



2015

MANAGEMENT REPORT

Infraestruturas de Portugal

This report refers to **INFRAESTRUTURAS DE PORTUGAL, S.A.**

Economic and social data presented in this report relate to the company's operations in 2015.

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Share Capital € 3,495,375,000
Corporate registration no. 503 933 813

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MANAGEMENT REPORT

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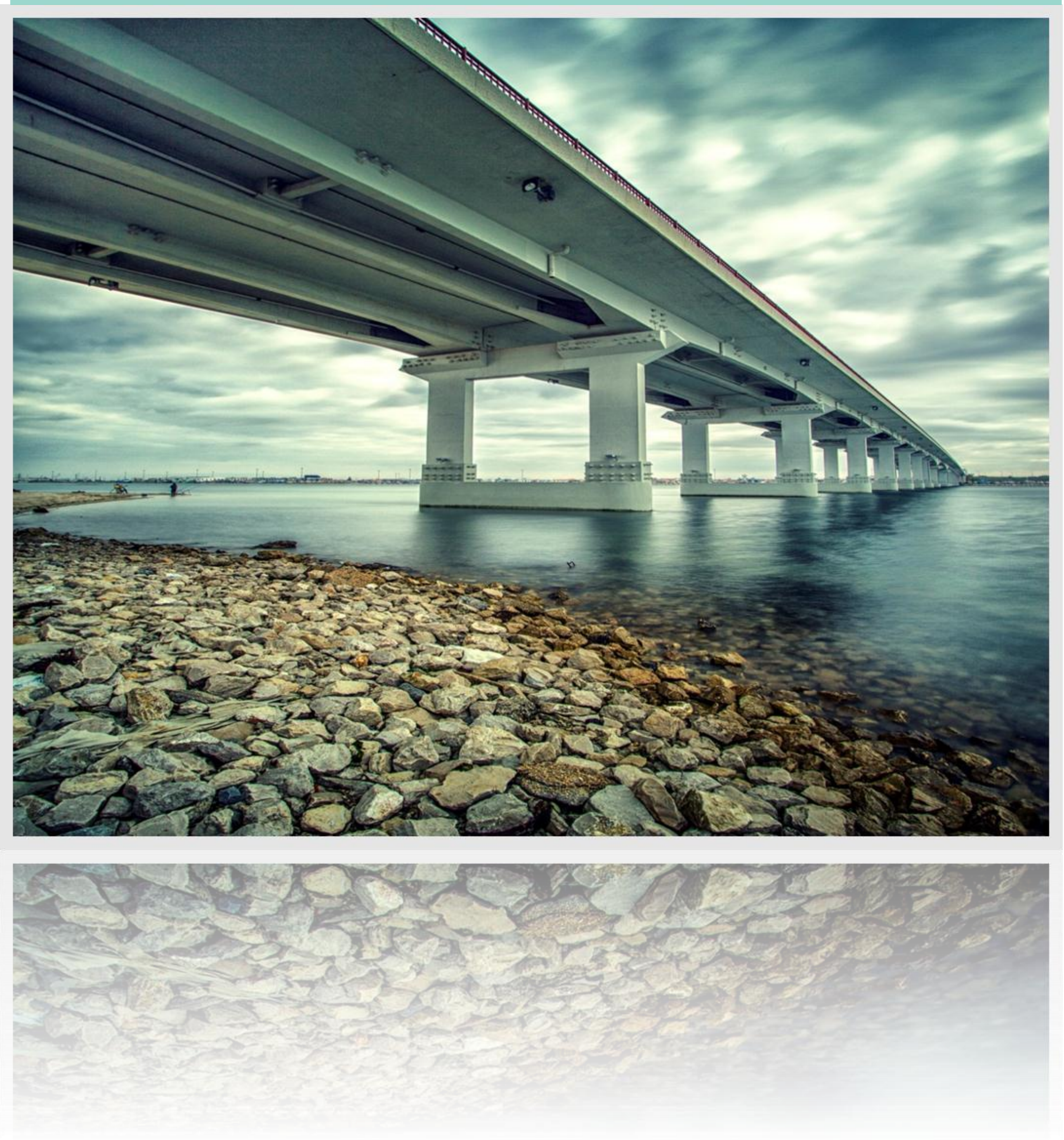
INTRODUCTION



Infraestruturas de Portugal

1. INTRODUCTION

CHAIRMAN'S MESSAGE

2015 was the date of birth of Infraestruturas de Portugal (IP), following the merger of Estradas de Portugal with REFER. There the company set out on an ambitious path focusing three core targets:

Firstly, to ensure – thanks to synergies, improved bargaining power and management efficiency - a reduction in costs permitting the sustainability of the new company.

Secondly, probably the most important, to ensure an integrated approach of road and rail infrastructures, in order to promote intermodality and co-modality, streamlining capital expenditure, with the company's rationale focused on efficient mobility.

Thirdly, to build a sustainable business model, to take advantage of all existing funding opportunities, enhancing the company's intrinsic value of largest national asset.

It is in this context that the company presents its first income statement, which shows a Net Profit for the year of €12.5 million (improving by €85.0 million), an EBITDA of €652 million (growing by 31% over 2014) , and an increase in efficiency, translated in a €54.8 million reduction in general operating expenses.

IP's first results are thus in line with our beliefs: that the joint management of rail and road infrastructures permits to add value, from both the economic and the operational standpoints.

Conditions are thus in place to preserve the quality and maturity of the National Road Network, which was once again recognised by the World Economic Forum as one of the best in Europe (2nd) and world (4th).

Following assessments carried out during the year, conditions are also set up to start a Railway Investment Plan - as disclosed on 12 February 2016, which will constitute an opportunity of modernisation and expansion of the railway infrastructure within the scope of the 2014-2020 funding programme.

The year was also marked by the signature of the new contracts for the State's Road Concessions, which should be followed in the first half of 2016 by the closing of the negotiation process of the seven road sub-concessions.

Concerning the road network, we highlight the construction in 2015 of the Marão Tunnel, a most relevant investment for the country's economic development and territorial cohesion.

As to the rail infrastructure, the focus was kept on maintaining overall levels of conservation of the network, while the number of significant accidents per million of train kilometres (MTk) fell by 52%.

Finally, it is important to point out the capacity shown by the company in combining the exceptional effort which a merger always involves with the management of its current business at the service of road and rail mobility.

This capacity reflects the professionalism, competence and involvement of the employees of Infraestruturas de Portugal in this project, which must be praised here.

We thank the company's corporate bodies, which have ensured a valuable and demanding collaboration, and naturally the shareholder and grantor for the collaboration and confidence shown.

Finally, we reiterate our commitment to our clients and users of our road and rail infrastructures, in the preservation and continued improvement of the quality of the service we provide.

Thank you all.

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THE COMPANY

2. THE COMPANY

2.1. IP: The Company, the Concession Contract and the Shareholder's Powers

Infraestruturas de Portugal, S.A. is a public company that resulted from the merger of Rede Ferroviária Nacional – REFER, E.P.E. (REFER) and EP - Estradas de Portugal, S.A. (EP): REFER incorporated EP by merger and became a public limited company called Infraestruturas de Portugal, S.A. (IP). The merger became legally effective on 1 June 2015 upon publication of Decree-Law no. 91/2015, of 29 May.

The corporate object of IP is the design, planning, construction, financing, maintenance, exploration, renovation, widening and modernisation of the national road and rail networks, including railway traffic command and control.

