Consolidated Report & Accounts

2015

CP Group

CP- Comboios de Portugal E.P.E.

www.cp.pt

COMBOIOS DE PORTUGAL

TECHNICAL INFORMATION

CP – Comboios de Portugal, E.P.E.

Calçada do Duque, nº 20

1249 – 109 Lisbon

Corporate Taxpayer number: 500 498 601

Registered in C.R.C. Lisbon no. 109

Statutory Capital € 2,678,800,000 (as at the 31st December, 2015)

Design and Coordination:

Department of Planning and Activity Control

Financial Management

Contacts: webmaster@cp.pt

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Summary of the Year

Operational Indicators of the Group	2015	2014	Variation	
			Amount	%
Demand				
Passengers (10^3)	112 024	109 785	2 239	2%
Passengers Kilometre (10^3)	3 624 903	3 518 813	106 090	3%
Tonnes (10^3)	9 857	9 235	622	7%
Tonnes Kilometre (10^6)	2 312	2 114	198	9%
Supply				
Cks pax (10^3)	28 834	28 843	-9	0%
Cks merc. (10^3)	5 749	5 503	246	4%
Human Resources				
Total Permanent Staff	**4 252**	**4 352**	**-100**	**-2%**
CP	2 684	2 718	-34	-1%
CP - CP Carga	537	552	-15	-3%
CP - EMEF	979	1 030	-51	-5%
CP - Fernave	28	28	0	0%
CP - Ecosaúde	23	23	0	0%
CP - Saros	1	1	0	0%
Fleet - Active Fleet				
Railcars	235	234	1	0%
Locomotives	90	89	1	1%
Carriages	101	98	3	3%
Wagons	2 597	2 704	-107	-4%

Financial Indicators of the Group (Amounts in 10^3 €)	2015	2014	Variation	
			Amount	%
Income Statement				
Operating Income	-176 731	-20 914	-155 817	-745%
Operations Subsidies	0	17 790	-17 790	-100%
Net Income	-278 657	-161 345	-117 312	-73%
EBITDA (1)	7 514	36 627	-29 113	-79%
Balance				
Asset	725 606	974 490	-248 884	-26%
Equity	-3 162 144	-3 569 003	406 859	11%
Liability	3 887 750	4 543 493	-655 743	-14%
Funding Obtained	3 525 424	4 188 980	-663 556	-16%

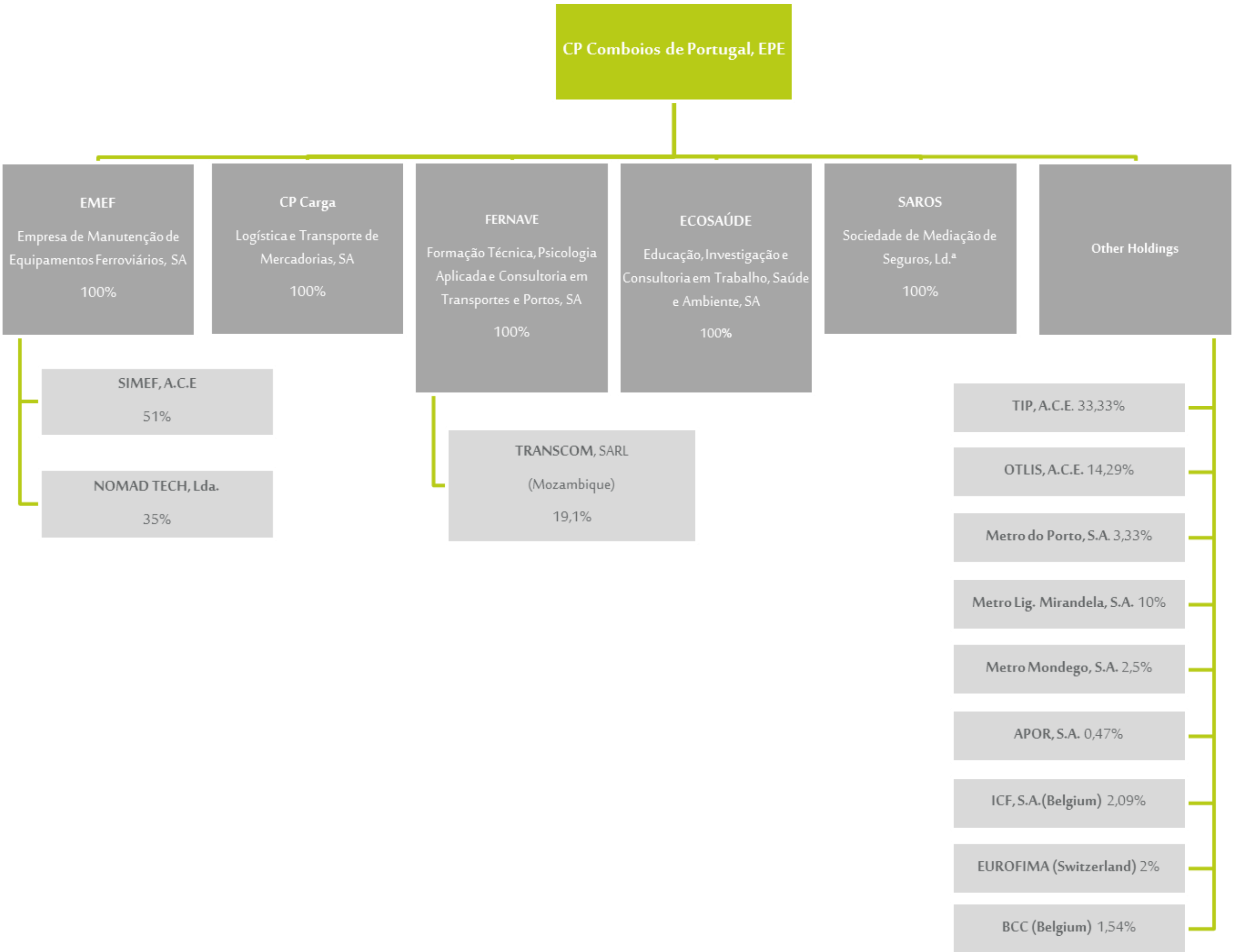
(1) Does not include terminations, provisions, impairments or fair value.

Note: considering that the terms of the reference sale agreement, which was signed on the 21st of September, 2015, significantly limit the exercise of dominant influence and control, under article 6 of Decree-Law no. 158/2009, CP Carga shall not be included in the consolidation under the full consolidation method.

CP Group

CP is a public railway transport company held 100% by the State. CP controls companies in the field of supplies in the area, with minority case-by-case holdings.

The following diagram shows CP's holdings and its affiliate companies as at the 31-12-2015:



During 2015 there were no changes to CP holdings. However, on the 21st of September, 2015, a Reference Direct Sale Agreement from CP Carga to MSC Mediterranean Shipping Company Rail (Portugal) – Operadores Ferroviários, S.A was entered into, having been signed on the 20th of January, 2016.

The Group carries out the following activities:

CP – Comboios de Portugal, E.P.E.

The main purpose of CP – Comboios de Portugal, E.P.E., is the provision of passenger railway transport services.

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

CP Carga is involved in the transportation of goods, logistics activities and related operations.

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

EMEF, which was incorporated in 1992, has a vast involvement in the area of railway engineering. EMEF carries out the manufacture, large repair and maintenance of equipment, railway vehicles, vessels and buses, as well as the study of workshop facilities for maintenance purposes.

SIMEF, A.C.E

SIMEF carries out the maintenance of “LE 5600” and "LE 4700" locomotives.

SAROS – Sociedade de Mediação de Seguros, Lda.

SAROS provides services in the area of mediation within the category of insurance agents in the fields of LIFE and NON-LIFE. SAROS's activity is focused on managing the insurance portfolio of the companies forming part of the CP Group.

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

FERNAVE carries out training and professional technical development, as well as studies and projects within the scope of the creation, organisation and management of companies. FERNAVE also provides services related to applied psychology, as well as medical and psychological assessment, higher education and scientific research regarding transportation, communications or technological areas within the technological scope of the aforementioned companies.

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

ECOSAÚDE provides healthcare services, teaching, training and technical/professional development within the sectors of working conditions, health and environment. ECOSAÚDE also performs services related to recruitment, selection and assessment of staff, as well as technical assistance, consultancy and auditing, specifically regarding health, occupational health and safety, environment and environmental management. ECOSAÚDE performs drug and alcohol tests and ensures proper referral for the treatment of such addictions.

TIP, A.C.E.

TIP is responsible for the implementation and management of a common and exclusive ticketing system of the Grouping (CP, STCP and Metro do Porto) in the Greater Oporto area, as well as for establishing the common and exclusive intermodal tariff for the public means of transportation of passengers which are operated either directly or indirectly by the Grouping entities.

OTLIS, A.C.E.

OTLIS is responsible for the development of the tele-ticketing project in the Greater Lisbon area in association with other international partners, in accordance with the commitments assumed by the companies comprising the group within the scope of the global proposal of the aforementioned project (OTLIS, A.C.E.).

CP further has a few minority holdings based on cooperation with other Operators.

Intra-Group Relations

		Receiving Entity					
Provider	**Service**	**CP**	**CP Carga**	**EMEF**	**Fernave**	**Ecosaúde**	**SAROS**
CP	Rental of Rolling Stock		☑				
	Rental of Workshop Buildings			☑			
	Service Provision (Accounting, IT, Etc.)		☑	☑	☑	☑	☑
	Re-invoicing (Repair of Rolling Stock, Housekeeping of the Premises, Surveillance, Electricity and Traction Fuel and Utilities)		☑	☑			
CP Carga	Breakdown Train	☑					
EMEF	Services of Maintenance and Repair of Rolling Stock	☑	☑				
Fernave	Training	☑	☑	☑			☑
EcoSaúde	Medical, occupational health and safety services as well as blood alcohol and drugs tests	☑	☑	☑	☑		☑
SAROS	Insurance Mediation	☑	☑	☑	☑	☑	

Framework of the Year

Context

Pursuant to article 4 of Regulation no. 1606/2002 of the European Parliament and the European Council, of the 19th of July, the entities whose securities are admitted to trading in a regulated market shall draw up their consolidated accounts in accordance with the international standards of financial reporting.

Therefore, CP presents its consolidated financial statements, which express its financial position, as well as the results of the group operations as if it were a single entity, aiming to highlight the results of the operations the companies of the group carried out with third parties.

Despite the fact that CP holds the entirety of CP Carga’s shares, the terms of the reference sale agreement entered into on the 21st of September, 2015, are deemed to significantly condition the control and dominant influence, wherefore, under article 6 of Decree-Law no. 158/2009, CP Carga shall not be included in the consolidation under the full consolidation method.

This consolidation shall not have an impact at a fiscal level, namely regarding Income Tax, given that there are no expectations for the group to obtain future taxable profits which allow using the accumulated fiscal losses.

Macroeconomic Framework

Macroeconomic information available with regard to 2015 show that Portuguese economy kept a global recovery process, having registered in the first three quarters of 2015 a growth in GDP of 1.5% when compared to the same period in 2014[1], which reflects a recovery of the economic activity, an increase of internal demand and a growth in exports.

[1] State Budget for 2016, February 2016.

In this period, we saw a recovery regarding families' consumption expenditure, as a result of a drop of the unemployment rate and the effect of reduction of the debt service of the families due to interest rates stabilised at low levels. Moreover, we saw an improvement of families’ funding conditions.

Concerning exports, it should be highlighted that, from January to October 2015, there was a growth of 4% regarding exports of goods when compared to the same period in 2014, and the “travels and tourism” exports reached an amount of 10 thousand million Euros, 10.2% above the value recorded in the same period in 2014.2

In 2015, the annual inflation rate in Portugal (HICP) was 0.5%, which reflected a 0.7 p.p. increase regarding the value of the previous year.3

The evolution of the labour market during the first three quarters of 2015, when compared to the same period in 2014, is characterised by a decrease in the unemployment rate of 1.2 p.p., reaching 11.9%.

[2] *Envolvente Empresarial*, December 2015 – AEP/AIP/CIP

[3] BMEP no. 01/2016 – GEE/GPEARI

Consolidated Activity of the Year

CP

Executive Summary

In 2015 CP reached a record regarding transportation profits, exceeding 220 million Euros, a figure 6 million Euros higher than that of the previous year.

CP transported 112 million passengers in all its national services, which translates into a growth of 2% regarding 2014 and, in absolute terms, reflects a growth of approximately 2.2 million transported passengers.

The decisive factors for obtaining such results, apart from the slight improvement of the economic activity as well as of the framework of dialogue and social consultation, were: the investment made by the Company towards a strong commercial dynamics in combating fraud; structuring supply by promoting its network effect; and the implementation of new operating and mobility solutions, while always searching for the creation of advantages for its customers.

Notwithstanding the lack of Operations Subsidies (in 2014 CP was granted 17.9 million euros, which was approximately half the value granted in 2013) and of increases in tariffs, recurrent EBITDA remained positive, in 3.8 million Euros, however, it evidenced a decrease of 11 million Euros with regard to 2014.

CP closed the 2015 financial year with a Net Income of -278 million Euros. This result has been aggravated regarding the previous year due to the accounting assumption of future effects arising from the Reference Direct Sale Agreement of CP Carga and the recognition of past liabilities resulting out of the consideration of variable allowances as remuneration used for calculating holiday remuneration and holiday allowances.

Operation

CP's activity throughout the year was based on the proposed Budget and Business Plan 2015 (PAO 2015), which was approved by the Sector and Financial Ministries. Among the actions that have been carried out, the following are the most relevant:

Supply / Operation

- Adjustment of the Cascais Line schedule based on the actual customer service needs as well as on the available material for the operation.
- An increase of seats offered by the Oporto Urban Service in peak times, in order to improve comfort levels.
- An increase of two new Inter-city connections to Braga (one in each way), by extending two already existing connections between Lisbon-Oporto.
- A new schedule for Sintra/Cintura, South and Algarve Lines, which enhances the network effect by promoting the connection/integration of the supply of the various services.
- As of the 25th of September and for a 6-month trial period, four Regional service trains – two in each way, on Fridays and Sundays – travelling between Portalegre and Entroncamento, in the East Line.
- The conclusion of the installation of Wi-Fi as well as plugs for charging electronic equipment in the ICs of the North Line. The pilot project for the ICs of Beira Alta, Alentejo and South Lines has been concluded.

Tariff

- The release of a new combined Monthly CP+Parking Pass called "Park & Ride", which is available for €12 more than the monthly pass. The first stage includes the parking lots in the Portela de Sintra, Mira Sintra-Meleças, Monte Abraão and Queluz-Belas stations.
- The implementation of the CP tourist ticket in the Algarve line and Oporto Urban services.

Ticketing / Distribution

- The release of a contactless card (CP Card) for the whole CP network, which is compatible with the contactless systems in Lisbon (integrated in OTLIS) and Oporto (integrated in TIP). Equipped with contactless technology, it allows the combination of several travel cards in one, by integrating different routes and services according to the needs of the Customer.
- The undertaking of awareness sessions for Ticket Inspectors, as well as awareness and information sessions for Customers on the obligation to validate the monthly passes in the Lisbon Urban Services. Moreover, the adaptation of systems and relocation of ticket validating machines were carried out.
- The sale on CP's website of Regional Train Tickets as a complement of Alfa or IC travel, with the purpose of promoting the network effect.

Innovation

- The online supply, via the Google Maps and Google Earth apps, of filming carried out in the Douro, North, West, Sintra and Cascais lines, as a result of the partnership established between CP, IP and Google.
- Providing the possibility of purchasing tickets through the PayPal payment system in the online CP ticket office.

Internal Procedures

- The performance of periodic inspections both in trains and access controls within the stations. Moreover, video cameras were installed in the Cascais and Oeiras stations, which are associated to the access control system.
- The undertaking of internal communication measures within the scope of the Safety Management System, with the purpose of promoting the involvement of all employees of the company in traffic safety.

Communication

- Release of "Destinos Magazine" – the on-board magazine of the *Alfa Pendular* train.
- CP on Instagram through the following account: cp_comboiosdeportugal.

Social Intervention

- Train to Paris – CP and IP have set up a trip on the “Comboio para Paris”, which integrated the "Train to Paris" initiative of the UIC - International Union of Railways. This initiative took place within the context of the World Climate Summit (COP21), which was held in Paris from the 30th of November to the 11th of December. The highlight of this event was the symbolic signature of a commitment towards the defence of environmental sustainability, the Railway Climate Responsibility Pledge.
- Ramp tests on rolling stock, which were performed in partnership with the representatives of the signing Associations of the Advisory Board for People with Special Needs (CCPNE), aimed at improving wheelchair access to the various types of material.

Resource Management

Permanent Staff

The company closed 2015 with 2684 employees, that is to say, 34 employees less than the previous year, 7 of which due to termination of the employment contract by mutual agreement.

The absenteeism rate and the overtime work rate have increased in 2015, to 6.59% and 11.01% respectively. The increase in absenteeism was due to a slight increase of sick leaves, as well as of absences due to occupational accidents. The increase in overtime work is justified by the need of rejuvenation of some professional careers, by the need of maintaining the existing services and by the increase in special services.

CP continued to focus on valuing its employees through continuous training, by intensifying the implementation of new methodologies, such as e-learning, and by investing in the update and acquisition of new skills, putting them at the Customer’s disposal and simultaneously ensuring Safety, Quality and Environment, which are profound values of CP.

Throughout 2015, 302 training sessions were held, which involved 2,876 trainees and a total of 59,443 hours of training.

Fleet

In 2015, CP continued the course of optimising the use of the fleet of rolling stock and promoting studies in the areas of maintenance and repair of systems and equipment, taking into account the latest technological developments. CP has always aimed for the promotion of safety, efficiency and economy in the use of rolling stock. CP has promoted contacts for selling rolling stock unnecessary to the service.

As at the 31st of December, 2015, the total of CP's tractive and hauled stock was 796 units. Out of these units, 367 were active fleet, 334 were inoperable equipment and 95 were occasional equipment, such as the Historical Train, the rescue train, or were assigned to the National Railway Museum Foundation of Portugal.

The active fleet of rolling stock in commercial service had 188 electric railcars, 47 diesel railcars, 25 electric locomotives, 6 diesel locomotives and 101 carriages.

It should be noted that in the active fleet there are 17 diesel railcars, series 592 and 592.2, which are rented to RENFE.

Within the scope of the privatisation process of CP Carga, 25 Electric Locomotives of series 4700, 4 Electric Locomotives of series 5600, 15 Diesel Locomotives of series 1400 and 15 Diesel Locomotives of series 1900/30/60 were transferred to such company.

After having established contacts with international and national entities which have expressed an interest in acquiring rolling stock from CP, the following material was disposed of: three sets of disabled vehicles and scrap parts, 5 diesel railcars of series 9500, three vans, one light rail tractor and one steam locomotive of the Tua Line.

Demand and Supply

In 2015, 112 million passengers were transported by CP, corresponding to a 2% increase regarding 2014, thereby demonstrating, in absolute terms, an increase of around 2.2 million transported passengers.

Such growth of demand was transversal to all CP services, among which should be highlighted the Long Distance Service, with a growth of 5.0% which exceeded 5.5 million passengers, and the Urban Service in Lisbon, with a growth of a 2%, which translates into an increase of 1.5 million passengers.

These results were decisively influenced by the commercial dynamics implemented over the last few years, which made it possible to benefit from the synergies among the company's services, which promoted an induced demand of Urban and Regional Services and Long Distance trains.

Passengers (*10^3)	2015	2014	2015-2014	2015 /2014
Urban Services Lisbon	75 865	74 378	1 487	2,0%
Urban Services Oporto	20 060	19 665	395	2,0%
Long-Distance Services	5 508	5 245	263	5,0%
Regional Services	10 591	10 497	94	0,9%
TOTAL	112 024	109 785	2 239	2,0%

Note: In view of the 2014 Report and Accounts, the amounts of the Oporto-Vigo service have been reclassified from Regional to Long-Distance service, as such service is international.

In 2015, CP's supply, assessed in Trains*Kilometre, was 28,834 thousand Trains*Km, which is similar to the value registered in the previous year.

However, several adjustments regarding supply were carried out, amongst which the following should be noted: modifications to the schedules of Cascais, Sintra/Cintura and Algarve lines, extension of Inter-city trains to Braga and replacement of the East line service for a trial period.

Trains Kilometre (*10^3)	2015	2014	2015-2014	2015 /2014
Urban Services Lisbon	6 644	6 861	-218	-3,2%
Urban Services Oporto	4 565	4 568	-3	-0,1%
Long-Distance Services	8 534	8 380	154	1,8%
Regional Services	9 091	9 033	58	0,6%
TOTAL	28 834	28 843	-9	0,0%

Note: In view of the 2014 Report and Accounts, the amounts of the Oporto-Vigo service have been reclassified from Regional to Long-Distance service, as such service is international.

Profits

Profits from traffic exceeded 220 million Euros, demonstrating an increase of over 6 million Euros regarding the previous year (+2.9%).

The profits have followed the growth trend of demand. Such profits are influenced by the greater relative weight of the Long Distance Service, as well as of occasional tickets.

There was no tariff update.

Profits from Traffic (*10^3)	2015	2014	2015-2014	2015 /2014
Urban Services Lisbon	75 058	73 283	1 775	2,4%
Urban Services Oporto	24 704	24 363	341	1,4%
Long-Distance Services	92 725	88 921	3 804	4,3%
Regional Services	28 072	27 762	310	1,1%
TOTAL (*)	220 558	214 329	6 229	2,9%

(*) In 2014 it does not include residual values accounted for in other Bodies.

Note: In view of the 2014 Report and Accounts, the amounts of the Oporto-Vigo service have been reclassified from Regional to Long-Distance service, as such service is international.

Investments

In 2015, CP has invested a total of 8 million Euros, from which 79% were assigned for rolling stock and 15% for fixed facilities.

Taking the financial restrictions into account, the investment decisions were, as in the previous years, assessed in order to ensure essential interventions for guaranteeing safety and operability of railway material and facilities, or for concluding ongoing projects.

Regarding rolling stock, the most relevant investment is still for “Large Repairs R2+R3”, amounting to 5.6 million Euros.

On November, a contract regarding CPA Trains Midlife Intervention was entered into, with an advance payment of 20%, amounting to 3.5 million Euros (at the beginning of the year the advance payment made in 2014, of the same amount, was refunded).

Results

INCOME AND EXPENSES (Amounts in M€)	PERIODS		Variation 2015/2014	
	REAL 31-12-2015	REAL 31-12-2014	Amount	%
Provided sales and services	241 783	239 759	2 024	1%
Operating allowances		17 905	-17 905	-100%
Other income and gains	31 792	46 291	-14 500	-31%
	273 575	303 955	-30 380	-10%
Sold commodities and consumed materials costs	-5 985	-7 716	1 730	22%
External services and supply	-164 078	-169 939	5 861	3%
Personnel Costs (w/o Compensations and agreement of variables)	-96 334	-100 921	4 587	5%
Other expenses and losses	-3 395	-10 611	7 216	68%
	-269 792	-289 185	19 394	7%
Operating result of transportation activities* (EBITDA)	**3 783**	**14 770**	**-10 987**	**-74%**
Other income and gains (CP Carga)	40 285		40 285	s/s
Expenses/reversal of depreciations and amortisation	-58 882	-65 063	6 181	10%
Impairment of depreciable and amortisable investments (losses/reversals)	1 158	-4 707	5 865	125%
Compensations for termination of employment	-2 423	-2 421	-1	0%
Agreement of variables	-27 246		-27 246	s/s
Gains/losses attributed to subsidiaries, associated companies and joint ventures	-9 685	1 226	-10 912	-890%
Inventory Impairments (losses/reversals)	-255	-117	-138	-117%
Impairment of receivables (losses/reversals)	-31 254	1 604	-32 858	-2048%
Provisions (increases/decreases)	297	15 387	-15 090	-98%
Impairment of non-depreciable/non-amortisable investments (losses/reversals)	-93 385	10 614	-103 999	-980%
Operating result	**-177 608**	**-28 709**	**-148 900**	**-519%**
Fair Value Increase/Decreases	2 412	65 456	-63 044	-96%
Interest and similar income gained	4 437	5 188	-751	-14%
Interest and similar expenses incurred	-107 445	-204 017	96 572	47%
Financial result	**-100 597**	**-133 374**	**32 776**	**25%**
Income Before Taxation	**-278 205**	**-162 082**	**-116 123**	**-72%**
Income tax of the period	-221	2 213	-2 434	
Net Income of the Period	**-278 426**	**-159 869**	**-118 557**	**-74%**

* Before compensations for termination of employment, agreement of variables, fair value, impairments, provisions, mark-downs, financing expenses and taxes

CP closed the 2015 financial year with a Net Income of -278.4 million Euros, which translates into an aggravation of 118.6 million Euros, comparing to the previous year (-159.9 million Euros).

Such aggravation essentially results out of the Reference Direct Sale Agreement from CP Carga, which was entered into on the 21st September, 2015, with a net impact on the company's results in 2015 of -85 million Euros, of the lack of operating allowances, which translated into a decrease of income of 17.9 million Euros regarding the previous year, and of the fact that, in 2014, there were extraordinary gains and income amounting to 14.7 million Euros due to the disposal to REFER of the Freight Terminals and to REFER's acceptance of an invoice regarding the disposal of CP's building.

The Financial Result registered an improvement of 32.8 million Euros, due to the reduction of the financial debt of the company, as well as the generalised decrease of the funding interest rates. However, this variation was offset by the reduction of the favourable impact of derivatives' fair value variations, as a result of a decrease of the derivatives held by the company. The assumption of additional personnel costs of previous years should also be noted, amounting to 27.2 million Euros, arising out of the agreement entered into on the 22.04.2015 with the Labour Representative Organisations (ORT) regarding the integration of variable allowances within the concept of remuneration used for the calculation of the holiday remuneration and allowance. Such event has not occurred in the same period of the previous year.

The recurring EBITDA (Operational Result of the activity of Passenger Transportation) was positive in an amount of 3.8 million Euros. Regarding 2014, this indicator has decreased approximately 11 million Euros, namely due to the aforementioned lack of operating allowances (-17,9 million Euros), although it was partially offset by the increase in the provision of services, especially due to the favourable evolution of passenger traffic revenues, to 6.6 million Euros.

Personnel costs (without compensations or agreement on variables) have had a decrease of 4.6 million Euros regarding 2014. However, in 2014, there was an adjustment of the amount of expenses in connection with occupational accident pensions, of 11.1 million Euros. Therefore, by excluding the effect of this adjustment carried out in 2014, there would be an increase in personnel costs of 6.5 million Euros.

Such increase was due to the fact that, from January 1st, 2015, under article 4 of Law 75/2014 of the 12th of September, the temporary reduction of remuneration verified to date was reversed by 20%, as well as due to the impact of the remunerations in 2015 of the aforementioned agreement entered into with the ORTs concerning the integration of the variable allowances, and lastly, due to an increase in overtime work.

