway lines, sections of lines and branches which are, or will become, part of the national railway network, as well as the international transportation of passengers.

The transportation of goods was the reason for demerger in 2009, and it began to be performed by its associate CP Carga - Logística e Transporte Ferroviário de Mercadorias, S.A., whose share capital is held entirely by it.

CP as a corporate public entity is subject to the management guidelines established by the Government, the responsible ministries - sectorial and finance -, the Ministries of Economy and Finance, as well as the financial control of the Court of Auditors and of the Inspectorate General of Finance (IGF).

Furthermore, apart from the aforementioned control, it is foreseen in the statutes a dualistic structure of inspection composed by the Supervisory Board and the Certified Public Accountant.

CP is subject to obligations of public service which are object of State compensation. CP is the parent company of a group of companies and those are its individual financing statements, whose balances and transactions with the companies from the group presented in note 53.

Separation of Sectors - Infrastructure

The relationship between the railway operator CP and the manager of the REFER infrastructure is described in Decree no. 104/97 from April 29.

Article 6 of the aforementioned diploma foresees that the companies must agree the way of articulation in the decisions that must be made regarding management, exploitation and development of infrastructures, and to its coordination with the public service of the railway transportation.

In accordance with article 7, the rates of use will be owed to REFER due to the use of the railway infrastructure by companies and clusters of railway transportation. Still in accordance with the same article and with the aim of defending the principle of free competition, the use rates shall be established in order to avoid discrimination amongst companies of railway transportation operating in the infrastructure. The mentioned rates shall bear into account, namely, the kilometre marking, the composition of the rolling stock, the velocity, the load per axle and the time in which the infrastructure is used.

Besides the use of essential services of the railway infrastructure, the Decree no. 270/2003 from October 28 foresees that the typology of the provided services to companies of railway transportation comprehends everything necessary to the effective financial year of the right of accessing the infrastructure, even the additional and auxiliary services.

In accordance with de Network Directorate 2014, the additional services are the services connected with the activity of provision of services of railway transportation, namely the supply of electrical energy for traction, in accordance with the foreseen proceedings of the law in force, maneuverers, and parking of rolling stock. Even though REFER has not any obligation to provide these services in case of there being viable and comparable alternatives in the market, it is REFER policy to provide them in a non-discriminatory manner, any time they are requested and as long as there is available capacity for that purpose.

The auxiliary services comprehend the remaining services linked with the activity of providing railway transportation services, namely the access to the telecommunications network, the supply of supplementary information, in particular those of commercial nature and, also, the technical inspection of the rolling stock; making capacity and viability studies of offering scenarios, supply of work-force for the operational activities of the operators, availability of operational instalments in stations and the availability of common spaces for the instalment of equipment. In accordance with the provisions of the Decree no. 270/2003, the manager of the infrastructure can charge for the provision of auxiliary services, though he is not obliged to perform them.

Separation of Sectors - Transportation

As a consequence of the Strategic Guidelines for the Railway Sector presented by the XVII Constitutional Government on October 2006, and complying with the agreement of liberalization of the sector assumed by Portugal regarding the European Union, there was a publication in the Journal of the Republic (I Series, no. 112 from June 12 2009) - the Decree no. 137-A/2009 - which approved the legal system applicable to CP - Comboios de Portuga, E.P.E., as well as the related Statutes, and it also authorized the process of turning the activity of the transportation of goods autonomous, revoking Decree no. 109/77 from march 25. The latter approved the Statutes of Portuguese Railways, E.P.

Complying with the guidelines present in the Ordinance no. 9541/2008 from march 14, published in the Journal of the Republic (2nd Series, no. 65, from April 2 2008), the company CP Carga - Logística e Transportes Ferroviários de Mercadorias S.A. was established on July 31st 2009.

The process of turning autonomous the activity of transportation of goods was, indeed, foreseen in Decree no. 137-A/2009 (articles 9 and 10) by means of constitution of a company limited by shares whose shared capital is entirely held by CP, E.P.E., and whose object is the activity of railway transportation of goods, having been given the name of CP Carga - Logística e Transportes Ferroviários de Mercadorias, S.A.. The process of turning of the aforementioned area of activity autonomous occurred due to the division of 2009, in accordance with the provisions of article 33 of Decree no. 558/99 from December 17, with the wording of the Decree no. 300/3007 from august 23 which, in the meantime, were revoked by Decree no. 133/2013 from October 3.

Concession System

On January 1 1951 CP begun the exploitation of transportation in the railway network according to a unique concession system authorized by an agreement concluded between the State and the previously named Companhia dos Caminhos de Ferro Portugueses, S.A., (C.P.), in accordance with Decree no. 38426 from May 9 1951.

This agreement was revised and replaced by a new agreement of concession in accordance with the provisions of the Attached Bases to the Decree no. 104/73 from March 13, which was, in the meantime, revoked in the nationalisation of the company through Decree no. 205-B/75 from April 16.

The general outlines in which this new concession was based were the result of the revision of the legal system regulating the exploitation of the railway transportation and to the coordination of the latter with other transportation means, due to having recognized that the aforementioned bases were inadequate to the demands of flexibility and

rationing of the production of this sort of service, in the context of a modern management. The aforementioned revision took place in accordance with the provisions of article 19 of Decree no. 80/73 from March 2, which was an important instrument in the structuring of the new regulating guidelines of railway transportation, thus, making viable the legal bases of conversion of the rail-ways.

In the latter diploma was recognized that, among other subjects, the circumstance of the railway transportation is a public service exploited in a concession system agreement. Therefore, it established the need of consideration of the obligations and constraints imposed to the company in the name of public interests, with the resulting demands of being a company whose management has to comply with the specific principles of the private business community and, also, due to the reason of the company gradually matching those principles with the ones of the other concurring transportation companies.

This guiding principle allowed the definition of the financial aid system to be provided by the State to the assignee, in the context followed in Europe, either aiming to construct or renew lines, either in the covering of the negative results of the exploitation, mostly through the scheme of carry-over payments - it follows that there was more clarity regarding the responsibilities concerning the management of the railway network.

The mentioned right to carry-over payments from CP resulted also from the Community Regulations no. 1191/69 of the Council from June 26, no. 1107/70 of the Council from June 20, concerning the obligations of exploitation, transportation and tariff.

The Community Regulation no. 1370/2007 from the European Parliament and from the Council of October 23, and from Decree no. 167/2008, subsequently published, establish the applicable legal system to the definitions and compensation of obligations and of the public service of transportation of passengers, making it possible the temporary and gradual adoption of measures for implementing public service agreements.

Public Service Agreement

The conclusion of public service agreements, in which the obligations of public service and corresponding carry-over payments were established, creates the adequate and necessary instrument for clarifying the relationships between the State and the legal person governed by public law, as well as the concerning responsibilities, either from the State or from CP, establishing a foreseen procedure in Decree no. 558/99 from December 17, as amended by Decree no. 300/2007 from August 23 and, in the meantime, revoked by the Decree no. 133/2013 from October 3. The article 39 of Decree no. 133/2013 mentions, amongst other responsibilities, the exclusive competition to the sectorial ministries, the definition of the

level of public service to be provided by the companies and the promotion of the necessary diligences for the concerning conclusion of agreements.

The Decree no. 137-A/2009 established the framework which allows the conclusion of agreements of the public railway transportation services provided by CP, establishing the respective contractual instrument shall include the specific provisions regarding the services to which the existence of public service obligations are justified.

On march 24 2011, CP concluded with the State the agreement named Temporary Scheme of Public Service Funding, having as object the definition of the conditions for performance of the public service, with a period of validity between march 24 2013 and December 31 2019.

However, considering the Strategic Plan of Transports for the period between 2011 and 2015, in the provisions of the Council of Ministers Resolution no. 45/2011 from November 10, the mentioned agreement revealed to be inadequate, thus the need of a substantial revision which resulted in the conclusion of a new agreement. In that context, CP and the State agreed in revoking the previous agreement, and CP waited for the decision regarding the conclusion of a new public service agreement.

Up until the conclusion of the new public service contracts, the carry-over payments due to CP and that were destined to cover other costs in which CP actually incurred on account of the provided public service.

The carry-over payments attributed to CP regarding 2014 are in the Council of Ministers Resolution no. 52/2014 from August 21 2014, published in the Journal of the Republic, 1st Series, no. 166 from August 29 2014.

Accounting Framework for Preparation of Financial Statements (Note 2)

Accounting framework

The financial statements for CP - Comboios de Portugal, EPE, regarding the financial year of 2014 were established in accordance with the Accounting Normalization System (SNC), in accordance with the provisions of Decree no. 158/2009 of July 13.

The SNC is composed by the Basis for the Presentation of the Financial Statements (BPFS), The Financial Statements Models (MDF), Accounts Code (CC), Accounting Standards and Financial Reporting (NCRF), Interpretation Rules (NI) and Conceptual Framework.

The financial statements include balance, loss statements itemised, loss statements by activity, alterations in share capital, cash-flow and the annexed file was approved by the Board of Directors of the Company on

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march 5 2015; they are presented in Euros and were prepared in accordance with the assumptions of the continuity and of the accrual basis in which the items are recognized as assets, liabilities, share capital, income and expenses when they satisfy the definitions and recognition criteria for these elements from the conceptual framework, in accordance with the qualitative characteristics of the financial statements, of relevance, materiality, reliability, reliable representation, substance over form, neutrality, prudence, completeness and comparability.

The accounting policies presented in note 3 were used in the financial statements for the period concluded on December 31 2014 and for the comparative financial statements presented in these financial statements for the period concluded on December 31 2013.

Derogations of the SNC [Accounting Normalization System]

There were no derogations made to the provisions of SNC.

Comparative Values

Not-applicable.

Main Accounting Policies (Note 3)

The main accounting policies applied in the elaboration of these financial statements are as follows:

Basis of Measurement

The financial statements were prepared in accordance with the historical cost principle, modified by the application of fair-value for the resulting financial instruments, assets and liabilities held for negotiation with the exception of those for which fair-value is not available.

Financial statements are recognized by the equity method every time there is control in significant influence over the mentioned companies by CP.

Non-current assets held for sale and the groups of assets held for sale are registered to least, amongst their accounting value or fair-value deducted from the concerning selling costs.

The liability regarding obligations of definitive benefits is recognized to the present net value of that obligation of the fund assets. The preparation of financial statements in accordance with the NCRF require the formulation of judgments, estimates and assumptions which affect the application of the accounting policies and the value of assets, liabilities, income and expenses. The estimates and assumptions associates are based in the historical experience and in other factors considered reasonable in accordance with the circumstances and they are the base for the judgment regarding the amount of the assets and liabilities whose valuing is not evident through other sources. The real results might be different than the estimates.

The matters requiring a larger index of judgment or complexity, or for those for which the assumptions and estimates are considered significant, are presented in the items "Value judgments", "Main prerequisites regarding the future" and "Main sources for uncertain estimates" present in this note.

Relevant Accounting Policies

Fixed Tangible Assets

Recognition and valuation

The fixed tangible assets from CP are registered by the cost of acquisition deducted of the respective accumulated mar-downs and impairment losses. At the date of transition for the NCRF (January 1 2009), CP decided to consider as cost of fixed tangible assets and to their revalue amount established in accordance with the previous accounting policies, which was comparable in general terms to the measured cost in accordance with the NCRF.

The cost includes the purchase price, including non-refundable taxes and excluding commercial discounts and tax allowances and, also, the necessary amounts to set the asset in the local and working condition, namely the expenses of transportation and assembling.

The subsequent costs are recognized as fixed tangible assets only if it is likely that from them will result future economic benefits for CP. All the expenses related with maintenance and current repair which do not increase the useful life of the asset which do not correspond to replacements in regular intervals (great interventions performed with intervals varying between 2 and 15 years) of items of the asset are recognized as expense, in accordance with the accruals principle.

Some of the items of the fixed tangible asset might need replacements in regular intervals (great repairs). In these circumstances the carrying

value of an item of the fixed tangible asset is recognized the cost of the replacement part of that item, when the cost is incurred, if the recognition criteria are complied with. The carrying value of the parts which are replaced is not recognized in accordance with the norms of non-recognitions of the NCRF 7 - Fixed Tangible Assets.

Fixed Tangible Assets of the State Linked to the CP Operations and Investment Allowances

The fixed tangible assets of CP include assets belonging to the State (assets present in the Joint Order no. 261/99 from March 24) and are allocated to the operational exploitation of the company. The assets made available by the Portuguese State, without transfer of the property of the State, are registered in the financial statements of CP in order to allow an appreciation of the economic performance of the Entity.