To this end, IP is responsible for the management of infrastructures under the terms of the general concession contract of the national road network entered with the State and of other infrastructures under its administration.

The company's corporate object also comprises the activities of exploring the rail and road public domain of the State, and its autonomous assets, including the operation of service areas and parking lots, as well as the traffic information and management systems, the rail and road safety systems, the technical channel and the communication networks between infrastructures.

Concession Contract

The State entered with EP, S.A. (now integrated in IP) a concession contract whose bases were approved through Decree-Law no. 380/2007, of 13 November, as amended by Law no. 13/2008 of 29 February, Decree-Law no. 110/2009, of 18 May, and Decree-Law no. 44-A/2010, of 5 May.

One of the more important changes concerned the introduction of the concept of availability, which consists in assessing the quality of the service provided to the users, as well as road accident levels and the levels of externalities produced by them, as translated in performance indicators.

The financing of the National Road Network comes, in addition to the toll rates charged in tolled roads and other income from the operation of the concession, from the road service contribution (RSC), created by Law no. 55/2007, of 31 August.

IP has drawn up a draft single contract between the State and IP on the general concession of the road and rail networks with the aim of consolidating the merger of the companies and the sub-sectors (supervising ministries, regulators and infrastructure managers), promoting an integrated management and the achievement of synergies and delivering simplicity and transparency to the different stakeholders.

The model proposed was checked against the national and European legal framework, particularly in terms of the State's obligations concerning the financing of the management of the infrastructures and IP's obligations to meet user-oriented performance targets, in the form of indicators and quality criteria covering elements such as train performance (line speed and reliability, and customer satisfaction), network capacity, asset management, activity volumes, safety levels, and environmental protection;

The draft contract was sent to the State at the end of 2015 viewing its negotiation and subsequent signature in 2016.

Meanwhile, the Portuguese State decided to go ahead with a programme contract to regulate the provision by IP of the public service obligations of management of the infrastructure of the National Railway Network (NRN), this contract having been signed on 11 March 2016 with effects as from 1 January 2016.

Shareholder Powers, Supervision and Control

The shares representing the entire share capital of the company belong to the State and are held by the Directorate-General for the Treasury and Finance. The share capital, in the amount of € 3,095,375,000, is represented by 619,075 shares with the nominal value of € 5,000 each.

IP is subordinated to the Ministry of Planning and Infrastructure, and, under the terms of the legislation applicable to the public business sector, is subject to the jurisdiction and control of the Court of Auditors, as well as subject to the control of the Inspectorate General of Finance, under the terms of the law.

Governance Model: Corporate Bodies

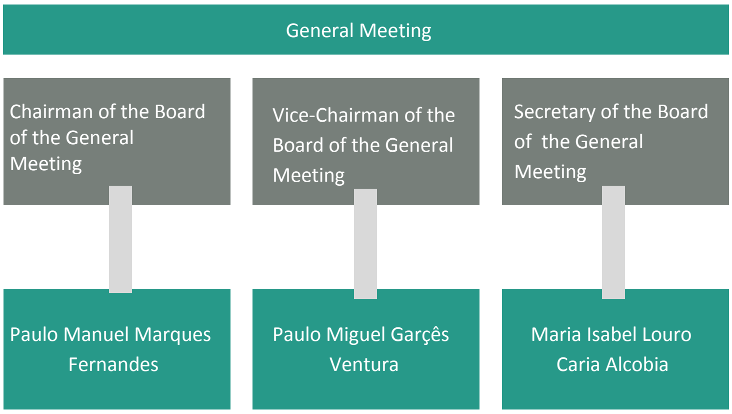
IP is a state-owned company under the form of a public limited company. It is governed by Decree-Law no. 91/2015, of 29 May, which created it, by its by-laws, approved as an attachment to said decree-law, by the legislation applicable to the public business sector enshrined in Decree-Law no. 133/2013, of 3 October, by the good corporate governance practices applicable to the sector, by the provisions of the Portuguese Company Code, by its internal regulations and also by the national and European legal rules applying to its activity.

Concerning the corporate governance model, IP adopts the dualist model, which allows for the effective separation of the company’s supervision and management functions in pursuit of the goals and interests of the company, its shareholder, employees and other stakeholders, thereby contributing to achieve the degree of trust and transparency necessary for its adequate functioning and optimisation.

IP's corporate bodies are the General Meeting, the Executive Board of Directors, the General and Supervisory Board, which comprises a Financial Matters Committee, and the Statutory Auditor.

General Meeting

The General Meeting is formed by the shareholders. The Board of the General Meeting consists of the Chairman, Vice-Chairman and Secretary.



Executive Board of Directors

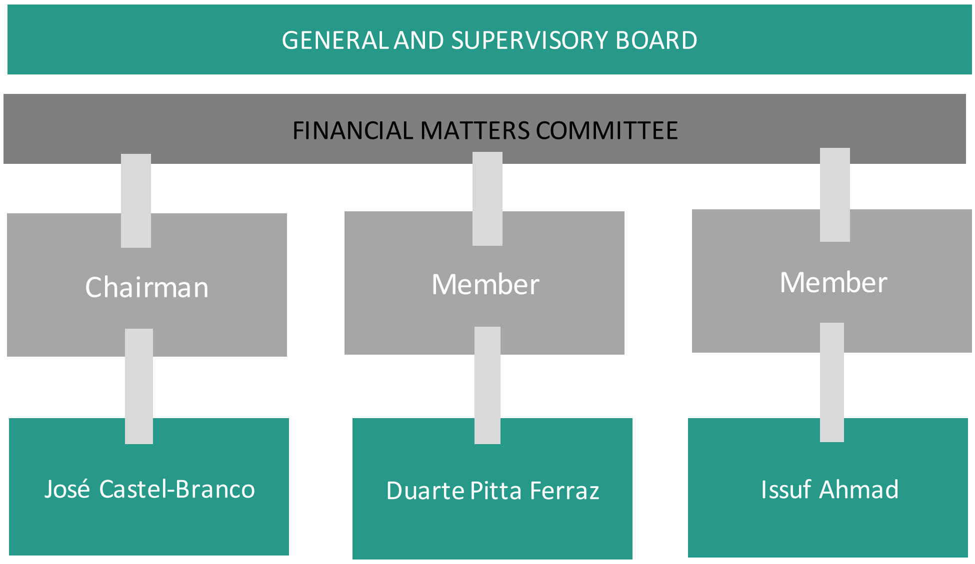
The Executive Board of Directors is composed of seven members, and of these one is the Chairman and two are Vice-Chairmen. The chart below presents the Executive Board of Directors' constitution and distribution of areas of responsibility.

Executive Board of Directors	Areas of Responsibility
Vice-Chairman José Luís Ribeiro dos Santos	Road and Railway Planning Traffic Management Management of Road Undertakings Management of Railway Undertakings IP Engenharia
Member Alberto Manuel de Almeida Diogo	Procurement and Logistics Finance, Markets and Regulation Corporate Planning and Management Control Railway Safety and Sustainability
Member Vanda Cristina Loureiro Soares Nogueira	Accessibility, Telematics and ITS Commercial and Business Development Organisational Development Information Systems IP Telecom
Member Adriano Rafael de Sousa Moreira	Academy Legal Human Capital Risk and Compliance General Secretariat
Member José Carlos de Abreu e Couto Osório	IP Património

General and Supervisory Board

The General and Supervisory Board comprises seven to nine members appointed by the General Meeting, which also appoints one of them to hold the position of Chairman.