External Services and Supply have evidenced a decrease of approximately 5.9 million Euros, especially due to the decrease of expenses with the infrastructure usage fee, which in turn was due to the decrease of the tariffs of this service, as well as the generalised effort of cost containment.

Another factor that impacts the EBITDA is the decrease of other expenses and losses of 7.2 million Euros due to the decrease in write-offs of rolling stock, as well as in expenses regarding the recognition of bad debts registered in 2015.

Regarding the remaining items not related to the transportation activity, it is worth highlighting the increase of the losses attributed to subsidiaries, associated companies and joint ventures of approximately 10.9 million Euros, due to the implementation of the equity method to the negative results of CP Carga, and the decrease in the amount of depreciations, amounting to 6.2 million Euros, essentially originating out of the basic equipment (rolling stock), as a result of the decrease in the investment made, of the transfer of material to CP Carga and to the write-off or end of the depreciation period of the goods.

The changes registered in terms of impairments of investments should also be noted. The impairments of non-depreciable and non-amortisable investments have had an increase of 104 million Euros. Such increase was essentially due to the recognition of expected losses related to the sale of credits (funding) and the adjustment of the value of CP's financial holding on CP Carga, as a result of the conclusion of a reference agreement for CP Carga's sale. In 2014, the non-current assets held for sale were reclassified to current assets (due to the reassignment of rolling stock to the operation), and material has been written-off, which led to the decrease of the impairments connected with such assets of 10.6 million Euros. In 2015, there was a strengthening of the amount of the impairment of rolling stock comprised in non-current assets held for sale, so that the net value of the goods deducted from the residual scrap value and investment grants is zero. The value of the buildings classified as non-current assets held for sale was also adjusted as a result of the latest assessments.

The impairments of depreciable investments have had a decrease of 5.9 million Euros following the reversal of impairments established for rolling stock involved in accident, in relation to the estimated repair cost and the reclassification of rolling stock from non-current asset held for sale to fixed tangible asset, as a result of its reassignment to the operation.

Lastly, we should take into consideration the increase of the impairments of receivables of 32.9 million Euros, essentially due to the recognition of expected losses related to the sale of credits arising out of the conclusion of the reference agreement for the sale of CP Carga.

EMEF

Executive Summary

2015 was marked by the unsuccessful reprivatisation process of the company. Such fact was connected to difficulties in the process, rather than to the assessment of the intrinsic value of the company, which was confirmed and strengthened by the several expressions of interest from the potential investors.

There were several positive signs registered in the 2015 financial year, such as the professionalism of the preparation and presentation of the R1 large repair project of the CPA 4000, awarding EMEF the General Review of the Eurotram fleet of Metro do Porto, or the conclusion of multi-annual contracts with IP, CP Carga and ADP for the maintenance of equipment.

The financial results of this financial year were also positive, which lead to the conclusion that EMEF is continuing along its path for an increasingly sustainable financial standing.

In 2015 there was a substantial increase in Service Provisions through EMEF. A 6% increase in turnover was reached, while there was a 6% decrease in total average staff. However, the variable operating expenses (billable consumption and subcontracts) have increased by 35%. Concerning the labour productivity in the Company, it sustained a slight decrease (-0,8% regarding the previous year), when measured by using the GVA per capita indicator.

Operation

The services provided by EMEF remained characterised by a full maintenance supply of its Clients' fleets, comprising three main segments:

- repair and modernisation of railway vehicles, their components and equipment, being a segment with predominant features of industrial production;
- routine maintenance of rolling stock, with features of response targeted for the direct support to the railway operation of the operators, with service levels associated to each type of operation, such as availability and reliability;
- rehabilitation of rolling stock.

Additionally to its main activity, the Company has also ensured:

- the permanent prevention service for any emergency interventions involving rolling stock;
- rescue operations in line, whenever necessary;
- performing calibration tests in monitoring and measuring equipment, either for internal use, or for external customers;
- performing tests on oil, lubricants and insulants in order to characterise their state, as well as the state of the equipment it lubricates, whether they are used in the maintenance performed by EMEF, or for external customers.

Repair and Modernisation

This activity continued integrating the types of programmed repairs in the tractive and hauled stock of passengers (repairs type R), in the hauled stock of goods (safety repairs – RS and RSP) and in equipment (general repairs – RG and intermediate repairs – RI), other repairs due to unforeseen causes, accidents or vandalism on the railway vehicles (repairs due to malfunction - RAV and repairs due to accident - RAC) and, also, changes/modernisations in rolling stock in accordance with the specific request from the customers.

The repairs plan agreed upon with the Customers for 2015 was generally fulfilled, except for the half-life repair works of CPA 4000, whose contract has only been signed in November.

Concerning the area of wheelset repair, and apart from the wheelset repair works for CP and CP Carga material, the following interventions are highlighted:

- Wheelsets and transmissions for SERFER (Peruvian transportation company);
- Wheelset turning for Mota Engil and GMF;
- Wheelsets for Fertagus;
- Wheelsets of locomotives type 4700 and 5600 for SIMEF.

Concerning the area of bogie repair, apart from the bogie repair works for CP and CP Carga material, the interventions performed for Fertagus should be highlighted.

As a whole, the repair segment allowed the Company to obtain, in 2015, income amounting to 27.770 thousand Euros, which corresponded to 47.5% of the amount of global income of the Company and an improvement of 2% regarding 2014.

Maintenance

The goal of this activity has been centred in the compliance with the maintenance programmes set forth in the specific contracts of the fleet/market segment of each customer: CP, CP Carga, Metro do Porto and RENFE. At the same time, the service of seasonal maintenance to the historical trains – a product of the CP customer – continued being provided.

As a whole, the maintenance segment allowed the Company to obtain, in 2015, income amounting to 30.639 thousand Euros, which corresponded to 52.5% of the amount of global income of the Company and an improvement of 11% regarding 2014.

Rehabilitation

In this component, the following ongoing initiatives should be noted:

- Full recovery of the 0186 steam locomotive, which involves, among other works, the reconstruction of the boiler with the alteration of coal-fired heating into fuel heating, a service which relied on the collaboration of specialists in the area of design and manufacturing of boilers, and was followed by EMEF technicians;
- Reengineering of the repair process of traction motors of the fleet operating in the Cascais line, in order to significantly reduce the amount of malfunctions and, consequently, increase availability.

Engineering, innovation and development

Concerning the optimisation of processes, the following should be highlighted:

- Improvement of the review of technical specifications supporting the purchase of materials, by ensuring their technical adequacy to the needs, as well as the clarification, whenever possible, of technical features allowing a broader consultation by suppliers and better purchasing conditions;
- Development of quality plans of the series of material, by identifying and defining improvements in the maintenance plans, with the purpose of improving the technical behaviour and availability for the customer, as well as of the profitability of the assigned maintenance device, and the containment or decrease of operating costs;
- Development of a computer system/model applied to the management of rotables in order to identify the location and state of the several parts of the fleet in a timely manner;

- Internalisation of the repair of electronic components of the information system to the passengers, by making use of resident technical knowledge and specialised labour;
- Implementation of magnetic particle inspection tests in the technical assessment, research and control of possible cracks in bogies, rather than other non-destructive tests previously used, which allows a more reliable control and a substantial decrease of hours of labour and use of materials;
- Development of a continuous technical analysis to assess the possibility of enlarging the frequency of oil and filter replacement;
- Based on the daily monitoring to the trains and the application of the maintenance methodology under condition, it was possible to enlarge the period of replacement of brake blocks, which results in labour savings and cost reduction in acquisition of materials;
- Development of a technical study for the replacement of original equipment by a new type thereof produced nationally, which shall allow a substantial decrease of costs concerning the purchase of an original model;
- Development of a design/implementation project for the replacement of the reading system and video broadcast system of the CPA trains, by replacing the DVD player by Media Player;
- Internalisation of the repair of rotable equipment which was eligible for intervention by use of the qualified EMEF work-force;
- Study of design/implementation of a test bench of fuel pump injectors for Cummins engines, in order to ensure correct regulation after repair, as well as a decrease in railcar test times, which in turn translates into a decrease in fuel consumption and environmental impact;
- Reorganising the repair process of air-conditioning equipment of trains, by setting up a test bench for leakage detection, as well as a full testing of the equipment held in workshops, thereby decreasing test times in the units, which also translates into a decrease in energy consumption and handling needs for the correction of regulations with a risk of cooling fluid leakage (environmental impact).

Within the scope of internationalisation

EMEF has continued its industrial and commercial relations with several markets. From the proposals submitted, a few are highlighted due to their importance and value, such as those concerning the repair of Diesel engines for Irish Rail as well as the repair of rotables for TMB - Transportes Metropolitanos de Barcelona.

Despite the non-approval of the submitted proposals, it is believed that EMEF's participation has contributed for strengthening the company's awareness, which shall be a decisive factor to adjust its competitive position.

Resource Management

Permanent Staff

By the end of the 2015 financial year (31st of December), EMEF had 979 staff members, which represents a 5% decrease regarding the end of 2014 (1030).

Absenteeism was of 8,81%, a decrease of 0,05% regarding 2014. The main cause for absenteeism continued to be "disease", which had a 4% decrease regarding the previous year.

Within the scope of developing professional competences, EMEF continued to especially perform internal training (86% of the training hours). 1,156 trainees have participated in the training sessions, and the hours of training have amounted to 13,490.

Income

In 2015, EMEF's Turnover has registered a growth of approximately 6% regarding 2014.

In terms of turnover developments per client, CP, CP Carga and Metro do Porto remain as the company's most important clients. As a whole, such clients make up 91.1% of the company's sales and service provisions.

Client	Amount in € 2015	Amount in € 2014	%
CP	36 870 983	38 336 600	70%
CPCarga	11 846 208	7 429 338	14%
BOMBARDIER/PROMETRO/METRO DO PORTO	4 604 579	4 107 178	7%
EMEF / SIEMENS ACE	3 144 506	2 893 997	5%
RENFE	952 324	1 068 989	2%
MOTA_ENGIL	145 361	11 529	0%
INFRAESTRUTURAS DE PORTUGAL	656 202	715 878	1%
Other	342 067	430 068	1%
Total	58 562 230	54 993 577	

In 2015, the maintenance segment had a slightly larger significance than the repair segment, and there was a positive development on both activity segments regarding 2014.

Activity Segment (Amounts in €)	2015	2014	Variation	
			Amount	%
Repair*	27 770 135	27 212 795	557 340	2%
Maintenance*	30 639 052	27 660 608	2 978 444	11%
TOTAL	58 409 187	54 873 403	3 535 784	6%

* Sales + Provided Services + VIP

Investments

By continuing with an investment containment policy, the investments made were limited to equipment which is strictly necessary for pursuing the company's activity, approximately amounting to 399 thousand Euros in the period of 2015.

Results

EMEF's net income has increased 469 thousand Euros regarding 2014, namely due to the decrease in interest and charges incurred.

The Operating Result sustained a slight decrease, with a variation of -35 thousands of Euros regarding the previous year. The latter was due to the fact that the operating income sustained an increase, which was proportionally followed by the increase in operating expenses. The increase in income is mainly justified by a higher number of maintenance interventions.

In 2015, there was an increase in the company's operating expenses, amounting to 3.4 million Euros. The more significant increases were noted in the following items:

- Sold Commodities and Consumed Materials Costs (amounting to 2.5 million Euros);
- Subcontracts (amounting to 2.6 million Euros);
- Other Expenses (amounting to 1.2 million Euros).

Such increases were partly offset by the decrease in total personnel costs, amounting to 2.8 million Euros, as a result of several terminations of employment by mutual agreement occurred since the previous year.

The global decrease in the item of interest and similar expenses incurred with fundings was mainly caused by the decrease in the reference interest rates and spreads charged by the funders, as well as a reduction in indebtedness, particularly concerning the use of current accounts' ceilings.

INCOME AND EXPENSES	PERIODS		Variation	
	31/12/2015	31/12/2014	Amount	%
Provided sales and services	58 562 230	54 993 577	3 568 653	6%
Operating allowances	6 649	52 329	-45 680	-87%
Gains/losses attributed to subsidiaries, affiliates and joint ventures	453 565	357 737	95 828	27%
Variation in the production inventories	-153 043	-120 173	-32 870	-27%
Works for own entity	1 140	2 637	-1 497	-57%
Sold commodities and consumed materials costs	-16 396 296	-13 895 729	-2 500 567	-18%
External services and supply	-13 718 177	-11 137 705	-2 580 472	-23%
Personnel Costs	-25 314 167	-28 136 555	2 822 388	10%
Impairment of inventories (losses/reversals)	-418 132	-83 395	-334 737	-401%
Impairment of receivables (losses/reversals)	-7 225	11 100	-18 325	-165%
Provisions (increases/decreases)	184 733	11 446	173 287	1514%
Other income and gains	1 209 395	1 815 900	-606 505	-33%
Other expenses and losses	-1 087 628	-385 843	-701 785	-182%
Result before depreciations, funding expenses and taxes	**3 323 044**	**3 485 325**	**-162 281**	**-5%**
Expenses/reversals of depreciations and amortisation	-1 114 171	-1 241 271	127 100	10%
Operating result (before funding expenses and taxes)	**2 208 873**	**2 244 053**	**-35 180**	**-2%**
Payable interest and similar expenses	-707 923	-1 244 552	536 629	43%
Income before taxation	**1 500 951**	**999 502**	**501 449**	**50%**
Income tax of the period	-122 900	-90 017	-32 883	-37%
Net income of the period	**1 378 050**	**909 485**	**468 565**	**52%**

Fernave

Executive Summary

In 2015, Fernave's Operating Result improved approximately 21%, at -394.9 thousand Euros. Similarly, despite being negative, the Net Income recovered approximately 28%. This variation was essentially due to the positive impact of the amount of the capital gains obtained from the disposal of the Lisbon and Oporto buildings, from the decrease in external services and supply of approximately 23% and the negative impact of value registered in impairment of investments (Transcom affiliate company), due to the devaluation of the metical regarding the euro.

Throughout the year, Fernave, while operating its activity, attempted to create synergies through the mobilisation of its teams and their respective competency matrix in order to find the best solutions for its Customers.

The achieved success rate was positive, corresponding to the undertaking of projects in the various activity areas (training, recruitment and psychology and consultancy), for a wide range of individual companies and Customers acting nationally and abroad in the transportation sector and related sectors.

Operation

Training

Similarly to the previous year, Fernave, regarding the training sector, continued investing in product / service design in 2015, which are innovative and of greater added value for the market, by attempting to contribute to the Company's business together with the remaining activity sectors.

Throughout the financial year, 369 training sessions were held, which were attended by 3,463 trainees, amounting to a total of 9,512 training hours, corresponding to a global amount of training of 85,179 hours. In comparison to the previous year, there was a decrease in the activity (measured in training hours) of approximately 16%.

CP accounted for 51.4% of training hours, a decrease of 18.7% regarding 2014.

Concerning the training areas, the technical areas, such as railway traction techniques and railway operations and fixed facilities management techniques, continue to hold the most importance, along with the road sector.

Globally speaking, the profits generated by the Training Unit have increased, reaching 731.3 thousand Euros, which represents approximately 83% of the company's total revenue, translating into a 21% decrease regarding the previous financial year.

Psychological Assessment

The activity of the psychological assessment unit (UAP) remained on the same levels of 2014. 794 psychological examinations have been carried out, 18% of which were carried out for the shareholder, however, the largest increase occurred in relation to other clients.

2015 was marked by the conclusion of the study for the assessment of the impacts linked to psychosocial risks on the Sale and Inspection Operators (ORVs) of the Lisbon and Oporto urban services, as well as of the Algarve line (CP customer).

Similarly to previous years, the UAP continued to perform periodic selection and control tests for Pilots and Blocked Track Train Drivers, upon request of the railway contracting companies.

Consultancy

Throughout 2015, the consultancy activity covered projects for external Clients, as well as internal projects (supporting the company's activity and operation).

In this context, eight external consultancy projects were active, translating into a decrease of approximately 33% regarding the previous year.

Internally, apart from the provided support, namely within the scope of the Specialisation Programme carried out by the Training Unit, continuity was given to the design and organisation of the process of Quality Assurance System, whose conclusion is foreseen by Fernave to occur during 2016.

Resource Management

Permanent Staff

The company has reduced its staff by 50% since 2010. On that year, the company had 58 employees. By the end of the 2015 financial year (31st of December), Fernave had 28 staff members.

Out of the 28 permanent employees of the Company, 7 are under an assignment scheme, 6 of which belong to CP and 1 to IP.

The absenteeism rate was close to zero, as well as the global overtime work.

In the 2015 financial year, there was no record of accidents.

Material and technological resources

Within the scope of its core intervention – training, the Company fulfils a set of requirements regarding teaching materials and equipment. Similarly, the recruiting and psychology activities also rely on specific equipment and software.

Profits

Globally speaking, there was a 21% decrease in the value of services provision. Such decrease occurred in all business areas, with a larger effect on the consultancy unit.

Profits	2015	2014	Variation	
			Amount	%
Training	713 325	884 325	-171 000	-19%
Psychology	43 441	50 580	-7 139	-14%
Consultancy	107 245	162 267	-55 022	-34%
Other Services	600	988	-388	-39%
TOTAL	864 610	1 098 160	-233 550	-21%

Results

Although remaining at a negative level, of approximately 306 thousand Euros, the EBITDA improved by 22% regarding 2014.

The coverage ratio of the main items of operating expenses (FSE – European Social Fund + Personnel Costs) by the turnover was of 60%, translating into a slight decrease regarding 2014 (69%).

There is still a decrease in the value of Supplies and Services rendered by Third Parties. Such trend has become clear over the last few years. In 2015, this decrease reached approximately 23%.

The Personnel Costs item sustained a slight increase (0.4%) due to the partial refund of salary cuts imposed since 2011.

The shareholder's fundings increased to 2.6 million Euros by the end of the year. The average funding cost of the year was lower than that of 2014 (6%), at 3%. Such fact is due to the development in interest rates, which represented a saving in the financial charges item of 76 thousand Euros (46% less).

The Other Income and Gains item includes an amount of 292 thousand Euros concerning the capital gain from the disposal of the land and buildings of Rua Castilho nº3 and Rua Faria Guimarães.

There was a slight general development in the Other Expenses and Losses item, with the accounting of a settlement related to the withholding amount on payment, such settlement having been carried out by a foreign entity, and that the company decided to assume as expense of the period, to be offset by the lack of corrections concerning previous financial years.

INCOME AND EXPENSES	PERIODS		Variation	
	31/12/2015	31/12/2014	Amount	%
Provided sales and services	864 610	1 098 160	-233 550	-21%
External services and supply	-499 790	-647 115	147 325	23%
Personnel costs	-948 819	-945 341	-3 478	0%
Impairment of receivables (losses/reversals)	-15 252	2 694	-17 946	-666%
Impairment of non-depreciable/non-amortisable investments (losses/reversals)	19 820	107 170	-87 350	-82%
Other income and gains	299 355	18 467	280 888	1521%
Other expenses and losses	-26 438	-28 694	2 256	8%
Result before depreciations, financing expenses and taxes	**-306 514**	**-394 659**	**88 145**	**22%**
Expenses/reversals of depreciation and amortisation	-88 415	-105 399	16 984	16%
Operating result (before financing expenses and taxes)	**-394 929**	**-500 058**	**105 129**	**21%**
Interest and similar income gained	2 218	1 335	883	66%
Interest and similar expenses incurred	-87 576	-164 331	76 755	47%
Income before taxation	**-480 287**	**-663 054**	**182 767**	**28%**
Income tax of the period	-3 434	-11 681	8 247	71%
Net income of the period	**-483 721**	**-674 735**	**191 014**	**28%**

Ecosaúde

Executive Summary

In 2015, ECOSAÚDE has accomplished one of its strategic goals, which consisted of achieving profit in the financial year, which strengthened the company's autonomy.

This new factor was preceded by a corporate restructuring process started in 2009. Through this process, the company has gradually rationalised its structure of operating expenses, has reduced its permanent staff and, simultaneously, has optimised its operational efficiency.

Along with this restructuring process, the facilities in the two main regional spots of the company were also renewed: Lisbon and Oporto, which allowed for a better quality in the provided services.

It is noted additionally that, in 2015, the company has once again registered a growth in turnover, with +2% compared to the previous year. The growth in the level of activity was higher, having reached +11%, which is justified by the fact that the average value of the new business is lower than the average value of the installed base of customers.

Operation

ECOSAÚDE carries out its activity in several domains, which, as a whole and in an integrated manner, contribute for the improvement of working conditions, well-being and, as a result, the increase in the companies' productivity in the medium and long term.

Occupational Health

Through the monitoring and supervision of the Occupational Medicine Specialist Physicians, Occupational Nurses and other Healthcare Workers, Ecosaúde establishes risk prevention measures for the worker's health, as well as measures for occupational disease mitigation.

In 2015, 13,289 medical interventions were carried out (+15% compared to the previous period).

Occupational Safety

The occupational safety auditing and safety consultancy activities enable the Customers to improve working conditions, as well as to prevent working accidents and incidents, by mitigating the negative human and material consequences of such events.

In 2015, 1,310 interventions were carried out within the scope of this subject, which represents a slight decrease in the level of activity registered in the previous period.

Prevention and Control of Addictions

With the inhibition of the negative influence of alcohol and drug consumption in the workplace, and supporting the assistance to workers affected by excessive consumptions of these substances as main objectives, 13,650 control interventions were carried out throughout 2015 (+10% compared to 2014).

Accident Management

Within the scope of Accident Management, 1,076 medical interventions of monitoring and treatment of occupational accidents (and accidents involving passengers) have been performed, 47 less than the previous year.

Within the scope of CP's Railway Emergency Plans, the company also has an Emergency Department on a prevention and standby basis, with a set of healthcare and safety professionals providing assistance and information services to passengers. Throughout 2015, this Department was not formally active.

Medical Specialties

In order to complement the occupational health activity, the company supports organisations and their employees by providing healthcare services in several medical specialties, by creating the conditions for preventing, detecting and treating each event.

In 2015, 4,066 specialty appointments were conducted, as well as 105 nursing treatments.

Training

The training activity within the Health and Safety areas aims to stimulate the health and safety culture, as well as to develop working conditions. In this regard, Ecosaúde provides inter-companies training services within the scope of the subject matters and contents which are common to all the organisations and business sectors. Ecosaúde further provides intra-company training in line with the specific needs of each organisation.

Throughout 2015, 57 training sessions were carried out, with a total of 5,905 training hours.

Operations Management

Operations Management has consolidated the development of new service models for the customer, through the provision of the activity outside the company's premises, as well as the integrated services offering.

Concerning the optimisation of processes, the consolidation and development of the new Information System to Support the Activity should be highlighted, which enabled the clients to consult the information in an internet portal, among other new features.

Summary of the Activity

Activity indicators	2015	2014	Δ 2015/14	Δ 2015/14 in %
Occupational health (medical interventions)	13 289	11 602	1 687	15%
Occupational safety (working conditions interventions)	1 310	1 335	-25	-2%
Prevention and control of addictions (tests conducted in workplaces)	13 650	12 410	1 240	10%
Medical and nursing specialties	4 171	4 410	-239	-5%
Accidents management (consultations and treatments of AT's)	1 076	1 123	-47	-4%
Training - Amount of training hours	5 905	6 883	-978	-14%
Training - no. of training sessions	57	74	-17	-23%
Training - no. of trainees	635	758	-123	-16%

Activity indicators	VN 2015	VN 2014	Δ 2015/14	Δ 2015/14 in %
Occupational health	1 026 628 €	961 021 €	65 607	7%
Occupational health and safety	511 224 €	512 662 €	-1 438	0%
Prevention and control	148 896 €	137 814 €	11 082	8%
Curative Medicine	260 759 €	272 233 €	-11 474	-4%
Accident Medicine	143 296 €	161 392 €	-18 096	-11%
Training	32 564 €	36 623 €	-4 059	-11%

Resource Management

Permanent Staff

The company has 23 permanent employees (22 under an indefinite contract and 1 under a fixed-term contract) as well as 59 highly qualified service providers.

Results

In 2015, Ecosaúde registered a significant improvement of its economic situation indicators, having registered an increase in the Volume of Services Provided of +2%, an EBITDA of 106 thousand Euros, an Operating Result of 28 thousand Euros and a Net Income of 4 thousand Euros (-126 thousand euros in the previous year).

Concerning the monitoring of the implementation of the 2015 budget, the items have been overall implemented according to plan. The expenses items that have exceeded the plan are explained by the increase in the level of activity, which also generated more income.

During the course of 2015, similarly to what had already happened in 2014, the company was autonomous, self-sufficient and did not have the need of support from third parties.

INCOME AND EXPENSES	PERIODS		Variation	
	31/12/2015	31/12/2014	Amount	%
Provided Sales and Services	2 123 367	2 081 745	41 622	2%
External Services and Supply	-1 264 496	-1 214 315	-50 181	-4%
Personnel costs	-714 534	-816 265	101 731	12%
Impairment of receivables (losses/reversals)	-9 631	-3 380	-6 251	-185%
Provisions (increases/decreases)	0	0	0	
Other Income and Gains	840	3 842	-3 002	-78%
Other Expenses and Losses	-29 563	-72 057	42 494	59%
Result Before Depreciations, Financing Expenses and Taxes	**105 983**	**-20 430**	**126 413**	**619%**
Expenses/Reversals of Depreciation and Amortisation	-77 711	-70 432	-7 279	-10%
Operating Result (Before Financing Expenses and Taxes)	**28 272**	**-90 862**	**119 134**	**131%**
Interest and Similar Expenses Incurred	-16 461	-27 555	11 094	40%
Income Before Taxation	**11 811**	**-118 417**	**130 228**	**110%**
Income Tax of the Financial Year	-7 738	-7 651	-87	-1%
Net Income of the Period	**4 073**	**-126 068**	**130 141**	**103%**

SAROS

Executive Summary

In 2015, SAROS registered a positive Net Result of 414.2 thousand Euros. This result was 53,5% higher regarding the previous year. Such increase is essentially explained by the increase in the "Provided Sales and Services" item (variation of 33,7% regarding 2014) and in the "Other Income and Gains" item, which included 40.2 thousand Euros concerning commissions of previous years, although there was a slight increase in Operating Expenses.

Operation

The company exclusively carries out the insurance mediation activity, which is its corporate purpose, whose financial year is governed by Decree-Law no. 144/2006, of the 31st of July.

SAROS's Insurance Portfolio is nearly fully composed of companies of the CP Group. Such Insurance Portfolio generates income (commissions) that are paid by the Insurers to SAROS.

SAROS has negotiated a commission for each insurance branch, which is supported by a Mediation Contract concluded with each Insurer.

While performing its business, the company provides consultancy, support and advice to the companies, in order to obtain the best combinations between risk coverages of the activity and payable premiums.

Resource Management

Permanent Staff

SAROS developed its activity with the current functioning ensured only by Management. Concerning the specificity of SAROS's activity, it is legally mandatory that one of the Managers is the insurance mediator, and thus, Management is composed of two

Managers: a member of CP's Board of Directors; and another member, who is responsible for the insurance mediation activity, being qualified as an insurance mediator by the Supervisory Authority for Insurance and Pension Funds.