Maintenance and Repair Expenses

Rolling Stock:

- The expenses with current maintenance incurred during the useful life of the rolling stock are recognized as operational expenses;
- The expenses incurred in great and essential pluriannual repairs, in order to assure continuity of the asset operation, are recognized in the fixed tangible assets as specific components of the rolling stock and marked-down by their estimate useful life in a separate section of the main component. When each major repair is made, its cost is recognized in the carrying value of the item of the fixed tangible asset as replacement, given the case the recognition criteria are met. Any remaining carrying value of the cost of the previous major repair is not recognized; and
- The expenses incurred at the end of the useful life of the main component, which include the transformation and modernization of it, are recognized as fixed tangible assets and marked-down by the extension of the expected useful life.

Building and Fixed Installations:

- The current maintenance and repair expenses (maintenance agreements, technical inspections, etc.) Are recognized as operational expenses;
- The expenses incurred with plans of pluriannual programed maintenance are recognized in fixed tangible assets, through the partial or total replacement of the replaced component.

The maintenance and repair of the fixed tangible assets is CP's responsibility during the period in which these are part of their operations. The maintenance costs of maintenance and repair are registered in the results of the period in which they are incurred, in accordance with the accruals principle.

Depreciation

The land is not marked-down. The depreciation of the remaining fixed tangible assets is calculated by the straight-line method, in accordance with the following expected useful life periods of the assets.

Asset Description	Years
Buildings and other constructions - State	3 to 50
Buildings and other constructions - CP	3 to 50
Rolling Stock:	
Diesel and Electric Locomotives:	
-Main component	17 to 15
-Secondary component	5 to 15
Diesel and Electric Railcars:	
-Main component	14 to 30
-Secondary component	2 to 5
Passengers carriages:	
-Main component	15 to 30
-Secondary Component	2 to 12
Transportation equipment	4 to 12
Administrative equipment and tools	3 to 18
Other Fixed Tangible Assets	5 to 20

The fixed tangible assets belonging to the State (assets present in the Joint Order no. 261/99 from march 24) are being marked-down since 1999 at a rate of 2%, in accordance with the Regulating Decree no. 25/2009 from September 14.

While establishing the marked-down amount there were no residual amounts.

Government Grant

The government grants related with fixed tangible and intangible assets are initially recognized as share capital when there is a guarantee that the grant will be received and that CP will comply with the conditions associated to the assignment of the grant. The grants compensating CP for gains and losses incurred are recognized as income in the demonstration of

the results in a systematic basis and in the same period in which the expenses are recognized. The grants compensating CP by the acquisition of an asset are recognized in the demonstration of the results in a systematic basis in accordance with the useful life of the asset.

Costs Capitalization with Loans and Other Directly Attributable Costs

The interests of loans directly attributable to the acquisition or construction of assets are capitalised as part of the cost of those assets. An eligible asset for capitalization is an asset needing a substantial period of time in order to be available for use or for sale. The amount of expenses to capitalise is established through the application of a capitalization rate over the value of the made investments. The capitalization of costs with loans begins when the investment begins, that is, there are already incurred interests with loans and the necessary activities for preparing the asset in order for it to be available for use or sale are already in course. The capitalization is concluded when all the necessary activities for the asset to be available for use or sale are substantially concluded.

Impairment

CP considers that the nature of its rolling stock and, in particular, the absence of interoperability with the European network renders the establishment of an appropriate market value impossible, given the absence of an active market. Thus, this amount is only established when there are proposals of sale of specific material or by the establishment of a residual value. Regarding the establishment of the value in use, it must reflect the expected cash-flows, updated to a discount rate appropriate for the business. CP considers that, for the calculus of the expected cash-flows, we must bare into account the features of the provided public service as well as the specificities of the funding structure that has been followed until the current moment.

In the absence of contracting public service provision, CP understands it is not possible to establish the value in use in accordance with what has been established by the Accounting Normalization System given that there are no specific rules defined for companies providing public service.

However, when the specific situations which show that an asset may be in impairment are verified, namely when the rolling stock stopped providing services, it is established a recoverable amount and a loss by impairment is recognized whenever the net value of an asset exceeds its recoverable amount. This way, the losses due to impairment are recognized in results. The recoverable amount is established as the highest between its sale price (net current value) and its value in use, which is calculated based

on the current value of the estimated cash-flow which is expected to be obtained by the continued use of the asset and of its disposal at the end of its useful life.

Leases

The company classifies the lease operations as financial or operating leases depending on their substance and not on their legal form. The operations classified as financial leases are the ones when the inherent risks and advantages to the ownership of an asset are substantially transferred to the tenant. All the remaining operations of lease are classified as operational leases.

Operational Leases

The payments of an operational lease are recognized as an expense in a linear base during the period of lease.

Financial Leases

The agreements of financial lease are registered at the date they begin, in assets and in liabilities, according to the shorter amount between the fair value of the leased property or the current value of the due rents of the lease.

The rents are constituted by the financing cost which is deducted in results and by the reduction of the outstanding liability. The financing costs are recognized as expenses during the period of lease, with the aim of producing a constant periodical interest rate over the remaining balance of the liability in each period.

The rents are established by the financial advantage and by the financial amortization of capital. The recognition of the financial result reflects a rate of periodic comeback present over the remaining net investment of the lessor.

The acquired assets in financial lease are marked-down in accordance with the policy established by the company for fixed tangible assets.

Intangible Assets

The intangible assets from CP are registered by the cost of acquisition deducted of the respective accumulated mark-downs and impairment losses.

CP makes impairment tests whenever events or circumstances indicate the accounting value exceeds the recoverable value. If there is a difference,
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it will be recognized in results. The recoverable amount is established as the highest between its sale price (net current value) and its value in use, which is calculated based on the current value of the estimated cash-flow which is expected to be obtained by the continued use of the asset and of its disposal at the end of its useful life.

The acquisition cost of software permits is capitalized and comprehends all costs incurred beyond the acquisition and establishment of the usage software.

The aforementioned costs are registered at the acquisition costs, besides being capitalized and recognized after 3 years whenever the requisites for recognition are satisfied.

The amortizations are calculated by straight-line method for a period of 3 years.

Financial Investments in Subsidiaries and Associates

Subsidiaries

Subsidiaries are all the entities controlled by the company.

It is considered control over an entity the power of managing the financial and operational policies of an entity or o an economic activity with the aim of obtaining benefits from it.

It is assumed the existence of control when the company holds over half of the voting rights or when it holds the power of managing the financial and operational policies of a Company or, moreover, an economic activity with the aim of obtaining benefits from it, even if the percentage the company holds is less than 50%.

The investments in subsidiaries are accounted through the purchase method, and both the fair-value of the assets and liabilities and the eventual included goodwill in the carrying value of the investment which is not amortised. The goodwill is tested annually, regardless of the existence of impairment indicators. The eventual losses by impairment established are recognized in outcomes of the period. The recoverable amount is established based on the value in use of the assets, and it is calculated recurring to evaluation methodologies supported in techniques of discounted cash-flows, considering the market conditions, the temporal value and the business risks. After that, they are measured through the equity method since the date in which the Company assumes control over its financial and operational activities until the moment when that control is terminated.

If the part of the company in the losses of the subsidiary exceeds its interest in the mentioned subsidiary, the recognition of its part of

additional losses is dropped. The additional losses are taken into account regarding the recognition of a provision for the entire amount of the responsibilities of CP in the subsidiary companies.

Associates

The measuring of investments in associates in the individual financial statements is established in accordance with the equity method, except in the case of severe and lasting restrictions which significantly harm the capacity of transfer of funds for the holder company - if that is the case, the cost method is used.

Associates are entities in which the company has significant influence but it does not control its financial and operational policies. It is assumed the Company has significant influence when it holds the power of influence over 20% of the voting rights of the associate. If the Company holds less than 20% of the voting rights, it is assumed it does not have significant influence, except when that influence can be clearly demonstrated.

If the part of the company in the losses of the associate exceeds its interest in the mentioned associate, the recognition of its part of additional losses is dropped. It is also considered interest in the associate the carrying value in accordance with the equity method with any long-term interests whose liquidation is not planned nor is it likely to happen in the foreseeable future, as is the case of long-term loans. The additional losses are taken into account regarding the recognitions of a liability in the single measure in with the investor has incurred in legal or constructive obligations, or in the case the investor has made payments in favour of the invested company.

Derivative Financial Instruments and Hedge Accounting

The derivative financial instruments are recognized in the date of its trade date by their fair-value. Subsequently, the fair value of the resulting financial instruments is reassessed in a regular basis, and the gains or losses resulting from that reassessment are directly registered in the results of that period, except in what regards the cash-flow hedging derivatives. The recognition of the variations of fair-value of the hedging derivatives, in the results of that period, depends on the nature of the hedged risk and the hedging method in use.

The fair-value of the derivative financial instruments matches its market value, when available. If it is not available, it is established by external entities (IMF - Informação de Mercados Financeiros, SA), based on the valuation techniques used in the market.

Hedge Accounting

The hedge derivatives are registered at their fair-value and their gains or losses are recognized in accordance with the hedge accounting method adopted by the entity. For the qualification of the accounting of the hedge, CP shall ensure the compliance of all the following conditions:

- Establish and document the hedge relationship in such way the hedged risk, the hedging item and the hedged item are clearly identified and that the risk of the hedged item is the same risk for which is being made the hedge with the hedge instrument;
- The risk to be hedged is one of the following: Risk hedging of fixed interest rate or the risk hedging of variability of interest rates, currency risk (or price risk); and
- Expects the alterations of the fair-value or cash-flow in the hedged item, attributable to the risk being covered, will compensate almost entirely the alterations of fair-value or cash-flows of the hedging instrument.

Risk Hedging and Fixed Interest Rate

The variations of the fair-value of derivatives attributed and qualifiable as risk hedging of fixed interest rate ("fair-value hedging") are registered against results, jointly with the variations of fair-value of the hedged risk of the asset, liability or group of assets and liabilities. If the hedging relationship no longer complies with the requisites of hedge accounting, the accumulated gains or losses are recognized in the valuing of the hedged risk and they are fully amortized by maturity of the hedged item.

Risk Hedging of Variable Rate of Interests, Currency Risk, Merchandise Price Risk in the Scope of a Commitment

The variations of fair-value of derivatives, which are qualifiable for cash-flow hedging, are recognized against reserves of the share capital at the time they occur.

The accumulated values in share capitals are reclassified for results of the financial year in the periods in which the hedged item affects results.

Given the case of discontinuation of a hedging relationship of a future transaction, the variations of fair-value of the derivative registered in share capitals are held on those capitals up until the recognition in results of the future transaction. When it is no longer foreseen that the

transaction will occur, the accumulated gains or losses registered against share values are immediately recognized in the results.

However, despite the financial instruments hired by the Company aim for risk hedging of the interest rate, these instruments do not comply with NCF 27, as mentioned above, in order for them to be classified as financial hedging instruments. For that same reason, those where classified as financial instruments held for negotiation.

Other Financial Assets/Liabilities

CP only recognizes a financial asset, a financial liability or an instrument of share capital when it becomes part of the provisions present in the agreement of the instrument.

CP measures its financial assets/liabilities at cost or at amortized cost without any loss due to impairment or fair-value with the alterations of fair-value to be recognized in the demonstration of results.

Measurement at cost or at amortized cost without losses due to impairment

The following financial assets are measured at cost or amortized cost without losses due to impairment:

- Financial assets:
 - Cash or with an established maturity;
 - If the profit for its holder are of a fixed amount, of a fixed interest rate during the life of the instrument or, also, if it is of a variable rate which is a normal market indexing rate for funding operations (such as Euribor) and, furthermore, when it includes a spread over the same indexing rate; and
 - It cannot contain any agreement clause which may result in nominal value loss and accumulated interest for the holder (except the typical cases of credit risk), namely in receivables, other accounts payable and bank loans.
- Agreements for grant or contract loans that:
 - Cannot be liquidated in net base,
 - When concluded, it is expected that they gather the conditions for recognition at cost or at amortized cost without losses due to impairment; and

- The entity establishes, in the moment of initial recognition, that they are to be measured at the cost without losses due to impairment.
- Investments in share capital instruments which are not publicly negotiated and whose fair-value cannot be obtained in a reliable manner, as well as agreements linked to such instruments which, if concluded, result in the delivery of such instruments - which shall be measured at the cost without losses due to impairment.

Measuring at Fair-Value through Results

The financial instruments which are not measured at cost or at amortized cost, as mentioned above, should be measured at fair-value.

The financial instruments for which it is not possible to obtain reliable fair-values are measured according to the amortized cost without the loss due to impairment.

Impairment

At the date of each financial reporting period, the impairment of assets is assessed and, given the case there is objective evidence of impairment, it is thus recognized as a loss due to impairment in the results.

For the financial assets presenting impairment indicators, the respective recoverable amount is established and the losses due to impairment are registered against results.