At present the General and Supervisory Board comprises three members, who are also the members of the Financial Matters Committee, chaired by Mr. José Castel-Branco:



Statutory Auditor

The functions of Statutory Auditor are currently entrusted to Matos Silva, Garcia Jr. P. Caiado & Associados, SROC Lda..

2.2. THE IP GROUP

In order to develop its activity IP may set up or acquire holdings in any company, regardless of their corporate object.

The purpose of the subsidiaries is to act as profit centres capable of optimising the IP Group's non-core revenues, making a profit from the surplus capacity of the assets not used in the core activities.

The chart below shows the composition of the share capital of each of these companies.

The subsidiaries' Boards of Directors are formed by two members of IP's Executive Board of Directors, one of whom is the Chairman, and a third member with the executive functions of a "Chief Executive Officer".

IP's corporate and shared services areas provide support and a framework to the subsidiaries, which focus on their core activities and do not have these areas in their organisational models.

The IP Group possesses the technical knowledge required for the good performance of the road and rail infrastructure, namely in the areas of design, planning, construction, financing, maintenance, exploration, rehabilitation, enlargement and modernisation of the national road and rail networks, including within the latter traffic command and control. The company emphasises innovation and technological development in the equipment, systems and materials in use.

Its unique resources, skills and experience make it the privileged partner to cooperate and provide consultancy and services in a wide range of areas, viewing the transfer of expertise and know-how.

IP Telecom

IP Telecom, S.A. is a public limited company with share capital of € 10,000,000, fully subscribed and paid up by its single shareholder IP, S.A., represented by 200,000 shares with the nominal value of € 50.00 each.

The corporate object of IP TELECOM is the setting-up, management and operation of telecommunication infrastructures and systems, the provision of telecommunication services, and any related, subsidiary or accessory activities, either directly or through equity holdings in other companies.

Its mission consists in ensuring an efficient management of the telecommunications concession granted by the Shareholder, providing high quality services in the field of Information Technology and Communications, supported by innovative solutions focused on Cloud and Security technologies and in the main national telecommunications infrastructure, based on fibre optics and road technical channel, to the market in general and to state entities.

IP Telecom is licensed by the National Telecommunications Authority (ANACOM) as Provider of Fixed Telephone Services and Operator of Public Networks in Portugal; it is also registered as Provider of Data Transmission and Internet Services. In 2009 IP Telecom also became nomadic VoIP service provider, licensed to operate the GSM-R system in frequency bands of 876 – 880 MHz and 921 – 925 MHz.

IP Património

IP Património, S.A. is a public limited company with share capital of € 15,000,000. It has the following shareholders:

- IP, S.A., which holds 2 999 910 shares with the nominal value of € 5.00 each, corresponding to a nominal holding of 99.997% of the total share capital;
- IP Engenharia, S.A., which holds 90 shares with the nominal value of € 5.00 each, corresponding to a holding of 0.003% of the total share capital.

The mission of IP PATRIMÓNIO encompasses the acquisition, expropriation, register updating and disposal of real estate assets or creation of liens thereon, the profitable use of the assets allocated to the concession or the autonomous estate of the IP Group, and also the management and exploration of stations and associated equipment, including their operational management.

IP PATRIMÓNIO is a company of the IP Group that operates in the real estate sector, having the following functions:

- Manage and operate real estate assets and developments, of its own or of others;
- Acquire, expropriate, update the registers and dispose of real estate assets or create liens thereon, ensuring the profitable use of the assets allocated to the concession or the autonomous estate;
- ensure the management and operation of stations and associated equipment, including their commercial operation;
- Manage the premises used by the IP Group's administrative services, including car parks.

IP Engenharia

IP Engenharia, S.A. is a public limited company with share capital of € 1,500,000. It has the following shareholders:

- IP, S.A., which holds 295,286 shares with the nominal value of € 5.00 each, corresponding to a nominal holding of 98.43% of the total share capital, or € 1,476,430.00 at nominal value;
- IP Património, S.A., which holds 4,714 shares with the nominal value of € 5.00 each, corresponding to a nominal holding of 1.57% of the total share capital, or € 23,570.00, at nominal value.

The mission of IP ENGENHARIA is to provide transport engineering services to support IP's activity or for road and/or railway multidisciplinary projects, providing highly integrated mobility solutions at national and international level.

Its main functions are to provide services to the IP Group and the market, having the following general and specific competences:

- Prepare transport engineering studies and develop preliminary studies to support decision-making;
- Prepare road and railway specialty engineering studies and designs;
- Provide technical advisory services on asset management;
- Manage and coordinate road-railway undertakings, from the phase of studies to the phase of works and entry into service.
- Advise on the closing of works processes and the process of response to complaints from external and connected entities;
- Supervise works and provide advisory services on contractor complaint processes;
- Establish the technical link with national and international companies, institutions and entities operating in the scientific, legal, technological or industrial fields of road and railway engineering;
- Coordinate and implement IP's international strategy, manage the coordination with AICEP (Portuguese Trade & Investment Agency) and coordinate partnerships with Portuguese companies in the transport sector;
- Prepare technical notes, information and projects for response to internal and external processes;
- Prepare documents for tender processes and analyse competitors' bids:
- Draft technical opinions and review external entities projects;
- Draft opinions, specifications, notes, reports, standards, regulations, instructions and other technical documents;
- Prepare surveys and develop new technical solutions for road and rail specialties;
- Provide trainers in road and rail specialties and draft the respective supporting documentation;
- Verify compliance and validate systems, equipment and materials.

GIL – Gare Intermodal de Lisboa, S.A. has share capital of € 1,952,160, fully subscribed and paid up by its single shareholder IP, S.A., and represented by 392 000 shares with the nominal value of € 4.98 each.

The mission of GIL is to operate and manage the intermodal transport complex called Oriente Station by pursuing the following objectives:

- Provide quality services to the station users, guaranteeing their safety and the infrastructure's health conditions and making sure that the installations and equipment are in good working order.
- Ensure and promote the intermodality of the various means of transport operating in the Oriente Station;
- Ensure the profitability of the commercial areas, car park and public areas of the Oriente Station.

IP also holds the following minority stakes:

2.5% in Metro Mondego, S.A., with share capital of € 1,075,000.

In addition, IP also participates, as operator, in two economic interest groupings:

AVEP – Alta Velocidad Espanha - Portugal (AEIE) - set up in January 2001 by Administradora de Infraestructuras Ferroviárias (ADIF) and the now extinct RAVE, each with 50%. On RAVE's liquidation its stake was transferred to REFER (now IP). AVEP's corporate object is to make preliminary studies for the Porto-Vigo and Madrid-Lisbon-Porto corridors.

Corredor Ferroviário de Mercadorias (CMF4) (Railway Freight Corridor) - set up in November 2013 by the Portuguese, Spanish and French railway infrastructure operators with the purpose of developing the internal railway market of freight transport, via the creation of dedicated corridors.