Profits

In 2015, the company reached 449.1 thousand Euros concerning provided Services (commissions of insurance mediation), an amount which is higher to that of 2014 (335.9 thousand Euros).

The more significant differentials in terms of commissions obtained per Insurance Branch were the following:

• “Health” Branch – in 2014, SAROS only began receiving commissions from this branch from the 1st October (corresponding to the renewal date of the policies), while in 2015, in turn, SAROS received commissions throughout the entire year.

It should also be noted that the CP Group has carried out a new open tendering procedure for the purpose of taking out health insurance, from the 1st October, 2015, which resulted in the increase in insurance premiums (with a positive effect on the received commissions), even though SAROS's commissioning percentage has sustained a slight decrease (decrease of approximately 8.6%).

• “Liabilities” Branch – the difference is essentially due to the fact that, in 2015, one company of the CP Group substantially reviewed its insurance portfolio, which included the widening of coverages, the increase in sums insured and the conclusion of a new Environmental Liability policy. In the specific case of Products Liability and Civil Liability – Operation, there was a very significant increase in insurance premiums, which had a positive impact in the commissions received by SAROS.

Branches	2015	2014	Variation	
			Amount	%
Health	189	100	89	89%
Work Accidents	153	160	-7	-5%
Liabilities	75	47	28	61%
Multi-Risk Companies	21	19	2	10%
Personal Accidents	6	1	5	450%
Other	5	9	-4	-44%
TOTAL	449	336	113	

As a whole, the Health, Work Accidents and Liabilities Branches represent 93% of the commissions obtained in 2015.

Concerning the commissions obtained per Insurer, Fidelidade and Mapfre Insurers have jointly represented 99% of the commissions received by SAROS.

Results

The Net Income calculated in 2015 amounted to 414.2 thousand Euros, an amount 53.5% higher regarding the previous year. Such increase is justified by the aforementioned reasons.

INCOME AND EXPENSES	PERIODS		Variation	
	31/12/2015	31/12/2014	Amount	%
Provided Sales and Services	449 075	335 868	113 207	34%
External Services and Supply	-9 452	-7 051	-2 401	-34%
Personnel costs	-48 679	-48 103	-576	-1%
Other Income and Gains	40 217	1 257	38 960	3099%
Other Expenses and Losses	-10 798	-8 785	-2 013	-23%
Result Before Depreciations, Financing Expenses and Taxes	**420 363**	**273 186**	**147 177**	**54%**
Expenses/Reversals of Depreciations and Amortisation	0	0	0	0%
Operating Result (Before Financing Expenses and Taxes)	**420 363**	**273 186**	**147 177**	**54%**
Interest and Similar Income Gained	162	747	-585	-78%
Income Before Taxation	**420 525**	**273 933**	**146 592**	**54%**
Income tax of the financial year	-6 314	-4 105	-2 209	-54%
Net Income of the Period	**414 211**	**269 828**	**144 383**	**54%**

Financial and Economic Analysis

Results of the CP Group

Development compared to the previous year

The consolidated financial statements of the CP Group have been prepared on the assumption of continuity of operations, from the accounting records of the companies included in the consolidation perimeter, in accordance with the international financial reporting standards, as implemented by the European Union, in force as at the 31st of December, 2015.

(amounts in thousands of euros)

INCOME AND EXPENSES	PERIODS		Variation 2015/2014	
	REAL 31-12-2015	REAL 31-12-2014	Amount	%
Provided sales and services	264 545	292 837	-28 291	-10%
Operating allowances	7	17 980	-17 973	-100%
Variation in production inventories	-122	-120	-1	-1%
Works for own entity	7 310	9 688	-2 378	-25%
Other income and gains	28 627	60 502	-31 876	-53%
	300 367	380 887	-80 520	-21%
Sold commodities and consumed materials costs	-22 381	-24 301	1 920	8%
External services and supply	-145 124	-164 896	19 772	12%
Personnel costs (w/o Compensations and agreement of variables)	-121 030	-143 600	22 569	16%
Other expenses and losses	-4 317	-11 464	7 146	62%
	-292 853	-344 260	51 407	15%
Operating result of transportation activities* (EBITDA)	**7 514**	**36 627**	**-29 112**	**-79%**
Other income and gains (CP Carga)	40 285		40 285	s/s
Expenses/reversal of depreciations and amortisation	-60 163	-70 866	10 703	15%
Impairment of depreciable and amortisable investments (losses/reversals)	1 158	-4 707	5 865	125%
Compensations for termination of employment	-2 678	-5 136	2 458	48%
Agreement of variables	-27 246		-27 246	s/s
Gains/losses attributed to subsidiaries, associated companies and joint ventures	-11 168	400	-11 569	-2889%
Inventory impairments (losses/reversals)	-673	-201	-473	
Impairment of receivables (losses/reversals)	-31 286	1 458	-32 744	-2246%
Provisions (increases/decreases)	893	10 790	-9 897	-92%
Impairment of non-depreciable/non-amortisable investments (losses/reversals)	-93 365	10 721	-104 086	-971%
Operating result	**-176 731**	**-20 914**	**-155 817**	**-745%**
Fair-Value Increase/Decreases	2 412	65 456	-63 044	-96%
Interest and similar income gained	3 652	59	3 593	6112%
Interest and similar expenses incurred	-107 629	-207 505	99 875	48%
Financial result	**-101 566**	**-141 990**	**40 425**	**28%**
Income before taxation	**-278 296**	**-162 904**	**-115 392**	**-71%**
Income tax of the period	-361	1 559	-1 920	-123%
Net income of the period	**-278 657**	**-161 345**	**-117 312**	**-73%**

OPERATING RESULT OF THE PASSENGER TRANSPORTATION ACTIVITY (EBITDA)	7 514	36 627	-29 112	-79%
Compensations for termination of employment	-2 678	-5 136	2 458	48%
Agreement of variables	-27 246		-27 246	s/s
Implem. of Equity Method, fair value, impairment, provisions and OTHER (CP Carga)	-92 904	88 624	-181 528	-205%
Mark-downs	-59 005	-75 573	16 568	22%
OPERATING RESULT	-174 319	44 542	-218 861	-491%
FINANCIAL RESULT	-103 977	-207 446	103 469	50%
NET INCOME	-278 657	-161 345	-117 312	-73%

* Before comp. for termination of employment, agreement of variables, fair value, impairments, provisions, mark-downs, financing expenses and taxes

The CP Group closed the 2015 financial year with a Net Income of -278.7 million Euros, 117.3 million Euros below the results registered on the same period in the previous year.

Such aggravation essentially results out of the Reference Direct Sale Agreement from CP Carga, which was entered into on the 21st September, 2015, with a net impact on the company's results in 2015 of -85 million Euros, of the lack of operating allowances, which translated into a decrease of income of 18 million Euros regarding the previous year, and of the fact that, in 2014, there were extraordinary gains and income amounting to 37.2 million Euros due to the disposal to REFER of the Freight Terminals and to REFER's acceptance of an invoice regarding the disposal of CP's building.

The financial result registered an improvement of 40.4 million Euros, due to the reduction of the financial debt of the CP Group, as well as the generalised decrease of the funding interest rates. Despite this improvement, there was a decrease in the positive impact of the variations in fair value of the derivatives of 63 million Euros, as a result of the decrease of the derivatives held by the Group.

The assumption of additional personnel costs of previous years should also be noted, amounting to 27.2 million Euros, arising out of the agreement entered into on the 22.04.2015 with the Labour Representative Organisations (ORT) regarding the integration of variable allowances within the concept of remuneration used for the calculation of the holiday remuneration and allowance. Such event has not occurred in the same period of the previous year.

The Group's EBITDA was positive, in 7.5 million Euros. Compared to 2014, this indicator has registered a decrease of approximately 29.1 million Euros, which is essentially due to the aforementioned reasons, such as the lack of operating allowances, as well as the extraordinary income and gains registered in 2014.

Despite the positive development of passenger traffic revenue, the sales and services provided by the Group have had a decrease of 28.3 million Euros, as a result of the exclusion of CP Carga from the full consolidation method, thus, this company's sales revenue are no longer considered for the calculation of the total sales and services provided by the Group. It should be noted that, in 2014, the amount of revenue from goods transportation rendered by the CP Group has reached 63.5 million Euros.

Personnel costs (without compensations and agreement of variables) have had a decrease of 22.6 million Euros, and, out of this amount, 17.4 million Euros are a result of the exclusion of CP Carga from the full consolidation method. It should be noted that, in 2014, there was an adjustment on the amount of expenses concerning occupational accidents pensions of 11.1 million Euros. Such adjustment was necessary in order for the CP Group, in the future, to be able to benefit from a tax credit arising from the enforcement of Law no. 61/2014, of the 26th of August. Therefore, by excluding the effect of this adjustment carried out in 2014 and the exclusion of CP Carga, there would be an increase in personnel costs of 5.9 million Euros.

Such increase was due to the fact that, from January 1st, 2015, under article 4 of Law 75/2014 of the 12th of September, the temporary reduction of remuneration verified to date was reversed by 20%. Additionally, another factor is the increase in charges for the CP Group, arising out of the agreement entered into on the 22.04.2015 with the Labour Representative Organisations regarding the integration of variable allowances within the concept of remuneration used for the calculation of the holiday remuneration and allowance. Such event has not occurred in the same period of the previous year.

The External Services and Supply have sustained a decreased of approximately 19.8 million Euros, essentially due to the exclusion of CP Carga from the full consolidation method, and thus, in 2014, CP Carga has contributed with approximately 15.2 million Euros for the expenses incurred by the Group with external services and supply. It should also be noted that the remaining decrease was especially due to the decrease of expenses incurred with the infrastructure usage fee, which in turn was due to the decrease of the tariffs of this service, as well as the generalised effort of cost containment.

Another factor that impacts the EBITDA is the decrease in other expenses and losses of 7.1 million Euros due to the decrease in write-offs of rolling stock, as well as in expenses regarding the recognition of bad debts registered in 2015.

Concerning the remaining items that have impacted the Operating Result of the Group, the most significant facts are the increase in the losses attributed to subsidiaries, associated companies and joint ventures of approximately 11.6 million Euros, as a result of the implementation of the equity method to CP Carga's negative results, as well as the decrease in the value of depreciations, of 10.7 million Euros, following the exclusion of CP Carga from the full consolidation method (in 2014, CP Carga contributed with approximately 4.4 million Euros for the Group’s depreciation expenses), of the decrease in the investment made, of the transfer of material for CP Carga and of the write-off or end of the depreciation period of the goods.

The changes registered in terms of impairments of investments should also be noted. The impairments of non-depreciable and non-amortisable investments have had an increase of 104,1 million Euros. Such increase was essentially due to the recognition of expected losses related to the sale of credits (funding) and the adjustment of the value of CP's financial holding on CP Carga, as a result of the conclusion of a reference agreement for CP Carga's sale. It should be mentioned that, in 2014, a reclassification of non-current assets held for sale to current assets was made (as a result of the re-attribution of rolling stock to operations) and write-offs of materials which led to a reduction of 10.6 million Euros of the impairments related to such assets. In 2015, there was a strengthening of the amount of the impairment of rolling stock comprised in non-current assets held for sale, so that the net value of the goods deducted from the residual scrap value and investment grants is zero. The value of the buildings classified as non-current assets held for sale was also adjusted as a result of the latest assessments.

The impairments of depreciable investments have had a decrease of 5.9 million Euros following the reversal of impairments established for rolling stock involved in accident, in relation to the estimated repair cost and the reclassification of rolling stock from non-current asset held for sale to fixed tangible asset, as a result of its reassignment to the operation.

Lastly, consideration should be given to the fact that the impairments of receivables have had an increase of 32.7 million Euros, essentially due to the recognition of expected losses related to the sale of credits – as a result of the conclusion of a reference agreement for the sale of CP Carga – and the decrease in expenses incurred with provisions of 9.9 million Euros, as a result of the decrease of new liabilities with third parties compared to the previous year, namely due to the partial conclusion of the work processes provisioned in previous years.

Balance

(amounts in thousands of Euros)

ITEMS	PERIODS		Variation 2015/2014	
	31/12/2015	31/12/2014	Amount	%
ASSET				
Non-Current Asset	618 151	821 756	-203 605	-25%
Current Asset	107 455	152 734	-45 279	-30%
Total of the Asset	725 606	974 490	-248 884	-26%
EQUITY AND LIABILITY				
Equity including:	-3 162 144	-3 569 003	406 859	11%
Net Income of the period	-278 657	-161 345	-117 312	-73%
Total of the Equity	-3 162 144	-3 569 003	406 859	11%
LIABILITY				
Non-Current Liability	3 065 444	3 584 446	-519 002	-14%
Current Liability	822 306	959 047	-136 741	-14%
Total of the Liability	3 887 750	4 543 493	-655 743	-14%
Total Equity + Liability	725 606	974 490	-248 884	-26%

Assets

In 2015, CP's assets have sustained a decrease of 248.9 million Euros, and the following impacts are the most significant:

- Decrease in *fixed tangible assets* of 203.8 million Euros, due to the transfer of rolling stock for CP Carga, the exclusion of CP Carga from the full consolidation method (in 2014, CP Carga contributed with approximately 60.9 million Euros for the Group's fixed tangible assets) and the fact that the depreciations have not been offset by the undertaking of a new investment;

- Decrease in *deferrals* of 22.2 million Euros, essentially due to the exclusion of CP Carga from the full consolidation method (in 2014, CP Carga contributed with approximately 15.4 million Euros for the Group's deferrals) and the transfer of 7.1 million Euros for the fundings item – such amount being related to interest – through the implementation of the amortised cost method in the valuation of the debenture loans held by the CP Group;

- Decrease in *non-current assets held for sale* of 3.8 million Euros, due to the reclassification of a building from non-current asset held for sale to current asset, since there are no prospects of its sale in the short term, and the increase in the impairments associated with such assets, based on recent assessments and the time that has elapsed since the classification of the assets in this category of goods;

- Decrease in the *cash and bank deposits* balance of 17.1 million Euros, due to the use of the available funds in order to ensure payment to suppliers and other creditors.

Equity

In March, June and September of 2015, following Joint Orders of the Minister of Finance and the Minister of Economy, increases in CP’s statutory capital have been approved, which shall be subscribed by the State in cash: the first increase, amounting to 84.683 million Euros, was fully paid-up between March and April, 2015; the second, amounting to 535.5 million Euros, was fully paid-up between June and July, 2015, and the third, amounting to 63.3 million Euros, was paid-up between September and November, 2015. Thus, in 2015, the item of Paid-up Capital of the CP Group, in accumulated terms, shows an increase of 683.483 million Euros, corresponding to the amount of capital paid-up by the State throughout the period.

Liability

In 2015, in the period under review, CP's total liability has sustained a decrease of 655.7 million Euros, and the following impacts are the most significant:

- Decrease in the *funding obtained* of 663.6 million Euros, out of which, 612.3 million Euros have resulted out of the assignment of capital endowments by the State in order to ensure the historic debt service, and the remaining amount essentially resulted out of the exclusion of CP Carga from the full consolidation method;

- Decrease in the *provisions* made, of 5.5 million Euros, as a result of the partial conclusion of the ongoing legal actions;

- Decrease in the balance concerning the *State and other public entities*, of 4.7 million Euros, mainly as a result of the early payment of the social security contributions, as well as the income tax withholdings;

- Increase in the balances of *suppliers and other accounts payable* of 50 million Euros. The main factor that has influenced such occurrence was the increase in expenses included in other creditors, namely those concerning payable interest and payment liabilities arising out of the agreement of variables entered into with the Labour Representative Organisations;

- Decrease in the *deferrals*, of 31.1 million Euros, as a result of the decrease in the deferrals concerning investment grants arising out of the transfer of rolling stock with investment grants assigned for CP Carga;
- Decrease in the favourable variation of the amount of potentially unfavourable swaps, of 2.4 million Euros.

Funding

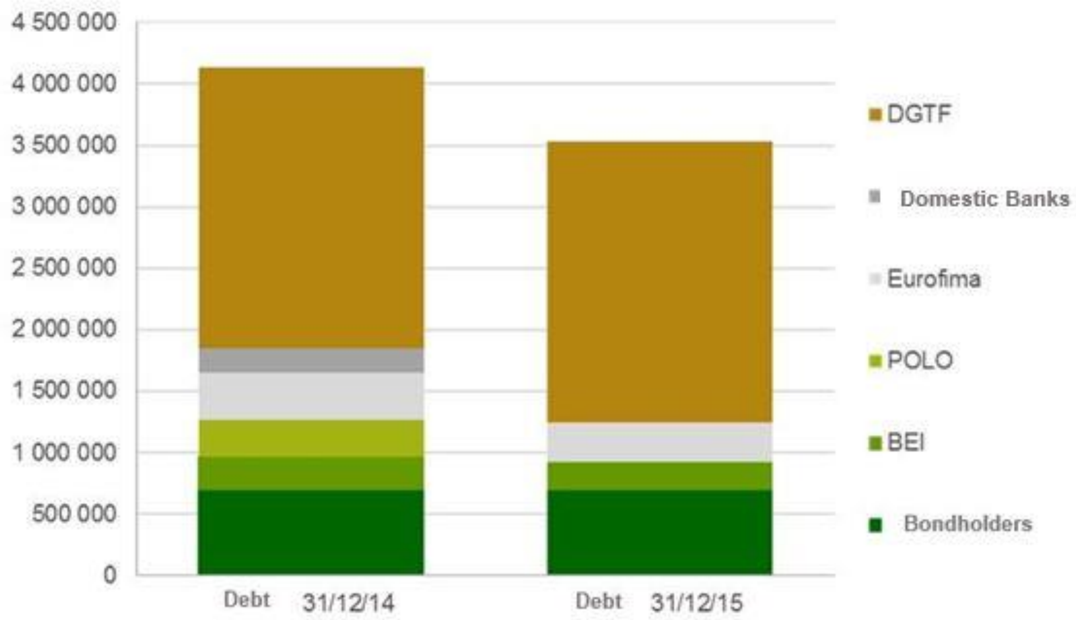
With CP’s integration within the consolidation perimeter of the State budget, CP’s funding needs have been met through the support of the Portuguese State, as established in the current legislation for the Reclassified Public Companies.

Therefore, as of March, 2015, and in accordance with the applicable legislation, joint orders of the Sector and Financial Ministries have implemented an increase to CP, EPE's statutory capital, of 683,483 million Euros, as follows:

- March/April – 84,683,000 Euros;
- June/July – 535,500,000 Euros;
- September/October/November – 63,300,000 Euros

Such capital endowments have been fully paid-up in the year, and have allowed to cover the payments arising from CP's historical debt (amortisations and financial charges), as well as from investment.

As a result of such measures, CP Group’s remunerated debt has sustained a decrease of approximately 663.6 million Euros. Out of this amount, approximately 49 million Euros have been the result of CP Carga's exclusion from the full consolidation method, and the remaining amount has been the result of the assignment of capital endowments by the State in order to ensure the historic debt service, which led to an amount of 3.5 billion Euros as at 31.12.2015, as detailed below, according to the funding sources:



Concerning the amortisations of debt throughout the year, the most relevant are those amounting approximately to 604.8 million euros (namely Polo III – CP Finance Limited in the amount of 300 million Euros, BNP *Paribas* in the amount of 200 million Euros, EIB in the amount of 45.9 million Euros and Eurofirma in the amount of 58.9 million Euros).

Perspectives for 2016

Perspectives for the Portuguese economy in 2015-2019 point out the continuity of a moderate recovery of economy and employment.

The macroeconomic framework suggests the beginning of a more favourable cycle, and foresees a gradual acceleration of the Gross Domestic Product (GDP) growth throughout the projection horizon, which is based on positive contributions by domestic demand and net exports, on investment relaunching and on a sustained improvement of the labour market conditions

Regarding the group, it is expected that the social peace which has been kept during the last few years, obtained thanks to a constructive and continued dialogue with labour organisations, will allow to maintain the levels of transport supply appropriate to mobility needs.

In the case of CP, a rejuvenation of the permanent staff is expected to be carried out, through external recruitment, offsetting the departures from the company which will follow the recovery of the access quota to the unemployment allowance.

A renewal plan for rolling stock will get started, based on the compatibilisation of the financial discipline in force in the last years with the planning of an accurate but indispensable expansion of the company’s services supply.

Such expansion and such plans get a strategic function from two different findings. On the one hand, the role that the constant increase in demand has performed in the preservation of the company’s sustainability. On the other hand, the extreme difficulty to answer to such growing demand, to manage an increased pressure over its already aged rolling stock within a context of continuous financial constraints which are aggravated by the interruption of financial compensations and by the budget control mechanisms.

Since EMEF’s privatisation has not been carried out, EMEF shall follow the procedure of consolidation of its technical and financial structure.

In this last sense, it is important to carry out the outlined restructuring process, through the readjustment of the permanent staff, where the rejuvenation and strengthening of the skills of its technicians are deemed as essential.

The process which was already initiated in the Centre Workshop Park, of the company's reorganisation based on business units, shall include the whole company, in order to place itself in the competitive market in a more effective and competitive way.

It is imperative to endow the company with management mechanisms and instruments allowing for the development and widening of its skills in order to address the challenges of productivity improvement. It is also imperative for the company to have a greater acting ability and agility, by solving the administrative constraints as a public company, which allows for a fast and effective solution for the company in an increasingly competitive market, and also allows to ensure future sustainability via this method.

Concerning EMEF's internationalisation, it is considered that the strategy shall remain to be the establishment of partnerships allowing to access and meet the requirements of new markets, either geographical or sectorial, and the main actions shall be centred in the rotable components' repair market.

Concerning FERNAVE, it is essential to continue the restructuring process, which has been implemented since 2011, namely through the possible opening of the capital to third parties.

Therefore, from the interest of holding Fernave's share capital, which has been expressed by a few large national entities of several areas of intervention, the process of the "Request for the Opening of Share Capital" has already been given, with prior knowledge of the competent Ministries, as well as delivered by the current CP's shareholder to the competent entities (4th quarter of 2015) and is awaiting approval. In the documents that have been drawn up and submitted to the (Sectorial and Financial Ministries), FERNAVE's share capital shall remain, in its majority, in the corporate public sector.

The accomplishment of this solution involves the Company's financial recovery (and the ensuing resolution of its situation, for the purposes of article 35 of the Portuguese Commercial Companies Code), as well as business leveraging, as a result of the acquisition of new Clients and services, in response to the possible widening of the intervention areas and markets.

By maintaining its mission – to be a centre of excellence of knowledge management and development of the transportation and logistics sector (and, eventually, its expansion), the widening of its shareholding structure falls within a corporate project which, by integrating a set of shareholders from several areas, allows them to focus on a single entity all the activities regarding the development of people's skills, and, simultaneously, to rationalise the expenses structure and to focus its business, while leveraging in Fernave a variety of activities ranging from training in the various areas, to psychological assessment, strategic consultancy and transportation systems, which are supported by a set of certifications and approvals (its main asset).

Concerning ECOSAÚDE, with the purpose of reaching an adequate result level in order to cover the shareholder's investments, a consolidation of the growth of the activity level and turnover shall be essential, as well as maintaining the stability and balance of the cost structure.

The company must continue to overcome the challenge of the decrease in the size of its largest Clients, and, as a result, the involvement with Ecosaúde. It is crucial to keep on gaining critical mass in other activity sectors apart from the transportation sector, by always standing for the continuing of a highly qualified service level, as well as the Company's position as a leading entity in this high-value market segment.

Similarly, the company must strengthen its financial autonomy, in order to be able to progressively decrease the charges incurred with this activity in the Group.

SAROS shall maintain its strategic position within the Group, by acting as a captive mediator of all insurance policies, since all the conditions necessary for the company to continue evidencing financial stability are fulfilled.

Concerning the company's operating model, it is expected that the existing resources, complemented with the periodic collaboration of an insurance consultant (according to the possible needs that may arise), could be enough for SAROS to perform the expected tasks.

Relevant Facts After the End of the Financial Year

Regarding events occurred after the date of the balance, it should be highlighted:

- The realisation of CP Carga's sale, which took place on the 20th of January, 2016. The expected impacts related to the process of sale were already recognised in 2015 through the constitution of impairments, with a net impact of 85 million euros on the company's accounts;
- Signature of an addendum to the funding agreement concluded in 2014 with the Portuguese State, which extends the dates for payment of interest;
- On the 19th of October, 2015, an agreement for the maintenance of rolling stock fleets of Metro do Porto was entered into between Transdev and EMEF, whose start was dependent on the effectiveness of the agreement of Sub-concession of the Transportation System of Metro do Porto, S.A.. In light of the decision made by the Government in early 2016 of reverting the ongoing sub-concession process, the agreement entered into between EMEF and Transdev shall not take effect.

Statement of Conformity

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

As far as we know: the information foreseen in paragraph a) of item 1 of article 245 of the Securities Code was established in compliance with the applicable accounting standards, providing a true and appropriate image of the asset and liability, the financial situation and the results of CP - Comboios de Portugal, EPE and of the companies included within the consolidation perimeter (CP Group), and the management report accurately shows the business evolution, the performance and the position of the CP Group and, furthermore, such report contains a description of the main risks and uncertainties of the Group.

Lisbon, 28th of April, 2016

The Board of Directors

President: Eng. Manuel Tomás Cortez Rodrigues Queiró

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

Voting Member: Dr. Nuno Serra Sanches Osório

Financial Statements

Statement of the consolidated financial position as at the 31st December, 2015 (amounts in Euros)

ITEMS	NOTES	PERIODS	
		31/12/2015	31/12/2014
ASSET			
Non-current asset			
Fixed tangible assets	7	586 755 584	790 532 911
Intangible assets	8	29 503	93 589
Financial holdings - equity method	10	718 981	567 834
Financial holdings - other methods	11	28 092 388	28 072 568
Deferred tax assets	12	2 554 258	2 488 729
		618 150 714	821 755 631
Current asset			
Inventories	15	23 147 084	23 163 479
Clients	16	11 829 843	22 406 910
Advance payments to suppliers	17	202 151	132 271
State and other public entities	18	9 422 764	12 524 943
Other receivables	19	27 792 367	16 353 400
Deferrals	20	1 189 620	23 429 154
Financial assets held for trading	21	16	54
Non-current assets held for sale	22	19 561 448	23 370 359
Cash flow and bank deposits	4	14 309 964	31 353 777
		107 455 257	152 734 347
Total asset		725 605 971	974 489 978
EQUITY AND LIABILITY			
Equity			
Paid-up capital	23	2 678 800 000	1 995 317 000
Legal reserves	26	24 703	24 703
Other reserves	27	1 306 650	1 306 650
Surplus brought forward	28	(5 655 108 293)	(5 495 796 519)
Financial assets adjustments	29	132 640	132 640
Other changes in equity	30	91 357 368	91 357 368
Net income of the period		(278 657 308)	(161 345 168)
Minority interests		-	-
Total equity and liability		(3 162 144 240)	(3 569 003 326)
Liability			
Non-current liability			
Provisions	31	7 351 232	12 861 416
Funding obtained	32	3 026 166 540	3 560 523 531
Other accounts payable	33	31 926 392	11 061 019
		3 065 444 164	3 584 445 966
Current liability			
Suppliers	34	24 387 755	47 447 420
Advance payments from clients	35	2 189 470	780 308
State and other public entities	18	3 795 317	8 541 481
Shareholders/partners	13	124 729	-
Funding obtained	32	499 257 669	628 456 694
Other accounts payable	33	155 539 190	103 332 655
Deferrals	20	135 720 001	166 785 214
Financial liabilites held for trading	36	1 291 916	3 703 566
		822 306 047	959 047 338
Total liability		3 887 750 211	4 543 493 304
Total equity and liability		**725 605 971**	**974 489 978**

To be read together with the notes to the financial statements.