Concerning debt instruments, if in a subsequent period the amount of the loss due to impairment has decreased, the loss due to previously recognized impairment is reversed against results of the financial year up until the recovery of the cost of acquisition, given the case of the increase being objectively related with an event occurring after the recognition of loss due to impairment.

Jointly Controlled Entities

In the joint ventures under the form of jointly controlled entities, the company shall include in its accounting registers and recognize it in its financial statements:

- The cash or resources contributions, under an investment in the jointly controlled entity;
- Its part of the profits in the jointly controlled entity;

- The resulting losses of contributions or assets sales to the jointly controlled entity when they are the result of a decrease in the net current value of current assets or of a loss due to impairment;
- The resulting gains of contributions or sales are fully recognized when the assets have already been realized by the jointly controlled entity. If the assets are still held in the joint venture, the only part to be recognizes is the one with a gain attributable to the participation in other ventures; and
- The part of the profits of the joint venture, which is for sale for the venturer, shall be deducted from the result of the joint venture. The mentioned part of the profits shall be recognized when the venturer resells the assets to third parties.

Its interest in the jointly controlled entity is recognized by the equity method.

Inventory

The existence of goods and of raw materials, subsidiaries and of consumption are registered at the acquisition cost, adopting for that matter as the costing method for outgoings the weighted average cost. When necessary, the impairment is recognized for obsolete existences, slow rotation and defective, and it is presented as a deduction to the asset.

Other Receivables from Customers and Other Debtors

The receivable accounts are measured by their nominal value deducted from the losses due to impairment associated to it.

The losses due to impairment are registered based in the evaluation of the estimate losses, associated to the credits of doubtful debts at the balance date. The losses due to impairment identified are registered against results, and they are subsequently reversed for results given the case in which there is a decrease of the amount of the estimate loss is verified in a later period.

Cash and Cash Equivalents

Cash and cash equivalents include cash, bank deposits and other short-term investments of high liquidity and bank overdrafts. The bank overdrafts are presented in the Balance, in the current liability, in the item Loans obtained.

Loans and Bank Overdrafts

The loans are initially recognized in the liability through the received net fair-value of expenses related with issuance, which corresponds to the respective fair-value at that date. Afterwards, the loans are measured by the amortized cost method. Any difference between the liability component and the payable nominal amount, at maturity date, is recognized as expenses of interest using the effective interest rate method.

Any amounts in debt of the funding contracts satisfying each ever of the following criteria are classified as current liability:

- If it is expected they are to be liquidated during the regular operational cycle of the entity;
- If they are essentially held with the objective of being negotiated;
- They shall be liquidated in a period not longer than twelve months after the balance date;
- The entity does not hold unconditional right to differ the liquidation of the liability during at least twelve months after the balance date.

All other loans are classified as non-current liability.

This way, in the item Non-Current Liability the following are classified: amount in debt regarding funding agreements whose contractually established collectability is over a year.

Non-Current Assets Held for Sale and Operations being Discontinued

The non-current assets or groups of non-current assets are held for sale (groups of assets jointly with the respective liabilities, which include at least one non-current asset), are classified as held for sale when its costs are recovered namely through sale, and when the assets or groups of assets are available for immediate sale and selling them is very likely.

The non-current assets or groups of assets acquired only with the aim of a posterior sale, and which are available for immediate sell and selling them is very likely are also classified as non-current assets held for sale.

Immediately before being classified as held for sale, the measuring of all non-current assets and all the assets and liabilities included in a group of assets for sale, and it proceeds in accordance with the applicable NCRF. After its classification, these assets or groups of assets are measured according to the shortest value between its carrying value and its fair-value deducted to the selling costs.

Transactions in Foreign Currency

Functional and Presentation Currency

The elements included in CP financial statements are measured using the currency of the economic environment in which the entity functions ("the functional currency"). The Financial Statements are presented in Euros, and this is the functional and presentation currency of CP.

Transactions and Balances

The transactions in other currencies than Euro are converted in functional currency using the exchange rate in force at the date of the transaction.

In each balance date, the monetary assets and liabilities in foreign currency are converted into Euros using the exchange rates in force at that date.

The exchange differences, favourable and unfavourable, created by the differences between the exchange rates in force at the date of transaction and the ones in force at the date of collection/payment or at the balance date are registered as income and expenses in the demonstration of the results of the period.

Non-monetary assets and liabilities registered in accordance with their fair-value named in a foreign currency are transposed into Euros. For that effect, the currency exchange at the date in which the fair-value was established is the one being used.

Revenue Recognition

The revenues created in CP concern the provision of passenger transportation services, the sale of goods and other services related with railway transportation, deducing discounts and price deductions. Revenues are recognized at their fair-value.

The services provided by CP are normally concluded between each reporting period. The income resulting from CP's activity is recognized in the demonstration of results, at the time in which the service is provided, which concerns the date of the beginning of the trip, and when it is likely the amount of revenue and expenses is reliably measured and, also, that the economic benefits will revert to CP.

In the latter diploma it was recognized that the circumstance of the railway transportation is a public service exploited in a concession

system agreement. Therefore, it established the need of consideration of the obligations and constraints imposed to the company in the name of public interests, with the resulting demands of being a company whose management has to comply with the specific principles of the private business community and, also, due to the reason of the company gradually matching those principles to the remaining competitive transportation companies. In this sense, CP receives annual carry-over payments for the provision of this public service.

Recognition of Expenses and Income

Expenses and income are registered in the period to which they concern, regardless of its payment or receiving, in accordance with the underlying assumption of the accrual basis (economic periodization). The established financial statements inform not only the past transactions involving the payment and the receiving of cash but also the obligations of future payment and resources which represent cash to be received in the future. The specialization of the financial years is established through the item other receivables and payable and to the item deferrals.

Provisions

The provisions are recognized when (i) the company has a present obligation, legal or constructive, from a past event (ii) an outgoing for liquidation of the obligation is probable and (iii) when there may be a reliable estimate of the amount of that obligation.

The provided value is the amount considered to be necessary against estimated economic losses. When the time effect of the money is material, the provisioned amount is presented by the current value of the expenses expected to be necessary to settle the obligation.

Interests and Similar Obtained Income and Payable Interest and Similar Expenses

Interests are recognized in accordance with the accruals principle. The dividends to receive are recognized at the date in which the right to their receiving is established.

Considering they are recognized in expenses and losses of the period, its recognition is established in accordance with the accrual basis and in accordance with the applicable effective interest rate.

Profit Tax

The registered profit tax in results including the effect of current taxes and deferred taxes. The tax is recognized in the statement of results, except when it is linked with items being moved in share capitals, which implies its recognition in share capitals.

The differed taxes recognized in share capitals, as a result of the reassessment of financial assets available for sale and cash flow hedging derivatives, are recognized in results at the moment in which the gains and losses which were in their origin are recognized in results.

The current taxes correspond to the expected amount to be paid over the period's taxable income, using the tax rate in force at the date of the balance, and whichever adjustments to taxes of previous periods.

CP is the parent company of a group of companies which is taxed in accordance with the special scheme of taxation of the consolidated result, as mentioned in note 13.

Contingent Assets and Liabilities

Contingent Assets

A contingent asset is a possible asset resulting from past events and whose existence will only be confirmed by the occurrence, or non-occurrence, of one or more uncertain future events which are not entirely in the control of the entity.

The contingent assets are not recognized in the financial statements, but they are divulged in the asset when it is likely there will be an inflow or economic benefits.

Contingent Liabilities

A contingent liability occurs when there is:

- A possible obligation resulting from past events and whose existence will only be confirmed by the occurrence, or non-occurrence, of one or more uncertain future events which are not entirely in the control of the entity.
- A current obligation of past events but it is not recognized because (i) it is unlikely there is an outflow of resources which gather economic benefits, it will be necessary to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are not recognized in the financial statements, though they are divulged in the annex to the respective statements, unless there is a remote possibility of an outflow of resources gathering the future economic benefits.

Subsequent Events

The presented financial statements reflect the subsequent events occurred until March 5 2015, date in which they were approved by the Decision-making Body in accordance with the provisions in note 2.

The events occurred after the balance date under conditions which already existed at the balance date are considered in the processing of the financial statements. The material events after the balance date which do not lead to adjustments are mentioned in note 55.

Value Judgments

The preparation of the financial statements in accordance with the NCRF require that the managers express their judgment in the process of application of the accounting policies of the company.

The value judgment made in the process of application of accounting policies of CP and which has the most impact in the recognized amounts in the financial statements concerns the fair-value of the financial instruments.

The fair-value of the derivatives of financial instruments is established by an external entity using the discounted cash-flows method. All the calculations were made based on the income curves presented by Reuters at the day of reference of the financial statements. The valuations are made bearing into account the discounted cash-flows and the variation of the holding indexing rates since their beginning until the current date. In the operations involving options, it is attributed a delta of 0% or 100% to the fluxes depending on the achievement or not of the barrier in question. The future projection of the barriers in question is established using the current curve of income.

Main Assumptions Concerning the Future

The financial statements were prepared based on the principle of continuity of operations.

The Board of Directors understands it is adequate to prepare the financial statements based on continuity, considering the following factors:

- CP operational situation presents sustainability, and it should be mentioned the maintenance of a positive EBITDA in 2014, which indicates that the future sustainability of the factors has improved;
- The State has granted all its support to the company, namely in what concerns the necessary support to the company's funding, with the aim of ensuring the debt service and the needs of exploitation and investment; and
- It is also important to mention the importance of the service CP provides nowadays to the Portuguese economy by the transportation of 110 million of passengers per year; that it is a factor of vital importance for the functioning of the economic activity, reinforcing the need of the State to ensure, in eventual adverse situations, the necessary support for the continuity of CP.

Main sources for uncertain estimate

The preparation of the financial statements in accordance with the NCRF requires the use of some important accounting estimates.

The estimates are based in the best known knowledge at each time and in the actions planned to be made, which are permanently reviewed based on the available information. Alterations in the facts and circumstances may lead to the revision of the estimates. This may mean that the real future results can be different from the mentioned estimates.

The main sources for uncertain estimates at the date of balances, which have a significant risk of provoking a material adjustment to the carrying values of assets and liabilities during the accounting period are:

Useful Life of Fixed Tangible Assets

The useful life of an asset is defined concerning the expected utility of the asset for the entity. The policy of assets management of the entity may involve the disposal of assets after a specific period of time or after the consumption of a specified proportion of the future economic benefits incorporated in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the asset's useful life is a matter of value judgment based in the entity's experience with similar assets.

Fair-Value of the Financial Instruments

The fair-value is based in market quotations, when available. If there is no quotation, the fair-value is established in accordance with the usage of recent transaction prices, similar and concluded in market conditions or, also, in accordance with assessment methods based on techniques of future cash-flows - which are discounted concerning the market conditions, the temporal value, the yield curve and volatile factors. These methods may require using assumptions or judgments regarding the fair-value estimate. The fair-value of the derivatives of financial instruments is established by an external entity using the discounted cash-flows method. All the calculations were made based on the income curves presented by Reuters at the day of reference of the financial statements. Thus, the moment in which the estimates are made is the main source of uncertainty.

Doubtful Debts

The losses due to impairment concerning credits of doubtful debt are based in the assessment of the likelihood of recuperation of the balances of receivables made by CP, old balances, debt annulments and other factors. There are certain circumstances and facts which might alter the estimation of losses due to impairment of balances of receivables against the considered assumptions, including alterations of the economic environment, of the sectorial trends, of the decay of the credit status of the main customers and of significant non-compliances. This assessment process is subject to several estimates and judgments. The alterations of these estimates may imply the establishment of different impairment levels, thus resulting in different impacts in the results.

Provisions

Provisions are assets of an uncertain amount or temporal event. CP, bearing into account the principle of caution, has built provisions whenever there is a present obligation (legal or constructive), derived from a past event in which is probable an outgoing of resources for settling the obligation and, thus, it can be made a reliable estimate of the mentioned obligation. Concerning the establishment of provisions for legal proceedings, these require the use of judgment, based on the last known information at the time of preparation of the financial statements, namely regarding the probability of losing the legal proceedings and of the estimate value of that loss. The alterations of these estimates may imply impacts on the results.

Non-Current Assets Held for Sale

The non-current assets held for sale shall be recognized by the lesser value between their net account value and their fair-value, deducted from the costs intended for sell. While establishing the fair value, namely regarding rolling stock and bearing into account the absence of an active market, it is considered by CP, as reference, the amount of the recent transactions with similar material, adjusting the mentioned amount to the technical characteristics of the material and the existing market demand. Based on the estimate selling amount the existence of an impairment amount to be recognized is established, and the actual impact will only be known at the moment of the effective sale of the assets - which may imply variations of some significance in the results.

