Report & Accounts

2015

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. Lisboa no. 109

Sharecapital € 1,995,317,000

Design and Coordination:

Department of Planning and Activity Control

Financial Management

Contacts: webmaster@cp.pt

Table of Contents

Message from the President 1

Summary of the Year 3

The Management Board 4

Macroeconomic Framework 5

How do we create value 6

Human Resources 6

Permanent Staff 6

Abseentism and Overtime Work 7

Training 8

Fleet 9

On duty and Disabled Material 10

Fleet Improvements 11

Supply 11

Service Quality 13

Demand 14

Income 15

Investments 16

Main Projects 17

CP Group 18

EMEF - Empresa de Manutenção de Equipamento Ferroviário, S.A., 19

Ecosaúde - Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A. 19

SAROS – Sociedade de Mediação de Seguros, Lda. 20

FERNAVE - Formação Técnica, Psicologia Aplicada e Consultoria Em Transportes e Portos, S.A. 21

Key Milestones 22

Developed Activity 22

Supply / Activity 22

Tariff 23

Ticketing / Distribution 24

Innovation 25

Internal Procedures 25

Communication 26
Assets Management 27
Social Intervention 28
Awards Received 29
Environmental Trusted Brands 29
Communication Efficiency Awards 29
Marketing Award, promoted by the publication *Meios & Publicidade* 29
Compliance with Legal Obligations 30
Summary 30
Management Goals 31
Financial Risk Management 32
Average Time for Payment 34
Recommendations from the Shareholder Issued When the 2014 Accounts were Approved 35
Remunerations 35
Salary Reduction Measures 35
Governing Bodies Remuneration 37
Certified Public Accountant 46
External Auditor 47
Implementation of article 32 of the Public Manager Statute 47
Public Procurement 47
National Public Purchasing System (SNCP) and State’s Motor Vehicle Fleet 48
National Public Purchasing System 48
State’s Motor Vehicle Fleet 48
Reduction Measures of Operating Expenses 49
Compliance with the Good Governance Principles 51
Audits performed by the Court of Auditors 52
Information in the SEE [State Corporate Sector] website 53
Financial and Economic Analysis 54
Operating Account 54
Balance 57
Assets 57
Equity 58
Liabilities 58

Funding 59
Funding Policy 59
Structure of the Remunerated Debt 60
Co-funding Sources 61
Financial Costs 61
Debt Ceiling 62
Risk Management Instruments 63
Perspectives for 2016 64
Relevant facts after the end of the financial year 66
Proposal of application of results 67
Statement of conformity 68
Financial Statements 69
Attachments to the Financial Statements 75
Identification of the Entity and Operability notes (Note 1) 75
Identification 75
Separation of Sectors - Infrastructure 76
Separation of Sectors - Transportation 77
Concession Scheme 78
Public Service Agreement 79
Accounting Framework of Preparation of Financial Statements (Note 2) 80
Accounting Framework 80
Derogations of the SNC [Accounting Normalisation System] 81
Comparative Values 81
Main Accounting Policies (Note 3) 82
Bases of Measurement 82
Relevant Accounting Policies 83
Value Judgements 98
Main Assumptions Concerning the Future 98
Main sources for uncertainty in estimates 99
Cash-Flow (Note 4) 101
Heading Cash and Bank Deposits 101
Disaggregation of the Values included in the heading Cash and Bank Deposits 102
Accounting Policies, Changes in Accounting Estimates and Errors (Note 5) 102

Fixed Tangible Assets (Note 6) 103
Leases (Note 7) 105
Financial Holdings – Equity Method (Note 8) 105
Financial Holdings – Other Methods (Note 9) 107
Deferred Tax Assets (Note 10) 110
Income Tax (Note 11) 110
Shareholders/Partners (Note 12) 111
Inventory (Note 13) 112
Clients (Note 14) 113
Advances to Suppliers (Note 15) 114
State and Other Public Entities (Note 16) 115
Other Receivables (Note 17) 116
Deferrals (Note 18) 117
Financial Assets Held for Trading (Note 19) 118
Non-Current Assets Held for Sale (Note 20) 118
Paid-up Capital (Note 21) 120
Own Shares (Quotas) (Note 22) 120
Other Equity Instruments (Note 23) 121
Legal Reserves (Note 24) 121
Other Reserves (Note 25) 121
Surplus brought forward (Note 26) 121
Financial assets adjustments (Note 27) 123
Other Variations in Equity (Note 28) 124
Provisions (Note 29) 126
Funding Obtained (Note 30) 126
Other Accounts Payable (Note 31) 128
Suppliers (Note 32) 129
Advances from Clients (Note 33) 130
Financial Liabilities Held for Trading (Note 34) 130
Sales and Services Provided (Note 35) 131
Operating Allowances (Note 36) 131
Gains/losses attributed to Subsidiaries, Associated Companies and Joint Ventures (Note 37) 132
Sold Commodities and Consumed Materials Costs (Note 38) 133

External Services and Supply (Note 39) 133
Personnel Costs (Note 40) 135
Impairment of Non-Depreciable and Non-Amortisable Investments (Note 41) 136
Other Income and Gains (Note 42) 137
Other Expenses and Losses (Note 43) 137
Increases/Reductions of Fair Value (Note 44) 138
Expenses/Reversal of Write-offs and Amortisation (Note 45) 138
Impairment of Depreciable and Amortisable Investments (Note 46) 139
Interest and Similar Income Earned (Note 47) 139
Payable Interest and Similar Expenses (Note 48) 140
Contingent Liabilities (Note 49) 140
Contingent Assets (Note 50) 140
Related Parties Disclosure (Note 51) 141
Guarantees and Sureties (Note 52) 144
Relevant Events after the Date of Balance (Note 53) 144

Message from the President

In 2015 CP reached a record regarding transportation profits, exceeding 220 million euros, 6 million euros higher than in the previous year, consolidating a uniform growth cycle which lasts for more than two years.

112 million passengers were transported, which translated into a 2% growth regarding 2014. Such growth occurred in all services, particularly long-distance services, which exceeded 5.5 million passengers, which means a 5% growth regarding 2014, and a 19% compared to 2013.

In spite of the lack of Operations Subsidies (in 2014 CP was granted 17.9 million euros, which was half the value it was provided with in 2013), recurrent EBITDA remained positive in 3.8 million euros, however, showing a reduction of 11 million euros with regard to 2014.

The Financial Result registered an improvement of 95.8 million euros, due to a 15% reduction of the financial debt of the company, as a result of the State's support for the funding of the debt service and the investments and the generalised decrease of interest rates.

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

This light improvement in the economic activity also has had an effect on the income obtained. Nevertheless, the decisive factor for obtaining such income was the framework of dialogue and social consultation, as well as the the investment made by the Company towards a strong commercial dynamics, fight against fraud, structuring supply by promoting its network effect and the implementation of new operating and mobility solution, always searching for the creation of advantages for its customers, which were essential for obtaining such results.

I can do no other than praise the effort and dedication of all employees and their representations, which allowed to reach the ambitious goals initially established.

Therefore, we start a new cycle of expansion of CP's activity in 2016 with renewed confidence.

In fact, growth perspectives, based on the potential effect of "Rede CP", the growth of national economy and, particularly, tourism and also the inevitable need of development of public transport, especially railway transport, recommend strengthening supply.

Such potential growth, in association with a more aggressive commercial strategy and a production model which optimises the management of an integrated service network shall promote the operating and financial equilibrium of the activity, thereby consolidating the sustainability path of the Company.

Nevertheless, it will not be possible to maintain the current situation of lack of Operations Subsidies. It is urgent that the realisation of the Public Service Agreement is carried out, such service to be provided by CP, as well as the implementation of the Infrastructure Investment Plan and, lastly, the conclusion of the financial recovery process.

In order to realise the challenges ahead, we count as usual on our main assets – our customers and employees – and the support of the responsible Ministry.

Summary of the Year

Operational Indicators	2015	2014	2015-2014	2015/2014
Demand				
Passengers (10^3)	112 024	109 785	2 239	2,0%
Passengers kilometre (10^3)	3 624 903	3 518 813	106 090	3,0%
Supply				
Trains (10^3)	444	455	-11	-2,3%
CK (10^3)	28 834	28 843	-9	0,0%
LKO (10^6)	12 832	12 790	42	0,3%
Human Resources				
Final Permanent Staff	2 684	2 718	-34	-1,3%
Average Permanent Staff	2 703	2 754	-51	-1,9%
Fleet - Active Fleet				
Railcars	235	234	1	0,4%
Locomotives	31	89	-58	-65,2%
Carriages	101	98	3	3,1%

Note: In 2015, 59 locomotives were transferred to CP CARGA.

Financial Indicators (10^3 €)	2015	2014	2015-2014	2015/2014
Traffic Income	220 558	214 496	6 062	2,8%
Operations Subsidies	0	17 790	-17 790	-100,0%
Operating revenue*	273 575	303 955	-30 380	-10,0%
Operating expenses*	269 792	289 185	-19 393	-6,7%
EBITDA *	3 783	14 770	-10 987	-74,4%
Operational income	-175 197	36 747	-211 944	-576,8%
Net profit	-278 426	-159 869	-118 557	-74,2%

* It does not include Terminations Provisions, Mark-downs, Impairments, Fair Value, Affiliates and agreements on variables concerning previous years.

Ratios	2015	2014	2015-2014	2015/2014
Work Productivity (10^3) (Ck/Effective)	10,67	10,47	0,19	1,9%
Amount of costs in the TR w/ Operating Allowances**	121,0%	108,1%	12,9 p.p.	-
Amount of costs in the TR w/o Operating Allowances***	110,2%	116,2%	-6,0 p.p.	-

** (CMVMC+FSE+PERSONNEL without terminations+agreement on variables concerning previous years)/Total revenue (with operating allowances)

*** (CMVMC+FSE+PERSONNEL without terminations)/Total revenue (without operating allowances)

The Management Board

Voting member – Dr. Maria João Calado Lopes

President – Eng. Manuel Tomás Rodrigues Queiró

Voting member - Dr. Nuno Sanches Osório

Macroeconomic Framework

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

However, such value is slightly under the projection of 1.6% stated in the Stability Programme (April 2015), due to a failure of the positive contribution of internal demand.

In this period, we saw a recovery regarding family's 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 service exports, it should be highlighted that, in the period January-October 2015, "travels and tourism" exports reached an amount of 10 billion euros, 10.2% above the value registered in the same period in 2014[2].

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

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

The activity of the company, reflected in its main indicators, followed the positive evolution of the national economy, showing the interrelation between economic cycle and mobility needs.

Nevertheless, it is important to highlight that CP had a growth above the transportation average, thanks to a strong commercial dynamics and the implementation of several productive and organisational alterations which strengthened its competitiveness and appeal for the customers.

[1] 2016 State Budget, February 2016.

[2] Business Environment, December 2015 – AEP/AIP/CIP

[3] BMEP no.01/2016 – GEE/GPEARI

How do we create value

Human Resources

Permanent Staff

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

Permanent Staff (*) on December 31st	2015	2014	2013	∆ 2015-2014
Bound staff	2 719	2 753	2 797	-34
Effective staff	2 684	2 718	2 766	-34
Staff on duty	2 678	2 712	2 760	-34

(*) Bound Staff – permanent staff linked with the company, despite it might not be providing service or not being paid (includes unpaid leaves, staff granted/requested which is not paid by the company)
Effective Staff – staff paid by the company (includes staff on duty + staff granted/requested paid by the company)
Staff on duty – staff providing service in the company

Around 75% of the employees are from the operating area and belong to the commercial and traction professional careers.

BOUND STAFF on December 31st				
Career	2015	2014	2013	∆ 2015- 2014
Administrative	110	111	111	-1
Technical Support and Management	93	95	97	-2
Commercial	1 214	1 226	1 250	-12
Material	80	84	85	-4
Transport Operation	106	106	109	0
Others	19	27	23	-8
Technical	291	294	298	-3
Traction	800	803	820	-3
TOTAL	2 713	2 746	2 793	-33
Board of Directors + Supervisory Board (*)	6	7	4	-1
TOTAL	2 719	2 753	2 797	-34

(*) Increase in 2014 due to the nomination of the Supervisory Board

Absenteeism and Overtime Work

Indicators	2015	2014	2013	∆ 2015-2014
Absenteeism rate (without strikes)	6,59%	5,87%	5,39%	0,72 p.p.
Overtime work rate	11,01%	9,53%	5,38%	1,48 p.p.

Both absenteeism and overtime work rates increased in 2015. The rise of absenteeism was a result of a slight increase of absences due to illness and work accidents. Concerning the rise of overtime work, it is justified by the need of rejuvenation of some professional careers, by the need of maintaining the existing services and by the increase of special services.

The most contributing factors for the increase of absenteeism are “illness”, which represents around 53% of absenteeism, and “work accidents”, which represent around 14% of the total percentage of absenteeism. The remaining factors, which represent around 32%, include, namely, maternity/paternity leave, assistance to relatives and employees who are studying.

The reduction of the operating permanent staff since 2010 (last year CP hired new employees) regarding the increase of commercial supply and the rise of absenteeism and overtime working set the basisfor the Company’s request to the responsible Ministries with regard to recruit personnel, operating staff, mainly. Such request was granted in October, and it shall be realised in 2016.

Several projects were implemented with the aim of fighting absenteeism, such as:

- Identification of the most frequent illness causes of CP employees, in cooperation with Ecosaúde, aiming to create awareness and promotion programmes and, thus, improving employee’s quality of life and reducing the number of episodes of illness;
- Medical inspections if the absence exceeds 30 days or in case factors which could raise the suspicion of fraud are verified;
- Training Sessions “Work Accidents Prevention”;
- Strengthening investigation on work accidents;
- Blood alcohol test;
- Publication on Flash (internal newsletter) of information to encourage the performance of medical examinations within the scope of occupational health,

information about hands hygiene and information about how to work in the cold, avoiding accidents and illnesses.

Training

CP maintained its focus on valuing its employees through continuous training, intensifying and implementing new methodologies, such as e-learning, and investing in the update and acquisition of new skills, putting them at Customer's disposal and ensuring simultaneously Safety, Quality and Environment, deep values of CP.

In 2015 there were 302 training sessions, mostly through Fernave, company belonging to CP group, reaching a 93.67% execution regarding forecasts.

The global values of the training provided are presented below:

Training indicators	2015
Training hours total	59 443
No. of trainees	2 876
No. of training sessions	302

The professional training given in accordance with the 2015 Training Plan has allowed to:

1. Reinforce/Update skills regarding:

- Excellence in Customer Service and Sales Techniques;
- Traffic safety (emergency plans, technical improvement plans, regulation plans, transport plans);
- Better knowledge about the Company thanks to the transversal Project "Knowing CP Business";
- Quality and Environment Awareness
- Information systems;
- Resource management (human, financial and energetic);
- Management Control, Taxes, Financial and Treasury Management;
- Sustainability and Environmental Responsibility;

2. Acquire new skills in:

- Accreditation of train drivers for the line Oporto-Vigo (technical training and professional training in the Spanish language);
- Driving, providing train drivers with skills regarding driving a specific type of tractive stock;
- Teaching accreditation of trainers, allowing to reinforce the teaching skills of the employees giving internal professional training;
- Self-motivation and Communication (behavioural skills).

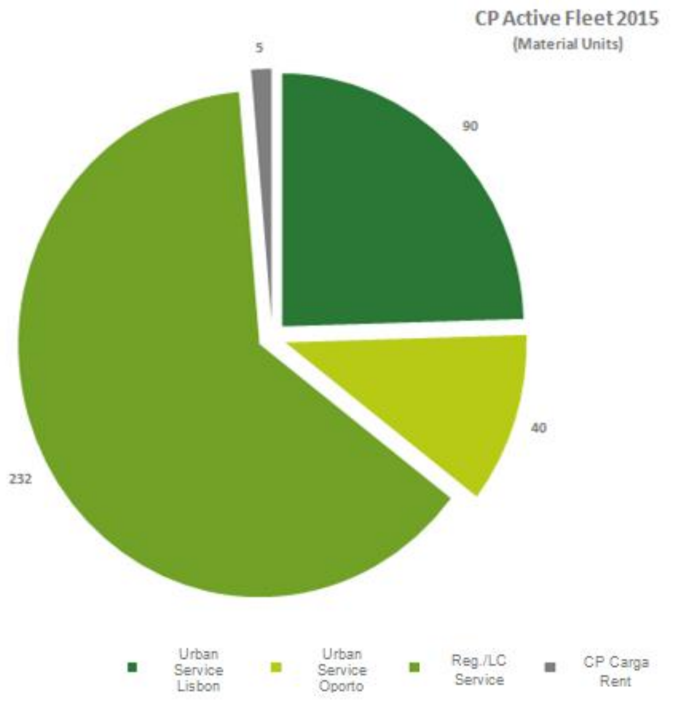
Fleet

In 2015, CP maintained the course of optimizing the use of the rolling stock fleet and the promotion of studies in the areas of maintenance and repair of systems and equipments, bearing into account the latest technological developments. It has always aimed the promotion of safety, security and economy in the use of rolling stock. It has promoted contacts for selling rolling stock unnecessary to the service.

On duty and Disabled Material

On December 31st, 2015, the total of CP's tractive and hauled stock had 796 units. Of these units, 367 were active fleet, 334 units 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 shall be noted that in the active fleet there are 17 *diesel* railcars from the series 592 and 592.2, 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 had 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 Tua Line.

Fleet Improvements

During 2015, several activities were developed in the scope of improving de quality of the service provided to the customer, namely:

- Installation of the wi-fi system in 45 Corail carriages from the Inter-city service;
- Conclusion of the process of replacement of wheelset transmission boxes of UDD [diesel dual units] 450.
- Varnishing historic carriages

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

- Replacement of transmission shafts in *Alfa Pendular* trains.
- Major repairs of the type R2 and R3 in several series.

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

Supply

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.

Several alterations regarding supply were carried out, amongst which should be noted the following: modifications of 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.

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

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

Locations Provided Kilometre (*10^6)	2015	2014	2015-2014	2015 /2014
Urban Service Lisbon	5 829	5 939	-111	-1,9%
Urban Service Oporto	2 251	2 166	85	3,9%
Long-distance Service	2 559	2 468	91	3,7%
Regional Service	2 193	2 216	-23	-1,0%
TOTAL	12 832	12 790	42	0,3%

Occupation Rate	2015	2014	2015-2014
Urban Service Lisbon	19,9%	19,1%	0,7 p.p.
Urban Service Oporto	26,6%	27,1%	-0,5 p.p.
Long-distance Service	55,2%	54,3%	0,9 p.p.
Regional Service	20,7%	20,5%	0,2 p.p.
TOTAL	28,2%	27,5%	0,7 p.p.

Note: Regarding 2014 Financial Statement, values of service Oporto-Vigo were re-classified, from Regional Service to Long-distance Service, since it is an international service.

Service Quality

The global index of regularity of CP in 2015 was 98%, similar to the value registered in the previous year.

Regularity	2015	2014	2015-2014
Urban Service Lisbon			
Sintra / Azambuja	98.2%	98.7%	**-0.5 p.p.**
Cascais	97.6%	98.3%	**-0.7 p.p.**
Sado	98.5%	99.3%	**-0.8 p.p.**
Urban Service Oporto			
Aveiro	98.3%	99.0%	**-0.7 p.p.**
Braga	99.0%	99.4%	**-0.4 p.p.**
Caíde	98.8%	99.3%	**-0.5 p.p.**
Guimarães	98.9%	99.3%	**-0.4 p.p.**

Long-distance Service			
Alfas	99.3%	99.6%	**-0.3 p.p.**
Inter-City	99.5%	99.6%	**-0.1 p.p.**
Regional Service			
Regional Service	98.7%	99.0%	**-0.3 p.p.**
Total CP	**98%**	**99%**	**-1 p.p.**

In 2015 there was an improvement in the daily index of punctuality regarding the previous year.

Such improvements were around 4 p.p. regarding punctuality of Alfa service, 8.5 p.p. in Inter-city service and 8 p.p. in Regional service.

Despite the aforementioned improvements, it is highlighted that punctuality of Long Distance keeps being lower than 80%, strongly affected by infrastructure conditions.

Daily Punctuality	2015	2014	2014-2013
Urban Service Lisbon			
Sintra / Azambuja	90.0%	86.1%	**3.9 p.p.**
Cascais	85.5%	90.5%	**-5.0 p.p.**
Sado	88.4%	89.2%	**-0.8 p.p.**
Urban Service Oporto			
Aveiro	86.8%	88.1%	**-1.3 p.p.**
Braga	92.4%	92.4%	**0.0 p.p.**
Caíde	90.5%	91.7%	**-1.3 p.p.**
Guimarães	92.1%	90.0%	**2.0 p.p.**
Long-distance Service			
Alfas	78.9%	74.5%	**4.4 p.p.**
Inter-City	76.7%	68.2%	**8.5 p.p.**
Regional Service			
Regional Service	88.4%	80.4%	**8.0 p.p.**

Demand

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 in 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 means 1.5 million passengers more.

Such growth was prompted by own tickets (tickets, monthly passes and *Zapping*) which had an increase of 3.2%, while Combined Tickets remained unaltered.

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

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

Passengers-Kilometre (*10^3)	2015	2014	2015-2014	2015 /2014
Urban Service Lisbon	1 158 740	1 136 462	22 278	2,0%
Urban Service Oporto	599 745	587 206	12 538	2,1%
Long-distance Service	1 412 093	1 348 668	63 425	4,7%
Regional Service	454 325	446 476	7 849	1,8%
TOTAL	3 624 903	3 518 813	106 090	3,0%

Note: Regarding 2014 Financial Statement, values of service Oporto-Vigo were re-classified, from Regional Service to Long-distance Service, since it is an international service.

Income

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

The income fees followed the growth trend of demand, being influenced by the heaviest relative weight of occasional tickets and of the Long Distance Service.

Traffic Income (*10³)	2015	2014	2015-2014	2015 /2014
Urban Service Lisbon	75 058	73 283	1 775	2,4%
Urban Service Oporto	24 704	24 363	341	1,4%
Long-distance Service	92 725	88 921	3 804	4,3%
Regional Service	28 072	27 762	310	1,1%
TOTAL (*)	220 558	214 329	6 229	2,9%

(*) In 2014, residual values accounted for in other Organs were not included.

Note: Regarding 2014 Financial Statement, values of service Oporto-Vigo were re-classified, from Regional Service to Long-distance Service, since it is an international service.

Investments

In 2015, CP has concluded a total of 8 million Euros in investments, 79% destined to rolling stock and 15% to fixed facilities.

Investments 2015	Amounts
Rolling Stock	6 397
Fixed installations	1 189
Commercial Equipment	107
Computerisation	182
Other investments	215
TOTAL	8 091

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

Main Projects

Regarding rolling stock, the most relevant investment is still for "Great Repairs R2+R3", with an amount of 5.6 million euros. The project gathers the interventions of programmed maintenance of rolling stock with the aim of restoring its levels of operability and safety.