Certified Accountant - Dr. Ana Coelho

President - Eng. Manuel Tomás Cortez Rodrigues Queiró

Voting Member - Dr. Nuno Serra de Sanches Osório

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

Consolidated income statement and statement of other comprehensive income

Period ended as at the 31st December, 2015 (amounts in Euros)

INCOME AND EXPENSES	NOTES	PERIODS	
		31/12/2015	31/12/2014
Provided sales and services	37	264 545 210	292 836 618
Operating allowances	38	6 649	17 980 010
Gains/losses attributed to subsidiaries, associated companies and joint ventures	39	(11 168 469)	400 430
Changes in production inventories	15	(121 531)	(120 173)
Works for own entity	40	7 310 347	9 688 390
Sold commodities and consumed materials costs	41	(22 381 039)	(24 301 132)
External services and supply	42	(145 124 257)	(164 896 043)
Personnel costs	43	(150 954 758)	(148 735 606)
Impairment of inventories (losses/reversals)	15	(673 301)	(200 776)
Impairment of receivables (losses/reversals)	16,19	(31 286 018)	1 457 858
Provisions (increases/decreases)	31	892 787	10 789 540
Impairment of non-depreciable and non-amortisable investments (losses/reversals)	44	(93 365 403)	10 721 063
Other income and gains	45	68 911 324	60 502 200
Other expenses and losses	46	(4 317 407)	(11 463 541)
Result before depreciations, fair-value, financing expenses and taxes		(117 725 866)	54 658 838
Expenses/reversals of write-offs and amortisation	48	(60 162 710)	(70 865 682)
Impairment of depreciable and amortisable investments (losses/reversals)	49	1 158 064	(4 706 977)
Operating result (before financing expenses and taxes)		(176 730 512)	(20 913 821)
Fair value increases/decreases	47	2 411 650	65 455 632
Interest and similar income gained	50	3 651 990	58 788
Payable interest and similar expenses	51	(107 629 336)	(207 504 825)
Income before taxation		(278 296 208)	(162 904 226)
Income tax of the period	14	(361 100)	1 559 058
Resultado líquido do período		(278 657 308)	(161 345 168)

To be read together with the notes to the financial statements.

Certified Accountant - Dr. Ana Coelho

President - Eng. Manuel Tomás Cortez Rodrigues Queiró

Voting Member - Dr. Nuno Serra de Sanches Osório

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

Consolidated statement of the changes in equity on the period of 2014

(amounts in Euros)

DESCRIPTION		NOTES	Equity attributed to the holders of the parent company's capital											
			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	Total Equity
Position at the beginning of the period of 2014	1	23 to 30	1 995 317 000	-	-	-	24 703	1 306 650	(5 269 105 740)		-	91 357 368	(225 615 470)	(3 406 715 489)
Changes in the period			-	-	-	-	-	-	-		-	-	-	-
First adoption of the new accounting referential			-	-	-	-	-	-	-	-	-	-	-	-
Alterations of accounting policies		5	-	-	-	-	-	-	-	-	-	-	-	-
Differences of conversion of financial statements			-	-	-	-	-	-	-	-	-	-	-	-
Realisation of the surplus of revaluation of fixed tangible and intangible assets			-	-	-	-	-	-	-	-	-	-	-	-
Surplus of revaluation of fixed tangible and intangible assets and their respective variations			-	-	-	-	-	-	-	-	-	-	-	-
Adjustments for deferred taxes			-	-	-	-	-	-	-	-	-	-	-	-
Other recognised changes in equity		29 to 30	-	-	-	-	-	-		132 640	-		-	132 640
	2		-	-	-	-	-	-	-	132 640	-	-	-	132 640
Net income of the period	3		-	-	-	-	-	-	-	-	-	-	(161 345 168)	(161 345 168)
Comprehensive result	4 = 2 + 3		-	-	-	-	-	-	-	132 640	-	-	(161 345 168)	(161 212 528)
Operations with stakeholders in the period			-	-	-	-	-	-	-	-	-	-		
Realisations of capital			-	-	-	-	-	-	-	-	-	-	-	-
Realisation of issuance awards			-	-	-	-	-	-	-	-	-	-	-	-
Distributions			-	-	-	-	-	-	-	-	-	-	-	-
Down payments to cover losses			-	-	-	-	-	-	-	-	-	-	-	-
Other operations			-	-	-	-	-	-	(226 690 779)	-	-	-	225 615 470	(1 075 309)
	5		-	-	-	-	-	-	(226 690 779)	-	-	-	225 615 470	(1 075 309)
Position at the end of the period of 2014	6 = 1+2+3+5		1 995 317 000	-	-	-	24 703	1 306 650	(5 495 796 519)	132 640	-	91 357 368	(161 345 168)	(3 569 003 326)

To be read together with the notes to the financial statements.

Certified Accountant - Dr. Ana Coelho

President - Eng. Manuel Tomás Cortez Rodrigues Queiró

Voting Member - Dr. Nuno Serra de Sanches Osório

Voting Member - Dr. Maria João Semedo Carmelo Rosa Calado

Consolidated statement of the changes in equity on the period of 2015

(amounts in Euros)

DESCRIPTION		NOTES	Equity attributed to the holders of the parent company's capital											Total 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 of 2015	1	23 to 30	1 995 317 000	-	-	-	24 703	1 306 650	(5 495 796 519)	132 640	-	91 357 368	(161 345 168)	(3 569 003 326)
Changes in the period			-	-	-	-	-	-	-		-	-	-	-
First adoption of the new accounting referential			-	-	-	-	-	-	-	-	-	-	-	-
Alterations of accounting policies		5	-	-	-	-	-	-	-	-	-	-	-	-
Differences of conversion of financial statements			-	-	-	-	-	-	-	-	-	-	-	-
Realisation of the surplus of revaluation of fixed tangible and intangible assets			-	-	-	-	-	-	-	-	-	-	-	-
Surplus of revaluation of fixed tangible and intangible assets and their respective variations			-	-	-	-	-	-	-	-	-	-	-	-
Adjustments for deferred taxes			-	-	-	-	-	-	-	-	-	-	-	-
Other recognised changes in equity		29 to 30	-	-	-	-	-	-		-	-	-	-	-
	2		-	-	-	-	-	-	-	-	-	-	-	-
Net income of the period	3		-	-	-	-	-	-	-	-	-	-	(278 657 308)	(278 657 308)
Comprehensive result	4 = 2 + 3		-	-	-	-	-	-	-	-	-	-	(278 657 308)	(278 657 308)
Operations with stakeholders in the period			-	-	-	-	-	-	-	-	-	-		
Realisations of capital			683 483 000	-	-	-	-	-	-	-	-	-	-	683 483 000
Realisation of issuance awards			-	-	-	-	-	-	-	-	-	-	-	-
Distributions			-	-	-	-	-	-	-	-	-	-	-	-
Down payments to cover losses			-	-	-	-	-	-	-	-	-	-	-	-
Other operations			-	-	-	-	-	-	(159 311 774)	-	-	-	161 345 168	2 033 394
	5		683 483 000	-	-	-	-	-	(159 311 774)	-	-	-	161 345 168	685 516 394
Position at the end of the period of 2015	6 = 1+2+3+5		2 678 800 000	-	-	-	24 703	1 306 650	(5 655 108 293)	132 640	-	91 357 368	(278 657 308)	(3 162 144 240)

To be read together with the notes to the financial statements.

Certified Accountant - Dr. Ana Coelho

President - Eng. Manuel Tomás Cortez Rodrigues Queiró

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Consolidated cash flow statement

Period ended at the 31st December, 2015

(amounts in €)

ITEMS	31/12/2015	31/12/2014
Cash flows from operational activities - direct method		
Customers receivables	282 604 497	345 189 681
Payments to suppliers	(205 445 791)	(363 535 164)
Staff payments	(124 659 283)	(133 294 108)
Cash generated by the operations	**(47 500 577)**	**(151 639 591)**
Payment/Receiving of income tax	(353 488)	(170 810)
Other receivables/payments	15 566 104	34 860 495
Cash flows from operational activities (1)	**(32 287 961)**	**(116 949 906)**
Cash flows from investing activities		
Payments concerning:		
Fixed tangible assets	(1 624 421)	(1 019 970)
Intangible assets	(8 104)	(8 829)
Financing investments	-	-
Other assets	(310 341 405)	(157 500 000)
Receivables from:		
Fixed tangible assets	582 550	45 640 332
Intangible assets	-	-
Financial investments	333 333	269 403
Other assets	304 500 000	173 500 000
Investment grants	1 575 000	1 600 081
Interest and similar income	2 593 928	16 341
Dividends	27 718	67 836
Cash flows from investing activities (2)	**(2 361 401)**	**62 565 194**
Cash flows of financing activities		
Receivables from:		
Funding obtained	-	4432 070 433
Realisations of capital and other equity instruments	683 483 000	-
Loss coverage	-	-
Donations	-	-
Other funding operations	-	-
Payments concerning:		
Funding obtained	(605 921 555)	(4156 196 803)
Interest and similar expenses	(58 802 272)	(208 493 054)
Dividends	-	-
Capital reductions and other equity instruments	-	-
Other financing operations	-	-
Cash flows of financing activities (3)	**18 759 173**	**67 380 576**
Variation of cash and its equivalents (1+2+3)	**(15 890 189)**	**12 995 864**
Effect of exchange rates	**(336)**	**(3 924)**
Cash and its equivalents at the beginning of the period	**30 012 007**	**17 020 067**
Cash and its equivalents at the end of the period	**14 121 482**	**30 012 007**

To be read together with the notes to the financial statements.

Certified Accountant – Dr. Ana Coelho

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Attachments to the Financial Statements

Identification of the entity and operability notes (Note 1)

Identification

CP – Comboios de Portugal, E.P.E. is a corporate public entity, a legal person governed by public law, with administrative, financial and asset autonomy, with registered office in Calçada do Duque, nº 20, 1249-109 Lisbon, whose current legal framework and Articles of Association have been approved by Decree-Law 137-A/2009, of the 12th of June.

CP's main purpose is the provision 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 demerged in 2009, therefore, it started to be undertaken by CP Carga - Logística e Trasporte Ferroviário de Mercadorias, S.A., whose share capital is held entirely by CP in 2015.

In order to comply with the Governmental guidelines laid down in Decree-Law 69/2015, a reference sale agreement has been entered into with Mediterranean Shipping Company Rail (Portugal) – Operadores Ferroviários, S.A., on the 21st of September, 2015, with the purpose of CP Carga's reprivatisation.

The legal instruments entered into between CP – Comboios de Portugal, E. P. E. (CP, E. P. E.) and Mediterranean Shipping Company Rail (Portugal) – Operadores Ferroviários, S.A., such as the draft of the reference direct sale agreement, which are recorded in the Directorate-General of Treasury and Finance, have been approved by the Resolution of the Council of Ministers no. 52-B/2015.

Through its subsidiaries and associated companies, the CP Group has carried out the following activities in 2015:

- Railway transport of goods, logistics activities and similar operations (CP Carga, S.A.);
- Manufacture and rehabilitation, large repair and maintenance of equipment, railway vehicles, vessels and buses, as well as the study of workshop facilities for maintenance purposes (EMEF, S.A.);

- Insurance mediation (Saros, Lda.);
- Synergy and optimisation of the activities concerning the maintenance of locomotives type “LE 5600” and “LE 4700” (SIMEF, A.C.E.);
- Training and professional technical development, preparation of studies and projects within the scope of the creation, organisation and management of companies, as well as the provision of services related to applied psychology, medical and psychological assessment, higher education and scientific research regarding transportation, communications or technological areas within the technological scope of the aforementioned companies (Fernave, S.A.);
- Provision of healthcare services; teaching, training and technical/professional development within the sectors of working conditions, health and environment; provision of services related to recruitment, selection and assessment of staff; technical assistance, consultancy and auditing, specifically regarding health, occupational health and safety, environment and environmental management; carrying out of drug and alcohol tests, thereby ensuring proper referral for the treatment of such addictions (Ecosaúde, S.A.);
- Implementation and management of a common and exclusive ticketing system of the Grouping (CP, STCP and Metro do Porto) in the Greater Oporto area, as well as establishing the common and exclusive intermodal tariff for the public means of transportation of passengers which are operated either directly or indirectly by the Grouping entities (TIP, A.C.E.);
- Ensuring the development of the tele-ticketing project in association with other international partners, in accordance with the commitments assumed by the companies comprising the group within the scope of the global proposal of the aforementioned project (OTLIS, A.C.E.).

EMEF, S.A.'s 35% holding in NOMAD TECH, Lda, and Fernave's 19,1% holding in TRANSCOM - Sociedade de Formação, Consultoria e Auditoria em Transportes e Comunicações, S.A.R.L., should also be noted. (Mozambican).

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.

Furthermore, apart from the aforementioned control, the articles of association foresee a dualistic structure of inspection comprised by the Supervisory Board and the Certified Public Accountant.

CP is the parent company of a group of subsidiary and associated companies, acting in several activity segments, whose characterisation is set forth in more detail in note 3, and the following are its consolidated financial statements.

Accounting Framework of Preparation of Financial Statements (Note 2)

Accounting framework

The consolidated financial statements of the CP Group have been prepared on the assumption of continuity of operations, from the accounting records of the companies included in the consolidation perimeter, in accordance with the international financial reporting standards, as implemented by the European Union (EU), in force as at the 31st of December, 2015.

The International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS), issued by the International Accounting Standards Committee (IASC), and their respective interpretations (IFRIC and SIC), issued by the International Financial Reporting Interpretation Committee (IFRIC) and the Standing Interpretation Committee (SIC), shall be construed as forming part of the aforementioned standards. Hereinafter, all such standards and interpretations thereof shall be generically referred to as IFRS.

Such financial statements, which are expressed in Euros, have been examined by the Board of Directors in a meeting on the 28th of April, 2016, having decided to submit such statements to the responsible Ministry for approval.

The accounting policies set forth in note 3 were used in the consolidated financial statements for the period ended on the 31st of December, 2015, as well as in the comparative financial information set forth in these financial statements for the period ended on the 31st of December, 2014.

Derogations to the IFRS

There were no derogations made to the provisions of the IFRS.

Comparative Values

CP Carga's exclusion from the full consolidation method in 2015, due to the conclusion of a reference direct sale agreement, which has influenced the parent company's control over CP Carga, should be noted. Where appropriate for the understanding of the variations in the financial statements that may arise from the latter occurrence, a column called 'Adjustments', evidencing such impacts, shall be inserted in the respective tables of the attachments' notes.

Following CP Carga's exclusion, and in order to identify the comparative effect in the balance as well as in the income statement, the 2014 financial statements are hereby shown, with and without the impact of the goods activity (amounts in Euros).

ITEMS (with variation)	NOTES	31-12-2014		
		Accounts 2014 - Approved (1)	Impact of the goods transportation activity (2)	Accounts 2014 - Adjusted (3)=(1)-(2)
ASSET				
Non-current asset				
Fixed tangible assets	7	790 532 911	(60 935 760)	729 597 151
Intangible assets	8	93 589	(84 584)	9005
Financial holdings - equity method	10	567 834	71 272 682	71 840 516
Current asset				
Inventories	15	23 163 479	(58 810)	23 104 669
Clients	16	22 406 910	(11 502 909)	10 904 001
State and other public entities	18	12 524 943	(2 380 718)	10 144 225
Other receivables	19	16 353 400	27 745 015	44 098 415
Deferrals	20	23 429 154	(15 387 739)	8 041 415
Cash flow and bank deposits	4	31 353 777	(5 841 405)	25 512 372
EQUITY				
Equity				
Surplus brought forward	28	(5 495 796 519)	258 569	(5 495 537 950)
Net income of the period		(161 345 168)	(265 985)	(161 611 153)
LIABILITY				
Non-current liability				
Provisions	31	12 861 416	83 051 604	95 913 020
Funding obtained	32	3 560 523 531	(27 862 780)	3 532 660 751
Current liability				
Suppliers	34	47 447 420	(26 519 321)	20 928 099
State and other public entities	18	8 541 481	(1 105 821)	7 435 660
Funding obtained	32	628 456 694	(21 190 885	607 265 809
Other accounts payable	33	103 332 655	(3 539 609)	99 793 046
Total Net Variation in Balance		**974 489 978**	**2 825 771**	**977 315 750**

INCOME AND EXPENSES (with variation)	NOTES	31-12-2014		
		Accounts 2014 - Approved (1)	Impact of the goods transportation activity (2)	Accounts 2014 - Adjusted (3)=(1)-(2)
Provided sales and services	37	292 836 618	(35 096 489)	257 740 129
Operating allowances	38	17 980 010	(23 029)	17 956 981
Works for the own entity	40	9 688 390	(1 133 021)	8 555 369
Sold commodities and consumed materials cost	41	(24 301 132)	2 689 893	(21 611 239)
External services and supply	42	(164 896 043)	15 178 732	(149 717 311)
Personnel costs	43	(148 735 606)	17 439 519	(131 296 087)
Impairment of receivables (losses/reversals)	16, 19	1 457 858	156 791	1 614 649
Provisions (increases/decreases)	31	10 789 540	5 340 893	16 130 433
Other income and gains	45	60 502 200	(17 382 290)	43 119 910
Other expenses and losses	46	(11 463 541)	455 065	(11 008 476)
Expenses/reversals of depreciation and amortisation	48	(70 865 682)	4 385 088	(66 480 594)
Interest and similar income gained	50	58 788	4 154 846	4 213 634
Interest and similar expenses incurred	51	(207 504 825)	3 027 683	(204 477 142)
Income tax of the period	14	1 559 058	540 334	2 099 392
Variation in Net income of the period		**(161 345 168)**	**(265 985)**	**(161 611 153)**

Main Accounting Policies (Note 3)

The main accounting policies applied when preparing such consolidated financial statements are described below, and have been applied in a consistent manner for the presented periods.

Bases 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 trading, with the exception of those for which fair-value is not available. Non-current assets held for sale and groups of assets held for sale are registered at the lower value between their accounting value and fair value deducted from the respective sale costs.

The preparation of financial statements in accordance with the IFRS requires the formulation of judgments, estimates and assumptions affecting the application of the accounting policies and the value of assets, liabilities, income and expenses. The associated estimates and assumptions are based on the historical experience and on other factors deemed reasonable in accordance with the circumstances, and they are the basis for the judgments regarding the value of assets and liabilities whose valuation is not clear through other sources. The real results may differ from 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 following headings: "Value judgments", “Main assumptions concerning the future” and “Main sources for uncertain estimates”, which are set forth in this note.

Consolidation

Introduction

Pursuant to article 4 of Regulation no. 1606/2002 of the European Parliament and the European Council, of the 19th of July, the entities whose securities are admitted to trading in a regulated market shall draw up their consolidated accounts in accordance with the international financial reporting standards.

Therefore, CP presents its consolidated financial statements, which express its financial position, as well as the results of the Group operations as if it were a single entity, aiming to highlight the results of the operations that the companies of the Group have carried out with third parties.

The Group and the Company

General Remarks

Throughout 2015, CP continued its purpose of developing a strategy of a sustainable Group, by structuring its existing shareholdings and by developing a culture of efficiency and added value, focused on its respective core business.

CP has provided self-sufficiency to activity segments by turning them into companies, aiming at creating positive synergies for its business. Such activity segments include railway equipment maintenance, technical training and railway transportation of goods.

CP holds most of the capital of all such subsidiary companies. Furthermore, CP has a few minority holdings, based on cooperation with other Operators.

CP

CP – Comboios de Portugal E.P.E. is, from July 2009 (Decree-Law 137-A/2009, of the 12th of June, as amended by Decree-Law 59/2012, of the 14th of March), a corporate public entity, which is 100% held by the Portuguese State. CP is responsible for the provision of services related to national and international passenger railway transportation.

CP has a nationwide activity, providing essential services for the Country's development and for the social and territorial cohesion thereof.

CP operates four significant demand segments, with different travel motivations:

- Suburban Service – connects the outskirts to the centre of the major Portuguese cities, and is aimed at the daily transportation of a large number of passengers, whose main travelling motivation is focused on "house/work" or "house/school";
- Regional Service – service of average and short distance for systematic regional or local travels, distributing customers whose motivation is house/work or school, as well as business/affairs;
- Long-Distance – long/average distance service, connecting the main Portuguese cities, with customers whose main motivation for travelling is business or leisure. It is the segment with the least course time and the largest comfort;
- International – due to the peripheral position of the country, the International Service only connects Portugal directly to Spain, or to the border between Spain and France. It is a segment under transformation in order to become more competitive compared to other means of transportation.

Affiliate companies

CP's financial holdings as at the 31st of December, 2015, are as follows:

Subsidiaries

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

CP's shareholding – 100%

Share Capital – 5,000,000 Euros

Its corporate purpose is the railway transportation of goods, logistics activities and related operations.

The company was incorporated by demerger, pursuant to the terms of article 33 of decree-law no. 558/99, of the 17th of December, as amended by decree-law no. 300/2007, of the 23rd of August, on the 31st of July, 2009, under decree-law no. 137-A/2009, of the 12th of June, in compliance with the Strategic Guidelines for the Railway Sector presented by the XVII Constitutional Government on October, 2006, and complying with the commitment to liberalisation for the sector, as assumed by Portugal to the European Union.

On the 21st of September, 2015, a reference sale agreement was entered into with Mediterranean Shipping Company Rail (Portugal) – Operadores Ferroviários, S.A., with the purpose of CP Carga's reprivatisation. The sale process was concluded on the 20th of January, 2016.

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

CP's shareholding – 100%

Share Capital – 8,100,000 Euros

EMEF, SA was incorporated in 1992, and its purpose is the manufacture, rehabilitation, large repair and maintenance of equipment, railway vehicles, vessels and buses; rehabilitation engineering, repair and maintenance of transportation vehicles; study of workshop facilities for maintenance purposes. Thus, this company is of utmost importance for the national market.

SAROS – Sociedade de Mediação de Seguros, Lda.

CP's shareholding – 100%

Share Capital – 5,000 Euros

The company's purpose is the activity of insurance mediation.

FERNAVE – Formação Técnica, Psicologia Aplicada e Consultoria em Transportes e Portos, S.A.

CP's shareholding – 100%

Share Capital – 50,000 Euros

Incorporated in 1992, with the following corporate purpose:

- Training, as well as the technical and professional development of the shareholding company's personnel, as well as the personnel of other companies within the transportation, communications and port sectors, and of those falling within its technological scope;
- Preparation of studies and projects falling within the scope of the creation, organisation and management of transportation, communications and port companies, as well as of those falling within its technological scope;
- Provision of services within the scope of applied psychology, as well as of medical and psychological assessment, to the transportation, communications and port companies, as well as to those falling within its technological scope;
- Higher education and scientific research within the context of transportation, communications or in technological areas falling within its technological scope, either directly or through affiliate or associated institutions.

ECOSAÚDE – Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A.

CP's shareholding – 100%

Share Capital – 50,000 Euros

Company incorporated in 1995, whose corporate purpose is the provision of healthcare, creating and managing healthcare units as well as working conditions; higher and secondary teaching, training and technical/professional development, namely in the areas of working conditions, health and environment; the provision of services falling within the scope of recruitment, selection and assessment of personnel; technical assistance, consultancy and audit services, namely concerning health, occupational health and safety, environment and environmental management; preparation of studies and analyses, having widened its operation to prevention and control strategies within the scope of drug addiction, alcoholism and smoking, to the carrying out of drug and alcohol control sessions, and, also to the proper referral and treatment of drug and alcohol addicts.

Jointly Controlled Entities

SIMEF, A.C.E.

EMEF's shareholding – 51%

Capital – none

Complementary company grouping incorporated in 2009, whose corporate purpose is the synergy and optimisation of the activities of the grouped companies concerning the maintenance of locomotives type "LE 5600" and "LE 4700", under the agreement between the Grouping and CP – Comboios de Portugal, E.P.E.

TIP, A.C.E – Transportes Intermodais do Porto

CP's shareholding – 33.33%

Share Capital – 30,000 Euros

TIP is a complementary company grouping incorporated in 2002, whose corporate purpose is the establishment and management of a common and exclusive ticketing system of the Grouping (CP, STCP and Metro do Porto) in the Greater Oporto area, as well as the establishment of the common and exclusive intermodal tariff for the public means of transportation of passengers which are operated either directly or indirectly by the Grouping entities.

OTLIS, A.C.E. – Operadores de Transportes da Região de Lisboa

CP's shareholding – 14.29%

Share Capital – 392,832.02 Euros

OTLIS is a complementary company grouping incorporated in 1996, whose corporate purpose is to ensure the development of the tele-ticketing project in association with other international partners, in accordance with the commitments assumed by the companies comprising the grouping within the scope of the global proposal of the aforementioned project.

Associated Companies

TRANSCOM – Sociedade de Formação, Consultoria e Auditoria em Transportes e Comunicações, S.A.R.L. (Mozambican)

Shareholding via Fernave – 19.1%

Share Capital – 32,900,000 meticals

The company was incorporated in 1998, and its corporate purpose is higher university teaching, as well as scientific research, namely within the scope of technology, management, logistics, distribution, transportation, communications and computer science; technical teaching and training of upcoming and current middle management, specifically within the scope of technology, management, logistics, distribution, transportation, communications and computer science; training, as well as technical and professional development of personnel working mainly in transportation, communications and computer science organisations; consultancy and auditing for companies and other organisations, especially those related to transportation, communications and computer science.

NOMAD TECH, Lda

Shareholding via EMEF - 35%

Share Capital – 160,000 Euros

The company was incorporated in 2013, which carries out its activity within the scope of engineering, innovation and technology applied to transportation, manufacture, repair and maintenance of electronic components and the development of computer science solutions.

Other shareholdings

CP also has a set of small shareholdings in companies whose activities are connected to those carried out by the companies of the Group.

Such shareholdings are recognised at cost less impairment losses, given that the value of such shareholdings is not publicly traded and there is no possibility of obtaining their fair value in a reliable manner.

Metro do Porto, S.A.

CP's shareholding – 3.33%

Share Capital – 7,500,000 Euros

Incorporated in 1993, its corporate purpose is the operation of a light metro system in the Oporto metropolitan area, under a concession scheme assigned by the State.