Cash-Flow (Note 4)

The Statement of Cash-Flows is prepared using the direct method, through which gross cash-flow receivables and payments in operational activities, either from investment or from funding.

The Company classifies the paid interests and the received dividends as investment activities.

At December 31 2014 all the cash-flow balances and its equivalents are available for use.

The Statements of Cash-Flows concerning December presents negative operational flows of 145.5 million Euros, which is mostly due to the payment of debt in arrear to REFER. It shall also be noted that there was a decrease in the cash-flows generated by the operational activity when compared to the one registered in the same period of the previous year, concerning receivables from customers, as a result of the decrease of carry-over payments against the previous year.

Furthermore, the positive cash-flows of the investing activities as a result of the disposal to REFER of the merchandise terminals and of the acceptance and payment to REFER the debt concerning the disposal of the former *Fergráfica*.

The increase of cash-flows of funding activities is the result of, namely, the increase of the indebtedness of the company in order to ensure the payment of interests and of the debt in arrear to REFER.

Item cash flow and bank deposits

The Item cash flow and bank deposits is constituted by the following balances:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Cash	309,672	271,347
Bank Deposits	24,765,756	15,116,062
Bank Overdrafts	-	-
Total	25.075,428	15,387,409

Disaggregation of the Values under the Item Cash-flow and Bank Overdrafts

The disaggregation of the items cash-flow and bank overdrafts are presented in the following table:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Cashier		
Central Cashier	674	750
Small Cashier	2,600	2,600
FFC Treasury	3,000	3,000
Seasons Cashier	303,398	264,997
Total	309,672	271,347
Sight Deposits		
Bank Bilbao Viscaya	1,506	103,775
Argentaria		
Novo Banco	5,772	115,899
Banco Português de Investimento	2,092,400	2,992,669
Banco Internacional de Crédito	-	310
Santander Bank	296,965	1,108,654
BPN Paribas	172	148
Caixa Geral de Depósitos	61,351	102,768
Deutsche Bank	95	126
IGCP	22,290,842	2,281,619
Millennium BCP	16,653	8,410,094
Total	24,765,756	15,116,062
Bank Overdrafts	-	-
Total	25,075,428	15,387,409

Accounting Policies, Estimate Change and mistakes

Nothing to be mentioned.

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Fixed Tangible Assets (note 6)

At the end of 2014 CP presented fixed tangible assets organized by asset class, as presented in the following table:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Gross Amount:		
Terrains and natural resources	16,628,385	26,256,870
Buildings and other constructions	71,374,545	98,880,851
Basic Equipment	1,538,291,434	1,560,220,955
Transportation Equipment	1,427,225	1,624,509
Administrative Equipment	19,482,852	19,485,781
Other Fixed Tangible Assets	62,108,713	61,918,529
Investments in course	2,967,536	3,683,937
Advances due to investments	6,383,547	2,217,155
Sub-Total	1,718,664,237	1,774,288,587
Accumulated depreciation and impairment:		
Period Depreciation	64,987,148	69,182,259
Accumulated depreciations from previous periods	915,903,387	898,251,692
Losses due to impairment of the period	4,706,977	2,524,434
Losses due to impairment of previous periods	3,596,034	1,071,600
Sub-Total	989,193,546	971,029,985
Net Accounting Amount	729,470,691	803,258,602

CP's fixed tangible assets are measured at cost, which are depreciated in a straight-line basis, in accordance with the useful lives specified in note 3.

The movements in the hedging of fixed tangible assets during 2014 are summarized in the following table:

DESCRIPTION	Initial Balance	Additions	Disposals	Assets Classified As Held for Sale	Scrappings	Transfers	Other Regularizations	Final Balance
Gross Amount:								
Terrains and natural resources	26,256,870	-	(9,628,485)	-	-	-	-	16,628,385
Buildings and other constructions	98,880,851	44,987	(27,781,870)	-	(55,401)	279,800	6,177	71,374,544
Basic Equipment	1,560,220,955	9,584	(114,780)	36,774,562	(472,671)	9,839,652	(67,965,867)	1,538,291,435
Transportation Equipment	1,624,509	-	(176,324)	-	(20,961)	-	-	1,427,224
Administrative Equipment	19,485,781	160,163	(4,399)	-	(194,086)	35,393	-	19,482,852
Other Fixed Tangible Assets	61,918,529	434,335	-	-	(244,151)	-	-	62,108,713
Investments in course	3,683,937	10,354,419	(943,010)	-	-	(10,127,811)	-	2,967,535
Advances due to investments	2,217,155	3,460,927	-	-	-	(27,035)	732,501	6,383,548
Accumulated depreciation and impairment:	1,774,288,587	14,464,415	(38,648,868)	36,774,562	(987,270)	(1)	(67,277,189)	1,718,664,236
Buildings and other constructions	37,237,770	2,546,728	(10,100,926)	-	(55,401)	-	-	29,628,171
Basic Equipment	827,303,233	59,077,279	(107,515)	27,741,002	(472,255)	-	(67,965,868)	890,575,876
Transportation Equipment	1,456,604	41,368	(175,803)	-	(20,624)	-	-	1,303,545
Administrative Equipment	18,292,595	699,525	(3,790)	-	(193,404)	-	-	18,794,926
Other Fixed Tangible Assets	38,143,749	2,622,248	-	-	(175,981)	-	-	40,590,016
Fixed T. Assets - Accum. loss imp. - Basic Eq.	3,596,034	4,706,977	-	-	-	-	-	8,303,011
	971,029,985	69,694,125	(10,388,034)	27,741,002	(917,665)	-	(67,965,868)	989,193,545
Total	803,258,602							729,470,691

The most significant investments, concluded in the financial year of 2014, regard essentially occasional repairs of the type R2 and R3 and intervention in the life environment of the trains of active commuting.

At the end of 2014 was concluded an agreement with EMEF for intervening in the life environment of commuter trains, having been concluded an advance of 4.3 million Euros. In the meantime, in 2015, due to the detection of addictions which were susceptible to lead to the annulment of the mentioned agreement, the company triggered immediately the necessary actions with the aim of correcting the situation through the conclusion of the revocation for the mentioned agreement and, consequently, CP requested EMEF the return of the advanced amount.

It should also be mentioned the disposal to REFER of the Freight Terminals, as well as the transfers into Fixed Tangible Assets of two sets of material, registered in non-current Asset held for sale, which in the next financial years might enter into service again.

The accumulated depreciations and impairments mentioned in the column additions concern the depreciation of assets, in accordance with their useful life, standing out due to their contribution, the depreciations of rolling stock and the impairments recognized in the rolling stock - as a result of accidents - as well as the disposal of the Freight Terminals and the transfers into Fixed Tangible Asset of the item of non-current assets held for sale.

At December 31 2014 the following fixed tangible assets were considered as loan guarantee obtained by CP from *Eurofirma*:

(amounts in Euros)

DESCRIPTION	Liability
Automotive	178,229,481
Carriages	-
Railcars	124,584,991
Total	302,814,472

Intangible Assets (note 7)

CP's intangible assets concern essentially the implementation of informatics' systems. There is no situation in which the asset has been developed internally. These assets are classified in the item expenses of investigation and development, according to the following table:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Gross Amount:		
Investigation and Development Expenses	341,692	341,692
Intangible assets in course	-	-
Sub-Total	1,718,664,237	1,774,288,587
Accumulated depreciation and impairment:		
Period Depreciation	76,344	113,897
Accumulated depreciations from previous periods	265,348	151,451
Losses due to impairment of the period	-	-
Losses due to impairment of previous periods	-	-
Sub-Total	341,692	265,348
Net Accounting Amount	-	76,344

For the effects of amortization, the useful life of these assets is considered to be, as a rule, 3 years: This estimate is, however, annually revised according to the expected use of the asset. The intangible assets are measured at cost and amortized through the straight-line method in twelfths starting at the date of entry into production of the asset. The movements in the item of intangible assets during the year of 2014 are analysed as follows:

(amounts in Euros)

Description	Initial Balance	Additions	Disposals	Scrapings	Transfers	Final Balance
Gross Amount:						
Investigation and Development Expenses	341,692	-	-	-	-	341,692
Intangible Assets in course	-	-	-	-	-	-
Sub-Total	341,692	-	-	-	-	341,692
Accumulated amortization and impairment:						
Period Amortization	1,133,140	76,344	-	-	-	1,290,484
Accumulated amortizations from previous periods	(867,792)	-	-	-	-	(867,792)
Losses due to impairment of the period	-	-	-	-	-	-
Losses due to impairment of previous periods	-	-	-	-	-	-
Sub-Total	265,348	-	-	-	-	341,692
Total	76,344	-	-	-	-	76,344

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Lease (note 9)

Not-applicable.

Financial Statements – Equity Method (note 9)

The detail of the financial statements in which CP applies the equity method is presented in the following table:

(amounts in Euros)

Description	Type	31-12-2014			31-12-2013		
		Gross Amount	Impairment	Net Value	Gross Amount	Impairment	Net Value
EMEF, SA	Investment	6,500,670	-	6,500,670	5,593,342	-	5,593,342
EMEF, SA	Loans	13,500,000	-	13,500,000	10,500,000	-	10,500,000
CP CARGA, SA	Loans	71,272,682	-	71,272,682	62,272,682	-	62,272,682
SAROS, SA	Investment	351,846	-	351,846	363,166	-	363,166
FERNAVE, SA	Investment	2	-	2	2	-	2
FERNAVE, SA	Loans	2,600,000	-	2,600,000	500,000-	-	500,000
ECOSAÚDE, SA	Investment	-	-	-	1	-	1
ECOSAÚDE, SA	Loans	500,000	-	500,000	500,000-	-	500,000
OTLIS, ACE	Investment	154,097	-	-	-	-	-
TOTAL		94,879,297	-	94,879,297	79,728,193	-	79,728,193

In 2014 the following movements in these financial statements were made as presented in the following table:

(amounts in Euros)

Description	Initial Balance	Additions	Disposals	MEP	Other Changes	Final Balance
Gross Amount						
EMEF, SA	16,092,344	3,000,000	-	908,326		20,000,670
CP CARGA, SA	62,272,682	9,000,000	-	-		71,272,682
SAROS, SA	363,164	2,100,000	-	275,431	(286,749)	351,846,
FERNAVE, SA	500,002	-	-	-		2,600,002
ECOSAÚDE, SA	500,001	-	-	(1)		500,000
OTLIS, ACE	-	-	-	42,693	111,404	154,097
Sub-Total	79,728,193	14,100,000	-	1,226,449	(175,345)	94,879,297
Impairment						
Sub-Total	-	-	-	-	-	-
Total	79,728,193	14,100,000	-	1,226,449	(175,345)	94,879,297

The summarized financial information concerning the associate companies (values holding to be approved in a meeting, which may not correspond to the final amounts) is presented as follows:

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(amounts in Euros)

Name of the Associate	% of participation	Reference Date	Assets	Liabilities	Equity	Income	Net Outcome
EMEF, SA	100	31-12-2014	44,561,879	38,060,025	6,501,945	57,357,328	909,485
CP CARGA, SA	100	31-12-2014	102,302,034	185,821,221	83,519,187	89,733,086	5,341,758
SAROS, SA	100	31-12-2014	360,064	13,818	346,246	337,873	269,828
FERNAVE, SA	100	31-12-2014	3,806,396	6,163,772	2,357,376	1,227,827	-674,735
ECOSAÚDE, SA	100	31-12-2014	778,530	878,832	-100,303	2,096,397	-126,068
TIP, ACE	33	31-12-2014	8,657,894	13,617,084	4,959,190	6,469,505	187,500
OTLIS, ACE	14	31-12-2014	2,575,214	1,496,533	1,078,682	3,984,317	298,850

Financial Statements – Other Methods (note 10)

CP holds small financial holdings in several companies which are recognized at the least cost without losses due to impairment, given that the value of these holdings is not publicly negotiated and there is no possibility of obtaining in a reliable manner their fair-value.

At the date of each period of financial reporting, CP assess the impairment of these financial assets, recognizing a loss due to impairment in the demonstration of the results if there is an objective evidence of the mentioned impairment.