2.3. Process and Phases of the Merger

Within the scope of the Strategic Infrastructures and Transport Plan (PETI3+), the Government ruled, among other matters, on the merger between Rede Ferroviária Nacional — REFER, E. P. E. (REFER, E. P. E.) and EP — Estradas de Portugal, S. A. (EP, S. A.), viewing the creation of a single transport infrastructure management company in Portugal with an integrated vision of rail and road.
The merger of REFER and EP aims to achieve several objectives, of which we note the following due to their strategic importance:

(i) the integrated management of the rail and road networks, fostering intermodality and complementarity between modes,

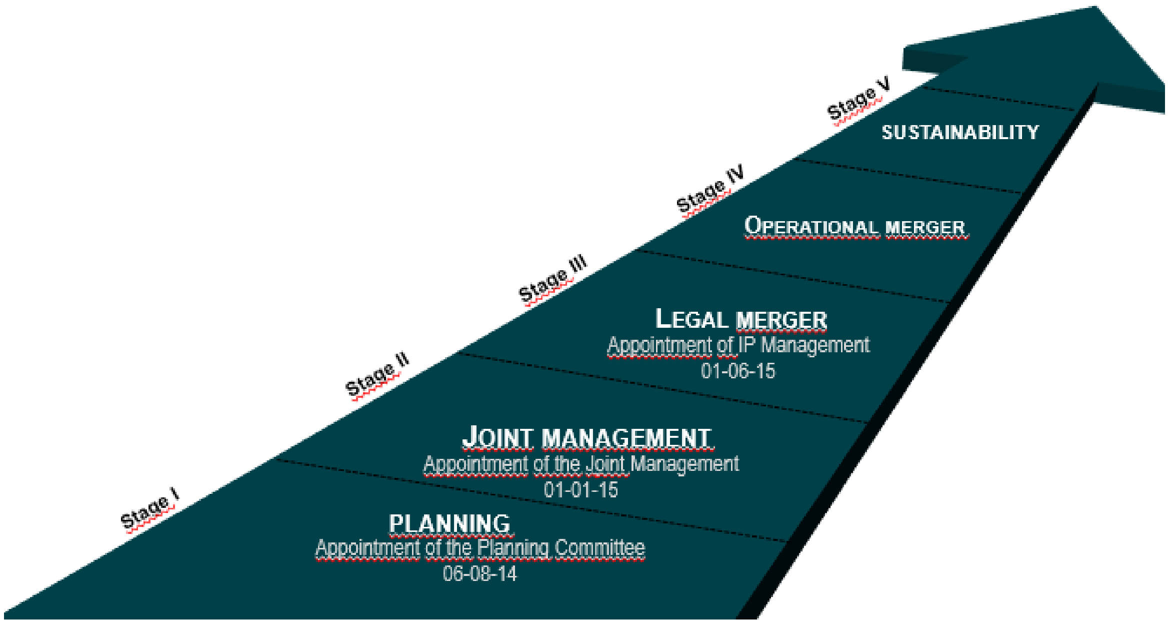
(ii) harnessing the synergies and know-how of the two companies, reducing operational costs, and

(iii) achieving a financially sustainable business model, based on solid strategic guidelines within the framework of a financing model of the road and rail infrastructure that unburdens the taxpayers.

A Planning Committee appointed on 6 August 2014 to carry forward the merger process identified nine priority areas of action:

- I – Governance;
- II - By-laws;
- III – Strategic Plan;
- IV – Sustainability Strategy;
- V – Organisation and People;
- VI – Information Systems Strategy;
- VII – Communication and Image;
- VIII – Premises
- IX – Quick Wins Plan.

Taking into account that the merger process would go through different governance models, the Planning Committee structured the merger programme into five stages, the scope and current state of completion of which are detailed below:



Stage 1 – Planning: The Planning Committee developed the plan for the merger process. Contractual, financial and fiscal due diligence studies were also conducted at this stage, to minimise the risk of the merger process.

Status: completed in 2014.

Stage 2 – Joint Management: Started on 31 December 2014 with the appointment of a joint REFER and EP Board of Directors. Activities carried out in this stage:

i) Definition of the legal form of the merger, as well as the nature of the new company and its by-laws;

ii) Drafting of the Strategic Plan and respective Business Plan;

iii) Definition of the organisational model and selection of the senior staff based on the assessment of the two companies' management staff;

iv) Definition of the IT strategy based on the diagnosis made;

v) Definition of the communication plan and launch of the Infraestruturas de Portugal brand;

vi) Definition of the real estate management strategy taking into account the return and concentration of resources potential;

vii) Presentation of a consolidated budget for 2015.

Status: concluded on 1 June 2015, with the legal merger.

Stage 3 – Legal Merger: The merger was enshrined on 1 June 2015 by Decree-Law no. 91/2015 of 29 May, which, in its Article 20, reappoints the members of the Boards of Directors of EP and REFER as members of the executive board of directors of IP, S.A..

Status: concluded on 1 June 2015.

Stage 4 – Operational Merger: started simultaneously with stage 2, on 31 December 2014, and should be concluded during the first half of 2016.

The merger of the corporate and shared services having been achieved through the implementation of the IP Group's organisational structure on 1 June 2015, the unification and harmonisation of practices and procedures is now under way and should be concluded before the end of the 1st half of 2016. This will be subject to subsequent optimisation as an ongoing improvement process.

Meanwhile, the integration of the systems (infrastructure and applications) that support IP's activities was concluded in the 1st half of 2016. This integration concerned the financial, logistics, human resources and document management systems. This integration process will subsequently be subject to any required developments.

The operational merger will also take place through the optimisation of the installations and the integrated management of the teams, now under way, adapting the location of the workplace, the employees and the teams to the new organisational structure in accordance with economic and functional rationality criteria (centralisation of teams, productivity gains, and reduction of occupation costs).

Stage 5 – Sustainability: initiated after the legal merger, on 1 June 2015; its purpose is to achieve the following objectives by means of a set of self-sufficiency and enhancement measures:

i) Diminish the high level of the debt;

ii) Reduce dependence from the General State Budget with a view to gradually achieving financial self-sufficiency;

iii) Increase the company's economic value;

The Shareholder's approval of IP Group's Strategic Plan and the signature of a new concession contract for the management of the road and rail infrastructure take place during this stage.

The overall completion level of the action areas foreseen in the merger project was 89% at the end of 2015.

2.4. Mission, Vision and Values

Mission

The corporate object of IP, S.A. is the design, planning, construction, financing, maintenance, exploration, rehabilitation, enlargement and modernisation of the national road and rail networks, including within the latter traffic command and control.

Vision

To position Infraestruturas de Portugal as a multi-modal mobility manager, leveraging asset management, synergies and new revenues to guarantee the provision of a sustainable, safe and efficient service.

Values

Our values reflect our commitment to society and our pledge to continuous improvement: Rigour, Transparency and Ethics

2.5. Structure of the IP Group: Organisation Model

A new organisational model, having as drivers the objectives of the merger and the strategic goals of the new company, came into effect immediately upon the creation of IP.

Broadly speaking, the organisation is divided into two major areas, one comprising the divisions that provide support services (shared and corporate), with internal added value, and the other a business area that generates products and services market, materialising the service provided by the IP Group.