During November, a contract regarding CPA Trains Midlife Intervention was concluded, with an advance payment of 20% (3.5 million euros). At the beginning of the year the advance payment made in 2014, which had the same value, was refunded.

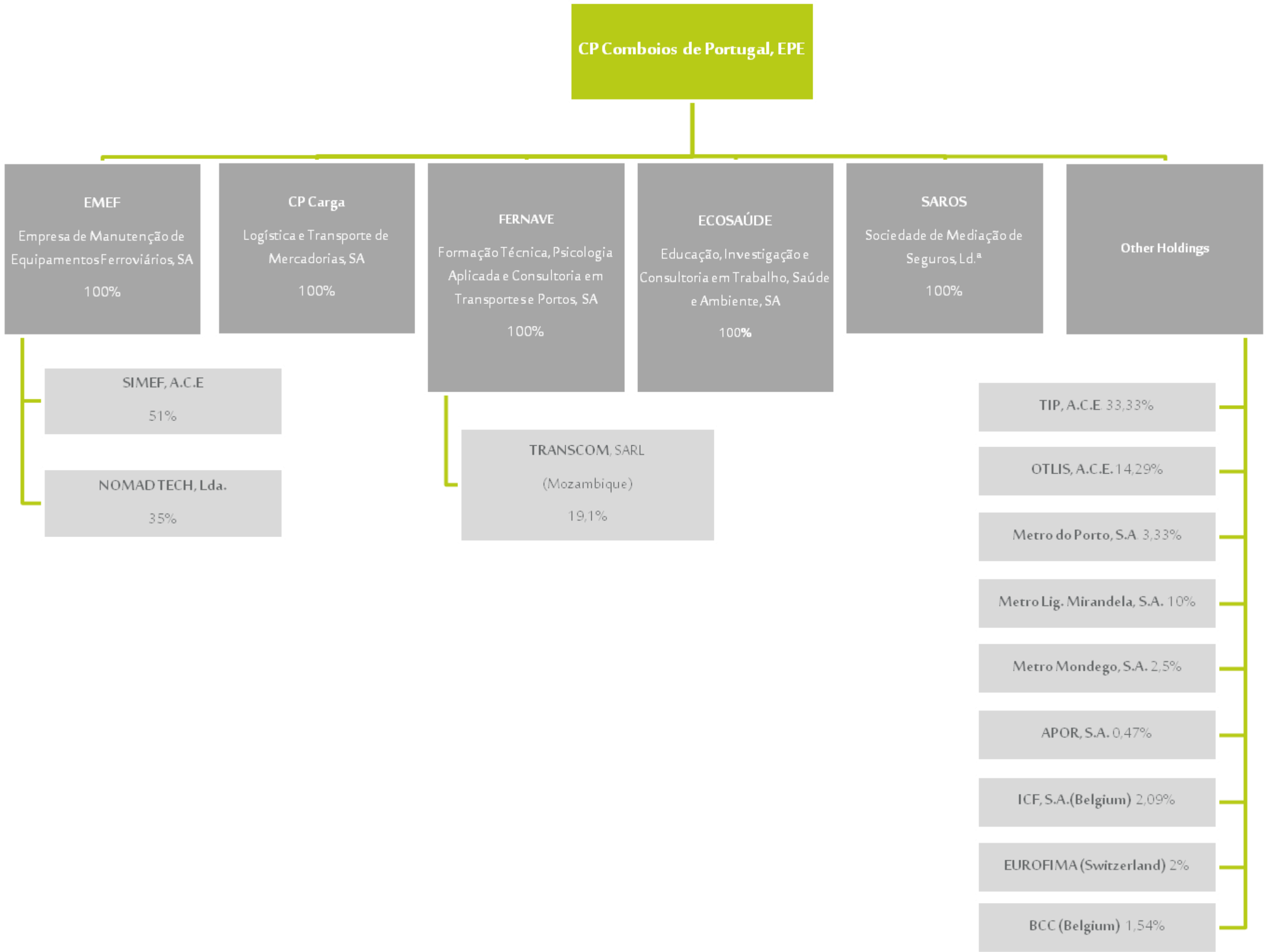
From the remaining investments regarding rolling stock, the acquisition of fleet parts (458 thousand Euros) and the installation of Wi-Fi in Long Distance Service material (175 thousand euros) shall be highlighted.

Interventions in fleet with a cost of 569 thousand euros and in several buildings and fixed facilities with a cost of 511 thousand euros should also be highlighted.

CP Group

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

The following diagram presents the financial holdings from CP and its affiliate companies on the 31-12-2015:



During 2015 there were no alterations on 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, having been signed on the 20th of January, 2016.

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

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

The increase of 6.5% of the services provided has led EMEF, in the financial year 2015, to a very positive performance. The company obtained an operating income of 2.2 million Euros and a net income of 1.4 million Euros. The growth of activity concerning 2015 had an increase of 59% regarding the business of repair and maintenance of rolling stock for CP Carga (+4.4 million euros).

EMEF Amounts in thousand €	2015	2014	2013	2015-2014	2015 /2014
Total Revenue	58 562	54 994	50 936	3 569	6.5%
Operating Income	2 209	2 244	-1 687	-35	-1.6%
Net Income	1 378	909	-3 390	469	51.5%

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

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

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

This new circumstance of the company was preceded by a long process of company restructuration, which started in 2009, where the company deeply rationalised its structure of operating expenses, having reduced its permanent staff to less than half and optimised the operating efficacy of other operating expenses. Along with this restructuring process, facilities in the two main regional spots were also renewed. Lisbon and Oporto.

Financially speaking, the funding structure is still very unbalanced. Equity is 96 thousand euros negative, and the remunerated debt is 483 thousand euros. Nevertheless, during 2015, similarly to what had already happened in 2014, the company was autonomous, self-sufficient and did not need any support from third parties.

Ecosaúde Amounts in thousand €	2015	2014	2013	2015-2014	2015 /2014
Total Revenue	2 123	2 082	2 058	42	2%
Operating Income	28	-91	-66	119	131%
Net Income	4	-126	-119	130	103%

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 activity is focused in managing the insurance portfolio of the companies from CP Group.

The net income calculated in 2015 was 414.2 thousand euros. Such value was higher than the one in 2014 by 53.5%. It is important to mention the positive contribution verified in the following headings “Sales/Services provided” (positive variation of 33.7% in relation to the previous year) and “Other Income and Gains” (which included regularisation of adjustments of intermediation commission from previous years, with a value of 40.2 thousand euros), in spite of the slight accrual in “Supply and External Services”, “Personnel Costs” and “Other Expenses and Losses”.

In 2015, the net margin was 92.2%, which shows an optimised expenses structure.

Saros Amounts in thousand €	2015	2014	2015-2014	2015 /2014
Total Revenue	449	336	113	33,7%
Operating Income	420	273	147	53,9%
Net Income	414	270	144	53,5%

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

FERNAVE is a strategic company for CP in the scopes of professional training, psychology and recruitment. It has been developing its activity both in the railway and road sector, in Portugal and Africa, in Portuguese speaking countries.
In 2015, the EBITDA improved slightly, reaching € -306,513. Such indicator was penalised by the devaluation of the holding in the affiliate Transcom through the devaluation of Metical against the Euro.

Despite Fernave has not reached an operating balance, such balance has registered an improvement of 21%. This improvement was a result of the disposal of buildings in Rua Castilho and Oporto, and the decrease of Supply and External Services (around 23%). The net income registered an improvement around 28%.

FERNAVE Amounts in thousand €	2015	2014	2013	2015-2014	2015 /2014
Total Revenue	865	1 098	1 469	-234	-21,3%
Operating Income	-395	-500	-558	105	21,0%
Net Income	-484	-675	-782	191	28,3%

Considering that this company is governed under article 35 of Portuguese Commercial Companies Code, the opening of the capital to shareholders was proposed to the Financial and Sector Ministries, however, the most part continues being public. Pending approval.

Key Milestones

CP's activity during the year was focused on the proposal of the 2015 Budget and Activities Plan (PAO 2015), approved by the Sector and Financial Ministries and which comprises the following strategic guidelines:

- Create/maintain social peace and employees appreciation;
- Further development of the dialogue with the infrastructure manager;
- Definition of the fleet and valuation of the rolling stock;
- Fighting against a drop in demand, through:
- Defining a price policy which promotes demand and revenue;
- Creating/Using digital platforms as essential elements of the strategy of being closer to customers;
- Fight against fraud;
- Adapting supply to demand;
- Expenses reduction;
- Profitability of non-core assets;
- Viability of affiliate companies.

Developed Activity

Supply / Activity

Schedule

Cascais Line

Adaptation of Cascais Line schedule to the effective service needs of customers and the material available for such operation.

Oporto Urban Service

Increase of seats offered by the Oporto Urban Service in peak times, in order to improve comfort levels.

Braga Inter-cities

Increase of two new Inter-city connections to Braga (one in each way), by extending two already existing connections between Lisbon-Oporto.

Sintra/Cintura, South and Algarve Lines

New schedule for Sintra/Cintura, South and Algarve Lines, which enhances the network effect by promoting the connection/integration of several services' supply.

East Line

Since 25th of September and for a 6-month trial period, four Regional service trains – two in each way, on Fridays and Sundays- travel from and to Portalegre and Entroncamento, within the East Line.

"2015 Historic Train" Campaign

By virtue of the extension of the campaign period and the performance of travels on Sundays, a 62% increase of movements was registered. Demand grew 82% regarding the previous year, and the average occupancy increased from 73.7% in 2014 to 81.4% in 2015. Around 6,200 customers travelled.

Wi-Fi Installation

Conclusion of the installation of Wi-Fi and plugs for charging electronic equipment in ICs of North Line. Pilot project in ICs of Beira Alta, Alentejo and South Lines was concluded.

Bicycles Transport

Installation of Carriers for Bicycle Transport in Inter-City Service Braga/Guimarães.

Tariff

Tariff Update

Regarding the Government's decision to maintain 2014 prices for administered services, CP decided to maintain prices for the rest of services as well.

Park & Ride

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 included parking lots in Portela de Sintra, Mira Sintra-Meleças, Monte Abrão and Queluz-Belas stations.

Tourist Ticket

The CP tourist ticket for Algarve Line and Oporto Urban Services was implemented.

Ticketing/Distribution

Project "CP Card"

Release of a contactless card for the whole CP network, compatible with 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, integrating different routes and services according to the needs of the Customer. In its first stage, CP Card allows charging *Flexipasse* and Monthly CP passes belonging to Regional, InterRegional, Lisbon Urban and Coimbra Urban Services.

Tickets + Bicycles Transport

Sale of new transport tickets for Inter-City Service, in which tickets with seat reservation and bicycle transport are included.

Mandatory Validation for Monthly Tickets

Awareness sessions were performed for Ticket Inspectors, and awareness and information sessions for Customers on the obligation to validate monthly tickets in Urban Lisbon Services. Moreover, an adaptation of systems and a relocation of ticket validating machines were carried out.

Tickets for Regional Trains as an AP or IC complement of NetTicket

Sale on CP's website of Regional Train Tickets as a complement of Alfa or IC travel, having as main goal the promotion of network effect.

Simplification of Sale Processes

Dematerialisation of the group ticket in the Urban Lisbon Service, based on contactless technology, whose support became the *Viva Viagem* Card.

Innovation

Virtual Trip – Google Train View Images

Online supply, via Google Maps and Google Earth apps, of filming carried out in Douro, North, West, Sintra and Cascais lines, as a result of a partnership among CP, IP and Google.

PayPal Payment in Online Ticket Office

CP's Online Ticket Office – which previously only allowed credit payment methods through UNICRE system- implemented the purchase of tickets through PayPal payment system, global leader in electronic sales.

e-Request

Extension of "e-request" usage to all CP services, except for Oporto Urban Service, which awaits adaptation to the ticketing system integrated in TIP.

Internal Procedures

Fight against fraud

Continuous action which consists of performing periodic inspections both in trains and access controls in stations. Moreover, video cameras were installed in Cascais and Oeiras stations, which are associated to access control system.

Simplification of Commercial Regulations

Once systematised – in one document-, the different matters on commercial regulations promote a higher efficiency in the sale process.

Safety Management System

Internal communication measures, with the goal of promoting the involvement of all employees of the company in traffic safety, were concluded.

System Adaptation for Integration within the Perimeter

Conclusion of project of adaptation of processes and systems, as a result of the integration of CP in the list of Public Administration's institutional sector companies as a Reclassified Public Company, in the scope of reformulation of the basis of the Portuguese National Accounts and the consequent integration in the State Budget Consolidation Perimeter.

Communication

Destinos Magazine

Destino Magazine was released: the on-board magazine of *Alfa Pendular* trains.

Ambassador *Janela CP*

CP selected some regional ambassadors for producing contents and promoting its trains. Therefore, it is aimed to collect touristic and cultural contents in multiple formats (photo, video and text) not only to encourage participation and sharing among the "CP – Comboios de Portugal" Facebook page community, but also to promote the use of trains and to experience suggestions.

CP in Instagram

CP is present in the social network with the highest growth in Portugal, Instagram, in the account cp_comboiosdeportugal. It is one more channel for the Company to communicate and engage with current and potential customers.

New Facebook page CP – Comboios de Portugal

Following the strategy to achieve the presence of the brand CP in digital channels, the name of the Facebook page was altered from "Lugar à Janela" to "CP – Comboios de Portugal". The new page was implemented with the goal of giving more space and voice to the brand and, consequently, more popularity at the social network level.

Assets Management

Interventions in Rolling Stock Fleets

Improvement of equipment and infrastructure in stock fleets of Entroncamento and Contumil aiming to reinforce traffic safety.

Intervention in Strategic Support Rooms

Intervention in maintenance and modernisation of facilities and equipment of support rooms of Coimbra A, Caldas da Rainha, Faro and Oporto Campanhã, as well as in four dormitories, aiming to improve labour conditions.

Asset Profitability

- Rent of a former nursery in Barreiro and sale of a former nursery in Parede;
- Sale of industrial building in Vila Nova de Famalicão;
- Sale of three sets of disabled vehicles and scrapping parts;
- Sale of five diesel railcars of 9500 series;
- Sale of three vans;
- Sale of one light rail tractor;
- Sale of a steam locomotive of Tua line.

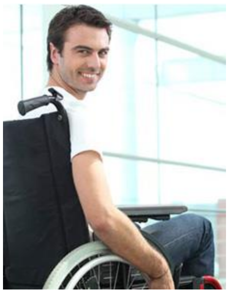
Social Intervention

Train to Paris

CP and IP organised a trip on the "Train to Paris", which was part of the initiative "Train to Paris" of the UIC - International Union of Railways. Such initiative was included within the frame of the World Climate Conference (COP21), which took place in Paris from the 30th of November to the 11th of December. This event was marked by the symbolic signature of a commitment to act in defence of environmental sustainability, the *Railway Climate Responsibility Pledge.*

Ramp test on rolling stock

Tests carried out in collaboration with representatives of signing Associations of the Advisory Board for People with Special Needs (CCPNE), aiming to improve the access of wheelchairs to the different types of material.



International Day of Disabled People

Travel offers on this day for disable people and their companion.

Vaccine against influenza

Provision of vaccines to every employee who might wish.

Awards Received

Environmental Trusted Brands

CP reached the third place on the list of public service companies considered as Environmental Trusted Brands, made by "*Selecções do Reader's Digest*".

Communication Efficiency Awards

CP was granted the Golden Award of the 2015 Communication Efficiency Awards for the effectiveness of its campaign "There are trains for everything. There are trains for everyone.". It was the highest prize in the category of "Other Services and Public Administration". Such campaign was conceived to advertise all discounts which are comprised in the Long Distance service Commercial Portfolio.

Marketing Award, promoted by the publication *Meios & Publicidade*

Marketing Awards, promoted by the publication *Meios & Publicidade,* select the best marketing strategies, campaigns, actions and decisions which can make the difference for brands and companies and contributing to their popularity and growth. CP was granted the bronze award on the category Automobile and Transports, of the 2015 Marketing Awards for its campaign "There are trains for everything. There are trains for everyone.".

Compliance with Legal Obligations

Summary

Compliance with Legal Guidelines	Compliance Y/N/NA	Quantification	Justification
Management Goals/Budget and Activity Plans			
Improve EBITDA	N	Positive EBITDA with 3.8 million euros, -13.7% compared to the forecast	Variations are essentially justified by the difference between the salary cuts applied during the year and the budget assumed, as ordered by DGO.
Diminish the weight of Expenses in the Total Revenue	N	110.2% in 2015, +1.2 p.p. than the forecast	
Financial Risk Management			
	Y	2.63%	Average funding cost (*)
Debt Ceiling Growth			
	Y	+1.7%	Adjusted indebtedness. The remunerated debt registered a 14.6% decrease.
Evolution of Suppliers' PMP			
	Y	- 261 days	Variation between 2014 and 2015.
Disclosure of Arrears			
	Y		There are no arrears for reasons the company may be held liable for.
Recommendations from the shareholder in accounting approval			
	N		2014 Accounts are waiting for approval from the responsible Ministry.
Remunerations:			
Non-granting of management awards, according to article 41, Law 83-C/2013	Y	Does not apply	(*)
Social Bodies - salary cuts in force in 2014	Y	22 523 €	(*)
External Auditor - salary cuts in accordance with the provisions of article 73 from Law 83-C/2013	Y	Does not apply	(*)
Remaining workers - salary cuts in force in 2014	Y	1 264 227 €	(*)
Remaining workers - prohibition of salary valuations, in accordance with the provisions of article 39 from Law 23-C/2013	Y	Does not apply	(*)
Article 32 of EGP			
Usage of credit cards	Y	Not used	Any credit cards or other payment instruments are used for the payment of expenses in favour of the Company, by the members of the Board of Directors.
Reimbursement of expenses of personnel representation	Y	Do not exist	No reimbursement to the members of the Board of Directors regarding any possible personal representation expenses apply.
Public Procurement			
Application of norms of public procurement by the company	NA	Does not apply	(*)
Application of norms of public procurement by the affiliates	NA	Does not apply	(*)
Submitted agreements to prior approval by TC	Y	18	
Audits from the Court of Auditors			
	NA		There were no audits performed by the Court of Auditors in 2015.
Vehicle Fleet			
No. of vehicles	Y	-2	(*)
Expenses related to vehicles	Y	-17 978,00 €	(*)
Operating Expenses of EPS (Art. 61, Law 83-C/2013)			
CMVMC	Y	-48% compared to 2010	(*)
FSE	Y	+1% compared to 2010	(*)
Personnel (with rescissions and without variables)	Y	-19% compared to 2010	(*)
Reduction of no. of Employees (Art. 60 of Law 83-C/2013)			
No. of employees	Y	-542 or -17% compared to 2010	Average effective staff (*)
No. of leading positions	Y	-30 or -65% compared to 2010	
Principle of Unity of Treasury (Art. 123, Law 83-C/2013)			
Centralised cash management in IGCP	Y	75,00%	Amount of demand deposits in IGCP/Total amount of demand deposits (*)
Taxes gained by not complying with the UTE and delivered to Revenue of the State	NA	0	Once CP has complied with the Principle of Unity of the Treasury, there are no taxes gained by not complying with the UTE and delivered to Revenue of the State

(*) Explained in an independent item in this report

Management Goals

CP's activity during the year was focused on the proposal of the 2015 Budget and Activities Plan (PAO 2015), approved by the Sector and Financial Ministries. The strategic focus kept aiming to the promotion of the company's efficiency and sustainability.

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

In 2015, CP maintained its continued growth trend which started in September 2013 and evidenced in the main indicators of the Company.

In 2015, CP transported 112 million passengers, which means a 2.1% growth in relation to the foreseen value. Traffic profits followed the evolution of demand, increasing by 2% over the forecasts, and reaching an amount of 220.6 million euros.

The increase in demand over the previously established goals was common to all services, with special stress on Long Distance services, which transported around 0.5 million passengers more (+10.1%) and obtained 4.9 million euros more (+5.6%) regarding the forecasts about traffic profits.

The recurrent EBITDA was positive at 3.8 million euros, nearly the amount estimated (4.4 million euros).

Operating income exceeded the goal initially established in 4.7 million euros (1.7%), due to the growth of revenue and some extra income which balanced the devaluation of rolling stock rent as a result the transfer of locomotives to CP Carga.

Regarding expenditure, it needs to be stressed the increase of personnel costs (without compensation for termination of the contract) by 10.7 million euros. Such deviation is essentially explained by the differences between the salary cuts applied during the year (20% reversal on the 2013 State Budget cuts) and the budget assumed, according to the instructions of the DGO [Directorate-General of Budget], for the preparation of the 2015 PAO [Activities and Budget Plan] (20% reversal on the 2014 State Budget cuts). Moreover, the impact on remunerations of the year according to the ORT [Labour Representative Organisation] about variables, the increase of overtime work and the impossibility to realise the total amount of foreseen outcomes.

The positive deviation registered regarding energy expenses for traction and general cost contention allowed the partial compensation of the increase of personnel costs, which contributed to the fact that the operating expenses were just 5.3 million euros over the forecast (2%).

CP closed the financial year 2015 with a Net Income of -278.4 million euros, which represents an aggravation regarding the forecast of 73.4 million euros (-205.0 million euros).

Both the sale of CP Carga, with a net impact on the company's accounts in 2015 of -85.3 million euros, and the liabilities arising from the agreement concluded with the Labour Representative Organisations (ORT) in relation to the integration of variable allowances as remuneration used for the calculation of holiday payment and holiday allowance, of 27.2 million euros, contributed to this deviation.

These situations were partially offset by the positive deviations of the Financial Income, of 23.7 million euros, since the interest rates applied were lower than the forecasts, and the depreciations, of 5 million euros, as a result of the transfer of locomotives to CP Carga and the registered write-offs.

Financial Risk Management

The order no. 101/09-SETF, of January 1st, establishes a set of instructions aiming to mitigate the effects of the volatility of the financial markets regarding the financial situation of the companies and, also, specifies the obligation of data reporting in that scope. In the table below the situation of CP in 2015 regarding these subjects is summarized.