The details of this item are presented in the following table:

(amounts in Euros)

Description	Method	31-12-2014			31-12-2013		
		Gross Amount	Impairment	Net Value	Gross Amount	Impairment	Net Value
OTLIS, ACE	Acquisition Cost	-	-	-	47,119	-	47,119
MLM, SA	Acquisition Cost	12,721	(12,721)	-	12,721	(12,721)	-
EMEF INTERNACIONAL	Acquisition Cost	-	-	-	2,500	(2,500)	-
METRO DO PORTO, SA	Acquisition Cost	249,399	(249,399)	-	249,399	(249,399)	-
METRO-MONDEGO, SA	Acquisition Cost	3,595	-	3,595	3,595	-	3,595
ICF	Acquisition Cost	382,269	(382,269)	-	382,269	(382,269)	-
EUROFIRMA	Acquisition Cost	27,760,679	-	27,760,679	27,760,679	-	27,760,679
BCC	Acquisition Cost	1,460	-	1,460	1,460	-	1,460
APOR	Investment	5,000	-	5,000	5,000	-	5,000
Obligations CONSOLIDATED 1942		662	-	662	662	-	662
		28,415,784	(644,389)	27,771,396	28,465,404	(646,889)	27,818,515

The movement of these financial holdings in 2014 is analysed in the following table:

(amounts in Euros)

Description	Initial Balance	Additions	Disposals	Fair-Value	Other Changes	Final Balance
Gross Value						
OTLIS, SA	47,119	-	-	-	(47,119)	12,721
MLM, SA	12,721	-	-	-	-	2,500
EMEF INTERNACIONAL	2,500	-	-	-	-	249,399
METRO DO PORTO, SA	249,399	-	-	-	-	3,595
METRO-MONDEGO, SA	3,595	-	-	-	-	382,269
ICF	382,269	-	-	-	-	27,760,679
EUROFIRMA	27,760,679	-	-	-	-	1,460
BCC	1,460	-	-	-	-	5,000
APOR	5,000	-	-	-	-	662
Obligations CONSOLIDATED 1942	662	-	-	-	-	662
	28,415,784	-	-	-	(47,119)	28,418,285
Impairment						
MLM, SA	(12,721)	-	-	-	-	(12,721)
EMEF INTERNACIONAL	(2,500)	-	-	-	-	(2,500)
METRO DO PORTO, SA	(249,399)	-	-	-	-	(249,399)
ICF	(382,269)	-	-	-	-	(382,269)
	(646,889)	-	-	-	-	(646,889)
Total	(27,818,515)	-	-	-	-	27,771,396

Deferred Tax Assets (note 11)

The detail of this item is analysed as follows:

(amounts in Euros)

Description	31-12-2014	31-12-2013
Deferred Tax Assets	2,488,729	-
	2,488,729	-

As it is mentioned in note 13 concerning Income Tax, resulting from the subscription to Law no. 61/2014 from august 26, which approved the special scheme applicable to the deferred tax assets, the company has registered in 2014 as deferred tax assets the amount of 2.488.799 Euros.

Shareholders/Partners (note 12)

The details of this item are analysed as follows:

(amounts in Euros)

Description	31-12-2014	31-12-2013
Current Assets		
Other Operations - Carry-over Payments	-	141,291
	-	141,291

The decrease of balance of this item is due to the usage of a provision created regarding a contingency.

Income Tax (note 13)

CP is the parent company of a group of companies which is taxed in accordance with the special scheme of taxation of Groups of Companies as foreseen in article 69 of Corporate Income Tax Code which contains, beyond CP, the affiliates EMEF - Empresa de Manutenção de Equipamento Ferroviário, SA; CP Carga - Logística e Transportes Ferroviários de Mercadorias, SA; and SAROS - Sociedade de Mediação de Seguros, Lda..

Concerning income tax, CP subscribed in 2014 to the special scheme applicable to deferred tax assets (Law no. 61/2014 from august 26), in which concerns the reclassification of responsibilities with occupational injuries' allowances, which implied the recognition of a deferred tax asset of 2,488,729.28 Euros, calculated as follows: 11.061.019€ *22,5% (full responsibility with occupational injuries' allowances * Corporate Income Tax rate + Overflow).CP did not account other assets nor deferred tax liabilities related with the reporting of tax loss because it considered that there are no expectations that the mentioned group of societies covered by the special taxation scheme ever obtains future taxable profits which allow the usage of the accumulated tax loss of CP.

In accordance with the legislation in force, the tax loss ascertained until 2009 are reportable during a period of six years after their occurrence and they are also susceptible to deduction to taxable profits created during that period. According to the same provisions, the tax loss created in the financial years of 2010 and 2011 are reportable for a period of four years, the tax loss created in the financial years of 2012 and 2013 are reportable for a period of five years and the tax loss ascertained from 2014 has a reporting deadline of twelve years.

Similarly, the deferred tax liabilities related with fixed tangible assets reassessed in previous periods were not accounted, due to the fact that, when compared with the actual market conditions and the social character of business, it is not expectable that the Company has to pay income tax in the following years. For that reason, the Company understands that all

the conditions for this situation to be considered as liability are not gathered.

The accounted result was adjusted in 2,212,845.89 Euros, in order to reflect the Corporate Income Tax estimated to pay with the autonomous taxation of 2014, an amount of 275,883.39 Euros, and the amount of deferred tax assets recognized of 2,488,729.28 Euros.

Inventory (note 14)

At December 31 2014 CP presented the following amounts of inventory, detailed by class:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Gross Amount:	-	-
Goods	-	-
Raw-materials, subsidiaries and consumption	9,505,490	9,083,603
Reclassification and regularization of inventory	-	-
Advances for purchases	-	-
	9,505,490	9,083,603
Accumulated impairments		
Period Impairments	(117,381)	114,950
Previous periods impairments	(4,371,244)	(4,486,194)
	(4,486,625)	(4,371,244)
Net Accounting Amount	5,016,865	4,712,359

CP verifies on a biannual basis if the current amount of the inventory is or is not inferior to the amount for which these are recognized in the company's accounts. If the amount for which the inventory is recognized is higher than the net current value, it recognizes a loss due to impairment by the difference between those two variables.

Until 2011, the base criterion for assessing the impairment of these materials was the non-rotation for more than 5 years - and it was applied to all inventory in storage.

Since the financial year of 2012, and bearing into account the durability of most of the parts used for repairs of rolling stock, the company opted to assess more thoroughly the impairment of this universe of assets. In order to do that, the depreciations of the storage parts of rolling stock was calculated in accordance with the estimate useful life of the series of material to which they were linked, which allowed the identification of

the actual obsolete materials and without application. For the remaining several materials, the criterion of non-rotation for over 5 years was kept.

Bearing in mind the application of this new criterion, better adapted to the reality of the company, it was recognized a loss due to impairment of 117,381 Euros, as identified in the following table:

(amounts in Euros)

Description	Initial Balance	Losses	Reversals	Regularization	Final Balance
Inventory Impairments					
Goods	-	-	-	-	-
Raw-materials, subsidiaries and consumption	(4,371,244)	(117,381)	-	-	(4,488,625)
Total	(4,371,244)	(117,381)	-	-	(4,488,625)

Customers (note 15)

At December 31 2014 the item customers presented the following values:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Gross Amount:		
Customers c/c		
General	3,779,585	2,650,145
Associate Companies	337,438	441,168
Joint Ventures	400,448	117,584
Other Related Parties	30,787	3,779,337
Customers - Protested Bills	-	-
Customers - accumulated impairment losses	1,489,859	1,928,513
Sub-total	6,038,119	8,916,747
Accumulated Impairment	-	-
Losses due to impairment in the period	438,654	50,159
Previous periods losses due to impairments	(1,928,513)	(1,978,672)
Sub-total	(1,489,859)	(1,928,513)
Net Accounting Amount	4,548,260	6,988,234

The decrease verified in the balance of "Other related parties" is the result of the decrease of the registered balance in the BCC customer (foreign network manager), namely regarding *Renfe Operadora*.

The movements of the losses due to impairment are analysed as follows:

(amounts in Euros)

Description	Initial Balance	Losses	Reversals	Final Balance
Losses due to Impairment				
General Customers	1,928,513	-	(438,654)	1,489,859
Total	1,928,513	-	(438,654)	1,489,859

The old balances from customers are presented as follows:

(amounts in Euros)

Description	Until 90 days	Between 90 and 180 days	Between 180 and 369 days	Over 360 days
General Customers	2,499,186	660,030	673,547	(53,178)
Associate Companies	337,438	-	-	-
Joint Ventures	400,638	1,41	(3,150)	1,720
Other related parties	113,559	(83,056)	283	-
Total	3,359,821	578,215	670,680	(51,458)

Advances to Suppliers (note 16)

The item advances to suppliers presents the following details:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Gross Amount:		
EMEF-EMP.MANUT.EQUIP.FERROV. S.A.	3,279	3,279
SISCOG-SISTEMA COGNITIVOS, LDA.	128,391	128,391
REDE FERROV.NACIONAL, E.P.E.	2,210	2,210
Total	133,790	133,790
Accumulated Impairment		
Impairment from the period	-	-
Impairments from previous periods	-	-
Total	-	-
Net Accounting Amount	133,790	133,790

State and Other Public Entities (note 17)

The item State and other public entities is analysed as follows:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Asset		
Income Tax	1,137,945	1,299,462
Special accounting payment	1,066,323	1,221,282
Deduction at source	71,622	78,180
VAT	8,073,978	13,048,630
Recoverable VAT from Nov. and Dec.	4,665,237	8,275,550
Requested Reimbursement VAT	3,408,741	4,773,080
Other Taxes	-	24,558
CNP Social Security Contributions	-	24,558
Withheld recoverable VAT	884,625	884,629
Total	10,096,548	15,257,279
Liability		
Income Tax	275,884	289,071
Tax retentions over income	1,213,254	1,102,160
Contribution for Social Security	1,877,216	1,759,327
Total	3,366,354	3,150,558

The main variation registered between 2013 and 2014 is mainly de result of the significant decrease of the VAT receivable in the last two months. The positive variation occurring in 2013 did not occur in 2014 as a result of the favourable outcome - at that date - of a proceeding related with the annulment of invoices in the amount of 4,227,172 Euros.

Other Receivables (note 18)

The item other receivables presents the registered amounts in the following table:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Gross Amount:		
Suppliers c/c - owing balances	6,968	19,976
Other debtors - Personnel	14,237	20,338
D. Diverse - c/c	36,933,492	20,983,682
D. Diverse - doubtful debt	4,981,301	6,146,882
C. Diverse - owing balances	67,960	6,889
C. Div. - dep. Provided Deposit	218,210	202,383
C. Div. - income to distribute	-	16,428
C. Div. - VAT - Operations to be regularized	25,464	35,648
D/C. - Div. Invoicing to issue	-	(113)
D/C Div. - Health Insurance	172,504	172,454
C. Div. - ODC - Galp fleet card/via verde	47,215	51,368
Oth. C. Reg/Pay - deposits to regularize	-	(601)

ODC - Unities per revenue increase	730,284	344,126
Debtors for revenue increase	1,142,326	1,657,998
Sub-Total	44,339,996	29,657,458
Accumulated Impairment		
Period Impairment - Oth. Debt 3 rd parties	1,165,582	(1,079,523)
Previous Periods Impairments - O. D. 3 rd parties - CP and MLP	(6,146,882)	(5,067,359)
Sub-Total	(4,981,300)	(6,146,882)
Total	39,358,696	23,510,576

The registered variation, in contrast with the financial year of 2013, is the result mainly of the verified increase in the item Sundry Debtors - current account, as a consequence of the increase of the values in debt from CP Carga regarding the renting of tractive stock, electricity and fuel for traction. In contrast, in this item, it has also been verified the settling of the amounts in arrear to REFER - which were outstanding debts in 2013 -, as a result of the payment agreement concluded between CP and the Operator of the infrastructure in 2014.

Deferrals (note 19)

The item deferrals presents the registered amounts in the following table:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Asset		
Expenses to recognize		
Defer. - rec. exp. - other Diverse	7,769,677	8,493,006
Total	7,769,677	8,493,006
Liability		
Income to recognize		
Def. - inc. to recognize - CP Lisboa	(768,011)	(881,824)
Def. - inc. to recognize - POEFDS_PORLTV	-	-
Def. - inc. to recognize - subj. proj. exploitation	(455)	(455)
Def. - inc. to recognize - Oth. Def. - income recognized	(5,433,375)	(4,977,687)
Total	(6,201,841)	(5,859,966)

The main variations against 2013 are the result of adjustments either in the expenses to be recognizes before third parties, either from income to be recognized in the provision of service to third parties, concerning the

currently assumed responsibilities and the provision of services which have not yet been invoiced.

Financial Assets Held for Negotiation (note 20)

The item financial assets held for negotiation is analysed as follows:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Financial Asset	54	54
Total	54	54

At December 31 2014, in accordance with the assessment provided by an external entity (IMG - Informação de Mercados Financeiros, S.A.), the Company does not have any derivative financial asset (hedging swaps of interest rates) which might be potentially favourable.

The variations in fair-value of these derivative financial assets are registered in accordance with the net amount between gains and losses in the item of Demonstration of Results "Fair-value Increases/Reductions".