Metropolitano Ligeiro de Mirandela, S.A.

CP's shareholding – 10%

Share Capital – 125,000 Euros

Company incorporated in 1995, whose corporate purpose is the exclusive operation of the surface metro transportation in the Municipality of Mirandela, Carvalhais-Cachão section.

Metro Mondego, S.A.

CP's shareholding – 2.5%

Share Capital – 1,075,000 Euros

This company was incorporated in 2002, and its main corporate purpose is the exclusive operation of a light surface metro network in the area of the Municipalities of Coimbra, Lousã and Miranda do Corvo.

APOR – Agência para a Modernização do Porto, S.A.

CP's shareholding – 0.47%

Share Capital – 1,064,825 Euros

Was incorporated in 1997, and its corporate purpose is Oporto's economic modernisation, including urban development through the carrying out of actions aimed at contributing for the implementation of correction factors for the city's social, economic and cultural fabric.

ICF – Intercontainer – Interfrigo, S.A. (Belgian)

CP's shareholding – 2.09%

Share Capital – 18,300,000 Euros

The company's corporate purpose is the organisation and development of combined transportation, as well as of refrigerated transportation at an appropriate temperature, comprising all the operations intended for obtaining and maintaining the temperature deemed appropriate for the various goods, as well as for the availability of supporting services concerning such transportation.

EUROFIMA – Société Européenne pour le Financement de Matériel Ferroviaire (Swiss)

CP's shareholding – 2%

Share Capital – 2,600,000,000 CHF

Its main corporate purpose is to provide the funding needed for investments for the renewal and modernisation of rolling stock, in order to ensure a progressive integration of railways into the European level, playing a rather competitive role in the granting of funds to shareholders.

BCC – Bureau Central de Clearing (Belgian)

CP's shareholding – 1.54%

Share Capital – 110,250 Euros

The company's corporate purpose is to provide financial services to its associates, as well as to enable all commercial operations required for such purpose, and, particularly, to reduce the number and amount of payments between its associates through the centralisation and offsetting of their reciprocate debits and credits.

Consolidation Method

The obligation to prepare consolidated accounts shall apply to the parent company holding control over one or more subsidiaries. In accordance with the specifications of the IFRS, all the companies of the Group over which the company holds control have been included in the consolidation, and the full consolidation method has been used for all such companies.

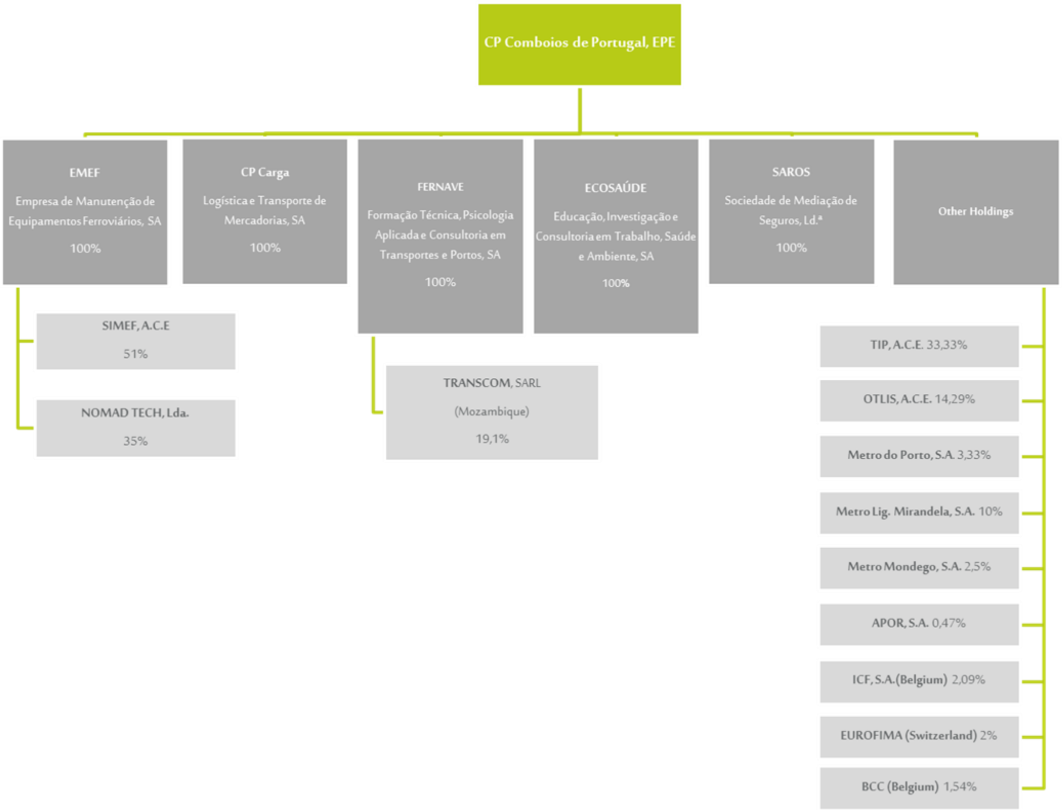
Thus, based on the specifications set forth in the IFRS 10, the financial statements have been prepared by grouping identical elements of assets, liabilities, equities, income and expenses, on a line-by-line basis.

The consolidation procedures have further involved the elimination of the parent company's investment in each subsidiary against equity, as well as the elimination of balances, transactions, intra-group income and gains, and expenses and losses.

Concerning joint ventures, the equity method was applied from January 2013, replacing the proportionate consolidation, in accordance with the provisions set forth in the IFRS 11.

By pursuing the specifications of the standard concerning the implementation of the equity method, the investment was initially recognised by the cost, and the carrying amount is increased or decreased in order to recognise the investor's part in the investee's results following the date of the incorporation/purchase of the joint venture. Distributions received reduce the carrying amount of the investment, and adjustments may also be made to the carrying amount for changes in the proportionate interest of the investor of the joint venture, as a result of changes in equity which have not been recognised in the joint venture's results.

Consolidation Perimeter



Companies included in the consolidation under the full consolidation method

The companies included in the consolidation under the full consolidation method, their registered offices and the proportion of the capital which is directly and indirectly held by the group, as at the 31st of December, 2015, are the following:

Company	Registered Office	Holders of capital	% of held capital
EMEF, S.A.	Entroncamento	CP, E.P.E.	100.00%
SAROS, LDA	Lisbon	CP, E.P.E.	100.00%
FERNAVE, S.A.	Lisbon	CP, E.P.E.	100.00%
ECOSAÚDE, S.A.	Lisbon	CP, E.P.E.	100.00%

Despite the fact that, on the 31st of December, 2015, CP holds the entirety of CP Carga's shares, the terms of the reference sale agreement entered into on the 21st of September, 2015, are deemed to significantly condition the control and dominant influence, wherefore, under article 6 of Decree-Law no. 158/2009, CP Carga shall not be included in the consolidation under the full consolidation method.

Associated companies accounted for under the equity method

The companies included in the consolidation under the equity method, their registered offices and the proportion of the capital held, as at the 31st of December, 2015, are the following:

Company	Registered Office	Holders of capital	% of held capital
CP CARGA, S.A.	Lisbon	CP, E.P.E.	100.00%
TIP, A.C.E.	Oporto	CP, E.P.E.	33.33%
SIMEF, A.C.E.	Entroncamento	EMEF, S.A.	51.00%
OTLIS, A.C.E.	Lisbon	CP, E.P.E.	14.2857%
TRANSCOM, SARL	Mozambique	FERNAVE, S.A.	22.00%
NOMAD TECH, LDA	Oporto	EMEF, S.A.	35.00%

Other shareholdings

In the case of financial investments whose fair values cannot be reliably identified, the former shall be measured at their acquisition cost, less any accumulated losses due to impairment.

- **Eliminations that have not been carried out for being materially irrelevant**

Within the scope of the consolidation process, no margin has been assumed for the transactions made between the companies of the Group, and the companies' annual results were taken into consideration.

Relevant Accounting Policies

Fixed Tangible Assets

Recognition and valuation

The fixed tangible assets concerning the passenger transportation segment are held by the parent company, and are recorded at the acquisition cost, less their respective accumulated depreciations and losses due to impairment.

At the date of transition for the IFRS, CP decided to consider as cost of fixed tangible assets their revalued amount established in compliance with the previous accounting policies, which was, in general terms, comparable to the measured cost in accordance with the IFRS.

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

CP’s fixed tangible assets include assets owned by the State (assets set forth in the joint order no. 261/99, of the 24th of March) and are assigned to the operational use by the company. Such assets are recorded in the financial statements in order to allow for an assessment of the company’s economic performance.

Such policy was also implemented in the recognition and measurement of the fixed tangible assets used by the remaining subsidiaries in the carrying out of their respective activity, particularly in the manufacture and maintenance of railway equipment and vehicles, in technical training and applied psychology, as well as in the provision of healthcare and occupational safety services.

The cost of all fixed tangible assets includes the purchase price, import duties, non-refundable taxes and all necessary costs in order to place the asset in the working location and condition, namely the transportation and assembly expenses, excluding trade discounts and abatements.

The subsequent expenses are recognised as fixed tangible assets only if it is likely that there will be future economic benefits therefrom. All maintenance and repair expenses which do not increase the good's useful life shall be recognised as costs, in accordance with the accruals principle.

Maintenance and Repair Expenses

Rolling stock for passenger transportation:

- The expenses incurred with current maintenance during the useful life of the rolling stock are recognised as operating expenses;
- The expenses incurred in large and indispensable pluriannual repairs, in order to ensure the continuity of the asset's operation, are recognised in the fixed tangible assets as specific components of rolling stock and marked-down by their estimated useful life in a separate section from the main component. Once each large repair is carried out, its cost is recognised in the carrying value of the item of the fixed tangible asset as replacement, given the fact that the recognition criteria are met. Any remaining carrying amount of the cost of the previous large repair is not recognised; and
- The expenses incurred at the end of the useful life of the main component, which include the transformation and modernisation thereof, are recognised as fixed tangible assets and marked-down by the extension of its expected useful life.

Building and Fixed Facilities:

- The current maintenance and repair expenses (maintenance agreements, technical inspections, etc.) are recognised as operating expenses;
- The expenses incurred with pluriannual programmed maintenance plans are recognised in fixed tangible assets, through the partial or full replacement of the replaced component; and
- The maintenance and repair costs are recorded in the results of the period in which they are incurred, in accordance with the accruals principle.

Mark-down

The land is not marked-down. The mark-down 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.

Description of the asset	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 35
- Secondary Component	5 to 15
Diesel and electric railcars:	
- Main Component	14 to 30
- Secondary Component	2 to 15
Passenger carriages:	
- Main Component	15 to 30
- Secondary Component	2 to 12
Wagons	3 to 35
Transportation equipment	4 to 12
Administrative equipment and tools	3 to 18
Other fixed tangible assets	5 to 20

The fixed tangible assets owned by the State (assets laid down in the Joint Order no. 261/99, of the 24th of March) are being marked-down since 1999 at a 2% rate, in accordance with the Regulatory Decree no. 25/2009, of the 14th of September, because the period for the agreement of concession of CP's Establishment has not yet been set.

No residual amounts were considered when establishing the marked-down amounts.

Government Grants

Government grants relating to fixed tangible and intangible assets are initially recognised as deferred income when there is a guarantee that the grant shall be received and that the conditions applicable to the assignment of the grant shall be complied with. Subsequently, such grants shall be recognised in the income statement on a systematic basis, in accordance with the asset's useful life.

Grants offsetting incurred expenses and losses are recognised as income in the income statement on a systematic basis and in the same period in which the expenses are recognised.

Capitalisation of costs with loans and other directly attributable costs

The interest on loans directly attributable to the acquisition or construction of assets are capitalised as part of the cost of such assets. An asset eligible for capitalisation is an asset needing a substantial period of time in order to be available for use or sale. The amount of interest to be capitalised is determined through the application of a capitalisation rate over the value of the investments made. The capitalisation of costs with loans begins when the investment begins, when interest on loans has already been incurred and when the necessary activities for preparing the asset in order for it to be available for use or sale are already in course. The capitalisation is concluded once all the necessary activities for the asset to be available for use or sale are substantially concluded.

Impairment of rolling stock for passenger transportation

Considering the nature of rolling stock for passenger transportation and, particularly, the absence of interoperability with the European network, the determination of a market value which is appropriate for such assets becomes unfeasible due to the absence of an active market where such assets are traded. Thus, this amount is only determined when there are purchase proposals for specific material.

Regarding the determination of the use value, the latter shall reflect the expected cash flows, updated at a discount rate appropriate for the business. It is considered that, for the calculation of the expected cash flows, the features of the provided public service shall be taken into account, as well as the specificities of the funding structure which has been followed until the current moment.

In the absence of a public service contract, it is understood that it is not possible to determine the use value as defined in the IAS 36, given the fact that there are no specific rules defined for companies providing public service.

However, when there are specific situations showing that an asset may be impaired, namely when the rolling stock ceases to operate, the recoverable amount is determined, and a loss due to impairment is recognised whenever the net value of an asset exceeds its recoverable amount. This way, the losses due to impairment are recognised in results.

Recognition of impairment in the remaining assets of the Group

As defined in the IAS 36, when there is an indication that an asset may be impaired, its recoverable amount is estimated, and a loss due to impairment shall be recognised whenever the net book value of an asset exceeds its recoverable amount. The losses due to impairment are recognised in results. The recoverable amount is determined as the highest between its selling price (net realisable value) and its use value, which is calculated based on the current value of the estimated cash flows which are expected to be obtained from the continued use of the asset and of its disposal at the end of its useful life.

Leases

The companies of the Group classify the leasing transactions as financial or operating leases, depending on their substance and not on their legal form. The transactions classified as financial leases are those where the risks and advantages inherent to the ownership of an asset are substantially transferred to the lessee. All the remaining leasing transactions are classified as operating leases.

Operating leases

The payments of an operating lease are recognised as an expense on a linear basis during the lease period.

Financial leases

The financial lease agreements are registered at the date such agreements take effect, in assets and in liabilities, by the lower between the fair value of the leased property, or the current value of the due rents of the lease.

The rents are composed of the financial cost which is deducted in results, and of the reduction of the outstanding liability. The financial costs are recognised as expenses throughout the lease period, in order to produce a constant periodic interest rate on the remaining balance of the liability in each period.

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

Intangible Assets

The intangible assets of the companies of the Group are recorded at the acquisition cost deducted from the respective accumulated amortisations and impairment losses.

The companies of the Group carry out impairment tests whenever there are occurrences or circumstances indicating that the book value exceeds the recoverable value. If a difference arises, it shall be recognised in results. The recoverable amount is determined as the highest amount between its net selling price and its use value, the latter being calculated based on the current value of the estimated future cash flows expected to be obtained from the continued use of the asset and of its disposal at the end of its useful life.

The amortisations are calculated by the straight-line method for a 3-year period.

Derivative financial instruments and hedge accounting

The derivative financial instruments are recognised on their trade date, by their fair value. Subsequently, the fair value of the derivative financial instruments is reassessed on a regular basis, and the gains or losses arising from such reassessment are directly recorded in the results of the period, except for the cash flow hedging derivatives. The recognition of the fair value variations in the hedging derivatives, in the results of the period, depends on the nature of the hedged risk and the hedging model employed.

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

Hedge Accounting

Designating a derivative financial instrument as a hedging instrument complies with the provisions set forth in the IAS 39. The derivative financial instruments which do not comply with all the provisions set forth in the IAS 39 concerning the possibility of being classified as hedge accounting – although such instruments have been entered into with the purpose of economic hedging in accordance with the risk management policies of the Group – are classified as financial instruments held for trading, and their respective variations in fair value are recorded in results on the period of their occurrence.

Although the financial instruments entered into by the Group are aimed at hedging the interest rate risk, such instruments do not comply with the IAS 39 requirements in order for them to be classified as financial hedging instruments, and for such reason, they were classified as financial instruments held for trading.

As at the 31st of December, 2015, the CP Group does not classify any of its derivative financial instruments as hedging instruments.

Other Financial Assets/Liabilities

The companies of the CP Group only recognise a financial asset, a financial liability or an equity instrument when the latter become part of the instrument’s contractual provisions.

The CP Group classifies its investments on their trade date in accordance with the purpose of the acquisition thereof, in the following categories: financial assets at fair value through results (held for trading and fair value option); loans and receivables; held-to-maturity assets; and financial assets available for sale, in compliance with the provisions set forth in the IAS 39 – Financial instruments.

Financial assets at fair value through results

This category includes: (i) financial trading assets acquired for the main purpose of being traded in the short term, and (ii) financial assets designated at the time of their initial recognition at fair value with variations recognised in results.

Following their initial recognition, the financial assets at fair value through results are valued at fair value, and the variations of such assets shall be recognised in results.

This category includes derivatives that do not qualify for hedge accounting purposes. The changes in their fair value are directly recognised in the results of the financial year.

Held-to-maturity financial assets

Such assets are non-derivative financial assets with specified fixed or determinable payments and maturities, for which there is the intention and ability to hold up to maturity.

Such investments are measured at amortised cost, based on the effective interest rate method, and are deducted from losses due to impairment. The losses due to impairment are recorded based on the estimation and assessment of losses, associated to the credits of bad debts on the date of the financial statements.

The losses due to impairment correspond to the difference between the asset's book value and the current value of the estimated future cash flows (by considering the recovery period) discounted at the financial asset's original effective interest rate.

Such assets are shown in the statement of financial position, net of the recognised impairment.

Loans and receivables

Correspond to non-derivative financial assets, with fixed or determined payments, which are not quoted in an active market. The latter arise from the normal course of the operating activities, in the supply of goods or services, with no intention for trading.

The loans and receivables are initially recognised at their fair value, and are subsequently valued at amortised cost, based on the effective interest rate method.

Losses due to impairment are recorded when there is proof suggesting that the company of the CP Group will not receive all the amounts to which it was entitled pursuant to the original terms of the contracts that have been concluded. Several indicators are used in the identification of impairment situations, such as:

i. Analysis of non-compliance;
ii. Non-compliance for more than 6 months;
iii. Financial difficulties of the debtor;
iv. Likelihood of the debtor's bankruptcy.

The losses due to impairment correspond to the difference between the asset's book value and the current value of the estimated future cash flows (by considering the recovery period) discounted at the financial asset's original effective interest rate.

Such assets are shown in the statement of financial position, net of the recognised impairment.

Financial assets available for sale

Financial assets available for sale are non-derivative financial assets which the CP Group intends to keep indefinitely. Such assets are designated as available for sale at the time of their initial recognition, or if they do not fall under the aforementioned categories

The financial assets available for sale are recorded at fair value, and the respective fair value variations are directly recognised in the equities, in the “fair value reserves” item, until the investments are derecognised, or a loss due to impairment is identified, in which case the accumulated amount of the potential gains and losses recorded in reserves is transferred for results. If there is no market value, the assets are carried at the acquisition cost. However, impairment tests shall be carried out.

The accrued interest of fixed income instruments, when classified as assets available for sale, as well as the differences between the acquisition cost and the nominal value (premium or discount), are recorded in results in accordance with the effective interest rate method.

Subsequent measurement of the financial assets/liabilities

Financial assets/liabilities are measured at cost or at amortised cost less any impairment loss, or at fair value, with the changes in fair value to be recognised in the income statement, in accordance with the provisions set forth in the IAS 39.

Following the initial recognition, the CP Group measures the financial assets, including derivatives which are assets, by their fair values without any deduction for the transaction costs the Group may incur upon the sale or other disposal, except for the following financial assets:

a) Granted loans and accounts receivable, which are measured at the amortised cost by using the effective interest method;
b) Held-to-maturity investments, which are measured at the amortised cost by using the effective interest method; and
c) Investments in equity instruments which do not have a market price quoted in an active market 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 less impairment losses.

Financial assets designated as hedged items are subject to measurement according to the hedge accounting requirements set forth in the IAS 39.

All financial assets are subject to review concerning impairment, except for those measured at fair value through results, in accordance with the IAS 39.

Following the initial recognition, the CP Group measures all financial liabilities by the amortised cost by using the effective interest method, except for financial liabilities by fair value through results. Such liabilities, including derivatives forming part of the liability, are measured at fair value, except for a derivative liability that is linked to, and should be settled by, the delivery of an unquoted equity instrument, whose fair value cannot be measured in a reliable manner, and such fair value shall be measured at cost.

Financial assets designated as hedged items are subject to measurement according to the hedge accounting requirements set forth in the IAS 39.

Upon determining the fair value of a financial asset or liability, the market price shall apply if there is an active market. This is level 1 of the fair value hierarchy as defined in the IFRS 7.

If there is no active market, which is the case for some financial assets and liabilities, valuation techniques generally accepted in the market shall be used, which are based on market assumptions. This is level 2 of the fair value hierarchy as defined in the IFRS 7, and which is used by the CP Group.

The CP Group includes unquoted financial instruments in the 2nd level of the fair value hierarchy, such as derivatives. The most frequently used valuation models are discounted cash flows models and option assessment models, which incorporate, for instance, the interest rate curves as well as market volatility.

In the case of more complex derivatives, more advanced valuation models are used, which incorporate assumptions and data not directly observable in the market. This is level 3 of the fair value hierarchy as defined in the IFRS 7.

Impairment

In accordance with the IAS 36 – Impairment of assets, every time the book value of an asset exceeds its recoverable amount, its value is reduced to the recoverable amount, and the loss due to impairment is recognised in the results of the financial year.

At the date of each financial reporting period, the impairment of assets is assessed and, if there is objective evidence of impairment, a loss due to impairment is recognised in the income statements.

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

Inventories

In the railway transportation components, the inventories of goods, as well as of raw, auxiliary and consumable materials, are recorded at the acquisition cost, by adopting the weighted average cost as the costing method for outgoings. When necessary, the impairment is recognised for obsolete, slow-moving and defective inventories, and it is presented as a deduction from the asset.

Concerning the railway material maintenance, inventories (raw and auxiliary materials, finished and intermediate products and ongoing products and works) are recorded at the acquisition cost (in the case of raw and auxiliary materials) or at the production cost (in the case of intermediate and finished products and of ongoing products and works), or at the net realisable value, the lowest from the two.

The acquisition or production cost includes all purchase costs, conversion costs and other costs incurred in order to place the inventories in their location as well as in their condition of use or sale. The net realisable value is the estimated selling price during the normal course of business, less their respective selling costs, as provided in the IAS 2 – Inventories.

The value of the inventories is written down to their net realisable value whenever such assets are carried at amounts higher than those that would foreseeably result from their sale or use.

Concerning the recognition and measurement of inventories of ongoing products and works, as well as finished products, the CP Group also takes into account the provisions set forth in the IAS 11 - Construction contracts, regarding the costs associated with construction contracts.

Raw, auxiliary and consumable materials

The raw, auxiliary and consumable materials are measured at the lowest value between their acquisition cost and their net realisable value. The amounts inherent to the purchase are considered as cost, as well as the conversion costs and other costs incurred in order to place the inventories in their location as well as in their condition of use or sale.

The raw, auxiliary and consumable materials are adjusted based on the goods' movement, obsolescence, nature and useful life. The amount of any adjustment in inventories to the net realisable value is recognised as expense in the period where the loss occurs. When the circumstances that previously resulted in an adjustment to the value of inventories cease to take effect, or when there is an increase in the net realisable value due to the change in the economic circumstances, the amount of the adjustments is reversed, and such reversal shall be limited to the amount of the original adjustment.

The weighted average cost shall be the adopted method for the costing of outgoings.

Ongoing products and works

The ongoing products and works inventories are valued at the lowest amount between the production cost (which includes the cost of the incorporated materials and of the subcontracting of services, direct labour and general manufacture expenses) and the net realisable value.

The net realisable value is considered to be the estimated selling price during the normal course of the business, less the estimated completion costs and the estimated costs necessary for the sale.

Finished products

This item records the products transferred from ongoing products and works following their completion, and such products are valued at the production cost or at the net realisable value, if the latter is lower.

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 shown in the Balance, in the current liability, in the heading Funding obtained.

Loans and bank overdrafts

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

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

- If it is expected that such amounts shall be settled during the entity's regular operating cycle;
- If such amounts are held primarily for the purpose of being traded;
- If such amounts should be settled within twelve months following the balance date;
- If the entity does not hold an unconditional right to defer the settlement of the liability for at least twelve months following the balance date.

All the remaining loans are classified as non-current liability.

This way, the amount in debt of the funding contracts whose contractually established maturity exceeds one year, is classified into the non-current liability heading.

Non-current assets held for sale and discontinuing operations

The non-current assets or groups of non-current assets held for sale (groups of assets together with the respective liabilities, which include at least one non-current asset), are classified as held for sale when their cost is primarily recovered through sale, the assets or groups of assets are available for immediate sale and when there is a significant likeliness for their sale, in accordance with the provisions set forth in the IFRS 5.

The companies of the CP Group also classify non-current assets or groups of assets acquired only with the purpose of their subsequent sale – which are available for immediate sale and have a significant likeliness thereof – as non-current assets held for sale.

Immediately before being classified as held for sale, the measurement of all non-current assets and all assets and liabilities included in a group of assets for sale is carried out in accordance with the applicable standards. Following their classification, such assets or groups of assets are measured at the least amount between their carrying value and their fair value deducted from the selling costs.

Foreign currency transactions

Functional and presentation currency

The elements included in the financial statements of the companies of the CP Group are measured by using the currency of the economic environment in which the entity operates ("functional currency"). The Financial Statements are presented in Euros, which is CP's functional and presentation currency.

Transactions and balances

All transactions in currencies other than Euro are converted into functional currency by using the exchange rates in force at the date of the transaction.

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

The exchange differences, whether favourable or unfavourable, arising out of the differences between the exchange rates in force at the date of the transactions and those in force at the date of collection/payment, or at the balance date, are recorded as income and expenses in the income statement of the period.

Non-monetary assets and liabilities recorded pursuant to their fair value denominated in foreign currency are translated into Euros. For such purpose, the exchange rate in force at the date when the fair value was determined shall be used.

Revenue recognition

Passenger transportation

Revenue generated from this activity segment is related to the provision of passenger transportation services, the sale of goods and other services linked to railway transportation, less discounts and deductions to the payable price. Revenue is recognised at its fair value.

The provided services are generally concluded within each reporting period. The income resulting from the activity is recognised in the income statement at the time in which the service is provided, which is the date of the beginning of the travel, and when it is likely that the amount of revenue and expenses is reliably measurable and, also, that the economic benefits associated therewith will revert to the entity.

By means of a legal act, the Portuguese Government deemed the railway transportation as a public service operated under a concession agreement. Therefore, annual operations subsidies are assigned for the provision of such public service.

Maintenance of rolling stock

In the case of recognition of the revenue linked to this activity segment, the provisions set forth in the IAS 11 – Construction contracts – are the ones used. Thus, it is ascertained whether the conditions necessary for considering a reliably estimated transaction outcome are met, which shall enable the percentage of completion method to be applied.