Management of Financial Risk Order no. 101/09-SETF, of January 30th	COMPLIED WITH Y	N	NA	Description
Procedures adopted regarding risk assessment and respective hedging measures				
Diversification of financing instruments			X	CP stopped having commercial banking as a recourse for funding, and therefore being dependent on the direct support of the State, as a result of the integration of CP in the State's Budget framework.
Diversification of the modalities of interest rates available			X	
Diversification of creditor entities			X	
Hiring instruments of management risk hedging considering the market conditions			X	There was no hiring of instruments of management of risk hedging
Adoption of an active reinforcement policy of permanent capitals				
Consolidation of paid liability: transformation of short-term liability in M/L-term, in favourable conditions	X			At the end of 2014, the short-term debt became a medium and long-term debt due to a loan concluded with the State. From such date on, the weight of the medium and long-term debt is prevailing, reaching almost 91% of the total remunerated debt.
Hiring the operation which minimizes the financial cost (all-in-cost) of the operation	X			There were no new loans in 2015. The existing loans were made in previous years based on the total cost.
Minimizing the provision of real guarantees	X			Decrease of the debt guaranteed by the State
Minimizing restrictive clauses (covenants)	X			There were no new loans in 2015. The existing loans were made in previous years, always trying to minimize the restrictive clauses.
Prosecuted measures aiming to obtain the financial structuring of the company				
Adoption of policies to minimize the allocation of borrowed capitals to the financial hedging of the investments	X			CP kept in 2015 the volume of investment at the minimum level needed to ensure safety and operability of rolling stock and fixed installations. The State provided CP with capital endowment to finance investment expenses.
Option for investments with proven social/corporate profitability, benefiting from CF and Equity	X			
Using the auto-funding and revenues of drop in investments	X			
Inclusion in the R & A				
Description of the evolution of the annual fixed rate of funding in the past 5 years	X			In a separate point of this report.
Annually supported taxes related to remunerated liabilities and other charges in the past 5 years	X			In a separate point of this report.
Analysis of the efficiency of the funding policy and the use of management instruments of financial risk.	X			In a separate point of this report.
Reflection on the FS of the effect of variation of fair-value of the swaps agreements in portfolio				
	X			

Key:
CF - Community Funds
Y - Yes
N - No
N.A. - Does Not Apply

Article 72 of Decree-Law 133/2013, of October 3rd, (with the amendments introduced by Law 75-A/2014, of September 30th) establishes what is transferred to IGCP, E.P.E., the management of the portfolio of financial derivatives of public companies which have been reclassified and integrated in the public administration sector, under the terms of the European System of National and Regional Accounts, therefore, such management became exclusive competence of IGCP, E.P.E..

In that sense, a power of attorney was concluded with IGCP in December 2014, to authorise IGCP to manage the CP's portfolio of derivatives.

In the chapter "Funding" of this report it is possible to obtain additional information regarding the financial management throughout 2015.

Average Time for Payment

During 2015, CP had the support of the State, via granting capital endowments, to finance the historical debt service and investments. Endowments received and funds generated by its operating activity allowed CP to ensure in time the compliance with its financial liabilities with its suppliers and creditors.

On the 31st of December, 2015, CP did not present any arrears for reasons that it may have been held liable for, as showed in the table below:

Matured Debts (amounts in euros)	0-90 days	Matured debts in accordance with Art. 1 of Decree 65-A/2011			
		90-120 days	120-240 days	240-360 days	>360 days
Acquisition of goods and services	1,825,752				
Acquisition of capital					
Balance overdue to Suppliers (total)	1,825,752				
INFRAESTRUTURAS DE PORTUGAL, SA	-165 426				
Others	1 991 178				

The table below presents the evolution of the Average Time for Payment during 2015 in comparison with 2014:

Year	Term	Payment Deadline (days)	Payment Deadline Without Ex-REFER (days) (*)
2014	1st	267	65
	2nd	309	68
	3rd	345	71
	4th	266	60
2015	1st	204	54
	2nd	131	48
	3rd	47	40
	4th	47	34
∆(%) 4th term 2015/2014		-82%	-43%

(*) Excluding the debt owed to ex-REFER (currently part of IP) related to Network Statement Service. Please note that this PMP includes, however, other debts owed to IP regarding extra-Statement Services which cannot be easily removed from the indicator.

The Average Time for Payment presented a significant reduction in 2015 as a result of the payment of the historical debt with the former REFER at the end of 2014 and in timely compliance with the obligations of the company with its suppliers and creditors during 2015.

Recommendations from the Shareholder Issued When the 2014 Accounts were approved

Approval of 2014 Accounts by the responsible Ministry is pending.

Remunerations

Salary Reduction Measures

The rules regarding salary reductions provided in Law 82-B/2014 from December 31st were applied during the year of 2015. The aforementioned Law was approved by the State Budget for 2015, as well as the respective statement of unconstitutionality, as well as the Law no. 75/2014 from September 12th;

The reduction of 5% of the fixed monthly gross salary of the members of the Board of Directors was maintained (as per item 1 of article 12 and item 20 of Law 12-A/2010 from June 30th), as well as the imposed limitation to the aforementioned salaries which, during the enforcement of the Economic and Financial Assistance Programme, cannot overcome the amount which was already being paid (as per Decree-Law 8/2012, from January 18th, and the Resolution of Council of Ministers 36/2012, of March 26th, and article 256 of Law 82-B/2014) and the non-attribution of management awards (according to article 41 of Law 82-B/2014, of December 31st).

During the year of 2015 the recognition of the unenforceability of the foreseen scheme for the public service workers was maintained, regarding missions and daily allowances of the travelling personnel and, in the aforementioned subjects, the rules of AEs (Company Agreements) were still applicable;

The payment of overtime work was made in accordance with the foreseen rules in the Employment Agreement Scheme in Public Services, by virtue of article 18 of Decree-Law 133/2003 of October 3rd. During 2015 the enforcement of the agreements concluded with labour unions in 2013, regarding only the payment of work provided in a non-compensated non-working day and in a non-compensated official holiday, was extended. The aforementioned agreements were transmitted to the responsible Ministries at due time;

Regarding the employees working 35 hours, the scheme applied was the one foreseen in article 45 of Law 83-C/2013 from December 31st;

The monthly base gross salary of the members of inspection organs and of Certified Public Accountants was reduced in 8%, taking into account their full remuneration (CP + remuneration of other entities);

The performance of services from the external auditor was addressed in July 2014 by an international contest which allowed a decrease of the financial burden maintained with the audit services to the individual and consolidated accounts of the companies of the Group. The aforementioned agreement is in force for the following three financial years.

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

Designation Unit: €	2010	2011	2012	2013	2014	2015
Personnel Costs (€) (*)	**122 251 079**	**108 072 860**	**83 530 337**	**98 036 837**	**103 342 128**	**98 756 519**
Social Bodies Expenses (€)	**509 746**	**468 233**	**418 369**	**442 818**	**499 442**	**437 966**
Reductions resulting from legal alterations (€)	0	66 716	76 758	67 952	61 685	22 523
Increases resulting from legal alterations (€)	0	0	0	0	0	0
Expenses with Permanent Staff without O.S. (€) (*)	**112 444 766**	**92 080 738**	**80 006 790**	**92 423 563**	**100 421 229**	**95 590 904**
Reductions resulting from legal alterations (€)	0	2 589 338	2 119 059	2 501 077	2 927 123	1 264 227
Increases resulting from legal alterations (€)	0	0	0	0	0	0
Terminations/Indemnities (€)	**9 296 567**	**15 523 889**	**3 105 178**	**5 170 456**	**2 421 457**	**2 422 539**

(*) In 2015 includes liabilities arising from the agreement concluded with the Labour Representative Organisation (ORT) regarding the integration of variable allowances as remunerations used for the calcultation of holidays payment and holidays allowance, amounting to 31.4 million euros.

Governing Bodies Remuneration

Board of Directors

Start-End Mandate	Position	Name	Designation		OPRLO	
			Mode	Date	Identification of Entity	Payer (O/D)
21-02-2013 to 31-12-2015	President	Manuel Tomás Cortez Rodrigues Queiró	RCM no.6-A/2013 (DRE 2nd series, no.42) of 28-02-2013 with Delcaration of Amendment no. 285/2013 (DRE 2nd series, no.45) of 05-03-2013		N/A	N/A
17-06-2010 to 21-02-2013	Vice-President	Cristina Maria dos Santos Pinto Dias	RCM no.23/2010 (DRE 2nd series no. 126) of 01-07-2010 with Declaration of Amendment no. 1511/2010 (DRE 2nd series, no.146) of 29-07-2010		N/A	N/A
21-02-2013 to 22-7-2015			RCM no.6-A/2013 (DRE 2nd series, no.42) of 28-02-2013 with Delcaration of Amendment no. 285/2013 (DRE 2nd series, no.45) of 05-03-2013		N/A	N/A
21-02-2013 to 23-4-2015	Executive Voting member	Maria Isabel de Jesus da Silva Marques Vicente	RCM no.6-A/2013 (DRE 2nd series, no.42) of 28-02-2013 with Delcaration of Amendment no. 285/2013 (DRE 2nd series, no.45) of 05-03-2013		N/A	N/A
21-02-2013 to 31-12-2015	Executive Voting member	Maria Joao S. C. Rosa Calado Lopes	RCM no.6-A/2013 (DRE 2nd series, no.42) of 28-02-2013 with Delcaration of Amendment no. 285/2013 (DRE 2nd series, no.45) of 05-03-2013		N/A	N/A
24-4-2015 to 31-12-2015	Executive Voting member	Nuno Serra Sanches Osório	RCM no.29/2015 (DRE 2nd series no.87) of 6-5-2015		N/A	N/A

Key:
OPRLO - Option for Remuneration in the Place of Origin
O/D - Origin / Destination

Name	Accumulation of Positions in the period 1/1/2015 to 23/4/2015		
	Entity	Function	Scheme (Public/Private)
Manuel Tomás Cortez Rodrigues Queiró	CP Carga	President of the BoD	Public
Cristina Maria dos Santos Pinto Dias	EMEF	President of the BoD	Public
	TIP	President of the BoD	Public
	SIMEF	President of the BoD	Public
	OTLIS	Director	Public
	Nomad Tech	Manager	Private
Maria Isabel de Jesus da Silva Marques Vicente	EMEF	Director	Public
	ECOSAÚDE	Sole Director	Public
	SAROS	Manager	Public
	FMNF	Director BoD	Public
	FMNF	Voting member A.B.	Public
Maria Joao S. C. Rosa Calado Lopes	CP CARGA	Director	Public
	FERNAVE	Sole Director	Public

Name	Accumulation of functions in the period 24/4/2015 to 22/7/2015		
	Entity	Function	Scheme (Public/Private)
Manuel Tomás Cortez Rodrigues Queiró	CP Carga	President BoD	Public
Cristina Maria dos Santos Pinto Dias	EMEF	President BoD	Public
	TIP	President BoD	Public
	SIMEF	President BoD	Public
	OTLIS	Director	Public
	Nomad Tech	Manager	Private
Nuno Serra Sanches Osório	EMEF	Director	Public
	ECOSAÚDE	Sole Director	Public
	FMNF	Director BoD	Public
	FMNF	Voting member A.B.	Public
	SAROS	Manager	Public
Maria Joao S. C. Rosa Calado Lopes	CP CARGA	Director	Public
	FERNAVE	Sole Director	Public

Name	Accumulation of functions in the period 23/7/2015 to 31/12/2015		
	Entity	Function	Scheme (Public/Private)
Manuel Tomás Cortez Rodrigues Queiró	EMEF	President BoD	Public
	TIP	President BoD	Public
	Nomad Tech	Manager	Private
Nuno Serra Sanches Osório	CP Carga	Director	Public
	EMEF	Director	Public
	FMNF	Director BoD	Public
	FMNF	Voting member A.B.	Public
	ECOSAÚDE	Sole Director	Public
	SAROS	Manager	Public
	OTLIS	Director	Public
	SIMEF	President BoD	Public
Maria Joao S. C. Rosa Calado Lopes	CP CARGA	President BoD	Public
	FERNAVE	Sole Director	Public

Key:

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

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

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

FERNAVE: Formação Técnica, Psicologia Aplicada e Consultadoria em Transportes e Portos, S.A.

SAROS: Sociedade de Mediação de Seguros, Ld.ª

Nomad Tech, Lda

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

FMNF-Fundação do Museu Nacional Ferroviário Ginestal Machado

TIP-Transportes Intermodais do Porto, ACE

OTLIS-Operadores de Transportes da Região de Lisboa, ACE

BoD - Board of Directors

A.B.- Advisory Board

Name	EGP			
	Fixed	Rate	Gross Monthly Amount (€)	
	Y/N	A,B,C	Base Salary	Representation expenses
Manuel Tomás Cortez Rodrigues Queiró	Y	A	5,722.75	2,289.1
Cristina Maria dos Santos Pinto Dias	Y	A	5,150.48	2,060.19
Maria Isabel de Jesus da Silva Marques Vicente	Y	A	4,578.2	1,831.28
Maria Joao S. C. Rosa Calado Lopes	Y	A	4,578.2	1,831.28
Nuno Serra Sanches Osório	Y	A	4,578.2	1,831.28

Key:

EGP - Statute of Public Manager

Name	Annual Remuneration (€)						
	Variable	Fixed**	Compensation for termination	Reduction Law 12-A/2010	Other Salary Reductions	Reduction previous years*	Gross after Reductions
Manuel Tomás Cortez Rodrigues Queiró	0,00 €	107 587,70	0,00 €	5 379,54	14 416,85	0,00 €	87 791,31
Cristina Maria dos Santos Pinto Dias	0,00 €	56 706,77	0,00 €	2 835,87	5 889,46	0,00 €	47 981,44
Maria Isabel de Jesus da Silva Marques Vicente	0,00 €	25 686,76	12 957,23	1 284,34	1 912,24	0,00 €	35 447,41
Maria Joao S. C Rosa Calado Lopes	0,00 €	86 070,16	0,00 €	4 303,51	6 541,50	0,00 €	75 225,15
Nuno Serra Sanches Osório	0,00 €	60 820,43	0,00 €	3 038,10	4 544,20	0,00 €	53 238,13

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

* Please indicate the motives for this procedure

** Remuneration + Expenses of representation

Name	Annual Remuneration (€)					
	Variable	Fixed *	Compensation for termination	Gross (1)	Remuneration Reduction (2)	Amount after Reductions (3)=(1)-(2)
Manuel Tomás Cortez Rodrigues Queiró	0,00 €	107 587,70 €	0,00 €	107 587,70 €	19 796,39 €	87 791,31 €
Cristina Maria dos Santos Pinto Dias	0,00 €	56 706,77 €	0,00 €	56 706,77 €	8 725,33 €	47 981,44 €
Maria Isabel de Jesus da Silva Marques Vicente	0,00 €	25 686,76 €	12 957,23 €	38 643,99 €	3 196,58 €	35 447,41 €
Maria Joao S. C Rosa Calado Lopes	0,00 €	86 070,16 €	0,00 €	86 070,16 €	10 845,01 €	75 225,15 €
Nuno Serra Sanches Osório	0,00 €	60 820,43 €	0,00 €	60 820,43 €	7 582,30 €	53 238,13 €

Note: * Remuneration + Expenses of representation (without reductions)

Name	Social Benefits							
	Meal Allowance (€)		Social Protection Scheme		Health Insurance (€)	Life Insurance (€)	Other	
	Daily Amount	Yearly paid amount	Identification	Amount (€)			Identification	Amount (€)
Manuel Tomás Cortez Rodrigues Queiró	6,86 €	1 433,74 €	Social Security	20 979,00 €	268,34 €	0,00 €	Personal Accidents Insurance	8,10 €
Cristina Maria dos Santos Pinto Dias	6,86 €	823,20 €	Social Security	12 401,91 €	152,37 €	0,00 €	Personal Accidents Insurance	4,73 €
Maria Isabel de Jesus da Silva Marques Vicente	6,86 €	521,36 €	CGA	5 388,15 €	87,06 €	0,00 €	Personal Accidents Insurance	3,37 €
Maria Joao S. C. Rosa Calado Lopes	6,86 €	1 721,86 €	Social Security	17 867,78 €	268,34 €	0,00 €	Personal Accidents Insurance	8,10 €
Nuno Serra Sanches Osório	6,86 €	1 179,92 €	Social Security	12 749,87 €	181,28 €	0,00 €	Personal Accidents Insurance	4,73 €

Name	Mobile Communication Expenses (€)		
	Established Monthly Limit	Annual Amount (1)	Obs.
Manuel Tomás Cortez Rodrigues Queiró	80,00 €	378,91 €	
Cristina Maria dos Santos Pinto Dias	80,00 €	346,93 €	Amounts registered until departure from the company (2)
Maria Isabel de Jesus da Silva Marques Vicente	80,00 €	47,66 €	Amounts registered until departure from the company
Maria Joao S. C. Rosa Calado Lopes	80,00 €	42,35 €	
Nuno Serra Sanches Osório	80,00 €	106,16 €	

(1) - Amounts shown refer to monthly invoicing and not to their payment

(2) - CP continues owning services. According to DMS 565872, from the 23rd of July and up to December's invoice, € 162,91 were re-invoiced to AMT.

Name	Vehicles Expenditure									
	Assigned vehicle	Agreement concluded	Reference amount of the vehicle	Mode	Beginning year	Conclusion year	Monthly Rent Amount	Months of use	Annual Rent Expenses	No. Remaining Contractual Installments
	Y/N	Y/N	(€)	(1)			(€)		(€)	on 31-12-2015
Manuel Tomás Cortez Rodrigues Queiró	Y	Y	49 745,80	Renting	2010	2016	979,16	12	11 749,92	3
Cristina Maria dos Santos Pinto Dias	Y	Y	57 575,98	Renting	2008	2016	676,39	4	2 705,56	6
Cristina Maria dos Santos Pinto Dias	Y	Y	59 418,04	Renting	2008	2016	681,98	3	2 045,94	5
Maria Isabel de J. da S. Marques Vicente	Y	Y	59 418,04	Renting	2008	2016	681,98	4	2 727,92	5
Maria João S. C. Rosa Calado Lopes	Y	Y	57 575,98	Renting	2008	2016	708,14	12	8 497,68	6
Nuno Serra Sanches Osório	Y	Y	57 575,98	Renting	2008	2016	676,39	3	2 029,17	6
Nuno Serra Sanches Osório	Y	Y	59 418,04	Renting	2008	2016	681,98	5	3 409,90	5
Without defined user since 03-08-2015			57 575,98	Renting	2008	2016	676,39	5	3 381,95	6

(1) Purchase; ALD; Leasing or other

Name	Established Monthly Fuel Limit	Annual Expenses related to Vehicles (€): Fuel	Tolls	Other Repairs	Insurance	Observations
Manuel Tomás Cortez Rodrigues Queiró	1/4 of representation expenses	3 376,84 €	1 500,55 €	0,00 €	0,00 €	
Cristina Maria dos Santos Pinto Dias		1 003,90 €	204,50 €	308,51 €	305,59 €	Use of one vehicle in months 1 to 4, and transferred to another one for months 5 to 7
Maria Isabel de J. da S. Marques Vicente		500,30 €	51,35 €	0,00 €	174,37 €	Use of one vehicle in months 1 to 4
Maria João S. C. Rosa Calado Lopes		1 347,11 €	24,75 €	0,00 €	524,27 €	
Nuno Serra Sanches Osório		1 523,04 €	305,80 €	0,00 €	349,93 €	Use of one vehicle in months 5 to 7 and transferred to another one for months 8 to 12
Vehicle without defined user		218,69 €	75,05 €	430,80 €	218,70 €	One vehicle for months 8 to 12

Name	Annual expenses regarding missions: Missions (€)	Housing expenses (€)	Daily allowances (€)	Others: Identification	Others: Amount (€)	Total Expenditure regarding Missions (€)
Manuel Tomás Cortez Rodrigues Queiró	1 919,47 €	1 253,29 €	750,55 €	Rep. Expenses (Meal)	2 193,29 €	6 116,60 €
Cristina Maria dos Santos Pinto Dias	53,81 €	185,57 €	125,10 €	Rep. Expenses (Meal)	993,21 €	1 357,69 €
Maria Isabel de Jesus da Silva Marques Vicente	0,00 €	0,00 €	0,00 €	Rep. Expenses (Meal)	0,00 €	0,00 €
Maria Joao S. C. Rosa Calado Lopes	0,00 €	0,00 €	0,00 €	Rep. Expenses (Meal)	250,81 €	250,81 €
Nuno Serra Sanches Osório	414,02 €	180,01 €	125,09 €	Rep. Expenses (Meal)	250,81 €	969,93 €

Inspection

Supervisory Board

Mandate Beginning-End	Position	Name	Designation: Mode	Designation: Date	Fixed Remuneration Statute (Monthly)
13-11-2013 to 31-12-2015	President	**António José Farinha Simão**	Joint Order w/o no. from Ministries of Finance and Economy	13.11.2013	1 602,37 €
13-11-2013 to 31-12-2015	Effective Voting Member	**Maria de Lurdes Pereira Moreira Correia de Castro**			1 201,78 €
13-11-2013 to 31-07-2015	Effective Voting Member	**Cláudio de Castro Garcia do Couto Cabral**			1 201,78 €
13-11-2013 to 30-11-2015	Substitute Voting Member	**Nelson Manuel Costa Santos**			N.A.
01-12-2015 to 31-12-2015	Effective Voting Member	Nelson Manuel Costa Santos			1 201,78 €

Name	Annual Remuneration 2015 (€)		
	Gross (1)	Remuneratory Reductions (2)	Amount after Reductions (3)=(1)-(2)
António José Farinha Simão	22 433,17 €	1 628,03 €	20 805,14 €
Maria de Lurdes Pereira Moreira Correia de Castro	16 824,94 €	1 153,68 €	15 671,26 €
Cláudio de Castro Garcia do Couto Cabral	8 572,71 €	541,59 €	8 031,12 €
Nelson Manuel Costa Santos	1 411,18 €	90,85 €	1 320,33 €

Certified Public Accountant

Mandate Beginning-End	Position	Identification Certified Public Accountant			Legal Designation of the Current Nomination	No. of mandates in the company	Hired	Observations
		Name	CPA Assoc. No.	CMVM No.				
01-08-2014 to 31-12-2015	CPA	Oliveira, Reis e Associados-Sociedade de Revisores Oficiais de Contas, Ldª, represented by **Dr. Joaquim Oliveira de Jesus**	1 056	329	CPA	1	16-5-2014	Joint Order w/o no. Of May 16th 2014, of Ministries of Finance and Economy, took up duties on August 1st 2014 to complete the mandate of 2013-2015.
01-08-2014 to 31-12-2015	Substitute CPA	Oliveira, Reis e Associados - Sociedade de Revisores Oficiais de Contas, Ldª, **Substitute CPA Dr. José Vieira dos Reis.**	359	329	Substitute CPA	1	16-5-2014	Joint Order w/o no. Of May 16th 2014, of Ministries of Finance and Economy, took up duties on August 1st 2014 to complete the mandate of 2013-2015.

CPA - Certified Public Accountant

CMVM - Portuguese Securities Market Comission

Mandate Beginning-End	Position	Name	Annual Remuneration (€)	
			Fixed (1)	Gross Paid (2)
01-08-2014 to 31-12-2015	CPA	Oliveira, Reis e Associados-Sociedade de Revisores Oficiais de Contas, Ldª, represented by **Dr. Joaquim Oliveira de Jesus**	21 500,00 €	19 779,96 €

(1) Established Fixed Annual Value

(2) Amount paid with remuneration reduction

External Auditor

Name	CPA Assoc. Reg. No.	CMVM Reg. No.	Hiring Date		Annual Remuneration (€)		
			Date	Period	Service Provision Amount	Remuneration Reduction	Amount after
Pinto Ribeiro, Lopes Rigueira & Associados, SROC, LDA	197	9199	10/07/2014	3 years	11 750,00 €	(See note)	N/A

Note: The amount of the services hired concerns 3 financial years and covers CP audit services (individual and consolidated accounts) and of the companies from CP Group. The amount of the agreement for the 3 years was 84,750€. The costs regarding exclusively CP for those 3 years are 35,250€.