At the date of reference for the presentation of these Financial Statements, the Company only has the fair-value of December 31 2013 and the shares of Millennium BCP acquired from the company Fergráfica, S.A., registered in the item of Financial Assets Held for Negotiation in the scope of the liquidation of this company.

Other Financial Assets (note 21)

The item other financial assets is analysed as follows:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Current Asset		
Other financial assets and liabilities	-	16,000,000
Total	-	16,000,000

With the publication of Law no. 55-A/2010, revoked and replaced by Decree no. 133 from October 3 2013, CP begun to apply the Scheme of the State's Treasury, created by Decree no. 191/99 from June 5, with the updated wording of the Law no. 39-A/2005. During the year of 2014 there was an amortization of a financial asset in Portuguese IGCP (Treasury and Debt Management Agency) of an amount of 16 million Euros.

Non-Current Assets Held for Sale (note 22)

One of the aims of the company is to proceed with the disposal of non-necessary assets for its activity. These assets concern mainly buildings and rolling stock. In that sense, the top management is committed with the developing of stocks which allow the conclusion of those disposals through the prospection of eventual stakeholders, either in the domestic market or in the foreign market.

Despite some of these assets being classified as fixed assets held for sale over a year, CP understands they must remain in this item of asset, due to the reason that the amount can be recoverable not by usage but through sale and, also, the top management is strongly committed in the developing of efforts in that sense, since the delay which has been verified in the conclusion of some of the already concluded sale agreements, is due to circumstances beyond the responsibility of the Board of Directors of CP.

The assets classified as held for sale are valued by the lesser value between their accounting value and their expected selling value.

CP also understands there is a great uncertainty at the current date regarding the evolution of the markets and economies, thus the expected sell value at the current date was ascertained based on the available information.

The company assesses on a quarterly basis the existence of impairments in these assets and, whenever necessary, it proceeds to adjustments of amounts which have already been recognized.

In that scope, in 2014, CP registered a reversion of impairment in the item Basic Equipment in the amount of 11,051,366 Euros, due to the fact that there is rolling stock which, in the material plan until 2021, will be reassigned to the commercial service and, thus, it was transferred for fixed tangible asset in the amount of 9,033,560 Euros. There was also the scrapping of rolling stock in the amount of 5,552,295 Euros against its degradation state, despite the impossibility of disposal.

This decrease of impairment of non-current assets held for sale was followed by an increase of the impairment of the disposable assets, regarding material which was reassignment of the commercial activity, as a result of the need of interventions in order for that reassignment to occur, as well as the recognition of disposals concerning the period in which the material was classified as non-current asset held for sale. Thus, in net terms, this reclassification had no significant impacts in the results of the company.

Regarding buildings, there was a reinforcement of the established impairment in the amount of 94,557 Euros, as a result of recent assessments made to properties.

The following table summarizes, by class of asset, the non-current assets held for sale:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Assets		
Terrain and natural resources	3,295,378	3,295,378
Buildings and other constructions	12,137,637	12,232,184
Basic equipment (a)	7,937,354	11,814,760
Total	23,730,359	23,342,322

It is important to point out that, despite the item Basic Equipment of the non-current assets held for sale has a net accounting amount of 7,937,354 Euros, if we discount from this amount the corresponding amount of investment allowances yet to be recognized and the amount of sale as scrap, the obtained amount is 3,646,519.52 Euros.

Paid-up Capital (note 23)

In accordance with article 3 of Decree no. 50/2012 of March 14 which defines CP's Statutes, the statutory capital of the company is of 1,995,317,000 Euros, which are entirely held by the Portuguese State and is meant to answer the company's permanent need. This amount is entirely paid-up at December 31 2014.

Own Shares (Subscriptions) (note 24)

Since CP is not a joint stock or subscription company, at December 31 2014 the Company does not hold own stocks or subscriptions.

Other Equity Instruments (note 25)

The Portuguese State, sole holder of CP, has not granted any support tranche in the name of supplementary or fringe allowances, nor capital subscription during the year of 2014.

Legal Reserves (note 26)

In accordance with article 296 of the Portuguese Commercial Companies Code and in accordance with decree no. 50/2012 from march 14 which defines CP Statues, the company must have legal reserves and funds considered to be necessary, and that constitution of legal reserve in the amount of 5% of the profits of each financial year is mandatory. The legal reserve may be used in the hedging of losses of the financial year.

During the period, there were no reinforcement of the legal reserves nor has been verified their usage for hedging losses.

Other Reserves (note 27)

In this item is accounted the statutory reserve corresponding to the amount of the Amortization and Renovation Fund of Rolling Stock from December 31 1974.

The Amortization and Renovation Fund of Rolling Stock was meant to the renovation of the rolling stock, according to the foreseen proceedings of article 16 of the Concession Contract of 1951 between the State and the Companhia dos Caminhos de Ferro Portugueses, and it concerned the surplus of revenues from the Fund of investments funded by it.

Surplus brought forward (note 28)

Following the approval by the Responsible Ministry of the documents of accounting, the Company has transferred the net results of the financial years for surplus brought forward.

Given CP opted for the valuation of its fixed tangible assets due to its considered cost at the date of transition for the SNC, the balance of revaluation surplus is registered in this item, having been maintained the control of the realised and non-realised amounts and, from these, the ones available or not for distribution for the stakeholders or for hedging losses or, also, for increase of capital, in accordance with the legislation in force.

The first reassessment of the fixed-tangible asset the company made was in 1995.

The reassessment was in the fixed tangible asset present in the item basic equipment which contains the rolling stock at December 31 1995.

The used system was the previous calculation of the corresponding amortizations of the financial year of 1995 and, afterwards, the application - to the amounts of the fixed asset and corresponding

accumulated amortizations - of the legal coefficients of inflation present in Ordinance no. 338/95 from April 21, previously corrected with a factor of 1.04. In the financial year of 1997 there was a new reassessment of the fixed tangible asset present in the item basic equipment, containing rolling stock, in accordance with the proceedings of Decree no. 31/98 from February 11.

In the financial year of 1999, the company proceeded to the inventory of assets contained in the remaining items of fixed tangible assets, acquired until December 31 1997, with the exception of the corresponding assets to the rolling stock and the yard parts.

This work was coordinated by the companies *Ernst & Young* and CPU-Consultores de Avaliação, and it was basically the identification of the assets, the corresponding assessment was based on the criterion of the corresponding market value and the calculus of the surplus of the latter for the historic cost, from which resulted an amount of 51,989,137 Euros. The variations of the reserves of reassessment occurred in the financial year of 2014 are in the following table:

(amounts in Euros)

Description	Initial Balance	Registered Reassessments	Inc. cap.	Other Transfers	Final Balance
56100002 - Reass. Surp. Non-realized - 95	10,997,320	-	-	(1,162,581)	9,834,739
56100001 - Reass. Surp. Non-realized - DL	10,848,446	-	-	(900,517)	9,947,929
56100003 - Reass. Surp. Non-realized - 99	28,815,160	-	-	(12,335,946)	16,479,214
56100004 - Reass. Surp. Non-realized - 99 CP	11,767,365	-	-	(27,72)	11,739,641
Total	62,428,291	-	-	(14,426,768)	(48,001,423)

The transfers for surplus brought forward were made in accordance with the realizations of the verified assets in the financial year, bearing into account the possibility of segregation through the respective reserves of reassessment accounts of 1995, 1997 and 1999.

Financial assets adjustments (note 29)

The detail of the variations in this item against 2013 are presented in the following table:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Related with equity method:		
Transition Adjustments	(132,640)	-
Total	(132,640)	-

The variation is the amount of transition concerning the affiliate OTLIS, which, since 01.01.2014, begun to be registered in the accounts by the equity method instead of the cost method.

Other Variations in Share Capital (note 30)

The detail of this item is analysed as follows:

(amounts in Euros)

DESCRIPTION	31-12-2014	31-12-2013
Conversion Differences of Financial Statements	-	-
Deferred Taxes Adjustments	-	-
Allowances	161,022,758	170,949,396
Financial Reorganization	91,357,368	91,357,368
Others	-	-
Total	252,380,126	262,306,764

The item financial restructuring reflects the liability assumed by the State in accordance with the Protocol from August 24 1993, concerning the debts to the Tax Authority, to the General Directorate of the Treasury and to the Banking System of 97,975,959 Euros and to the usage in the regulation of the remaining amount in debt by the State of 6,618,591 Euros, as a result of the financial restructuring held in the scope of Decree no. 361/85.

The amount of the item of allowances concerns mainly to received allowances for rolling stock, resulting in the registered decreases in this component of the capital, of the imputation, as an income of the financial year, in a systematic and rational basis during the useful life of the asset, of a part of that allowance, in the same proportion in which the depreciations are recognized.

The detail of the item allowances is presented in the following table:

(amounts in Euros)

Description	31-12-2014	31-12-2013
59300001 Allowances Reserves - ILLD'S	-	1,755
59300004 Allowances Reserves - Rolling Stock	947,295	1,644,972
59300100 FEDER - Sub Proj 12UQE	6,713,528	7,587,462
59300700 PIDDAC - Sub Proj 12 + 4UQE	4,864,970	5,212,466
59300800 FEDER - Sub Proj 12 + 4UQE	13,296,585	14,246,329
59301001 PIDDAC - Sub Proj 34UQE/UTE	3,492,778	3,810,303
59301002 PIDDAC - Sub Proj 19UDD	535,228	586,096
59301003 PIDDAC - Sub Proj 21ALLAN	784,846	871,055
59301004 PIDDAC - Sub Proj 42UQE	462,615	502,519
59301005 PIDDAC - Sub Proj 34UME	20,016,260	21,103,690

59301006 PIDDAC - Sub Proj 57UTE Silicon	16,557,653	17,397,398
59301008 PIDDAC - Sub Proj Convel	-	-
59301009 PIDDAC - Sub Proj 57CORRAIL	660,367	724,228
59301010 PIDDAC - Sub Proj 12Locomotives	390,009	390,009
59301011 PIDDAC - Sub Proj Radio Solo Comb	16,127	16,127
59301012 PIDDAC - Sub Proj Aq 15 Loc 4700	18,964,832	19,615,055
59301013 PIDDAC - Sub Proj Ticket w/o contact	2,667,674	3,541,046
59301014 PIDDAC - Sub Proj Interface Ramal Lousã	246,343	274,231
59301015 PIDDAC - Sub Proj Aq. 10 Locs 4700	2,477,272	2,561,485
59301024 PIDDAC - Sub Proj Alter Max Speed 45 Modernized Carriages	132,704	159,926
59301025 PIDDAC - Subs. Rotated Transmission Boxes UDD's 450	496,322	487,605
59301026 PIDDAC - Sub Sist. Press Scales and Material Rotation	4,861	19,445
59301027 PIDDAC - Modernization railcars 3500	1,310,313	1,415,313
59301028 PIDDAC - Great repair R2 - 453	58,075	82,964
59301029 PIDDAC - Great repair R2 - 2334	376,852	404,259
59301030 PIDDAC - Great repair R2 - 2340	372,284	399,691
59301031 PIDDAC - Great repair R2 - 2326	282,731	302,926
59301032 PIDDAC - Great repair R3 - 9635	97,986	119,761
59301033 PIDDAC - Great repair R2 - 464	99,098	137,459
59301034 PIDDAC - Great repair R2 - 2197010	124,924	143,900
59301035 PIDDAC - Great repair R2 - 2403	230,516	-
59301036 PIDDAC - Great repair R2 - 2404	527,691	-
59301037 PIDDAC - Great repair R2 - 360	93,668	-
59301039 PIDDAC - Great repair R2 - 2405	366,234	-
59301040 PIDDAC - Great repair R2 - 468	82,964	-
59301041 PIDDAC - Great repair R2 - 2197025	166,178	-
59301101 FEDER - Sub Proj. 19UDD	1,106,378	1,211,529
59301102 FEDER - Sub Proj. 21ALLAN	1,533,215	1,701,627
59301103 FEDER - Sub Proj. 34UME	35,648,247	37,582,594
59301104 FEDER - Sub Proj. 57UTE Silicon	21,338,724	22,451,393
59301106 FEDER - Sub Proj. Reabil3Aut	116,802	116,803
59301107 FEDER - Sub Proj. 57CORRAIL	1,324,138	1,452,188
59301108 FEDER - Sub Proj. 12Locomotives	903,370	903,370
59301510 Sub Proj. CP/KIDS	-	27,276
59301700 FEDER - Benef Interf. Ramal Lousã	535,512	581,343
59301800 FEDER - Ticketing w/o contact-CPLX	598,587	797,033
59301900 FEDER - Subs. Ramais Partic Mercad	-	364,765
Total	161,022,758	170,949,396

Provisions (note 31)

The movement in the item provisions is analysed as follows:

(amounts in Euros)

Description	Initial Balance	Additions	Usage	Reversions	Final Balance
Legal Action in course	9,121,131	-	-	321,002	8,900,129
Work Accidents and Occupational Injuries	11,683,510	280,528	903,019	11,061,019	-
Railway Accidents	809,640	81,471	-	-	891,111
Financial Holdings	92,145,038	833,036	-	5,340,892	87,637,182
Others	55,250	141,291	141,291	-	55,250
Total	113,814,569	1,336,326	1,044,310	16,722,913	97,383,672

The decrease of the amount of provisions, in the financial year of 2014, is mainly due to the reversion of the provision of occupational injuries (which in December 31 2014 increased up to 11,061,019 Euros), and whose responsibility becomes, since 2014 - through the subscription to the special scheme applicable to the assets for deferred taxes -, to be recognized in the item other receivables (non-current liability) and in the item deferred tax assets (non-current asset), as mentioned in detail in note (33). It shall also be pointed out that, in 2014, the significant decrease of the provision for financial investments, as a result of the reversion of the provision established for negative share capitals of the affiliate CP Carga, in the amount of 5,340,892 Euros, as a consequence of the improvements registered in that company.