The organizational chart comprises five groups of Organic Units: 3 groups of core areas and 2 groups of support areas:

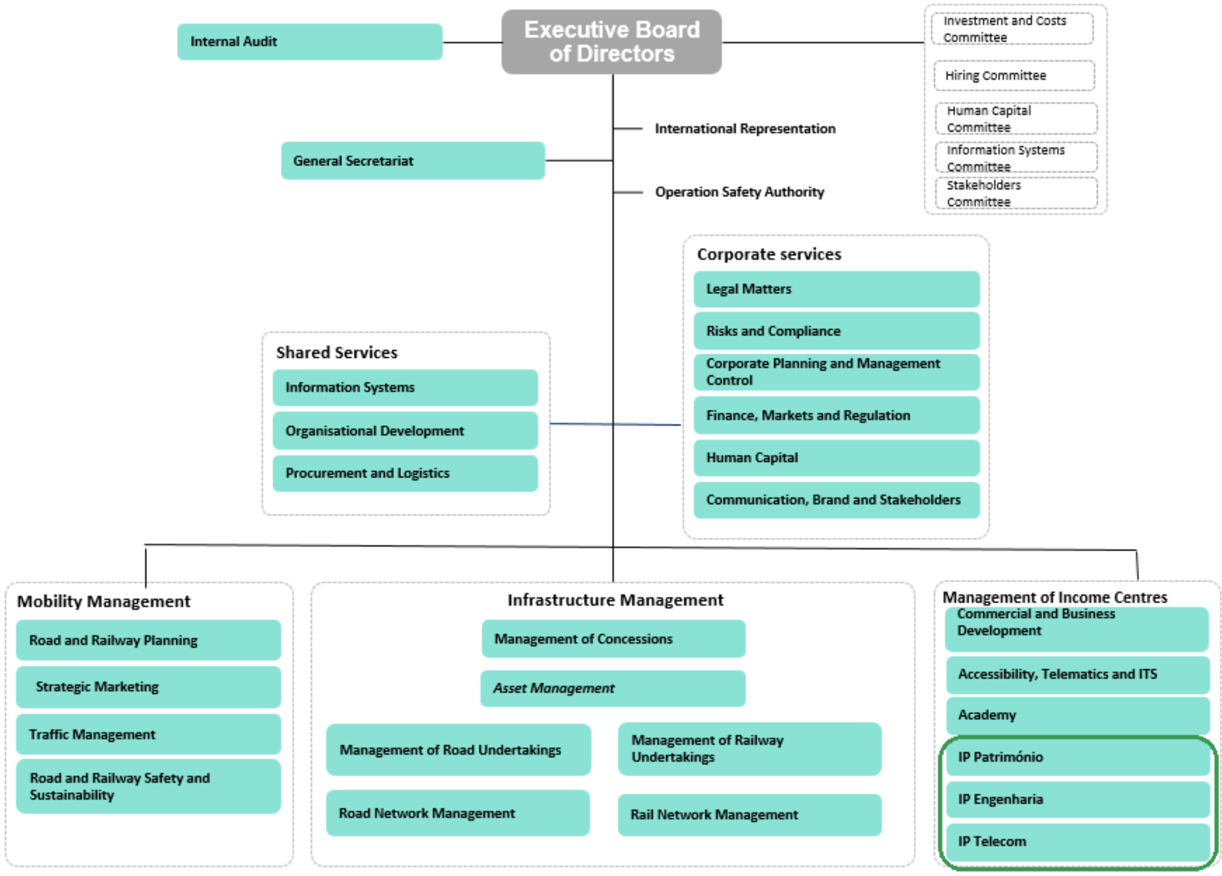
Core areas:

- units dedicated to **mobility management**, which ensure the implementation of the networks' integrated planning and the management of road and rail mobility, in accordance with safety and sustainability principles;
- units dedicated to **infrastructure management**, with efficiency gains expected to materialise through the application of asset management principles, and
- **profit centre** units geared to increasing non-core revenues.
- **Support areas:** these include the **shared services** and the **corporate services,** both providing support to the entire structure.

As a complement, the organisational model also comprises five **committees** associated to critical processes of the company, acting as interface-management and decision-sharing mechanisms.

The missions of each organic unit were also defined and the heads of the macro and micro structure were appointed. All this was communicated to the entire organisation and became effective on 1 June 2015.

On the same date IP's General Framework for the Delegation and Sub-Delegation of Powers was approved through the Executive Board of Directors (EBD) Resolution no. 03/IP/2015.



Following a period of recognition and adjustment of the structure, the main functions at all levels of the structure started to be defined, originating the IP Group's Organisation Manual, which was approved in November 2015.

2.6. THE IP BRAND

Among the works to be developed, there was the need to create a visual identify for Infraestruturas de Portugal, aimed at communicating its business momentum and its strategic vision for the future.

Hence the main challenge was to build a brand that in identity terms would embody the idea that, if separately we had made a history with merit, together we could do better.

One of our main concerns was to convey a change of organisational model as well as what we aimed for the company to become - a solid and sustainable company, a brand integrating elements identifying and summing up the new mobility services - a concept magnified by the union of rail and road, creating value for the client.

The creative process of the brand, developed with internal resources, started with the drafting of specifications detailing the basic guidelines, namely concerning the identification of the values, personality and positioning intended for the brand. The internal consultation strategy was implemented by asking the various design teams to reflect on this theme. The choice between the resulting proposals was made by a focus group in an inside-out process allowing for the brand to be understood and appropriated by the staff themselves.

The winning proposal presented consistent detailed specifications of the creative process, and was based on the following concept: One Territory. Two Networks. One Colour.

Taking these premises, a symbol in the form of a square was designed, representing territory; the two networks, road and rail, come together and complement each other, forming an "i" for Infraestruturas de Portugal. The corporate colour - green - comes from the combination of REFER's blue with Estradas de Portugal's yellow.

The signature "**We connect Destinations**" was created, materialising the company's commitment to its Employees and its Clients, of being their accomplice in time and space, and in their daily needs.

A Brand Manual was also drawn up, containing the visual representation of the brand and all the associated graphic and communication elements.

The communication plan of the new image and the company's positioning vis-à-vis its external stakeholders and the public in general was deployed at three major levels: the rebranding of the company's headquarters, central structures and main railway stations, a brand advertising campaign using the railway stations' network of mupis, with the signature "**Cheers to mobility**", and information panels placed on the Greater Lisbon and Greater Porto high-performance network.

We believed it was fundamental for the employees - our main asset - to understand the process of building the brand, how it signifies the "merger", and the signature, so as to be able to appropriate it and divulge it.

Hence the company decided to launch its new brand in the first meeting with the staff, which took place at Entroncamento and to which all were invited. They were the first to know our identity symbol, so each may come to feel a true ambassador of the brand.

We also worked actively for the expressions, materiality and practices of our company to be as quickly as possible imbued with the values of the brand.

Given the size of the company and its territorial reach, digital is the most efficient tool at this stage when consistent and harmonised communication is crucial for the transmission and sharing of information and values amongst all the internal stakeholders; to this end an internal portal was promoted with the new image of the company, and an internal newsletter called **NosIP** - a name devised within the IP community - was launched, featuring shared experiences and stories about the day-to-day life of our company.

The emotional and affective dimension of the brand was not neglected internally. We are aware that we have lived stories with merit in two very relevant organisations for national engineering and for the development of the country. As there is no reason to doubt that in a single company we will do more and better, our internal statement is "**The Future is a Good Place**".