Implementation of article 32 of the Public Manager Statute

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

Public procurement

The proceedings adopted by the company about contracting are governed by the Public Contracts Code (CCP), approved by the Decree-Law 18/2008 from January 29th, having been considered contracting authority of the special transportation sector. The company has, at the present moment an agreement with ACINGOV regarding the use of an electronic platform for hiring, thus, the company has the necessary means for the performance of public proceedings for acquisition, in accordance with the legislation in force.

CP, in the proceedings related to the acquisition of goods and services, executes the making of public and limited contests, upon previous qualification or consultation to several entities.

In 2015, CP entered into agreements amounting to more than 5 million euros with EMEF for the maintenance of rolling stock and with RENFE for renting railcars.

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

National Public Purchasing System

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

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

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

State's Motor Vehicle Fleet

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

Bearing in mind the provisions in the Circular Letter of the Directorate-General of Treasury and Finance, 4238 of July 1st, 2013, and in the Ordinance 5410/2014 of the Minister of Environment, Regional Planning and Energy and of the National Treasury of April 17th, 2014, it was complied with since 2014 at a ratio of two scrapped vehicles for each new acquisition, to the decrease of the range of vehicles and the maximum established rents. This meant an inferior automobile fleet and with less usage expenditure.

In 2015, two vehicles were scrapped, and no other purchase has been made. Along with the prorogation of Operational Vehicle Lease agreements in force, it is estimated that these measures will allow around € 300 of monthly savings.

Reduction Measures of Operating Expenses

PRC (amounts in euros)	Goal 2015	Financial Year 2010	Financial Year 2011	Financial Year 2012	Financial Year 2013	Financial Year 2014	Financial Year 2015	Δ 2015/2014		Δ 2015/2010	
								Absolute	%	Absolute	%
EBITDA	4 383 525	13 358 199	39 441 453	35 405 712	21 952 591	14 769 653	3 783 041	-10 986 613	-74%	-9 575 158	-72%
(1) CMVMC	8 444 092	11 400 400	11 440 560	9 284 408	8 477 671	7 715 510	5 985 193	-1 730 316	-22%	-5 415 207	-48%
(2) FSE	168 248 512	165 726 647	163 269 005	165 580 922	166 757 128	169 938 629	164 077 905	-5 860 725	-3%	-1 648 742	-1%
Missions/Stays Daily Allowances	402 400	481 207	444 708	460 901	374 713	341 010	432 982	91 972	27%	-48 225	-10%
Communications	820 274	1 382 359	1 236 341	954 755	788 014	759 112	603 897	-155 215	-20%	-778 462	-56%
(3) Personnel Expenses (a)	91 661 950	122 251 077	108 072 860	83 530 337	98 036 837	103 342 128	98 756 519	-4 585 608	-4%	-23 494 558	-19%
(3.1) Compensations thereof	6 020 000	9 296 567	15 523 889	3 105 178	5 170 456	2 421 457	2 422 539	1 082	0%	-6 874 028	-74%
(4) Total Expenses =(1)+(2)+(3)-(3.1)	262 334 554	290 081 557	267 258 537	255 290 489	268 101 180	278 574 810	266 397 078	-12 177 732	-4%	-23 684 479	-8%
(5) Total Revenue (with revenue grants)	241 123 511	273 263 770	275 016 672	271 772 406	264 081 550	257 663 529	241 783 095	-15 880 434	-6%	-31 480 676	-12%
Weight of expenses in TR (%) (4)/(5)	109%	106%	97%	94%	102%	108%	110%	+2p.p.	-	+4p.p.	-
Numbers of HR	2 671	3 275	3 153	2 924	2 786	2 754	2 703	-51	-2%	-572	-17%
Social Bodies (*)		6	6	6	5	7	6	-1	-14%	0	0%
No. Leading Positions (**)		46	39	36	28	19	16	-3	-16%	-30	-65%
No. Staff		3 223	3 108	2 882	2 754	2 728	2 681	-47	-2%	-542	-17%
No. Staff/Leading Position		70,07	79,69	80,06	100,13	143,58	167,56	23,98	0,17	97,50	1,39
Vehicles											
No. Of Vehicles		N/A	N/A	N/A	57	51	49	-2	-4%	n.a.	n.a.
Vehicle Expenses		N/A	N/A	N/A	381 905	275 026	257 048	-17 978	-7%	n.a.	n.a.

(a) In 2015, liabilities arising from the agreement concluded with Representative Organisations of Employees (ORT) are excluded. Such agreement covered the integration of variable allowances as a remuneration used for calculating holiday remuneration and holiday allowance, to be settled in the following years.

(*) In 2014 there was an increase of the Social Bodies due to the nomination of the Supervisory Board at the end of 2013.

(**) 1st Level Leading Positions

(Average staff)

The weight of the main headings of expenses in the total revenue presents an unfavourable evolution of 4 p.p. in comparison with 2010. This variation is justified mainly because of the decrease of operations subsidies (-34.7 million euros). By excluding the aforementioned impact, we can verify that the weight of the main headings of expenses of the total revenue, without operations subsidies, would present an improvement of around 11 p.p., showing a decrease of 122% in 2010 to 110% in 2015, pointing out the relevant effort of expenses reduction, justified by the measures of rationalisation of services and by the processes of cost reduction established by the Company.

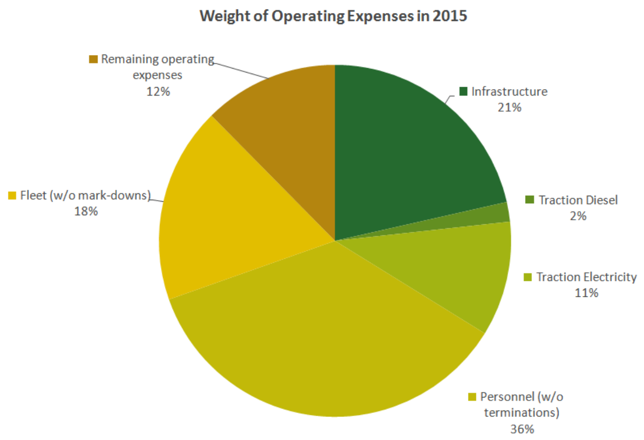
It is also to be noted that this ratio excludes some operating and recurrent income and gains, included in the headings “Other income and expenditure”, which are essential to the assessment of the operating balance of the company[4].

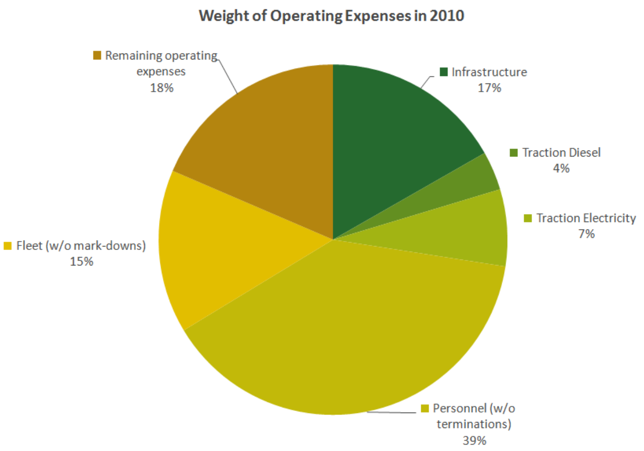
Personnel Costs presents a reduction of 23.5 million euros (-19% regarding 2010), as a result of a decrease of the permanent staff and the established remuneration reductions. Considering the number of total permanent staff and leading positions, in 2015 the Company has reduced, compared with 2010, 17% of permanent staff and 65% of first level leading positions (annual average amounts).The decrease the Cost of the Sold Goods and of the Consumed Goods in 5.4 million euros (-48% regarding 2010) had a result, in turn, of a rationalisation of the supply, and of the fact that some services became fully executed in electrical traction. It shall be mentioned the transfer of fuel traction deposits to CP Carga, only related to the activity of such company.

Supply and External Service presented a 1% reduction in comparison with 2010, generalised to the most part of the headings and resulting out of the cost containment effort developed by the Company. They presented a reduction of, approximately, 24.7 million euros, which represents a decrease of around 15% regarding 2010, if the following increases on payable expenditure are excluded: Infrastructure Usage Fee of around 10.7 million euros, electricity for traction of 7.5 million euros – due to significant price increases and the loss of the interruptibility scheme in some sub-stations- and expenses of rolling stock rent of 4.8 million euros – due to the lack of investment on the electrification of infrastructure and the limitations to the investment on rolling stock.

[4] As an example, this refers to reinvoicings of Electricity and Diesel for Traction to CP Carga, whose revenue are reported as other operating revenue, but whose corresponding expenses were paid by CP in the headings of CMVMC and FSE.

The following charts represent the global structure of the expenses of the Company in 2010 and 2015. It is possible to determine the reduction of the weight of expenses of personnel, diesel oil for traction and the remaining expenses (sub-contracts, expendable items, *utilities*, etc), which is the object of measures of rationalization and renegociation / containment. In contrast, we verify an increase of the weight of expenses related to the infrastructure usage fee, electricity for traction consequently to increases in tariffs, and rolling stock fleet as a result of ageing of materials.





In the scope of expenses with missions, stays and daily allowances, it was verified a decrease of 10% regarding 2010. These headings include transportation of operating staff from and to workplaces/dormitories, in other words, linked to the production of transportations.

The expenses related to communication have also registered, since 2010, a decreasing evolution (-56% than in 2010). This heading includes, beyond the fixed and mobile communications, the data communications, namely with the stations, which are indispensable to the business.

Compliance with the Good Governance Principles

By complying with the legal provisions on Good Governance Principles, to which public companies are subject, this company has requested, on a yearly basis, to be exempted from complying with it.

Similarly, it has developed all efforts needed for complying, as long as possible, with the Good Governance Principles, concentrating the maximum amount of services in IGCP.

Consequently:

- The number of movements of the account of IGCP has increased significantly, whether at the level of receivables or at the level of payments and, also, the account is moved with the highest possible regularity;
- In general, payments are made via IGCP;
- The receivables of the customers are being channelled to the IGCP account;
- Since December 2010, occasional treasury surplus are applied to IGCP - Cedic's.
- The available values which have not yet been applied, due to their amount, are maintained in IGCP's account.

However, as a result of the specificities of CP-Comboios de Portugal, EPE activity, it has been necessary to keep the movements of some bank accounts in the National Bank, since it is not possible to make some services needed for CP’s activity via IGCP account, due to Treasury Bank’s operating features.

Following the request to be exempted from complying with the 2015 Good Governance Principles, CP, through the Order 507/15 – SET, obtained such exemption in relation to some services, namely value collection and counting, meal cards and bank guarantees. For the remaining services, IGCP was required to provide the services, which is expected to enter into force in 2016.

Audits performed by the Court of Auditors

There were no audits performed by the Court of Auditors during 2015.

Information in the SEE [State Corporate Sector] website

Information on the SEE website	Disclosure		Comments
	Y / N / N/A	Update Date	
Statutes	Y	14/03/2012	
Characterisation of the Company	Y	25/05/2014	
Responsible Ministry's and Shareholder's Functions	Y	12/01/2016	
Governing Model/Members of Social Bodies	Y	24/06/2015	
Identification of Social Bodies	Y	24/06/2015	
Fixed Remuneration Statute	Y	24/06/2015	
Disclosure of Remunerations earned by Social Bodies	Y	24/06/2015	
Identification of functions and responsibilities of BoD members	Y	24/06/2015	
Presentation of curriculum synthesis of Social Bodies' members	Y	24/06/2015	
Public Financial Effort	Y	11/03/2015	
Synthesis Form	Y	21/06/2015	
Historic and Current Financial Information	Y	21/06/2015	
Good Governance Principles	Y	26/06/2015	
Internal and External Regulations which the Company must comply with	Y	26/06/2015	
Relevant transactions w/ related entities	Y	26/06/2015	
Other transactions	Y	26/06/2015	
Analysis of sustainability in the following scopes:	Y	26/06/2015	
Economic	Y	26/06/2015	
Social	Y	26/06/2015	
Environmental	Y	26/06/2015	
Assessment of compliance with GGP	Y	26/06/2015	
Ethical Code	Y	26/06/2015	

Financial and Economic Analysis

Operating Account

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

(amounts in thousand euros)

INCOMES AND EXPENSES	PERIODS		Variation 2015/2014	
	REAL 31-12-2015	REAL 31-12-2014	Amount	%
Sales and Services Provided	241 783	239 759	2 024	1%
Revenue grants		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 on 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 depreciation and amortisation	-58 882	-65 063	6 181	10%
Impairment of depreciable and amortisable investments (losses/reversals)	1 158	-4 707	5 865	125%
Compensation for termination of employment	-2 423	-2 421	-1	0%
Agreement on variable allowances	-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 and reversals)	-255	-117	-138	-117%
Impairment of receivables (losses and reversals)	-31 254	1 604	-32 858	-2048%
Provisions (increases/decreases) - Includes CP Carga	297	15 387	-15 090	-98%
Impairment of non-depreciable and non-amortisable investments (losses/reversals)	-93 385	10 614	-103 999	-980%
Fair-value increases/reductions	2 412	65 456	-63 044	-96%
Operating income	**-175 197**	**36 747**	**-211 944**	**-577%**
Interest and similar income earned	4 437	5 188	-751	-14%
Payable interest and similar expenses	-107 445	-204 017	96 572	47%
Financial income	**-103 009**	**-198 829**	**95 820**	**48%**
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%**

Operating result of the passengers transportation activity (EBITDA)	3 783	14 770	-10 987	-74%
Compensation for termination of employment	-2 423	-2 421	-1	0%
Agreement on variables	-27 246		-27 246	s/s
Application MEP, fair-value, impairment and provisions and OTHERS (CP Carga)	-91 586	94 169	-185 756	-197%
Mark-downs	-57 724	-69 770	12 046	17%
OPERATING INCOME	-175 197	36 747	-211 944	-577%
FINANCIAL INCOME	-103 009	-198 829	95 820	48%
NET INCOME	-278 426	-159 869	-118 557	-74%

*Before compensation for termination of employment, agreement on variables, fair-value, impairments, provisions, mark-downs, funding expenses, taxes

CP closed the financial year 2015 with a Net Income of -278.4 million euros, which represents an aggravation regarding the forecast of 118.6 million euros (-159.9 million euros).

Such aggravation mainly originates from the reference direct sale agreement of CP Carga - concluded on the 21st September, 2015, with a net impact on the 2015 company's income of -85 million euros –, the lack of revenue grants – which translated into 17.9 million euros less income than the previous year –, and the fact that in 2014 extraordinary income and gains were registered, amounting to 14.7 million euros, as a result of the disposal of the Freight Terminals to REFER, and the acceptation by the latter of the invoice referring to the disposal of CP's building.

It is also to be noted an improvement in the Financial Result of 95.8 million euros, due to the reduction of the financial debt and the generalised decrease of funding interest rates. Such variation was, however, balanced by the reduction of the favourable impact of the fair value of derivatives of 63 million euros - as a result of the reduction of the derivatives held by the company- and by the assumption of additional personnel costs, amounting to 27.2 milion euros, related to previous years, arising from the agreement concluded on 22.04.2015 with the Labour Representative Organisations (ORT) on the integration of variable allowances as remuneration used for the calculation of holiday payments and holiday allowances, which did not happen on the corresponding period.

The recurring EBITDA (Operational Outcome of the activity of Passengers Transportation) was positive in an amount of 3.8 million euros. In comparison with 2014, such indicator registered a reduction of around 11 million euros, particularly justified by the aforementioned lack of revenue grants (-17.9 million euros), although it has been partially balanced by the increase of service supply, especially by the favourable evolution of traffic passenger revenue by 6.6 million euros.

Personnel costs (without indemnities and variable allowance agreement) decreased by 4.6 million euros. It should be noted, however, that, 2014, the amount of expenses related to work accident pensions was adjusted by 11.1 million euros. Therefore, ignoring the effect of such adjustment performed in 2014, an increase of 6.5 million euros regarding personnel costs would be noticed.

Such increase, from the 1st of January 2015 on and under the article 4 of Law 75/2014 of 12th of September, arises from the following reasons: the temporary remuneration reduction checked up to such moment was reverted by 20%, the impact on remunerations performed by the aforementioned agreement concluded with the Labour Representative Organisations on the integration of variable allowances and the increase of overtime work.

Supply and External Services presented a reduction by, approximately, 5.9 million euros, mainly due to the reduction of expenses regarding the infrastructure usage fee, thanks to the fee drop of this service, and the generalised cost containment effort.

Despite EBITDA's impact, it should be remarked the reduction of other expenses and losses by 7.2 million euros as a result of the reduction of rolling stock write-offs and the decrease of expenses related to the recognition of bad debts registered in 2015.

Regarding remaining headlines not related to transport activity, it should be stressed the increase of losses attributed to subsidiaries, affiliates and joint ventures by approximately 10.9 million euros, as a result of the application of the equity method to the negative results of CP Carga, and the value decrease of depreciations by 6.2 million euros, mainly arising from basic equipment (rolling stock), due to the reduction of investments, the transfer of material to CP Carga and the write-offs or end of asset depreciation period.

It should be also noted the variations registered in relation to impair of investments. Impair of non-depreciable/amortisable investments increased by 104 million euros. Such increase had its origin mainly in the recognistion of expected losses related to the sale of credits (funding) and adjustment of the value of the financial holding of CP in CP Carga, because of the conclusion of the reference sale agreement of CP Carga. 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, the value of the rolling stock impairment classified in non-current assets held for sale was strengthened; therefore, the net value of the goods, deducted from the scrapping residual value and investment grants is zero. Similarly, the value of the buildings classified as non-current assets held for sale was adjusted, taking into account last assessments performed.

Depreciable investment impairments were reduced in 5.9 million euros, as a result of the reversal of impairments established for accidented rolling stock according to the foreseen cost of repair and reclassification of rolling stock from non-current asset held for sale to fixed tangible asset, as a result of its re-attribution to operation.

Finally, it should be highlighted the increase of impairment of receivables by 32.9 million euros, mainly due to the recognisition of expected losses related to credit sales, as a result of the conclusion of the reference sale agreement of CP Carga.

Balance

(amounts in thousand euros)

HEADINGS	PERIODS		Variation 2015/2014	
	31/12/2015	31/12/2014	Amount	%
ASSET				
Non-current asset	640 022	854 610	-214 588	-25%
Current asset	71 031	115 370	-44 338	-38%
Total asset	711 053	969 980	-258 926	-27%
EQUITY AND LIABILITY				
Equity includes:	-3 031 043	-3 406 037	374 995	11%
Net income of the period	-278 426	-159 869	-118 557	-74%
Total equity	-3 031 043	-3 406 037	374 995	11%
LIABILITY				
Non-current liability	3 065 323	3 638 043	-572 720	-16%
Current liability	676 773	737 974	-61 201	-8%
Total liability	3 742 096	4 376 017	-633 921	-14%
Total Equity and Liability	711 053	969 980	-258 926	-27%

Assets

In 2015, CP's asset has diminished in 258.9 million Euros, and the following impacts are the most significant:

- Decrease of fixed tangible assets by 144.9 million euros, as a result of the transfer of rolling stock to CP Carga, with a net accounting value of 97 million euros, and because asset depreciation has been only partially compensated with new investments;
- Reduction of the value of financial holdings – equity method of 69.8 million euros, essentially as a result of a value adjustment of the financial holding in CP Carga and the value adjustment of credits (granted loans) to such company, arising from the conclusion of the reference sale agreement of such affiliate.

- Reduction of the balance in Clientes and other receivables by 15.2 million euros. The adjustment of the debt of CP Carga, as a result of the credit sale performed within the scope of reprivatisation of such company, contributed to this situation.
- Transfer of interest deferrals amounting to 7.1 million euros for the heading Funding by the application of the model of amortised cost on the valuation of debenture loans held by the company;
- Reduction of non-current assets held for sale in 3.8 million euros, arising from the reclassification to current asset of the building which made part of the non-current asset held for sale, provided that there are no sale prospects in a short term, and the increase of impairments related to these assets, based on assessments recently performed and the period of time elapsed since the classification of assets in this category of goods;
- Decrease of cash balance and bank deposits by 17.1 million as a result of the use of funds available to ensure the payment to suppliers and other creditors.

Equity

During March, June and September 2015, following the Joint Orders of the Ministers of Finance and Economy, increases in the sharecapital were approved, which shall be made by the State in cash: The first one, amounting to 84.683 million euros, was paid in full between March and April 2015; the second one, amounting to 535.5 million euros was paid in full between June and July 2015; and the third one, amounting to 63.3 million euros was paid in full between September and November 2015. Therefore, the heading Paid-up capital presents in 2015 an increase of 683.483 million euros.

Liabilities

In 2015, CP's liability has decreased in 633.9 million Euros, and the following impacts are the most significant:

- Decrease of *funding obtained* in 612.3 million euros as a result of the attribution of capital endowments by the State to the company in order to ensure the historical debt service. The company did not need to resort to indebtedness during 2015.
- Reduction of provisions established in 88 million euros due to (i) cancellation in 2015 of the liability for negative equity of the affiliate CP Carga arising from the capital increase due to income in kind (transfer of locomotives) and (ii) the agreement concluded with employees for including variable allowances for the calculation of holiday allowances and holiday payments which led to the conclusion of some labour processes from previous years;

- Reduction of the balance related to State and other public entities, by 3.1 million euros, due to the advanced payment of social security contributions and income tax deductions;
- Increase of the balance of Suppliers and other payable accounts by 71.6 million euros, mainly due to the increase of expenses belonging to Other creditors, particularly the ones related to interest to be settled and payment liabilities arising from the agreement on variable allowances concluded with Labour Representative Organisations. It should be noted that, if these two facts were excluded, the balance of debts due to suppliers and other creditors would be reduced by 2.1 million euros;
- Decrease of the favourable variation of the value of the potentially desfavourable swaps by 2.4 million euros.

Funding

Funding Policy

By the inclusion of CP in the State Budget consolidation perimeter, the funding needs of CP were supplied by the support of the Portuguese State, as established in the legislation in force regarding Reclassified Public Companies.

During the first months of the year, CP achieved to deal with all its liabilities, including the ones arising from debt service, by resorting to operating revenue.