The percentage of completion method applied to the provision of services considers the total estimated costs, an amount assessed by the operational part, by taking the work to be developed and the past experience in similar works into account.

When the conditions necessary for considering a reliably estimated transaction outcome are not met, it is assessed the extent to which the recognised expenses are recoverable. If there are no indicators showing a likeliness of recoverability of the costs incurred, the revenue is not recognised and the costs incurred are recognised as expense.

Remaining activity segments

Revenue is measured at the fair value of the received or receivable consideration. The revenue associated with a service provision is recognised with reference to the stage of completion of the transaction at the balance date, once the outcome of a transaction may be reliably estimated. The outcome of a transaction may be reliably estimated once all the following conditions are met:

- If the amount of revenue may be reliably measured;
- If it is likely that the economic benefits associated with the transaction revert to the entity;
- If the stage of completion of the transaction at the balance date may be reliably measured;
- If the costs incurred with the transaction and those incurred with the completion of the transaction may be reliably measured.

Revenue comprises the sums invoiced upon the sale of products or the provision of services, net of value added taxes, abatements and discounts. When the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be lower than the nominal amount. Such difference is recognised as interest revenue.

Recognition of Expenses and Income

Expenses and income are registered in the period to which they refer, regardless of their payment or reception, in accordance with the underlying assumption of the accrual basis (economic periodisation).

The prepared financial statements inform not only of the past transactions involving the payment and reception of cash but also of the obligations of future payment and resources representing cash to be received in the future.

The accrual-based accounting is carried out through the use of the other accounts receivable and payable heading, as well as the deferrals heading.

Provisions

Provisions are recognised when (i) the company has a present, legal or constructive obligation arising from a past event (ii) there is a likeliness of an outflow of resources in order to settle the obligation and (iii) when a reliable estimate of the amount of such obligation may be performed.

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

Interest and similar Income obtained and Interest and Similar Expenses incurred

Interest is recognised in accordance with the accruals principle. The receivable dividends are recognised at the date in which the right to their reception is established.

Considering that they are recognised in expenses and losses of the period, their recognition is carried out in accordance with the accrual basis and in accordance with the applicable effective interest rate.

Profit Tax

CP is the parent company of a group of companies, which is taxed in accordance with the Special Taxation Scheme for Groups of Companies, as provided in article 69 of the Portuguese Corporate Income Tax Code. Apart from CP itself, such group includes the following affiliate companies: 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..

The CP Group did not account for deferred tax assets connected with the reporting of tax losses, impairments and temporary provisions which have not been accepted for tax purposes, because the Group considers that there are no expectations that the aforementioned group of companies – which is under the special taxation scheme – ever obtains future taxable profits which enable the use of CP's accumulated tax losses. By the end of 2015, the total deductible tax losses of the CP Group amounted approximately to 990.9 million Euros, which may be used between 2015 and 2027.

Similarly, deferred tax liabilities connected with reassessed fixed tangible assets (rolling stock) have not been accounted for in previous periods, since it is considered that there is no expectation of significant changes to the form of funding of the public transportation service and to the economic conditions that may result in enough basis of assessment to create assessment and, as a result, that give rise to income tax payments.

Further concerning the income tax, CP, in 2014, joined the special scheme applicable to the deferred tax assets (Law no. 61/2014, of the 26th of August), which, provided certain requirements are complied with, enable the formation of an active deferred tax that may be converted into tax credit, used for the payment of income and wealth taxes or, within the limit, such active deferred tax may be refunded to the taxpayer Therefore, in 2014, the company recognised a deferred tax asset based on the proceeds of the total liability relating to occupational accident pensions by the corporate income tax rate in force, plus the respective surtax. In 2015, the company is awaiting for the approval of adherence to the aforementioned special scheme from the entities responsible for the company.

The accounting result has been adjusted in order to reflect the estimated corporate tax to be paid with the 2015 autonomous taxation by the CP Group.

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 under the entity's control.

Contingent assets are not recognised in the financial statements, but are disclosed in the attachment 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 under the entity's control; or
- A current obligation of past events but which is not recognised because (i) it is unlikely there will be a need for an outflow of resources incorporating economic benefits in order to settle the obligation; or (ii) the amount of the obligation cannot be measured with a sufficient degree of reliability.

Contingent assets are not recognised in the financial statements, though they are disclosed in the attachment to the respective statements, unless there is a remote possibility of an outflow of resources incorporating future economic benefits.

Subsequent Events

The financial statements set forth herein reflect the subsequent events occurred until the 28th of March, 2016. The Management Board has approved such financial statements on the aforementioned date, as referred to in note 2.

The events occurred after the balance date under conditions which already existed at the balance date are considered in the preparation of the financial statements. Material events occurred after the balance date are disclosed in note 57.

Value Judgements

The preparation of the financial statements in accordance with the IFRS requires that the managers express their judgement in the process of application of the accounting policies of the company.

The value judgement made in the application process of accounting policies of CP and which can have the most impact in the recognised amounts in the financial statements are the following:

- Provisions – the established provisions are recorded by the best estimate of the expenditure required to settle the present liability at the balance date;

- Recoverability of debt balances and other debtors – impairment losses relating to debt balances of clients and other debtors, are based on the assessment of the possibility of recovery of the accounts' receivable balances, seniority of balances, debt cancellation and other factors considered relevant. There are certain circumstances and facts that could change the estimate of losses due to impairment of receivable balances of the accounts vis-à-vis the considered assumptions. These changes may result out of the economic cycle, industry trends, the deterioration of the credit situation of main customers and significant non-compliances. This assessment process is subject to several estimates and judgements. The alterations of these estimates may imply the establishment of different impairment levels, thus resulting in different impacts in the results.

- Revenue recognition – in the recognition of the revenue are assessed whether there are the necessary conditions to consider a transaction outcome reliably estimated, allowing the application of the percentage of completion method. The percentage of completion method applied to the provision of services considers the estimated total costs, amount which is established by the operational part, taking into consideration the work to develop and previous experience in similar works. When the conditions required for the consideration of a reliably estimated outcome of the transaction are not met, it is assessed in what extent the recognised expenses are recoverable. If there are no indicators showing the possibility of recovering the costs incurred, the revenue is not recognised and the costs incurred are recognised as an expense.

- Impairment losses – inventories – when determining the impairment losses of inventories, different criteria are applied depending on the state, seniority, nature/objective of the inventories, whereas such criteria reflect the loss in value of inventories;

- Profits tax – there are several transactions and calculations for which the determination of the final value of the tax to be paid is uncertain during the ordinary business cycle. Other interpretations and estimates could result in a different level of the profits tax, current and deferred, recognised in the period. In Portugal, the Tax Authorities have the assignment of reviewing the calculation of the taxable amount made, over a period of four years, in case of tax losses brought forward. This way, corrections to the taxable amount could occur, mainly resulting from differences in the interpretation of tax legislation. However, it is conviction, that there will be no significant adjustments to corporation tax on profits recorded in financial statements;

- The fair-value of the derivatives of financial instruments is established by an external entity using the discounted cash-flows method. All calculations were made based on the income curves presented by Reuters on the reference day of the financial statements. The valuations are made taking 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 flows 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:

- The operating situation of CP and other companies of the Group presents sustainability, and should be referred the general improvement of the results of the Group's companies, which suggests there are factors of future sustainability,
- The State has granted all its support to the company, namely in what concerns the necessary support to the CP's funding, aiming to ensure the debt service and the needs of exploitation and investment;
- It is also important to mention the importance of the service CP Group provides nowadays to the Portuguese economy, namely regarding the transportation of passengers, as 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 Group.

Main sources for uncertainty in estimates

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

The estimates are based on the best known knowledge at each time and on 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 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 next accounting period are:

Useful Life of Fixed Tangible Assets

The useful life of an asset is defined in terms of 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 estimate of the asset's useful life is a matter of value judgement based on the entity's experience with similar assets.

Fair-Value of the Financial Instruments

The fair-value is based on market quotations, when available and if there is no quotation, the fair-value is established in accordance with the use of recent transaction prices, similar and concluded in market conditions or 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 the use of assumptions or judgements 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* on the reference day of the financial statements. Thus, the moment in which the estimates are made is the main source of uncertainty.

Bad Debts

The losses due to impairment concerning credits of bad debt are based in the assessment of the likelihood of recuperation of the balances of receivables, seniority of 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 judgements. The alterations of these estimates may imply the establishment of different impairment levels and, thus, resulting in different impacts in the results.

Provisions

Provisions are assets of an uncertain amount or temporal event. Companies of the CP Group, taking into account the principle of prudence, have 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 judgement, 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

Non-current assets held for sale should be recognised for the lowest value between their net book value and their fair value, deducted to the selling costs, according to the IFRS 5. When determining fair value, namely concerning the rolling stock, and bearing in consideration the absence of active market, it is considered by the CP Group, as reference, the value of recent transactions with similar material, adjusting such value to the technical features of the material and to the existing market demand. The existence and amount of the impairment to be recognised is established based on the estimate selling amount, 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.

Standards and interpretations issued by the IASB and endorsed by the European Union

The identification of standards and interpretations that became effective on the 1st January 2015 can be found below:

- **IFRIC 21 - Fees**

IFRIC 21 is an interpretation of the IAS 37, mostly related to the recognition of liabilities, clarifying that the past event resulting in an obligation to pay a fee or tax (other than the income tax of the entity), which corresponds to the required in the applicable legislation.

Such IFRIC has efficacy in annual periods starting on or after 17th June 2014.

No significant impacts are expected from the adoption of this IFRIC in CP Group.

Changes to standards and interpretations issued by the IASB and endorsed by the European Union

The identification of the changes to standards and interpretations that became effective on the 1st January 2015 can be found below:

- **IFRS 1 Adoption for the first time of international standards of financial reporting**

The improvement of IFRS 1 clarifies that those adopting the IFRS for the first time may use either the previous version or the new version of a standard that, despite it is not mandatorily applicable yet, it is available for advanced implementation.

The effective date of the standards starts in annual periods starting on or after the 1st January 2015.

The standard will not have impact on the financial statements

IFRS 3 Business combination

The improvement to the IFRS 13 clarifies that this standard is not applicable to the initial accounting of a joint agreement, established under the scheme of IFRS 11.

The effective date of the standard starts in annual periods starting on or after the 1st of January 2015.

No significant impacts are expected from the adoption of this standard in CP Group.

IFRS 13 Fair value – measuring and disclosure

The improvement clarifies that the exception to the measuring at fair value of a portfolio on a net basis is applicable to all agreement types (including non-financial agreements) within the scope of IAS39.

The effective date of the standard starts in annual periods starting on or after the 1st of January 2015.

No significant impacts are expected from the adoption of this standard in CP Group.

IAS 40 Investment Property

The improvement clarifies that it is necessary to resort to IFRS3, whenever an investment property is acquired, in order to determine if the acquisition corresponds, or not, to a business combination.

The effective date of the standard starts in annual periods starting on or after the 1st of January 2015.

No significant impacts are expected from the adoption of this standard in CP Group.

Cash-Flow (Note 4)

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

The Group classifies paid interest and dividends as funding activities, and received interest and dividends as investment activities.

On December 31st 2015, all cash-flow balances and its equivalents are available for use.

Heading Cash and Bank Deposits

The heading Cash and Bank Deposits comprises the following balances:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Cash	346 375	321 782
Bank deposits	13 963 589	31 031 995
Total	**14 309 964**	**31 353 777**
Bank overdrafts (a)	(188 482)	(1 341 770)
Total	**14 121 482**	**30 012 007**

(a) the amount of the bank overdrafts is registered in funding obtained note 32.

Accounting Policies, Changes in Accounting Estimates and Errors (note 5)

Nothing to mention.

Result Composition by Business Segment (note 6)

The mode of business segmentation used by CP Group is based on the nature of the services provided. This is the mode in which the Board of Directors analyses and controls its business, and it is also the mode of organising and communicating information.

Considering that IFRS 8 defines quantitative schemes from which the segments must be deemed as operating segments to disclose, the following segments to disclose were identified within the scope of this note:

- Suburban passenger transportation (includes suburban passenger transportation in Lisbon and Oporto areas).
- Long-distance passenger transportation (it connects the main Portuguese cities, and customers have mainly a business or leisure motivation to travel), international (passenger transportation to Spain, or the border between Spain and France
- Transportation of goods; and
    - Maintenance, upkeep and construction of rolling stock.

During the aggregation performed to the operating segments, it was intended to ensure that they had similar economic characteristics, according to the provisions of IFRS 8.

The presentation of the segment related to transportation of goods only for the year 2014 should be noted, since in 2015 the full consolidation method with CP Carga was no longer used, bearing in mind the reference direct sale agreement and the implications arising from it regarding the control of such activity by CP.

The data regarding other non-reportable business activities and operating segments were combined and disclosed in a category called “All other segments”. Such category includes, namely, training, health care services and insurance mediation segments, which did not reach the quantitative levels of the IFRS 8.

The financial information of the main business segments of the Group, regarding to the periods concluded on the 31st of December 2014 and 2015, is detailed below:

Operating result per business segment of the CP Group 2014

(amounts in Euros)

OPERATING CONSOLIDATED INCOME AND EXPENSES	Transport of passengers in Suburban services	Transport of passengers in long-distance, International and regional services	Transport of Goods	Maintenance and Conservation of Rolling Stock	Remaining areas	Individual Operating Income Statement of CP Group	Intra-group Decomm. and Adjustments	Consolidated Operating Income Statement of CP Group
Provided sales and services	97 234 626	121 777 726	63 944 216	54 993 577	24 262 298	362 212 443	(69 375 825)	292 836 618
* Provided sales and services - intra-group decommitments	(1 140)	(452 504)	(471 566)	(45 371 472)	(23 079 143)			
Operating allowances	-	-	23 029	52 329	17 904 652	17 980 010	-	17 980 010
* Operating allowances - intra-group decommitments	-	-	-	-	-			
Gains/losses attributed to subsidiaries, associated companies and joint ventures	-	-	-	357 737	1 226 449	1 584 186	(1 183 756)	400 430
* Gains/losses attributed to subs., assoc. comp., joint ventures - intra-group decomm.	-	-	-	-	(1 183 756)			
Changes in production inventories	-	-	-	(120 173)	-	(120 173)	-	(120 173)
* Changes in production inventories - intra-group decommitments	-	-	-	-	-			
Works for own company	-	-	-	2 637	-	2 637	9 685 753	9 688 390
* Works for own company - intra-group decommitments	-	-	-	9 685 753	-			
Sold goods and consumed materials cost	(227 614)	(788 735)	(2 689 893)	(13 895 729)	(6 699 161)	(24 301 132)	-	(24 301 132)
* Sold goods and consumed materials cost - intra-group decommitments	-	-	-	-	-			
External services and supply	(8 065 716)	(12 460 933)	(50 607 011)	(11 137 705)	(151 280 461)	(233 551 826)	68 655 783	(164 896 043)
* External services and supply - intra-group decommitments	3 263 339	293 709	34 891 857	4 451 588	25 755 290			
Personnel costs	(4 994 189)	(6 008 363)	(18 113 391)	(28 136 555)	(94 149 285)	(151 401 783)	2 666 177	(148 735 606)
* Personnel costs - intra-group decommitments	248 841	327 627	673 871	633 712	782 126			
Inventory impairments (losses/reversals)	-	-	-	(83 395)	(117 381)	(200 776)	-	(200 776)
* Inventory impairments (losses/reversals) - intra-group decommitments	-	-	-	-	-			
Impairment of receivables (losses/reversals)	73	-	(151 004)	11 100	1 603 476	1 463 645	(5 787)	1 457 858
* Impairment of receivables (losses/reversals) - intra-group decommitments	-	-	-	(5 787)	-			
Provisions (increases/decreases)	-	-	-	11 446	15 386 586	15 398 032	(4 608 492)	10 789 540
* Provisions (increases/decreases) - intra-group decommitments	-	-	-	-	(4 608 492)			
Non-depr./non-amort. invest. impairments (losses/reversals)	-	-	-	-	10 721 063	10 721 063	-	10 721 063
* Non-depr./non-amort. invest. Imp. (losses/reversals) - intra-group decommitments	-	-	-	-	-			
Other income and gains	1 369 009	564 668	25 695 828	1 815 900	44 381 374	73 826 779	(13 324 579)	60 502 200
* Other income and gains - intra-group decommitments	(26 227)	(110 184)	(328 831)	(655 727)	(12 203 610)			
Other expenses and losses	(119 770)	(98 820)	(635 572)	(385 843)	(10 501 516)	(11 741 521)	277 980	(11 463 541)
* Other expenses and losses - intra-group decommitments	-	-	137 129	94 381	46 470			
Result before depreciations, financing expenses and taxes	**85 196 419**	**102 985 543**	**17 466 202**	**3 485 326**	**(147 261 906)**	**61 871 584**	**(7 212 746)**	**54 658 838**
Result before depreciations, financing expenses and taxes - intra-group decommitments	**3 484 813**	**58 648**	**34 902 460**	**(31 167 552)**	**(14 491 115)**	**-**	**-**	**-**
Expenses/reversals of write-offs and amortisation	(4 881 083)	(3 002 877)	(4 385 088)	(1 241 271)	(57 355 363)	(70 865 682)	-	(70 865 682)
Impairment of depreciable and amortisable investments (losses/reversals)	-	-	-	-	(4 706 977)	(4 706 977)	-	(4 706 977)
Operating result (before financing expenses and taxes)	**83 800 149**	**100 041 314**	**47 983 574**	**(28 923 497)**	**(223 815 361)**	**(13 701 075)**	**(7 212 746)**	**(20 913 821)**

Operating result per business segment of the CP Group 2015

(amounts in Euros)

OPERATING CONSOLIDATED INCOME AND EXPENSES	Transport of passengers in Suburban services	Transport of passengers in long-distance, International and regional services	Transport of Goods	Maintenance and Conservation of Rolling Stock	Remaining areas	Individual Operating Income Statement of CP Group	Intra-group Decomm. and Adjustments	Consolidated Operating Income Statement of CP Group
Provided sales and services	99 862 337	124 361 480	-	58 562 230	20 996 329	303 782 376	(39 237 166)	264 545 210
* Provided sales and services - intra-group decommitments	(12)	(129 937)	-	36 688 859	(75 796 076)			
Operating allowances	-	-	-	6 649	-	6 649	-	6 649
* Operating allowances - intra-group decommitments	-	-	-		-			
Gains/losses attributed to subsidiaries, associated companies and joint ventures	-	-	-	453 565	(9 685 159)	(9 231 594)	(1 936 875)	(11 168 469)
* Gains/losses attributed to subs., assoc. comp., joint ventures - intra-group decomm.	-	-	-		(1 936 875)			
Changes in production inventories	-	-	-	(153 043)	-	(153 043)	31 512	(121 531)
* Changes in production inventories - intra-group decommitments	-	-	-	(31 512)	63 024			
Works for own company	-	-	-	1 140	-	1 140	7 309 207	7 310 347
* Works for own company - intra-group decommitments	-	-	-	(7 309 208)	14 618 415			
Sold goods and consumed materials cost	(680 925)	(4 657 967)	-	(16 396 296)	(646 301)	(22 381 489)	450	(22 381 039)
* Sold goods and consumed materials cost - intra-group decommitments	-	-	-	(450)	900			
External services and supply	(57 006 317)	(85 358 695)	-	(13 718 177)	(23 486 630)	(179 569 819)	34 445 562	(145 124 257)
* External services and supply - intra-group decommitments	5 769 316	298 903	-	(4 174 834)	32 552 177			
Personnel costs	(32 396 551)	(44 245 317)	-	(25 314 167)	(51 073 176)	(153 029 211)	2 074 453	(150 954 758)
* Personnel costs - intra-group decommitments	-	308	-	(732 904)	2 807 049			
Inventory impairments (losses/reversals)	-	-	-	(418 132)	(255 169)	(673 301)	-	(673 301)
* Inventory impairments (losses/reversals) - intra-group decommitments	-	-	-	-	-			
Impairment of receivables (losses/reversals)	634 306	38 074	-	(7 225)	(31 951 173)	(31 286 018)	-	(31 286 018)
* Impairment of receivables (losses/reversals) - intra-group decommitments	-	-	-	-	-			
Provisions (increases/decreases)	-	-	-	184 733	296 835	481 568	411 219	892 787
* Provisions (increases/decreases) - intra-group decommitments	-	-	-	-	411 219			
Non-depr./non-amort. invest. impairments (losses/reversals)	-	-	-	-	(93 365 403)	(93 365 403)	-	(93 365 403)
* Non-depr./non-amort. invest. Imp. (losses/reversals) - intra-group decommitments	-	-	-	-	-			
Other income and gains	9 052 174	4 101 069	-	1 209 395	59 263 548	73 626 186	(4 714 862)	68 911 324
* Other income and gains - intra-group decommitments	(10 001)	120	-	215 200	(4 920 181)			
Other expenses and losses	(1 004 817)	(1 295 830)	-	(1 087 628)	(1 160 833)	(4 549 108)	231 701	(4 317 407)
* Other expenses and losses - intra-group decommitments	-	657	-	(227 431)	458 475			
Result before depreciations, financing expenses and taxes	**18 460 207**	**(7 057 186)**	**-**	**3 323 044**	**(131 067 132)**	**(116 341 067)**	**(1 384 799)**	**(117 725 866)**
Result before depreciations, financing expenses and taxes - intra-group decommitments	**5 759 303**	**170 051**	**-**	**24 427 720**	**(31 741 873)**	**-**	**-**	**-**
Expenses/reversals of write-offs and amortisation	(29 333 536)	(18 085 075)	-	(1 114 171)	(11 629 928)	(60 162 710)	-	(60 162 710)
Impairment of depreciable and amortisable investments (losses/reversals)	-	-	-	-	1 158 064	1 158 064	-	1 158 064
Operating result (before financing expenses and taxes)	**(5 114 026)**	**(24 972 210)**	**-**	**26 636 593**	**(173 280 869)**	**(175 345 713)**	**(1 384 799)**	**(176 730 512)**

The financial result per segment is not presented, since operating decisions are made based on the operating income per business segment, and it is not possible to divide/attribute the existing funding to the total amount of segments.

Assets and liabilities of such business segments show the values below on the 31st of December, 2014 and 2015.

Assets and liabilities per segments of the CP Group as at the 31st December, 2014 (amounts in Euros)

	Transport of passengers in suburban, long-distance, international and regional services	Transport of goods	Maintenance and Conservation of Rolling Stock	Remaining areas	Total reported by the segments	Intra-group Decomm. and Adjustments	Total consolidated assets and liabilities 2014
Non-current asset of the reportable segments	854 610 114	61 020 344	7 656 783	3 777 997	927 065 238	(105 309 607)	821 755 631
Current asset of the reportable segments	115 369 676	41 281 690	37 003 297	1 166 992	194 821 655	(42 087 308)	152 734 347
Total asset of the reportable segments	**969 979 790**	**102 302 034**	**44 660 080**	**4 944 989**	**1 121 886 893**	**(147 396 915)**	**974 489 978**
Non-current liability of the reportable segments	3 638 042 942	28 337 780	4 049 527	-	3 670 430 249	(85 984 283)	3 584 445 966
Current liability of the reportable segments	737 974 034	157 483 441	34 108 608	7 056 422	936 622 505	22 424 833	959 047 338
Total liability of the reportable segments	**4 376 016 976**	**185 821 221**	**38 158 135**	**7 056 422**	**4 607 052 754**	**(63 559 450)**	**4 543 493 304**

Assets and liabilities per segments of the CP Group as at the 31st December, 2015 (amounts in Euros)

	Transport of passengers in suburban, long-distance, international and regional services	Transport of goods	Maintenance and Conservation of Rolling Stock	Remaining areas	Total reported by the segments	Intra-group Decomm. and Adjustments	Total consolidated assets and liabilities 2015
Non-current asset of the reportable segments	640 021 970	-	7 050 751	775 538	647 848 259	(29 697 545)	618 150 714
Current asset of the reportable segments	71 031 452	-	38 355 600	1 319 445	110 706 497	(3 251 240)	107 455 257
Total asset of the reportable segments	**711 053 422**	**-**	**45 406 351**	**2 094 983**	**758 554 756**	**(32 948 785)**	**725 605 971**
Non-current liability of the reportable segments	3 065 323 267	-	2 989 795	-	3 068 313 062	(2 868 898)	3 065 444 164
Current liability of the reportable segments	676 772 816	-	34 536 561	4 541 679	715 851 056	106 454 991	822 306 047
Total liability of the reportable segments	**3 742 096 083**	**-**	**37 526 356**	**4 541 679**	**3 784 164 118**	**103 586 093**	**3 887 750 211**

The existing assets and liabilities are not segregated by business segment, since it is impossible to get such information for all segments, namely with regard to passengers transportation, in which alterations to the attribution of assets to different segments are usually performed, as well as taking into account the fact that such information is not presented on a detailed and regular basis for decision making purposes for all segments. Actually, with regard to assets and liabilities, they are only reported on a regular basis by company of the Group, for decision making purposes.

Fixed Tangible Assets (note 7)

By the end of 2015, the CP Group presented a fixed tangible asset organised by fixed asset class, as presented in the following table:

(amounts in Euros)

	31/12/2015	31/12/2014
Gross Amount:		
Land and natural resources	20 810 386	19 131 471
Buildings and other constructions	82 119 770	81 846 591
Basic equipment	1 386 792 208	1 637 784 055
Transportation equipment	3 070 346	3 122 741
Administrative equipment	22 444 885	22 639 699
Other fixed tangible assets	65 002 542	64 979 757
Ongoing investments	91 403	1 014 164
Advance payments on account of investments	-	-
	1 580 331 540	**1 830 518 478**
Accumulated depreciation and impairment		
Depreciation of the period	60 151 152	69 189 993
Accumulated depreciation of previous periods	926 358 210	963 654 189
Losses due to impairment of the period	1 158 064	4 706 977
Losses due to impairment of previous periods	5 986 884	3 596 034
Decommitments of the period	(78 354)	(1 161 626)
	993 575 956	**1 039 985 567**
Net book value	**586 755 584**	**790 532 911**

The movements in the heading of Fixed Tangible Assets during 2015 are summarised in the following table:

(amounts in Euros)

	Opening balance	Adjustment	Additions	Revaluations / Impairments	Disposals	Assets classified as held for sale	Write-offs	Transfers	Other adjustments	Closing balance
Gross amount:										
Land and natural resources	19 131 471	127 301	-	-	(954 000)	1 551 261	-	954 353	-	20 810 386
Buildings and other constructions	81 846 591	(1 085 368)	20 930	-	(2 337 262)	170 157	(6 868)	3 511 590	-	82 119 770
Basic equipment	1 637 784 055	(84 075 426)	136 007	-	(171 756 956)	1 878 312	(4 881 844)	7 708 060	-	1 386 792 208
Transportation equipment	3 122 741	(10 162)	52 659	-	(40 702)	-	(54 189)	-	-	3 070 347
Administrative equipment	22 639 699	(552 537)	438 445	-	(16 538)	-	(241 747)	177 563	-	22 444 885
Other fixed tangible assets	64 979 757	(206 349)	160 232	-	-	-	(96 621)	165 522	-	65 002 541
Ongoing investments	1 014 164	1 994 824	7 681 308	-	-	-	-	(10 600 070)	1 177	91 403
Advance payments on account of investments	-	6 383 548	-	-	-	-	-	(6 694 997)	311 449	-
	1 830 518 478	**(77 424 169)**	**8 489 581**	-	**(175 105 458)**	**3 599 730**	**(5 281 269)**	**(4 777 979)**	**312 626**	**1 580 331 540**
Accumulated depreciation and impairment										
Buildings and other constructions	34 649 694	(1 156 928)	2 509 885	-	(403 213)	-	(6 868)	82 147	-	35 674 717
Basic equipment	929 250 453	(25 492 544)	54 537 447	-	(74 775 287)	1 765 146	(4 590 332)	-	-	880 694 883
Transportation equipment	2 980 694	(10 164)	55 954	-	(40 702)	-	(54 190)	-	-	2 931 592
Administrative equipment	21 504 160	(345 611)	568 776	-	(9 948)	-	(241 374)	-	-	21 476 003
Other fixed tangible assets	43 297 555	(67 569)	2 479 090	-	-	-	(55 262)	-	-	45 653 814
Fix. Tang. Assets-Losses Acc. Imp. - Basic Equipment	8 303 011	-	(1 158 064)	-	-	-	-	-	-	7 144 947
	1 039 985 567	**(27 072 816)**	**58 993 088**	-	**(75 229 150)**	**1 765 146**	**(4 948 026)**	**82 147**	**-**	**993 575 956**
Total	**790 532 911**									**586 755 584**

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

In 2015, a significant reduction of fixed tangible assets was registered, as a result of the transfer by recomposition of capital of rolling stock to CP Carga.