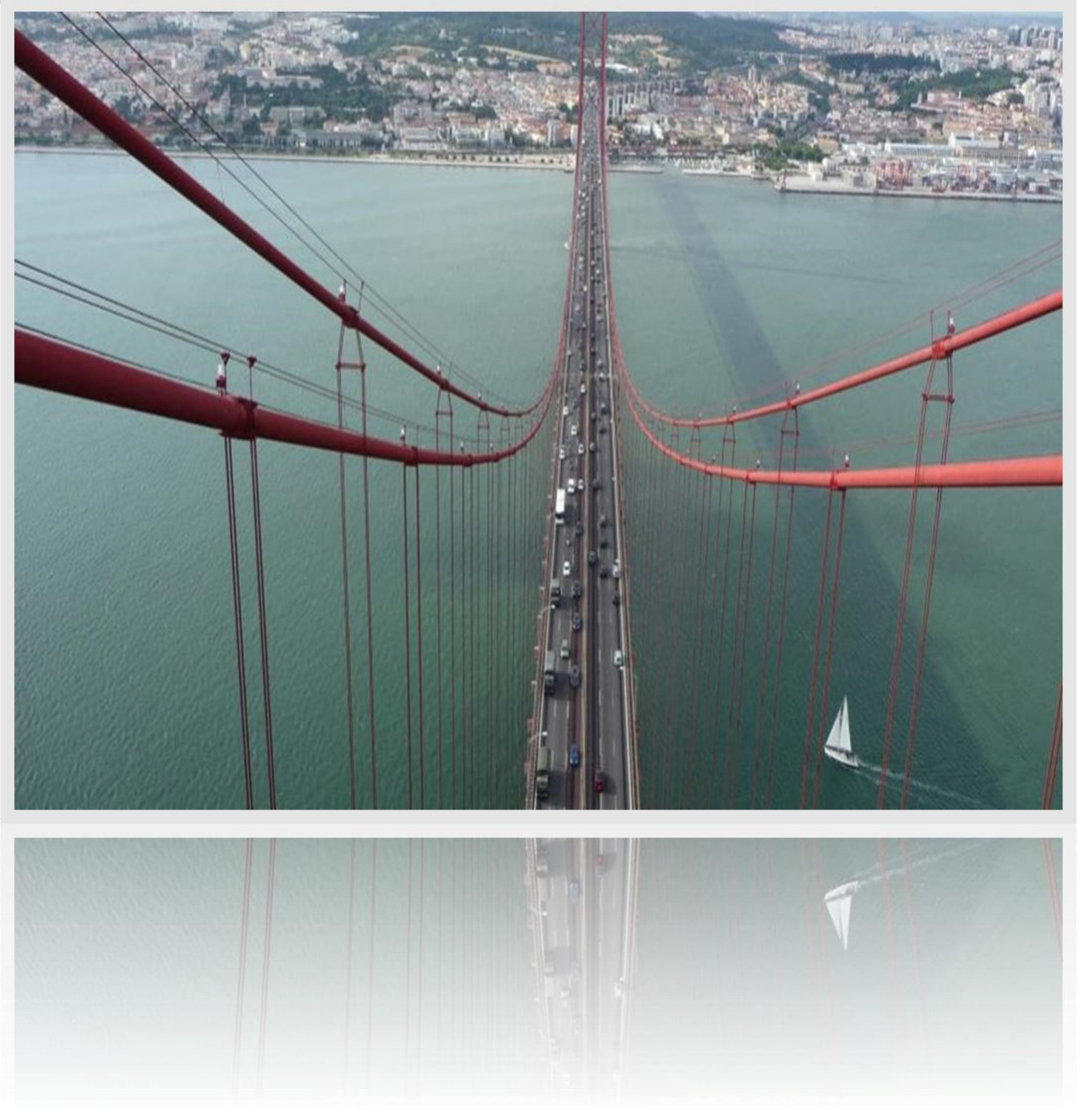
The inside-out rationale behind the creation and activation of the brand expresses a high-commitment, low-cost approach basically relying on the priority placed on the appropriation of the brand by the employees, stressing from the start the employer branding component. This management option also considered an externally-oriented campaign, but it was modest and did not use media advertising, an expensive and too traditional promotion vehicle for a communication approach intended to be friendly and relatively informal.

Our commitment is to continue to develop the communication process based on the motto "**Create a company, create a culture, create a Brand**".