From March, and pursuant to the legislation in force, an increase of 683.483 million euros of CP, EPE’s sharecapital was decided by joint orders from the Finance and Sector Ministries, as specified below:

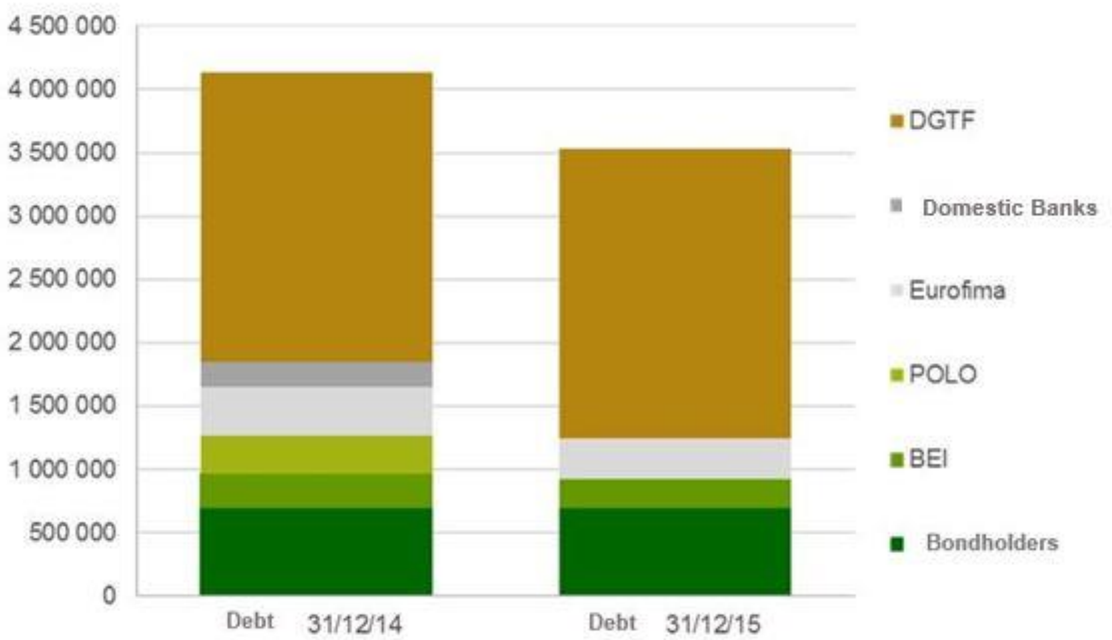
- March/April – 84,683,000 euros;
- June/July – 535,500,000 euros;
- September/October/November – 63,300,000 euros

These capital endowments, paid-up in full in the year, allowed to deal with the payments arising from the historical debt (amortisations and financial costs) as well as from investments.

In 2015, the company did not resort to indebtedness.

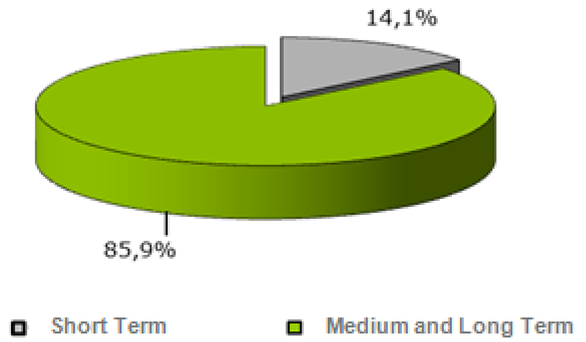
Structure of the Remunerated Debt

As a result of the funding measures analised in the previous section, the remunerated debt had a decrease of around 600 million euros during 2015, leading to an amount of 3.52 billion euros on the 31.12.2015, as detailed in the graph below, according to funding sources:



Regarding the amortised debt during 2015, the following amortisation, which amount to around 604.8 million euros, should be highlighted: Polo III – CP Finance Limited, amounting to 300 million euros, BNP Paribas; amounting to 200 million euros; BEI amounting to 45.9 million euros and Eurofirma amounting to 58.9 million euros.

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



Co-funding Sources

CP had a non-recoverable funding in 2015 of 1.6 million Euros, as an investment co-funding from the Portuguese State in the scope of PIDDAC (Central Administration Investment and Expenditure Development Program).

Such co-funding amount was exclusively destined to the project “Large Repairs R2 and R3”.

PIDDAC 2015 Amounts in thousand euros	Amounts
Repairs of rolling stock	1 575

Financial Costs

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

At the end of 2014, the replacement of the loans of the National Bank by a medium and long term loan at a fixed rate concluded with the Portuguese State, allowed a significant reduction of costs, taking into account the spreads and commissions performed at that point.

Funding Average Cost

Unit: m€

Description	2011	2012	2013	2014	2015
Interest	169 472	185 516	200 844	197 703	96 508
Surety	2 338	1 808	1 804	1 504	1 499
Other charges	15 701	7 107	7 521	3 855	2 781
Financial Costs	**187 511**	**194 431**	**210 169**	**203 062**	**100 788**
Debt	**3 522 394**	**3 637 063**	**3 807 787**	**4 134 441**	**3 828 310**
Average cost	**5,32%**	**5,35%**	**5,52%**	**4,91%**	**2,63%**

Note: Regarding the evolution of debt, with a decrease in 2015, it was considered the average debt for average cost calculation purposes.

Debt Upper Limit

CP did not resort to indebtedness in 2015. The remunerated debt registered a decrease of around 14.6%.

Considering the value of Adjusted Indebtedness, we can see a 1.7% increase, arising from capital endowments received for investments, financial costs and agreement on variable allowances.

Remuneration Liability Amounts in thousand €	2013	2014	2015	Absol. Var.
Obtained Funding (*)	3 807 786,56	4 134 440,94	3 522 177,90	-612 263,04
...from which, granted by DGTF	0,00	2 283 084,00	2 283 084,00	0,00
Increase of Capital by Endowment	0,00	0,00	683 483,00	683 483,00
Increase of Capital by Credit Conversion	0,00	0,00	0,00	0,00
Adjusted Indebtedness	3 807 786,56	4 134 440,94	4 205 660,90	71 219,96

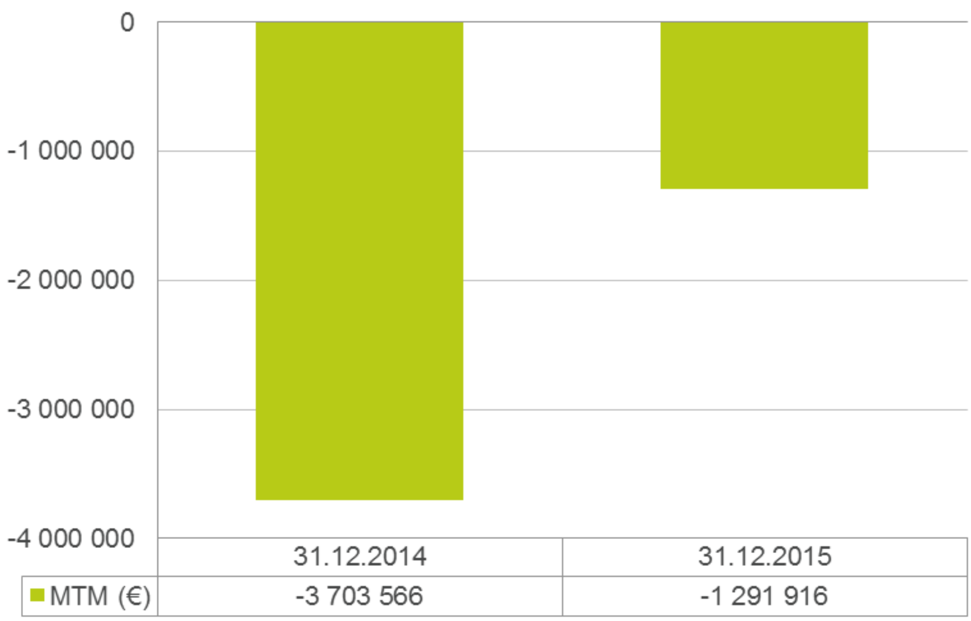
(*) Corresponds to the debt included in the Balance in the heading "Funding Obtained".

Risk Management Instruments

CP's portfolio of derivatives comprises solely one financial risk management instrument associated to Eurofima's loan, whose maturity date is until April 2016.

Counterpart	Associated Loan	Notional (M€)	Due Date
ABN/RBS	Eurofima 126	75 000	07/04/2016

The portfolio of derivatives is valued taking into account cash-flow projections expected in the future. Therefore, in 2015 it is possible to identifiy a significant improvement of around 2.4 million of the market value of the portfolio operations:



The effect of fair value variations of swap portfolio agreements is, since 2009, shown in the financial statement.

Perspectives for 2016

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

Macroeconomic framework shows the beginning of a more favourable cycle, and foresees a gradual acceleration of the Gross Domestic Product (GDP) growth during 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.

Such context allows to foresee a boost, although slight, in mobility needs of the population in 2016, which is promoted by an increase in tourism which has been noticed and which is foreseen to continue.

Regarding the company, it is expected that the social peace which has been kept during these last 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.

A rejuvenation of the permanent staff is expected to be performed, 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 rigour in force in the last years with the planning of a accurate but indispensable expansion of the company’s services supply.

Such expansion and such plans get a strategic function from a double constatation. 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 that growing demand, to manage an increased pressure over its already aged rolling stock within a context of continuous financial constraints, aggravated by the interruption of financial compensations and by the mechanisms of budget control.

Considering these realities and bearing in mind the guidelines included in the Transport and Infrastructure Strategic Plan (PETI) for 2014-2019, the Board of Directors defined for the 2016 Budget and Activities Plan the following strategic guidelines:

1. Creating/maintaining social peace and employees' appreciation;
2. Promoting demand, through:
   - Optimising network effect in commercial supply;
   - Creating/Using digital platforms as essential elements of the strategy of being closer to customers;
3. Fight against fraud;
4. Planning a controlled expansion of supply according to demand;
5. Expenditure rationalisation;
6. Profitability of non-core assets;

In such context, the following were deemed to be priority projects for 2016:

- Mid-life intervention of 10 CPA's and commercialisation of the "AP New Service";
- Railcar S120 Project – to be decided between purchase or rent;
- Vinyl covering of Carriages of IC Service;
- Modernisation of Wi-Fi carriages;
- Schedule Project – North Region, following the electrification of the section Marco-Caíde;
- Repair and renovation of sale/validation/control equipment;
- Adequacy of "Yield Management" policy to market and demand evolution;
- Diversification, enlargement and optimisation of Sales Network; "CP Store", "Mobile Ticketing", digital channels, Oporto Urban Trains Migration to ILC;
- Conclusion of CP Card project;
- Beginning of implementation of CRM Project (Customer Relationship Management / Loyalty Programme;
- Improvement in information to the public, especially in disturbances;
- Strengthening of fight against fraud; Inspections / Closing of stations – access control;
- HR external recruitment;
- Safety Risk Management System;
- Making of a road map for providing ticket service as TaaS (Ticketing as a Service);
- Creation of Company Content Management platform (ECM);
- Replacement of VISA payment terminals;
- Disposal of Rossio / new headquarters project;
- Fleet maintenance (1st Campolide);
- Contumil – New diesel supply network.

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 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 addendum to the funding agreement concluded in 2014 with the Portuguese State, extending the dates for payment of interest;
- The renewal of CP's loans to its affiliates, under the 2015 Activities and Budget Plan, due to the fact that the latter were unable to release funds which may allow its amortisation or to get alternative funds from the commercial banks.

Proposal of Application of Results

In accordance with the provisions in force, it is proposed that the Net Results of the Financial Year, a deficit of 278,426,115 Euros, are transfered for the account of Surplus Brought Forward.

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

Statement of Conformity

(in accordance with section c) of item 1, article 245 of 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 the liability, the financial situation and the results of CP - Comboios de Portugal, EPE (Company), and the management report shows accurately the business evolution, the performance and the position of the company and, also, it contains a description of the main risks and uncertainties of the company.

Lisbon, 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

Individual balance on the 31st December, 2015 (amounts in Euros)

ITEMS	NOTES	PERIODS	
		31/12/2015	31/12/2014
ASSET			
Non-current asset			
Fixed tangible assets	6	584 580 920	729 470 691
Intangible assets		-	-
Financial holdings - equity method	8	25 115 396	94 879 297
Financial holdings - other methods	9	27 771 396	27 771 396
Deferred assets	10	2 554 258	2 488 729
		640 021 970	854 610 113
Current aset			
Inventories	13	4 547 314	5 016 865
Clients	14	5 681 837	4 548 260
Advances to suppliers	15	133 790	133 790
State and other public entities	16	9 377 095	10 096 548
Shareholders/ partners		-	-
Other reserves	17	23 035 143	39 358 696
Deferrals	18	671 912	7 769 677
Financial assets held for trading	19	16	54
Other financial assets		-	-
Non-current assets held for sale	20	19 561 448	23 370 359
Cash flow and bank deposits	4	8 022 897	25 075 428
		71 031 452	115 369 677
Total asset		711 053 422	969 979 790
EQUITY AND LIABILITY			
Equity			
Paid-up capital	21	2 678 800 000	1 995 317 000
Legal reserves	24	24 703	24 703
Other reserves	25	1 306 650	1 306 650
Surplus brought forward	26	(5 655 198 305)	(5 495 329 134)
Financial assets adjustments	27	132 640	132 640
Other changes in equity	28	222 317 767	252 380 126
Net income of the period		(278 426 115)	(159 869 171)
Minority interests			
Total equity and liability		(3 031 042 660)	(3 406 037 186)
Liability			
Non-current liability			
Provisions	29	9 417 835	97 383 672
Funding obtained	30	3 023 979 040	3 529 598 251
Other accounts payable	31	31 926 392	11 061 019
		3 065 323 267	3 638 042 942
Current liability			
Suppliers	32	19 569 823	20 760 395
Customer advances	33	1 815 470	295 470
State and other public entities	16	302 248	3 366 354
Shareholders/partners	12	124 729	-
Loans obtained	30	498 198 858	604 842 688
Other accounts payable	31	150 757 982	98 803 720
Deferrals	18	4 711 789	6 201 841
Financial liabilities held for trading	34	1 291 916	3 703 566
		676 772 815	737 974 034
Total liability		3 742 096 082	4 376 016 976
Total equity and liability		**711 053 422**	**969 979 790**

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

Individual income statement by nature

Period ended on the 31st December, 2015

(amounts in Euros)

INCOME AND EXPENSES	Notes	PERIODS	
		31/12/2015	31/12/2014
Provided sales and services	35	241 783 095	239 758 877
Revenue grants	36	-	17 904 652
Gains/losses attributed to subsidiaries, associated companies and joint ventures	37	(9 685 159)	1 226 449
Costs of commodities sold and material consumed	38	(5 985 193)	(7 715 510)
External services and supply	39	(164 077 905)	(169 938 629)
Personnel costs	40	(126 003 012)	(103 342 128)
Impairment of inventories (losses/reversals)	13	(255 169)	(117 381)
Impairment of receivables (losses/reversals)	14,17	(31 253 910)	1 604 235
Provisions (increases/decreases)	29	296 834	15 386 586
Impairment of non-depreciable and non-amortisable investments (losses/reversals)	41	(93 385 223)	10 613 892
Other income and gains	42	72 076 379	46 291 486
Other expenses and losses	43	(3 394 681)	(10 610 569)
Result before fair-value, depreciations, funding expenses and taxes		(119 883 944)	41 061 960
Fair-value increases/reductions	44	2 411 650	65 455 632
Result before depreciations, funding expenses and taxes		(117 472 294)	106 517 592
Expenses/Reversals of write-offs and amortisation	45	(58 882 413)	(65 063 492)
Impairment of depreciable and amortisable investments (losses/reversals)	46	1 158 064	(4 706 977)
Operating result (before funding expenses and taxes)		(175 196 643)	36 747 123
Interest and similar income gained	47	4 436 572	5 187 844
Payable interes and similar expenses	48	(107 445 331)	(204 016 984)
Result before taxation		(278 205 402)	(162 082 017)
Income tax of the period	11	(220 713)	2 212 846
Net result of the period		(278 426 115)	(159 869 171)

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

Individual income statement by function

Period Ended on the 31st December, 2015 (amounts in Euros)

	PERIODS	
	2015	2014
Sales and services provided	241 783 095	257 548 499
Cost of the sales and services provided	(245 045 021)	(257 199 567)
Gross balance	(3 261 926)	348 932
Other Incomes	79 798 565	142 951 293
Distribution Expenses	(45 874 694)	(39 958 879)
Administrative Expenses	(64 028 823)	(48 917 807)
Investigation and development expenses	-	-
Other expenses	(141 829 765)	(17 676 417)
Trading income (before financing expenses and taxes)	(175 196 643)	36 747 123
Financing expenses (net)	(103 008 759)	(198 829 140)
Results before taxes	(278 205 402)	(162 082 017)
Income tax of the period	(220 713)	2 212 846
Net result of the period	(278 426 115)	(159 869 171)
Result from discontinued operations	-	-

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

Individual 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											Total of the 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 2014	**1**	21 to 28	1 995 317 000	-	-	-	24 703	1 306 650	(5 268 812 622)	-	-	262 306 764	(226 516 513)	(3 236 374 018)
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		26 to 28	-	-	-	-	-	-	-	132 640	-	(9 926 638)	-	(9 793 998)
	2		-	-	-	-	-	-	-	132 640	-	(9 926 638)	-	(9 793 998)
Net income of the period	**3**		-	-	-	-	-	-	-	-	-	-	(159 869 171)	(159 869 171)
Comprehensive result	**4 = 2 + 3**												(159 869 171)	(169 663 169)
Operations with shareholders in the period			-	-	-	-	-	-	-	-	-	-		-
Realisations of capital			-	-	-	-	-	-	-	-	-	-	-	-
Realisation of issuance awards			-	-	-	-	-	-	-	-	-	-	-	-
Distributions			-	-	-	-	-	-	-	-	-	-	-	-
Down payments to cover losses			-	-	-	-	-	-	-	-	-	-	-	-
Other operations			-	-	-	-	-	-	(226 516 512)	-	-	-	226 516 512	226 516 512
	5		-	-	-	-	-	-	(226 516 512)	-	-	-	226 516 512	-
Position at the end of the period of 2014	**6 = 1+2+3+5**		1 995 317 000	-	-	-	24 703	1 306 650	(5 495 329 134)	132 640	-	252 380 126	(159 869 171)	(3 406 037 186)

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

Individual Statement of the changes in equity in 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**	21 to 28	1 995 317 000	-	-	-	24 703	1 306 650	(5 495 329 134)	132 640	-	252 380 126	(159 869 171)	(3 406 037 186)
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		26 to 28	-	-	-	-	-	-		-	-	(30 062 359)	-	(30 062 359)
	2		-	-	-	-	-	-	-	-	-	(30 062 359)	-	(30 062 359)
Net income of the period	**3**		-	-	-	-	-	-	-	-	-	-	(278 426 115)	(278 426 115)
Comprehensive result	**4 = 2 + 3**												(278 426 115)	(308 488 474)
Operations with stakeholders in the period			-	-	-	-	-	-	-	-	-	-		-
Realisations of capital			683 483 000	-	-	-	-	-	-	-	-	-	-	-
Realisation of issuance awards			-	-	-	-	-	-	-	-	-	-	-	-
Distributions			-	-	-	-	-	-	-	-	-	-	-	-
Down payments to cover losses			-	-	-	-	-	-	-	-	-	-		-
Other operations			-	-	-	-	-	-	(159 869 171)	-	-	-	159 869 171	159 869 171
	5		683 483 000	-	-	-	-	-	(159 869 171)	-	-	-	159 869 171	683 483 000
Position at the end of the period of 2015	**6 = 1+2+3+5**		2 678 800 000	-	-	-	24 703	1 306 650	(5 655 198 305)	132 640	-	222 317 767	(278 426 115)	(3 031 042 660)

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

Statement of the individual cash flows on the on the 31st December, 2015

Period Ended on the 31st December, 2015 (amounts in Euros)

CASH FLOW STATEMENT	31/12/2015	31/12/2014
Cash flows from operational activities - direct method		
Customers receivables	254 183 183	261 756 874
Payments to suppliers	(211 187 681)	(358 590 505)
Staff payments	(99 276 027)	(87 421 679)
Cash generated by the operations	**(56 280 525)**	**(184 255 310)**
Payment/receipt of income tax	(364 890)	(96 516)
Other receivables/ payments	30 907 607	38 875 475
Cash flows from operational activities (1)	**(25 737 808)**	**(145 476 351)**
Cash flows from investing activities		
Payments regarding:		
Fixed tangible assets	(17 089 019)	(18 646 496)
Intangible assets	-	-
Financial investments	-	(14 100 000)
Other assets	(304 500 000)	(157 500 000)
Receivables from:		
Fixed tangible assets	582 550	42 809 109
Intangible assets	-	-
Financial investments	200 000	-
Other assets	304 500 000	173 500 000
Funding allowances	1 575 000	1 600 081
Interest and similar income	3 073 800	5 160 980
Dividends	297 546	354 585
Cash flows from investing activities (2)	**(11 360 123)**	**33 178 259**
Cash flows of financing activities		
Receivables from:		
Funding obtained	-	4 412 340 152
Realisations of capital and other equity instruments	683 483 000	-
Loss coverage	-	-
Donations	-	-
Other funding operations	-	-
Payments regarding:		
Funding obtained	(604 842 688)	(4 085 685 774)
Interest and similar expenses	(58 599 320)	(204 664 364)
Dividends	-	-
Capital reductions and other equity instruments	-	-
Other funding operations	-	-
Cash flows from financing activities (3)	**20 040 992**	**121 990 014**
Variation of cash and its equivalents (4) = (1) + (2) + (3)	**(17 056 939)**	**9 691 922**
Effect of exchange rates differences	**(262)**	**(3 903)**
Cash and its equivalent at the beginning of the period	**25 075 428**	**15 387 409**
Cash and its equivalent at the end of the period	**8 018 227**	**25 075 428**

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

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, legal person governed by public law, with administrative, financial and asset autonomy, with registered office in Calçada do Duque, no. 20, 1249-109 Lisboa, whose current legal system and Articles of Association were approved by Decree-Law 137-A/2009 from July 12th, as amended by Decree-Law 59/2012 from March 14th.

The aforementioned Articles of Association were approved in result of the revision of the legal system of the State-owned enterprises established by Decree-Law 558/99 from December 17th, as amended by Decree-Law 300/2007 from August 23rd, and in the meantime revoked by Decree-Law 133/2013 from October 3rd, which introduces broad alterations to the previous laws. The principles of good governance applicable to state and public companies became a part of the latter Decree. It should be noted that this Decree-Law was altered by Law 75-A/2014 from September 30th with regard to non-financial public companies belonging to the State-owned enterprises.

CP has as main purpose 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 the reason for demerger in 2009, and it became to be performed by CP Carga - Logística e Trasporte Ferroviário de Mercadorias, S.A., whose share capital is held entirely by CP in 2015, despite on such year a process of reprivatisation has been started.

CP as a corporate public entity is subject to the management guidelines established by the responsible ministries – sectorial and finance-, exercised by the members of the Government responsible for the finance and transportation area, as well as the financial control of the Court of Auditors and of the Inspectorate General of Finance.

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

CP is the parent company of a group of companies and those are its individual financial statements, whose balances and transactions with the companies from the group are presented in note 51.

Separation of Sectors - Infrastructure

The relationship between the railway operator CP and the manager of the infrastructure, currently Infraestruturas de Portugal, SA (IP), is described in Decree-Law 104/97 from April 29th.