Despite less expressive amounts, an additional note over the decrease of the responsibilities over legal proceedings, as a result of the conclusion of some legal actions in course.

Loans Obtained (note 32)

At the end of the financial year of 2014, the item loans obtained presented the detail present in the following table:

(amounts in Euros)

Description	31-12-2014	31-12-2013
Non-Current		
Credit Institutions and financial societies		
Bank Loans	221,514,251	467,456,939
Bond Loans	700,000,000	700,000,000
Other funders	2,608,084,000	683,900,000
Total	3,529,598,251	1,851,356,939
Current		
Credit Institutions and financial societies		
Bank Loans	254,942,688	1,691,649,623
Other funders	358,900,000	264,780,000
Total	604,842,688	1,956,429,623

The increase of debt was of around 327 million Euros - in 31.12.2013 was 3.808 thousand million Euros and in 31.12.2014 was 4,134 thousand million Euros. This increase of debt was strictly due to the need of ensuring the payment of the debt in arrear to REFER.

With the conversion of almost all the short-term debt into medium-term and long-term debt, the structure of the debt was altered significantly, and the short-term debt ended up having a reduced weight in the total debt, contrasting with the trend of the last years.

The item loans obtained, by maturity, is analysed as follows:

(amounts in Euros)

Description	31-12-2014	31-12-2013
Credit Institutions and financial societies		
Bank Loans		
Until 1 year	245,942,687	1,691,649,623
1 to 5 years	127,487,585	373,430,272
More than 5 years	94,026,667	94,026,667
Bond Loans		
Until 1 year	-	-
1 to 5 years	500,000,000	500,000,000
More than 5 years	200,000,000	200,000,000
Other funders		
Until 1 year	358,000,000	264,780,000
1 to 5 years	1,597,056,000	433,900,000
More than 5 years	1,011,028,000	250,000,000
Total	4,134,440,939	3,807,786,562

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At December 31 2014, the future payments of the outstanding capital of the non-current financial loans obtained are analysed as follows:

(amounts in Euros)

Description	2015	2016	2017	2018	2019	Total
Credit institutions and financial societies						
Bank Loans	245,942,688	42,680,188	36,055,188	28,067,209	20,685,000	373,430,273
Bond Loans	-	-	-	-	500,000,000	500,000,000
Other funders	358,900,000	455,514,000	380,514,000	380,514,000	380,514,000	1,955,956,000
Total	604,842,688	498,194,188	416,569,188	408,581,209	901,199,000	2,229,386,273

Other Receivables (note 33)

The item other receivables is analysed as follows:

(amounts in Euros)

Description	31-12-2014	31-12-2013
Non-current		
Creditors for increase of expenses	11,061,019	-
Total	11,061,019	-
Current		
Providers of funding	2,641,137	2,358,459
Debtors for increase of income	1,607,311	2,071,234
Post-employment benefits	-	-
Creditors for non-liberal subscriptions	34,525,341	33,815,129
Other debtors and creditors	2,115,900	7,765,374
Creditors for increase of expenses	57,858,739	69,456,533
Personnel	676	55,125
Advances from customers	54,616	56,291
Total	98,803,720	115,578,145

In the current asset, the most significant variation against the financial year of 2013 is registered in the item of creditors on expenditure accruals (11.6 million Euros) as a result of the regularization in 2014 of the costs related with the provision of internationally recognized transportation services in the financial year of 2013.

The item other debtors and creditors also presented a significant decrease (5.6 million Euros) due to the settling of the amounts in arrears with REFER.

Regarding the non-current asset, it was verified a variation of the item creditors on expenditure accruals, concerning the reclassification of the Occupational Injuries' Allowances, in the scope of the subscription to the special scheme applicable to the assets for deferred tax, in accordance with Law no. 61/2014 from august 26.

The responsibilities for occupational injuries and occupational illnesses were calculated based on the actuarial assessment of the responsibilities of the company at December 31 2014, with occupational injuries' allowances occurred until December 31 1999. This calculation was held by an entity external to CP (CGD PENSÕES). The increases or decreases of responsibilities from alteration of the attributed benefits are recognized as losses or gains in the financial year in which they occur. The methodology and the financial and actuarial assumptions of the valuations of liabilities are the following:

Calculation method: For the valuation of the liabilities regarding retired staff with occupational injuries' allowances, it was calculated the current value of immediate annuities.

Rate of return: 3%.

Pension's growth rate: 1,0%.

Mortality table: It was used the French table TV 88/90.

Number of payment of the pensions for work injuries: 13 payments per year.

Number of payment of the occupational injuries' allowances: Life annuities.

Date of effect of the calculations: December 31 2014.

Suppliers (note 34)

The item suppliers presents the following details:

(amounts in Euros)

Description	31-12-2014	31-12-2013
Suppliers c/c		
General	14,254,493	137,757,868
Subsidiaries	4,881,323	3,137,036
Affiliates	779,260	3,299,257
Joint Ventures	732,086	1,371,406
Other related parties	99,503	3,767,917
Suppliers- bonds to pay	-	-
Checking and matching invoices	13,748	(5,359)
	20,760,395	149,328,125

The variation registered in the item suppliers is mostly due to the liquidation of debts to REFER.

Advances from Customers (note 35)

The item presents the following amounts:

(amounts in Euros)

Description	31-12-2014	31-12-2013
Advances from customers	295,470	544,869
Total	295,470	544,869

The open amount in this item concerns the advanced amount due to repairs/Upgrading made in the rolling stock.

Financial Liabilities Held for Negotiation (note 36)

The item financial liabilities held for Negotiation presents the following amounts:

(amounts in Euros)

Description	31-12-2014	31-12-2013
Derivatives potentially unfavourable	3,703,566	69,159,198
	3,703,566	69,159,198

As stated in the note regarding financial assets held for Negotiation, the amount registered results from the evaluation conducted by an external entity (IMF- Informação de Mercados Financeiros, S.A.) at the fair-value of the derivative financial instruments (hedging swaps of interest rate).

During the financial year of 2014 occurred the termination of two swaps agreements and, for that reason, the valuation at 31.12.2014 concerns the only existing swap in portfolio.

The Citigroup swap was terminated at June 26 2014 and, at the end of November 2014, the option of anticipated termination of the swap BESi/Novo Banco was followed.

This option for termination, negotiated through IGCP, implied the payment of 49,735,000 Euros, an amount below the market value, and included in the item "Payable interest and similar expenses" in the demonstration of the results.

Sales and Services Provided (note 37)

Sales and services provided present the following table:

(amounts in Euros)

Description	2014	2013
Sales		
Passengers	220,519,085	208,269,681
Networks	752,970	533,241
Maint./rental/clean. Rolling stock	18,741,178	18,829,354
Wrecking train	1,410,380	1,510,327
Indemnity for damages	381,666	740,858
Cleaning/safety	119,124	122,576
Informatics serv./accounting/others	1,501,486	1,625,061
Others Metro Mondego	1,019,113	1,046,126
Other Services	1,337,255	1,302,921
Discounts and sales reduction	(6,023,380)	(4,282,230)
Total	239,758,877	229,697,915

The verified increase is mainly due to the increase of ticket sales, as recognition of the continuous effort of CP in diversification, promotion and consolidation of its offer and commercial activity.

Operating Allowances (note 38)

In the following table are identified the operating allowances recognized as income in the financial years of 2013 and 2014:

(amounts in Euros)

Description	2014	2013
(Carry-over payments)	17,789,622	33,856,604
(IEFP Training)	26,771	-
(Andante)	-	114,717
(PAII)	71,684	377,261
(CP/KIDS)	16,575	35,054
Total	17,904,652	34,383,635

It should be pointed out that the general and stressed loss of the State's financial aid, through operation allowances, to the activity of the company and, also, reached a decrease of approximately 16.5 million Euros against the amounts of 2013.

Gains/losses attributed to subsidiaries, associated companies and joint ventures (note 39)

The gains/losses attributed to subsidiaries, associated companies and joint ventures present the following detail:

(amounts in Euros)

Description	2014	2013
Losses		
Application of equity method	(5,655)	(3,982,573)
Others	-	(101)
Gains		
Application of equity method	1,232,104	684,180
Others	-	342,101
Total	1,226,449	(2,956,393)

The values recognized in 2014 are the result of the application of the equity method to the results of EMEF (908,329) Euros, from Saros (275,429 Euros), from OTILS (42,693 Euros) and from Ecosaúde (-5,655 Euros).

Sold Commodities and Consumed Materials Costs (note 40)

Sold commodities and consumed materials costs are presented as follows:

(amounts in Euros)

Description	2014	2013
Commodities	-	-
Raw-materials, subsidiaries and of consumption	(7,715,510)	(8,477,671)
Total	(7,715,510)	(8,477,671)

The expense with fuel consumption, as raw-material for the provision of railway transportation of passengers, represents 85% (6,567,703 Euros) of the total amount of the item raw-materials, subsidiaries and consumption. The expense with the consumption of fuel, despite the increase of the cost, as in the previous year, has been being reduced as a result of the decrease of the yielding of fuel from CP to its subsidiary Company CP Carga, and in consequence of the transfer for that company of part of the management of the supply stations.

External Services and Supply (note 41)

The item external services and supply presents the following detail:

(amounts in Euros)

Description	2014	2013
Subcontracts:		
Cleaning facilities	(414,636)	(402,892)
Cleaning rolling stock	(2,343,679)	(2,170,651)
Surveillance	(2,434,556)	(2,332,331)
Additional and auxiliary services	(1,991,462)	(1,917,767)
Catering services	(2,650,045)	(2,388,567)
CP/Renfe Agreement	(4,310,187)	(5,857,548)
Other subcontracts	(6,135,856)	(6,375,163)
Specialized Services:		
Conservation and repair	(32,767,590)	(30,376,437)
Specialized works	(937,479)	(851,007)
Surveillance and safety	(22,983)	(98,317)
Usage of rolling stock	(471,459)	(471,459)
Other specialized services	(1,591,270)	(1,724,413)
Materials	(163,784)	(161,227)
Fluid and Energy:		
Electricity	(29,366,041)	(29,836,152)
Fuel	(204,786)	(274,194)
Water	(131,259)	(148,460)
Others	(425)	(1,500)
Travels, stays and transportations	(348,285)	(378,363)
Agreement CP/ACE (EMEF/Siemens)	(9,114,527)	(8,373,071)
Diverse Services:		
Rents and Leases:		
Usage rate of the infrastructure	(61,976,054)	(59,824,708)
Other rentals and leases	(11,028,733)	(11,129,422)
Communication	(759,112)	(787,997)
Insurance	(242,688)	(301,855)
Other services	(524,733)	(573,627)
Total	(169,938,629)	(166,757,128)

In 2014 CP maintained the effort to obtain savings, rationalizing held expenses and proceeding with the renegotiation of the agreements in force.

Despite the made efforts, the total amount of the item had an increase, even if small when compared with previous years, since that certain expenses, due to their particular nature and framing, did not follow the trend of the remaining ones, such as:

- Increase of the expenses with repairs, either due to foreseen maintenance, malfunctions, accidents, vandalism and comfort (+3,106,801 Euros), fundamental for the maintenance of safety

conditions as well as for the framework of the company's strategy of continuous improvement.

- Increase of expenses with the rate of usage of the infrastructure (+2,151,345 Euros) as a result of the foreseen tariffs in the Network Directorate 2014, which is in force since December 15 2013.