The most significant investments, concluded in the financial year of 2015, regard essentially to regular repairs of the type R2 and R3 and intervention in the life environment of the trains of active commuting.

The accumulated mark-downs and impairments mentioned in the column Additions concern the mark-down of assets, in accordance with their useful life. Mark-downs of rolling stock and impairments recognised in the rolling stock due to accidents stand out for their contribution.

The column Adjustment shows the impact of the exclusion of CP Carga from the full consolidation method in 2015.

On December 31st 2015, the following fixed tangible assets were considered as loan guarantee obtained by CP from Eurofima:

(amounts in Euros)

Description	Liability
Railcars	252 430 316
Carriages	-
Locomotives	23 905 578
Total	**276 335 894**

Intangible Assets (note 8)

Group CP intangible assets concern essentially the implementation of I.T. systems. There is no situation in which the asset has been internally developed. These assets are classified in the heading Expenses of Investigation and Development, according to the following table:

(amounts in Euros)

	31/12/2015	31/12/2014
Gross Amount:		
Research and Development expenses	24 002	429 193
Computer Programmes	1 152 686	1 150 690
Intangible assets under construction	18 750	12 693
	1 195 438	**1 592 576**
Accumulated amortisation and impairment		
Amortisation of the period	11 558	88 174
Reversals of the period	-	(805)
Accumulated amortisation of previous periods	1 154 377	1 411 618
Losses due to impairment of the period	-	-
Losses due to impairment of previous periods	-	-
	1 165 935	**1 498 987**
Net book value	**29 503**	**93 589**

For amortisation purposes, 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 amortised by the straight-line method in twelfths starting on the date of entry into production of the asset.

The movements in the heading of Intangible Assets during the year of 2015 are analysed as follows:

(amounts in Euros)

	Opening balance	Adjustment	Additions	Revaluations / Impairments	Disposals	Assets held for sale	Write-offs	Transfers	Closing balance
Gross amount:									
Research and development expenses	429 193	(74 809)	11 310	-	-	-	(341 692)	-	24 002
Computer programmes	1 150 690	-	1 996	-	-	-	-	-	1 152 686
Intangible assets under construction	12 693	(12 693)	18 750	-	-	-	-	-	18 750
subtotal	**1 592 576**	**(87 502)**	**32 056**	**-**	**-**	**-**	**(341 692)**	**-**	**1 195 438**
Accumulated amortisation and impairment									
Amortisation of the period	1 072 777	143 295	11 558	-	-	-	(341 692)	-	885 938
Accumulated amortisation of previous periods	426 210	(146 213)	-	-	-	-	-	-	279 997
Losses due to impairment of the period	-	-	-	-	-	-	-	-	-
Losses due to impairment of previous periods	-	-	-	-	-	-	-	-	-
subtotal	**1 498 987**	**(2 918)**	**11 558**	**-**	**-**	**-**	**(341 692)**	**-**	**1 165 935**
Total	**93 589**								**29 503**

The column Adjustment shows the impact of the exclusion of CP Carga from the full consolidation method in 2015.

Leases (note 9)

The detail of this heading is analysed as follows:

(amounts in Euros)

	31/12/2015			31/12/2014		
	Gross amount	Depreciation/ Impairment	Net amount	Gross amount	Depreciation/ Impairment	Net amount
Basic equipment	-	-	-	38 398 710	(4 034 254)	34 364 456
Transportation equipment	-	-	-	14 700	(14 700)	-
	-	**-**	**-**	**38 413 410**	**(4 048 954)**	**34 364 456**

Due to the fact that in 2015 CP Carga was no longer consolidated in the Group accounts by the full consolidation method, arising from the conclusion of the reference direct sale agreement, CP Group stopped holding fixed tangible assets funded by financial lease agreements.

Actually, assets registered in these circumstances in 2014 only belonged to CP Carga and essentially concerned wagons acquired to be attributed to the national and international combined service of transportation of goods.

Financial Holdings – Equity Method (note 10)

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

(amounts in Euros)

Description	Type	31-12-2015			31-12-2014		
		Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
EMEF/SIEMENS A.C.E.	Investiment	366 651	-	366 651	344 151	-	344 151
NOMAD TECH, LDA.	Investiment	156 500	-	156 500	69 586	-	69 586
OTLIS A.C.E.	Investiment	195 830		195 830	154 097	-	154 097
CP CARGA, SA	Investiment	21 080 144	21 080 144	-	-	-	-
CP CARGA, SA	Loans	71 272 682	71 272 682	-	-	-	-
Total		**93 071 807**	**92 352 826**	**718 981**	**567 834**	**-**	**567 834**

In 2015 the following movements in these financial statements were made, as presented in the following table:

(amounts in Euros)

	Opening balance	Adjustment	Additions	Disposals	Equity Method	Other changes	Closing balance
Gross amount							
EMEF/SIEMENS A.C.E.	344 151	-	-	-	366 651	(344 151)	366 651
NOMAD TECH, LDA.	69 586	-	-	-	86 914	-	156 500
OTLIS A.C.E.	154 097	-	-	-	84 028	(42 295)	195 830
CP CARGA, SA	-	-	71 272 682	-	(95 232 667)	116 312 811	92 352 826
Sub-total	**567 834**	-	**71 272 682**	-	**(94 695 074)**	115 926 365	**93 071 807**
Impairment	-	-	92 352 826	-	-	-	92 352 826
Total	**567 834**	-	**(21 080 144)**	-	**(94 695 074)**	115 926 365	**718 981**

Financial Holdings – Other Methods (note 11)

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

At the date of each period of financial reporting, the impairment of these financial assets is assessed, recognising a loss due to impairment in the income statement if there is an objective evidence of such impairment.

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

(amounts in Euros)

Description	Method	31-12-2015			31-12-2014		
		Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
MLM, SA	Acquisition cost	12 721	(12 721)	-	12 721	(12 721)	-
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)	-
EUROFIMA	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	Acquisition cost	5 000	-	5 000	5 000	-	5 000
FUNDAÇÃO MUSEU NAC. FERROVIÁRIO	Acquisition cost	31 944	31 944	-	31 944	(31 944)	-
INEGI	Acquisition cost	2 500	2 500	-	2 500	(2 500)	-
TRANSCOM, S.A.	Acquisition cost	388 280	(67 288)	320 992	388 280	(87 108)	301 172
Bonds (CONSOLIDATED) 1942	Acquisition cost	662	-	662	662	-	662
		28 838 509	**(677 233)**	**28 092 388**	**28 838 509**	**(765 941)**	**28 072 568**

The movement of these financial holdings in 2015 is analysed in the following table:

(amounts in Euros)

Description	Opening balance	Additions	Disposals	Fair value	Other changes	Closing balance
Gross amount						
MLM, SA	12 721	-	-	-	-	12 721
METRO DO PORTO, SA	249 399	-	-	-	-	249 399
METRO-MONDEGO, SA	3 595	-	-	-	-	3 595
ICF	382 269	-	-	-	-	382 269
EUROFIMA	27 760 679	-	-	-	-	27 760 679
BCC	1 460	-	-	-	-	1 460
APOR	5 000	-	-	-	-	5 000
FUNDAÇÃO MUSEU NAC. FERROVIÁRIO	31 944	-	-	-	-	31 944
INEGI	2 500	-	-	-	-	2 500
TRANSCOM, S.A.	388 280	-	-	-	-	388 280
Bonds (CONSOLIDATED) 1942	662	-	-	-	-	662
	28 838 509	-	-	-		**28 838 509**
Impairment						
MLM, SA	(12 721)	-	-	-	-	(12 721)
METRO DO PORTO, SA	(249 399)	-	-	-	-	(249 399)
ICF	(382 269)	-	-	-	-	(382 269)
FUNDAÇÃO MUSEU NAC. FERROVIÁRIO	(31 944)	-	-	-		(31 944)
INEGI	(2 500)	-	-	-		(2 500)
TRANSCOM, S.A.	(87 108)		-	-	19 820	(67 288)
	(765 941)			-		**(746 121)**
	28 072 568					**28 092 388**

Deferred Tax Assets (note 12)

The detail of this heading is analysed as follows:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Deferred Tax Assets	2 554 258	2 488 729
	2 554 258	**2 488 729**

As mentioned in note 14, related to income taxes, as a result of the accession to Law 61/2014 of August 26th, which approved the special scheme applicable to deferred tax assets, in 2014 CP started the recognition of deferred tax assets, in compliance with the provisions of the aforementioned law, waiting for the order from the Finance and Sector Ministries to confirm such accession.

On the 2015 closing of the accounts date, CP is waiting for the decision of the Finance and Sector Ministries regarding the accession to the special scheme applicable to deferred tax assets.

Shareholders/Partners (note 13)

The detail of this heading is analysed as follows:

(amounts in Euros)

Description	31-12-2015	31-12-2014
Current liability		
Other Operations - Receivable Allowances	124 729	-

Within the scope of the agreement for the implementation of the tariffs of intermodal tickets (4-18, Sub -23 and Social+), concluded between the State and CP-Comboios de Portugal EPE, funds as financial compensations were distributed, due to the reduced price of the transportation tickets, following a Resolution of the Board of Ministers (RCM).

The amount of the balance corresponds to received funds, which wait for the confirmation of the concerning allowance for their regularisation as company's revenue.

Income Tax (note 14)

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 IRC Code [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..

CP does not account deferred tax assets related to the report of tax losses and impairments and temporary provisions which are not financially accepted, as it is not expected that such group of companies, which is governed under the Special Scheme of Taxation, will obtain future taxable profits which may allow the use of accumulated tax losses of CP. At the end of 2015, the total amount of deductible tax losses of CP amount to around 990.9 million euros, which may be used between 2015 and 2027.

Similarly, no deferred tax liabilities related to reassessed fixed tangible assets (rolling stock) were accounted in previous periods, since it is not expected that the funding system for the public transportation service and the economic conditions will be significantly altered, originating basis of assessment enough to create assessment and, subsequently, the payment of income taxes.

Regarding income taxes, in 2014 CP accessed the special scheme applicable to deferred tax assets (Law 61/2014, of August 26th) which allows, as long as certain requirements are verified, the constitution of a deferred tax asset which may become tax credit, used for the payment of income and property taxes, or be refunded to the taxpayer. Therefore, in 2014, the company recognised a deferred tax asset based on the proceeds of the total liability relating to occupational accident pensions by the corporate income tax rate in force, plus the respective surtax. In 2015, the company is awaiting for the approval of adherence to the aforementioned special scheme from the entities responsible for the company.

The accounting result has been adjusted in order to reflect the estimated corporate tax to be paid with the 2015 autonomous taxation by the CP Group, as detailed in the table below:

(amounts in Euros)

Company	Income Tax	
	2015	2014
CP	(220 714)	2 212 845
CP Carga	-	(540 333)
Fernave	(3 434)	(11 681)
Ecosaúde	(7 738)	(7 651)
Emef	(122 900)	(90 017)
Saros	(6 314)	(4 105)
	(361 100)	**1 559 058**

Inventories (note 15)

On December 31st 2015, CP presented the following amounts of inventories, detailed by class:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Gross Amount:		
Raw, auxiliary and consumable materials	35 567 842	35 491 668
Intermediate and finished products	977 114	1 307 914
Reclassification and adjustment of inventories	-	-
	36 544 956	**36 799 582**
Accumulated impairments		
Impairments of the period	238 231	591 777
Impairments of previous periods	(13 636 103)	(14 227 880)
	(13 397 872)	**(13 636 103)**
Net book value	**23 147 084**	**23 163 479**

The most significant amount of inventories belongs to the heading Raw, Subsidiary and Consumable Materials, which reveals a slight increase this year, when compared to the previous year, caused by the joint effect of acquisitions higher than consumptions and regularisation of inventories resulting out of write-off of materials, identified as obsolete or useless for the active stock series, or failures/surplus of counts performed in 2015.

Heading Finished and Intermediate Products experienced a decrease amounting to 330,800 euros due to two factors: On the one hand, the write-off of materials classified as obsolete and useless for the active stock series which occurred during 2015, which totalised 177,757 euros; on the other hand, outgoes for production exceeded manufacturing by 153,043 euros.

The recognition of impairments of inventories registered the following variations:

(amounts in Euros)

Description	Opening balance	Uses	Losses	Reversal	Closing balance
Inventory impairments					
Raw, auxiliary and consumable materials	(13 079 830)	744 468	860 264	204 967	(12 990 659)
Intermediate and finished products	(556 273)	167 064	31 622	13 618	(407 213)
	(13 636 103)	**911 532**	**891 886**	**218 585**	**(13 397 872)**

Losses due to impairment of inventories related to raw, subsidiary and consumable materials and to finished and intermediate products arise essentially from the passenger transportation area (CP) and the maintenance and repair of rolling stock (EMEF).

For the calculation of impairment of inventories related to the passenger transportation area, CP verifies on a half-yearly basis if the realisable value of the inventories is or is not inferior to the amount for which these are recognised in the company's accounts. If the amount for which the inventory is recognised is superior to the net realisable value, a loss due to impairment by the difference between those two variables is recognised.

Until 2011, the basis criterion for assessing the impairment of these materials was the non-rotation for more than 5 years - and it was applied to all inventories in storage. Since the financial year of 2012, and taking 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 goods. In order to do that, the impairment of the storage parts of rolling stock was calculated in accordance with the estimated useful life of the series of material to which they were linked, which allowed the identification of the actual obsolete and useless materials. For the remaining several materials, the criterion of non-rotation for over 5 years was kept.

The total amount of impairment of inventories recognised in 2015 results out of the contribution of the maintenance and repair segment, with write-offs of materials identified as obsolete and useless, as a result of the deactivation of the corresponding material series, of the replacement of equipment or grounded on technical degradation (non-conformity for use).

For the calculation of impairment of the maintenance and repair segment, the following criteria were used:

The calculation of losses due to impairment of inventories of the maintenance and repair segment is indexed to the duration of each agreement of provision of services concluded with each client, and the values are calculated based on the number of years left for the agreements to expire, and the consumption perspectives/material rotation. The criteria used are the following:

Inventories belonging to active series or equipment with consumption in the last 9 years

All material attributed to active series or equipment and also with strategic classification is classified as current, and therefore not subject to any impairment, except for the surplus resulting out of the expected average consumption up to the expiry date of the respective agreement. A 75% impairment is considered on such surplus. Regarding materials without historical consumption in the last 9 years and with acquisition date in the last two years, no impairment is applied.

Inventories belonging to active series or equipment without consumption in the last 9 years

Materials which, despite belonging to active series, have been acquired more than two years ago and have not registered consumption in the last 9 years are subject to an impairment of 80% on their value. Regarding materials with acquisition date in the last two years, any impairment shall be applied.

Inventories belonging to inactive series or equipment with and without consumption in the last 9 years

Materials classified as belonging to inactive material series and equipment are subject to an impairment of 95% on their value.

Inventories classified as Slow-Moving and Non-moving without consumption in the last 9 years

Inventories classified as Slow-moving and Non-moving, which have not registered any consumption in the last 9 years are subject to a loss due to impairment of 95% on their value.

Inventories classified as Slow-Moving and Non-moving with consumption in the last 9 years

Inventories classified as Slow-moving and Non-moving, which have registered consumption in the last 9 years, but with residual consumption perspectives, regarding the available information, are subject to a loss due to impairment of 80% on their value.

Inventories classified as Obsolete

Inventories classified as Obsolete are subject to a loss due to impairment of 95% on their value.

Inventories classified as Strategic

Inventories classified as Strategic and which have not registered consumption in the last 9 years are subject to a loss due to impairment at a constant rate, calculated on 75% of their value depending on the number of years left until the expiry date of the agreement. On the last year, the goods will have a net realisable value of 25%.

Inventories without identification

Inventories which mainly comprise material for upkeep (painting products, industrial cleaning, electric and electronic material, bearings, joint/attachment elements...), some of them with possible application to equipment of other clients, due to not being relate to the mentioned frame agreement and according to their nature, will recognise losses due to impairment based on the average consumption and the estimates of needs for the next 3 years.

If the average consumption is maintained, in case the inventory is not over in 3 years, an impairment of 95% shall be applied to the surplus.

In case it has been acquired more than 2 years ago and has not registered any consumption, an impairment of 95% shall be applied.

Regarding the variation of the Inventories of Production, CP Group presents the following values in 2015 and 2014:

(amounts in Euros)

Description	2015	2014
Variation in Production Inventories		
Intermediate and finished products	(121 531)	(120 173)
	(121 531)	**(120 173)**

Clients (note 16)

On December 31st 2015 the heading Clients presents the following values:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Gross Amount:		
Clients c/c		
General	11 808 639	22 404 920
Clients - bad debt	1 869 178	3 995 616
	13 677 817	**26 400 536**
Accumulated impairment		
Losses due to impairment of the period	141 971	327 373
Losses due to impairment of previous periods	(1 989 945)	(4 320 999)
	(1 847 974)	**(3 993 626)**
Net book value	**11 829 843**	**22 406 910**

The decrease of the balance is essentially due to the exclusion of CP Carga from the full consolidation method, arising from the conclusion of the reference direct sale agreement.

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

(amounts in Euros)

Descrição	Opening balance	Adjustment	Losses	Use	Reversals	Closing balance
Losses due to impairment						
General customers	3 993 626	(2 003 681)	70 651	(211 629)	(993)	1 847 974
	3 993 626	**(2 003 681)**	**70 651**	**(211 629)**	**(993)**	**1 847 974**

The column Adjustment shows the impact of the exclusion of CP Carga from the full consolidation method in 2015.

Advances to Suppliers (note 17)

The heading advances to suppliers presents the following details:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Gross Amount:		
SISCOG-SISTEMAS COGNITIVOS, LDA.	128 391	128 391
REDE FERROV. NACIONAL REFER EPE	2 120	2 120
Other	71 640	1 760
	202 151	**132 271**
Accumulated impairments		
Impairments of the period	-	-
Impairments of previous periods	-	-
	-	**-**
Net book value	**202 151**	**132 271**

State and Other Public Entities (note 18)

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

(amounts in Euros)

Description	31/12/2015	31/12/2014
Asset		
Income tax	1 253 701	1 206 061
VAT	**8 113 466**	**11 318 882**
VAT receivable	5 783 004	6 510 141
VAT requested refunds	2 330 462	4 808 741
Other Taxes	-	-
Soc. Sec. contributions CNP (National Pensions Centre)	55 597	-
	9 422 764	**12 524 943**
Liability		
Income tax	400 567	905 286
Income tax withholdings	309 395	1 761 451
VAT payable	2 562 739	3 069 248
Social Security contribution	522 616	2 805 496
	3 795 317	**8 541 481**

The main variations registered between 2015 and 2014 regarding liabilities result especially from the decrease of the value of the reimbursement requests, and the reduction of the income tax withholdings and the contributions to social security, as a result of its advanced payment.

Other Receivables (note 19)

The heading Other receivables is analysed as follows:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Gross Amount:		
Other Debtors - personnel	108 586	348 285
Sundry Debtors - c/c	60 706 574	19 020 549
Debtors by accrual of income	3 096 940	2 011 703
	63 912 100	**21 380 537**
Accumulated impairment		
Impairment of the period - O. debts of third part.	(31 135 756)	1 136 273
Impairment of previous periods-O. deb. third part.	(4 983 977)	(6 163 410)
	(36 119 733)	(5 027 137)
Net book value	**27 792 367**	**16 353 400**

The growth, regarding 2014, of the gross value of Other receivables mainly arises from the increase of the debt of CP Carga. An impairment of around 33 million euros related to the debt of the affiliate CP Carga was registered in 2015, which results out of the application of the terms of the sales agreement of such company, concluded on the 21st of September, 2015, and entered into force on the 20th of January, 2016.

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

(amounts in Euros)

Descrição	Opening balance	Adjustment	Losses	Use	Reversals	Closing balance
Losses due to impairment						
Other Debts from Third Parties	5 027 137	(72 282 626)	31 216 360	(80 604)	-	(36 119 733)
Total	**5 027 137**	**(72 282 626)**	**31 216 360**	**(80 604)**	**-**	**(36 119 733)**

Deferrals (note 20)

The heading Deferrals presents the amounts registered in the following table:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Asset		
Expenses to be recognised		
Defer. - Exp. to be Recogn. - Other - Miscellaneous	767 282	8 634 172
Defer. - Exp. to be Recogn. - Insurances	410 157	182 014
Defer. - Exp. to be Recogn. - Rents	12 181	12 190
Defer. - Exp. to be Recogn. - Rev's	-	14 600 778
	1 189 620	**23 429 154**
Liability		
Income to be recognised		
Defer.- Inc. to be Recogn.- Investment Grants	130 960 399	161 022 758
Defer.-Inc. to be Recogn.-Invo. on Acc.-Wor. to be und.	(138 346)	(455 950)
Defer. - Inc. to be Recogn. - CPLX	-	768 010
Defer. - Inc. to be Recogn. - POEFDS_PORLVT	-	-
Defer. - Inc. to be Recogn. - Rev. Grants	-	455
Defer. - Inc. to be Recogn. - Other Def.- Inc. Recogn.	4 897 948	5 449 941
	135 720 001	**166 785 214**

The main variations in Expenses to be recognised, regarding 2014, result out of (i) the exclusion of CP Carga from the full consolidation method, leading to a reduction/elimination in 2015 of the deferral of the expenses recognised with REV's (intervention in wagons) and (ii) the transfer to the account "Funding obtained – loan formalisation expenses" of the expenses related to commissions of debenture loans deferred in time.

The following table presents the details of the income to be recognised as investment allowance, which similarly registered a decrease of significant value regarding 2015, resulting out of the reduction of investment, the end of the useful life of rolling stock and, subsequently, the recognition of income of allowances and the reclassification of assets which benefitted from allowances for non-current assets held for sale.

(amounts in Euros)

Description	31/12/2015	31/12/2014
59300004 Reserves Grants - Rolling Stock	832 735	947 295
59300100 FEDER-Sub-Proj 12UQE	5 839 594	6 713 528
59300700 PIDDAC-Sub-Proj 12+4UQE	4 517 474	4 864 970
59300800 FEDER-Sub-Proj 12+4UQE	12 346 840	13 296 585
59301001 PIDDAC-Sub-Proj 34UQE/UTE	3 175 253	3 492 778
59301002 PIDDAC-Sub-Proj 19UDD	484 361	535 228
59301003 PIDDAC-Sub-Proj 21ALLAN	743 875	784 846
59301004 PIDDAC-Sub-Proj 42UQE	422 712	462 615
59301005 PIDDAC-Sub-Proj 34UME	18 928 830	20 016 260
59301006 PIDDAC-Sub-Proj 57UTE Silicon	15 717 908	16 557 653
59301008 PIDDAC-Sub-Proj Convel	-	-
59301009 PIDDAC-Sub-Proj 57CORRAIL	596 507	660 367
59301010 PIDDAC-Sub-Proj 12Locomotives	390 009	390 009
59301011 PIDDAC-Sub-Proj Radio Solo Comb	-	16 127
59301012 PIDDAC-Sub-Proj Aq 15 Loc 4700	(162 556)	18 964 832
59301013 PIDDAC-Sub-Proj Contactless Ticket	1 794 303	2 667 674
59301014 PIDDAC-Benef Interface Ramal Lousã	218 455	246 343
59301015 PIDDAC-Sub-Proj. Aq. 10 Locs 4700	(21 053)	2 477 272
59301024 PIDDAC-Sub-Proj Alter Max Speed 45 Modern. Carriag.	105 071	132 704
59301025 PIDDAC-Repl.Wheelset Transmission Boxes UDD's450	460 740	496 322
59301026 PIDDAC-Repl. Press Scales Syst. and Material Rotation	-	4 861
59301027 PIDDAC-Modernisation of 4 railcars 3500	1 205 312	1 310 313
59301028 PIDDAC-Large Repair R2 - 453	33 186	58 075
59301029 PIDDAC-Large Repair R2 - 2334	349 444	376 852
59301030 PIDDAC-Large Repair R2 - 2340	344 876	372 284
59301031 PIDDAC-Large Repair R2 - 2326	262 536	282 731
59301032 PIDDAC-Large Repair R3 - 9635	76 211	97 986
59301033 PIDDAC-Large Repair R2 - 464	60 738	99 098
59301034 PIDDAC-Large Repair R2 - 2197010	105 948	124 924
59301035 PIDDAC-Large Repair R2 - 2403	214 148	230 516
59301036 PIDDAC-Large Repair R2 - 2404	490 875	527 691
59301037 PIDDAC-Large Repair R2 - 360	71 187	93 668
59301039 PIDDAC-Large Repair R2 - 2405	341 682	366 235
59301040 PIDDAC-Large Repair R2 - 468	58 075	82 965
59301041 PIDDAC-Large Repair R2 - 2197025	149 965	166 178
59301042 PIDDAC-Large Repair R2 - 463	83 794	-
59301043 PIDDAC-Large Repair -Gr R-R2 461	209 485	-
59301044 PIDDAC-Large Repair R2 469	128 833	-
59301045 PIDDAC-Large Repair R2 2197012	110 711	-
59301046 PIDDAC-Large Repair R2 2197034	143 312	-
59301047 PIDDAC-Large Repair R2 2197011	86 681	-
59301048 PIDDAC-Large Repair R2 2197020	143 312	-
59301049 PIDDAC-Large Repair R2 8597004	57 571	-
59301050 PIDDAC-Large Repair R2 8597007	86 357	-
59301051 PIDDAC-Large Repair R2 1415	174 478	-
59301052 PIDDAC-Large Repair R2 2197028	144 468	-
59301053 PIDDAC-Large Repair R2 1997008	67 308	-
59301101 FEDER-Sub-Proj 19UDD	1 001 227	1 106 378
59301102 FEDER-Sub-Proj 21ALLAN	1 453 178	1 533 215
59301103 FEDER-Sub-Proj 34UME	33 713 899	35 648 247
59301104 FEDER-Sub-Proj 57UTE Silicon	20 226 056	21 338 724
59301106 FEDER-Sub-Proj Rehabil 3 Railcars	-	116 802
59301107 FEDER-Sub-Proj 57CORRAIL	1 196 088	1 324 138
59301108 FEDER-Sub-Proj 12Locomotives	903 370	903 370
59301510 Sub-Project CP/KIDS	-	-
59301700 FEDER-Improv. Interfaces Ramal Lousã	474 888	535 512
59301800 FEDER-Contactless ticketing-CPLX	400 142	598 587
Total	**130 960 399**	**161 022 758**

Financial Assets Held for Trading (note 21)

The heading financial assets held for trading is analysed as follows:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Asset		
Financial Assets	16	54
	16	**54**

On December 31st 2015, in accordance with the assessment provided by an external entity (IMG – Informação de Mercados Financeiros, S.A.), CP Group does not have any derivative financial instruments (hedging *swaps* of interest rates) which might be potentially favourable.