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

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

Besides the use of essencial services of the railway infrastructure, the Decree-Law 270/2003 of October 28th, amended by Decree-Law 231/2007, of June 14th and after by Decree-Law 20/2010, of March 24th, foresees that the typology of the performed services to companies of railway transportation comprehends everything necessary to the effetive exercise of the right of accessing the infrastructure, even the additional and auxiliary services.

In accordance with the 2015 Network Directorate, the additional services are the services connected with the activity of provision of services of railway transportation, namely the supply of electrical energy for traction, in accordance with the foreseen proceedings of the law in force, manouvres, and parking of rolling stock. Eventhough IP has not any obligation to provide these services if there are viable and comparable alternatives in the market, it is IP's policy to provide them in a non-discriminatory manner, any time they are requested and as long as there is available capacity for that purpose.

The auxiliary services comprehend the remaining services linked with the activity of providing railway transportation services, namely the access to the telecommunications network, the supply of supplementary information, in particular those of commercial nature and, also, the technical inspection of the rolling stock; making capacity and viability studies of supply scenarios, supply of labour force for operating activities of the operators, provision of operating facilities in stations and the provision of common spaces for the installation of equipment. In accordance with the provisions of the aforementioned legislation, the manager of the infrastructure may charge for the provision of auxiliary services, although such provision is not mandatory.

Separation of Sectors - Transportation

Following the Strategic Guidelines for the Railway Sector presented by the XVII Constitutional Government on October 2006, and compliying with the agreement of liberalisation of the sector assumed by Portugal with the European Union, the Decree-Law 137-A/2009 was published, amended later by Decree-Law 59/2012, of March 14th, which aproved the legal system applicable to CP – Comboios de Portugal, E.P.E., as well as the related Articles of Association, and it also authorised the autonomisation of the activity of the transportation of goods, revoking Decree-Law 109/77 of March 25th, which approved the Articles of Association of Portuguese Railways, E.P.

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

The autonomisation of the activity of transportation of goods was, indeed, foreseen in Decree-Law 137-A/2009 (articles 9 and 10) by means of constitution of a company limited by shares whose shared capital is entirely held by CP, E.P.E., and whose object is the activity of railway transportation of goods, having been given the name of CP Carga - Logística e Transportes Ferroviários de Mercadorias, S.A.. The autonomisation of the aforementioned area of activity occurred due to the division in 2009, in accordance with the provisions of article 33 of Decree-Law 558/99 from December 17th, with the wording of Decree-Law 300/2007 from August 23rd which, in the meantime, were revoked by Decree-Law 133/2013 from October 3rd and later amended by Law 75-A/2014 of September 30th.

In 2015, by Decree-Law 69/2015, of May 6th, the process of reprivatisation of CP carga was approved, and the Council of Ministers, via the Resolution of the Council of Ministers 52-B/2015 decided to select the Mediterranean Shipping Company Rail (Portugal) - Operadores Ferroviários, S.A, to acquire all representative shares of up to 100% of the share capital of CP Carga, regarding the merit of the corresponding final improved linking proposal about complying with selection criteria provided in article 5 of the specifications, approved as attachment to the Resolution of the Council of Ministers 30-B/2015, of May 8th (specifications), especially concerning quality and veracity of the strategic project presented, the value related to the global financial proposal and the reinforcement of the financial and economic capacity and the capital structure of CP Carga, S.A.. Such operation was realised on January 2016.

Concession Scheme

On January 1st 1951, CP began the exploitation of transportation in the railway network in a unique concession scheme authorised by an agreement concluded between the State and the former Companhia dos Caminhos de Ferro Portugueses, S.A., (C.P.), in accordance with Decree-Law 38426 from May 9th, 1951.

This agreement was revised and substituted by a new agreement of concession in accordance with the provisions of the Attached Bases to the Decree-Law 104/73 from March 13th, which was, in the meantime, revoked by the nationalisation of the company through Decree-Law 205-B/75 from April 16th.

The general bases on which this new concession was based were the result of the revision of the legal system regulating the exploitation of the railway transportation and the coordination of the latter with other means of transport, since the aforementioned bases were deemed inadequate regarding the demands of flexibility and rationing of the production of this sort of service, within the context of a modern management. The aforementioned revision took place in accordance with the provisions of article 19 of Decree-Law 80/73 from March 2nd, which was an important instrument in the structuring of the new regulating guidelines of railway transportation, thus, making viable the legal bases of conversion of railways.

In the latter law was recognised that, among other subjects, the railway transportation is a public service operated under a concession scheme agreement. Therefore, it established the need of consideration of the obligations and constraints imposed to the company on behalf of public interests, with the resulting demands of being a company whose management has to comply with the specific principles of the private business community and gradually match those principles to the remaining competitive transportation companies.

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

Such right to operations subsidies by CP arose also from the Community Regulations 1191/69 of the Board, of June 26th, 1107/70, of the Board, of June 4th and 1893/91, of the Board, of June 20th, with regard to operation, transportation and tariff obligations.

The Community Regulation 1370/2007 of the European Parliament and the Council of October 23rd, and the Decree-Law 167/2008, subsequently published, established the legal scheme applicable to the definitions and compensation of obligations of the public service of passenger transportation, making it possible the temporary and gradual adoption of measures for implementing public service ageements.

Public Service Agreement

The conclusion of public service agreements, in which there were established the obligations of public service and corresponding financial compensations, is the adequate and necessary instrument for clarifying the relationships between the State and the legal person governed by public law, as well as the corresponding responsibilities, whether the State's or CP's, establishing a foreseen procedure in Decree-Law 558/99 from December 17th, as amended by Decree-Law 300/2007 from August 23rd and, in the meantime, revoked by the Decree-Law 133/2013, from October 3rd and subsequently amended by Law 75-A/2014, of September 30th. The article 39 of Decree-Law 133/3013 mentions, amongst other responsibilites, that the definition of the level of public service to be provided by the companies and the promotion of the necessary diligences for the corresponding conclusion of agreements is an exclusive competence of the sectorial ministries.

The Decree-Law 137-A/2009, amended by Decree-Law 59/2012 of March 14th, established the framework which allows the conclusion of agreements of the public railway transportation services provided by CP, establishing that the respective contractual instrument shall include the specific provisions regarding the services to which the existence of public service obligations is justified.

On March 24th, 2011, CP concluded with the State the agreement named Temporary Scheme of Public Service Funding, having as an object the definition of the conditions of the provision of public service, with a period of validity between March 24th, 2011 and December 31st, 2019.

However, considering the Strategic Plan of Transports for the period between 2011 and 2015, under the terms of the Resolution of the Council of Ministers 45/2011 from November 10th, the aforementioned agreement revealed to be inadequate, thus the need of a substantial revision arose, which resulted in the conclusion of a new agreement.

In that context, CP and the State agreed in revoking the previous agreement, and CP waited for the decision regarding the conclusion of a new public service agreement.

Until the conclusion of the new public service contracts, operations subsidies are payable to CP, which are intended to cover other costs effectively incurred by CP by virtue of the public service provided.

The operations subsidies attributed to CP regarding 2015 are in the Resolution of the Council of Ministers 31/2015, published in the Journal of the Republic, 1st Series, no. 92 from May 13th 2015.

It should be referred that the values attributed by the State to CP in 2015 correspond exclusively to the contribution of the State to passes and intermodal system *andante,* not having been attributed to CP any compensation for the provision of its public service.

Accounting Framework of Preparation of Financial Statements (Note 2)

Accounting framework

The financial statements of CP – Comboios de Portugal, EPE, regarding the financial year of 2015 were established in compliance with the Accounting Normalization System (SNC), according to the provisions of Decree-Law 158/2009 of July 13th.

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

The financial statements which include balance, income statement according to their nature, income statement according to their function, statement of alterations in equity, cash-flow statement and attachment, and which were approved by the Board of Directors of the Company on April 28th 2016, are presented in Euros and were prepared in accordance with the assumptions of continuity and accrual basis in which the items are recognized as assets, liabilities, equity, income and expenses when they satisfy the definitions and recognition criteria for these elements from the conceptual framework, in accordance with the qualitative characteristics of the financial statements, of understandability, relevance, materiality, reliability, reliable representation, substance over form, neutrality, prudence, completeness and comparability.

The accounting policies presented in note 3 were used in the financial statements for the period concluded on December 31st 2015 and for the comparative financial statements presented in these financial statements for the period concluded on December 31st 2014.

Derogations of the SNC [Accounting Normalisation System]

There were no derogations made to the provisions of SNC.

Comparative Values

There were no alterations regarding accounting policies or errors which may significantly affect the comparison of values between the financial years.

Main Accounting Policies (Note 3)

The main accounting policies applied in the elaboration of these financial statements are described below:

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, except for those for which fair-value is not available.

Financial holdings are recognised by the equity method every time there is control or a significative influence over such companies by CP.

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 NCRF require the formulation of judgments, estimates and assumptions which affect the application of the accounting policies and the value of assets, liabilities, income and expenses. The estimates and assumptions associated are based on the historical experience and on oher factors considered reasonable in accordance with the circumstances, and they are the basisfor the judgments regarding the value of assets and liabilites whose valuation is not evident through other sources. The real results might be different than the estimates.

The matters requiring a larger index of judgment or complexity, or for those for which the assumptions and estimates are considered significant, are presented in the headings "Value judgments", “Main assumptions concerning the future” and “Main sources for uncertainty in estimates” present in this note.

Relevant Accounting Policies

Fixed Tangible Assets

Recognition and valuation

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

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

The subsequent costs are recognised as fixed tangible assets only if they are likely to produce future economical profits for CP. All expenses related to the maintenance and current repair which do not increase the useful life of the asset or which do not correspond to replacements of items of the asset in regular intervals (huge interventions performed in intervals varying between 2 and 15 years) are recognized as an expense, according to the accruals principle.

Some of the items of the fixed tangible asset might need replacements in regular intervals (large repairs). In these circumstances the carrying value of an item of the fixed tangible asset recognises the cost of the replacement part of such item, when the cost is incurred, if the recognition criteria are fulfilled. The carrying value of the parts which are replaced is not recognised in accordance with the standards of non-recognition of the NCRF 7 - Fixed Tangible Assets.

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

The fixed tangible assets of CP include assets belonging to the State (assets present in the Joint Order no. 261/99 from March 24th) and are allocated to the operating activity of the company. The assets made available by the Portuguese

State, without transfer of the property, are registered in the financial statements of CP in order to allow an appreciation of the economical performance of the Entity.

Maintenance and Repair Expenses

Rolling Stock:

- The expenses with current maintenance incurred during the useful life of the rolling stock are recognised as operational expenses;
- The expenses incurred in large and indispensable pluriannual repairs, for the continuity of the operation of the asset, are recognized in the fixed tangible assets as specific components of the rolling stock and marked-down by their estimated useful life in a separate section of the main component. When each large repair is made, its cost is recognised in the carrying value of the item of the fixed tangible asset as a replacement, in case the recognition criteria are met. Any remaining carrying value 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 recognized as fixed tangible assets and marked-down by the extension of the expected useful life.

Building and Fixed Installations:

- The current maintenance and repairment expenses (maintenance agreements, tehcnnical inspections, etc.) are recognised as operating expenses;
- The expenses incurred with plans of pluriannual programmed maintenance are recognised in fixed tangible assets, through the partial or total replacement of the replaced component.

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

Mark-down

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
Transportation equipment	4 to 12
Administrative equipment and tools	3 to 18
Other Fixed Tangible Assets	5 to 20

The fixed tangible assets belonging to the State (assets included in the Joint Order 261/99 from March 24th) are being marked-down since 1999 at a rate of 2%, in accordance with the Regulating Decree 25/2009 from September 14th.

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

Government Grants

The government grants related to fixed tangible and intangible assets are initially recognised as equity when there is a guarantee that the grant will be received and that CP will comply with the conditions associated to the assignment of the grant. The grants compensating CP for gains and losses incurred are recognised as income in the income statement on a systematic basis and in the same period in which the expenses are recognised. The grants compensating CP for the acquisition of an asset are recognised in the income statement on a systematic basis in accordance with the useful life of the asset.

Costs Capitalisation with Loans and Other Costs Directly Attributable

Loan interest directly attributable to the acquisition or construction of assets are capitalised as part of the cost of those assets. An asset eligible for capitalisation is an asset which needs a substantial period of time in order to be available for use or for sale. The amount of interest to capitalise is established through the application of a capitalisation rate on the value of the investments carried out. The capitalisation of costs with loans begins when the investment starts, that is, interests of loans have already been incurred with, and the necessary activities for preparing the asset so that it is available for use or sale are already on going. The capitalisation is concluded when all the necessary activities for the asset to be available for use or sale are substantially concluded.

Impairment

CP considers that the nature of its rolling stock and, in particular, the absence of interoperability with the European network, renders the establishment of an appropriate market value impossible, given the absence of an active market. Thus, this amount is only established when there are proposals of sale of specific material or by the establishment of a residual value.

Regarding the establishment of the use value, it must reflect the expected cash-flows, updated to a discount rate appropriate for the business. CP considers that, for the calculation of the expected cash-flows, we must take into account the features of the provided public service as well as the specificities of the funding structure that has been followed until the current moment.

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

However, when the specific situations which show that an asset may be in impairment are verified, namely when the rolling stock stopped providing services, it is established a recoverable amount and a loss by impairment is recognised whenever the net value of an asset exceeds its recoverable amount. This way, the losses due to impairment are recognised in results. The recoverable amount is established 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-flow which is expected to be obtained by the continued use of the asset and of its disposal at the end of its useful life.

Leases

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

Operating Leases

The payments of an operating lease are recognised as an expense on a straight-line basis during the leasing period.

Financial Leases

The agreements on financial lease, in which the company is the tenant, are registered at their starting date, in assets and in liabilites, by the least between the fair value of the leased property or the current value of the due rents of the lease.

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

Assets acquired in financial lease are devaluated according to the policy established by the company for fixed tangible assets, except if there is no reasonable guarantee to consider that the company will obtain the property of the good at the end of the lease, situation in which the asset shall be devaluated by the least between the leasing period and its useful life.

Financial Investments in Subsidiaries and Associates

Subsidiaries

Subsidiares are all the entities controlled by the company.

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

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

The investments in subsidiaries are accounted through the purchase method, and both the fair-value of assets and liabilites are settled, and the eventual included *goodwill* in the carrying value of the investment is not amortised. The *goodwill* is tested on a yearly basis, regardless the existence of indicators of impairment. Any possible losses by impairment are recognised in income of the period. The recoverable amount is established based on the use value of the assets, and it is calculated through assessment metodologies supported in techniques of discounted cash-flows, considering the market conditions, the temporary value and the business risks. After that, they are measured through the equity method since the date in which the Company assumes control over its financial and operating activities unitl the moment such control is finished.

If the part of the company in the losses of the subsidiary exceeds its interest in the mentioned subsidiary, the recognition of its part in additional losses is dropped. The additional losses are taken into account regarding the recognition of a provision for the entire amount of the responsibilities of CP in the subsidary companies.

Associates

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

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

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

Resulting Financial Instruments and Hedge Accounting

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

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

Hedge Accounting

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

- Establish and document the hedge relationship in such a way that the hedged risk, the hedging item and the hedged item are clearly identified and that the risk of the hedged item is the same risk for which is being made the hedge with the hedge instrument;

- The risk to be hedged is one of the following: Risk hedging of fixed interest rate or risk hedging of variability of interest rates, currency risk or price risk; and
- Expects that the alterations of the fair-vaue or cash-flow in the hedged item, attributable to the risk being covered, will compensate almost entirely the alterations of fair-value or cash-flows of the hedging instrument.

Risk Hedging and Fixed Interest Rate

The variations of the fair-value of derivatives attributed and qualifiable as risk hedging of fixed interest rate (“fair-value hedging”) are registered against results, jointly with the variations of fair-value of the hedged risk of the asset, liability or group of assets and liabilites. If the hedging relationship no longer complies with the requisites of hedge accounting, the accumulated gains or losses are recognised in the valuation of the hedged risk and they are amortised up to the maturity of the hedged item.

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

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

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

Given the case of discontinuation of a hedging relationship of a future transaction, the variations of fair-value of the derivative registered in share capitals are held on those capitals until the recognition in results of the future transaction. When the transaction is no longer expected to happen, the accumulated gains or losses registered against share values are immediately recognised in results.

However, despite the financial instruments hired by the Company aim for risk hedging of the interest rate, such instruments do not comply with NCFR 27, as mentioned above, in order to be classified as financial hedging instruments. For that reason, they were classified as financial instruments held for trading.

Other Financial Assets/Liabilities

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

CP measures its financial assets/liabilities at cost or at amortised cost without any loss by impairment or fair-value with the alterations of fair-value to be recognised in the income statement.

After the initial recognition, assets and liabilities measured at their fair-value through results are revaluated by their fair-values, based on their market value on the date of the balance, without any deduction for transaction costs which may occur up to their sale. Investments on equity instruments which are not quoted or whose fair-value is not possible to be estimated reliably, are kept at their acquisition cost deducted from possible impairment losses. Investments held up to their maturity are measured by their amortised cost, using the effective interest rate method.

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

The following financial instruments are measured at cost or amortised cost without losses due to impairment:

- Financial instruments:
  - Cash or with a established maturity;
  - If the profit for its holder is a fixed amount, with fixed interest rate during the life of the instrument or, also, with variable rate which is a normal market indexing rate for funding operations (such as *Euribor*) and, furthermore, when it includes a s*pread* over the same indexing rate; and
  - They cannot contain any agreement clause which may result in nominal value loss and accumulated interest for the holder (except typical cases of credit risk), namely in receivables from clients, other receivables, accounts payable to suppliers, other accounts payable and bank loans.
- Agreements to grant or obtain loans that:
  - Cannot be settled on net basis,
  - When concluded, they are expected to meet the conditions for recognition at cost or at amortised cost without losses due to impairment; and
  - The entity establishes, in the moment of inicial recognition, that they are to be measured at the cost without losses due to impairment.

- Investments in share capital instruments which are not publicly traded and whose fair-value cannot be reliably obtained, as well as agreements linked to such instruments which, if concluded, result in the delivery of such instruments - which shall be measured at the cost without losses due to impairment.

Measuring at Fair-Value Through Results

Financial instruments which are not measured at cost or at amortised cost, as mentioned above, should be measured at fair-value.

Financial instruments for which it is not possible to obtain reliable fair-values are measured at the cost o the amortised cost without losses due to impairment.

Impairment

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

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

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

Jointly Controlled Entities

Regarding joint ventures in the form of jointly controlled entities, the company includes in its accounting registers and recognises it in its financial statements:

- Cash or resources contributions, in the form of an investment in the jointly controlled entity;
- Its part of the profits in the jointly controlled entity;
- Losses resulting out of contributions or assets sales to the jointly controlled entity when they result out of a decrease in the net realisable value of current assets or of a loss due to impairment;

- Gains resulting out of contributions or sales are fully recognised when the assets have already been realised by the jointly controlled entity. If the assets are still held in the joint venture, the only part to be recognized is the one with a gain attributable to the participation in other ventures; and
- The part of the profits of the joint venture which is for sale for the venturer shall be deduced from the result of the joint venture. Such part of the profits shall be recognised when the venturer resells the assets to third parties.

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

Inventory

The existence of goods and raw, subsidiary and consumable materials are registered at the acquisition cost, and the weighted average cost is adopted as costing method for outgoings. When necessary, the impairment is recognised for obsolete existences, slow rotation and defective, and it is presented as a deduction to the asset.

Other Receivables from Clients and Other Debtors

Receivable accounts are measured by their nominal value deduced from the losses due to impairment associated to it.

Losses due to impairment are registered based on the assessment of expected losses, associated to the credits of bad debts at the balance date. Identified losses due to impairment are registered against results, and subsequently reversed to results in case a decrease of the amount of the expected loss is verified in a later period.

Cash and Cash Equivalents

Cash and cash equivalents include cash, bank deposits and other short-term investiments of high liquidity and bank overdrafts. Bank overdrafts are presented in the Balance, in the current liability, in the heading Funding obtained.

Loans and Bank Overdrafts

Loans are initially recognised in the liability by the received nominal value, deducted from expenses related to issuance, which corresponds to the respective fair-value at such date. Subsequently, loans are measured by the amortised cost method. Any difference between the liability component and the payable nominal amount, at maturity date, is recognised as expenses of interest using the effective interest rate method.

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

- If they are expected to be settled during the regular operating cycle of the entity;
- If they are essentially held with the goal of being traded;
- They shall be settled in a period not exceeding twelve months after the balance date;
- The entitiy does not hold an unconditional right to defer the settlement of the liability during at least twelve months after the balance date.

All other loans are classified as non-current liability.

This way, the amount in debt regarding funding agreements whose contractual collectability exceeds one year is classified in the heading Non-Current Liability.

Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets or groups of non-current assets held for sale (groups of assets jointly with the respective liabilities, which include at least one non-current asset), are classified as held for sale when their cost is recovered mainly through sale, the assets or groups of assets available for immediate sale and whose sale is very likely.

Non-current assets or groups of assets acquired only with the aim of a subsequent sale, and which are available for immediate sale and whose sale is very likely are also classified as non-current assets held for sale.

Immediately before being classified as held for sale, the measuring of all non-current assets and all assets and liabilites included in a group of assets for sale, is performed in accordance with the applicable NCRF. After their classification, these assets or groups of assets are measured to the least between their carrying value and their fair-value deducted from sale costs.

Transactions in Foreign Currency

Functional and Presentation Currency

The elements included in CP financial statements are measured using the currency of the economic environment in which the entity works ("the functional currency"). The

Financial Statements are presented in Euros, and such currency is the functional and presentation currency of CP.

Transactions and Balances

Transactions in other currencies different from Euro are converted in functional currency using the exchange rate in force at the date of the transaction.

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

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

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

Revenue Recognition

Revenues created in CP concern the provision of passenger transportation services, the sale of goods and other services related to railway transportation, deducted from discounts and price deductions. Revenues are recognised at their fair-value.

Services provided by CP are normally concluded within each reporting period. Income resulting from CP’s activity is recognised in the income statement, at the time such service is provided, which concerns the starting date of the trip, and at the moment the amount of revenue and expenses is likely to be reliably measured and the economical benefits will revert to CP.

Recognition of Expenses and Income

Expenses and income are registered in the period to which they concern, regardless its payment or receiving, in accordance with the underlying assumption of the accrual basis (economic periodisation). The established financial statements inform not only of the past transactions involving the payment and the receiving of cash but also the obligations of future payment and resources which represent cash to be received in the future. The specialisation of the financial years is established in the heading Other receivable and payable accounts and in the heading Deferrals.

Provisions

Provisions are recognised when (i) the company has a present obligation, legal or constructive, from a past event, (ii) an outgoing for settling the obligation is likely, and (iii) when a reliable estimate of the amount of the obligation can be made.

The value provided is the amount considered to be necessary to deal with expected economic losses. When the time effect of the money for material, the provisioned 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 Payable

Interests are recognised in accordance with the accruals principle. The dividends to receive are recognised at the date in which the right to receive them is established.