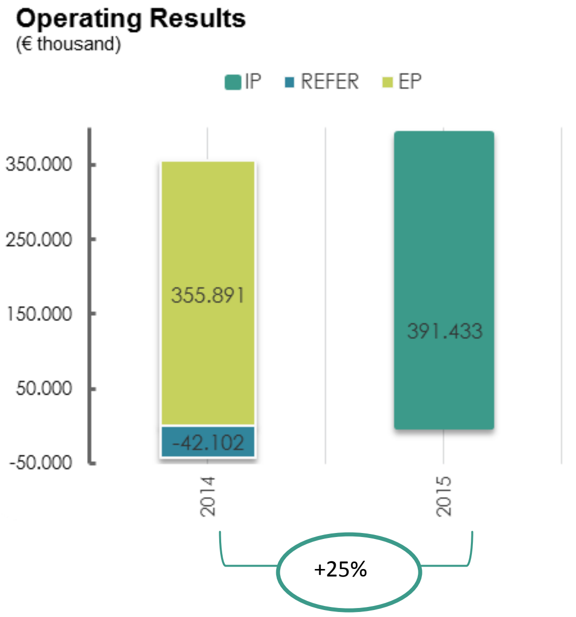
Infraestruturas de Portugal

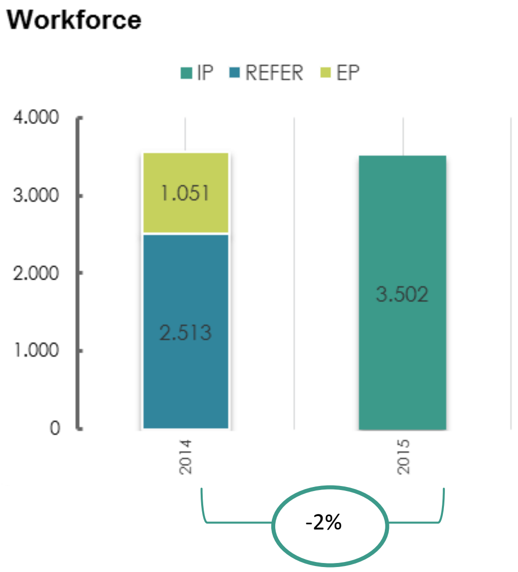
03

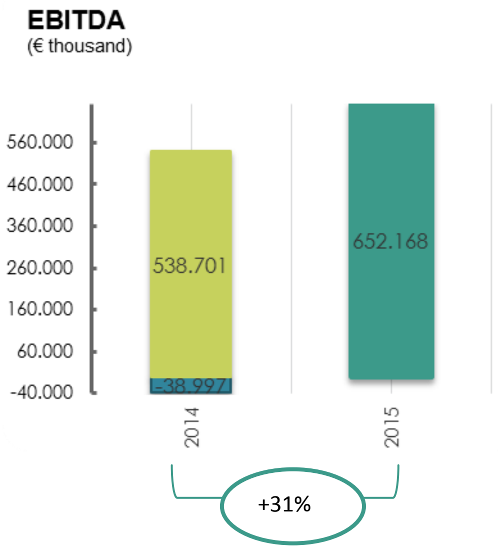
PERFORMANCE IN 2015

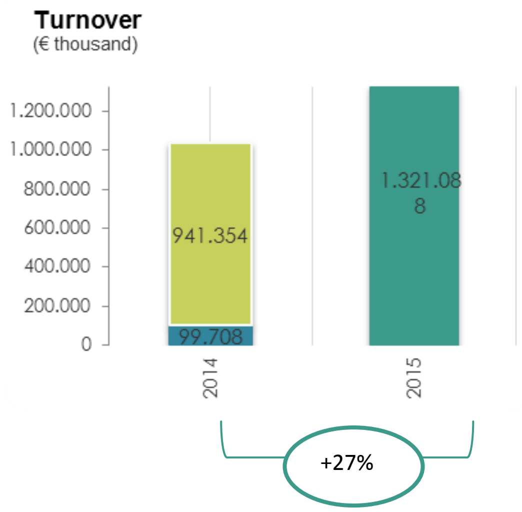


3. PERFORMANCE IN 2015

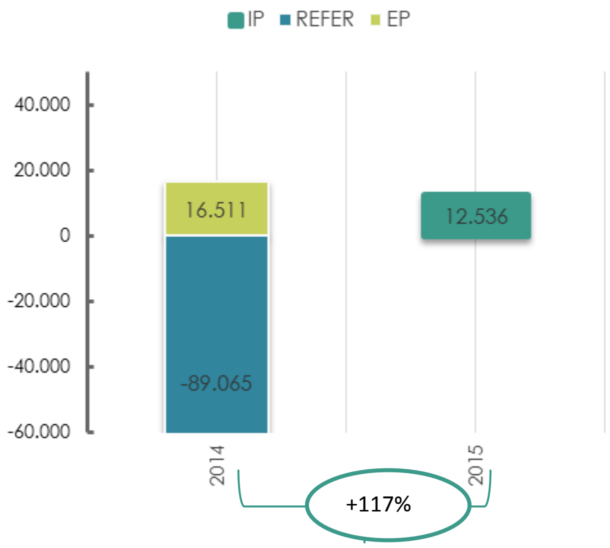




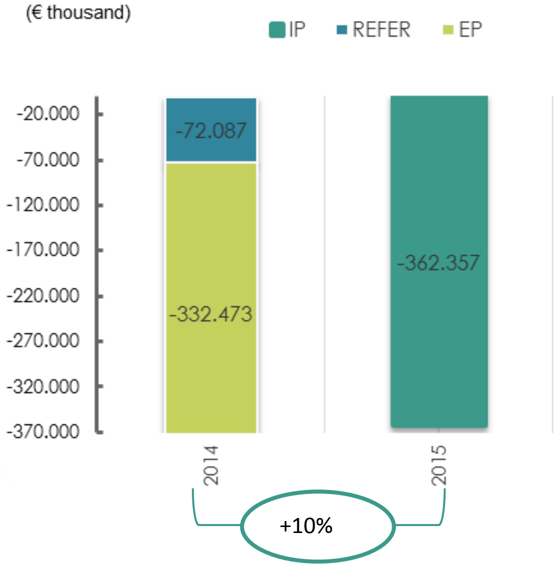




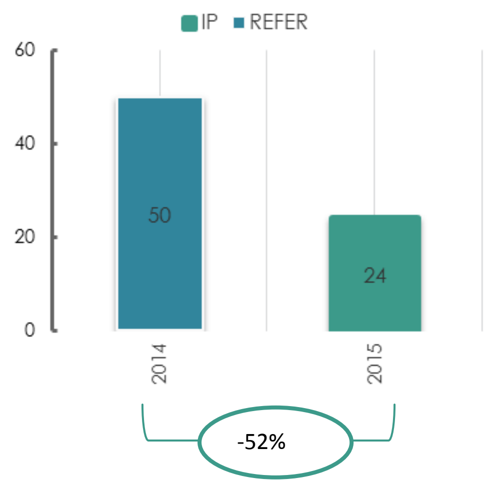
Net Income
(€ thousand)



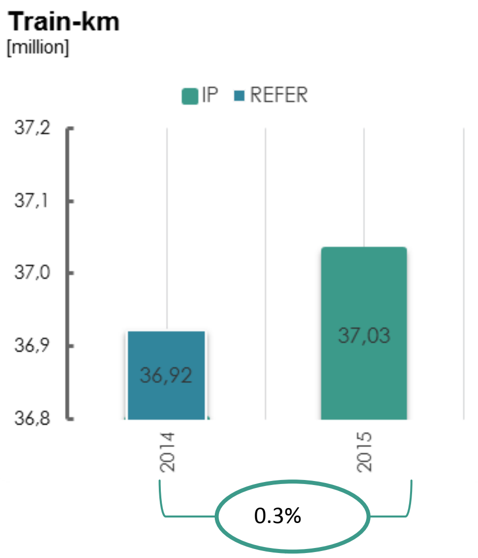
Financial Results
(€ thousand)

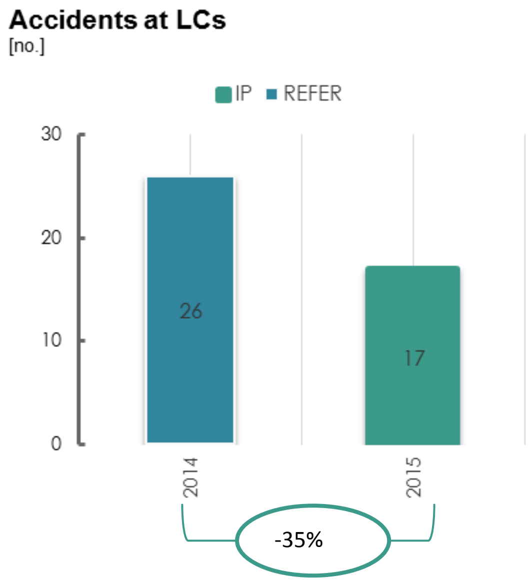


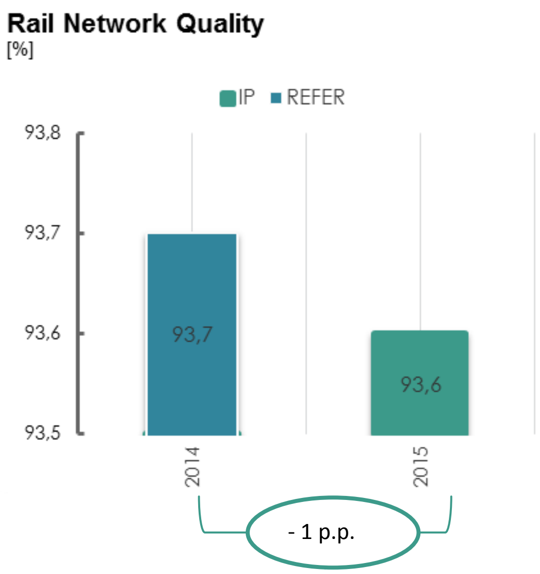
Significant accidents
[no.]