The variations in fair-value of these derivative financial instruments are registered in accordance with the net amount between gains and losses in the heading of Income Statement "Fair-value Increases/Reductions".

On the date of reference for the presentation of these Financial Statements, CP Group only has the fair-value of the shares of Millenium BCP acquired from the company Fergráfica, S.A., registered in the heading of Financial Assets Held for Trading in the scope of settling this company.

Non-Current Assets Held for Sale (note 22)

One of the goals of the Group is performing the disposal of the assets which are unnecessary to the development of its activity. These assets concern mainly buildings and rolling stock. In that sense, the top management is committed to the developing of actions 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 for over a year, CP Group understands they must remain in this heading of assets, due to the reason that their amount can be recoverable not by usage but by sale and, also, the top management is strongly committed to the development of efforts in that sense.

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

The Group assesses on a half-yearly basis the existence of impairments in these assets and, whenever necessary, it performs adjustments of amounts which have already been recognised.

Specifically, regarding rolling stock, at the end of 2015 there were 130 units classified as non-current assets held for sale whose net accounting vale, before additional impairments, was 7.6 million euros.

Within this scope, the 97% of the value of the stock was related to five material series. UTD 600, Locomotives 2600, Allan 350, Locomotives 1550 and 1960, amounting to 63 units.

Within the scope of the process of closing accounts, an analysis of the value of the series which compose such 97% was performed, considering the values of the investment allowances which were still to be recognised and the expected residual value as a result of their sale as scrap.

Taking into account the period elapsed from the classification of assets in this category and, despite the Group's efforts to sell it, the constitution of a reinforcement of the impairment of +/- 15% on the accounting value of the stock, in order to adjust its value to the possible market value which, in this moment, is the scrapping value, once there are no clients interested and the company does not expect to recover the investment realised through the attribution of the stock to transport activities. Such adjustment corresponds to a negative impact of 1.4 million euros in the Group's accounts and affected the stock series even more deeply, since the remaining series were already with an accounting value lower than their scrapping value. Therefore, the net accounting value of such stock, after the constitution of such provision, was reduced from the aforementioned 7.6 million euros to 6.3 million euros, as of December 31st, 2015.

After the constitution of such impairments, the value of the scope of rolling stock classified as non-current assets held for sale is zero, as detailed below:

(amounts in Euros)

Description	Accounting Value (1)	Allowances to be recognised (2)	Scrap Value (3)	Impairment (4)	(1)-(2)-(3)-(4)
Several Series	16 628 262	3 359 973	2 892 637	10 375 652	-

Regarding buildings classified as non-current assets held for trading, there was a reinforcement of the established impairment in the amount of 121,905 Euros, as a result of recent assessments made to properties.

It is to be also mentioned that the buildings "Infantário da Parede" and the "Edifício de Vila Nova de Famalicão" were sold during 2015.

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

(amounts in Euros)

Description	31/12/2015	31/12/2014
Asset		
Land and natural resources	1 744 117	3 295 378
Buildings and other constructions	11 564 741	12 137 627
Basic equipment (a)	6 252 590	7 937 354
	19 561 448	**23 370 359**

(a) In the 2015 financial year, this item includes an impairment of - € 1 405 688

Paid-up Capital (note 23)

In accordance with article 3 of Decree-Law 50/2012 of March 14th which defines CP's Articles of Association, the share capital of the company is 1,995,317,000 Euros, which are fully held by the Portuguese State and is meant to meet the company's permanent needs. This Capital is entirely paid-up as of December 31st 2015.

In the months of March, June and September of 2015, following the Joint Orders of the Ministers of Finance and Economy, increases of share capital were approved, to be paid by the State in cash. The first one, which amounted to 84.683 million euros was fully paid between March and April 2015; the second one, which amounted to 535.5 million euros, was fully paid between June and July 2015, and the third one, which amounted to 63.3 million euros, was paid between September and November 2015. Heading Paid-up capital presents in 2015, in accumulated terms, an increase of 683.483 million euros, to which corresponds the value of the capital paid-up by the State during the period. Therefore, at the end of 2015, the company presents a paid-up capital of 2,678,800,000 euros.

Own Shares (Quotas) (note 24)

On December 31st, 2015, the Company does not hold own shares or subscriptions, since the parent company is not a joint share or subscription company.

Other Equity Instruments (note 25)

The Portuguese State, which is the sole holder of CP parent company, has not granted any funds as additional or supplementary allowances or capital endowments during the year of 2015.

Legal Reserves (note 26)

In accordance with article 295 of the Portuguese Commercial Companies Code and in accordance with Decree-Law 137-A/2009 of June 12th, as amended by Decree-Law 59/2012 of March 14th, which defines CP Articles of Association, the company must have legal reserves and funds considered to be necessary, and that the constitution of such legal reserve in the amount of 5% of the profits of each year is mandatory. The legal reserve may be used in the hedging of losses of the financial year.

During the period, there was no reinforcement of the legal reserves nor did any use for hedging losses occur.

Other Reserves (note 27)

In this heading the statutory reserve corresponding to the amount of the Amortisation and Renovation Fund of Rolling Stock, from December 31st 1974, is accounted.

The Amortisation and Renovation Fund of Rolling Stock was meant to the renovation of the rolling stock, according to the provisions of article 16 of the Concession Agreement 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)

The variation of the surplus brought forward concerns essentially the incorporation of the net income of the previous period. However, the movements below also contributed to such variation:

(amounts in Euros)

Reconciliation of the consolidated surplus brought forward		
Surplus brought forward in 2015		-5 655 108 293
Surplus brought forward in 2014	-5 495 796 519	
+ Net income of the period of 2014	-161 345 168	-5 657 141 687
Movements of 2015 directly into Surplus brought forward:		**2 033 394**
Identification: The reason for this variation is the Net Impact of several operations in surplus brought forward, which are related to the cancellation of balances, as well as to intercompany transactions.		

Financial assets adjustments (note 29)

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

(amounts in Euros)

Description	31/12/2015	31/12/2014
Related to Equity Method		
Transition Adjustments	(132 640)	(132 640)
Total	**(132 640)**	**(132 640)**

Other Variations in Equity (note 30)

The detail of this heading is analysed as follows:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Financial recovery	91 357 368	91 357 368
	91 357 368	**91 357 368**

The heading financial recovery reflects liabilities assumed by the State in accordance with the Protocol from August 24th 1993, concerning the debts to the Tax Authority, to the Directorate-General 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 recovery carried out within the scope of Decree-Law 361/85.

Provisions (note 31)

The movement in the heading Provisions is analysed as follows:

(Amounts in Euros)

Description	Opening Balance	Adjustment	Additions	Uses	Reversals	Closing Balance
Ongoing legal actions	9 078 096	-	258 134	4 142 398	850 278	4 343 554
Railway accidents	1 366 111	(475 000)	434 071	-	-	1 325 182
Occupational accid. and diseases, and other provisions	2 417 209	(1 652 899)	245 801	-	-	1 010 111
Financial investments	-	85 179 503	-	83 526 603	980 515	672 385
	12 861 416	**95 913 020**	**938 006**	**87 669 001**	**1 830 793**	**7 351 232**

The column Adjustment shows the impact of the exclusion of CP Carga from the full consolidation method.

Variations in the heading Provisions are due mainly to the agreement which was entered into with CP's employees for the inclusion of variable allowances for the calculation of holiday allowances and holidays, which resulted in the conclusion of a part of the labour processes from previous years.

Funding Obtained (note 32)

At the end of the financial year 2015, the heading Funding Obtained presented the detail present in the following table:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Non-current		
Credit institutions and financial companies		
Bank loans	181 021 563	224 576 751
Finance leases	-	27 862 780
Debenture loans	700 000 000	700 000 000
Applic. of Effective Rate Deben. Loans	(7 425 023)	
Other funders	2 152 570 000	2 608 084 000
	3 026 166 540	**3 560 523 531**
Current		
Credit institutions and financial companies		
Bank loans	43 555 187	265 021 556
Bank overdrafts	188 482	1 341 770
Finance leases	-	3 193 368
Other funders	455 514 000	358 900 000
	499 257 669	**628 456 694**
	3 525 424 209	**4 188 980 225**

The reduction of the remunerated debt of CP Group of around 663.6 million euros resulted out of the capital endowments carried out by the State for the amortisation of CP fundings with maturity date on 2015, as well as the effort made by the Group companies to ensure their operating activity and the cash-flow originating from their activity.

Regarding debt's structure, the predominance of the medium and long term debt (around 86%), as it was seen at the end of 2014, has been maintained. The medium and long term loan concluded between CP and the Portuguese State in the last quarter of 2014 is the primary input for such situation.

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 heading Funding obtained, by maturity, is analysed as follows:

(amounts in Euros)

	31/12/2015	31/12/2014
Credit institutions and financial companies		
Bank loans		
Up to 1 year	43 559 858	265 021 556
1 to 5 years	124 688 230	130 550 085
More than 5 years	56 333 333	94 026 666
Finance leases		
Up to 1 year	-	3 193 368
1 to 5 years	-	20 199 325
More than 5 years	-	7 663 455
Bank Overdrafts		
Up to 1 year	183 811	1 341 770
Debenture Loans		
1 to 5 years	500 000 000	500 000 000
Applic. of Effective Rate Debenture Loans	(621 447)	-
More than 5 years	200 000 000	200 000 000
Applic. of Effective Rate Debenture Loans	(6 803 576)	-
Other funders		
Up to 1 year	455 514 000	358 900 000
1 to 5 years	1 622 056 000	1 597 056 000
More than 5 years	530 514 000	1 011 028 000
	3 525 424 209	**4 188 980 225**

Other Accounts Payable (note 33)

The heading Other Accounts Payable is analysed as follows:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Non-current		
Creditors by expenditure accruals	31 926 392	11 061 019
	31 926 392	**11 061 019**
Current		
Providers of funding	257 218	(1 546 865)
Debtors by income accruals	-	1 607 311
Creditors by outstanding subscriptions	38 321 962	34 525 341
Other debtors and creditors	5 120 496	4 177 568
Creditors by expenditure accruals	111 839 514	64 569 300
	155 539 190	**103 332 655**

The variation registered in the non-current assets results out of the adjustment of the value of the liabilities regarding work accident pensions, within the scope of adherence to the special scheme applicable to deferred tax assets, as provided in Law 61/2014, of August 26th, and the recognition of the liability to settle the historical debt arising from the integration of variable allowances for the calculation of holiday allowances and holidays, following the agreement concluded with the Labour Representative Organisations, which shall be paid until year 2019.

The liabilities for work accidents and occupational illnesses were calculated based on the actuarial assessment of the liabilities of the company on December 31st 2015, with work accident pensions occurred until December 31st 1999. Such calculation was carried out by an entity external to CP (CGD PENSÕES).

The increases or decreases of liabilities arising from alterations to attributed benefits are recognised 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 work accident pensions, it was calculated the current value of immediate lifetime income annuities.

Rate of return: 2,25%.

Pension's growth rate: 1,0%.

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

Period of payment of the work accident pensions: Life income annuities.

Date of effect of the calculations: December 31st, 2015.

With regard to current assets, the most significant variation regarding financial year 2015 is registered in the heading Creditors by expenditure accruals, and concerns interest to be settled, as well as the increase of costs for the company, to be paid in 2016, as a result of the agreement concluded on 22.04.2015 with the Labour Representative Organisations related to the integration of variable allowances as remuneration used for the calculation of holiday payments and holiday allowances.

Suppliers (note 34)

The heading Suppliers presents the following details:

Description	31/12/2015	31/12/2014
Suppliers c/c		
General	23 576 942	46 877 027
Providers of funding	-	-
Invoices received and pending approval	810 813	570 393
	24 387 755	**47 447 420**

The variation registered in the heading Suppliers is due to the exclusion of CP Carga from the full consolidation method in 2015, and therefore the debts of CP Group to suppliers were reduced, particularly regarding Infraestruturas de Portugal, S.A.

Advances From Customers (note 35)

The heading Advances from Clients presents the following amounts:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Advance Payments from Customers		
CP Customers	1 815 470	295 470
Fernave Customers	374 000	374 000
EMEF Customers	-	110 838
	2 189 470	**780 308**

The variation registered regarding 2014 results out of the advanced payment made to CP by Mediterranean Shipping Company Rail (Portugal) - Operadores Ferroviários, S.A, within the scope of the conclusion of the reference agreement for the sale of CP Carga.

Financial Liabilities Held for Trading (note 36)

The heading Financial Liabilities held for Trading presents the following amounts:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Potentially unfavourable derivatives	1 291 916	3 703 566
	1 291 916	**3 703 566**

As stated in the note regarding Financial Assets Held for Trading, the amount registered results out of the valuation conducted by an external entity (IMF- Informação de Mercados Financeiros, S.A.) of the fair-value of the derivative financial instruments (hedging *swaps* of interest rate) held by the company.

The valuation on 31.12.2015 concerns the only swap in the portfolio, whose maturity is extended to April 2016 and is related to a funding of Eurofima.

Provided Sales and Services (note 37)

Sales and services provided present the following table:

(amounts in Euros)

Description	2015	2014
Service Provisions		
Passengers	224 093 868	218 558 708
Goods	-	63 472 650
Other	40 451 342	10 805 260
subtotal	**264 545 210**	**292 836 618**
Total	**264 545 210**	**292 836 618**

The verified decrease is essentially due to the exclusion of CP Carga from the full consolidation method, with an impact on the reduction of sales of CP Group related to the transportation of goods of around 63.5 million euros. On the other hand, an increase of revenue related to the heading Other service provisions, arising from the rent of rolling stock, energy supply and other service provisions performed to CP Carga.

It is also to be highlighted the increase of passenger transportation revenue as a result of the efforts of CP to diversify, promote and consolidate its supply and commercial activity.

Operating Allowances (note 38)

In the following table are identified the operating allowances recognised as income in the financial years of 2014 and 2015:

(amounts in Euros)

Description	2015	2014
Operations subsidies	-	17 789 622
(IEFP Training)	-	26 771
PAII	-	71 684
CP/KIDS	-	16 575
European Community	-	1 770
IEFP [Institute of Employment and Professional Training]	-	21 260
IEFP Allowances - Employment Internships (under Ordinance no. 204-B/2013)	6 649	10 477
IDMEC Allowances(Wearwheel Project)	-	8 141
Thales Allowances (Secur-ED Project)	-	35 956
TNO Allowances (Cargovibes Project)	-	(2 673)
Oporto University Allowances (Maxbe Project)	-	427
	6 649	**17 980 010**

Emphasis should be given to the general and stressed decline of the State's financial aid, through operating allowances, to the activity of the CP Group and, also, that it achieved a decrease of approximately 17.9 million Euros regarding the amounts of 2014.

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	2015	2014
Losses		
Application of the equity method	(11 706 062)	(3 721)
Gains		
Application of the equity method	537 593	404 151
Other	-	-
Total	**(11 168 469)**	**400 430**

The values of losses recognised in 2015 are the result of the application of the equity method to the results of CP Carga, SA. The values of gains recognised in 2015 are the result of the application of the equity method to the results of SIMEF, Nomad Tech and OTLIS.

Works for the Own Company (note 40)

The heading Works for the Own Company, which registers the works carried out for the maintenance of the rolling stock of passenger and goods transportation, is analysed as follows:

(amounts in Euros)

Description	2015	2014
Transportation of passengers		
Fixed tangible assets	7 309 207	8 552 731
Transportation of goods		
Fixed tangible assets	-	1 133 022
Other	1 140	2 637
Total	**7 310 347**	**9 688 390**

Sold Commodities and Consumed Materials Costs (note 41)

Sold commodities and consumed materials costs are presented as follows:

(amounts in Euros)

Description	2015	2014
Goods	-	-
Raw, auxiliary and consumable materials	22 381 039	24 301 132
	22 381 039	**24 301 132**

The expense of fuel consumption, as raw-material for the provision of railway transportation of passengers, represents 82% (4,863,099.81 Euros) of the total amount of the heading raw-materials, subsidiaries and consumption. Fuel consumption expenditure was reduced as a result of the decrease of fuel price.

External Services and Supply (note 42)

The heading external services and supply presents the following detail:

(amounts in Euros)

Account	Description	2015	2014
621	Subcontracts	25 845 840	28 204 605
622/626	Specialised and other works	87 261 078	104 957 898
	(which include the usage fee of the infrastructure)	55 697 077	69 611 390
623	Materials	558 063	480 900
624	Energy and fluids	30 777 949	30 252 074
625	Travels, stays and transportation	681 327	1 000 566
		145 124 257	**164 896 043**

In 2015, CP kept aiming towards the search for savings, by rationalising incurred expenses and by renegotiating the agreements in force. However, the significant reductions which have been already reached in previous years limited the capacity to reduce the values agreed upon.

Therefore, the reduction registered regarding supply and services mainly results out of the decrease of the infrastructure usage fee rates. Such situation was reinforced by the exclusion of CP Carga from the full consolidation method, so the expenses of infrastructure usage of CP Carga in 2015 were no longer expenses of the Group.

Personnel Costs (note 43)

The heading Personnel Costs presents the following details:

(amounts in Euros)

Description	2015	2014
Social bodies' remunerations	413 767	464 651
Personnel remunerations	95 331 016	105 281 870
Indemnities	2 678 082	5 136 049
Agreement on variables	22 017 368	-
Charges on remuneration	21 285 616	23 409 682
Charges on variables	5 229 125	-
Occupational accidents, diseases and health insurances	2 062 079	2 604 198
Social action expenses	382 174	350 691
Other personnel costs	1 555 531	11 488 465
	150 954 758	**148 735 606**

In 2015, the value of the liability arising from the agreement concluded with the Labour Representative Organisations related to the integration of variable allowances as remuneration used for calculating holiday payments and holiday allowances was registered in the accounts of personnel costs. The impact of this agreement amounts to 27.2 million euros.

It should be noted that in 2014 there was an increase of 11.1 million euros in Personnel Costs due to the adjustment of the amount of expenses related to work accident pensions, which are life-time annuities resulting out of accidents occurred until December 31st 1999, date until which, by force of Decree-Law 261/91 from July 25th, CP would be obliged to assume these costs.

Therefore, by ignoring the effect of such adjustment of 11.1 million euros on the 2014 accounts, and by ignoring the effect of the 27.2 million euros related to the concluded agreement to the 2015 accounts, a decrease of personnel costs of around 13.8 million euros is verified. Such decrease arises from the exclusion of CP Carga from the full consolidation method in 2015, so the personnel costs of such company are no longer included in the Group’s expenses. Excluding this effect, we would have an increase of personnel costs of around 3.6 million euros in CP Group, which arose mainly from the fact that, from January 1st, 2015, under article 4 of Law 75/2014 of the 12th of September, the temporary reduction of remuneration verified to date was reversed by 20%. The increase of expenses related to overtime work needs to be also noted.

Impairment of Non-Depreciable and Non-Amortisable Investments note (44)

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

(amounts in Euros)

Description	2015	2014
Losses		
On financial investments	(92 420 154)	-
Non-current assets held for sale	(1 405 688)	(437 474)
Reversals		
Of financial investments	87 110	107 171
Non-current assets held for sale	373 329	11 051 366
	(93 365 403)	**10 721 063**

The reinforcement carried out in 2015 is due to the adjustment of the total impairments of such goods, therefore, the net value of the rolling stock classified herein, deducted from the residual scrap value and investment allowances, is null. The value of the buildings classified as non-current assets held for sale was also adjusted as a result of the latest assessments.

Regarding financial impairments, the impairment registered with the affiliate CP Carga which results out of the application of the terms of the sale agreement of the latter, signed on the 19th of September, 2015, and effective as of the 20th of January 2016, was registered.

Other Income and Gains (note 45)

The heading Other Income presents the following detail:

(amounts in Euros)

Description	2015	2014
Supplementary income	12 708 727	5 854 449
Discounts obtained for prompt payment	1 399	1 115
Inventory gains	15 260	686 977
Remaining financial assets	2 846 087	236 845
Non-financial investments	20 208 049	36 231 682
Other	33 131 802	17 491 132
	68 911 324	**60 502 200**

The heading Other Income and Gains presents an increase as a result of gains related to the transfer of assets from CP to CP Carga, namely related to capital gains arising from assessments of the stock transferred and the recognition of investment allowances regarding such stock.

Other Expenses and Losses (note 46)

The heading Other Expenses and Losses presents the following detail:

(amounts in Euros)

Descrição	2015	2014
Taxes	255 717	222 554
Discounts granted for prompt payment	-	-
Bad debts	286 283	950 617
Inventory losses	243 791	172 850
Non-financial investments	530 713	5 693 931
Other	3 000 903	4 423 589
	4 317 407	**11 463 541**

A decrease in Other Expenses and Losses of 7.2 million euros was registered, mainly due to the reduction of rolling stock write-offs and the decrease of expenses related to the recognition of bad debts, in comparison with 2014.

Increases/Reductions in Fair Value (note 47)

The heading of Increases/reductions in fair value is analysed as follows:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Gains		
Financial instruments	2 411 650	65 455 632
	2 411 650	**65 455 632**

The fair value of the derivative financial instruments is the result of the valuation of the portfolio of derivatives on December 31st 2015, 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 these derivatives is provided by an external entity.

Expenses/Reversal of Write-offs and Amortisation (note 48)

The heading Expenses/Reversal of Write-offs and Amortization presents the following amounts:

(amounts in Euros)

Description	2015	2014
Expenses		
Fixed tangible assets	60 151 167	70 794 002
Intangible assets	11 558	88 173
Reversals		
Fixed tangible assets	15	16 493
Intangible assets	-	-
	60 162 710	**70 865 682**

The registered expenses are the result of write-offs/amortisation of the assets in accordance with their established useful lives and their details are presented in note 3. Yearly, the expected useful lives of the assets are reviewed, in order to verify if they are adjusted to reality.

In 2015, there was a decrease in the depreciation values, in comparison with 2014, of around 6.2 million euros (excluding 4.4 million of CP Carga in 2014), originating mainly from the transfer of stock to CP Carga and the write-off or end of devaluation period of goods, not compensated by the realised investment and the exclusion of CP Carga, in 2015, from the full consolidation framework.

Impairment of Depreciable and Amortisable Investments (note 49)

The heading Impairment of depreciable/amortisable investments recognised in the period concerns essentially the heading of Basic equipment and it is due to the fact that its net value exceeds its recoverable amount, presented in the following amounts:

(amounts in Euros)

Description	2015	2014
Losses		
Fixed tangible assets	(260 427)	(5 169 011)
Reversals		
Fixed tangible assets	1 418 491	462 034
Total	**1 158 064**	**(4 706 977)**

The impairment of depreciable investments recognised in the financial year concerns, essentially, losses due to impairment resulting out of rolling stock accidents.

The variation of the heading Reversals due to Impairment is due to the conclusion of repairs of damaged rolling stock.

Interest and Similar Income Gained (note 50)

The heading Interests and similar income gained is analysed as follows:

(amounts in Euros)

Description	2015	2014
Obtained Interest	3 651 990	57 181
Obtained Dividends	-	-
Other similar income	-	1 607
	3 651 990	**58 788**

The 2015 values show the impact of the exclusion of CP Carga from the full consolidation method.

Interest and Similar Expenses Incurred (note 51)

The heading interest and similar expenses incurred presents the following amounts:

(amounts in Euros)

Description	2015	2014
Payable interest	96 655 462	201 120 738
Other expenses and losses	10 973 874	6 384 087
	107 629 336	**207 504 825**

Financial costs strongly decreased in 2015, mainly due to the reduction of CP Group's debt and the maintenance of market rates at historically low levels.

Minority Interests (note 52)

Does not apply.

Contingent Liabilities (note 53)

Does not apply.

Guarantees and Sureties (note 54)

Guarantees provided in favour of CP Group:

Guarantees and securities provided to the CP Group by the State	721 514 251
Guarantees and bank securities provided to the CP Group by banking entities in favour of third parties	1 068 997

Remuneration of the Certified Public Accountant (note 56)

Sociedade Oliveira, Reis & Associados – SROC, Lda. presents its annual fees, within the scope of the revision and legal certification of the individual and consolidated accounts of CP, amounting to 21,500 euros, plus VAT at the legal rate in force.

Sociedade Pinto Ribeiro; Lopes Rigueira & Associados, SROC, Lda. presents its annual fees, within the scope of the audit of the individual and consolidated accounts of CP, amounting to 11,750 euros, plus VAT at the legal rate in force.

Relevant Events After the Date of Balance (note 57)

Regarding events occurred after the date of the balance, it should be highlighted:

- The realisation of the sale of CP Carga, which took place on the 20th of January 2016. The expected impacts related to the process of sale were already recognised in 2015 through the constitution of impairments, with a net impact of 85 million euros on the company's accounts;

- Signature of the addendum to the funding agreement concluded in 2014 with the Portuguese State, extending the dates for payment of interest;
- On the 19th of October, 2015, an agreement for the maintenance of rolling stock fleets of Metro do Porto was concluded between Transdev and EMEF, whose start depended on the effectiveness of the agreement of Sub-concession of the Transportation System of Metro do Porto, S.A.. In light of the decision made by the Government in early 2016 of reversing the ongoing sub-concession process, the agreement concluded between EMEF and Transdev shall not enter into force.

Certified Accountant - Dra. Ana Coelho

President - Eng. Manuel Tomás Cortez Rodrigues Queiró

Voting Member - Dr. Nuno Serra de Sanches Osório

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