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

Profit Tax

Profit tax registered in results includes the effect of current taxes and deferred taxes. Such tax is recognised in the income statement, except if related to items which are moved in equities, which implies their recognition in equities.

Deferred tax assets are only recognised when there are reasonable expectations pointing out future fiscal profits enough for their use, or in the situations in which there are temporary tax differences which can balance the deductible temporary differences in their reversal period.

At the end of each financial year a revision of such deferred taxes is performed, and such taxes are reduced as long as their future use is no longer likely.

Current taxes correspond to the expected amount to be paid on the period’s taxable income, using the tax rate in force at the date of the balance, and any adjustments to taxes from previous periods.

CP is the dominant society of a group of companies which is taxed in accordance with the special scheme of taxation of the consolidated result, as mentioned in note 11.

Contingent Assets and Liabilites

Contingent Assets

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

Contingent assets are not recognised in the financial statements, but they are included in the attachment if an inflow of economic benefits is likely.

Contingent Liabilites

A contingent liability occurs when there is:

- A possible obligation resulting out of past events and whose existence will only be confirmed by the occurence, or non-occurence, of one or more uncertain future events which are not entirely under the control of the entity, or
- A current obligation of past events but that is not recognised because (i) it is unlikely that an outflow of resources which gathers economic benefits will be necessary to settle the obligation; or (ii) the amount of the obligation cannot be measured with enough reliability.

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

Subsequent Events

The financial statements presented reflect the subsequent events occurred until April 28th 2016, date on which they were approved by the Management Body in accordance with the provisions laid down in note 2.

The events occurred after the balance date under conditions which already existed at the balance date are considered during the preparation of the financial statements. The material events after the balance date are disclosed in note 53.

Value Judgements

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

One of the value judgments made in the process of application of CP's accounting policies and the one which has the most impact in the recognised amounts in the financial statements concerns the fair-value of the financial instruments.

The fair-value of the derivatives of financial instruments is established by an external entity using the discounted cash-flows method. All calculations were made based on the income curves supplied by *Reuters* at 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. For operations involving options, it is attributed a delta of 0% or 100% to the fluxes depending on the achievement or not of the barrier in question. The future projection of the barriers in question is established using the current curve of income.

Main Assumptions Concerning the Future

The Board of Directors considers that it is adequate to prepare the financial statements based on continuity, considering the factors described below:

- CP operational situation presents sustainability, and the maintenance of a positive EBITDA regarding transportation activity in 2015 shall be mentioned, which indicates that the future sustainability of the factors has improved;
- The State has granted all its support to the company, namely in what concerns the necessary support to the company's funding, aiming to ensure the debt service and the needs of exploitation and investment; and
- The importance of the service CP provides nowadays to the Portuguese economy by the transportation of 112 milllion of passengers per year is also to be remarked, as a factor of vital importance for the functioning of the economic activity, reinforcing the need of the State to ensure, in future adverse situations, the necessary support for the continuity of CP.

Main sources for uncertainty in estimates

The preparation of the financial statements in accordance with the NCRF 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 information available. Alterations in the facts and circumstances may lead to the revision of the estimates. This may mean that actual future results can be different from those estimates.

The main sources for uncertain estimates at the date of the balance, 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 concerning the expected utility of the asset for the entity. The policy of assets management of the entity may involve the disposal of assets after a specific period of time or after the consumption of a specified proportion of 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 judgment based in the entity's experience with similar assets.

Fair-Value of the Financial Instruments

The fair-value is based on market quotations, when available. If there is no quotation, the fair-value is established in accordance with the usage of recent transaction prices, similar and concluded in market conditions or, also, in accordance with assessment methods based on techniques of future cash-flows - which are discounted considering market conditions, the temporal value, the yield curve and volatile factors. These methods may require using assumptions or judgments regarding the fair-value estimate.

The fair-value of the derivatives of financial instruments is established by an external entity using the discounted cash-flows method. All calculations were made based on the income curves supplied by Reuters at the reference day of the financial statements. Thus, the moment in which the estimates are made is the main source for uncertainty.

Bad Debts

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

Provisions

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

Non-Current Assets Held for Sale

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

Cash-Flow (Note 4)

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

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

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

The Statement of Cash-flows regarding financial year 2015 shows negative operating flows of 25.7 million euros, presenting an improvement of 119.7 million euros in comparison with 2014, which mainly arises from the payment of the historical debt to IP on December 2014. It shall also be noted that there was a decrease in the cash-flows generated by the operational activity when compared to the one registered in the same period of the previous year, concerning receivables from clients, as a result of the absence of operations subsidies in 2015.

It shall also be highlighted the positive flows of funding activities as a result of the capital increases performed by the State, amounting to 683.5 million euros.

Heading Cash and Bank Deposits

The Heading Cash and Bank Deposits is constituted by the following balances:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Cash	344 231	309 672
Bank deposits	7 678 666	24 765 756
Sub total	**8 022 897**	**25 075 428**
Bank overdrafts	(4 670)	-
Total	**8 018 227**	**25 075 428**

Disaggregation of the Values included in the Heading Cash and Bank Deposits

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

(amounts in Euros)

Description	31/12/2015	31/12/2014
Cash		
Central Cash	1 302	674
Petty Cash	2 600	2 600
FFC Treasury	10 200	3 000
Cash from train stations	330 129	303 398
Total	**344 231**	**309 672**
Demand deposits		
Banco Bilbao Vizcaya Argentaria	-	1 506
Novo Banco	5 528	5 772
Banco Português de Investimento	2 857 515	2 092 400
Banco Internacional de Crédito	-	-
Banco Santander	506 192	296 965
BNP Paribas	-	172
Caixa Geral de Depósitos	45 457	61 351
Deutsche Bank	-	95
Inst. Gestão Crédito Público	4 252 436	22 290 842
Millennium BCP	11 538	16 653
Total	**7 678 666**	**24 765 756**
Sub total	**8 022 897**	**25 075 428**
Bank overdrafts	(4 670)	-
Total	**8 018 227**	**25 075 428**

Note: the value considered in bank overdrafts matches the cheques in transit

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

There are no alterations of accounting policies and estimates or errors with material impact on the company's accounts to be reported.

Fixed Tangible Assets (note 6)

At the end of 2015 CP presented a fixed tangible asset organised by fixed asset classes, as presented in the following table:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Gross Amount:		
Land and natural resources	19 133 999	16 628 385
Buildings and other constructions	74 813 263	71 374 545
Basic equipment	1 371 356 237	1 538 291 434
Transportation equipment	1 350 060	1 427 225
Administrative equipment	19 825 773	19 482 852
Other fixed tangible assets	62 302 817	62 108 713
Ongoing investments	1 408 455	2 967 536
Advance payments on account of investments	3 460 927	6 383 547
Sub-total	**1 553 651 531**	**1 718 664 237**
Accumulated depreciation and impairment:		
Depreciation of the period	58 882 413	64 987 148
Accumulated depreciation of previous periods	903 043 250	915 903 387
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
Sub-total	**969 070 611**	**989 193 546**
Net book value	**584 580 920**	**729 470 691**

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

The movements in the heading of fixed tangible assets during 2015 are summarized in the following table:

(amounts in Euros)

Description	Opening balance	Additions	Disposals / Transference art. 28 CSC	Assets classified as held for sale	Write-offs	Transfers	Other adjustments	Closing balance
Gross Amount:								
Land and natural resources	16 628 385	-	-	1 551 261	-	954 353	-	19 133 999
Buildings and other constructions	71 374 544	18 316	-	170 157	(6 868)	3 257 114	-	74 813 263
Basic equipment	1 538 291 435	106 037	(171 756 957)	1 878 312	(4 835 907)	7 673 317	-	1 371 356 237
Transportation equipment	1 427 224	-	(40 702)	-	(36 462)	-	-	1 350 060
Administrative equipment	19 482 852	413 894	(15 505)	-	(233 031)	177 563	-	19 825 773
Other fixed tangible assets	62 108 713	118 875	-	-	(90 293)	165 522	-	62 302 817
Ongoing investments	2 967 535	7 433 542	-	-	-	(8 993 799)	1 177	1 408 455
Advance payments on account of investments	6 383 548	-	-	-	-	(3 234 070)	311 449	3 460 927
	1 718 664 236	**8 090 664**	**(171 813 164)**	**3 599 730**	**(5 202 561)**	**-**	**312 626**	**1 553 651 531**
Accumulated depreciation and impairment:								
Buildings and other constructions	29 628 171	2 060 572	-	-	(6 868)	82 147	-	31 764 022
Basic equipment	890 575 876	53 862 345	(74 775 287)	1 765 146	(4 544 749)	-	-	866 883 331
Transportation equipment	1 301 545	41 113	(40 702)	-	(36 463)	-	-	1 265 493
Administrative equipment	18 794 926	473 016	(8 915)	-	(232 658)	-	-	19 026 369
Other fixed tangible assets	40 590 016	2 445 367	-	-	(48 934)	-	-	42 986 449
Fix. Tang. Assets-Losses Acc. Imp. - Basic Equipment	8 303 011	(1 158 064)	-	-	-	-	-	7 144 947
	989 193 545	**57 724 349**	**(74 824 904)**	**1 765 146**	**(4 869 672)**	**82 147**	**-**	**969 070 611**
Total	**729 470 691**							**584 580 920**

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

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

The accumulated mark-downs and impariments mentioned in the column Additions concern the mark-down of assets, in accordance with their useful life, standing out due to their contribution, the mark-downs of rolling stock and the impairments recognised in the rolling stock, as a result of accidents.

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

(amounts in Euros)

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

Leases (note 7)

Does not apply.

Financial Holdings – Equity Method (note 8)

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

(amounts in Euros)

Descritpion	Type	31-12-2015			31-12-2014		
		Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
EMEF, SA	Investment	8 028 936	-	8 028 936	6 500 670	-	6 500 670
EMEF, SA	Loans	13 500 000	-	13 500 000	13 500 000	-	13 500 000
CP CARGA, SA	Investment	21 080 144	21 080 144	-	-	-	-
CP CARGA, SA	Loans	71 272 682	71 272 682	-	71 272 682	-	71 272 682
SAROS, SA	Investment	490 628	-	490 628	351 846	-	351 846
FERNAVE, SA	Investment	2	-	2	2	-	2
FERNAVE, SA	Loans	2 600 000	-	2 600 000	2 600 000	-	2 600 000
ECOSAÚDE, SA	Investment	-	-	-	-	-	-
ECOSAÚDE, SA	Loans	300 000	-	300 000	500 000	-	500 000
OTLIS, ACE	Investment	195 830		195 830	154 097		154 097
Total		**117 468 222**	**92 352 826**	**25 115 396**	**94 879 297**	-	**94 879 297**

During 2015, there was a need to renew CP's loans to its affiliates, since the latter were not able to release funds to ensure the amortisation of the aforementioned loans or to obtain additional funding from the commercial bank.

The renewal of such funding was authorised by the Board of Directors of CP, under the 2015 Activities and Budget Plan, approved by the responsible Ministries, and which did not foresee any refunds of such loans.

The impairment registered with the affiliate CP Carga 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.

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

(amount in Euros)

	Opening balance	Additions	Disposals	Equity Method	Other changes	Closing balance
Gross amount						
EMEF, SA	20 000 670	-	-	1 528 265	-	21 528 935
CP CARGA, SA	71 272 682	-	-	(95 232 667)	116 312 811	92 352 826
SAROS, SA	351 846	-	-	138 783	-	490 629
FERNAVE, SA	2 600 002	-	-	-	-	2 600 002
ECOSAÚDE, SA	500 000	-	-	-	(200 000)	300 000
OTLIS, ACE	154 097	-	-	84 028	(42 295)	195 830
Sub-total	**94 879 297**	**-**	**-**	**(93 481 590)**	**116 070 515**	**117 468 222**
Impairment	-	92 352 826	-	-	-	92 352 826
Sub-total	**-**	**92 352 826**	**-**	**-**	**-**	**92 352 826**
Total	**94 879 297**	**92 352 826**	**-**	**(93 481 590)**	**116 070 515**	**25 115 396**

With regard to the movements related to financial holdings, it is highlighted an increase of the holding in CP Carga, registered subsequently to the transfer of rolling stock of related to CP's merchandise activity to CP Carga.

The summarised financial information concerning the associated companies (values pending approval in meeting, which may not correspond to the final amounts) is presented as follows:

(amounts in Euros)

Name of the associated company	% of shareholding	Reference date	Assets	Liabilities	Equity	Income	Net income
EMEF, SA	100	31-12-2015	45 377 724	37 519 405	7 858 320	60 708 677	1 356 375
CP CARGA, SA	100	31-12-2015	208 247 658	187 167 514	21 080 144	72 399 365	(11 713 480)
SAROS, SA	100	31-12-2015	507 065	16 437	490 628	489 455	414 211
FERNAVE, SA	100	31-12-2015	766 045	3 539 854	(2 773 808)	1 253 392	(416 432)
ECOSAÚDE, SA	100	31-12-2015	860 946	947 108	(86 163)	2 124 642	14 140
TIP, ACE	33	31-12-2015	10 614 718	12 652 244	(2 037 526)	7 715 453	2 608 901
OTLIS, ACE	14	31-12-2015	6 299 703	4 928 892	1 370 810	4 241 076	490 978

Financial Holdings – Other Methods (note 9)

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

At the date of each period of financial reporting, CP assesses the impairment of these financial assets, 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:

(amount 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
Bonds (Consolidated 1942)	Acquisition Cost	662	-	662	662	-	662
		28 415 784	**(644 389)**	**27 771 396**	**28 415 784**	**(644 389)**	**27 771 396**

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

(amount in Euros)

	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
Bonds (Consolidated 1942)	662	-	-	-	-	662
	28 415 785	-	-	-	-	28 415 785
Impairment						
MLM, SA	(12 721)	-	-	-	-	(12 721)
METRO DO PORTO, SA	(249 399)	-	-	-	-	(249 399)
ICF	(382 269)	-	-	-	-	(382 269)
	(644 389)	-	-	-	-	(644 389)
Total	**27 771 396**	**-**	**-**	**-**	**-**	**27 771 396**

Eurofima is a supranational organisation, in the form of a society, which is constituted by railway transportation public companies. Eurofima was established on the 20th of November, 1956, as a result of a treaty (“Convention”) among several contracting European State Members. The Articles of Association of Eurofima stated that the “Convention” had a duration of 50 years after the establishment. However, all State Members approved the extension of the Convention for 50 years more – that is to say, until 2056- in the extraordinary general meeting of February 1st 1984.

The value registered in the holding of Eurofima corresponds to the subscription of 52,000,000 Swiss Francs on the date of the initial subscription of the capital and the subsequent capital increases. CP, as well as all other shareholders of Eurofima, only paid a 20% of such value, so the remaining 41,600,000 Swiss Francs are still to be paid (note 31). The shareholders may be asked to pay at any moment and unconditionally the value that is still to be paid.

Deferred Tax Assets (note 10)

The detail of this heading is analysed as follows:

(amount in Euros)

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

As it is mentioned in note 11 concerning Income Tax, due to the adherence to Law 61/2014 from August 26th, which approved the special scheme applicable to the deferred tax assets, the company started in 2014 the recognition of deferred tax assets, according to the provisions of such Law. Such adherence is still waiting for confirmation upon issuance of an order from the Sector and Financial Ministries.

The variation occurred in 2015 results out of the update of the Company's liabilities regarding work accidents pensions within the period in which CP was self-insurer, having been performed an actuarial stury by an independent entity to assess those liabilities.

Income Tax (note 11)

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 [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 reporting of tax losses and impairments and temporary provisions not accepted for tax purposes, since it is considered that such group of companies, within a special tax scheme, is expected to obtain any future taxable income which may allow the use of the accumulated tax losses of CP. At the end of 2015, the total value of deductible tax losses of CP Group amounted to, approximately, 988.3 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 any significant alterations to the funding system of the public transportation service and the economic conditions were expected, in a way that may allow the generation of a basis of assessment enough to originate collection and, subsequently, the payment of income taxes.

With regard to income tax, 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 met, the constitution of a deferred tax asset which may be converted into tax credit, used for the payment of income and wealth tax, or eventually be refunded to the client. Therefore, the company recognised a deferred tax asset, based on the product of the total liability of work accidents pensions by the Corporate Income Tax rate in force, plus the corresponding municipal tax. The company considers that the realisation of this asset is independent from the generation of the basis of assessment.

The accounting result was adjusted so as to show the Corporate Income Tax expected to be paid as separate taxation of 2015 and the value of deferred tax assets recognised regarding the update of work accidents liabilities.

Shareholders/Partners (note 12)

The detail of this heading is analysed as follows:

(amount in Euros)

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

Within the scope of the agreement to implement the tariffs of intermodal passes (4-18, Sub.-23 and Social +), concluded between the State and CP-Comboios de Portugal, EPE, funds were distributed as financial compensations for the reduced price of such transportation passes, as laid down in the Resolution of the Board of Ministers (RCM).

The value in the balance corresponds to funds received which are waiting for the approval of the corresponding allowance to be regularised as company's revenue.

Inventory (note 13)

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

(Amount in Euros)

Descritpion	31/12/2015	31/12/2014
Gross amount:		
Goods	-	-
Raw, auxiliary and consumable materials	9 291 108	9 505 490
Reclassification and adjustment of inventories	-	-
Advance payments for purchasing purposes	-	-
	9 291 108	9 505 490
Accumulated impairments		
Impairments of the period	(255 169)	(117 381)
Impairments of previous periods	(4 488 625)	(4 371 244)
	(4 743 794)	(4 488 625)
Net book value	**4 547 314**	**5 016 865**

CP verifies on a half-yearly basis if the realisable value of the inventory 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 exceeds the net realisable value, a loss due to impairment is recognised by the difference between those two variables.

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

Since the financial year of 2012, and 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 assets. In order to do that, the mark-downs of the storage parts of rolling stock was calculated in accordance with the estimate useful life of the series of material to which they were linked, which allowed the identification of the actual obsolete and useless materials. For the remaining different materials, the criterion of non-rotation for over 5 years was maintained.

Bearing in mind the application of this new criterion, more adapted to the reality of the company, a loss due to impairment of 255,169 Euros was recognised, as identified in the following table:

(amount in Euros)

Description	Opening balance	Losses	Reversal	Adjustment	Closing balance
Inventory impairments					
Goods	-	-	-	-	-
Raw, auxiliary and consumable materials	(4 488 625)	(255 169)	-	-	(4 743 794)
Total	**(4 488 625)**	**(255 169)**	**-**	**-**	**(4 743 794)**

Clients (note 14)

On December 31st 2015, the heading Clients presented the following values:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Gross amount:		
Clients c/c		
General	4 820 166	3 779 585
Associated companies	501 639	337 439
Joint ventures	486 591	400 448
Other related parties	(126 559)	30 788
Clients - Bad Debt	-	-
Clients - losses acummulated impairment	1 408 565	1 489 859
Sub-total	**7 090 402**	**6 038 119**
Accumulated impairment		-
Losses due to impairment of the period	81 294	438 654
Losses due to impairment of previous periods	(1 489 859)	(1 928 513)
Sub-total	(1 408 565)	(1 489 859)
Net book value	**5 681 837**	**4 548 260**

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

(amounts in Euros)

Description	Opening balance	Losses	Use	Reversal	Closing balance
Losses due to impairment					
General clients	1 489 859	37 549	(118 843)	-	1 408 565
Total	**1 489 859**	**37 549**	**(118 843)**	**-**	**1 408 565**

The old balances from clients are presented as follows:

(amounts in Euros)

Descritpion	up to 90 days	Between 90 and 180 days	Between 180 and 360 days	Between 180 and 360 days	More than
General clients	4 196 668	408 553	198 288	198 288	16 657
Associated companies	501 639	-	-	-	-
Joint ventures	488 550	2 521	(2 716)	(2 716)	(1 764)
Other related parties	(126 571)	12	-	-	-
Total	**5 060 286**	**411 086**	**195 572**	**195 572**	**14 893**

Advances to Suppliers (note 15)

The heading Advances to suppliers presents the following details:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Gross amount		
EMEF-EMP. MANUT. EQUIP. FERROV. S.A.	3 279	3 279
SISCOG-SISTEMAS COGNITIVOS, LDA.	128 391	128 391
INFRAESTRUTURAS DE PORTUGAL, S.A.	2 120	2 120
Total	**133 790**	**133 790**
Accumulated impairments		
Impairments of the period	-	-
Impairment of previous periods	-	-
Total	-	-
Net book value	**133 790**	**133 790**

State and Other Public Entities (note 16)

The heading State and Other Public Entities is analysed as follows:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Asset		
Income Tax	**1 215 119**	**1 137 945**
Special payment on account	1 144 283	1 066 323
Withholding tax	70 836	71 622
VAT	**7 221 754**	**8 073 978**
Vat to recover from Nov. and Dec.	4 891 292	4 665 237
VAT requested refunds	2 330 462	3 408 741
Soc. Sec. contributions	55 597	-
VAT withholding tax to recover	884 625	884 625
Total	**9 377 095**	**10 096 548**
Liability		
Income tax	286 242	275 884
Withholding income tax	12 641	1 213 254
Social Security contribution	3 365	1 877 216
Total	**302 248**	**3 366 354**

The main variations registered between 2015 and 2014 arise mainly from the decrease of the value of the reimbursement requests, regarding assets, and the reductions of income tax withholdings and the social security contribution, regarding liabilities, due to advance payment.

Other Receivables (note 17)

The heading Other Receivables presents the amounts registered in the following table:

	(amounts in Euros)	
Description	31/12/2015	31/12/2014
Gross Amount:		
Suppliers c/c - debit balances	578	6 968
Other Debtors - personnel	60 040	14 273
Sundry Debtors - c/c	19 873 423	36 933 492
Sundry Debtors - bad debt	36 117 056	4 981 301
Sundry creditors - debit balances	88 247	67 960
Sundry Creditors - dep. securities provided	218 210	218 210
Sundry C. - income to share	-	-
Sundry C. - VAT - operations to adjust	139 454	25 464
D/C. - Div. - billing to issue	(997)	-
Sundry D/C - Health insurance	199 920	172 504
Sundry C. - ODC - galp frota card/ via verde	30 126	47 215
Oth. Ac. Rec/Pay - unregularised deposits	-	-
ODC - Business Units/ others	351 899	730 284
Debtors from accrual of income	2 074 243	1 142 326
Sub-total	**59 152 199**	**44 339 996**
Accumulated Impairment		
Impairment of the period - Other debts to third parties	(31 135 756)	1 165 582
Impairment of previous periods - O. debts to third parties - CP and MLP	(4 981 300)	(6 146 882)
Sub-total	**(36 117 056)**	**(4 981 300)**
Net book value	**23 035 143**	**39 358 696**

The growth, regarding 2014, of the gross value of Other receivables, mainly results out of the increase of CP Carga's debt related to the rent of tractive stock, electricity and fuel for traction. In 2015, an impairment of around 33 million euros was registered, arising from the debt of 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.