Personnel Expenses (note 42)

The item personnel expenses presents the following detail:

(amounts in Euros)

Description	2014	2013
Social bodies remunerations	(409,534)	(372,745)
Personnel remunerations	(70,593,896)	(72,257,867)
Indemnities	(2,421,457)	(5,170,456)
Costs over remunerations	(15,605,677)	(16,117,515)
Work accidents and occupational injuries insurance	(1,405,680)	(1,459,435)
Social Action expenses	(244,027)	(247,779)
Other expenses with personnel	(12,661,857)	(2,411,040)
Total	(103,342,128)	(98,036,837)

The increase registered in Personnel Expenses is mainly due to the adjustment of the amount of expenses related with occupational injuries' allowances, of 11.1 million Euros, which are life annuities occupational injuries' allowances resulting from accidents occurred until December 31 1999, a date until which, by force of Decree no. 261/91 from July 25, CP would be obliged to assume these costs.

It should be noted that this movement was held following the subscription of CP to the special scheme applicable to the assets for deferred taxes foreseen in Law no. 61/2014 of August 26. The aforementioned alteration had, however, a compensation of equal amount in the reduction of the established provisions for the mentioned allowances, thus, speaking in real net terms, those accounting adjustments had no impact in the company's outcomes.

If there had not been an alteration to the procedure, the personnel expenses of the company would be 5.8 million Euros below the ones registered in the previous year, as a result of accounting the impact of the restitution of the vacation allowance from 2013 and 2014, which began to be paid since June 2013, following the publication of Law no. 39/2013.

In 2014 there is an increase of expenses with overtime work, against the registered expenses in 2013, as a result of the decrease of the number of strikes, which lead to an increase fall back upon overtime work.

It shall also be noted that the decision of the Constitutional Court for the termination of the salary cuts, which affects salaries and allowances payed after May 31 2014 until mid-September, and the reduction of the staff to 48 employees against 31/12/2013 (the staff at the end of September was of 2,718 employees), is reflected in the accounts of 2014.

The detail of the employees of the permanent staff at December 31 2014 and 2013, by position of Administration/management superior to the professional category is presented as follows:

Description	31-12-2014	31-12-2013
Social bodies *	7	7
Directors/Higher Managers		
Senior staff	261	268
Middle management	14	12
Intermediate management	237	243
Highly-qualified professionals	2,126	2,175
Semi-qualified professionals	73	61
Fixed-term employees	-	-
Total	2,718	2,766

*Includes three elements belonging to the Supervisory Board

Impairment of Non-Depreciable and Non-Amortisable Investments (note 43)

The details of this item are presented in the following table:

(amounts in Euros)

Description	2014	2013
Losses		
Non-current assets held for sale	(437,474)	(7,634,322)
Reversions		
Of financial holdings - others	-	28
Non-current assets held for sale	11,051,366	224,926
Total	10,613,892	(7,409,368)

As mentioned in note 22, it is registered, in the period being analysed, a decrease of the impairments related with non-current assets held for sale in the amount of 18 million Euros, as a result of the non-constitution of additional impairments for the non-current assets held for sale and of the reversion of the impairments constituted for rolling stock scrapped in the meantime (10 UTD's 600 and one ALLAN), and/or the reassignment of the operational activity of the company.

Other Income and Gains (note 44)

The item other income presents the following detail:

(amounts in Euros)

Description	2014	2013
Supplementary Income	15,144,813	14,701,034
Prompt payment discounts obtained	-	14
Inventory gains	680,691	42,131
Remaining financial assets	236,845	1,640,491
Non-financial investments	13,234,120	29,509
Others	16,995,017	15,208,462
Total	46,291,486	31,621,641

The item other income and gains presents an increase of around 14.6 million Euros, being mainly justified by the transfer of freight terminals to REFER (+13 million Euros) in compliance with the order of the Secretary of State of the Treasury and of the Secretary of State of Infrastructures, Transportations and terrestrial communications of April 23 2014, as well as the credit regularization regarding previous financial years (+1,6 million Euros) resulting from the payment agreement between CP and the Manager of the Infrastructure.

Other Income and Gains (note 45)

The item other income and gains presents the following details:

(amounts in Euros)

Description	2014	2013
Taxes	(114,400)	(123,956)
Bad debt	(950,617)	(149,573)
Losses in inventory	(10,469)	(47,081)
Non-financial investments	(5,621,900)	(1,843,629)
Others	(3,913,183)	(3,485,158)
Total	(10,610,569)	(5,649,397)

The item which registered the largest increase, concerning losses in non-financial investments, was due to the scrapping of non-operational rolling stock (3.8 million Euros).

It was also verified a variation of bad debt expenses of 800 thousand Euros. However, this operation had a reduced impact in the company's results, once most of the risk of non-recovery was adjusted in previous years and it was reverted.

Increases/Reductions of Fair Value (note 46)

The item of increases/reduction of fair-value is analysed as follows:

(amounts in Euros)

Description	2014	2013
Gains		
Financial instruments	65,455,632	66,022,026
Total	65,455,632	66,022,026

The fair-value of the derivative financial instruments is the result of a valuation of the portfolio of derivatives at December 31 2014, as well as alterations to its composition when compared to the same period of the previous year. As it was previously mentioned, the assessment of this derivatives is ensured by an external entity.

The variation of valuation of derivatives is presented in the following table:

(amounts in Euros)

	31-12-2014	31-12-2013
Citigroup	-	(685,521)
BES	-	(62,549,083)
RBS/ABN	(3,703,566)	(5,924,594)
Total	(3,703,566)	(69,159,198)

Expenses/Reversal of Write-offs and Amortization (note 47)

The item expenses/reversal of write-offs and amortization presents the following amounts:

(amounts in Euros)

Description	2014	2013
Expenses		
Fixed Tangible Assets	(65,003,641)	(69,182,511)
Intangible Assets	(76,344)	(113,897)
Reversions		
Fixed Tangible Assets	16,493	252
Total	(65,063,492)	(69,296,156)

The registered expenses are the result of write-offs/amortization of the assets in accordance with their established useful lives and its detail is presented in note 3. Annually, the expected useful lives of the assets are reviewed, in order to verify they are adjusted to reality.

The decrease of the amount of write-offs, against 2013, in around 4 million Euros, has its origin mainly in basic equipment and it is almost fully due to an adjustment of the useful lives of the rolling stock which was object of modernization.

Impairment of Write-offs and Amortisable Investments note 48)

The impairment of write-off investments recognized in the financial year concern essentially to the item of basic equipment and it is the result of its net value exceeds its recoverable amount, presented in the following amounts:

(amounts in Euros)

Description	2014	2013
Losses		
Fixed Tangible Assets	(5,169,011)	(2,716,034)
Reversions		
Fixed Tangible Assets	462,034	191,600
Total	(4,706,977)	(2,524,434)

The variation of Impairment is mostly due to the transfer of rolling stock to the item of non-current assets held for sale and to the estimate repair value of damaged rolling stock.

The variation of the item reversions due to impairment is due to the conclusion of repairs of damaged rolling stock.

Interests and Similar Income Gained (note 49)

The item of interests and similar income gained is analysed as follows:

(amounts in Euros)

Description	31-12-2014	31-12-2013
Obtained Interests	5,186,237	4,691,819
Obtained Dividends	-	39,698
Other similar income	1,607	-
Total	5,187,844	4,731,517

The increase of around 456 thousand Euros registered in interests and similar income is the main result of the received interests of the loans to the affiliate companies.

Payable Interest and Similar Expenses (note 50)

The item payable interest and similar expenses presents the following amounts:

(amounts in Euros)

Description	2014	2013
Supported interests	(197,706,315)	200,858,597
Other expenses and losses	(6,310,669)	(10,397,150)
Total	(204,016,984)	(211,255,747)

In the financial year of 2014, the item payable interest and similar expenses registers a total amount of 204 million Euros, 7 million Euros less than the same period of the previous year.

This situation, despite the increase in expenses associated with the hedging operations of interest rate, swaps (in 8 million Euros), is the result of the general decrease of the interest rates applied in the renewal of funding.

Contingent Liabilities (note 51)

Not-applicable.

Contingent Assets (note 52)

Not-applicable.

Related Parties Disclosure (note 53)

CP often conducts part of its activities through subsidiaries, associated companies and joint ventures.

With reference to December 31 2014, the shareholder structure of the Company (Direct participations), is presented in the following table:

(Participation %)

Participations	31-12-2014	31-12-2013
EMEF, SA	100%	100%
CP CARGA, SA	100%	100%
FERNAVE, SA	100%	100%
SAROS, Lda	100%	100%
ECOSAÚDE, SA	100%	100%
TIP, ACE	33%	33%

CP also holds indirect participation and control in other companies of the group via participation in the aforementioned companies, namely:

- SIMEF, ACE (held in 51% by EMEF).
- NOMAD Tech (held in 35% by EMEF).

The transactions between related parties are presented in the following table:

(amounts in Euros)

Description	2014	2013
Sales and Provision of Services		
Subsidiaries		
EMEF, SA	5,865,041	5,846,228
CP CARGA, SA	32,954,442	32,273,402
FERNAVE, SA	343,487	193,468
FERGRÁFICA, SA	-	8,000
SAROS, Lda	290,843	12,797
ECOSAÚDE, SA	74,468	60,851
Affiliates		
TIP, ACE	1,236,811	348,346
Companies with indirect participation		
EMEF / SIEMENS, ACER	119,584	487,918
total	40,884,676	39,231,010
Balances		
Subsidiaries		
EMEF, SA (*)	(28,317,278)	(26,312,887)
CP CARGA, SA	(563,674)	(750,898)
FERNAVE, SA	(652,953)	(604,236)
FERGRÁFICA, SA	-	(2,166,845)
ECOSAÚDE, SA	(779,131)	(790,065)
Affiliates		
TIP, ACER	(605,241)	(718,954)
Companies with indirect participation		
EMEF / SIEMENS, ACER	(9,626,032)	(8,802,915)
Total	(40,544,309)	(40,146,800)

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(amounts in Euros)

Description	31-12-2014	31-12-2013
Investment		
Subsidiaries		
EMEF, SA	13,983,257	11,218,086
CP CARGA, SA	(671,114)	18,342,402
FERNAVE, SA	732,500	1,193,000
FERGRÁFICA, SA	-	(1,074,834)
ECOSAÚDE, SA	-	500,000
Affiliates		
TIP, ACE	6,360	32,500
Companies with indirect participation		
EMEF / SIEMENS, ACER	50,145	-
Total	14,101,148	30,211,154

The balances with related parties are, likewise, presented in the following table:

(amounts in Euros)

Description	31-12-2014	31-12-2013
Assets		
Investment		
Subsidiaries		
EMEF, SA	17,821,824	10,595,516
CP CARGA, SA	71,272,682	62,272,682
FERNAVE, SA	5,468,551	2,636,051
FERGRÁFICA, SA	-	-
ECOSAÚDE, SA	500,000	500,000
Clients and Other receivables		
Subsidiaries		
EMEF, SA	88,185	508,179
CP CARGA, SA	30,350,666	11,152,049
FERNAVE, SA	22,658	9,928
FERGRÁFICA, SA	-	-
SAROS, Lda	729	9
ECOSAÚDE, SA	4,943	6,757
Affiliates		
TIP, ACE	337,438	441,168
Companies with indirect participation		
EMEF / SIEMENS, ACER	400	34,189
Liabilities		
Suppliers and other payable accounts		
Subsidiaries		
EMEF, SA	(7,344,437)	(5,523,256)
CP CARGA, SA	(66,391)	(100,544)
FERNAVE, SA	(75,028)	(39,219)
FERGRÁFICA, SA	-	-
ECOSAÚDE, SA	(37,680)	(113,881)
Affiliates		
TIP, ACE	(901,175)	(570,938)
Companies with indirect participation		
EMEF / SIEMENS, ACER	(982,324)	(1,903,336)
Total Asset + Liability	116,461,041	79,905,354

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There were no adjustments in 2014 to outstanding doubtful debts adjustments concerning the related parties.

Guarantees and Sureties (note 54)

Guarantees and sureties provided by CP to companies of the group and associates:

(amounts in Euros)

	Total Amount	Used Amount
EMEF (letters of intent)	7,000,000	1,341,770
EMEF (security)	3,937,500	3,937,500
Fernave (letters of intent)	200,000	-
Fernave (security)	13,280	13,280
Otlis (letters of intent)	200,000	200,000
CP Carga (promissory note)	22,192,877	22,192,877
CP Carga (security)	26,860,787	26,860,787

Guarantees provided in favour of CP:

(amounts in Euros)

Guaranties and securities provided to CP by the State	767,456,939
Guarantees and bank securities provided to CP by bank entities in favour of third parties	563,362

Relevant Events after the Date of Balance (note 55)

There were no relevant facts which could have had impact on the accounts after the balance date.