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

(amounts in Euros)

Description	Opening balance	Losses	Use	Reversals	Closing balance
Losses due to impairment					
Other debts to third parties	4 981 300	31 216 361	(80 605)		36 117 056
Total	**4 981 300**	**31 216 361**	**(80 605)**		**36 117 056**

Deferrals (note 18)

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

(amounts in Euros)

Description	31/12/2015	31/12/2014
Assets		
Expenses to be recognised		
Defer. - Exp. to be Recogn. - Other - Miscellaneous	671 912	7 769 677
Total	**671 912**	**7 769 677**
Liabilities		
Income to be recognised		
Defer.- Inc. to be Recogn. - CP Lisboa	-	(768 011)
Defer. - Inc. to be Recogn. - Operation sub.proj.	-	(455)
Defer. - Inc. to be Recogn. - Other Def.- Inc. Recogn.	(4 711 789)	(5 433 375)
Total	**(4 711 789)**	**(6 201 841)**

The main variation regarding 2014 arises from the transfer to the account “Funding obtained – loan formalisation expenses” of the expenses related to commissions of debenture loans deferred in time.

Financial Assets Held for Trading (note 19)

The heading Financial Assets Held for Trading is analysed as follows:

(amounts in Euros)

Descritpion	31-12-2015	31-12-2014
Financial Assets	16	54
Total	**16**	**54**

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

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

At the date of reference for the presentation of these Financial Statements, the Company only has the fair-value of December 31st 2015 and the shares of Millenium BCP acquired from the company Fergráfica, S.A., registered in the heading of Financial Assets Held for Trading within the scope of settling this company.

Non-Current Assets Held for Sale (note 20)

One of the aims of the company is to begin the disposal of unnecessary assets for its activity. These assets concern mainly buildings and rolling stock. In that sense, the top management is committed to the development of actions which allow the conclusion of those disposals through the prospection of future shareholders, 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 considers that they must remain in this heading of assets, since their amount can be recoverable not by usage but through sale and, also, the top management is strongly committed to the development of efforts in that direction.

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

The company 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.

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

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

Within the scope of the account closure procedure, an analysis on the values of the series belonging to such 97% was performed, taking into account the values of the investment grants which were still to be recognised and the residual value expected to result from their sale as scrap.

Taking into account the period elapsed from the classification of assets in this category and, despite the company'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 company'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	Book value (1)	Allowances to recognize (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
Assets		
Land and Natural resources	1 744 117	3 295 378
Buildings and other constructions	11 564 741	12 137 627
Basic equipment	6 252 590	7 937 354
Total	**19 561 448**	**23 370 359**

(a) This item in the financial year of 2015 includes an impairment in the amount - € 1 405 688

Paid-up Capital (note 21)

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 22)

Since CP is not a joint share or quota company, on December 31st 2015 the Company does not hold own shares or quotas.

Other Equity Instruments (note 23)

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

Legal Reserves (note 24)

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 25)

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 26)

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

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

Rolling Stock

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

The reassessment was performed on the fixed tangible asset included in the heading Basic Equipment, which contains the rolling stock at December 31st 1995.

The system used was the previous calculation of the amortisations corresponding to the financial year 1995 and, afterwards, the application - to the amounts of the fixed assets and corresponding accumulated amortisations - of the legal inflation coefficients stated in Ordinance no. 338/95 from April 21st, previously corrected with a factor of 1.04.

In the financial year 1997 there was a new reassessment of the fixed tangible assets included in the heading Basic Equipment, containing rolling stock, in accordance with the provisions of Decree-Law 31/98 from February 11th.

Other Fixed Tangible Assets

In the financial year 1999, the company carried out the inventory and valuation of assets contained in the remaining headings of fixed tangible assets, acquired until December 31st 1997, except for the assets corresponding to the rolling stock and the fleet parts. Such assets were valuated at their market prices, which were registered in CP accounts as free reassessment, and devaluations to be carried out according to the expected useful life. This work was coordinated by the companies *Ernst & Young* and CPU-Consultores de Avaliação, and it covered basically the identification of the assets, the corresponding assessment based on the criterion of the current market value and the calculation of the surplus of the latter for the historic cost, from which resulted an amount of 51,989,137 Euros.

The variations of the reserves of reassessment occurred in the financial year 2015 are in the following table:

(amounts in Euros)

Accounts	Opening balance	recorded reassessments	Inc. cap.	Other transf.	Closing balance
Basic equipment: Rolling stock					
56100001-Revalued Surplus not paid up - DL	9 947 929	-	-	(1 397 001)	8 550 928
56100002-Revalued Surplus not paid up - 95	9 834 739	-	-	(1 240 857)	8 593 882
Sub-total	**19 782 668**	-	-	**(2 637 858)**	**17 144 810**
Land, buildings, administrative, transport and basic equipment (except rolling stock)					
56100003-Revalued Surplus not paid up - 99 State	16 479 214	-	-	(167 120)	16 312 094
56100004-Revalued Surplus not paid up- 99 CP	11 739 641	-	-	(27 723)	11 711 918
Sub-total	**28 218 855**	-	-	**(194 843)**	**28 024 012**
Total	**48 001 523**	-	-	**(2 832 701)**	**45 168 822**

The transfers to surplus brought forward were made in accordance with the realisations of the assets during the year, taking into account the possibility of seggregation through the respective reserves of reassessment accounts of 1995, 1997 and 1999.

It should be highlighted that, regarding “lands, buildings, administrative equipment, transportation and basics (except for rolling stock)”, the reassessment value corresponds to their acquisition value for financial purposes.

Financial assets adjustments (note 27)

The detail of the variations in this heading regarding 2015 is presented in the following table:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Related to the equity method:		
Transition adjustments	(132 640)	(132 640)
Total	(132 640)	(132 640)

Other Variations in Equity (note 28)

The detail of this heading is analysed as follows:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Differences in conversion of financial statements	-	-
Deferred tax adjustments	-	-
Grants	130 960 399	161 022 758
Financial recovery	91 357 368	91 357 368
Other	-	-
Total	**222 317 767**	**252 380 126**

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.

The amount of the heading Allowances concerns mainly to allowances received for rolling stock, resulting in the registered decreases in this component of the capital, of the imputation, as an income of the financial year, in a systematic and rational basis during the useful life of the asset, of a part of such allowance, in the same proportion as in which the mark-downs are recognised.

The detail of the heading Allowances is presented in the following table:

(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

Provisions (note 29)

The movement in the heading Provisions is analysed as follows:

(amounts in Euros)

Description	Opening balance	Additions	Uses	Reversals	Closing balance
Ongoing legal actions	8 800 129	104 659	4 142 399	512 069	4 250 320
Railway Accidents	891 111	434 071	-	-	1 325 182
Financial Investments	87 637 182	416 432	83 526 604	985 728	3 541 282
Other	55 250	245 801	-	-	301 051
Total	**97 383 672**	**1 200 963**	**87 669 003**	**1 497 797**	**9 417 835**

Variations in the heading Provisions are due mainly to (i) the cancellation, in 2015, of the liability for negative equities with the affiliate CP Carga, arising from the increase of capital as a result of income in kind (transfer of locomotives related to merchandise transportation), and (ii) the agreement concluded with employees for the inclusion of variable allowances for the calcultation of holiday allowances and holidays, which resulted in the conclusion of a part of the labour processes from previous years.

Funding Obtained (note 30)

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	178 834 063	221 514 251
Debenture Loans	700 000 000	700 000 000
Applic. of Effective Rate Debenture Loans	(7 425 023)	-
Other funders	2 152 570 000	2 608 084 000
Total	**3 023 979 040**	**3 529 598 251**
Current		
Credit institutions and financial companies		
Bank loans	42 684 858	245 942 688
Other funders	455 514 000	358 900 000
Total	**498 198 858**	**604 842 688**

The reduction of the remunerated debt between 2015 and 2014 resulted out of the capital endowments carried out by the State for the amortisation of fundings with maturity date on 2015, as well as the effort made by the company to ensure its operating activity and the cash-flow originating from its 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 with the Portuguese State in the last quarter of 2014 is the primary input for such situation.

The heading Funding Obtained, by maturity, is analysed as follows:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Credit institutions and financial companies		
Bank loans		
Up to 1 year	42 684 858	245 942 687
1 to 5 years	122 500 730	127 487 585
More than 5 years	56 333 333	94 026 667
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 (includes State)		
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
	3 522 177 898	**4 134 440 939**

On December 31st 2015, the future payments of the outstanding capital of the non-current funding obtained are analysed as follows:

(amounts in Euros)

Descritpion	2016	2017	2018	2019	2020	2021 and next	Total
Bank Loans	42 684 858	36 055 188	28 067 209	20 685 000	37 693 333	56 333 333	221 518 921
Debenture Loans	-	-	-	499 378 553	-	193 196 424	692 574 977
Other funders	455 514 000	380 514 000	380 514 000	380 514 000	480 514 000	530 514 000	6 130 261 898
Total	**498 198 858**	**416 569 188**	**408 581 209**	**900 577 553**	**518 207 333**	**780 043 757**	**3 522 177 898**

Other Accounts Payable (note 31)

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
Total	**31 926 392**	**11 061 019**
Current		
Providers of funding	143 797	2 641 137
Debtors by income accruals	-	1 607 311
Post-employment benefits	-	-
Creditors by outstanding subscriptions	38 321 962	34 525 341
Other debtors and creditors	4 871 797	2 115 900
Creditors by expenditure accruals	107 274 319	57 858 739
Personnel	75 230	676
Advance payments from customers	70 877	54 616
Total	**150 757 982**	**98 803 720**

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 tables: 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 32)

The heading Suppliers presents the following details:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Suppliers c/c		
General	16 204 729	14 254 493
Subsidiary companies	2 538 398	4 881 323
Associated companies	468 566	779 260
Joint ventures	143 117	732 068
Other related parties	213 519	99 503
Suppliers - payable securities	-	-
Invoices received and pending approval	1 494	13 748
	19 569 823	**20 760 395**

The increase of the balance of General Suppliers concerns only non-matured debts, namely with the infrastructure manager.

Advances from Clients (note 33)

The heading Advances from Clients presents the following amounts:

(amounts in Euros)

Description	31/12/2015	31/12/2014
Advance payments from customers	1 815 470	295 470
	1 815 470	**295 470**

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 34)

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 porffolio, whose maturity is extended to April 2016 and is related to a funding of Eurofima.

Sales and Services Provided (note 35)

Sales and services provided present the following table:

(amounts in Euros)

Description	2015	2014
Sales		
Services provided		
Passengers	227 126 927	220 519 085
Networks	745 024	752 970
Maint./rent./clean. rolling stock	14 057 216	18 741 178
Rescue train	1 365 278	1 410 380
Compensation for damage	515 797	381 666
Cleaning/ Safety	116 739	119 124
Comp./account./ other services	1 252 686	1 501 486
Other Metro Mondego	911 723	1 019 113
Other services	2 259 095	1 337 255
Discounts and abatements in sales	(6 567 390)	(6 023 380)
Total	**241 783 095**	**239 758 877**

The verified increase is mainly due to the increase of ticket sales, as recognition of the continous effort of CP to vary, promote and consolidate its supply and commercial activity.

There was a reduction of the income related to the rent of rolling stock, as a result of the transfer of stock to CP Carga.

Operating Allowances (note 36)

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
(Andante)	-	-
(PAII)	-	71 684
(CP/KIDS)	-	16 575
Total	-	**17 904 652**

In 2015, the lack of financial support from the State through operating allowances for the public service provided by the company is to be noted.

Gains/losses attributed to subsidiaries, associated companies and joint ventures (note 37)

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)	(5 655)
Gains	-	-
Application of the equity method	2 020 903	1 232 104
Total	**(9 685 159)**	**1 226 449**

The values recognised in 2015 are the result of the application of the equity method to the results of EMEF (1,528,265 Euros), of Saros (408,610 Euros), of OTLIS (84,028 Euros) and of CP Carga, SA (-11,706,062 Euros).

Sold Commodities and Consumed Materials Costs (note 38)

Sold commodities and consumed materials costs are presented as follows:

(amounts in Euros)

Description	2015	2014
Goods	-	-
Raw, auxiliary and consumable materials	5 985 193	7 715 510
Total	**5 985 193**	**7 715 510**

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 39)

The heading external services and supply presents the following detail:

(amounts in Euros)

Description	2015	2014
Subcontracts:		
Cleaning premises	(365 410)	(414 636)
Cleaning rolling stock	(2 518 333)	(2 343 679)
Surveillance	(2 240 440)	(2 434 556)
Additional and auxiliary services	(2 182 671)	(1 991 462)
Restoration services	(2 743 400)	(2 650 045)
CP/Renfe Agreement	(4 117 257)	(4 310 187)
Other subcontracts	(6 412 012)	(6 135 856)
Specialised services:		
Maintenance and repairs	(33 830 384)	(32 767 590)
Specialised works	(1 131 462)	(937 479)
Surveillance and safety	(141 173)	(22 983)
Use of rolling stock	(471 459)	(471 459)
Other specialised works	(1 616 390)	(1 591 270)
Materials	(177 410)	(163 784)
Energy and fluids		
Electricity	(29 976 611)	(29 366 041)
Fuels	(161 092)	(204 786)
Water	(117 550)	(138 259)
Other	-	(425)
Travels, stays and transportation	(439 007)	(348 285)
Contº CP/ACE (EMEF/Siemens)	(8 169 156)	(9 114 527)
Miscellaneous services:		
Rents and fees:		
Usage fee of the infrastructure	(55 697 077)	(61 976 054)
Other rents and leases	(10 504 855)	(11 028 733)
Communication	(603 897)	(759 112)
Insurances	(198 588)	(242 688)
Other services	(262 271)	(524 733)
Total	**(164 077 905)**	**(169 938 629)**

In 2015, there was, from CP, the maintenance of the effort in the search for savings, rationalising expenses and retrading 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.

Personnel Costs (note 40)

The heading Personnel Costs presents the following details:

(amounts in Euros)

Description	2015	2014
Social bodies' remunerations	(365 293)	(409 534)
Personnel remunerations	(74 831 060)	(70 593 896)
Indemnities	(2 422 539)	(2 421 457)
Agreement on variables	(22 017 368)	
Charges on remuneration	(16 658 725)	(15 605 677)
Charges on variables	(5 229 125)	
Occupational accidents, diseases and health insurances	(1 439 607)	(1 405 680)
Social action expenses	(272 810)	(244 027)
Other personnel costs	(2 766 485)	(12 661 857)
Total	**(126 003 012)**	**(103 342 128)**

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.

Excluding the impact of this agreement, whose values amount to 27.2 million euros, a reduction of personnel costs of around 4.6 million euros was noticed.

However, it should be noted that in 2014 there was an increase of 8.1 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, which amount to 11.1 million Euros.

Therefore, ignoring the effect of such adjustment performed in 2014, an increase of 6.5 million euros regarding personnel costs would be noticed. Such increase, from the 1st of January 2015 on and under the article 4 of Law 75/2014 of 12th of September, arises from the fact that the temporary remuneration reduction up to such moment was reverted by 20%. The increase of expenses related to overtime work needs to be also noted.

In 2015, a reduction of 34 employees belonging to the company’s permanent staff was registered.

The detail of the employees of the permanent staff on December 31st 2015 and 2014, by position of Administration/superior management and professional category is presented as follows:

Description	31/12/2015	31/12/2014
Social Bodies *	6	7
Directors/senior management		
Senior Management	259	261
Middle Management	14	14
Middlemanagers	235	237
Highly qualified professionals	2 105	2 126
Semi-skilled professionals	65	73
Term contract employees	-	-
Total	**2 684**	**2 718**

* Includes three elements belonging to the Fiscal Council

Impairment of Non-Depreciable and Non-Amortisable Investments note 41)

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

(amounts in Euros)

Description	2015	2014
Losses		
Non-current assets held for sale	(1 405 688)	(437 474)
On financial investments	(92 352 864)	-
Reversals		
Non-current assets held for sale	373 329	11 051 366
Total	**(93 385 223)**	**10 613 892**

In 2015, the total amount of impairments related to non-current assets held for sale showed a reinforcement of 1.03 million euros, while the same period showed a reversal of impairments of 10.6 million euros.

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 grants, is null. The value of the buildings classified as non-current assets held for sale was adjusted, taking into account last assessments performed.

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 42)

The heading Other Income presents the following detail:

(amounts in Euros)

Description	2015	2014
Supplementary income	16 371 663	15 144 813
Inventory gains	13 312	680 691
Remaining financial assets	2 846 087	236 845
Non-financial investments	19 893 912	13 234 120
Other	32 951 405	16 995 017
Total	**72 076 379**	**46 291 486**

The heading Other Income and Gains presents an increase of around 25.8 million euros, 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 grants regarding such stock.

Other Expenses and Losses (note 43)

The heading Other Expenses and Losses presents the following detail:

(amounts in euros)

Description	2015	2014
Taxes	(157 894)	(114 400)
Bad debt	(34 450)	(950 617)
Losses in inventories	(27 302)	(10 469)
Non-financial investments	(530 358)	(5 621 900)
Other	(2 644 677)	(3 913 183)
Total	**(3 394 681)**	**(10 610 569)**

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 of Fair Value (note 44)

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

(amounts in euros)

Description	2015	2014
Gains		
Financial instruments	2 411 650	65 455 632
Total	**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 45)

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

(amounts in euros)

Description	2015	2014
Expenses		
Fixed tangible assets	(58 882 428)	(65 003 641)
Intangible assets	-	(76 344)
Reversals	-	
Fixed tangible assets	15	16 493
Total	**(58 882 413)**	**(65 063 492)**

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, originating mainly from basic equipment (rolling stock), due to the reduction of the investment realised, the transfer of stock to CP Carga and the write-off or end of devaluation period of goods.

Impairment of Depreciable and Amortisable Investments (note 46)

The heading Impairment of Depreciable/Amortisable Investments presents 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 Earned (note 47)

The heading Interests and Similar Income Gained is analysed as follows:

(amounts in euros)

Description	2015	2014
Interest earned	4 436 572	5 186 237
Dividend earned	-	-
Other similar income	-	1 607
Total	**4 436 572**	**5 187 844**

Income regarding loans granted to holding companies are registered in this heading.

Payable Interest and Similar Expenses (note 48)

The heading Payable Interest and Similar Expenses presents the following amounts:

(amounts in euros)

Description	2015	2014
Payable interest	(96 507 801)	(197 706 315)
Other expenses and losses	(10 937 530)	(6 310 669)
Total	**(107 445 331)**	**(204 016 984)**

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

Contingent Liabilities (note 49)

Does not apply.

Contingent Assets (note 50)

Does not apply

Related Parties Disclosure (note 51)

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

Referring to December 31st 2015, the shareholder structure of the Company (Direct holdings), is presented in the following table:

(Holdings %)

Holdings	31/12/2015	31/12/2014
EMEF, SA	100%	100%
CP CARGA, SA	100%	100%
FERNAVE, SA	100%	100%
SAROS,Lda	100%	100%
ECOSAÚDE, SA	100%	100%
TIP, ACE	33%	33%
OTLIS, ACE	14%	14%

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

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

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

(amounts in euros)

Description	2015	2014
Sales and service provisions		
Subsidiaries		
EMEF, SA	5 629 681	5 865 041
CP CARGA, SA	24 530 289	32 954 442
FERNAVE, SA	197 642	343 487
SAROS,Lda	8 838	290 843
ECOSAÚDE, SA	53 787	74 468
Associated companies		
TIP, ACE	4 069 037	1 236 811
OTLIS, ACE	3 934 366	3 107 650
Indirect holding companies		
EMEF / SIEMENS, ACE	119 273	119 584
total	**38 542 913**	**43 992 326**
Expenses		
Subsidiaries		
EMEF, SA (*)	(29 807 697)	(28 317 278)
CP CARGA, SA	(902 960)	(563 674)
FERNAVE, SA	(645 977)	(652 953)
ECOSAÚDE, SA	(770 779)	(779 131)
Associated companies		
TIP, ACE	(620 157)	(605 241)
OTLIS, ACE	(142 527)	(109 294)
Indirect holding companies		
EMEF / SIEMENS, ACE	(8 473 762)	(9 626 032)
Total	**(41 363 859)**	**(40 653 603)**

(*) The invoice value issued by this invested company is included in CP in expenses and investment.

(amounts in euros)

Description	31/12/2015	31/12/2014
Investment		
Subsidiaries		
EMEF, SA	7 255 138	13 983 257
CP CARGA, SA	-	(671 114)
FERNAVE, SA	311 449	732 500
Associated companies		
TIP, ACE	-	6 360
OTLIS, ACE	5 520	41 100
Indirect holding companies		
EMEF / SIEMENS, ACE	-	50 145
Total	**7 572 107**	**14 142 248**

Balances regarding related parties are, likewise, presented in the following table:

(amounts in euros)

Description	31/12/2015		31/12/2014
Assets	Gross Value	Impairment	
Investment			
Subsidiaries			
EMEF, SA	20 411 958		17 821 824
CP CARGA, SA	71 272 682	(71 272 682)	71 272 682
FERNAVE, SA	2 600 000		5 468 551
ECOSAÚDE, SA	300 000		500 000
Clients and other receivables			
Subsidiaries			
EMEF, SA	14 154		88 185
CP CARGA, SA	47 319 321	(32 966 492)	30 350 666
FERNAVE, SA	39 850		22 658
SAROS,Lda	1 041		729
ECOSAÚDE, SA	5 707		4 943
Associated companies			
TIP, ACE	501 639		337 438
OTLIS, ACE	123 245		29 985
Indirect holding companies			
EMEF / SIEMENS, ACE	33 628		400
Liabilities			
Suppliers and other accounts payable			
Subsidiaries			
EMEF, SA	(2 346 495)		(7 344 437)
CP CARGA, SA	(223 923)		(66 391)
FERNAVE, SA	-		(75 028)
ECOSAÚDE, SA	(74 136)		(37 680)
Associated companies			
TIP, ACE	(583 757)		(901 175)
OTLIS, ACE	(119 273)		8 038
Indirect holding companies			
EMEF / SIEMENS, ACE	(454 898)		(982 324)
Total Assets + Liabilities	**138 820 743**	**(104 239 174)**	**116 499 064**

Guarantees and Sureties (note 52)

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

(amounts in euros)

Company	Amount
EMEF (Letter of intent)	10 898 627
EMEF (Surety)	3 062 500
Fernave (Letter of intent)	200 000
Fernave (Guarantee)	7 776
CP Carga (Promissory note)	3 847 755
CP Carga (Guarantee)	24 009 270

* Includes unused credit lines of 6.9M€ on the 31.12.2015

** Unused credit line on the 31.12.2015

Guarantees provided in favour of CP:

(amounts in euros)

Company	Amount
Guarantees and sureties provided to CP by the Government	721 514 251
Guarantees and bank sureties provided to CP by bank entities in favour of third parties	501 418

Relevant Events after the Date of Balance (note 53)

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;
- The renewal of CP's loans to its affiliates, under the 2015 Activities and Budget Plan, due to the fact that the latter were unable to release funds which may allow its amortisation or to get alternative funds from the commercial banks.