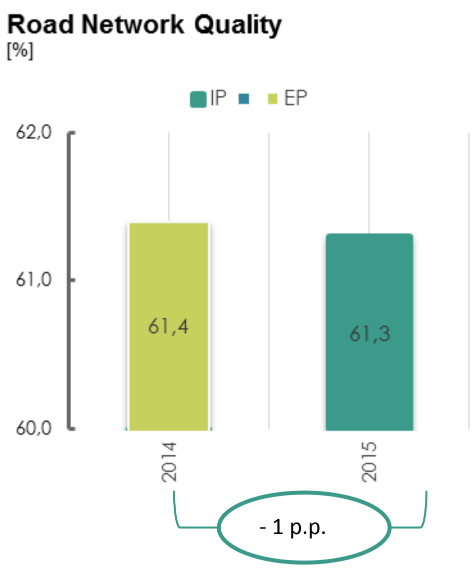


Punctuality Rate
[%]

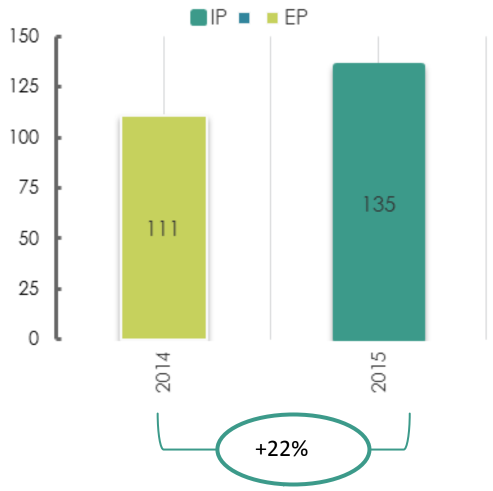

Train-km
[million]
IP
REFER
37,2
37,1
37,0
36,9
36,8
36,92
37,03
2014
2015
0.3%


Accidents at LCs
[no.]
IP
REFER
30
20
10
0
26
17
2014
2015
-35%

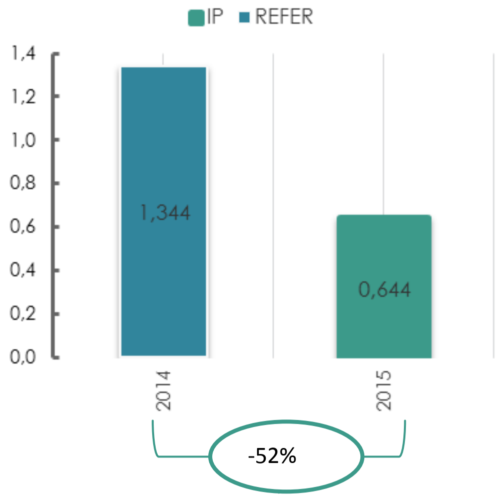

Rail Network Quality
[%]
IP
REFER
93,8
93,7
93,6
93,5
93,7
93,6
2014
2015
- 1 p.p.


Road Network Quality
[%]
IP
EP
62,0
61,0
60,0
61,4
61,3
2014
2015
- 1 p.p.

Road Safety Level
[BS (Black Spots) / SR (Severity Rate) / FV (Fatal Victims)]



Rail Safety Level
[Significant accidents per mTK]



04

THE YEAR IN REVIEW

4. THE YEAR IN REVIEW

1 January 2015 - Appointment of EP/REFER joint Board of Directors chaired by António Ramalho

EP/REFER's joint Board of Directors took office on 1 January, a new and decisive step for the accomplishment of the merger. Chaired by António Ramalho, the joint Board of Directors has as Vice-chairmen José Serrano Gordo, appointed by Estradas de Portugal and José Ribeiro dos Santos, appointed by REFER. The other directors appointed are Vanda Nogueira, Alberto Diogo, José Carlos Osório and Adriano Moreira.

Conclusion of Technical Station construction works on the Southern Line

REFER concluded the construction works on a Technical Station for train crossing at km 118,500 of the Southern Line between the Canal Caveira and Azinheira dos Barros stations (Grândola municipality).

The purpose of this undertaking, involving a total investment of approximately € 4 million, is to increase capacity in the Sines – Ermidas – Grândola stretch and reinforce the operating conditions of freight trains heading to and from the Sines Port.

EP/REFER joint Board of Directors approves new organisation of the company

EP/REFER's joint Board of Directors disclosed the organisational macro-structure of the future company Infraestruturas de Portugal and appointed the senior management, which is reduced by 20% compared to its previous composition. The new organisational model, geared to the merger of the two companies, will permit to address in a clear and effective manner the new challenges posed by the integrated management of the national network of road and rail transport infrastructures.

EP/REFER Merger | Road-show "An Agenda for Positive Change"

Following the merger process, the first session of a road-show aimed at ensuring that the employees of both companies had adequate and similar knowledge about the merger project (its concept, rationale and execution programme) was held on 11 February at the **Gustave Eiffel auditorium of the Entroncamento Railway Complex.** These sessions continued until all the target employees had attended them, being carried out according to criteria transmitted to the senior management with sufficient time for them to inform their teams.

EP and REFER share Guarda Station

The Guarda Station, the first at national level to accommodate within a single building the regional services of the two companies, was inaugurated in a ceremony held in the city of Guarda.

The new single regional headquarters are located in Guarda's Railway Station, which previously hosted REFER's central services in this city.

Modernisation of the Covilhã–Guarda - Nova Ponte do Corge stretch

REFER launched the public tender for the construction of the new Corge Bridge in the Beira Baixa railway line.

This tender, which relaunches the modernisation process of the Covilhã-Guarda stretch that has been closed to train operations since 2009, reinforces REFER's commitment to optimising the performance and reliability of its infrastructure. The tender's basic price is € 2.5 million, the execution term is 360 calendar days starting as from the assignment date, and the works are expected to start by the end of 2015.

March

EP presents 2015-2019 medium-term road proximity plan.

€ 520 million investment up to 2019.

The plan establishes the medium-term interventions for the next five years in the areas of Current Maintenance, Major Repairs, Road Safety, Engineering Structures and Construction.

:ation to community funds of over € 2 billion

The Priority Projects integrated in the Atlantic Corridor of the Maritime-Port, Rail and Road Networks included in the Trans-European Transport Network (TEN-T) were presented in a press conference that was attended by the State Secretary for Public Works, Transport and Communications. The options for investment in the North-South connections of the Minho and Northern Lines and in the cross-border connections to Spain in the north zone, Aveiro-Vilar Formoso, and in the south, in the Sines/Setúbal/Lisbon-Elvas line were explained during this presentation.

April

EP and REFER, by Council of Ministers Resolution

The new company resulting from the merger of EP – Estradas de Portugal, S.A. and REFER, Rede Ferroviária Nacional, E.P.E. became responsible for the integrated management of the national rail and road infrastructures.

EP announces 2015-2019 medium-term road proximity plan

Execution of 802 interventions up to 2019

Medium-term structured investment plan, in line with that existing for rail, viewing the reinforcement of safety conditions and the improvement of reliability and quality levels in the service provided to the clients.

3rd World Congress on Railway Training at ISP

The International Union of Railways (IUR)'s 3rd World Congress on Railway Training was held between the 15th and 17th of April at the Instituto Superior Técnico (IST), in Lisbon.
The congress, co-organised by UIC, Refer, CP, Fertagus and IST, was attended by around 230 people in representation of 40 countries from the five continents. Its main purpose was the sharing of good practices in training and management of knowledge in the railway sector.

REFER and APSS sign protocol for Modernisation Study

Within the scope of the project for the improvement of the rail connection to the central area of the Port of Setúbal, included in the list of the Strategic Infrastructures and Transport Plan (PETI+3), REFER signed a protocol with APSS – Administração dos Portos de Setúbal e Sesimbra on the 8th of April.

Santarém Station - Conclusion of works

The works on the heightening of passenger platforms in the Santarém Station were concluded and the new overhead walkway connecting the station to the municipal public car park entered into service. The works, representing an investment of more than € 300 thousand, were managed, coordinated and supervised internally by REFER.

May

Assignment of works in the Sernada do Vouga-Águeda stretch

On 29 May REFER assigned the improvement works on the rail superstructure between the Sernada do Vouga and Águeda stations, in the Vouga Line.
The works, with an execution term of 120 days, were awarded to FERGRUPO – Construções e Técnicas Ferroviárias, SA for the amount of € 1,968,750.32, to which add rail materials with an estimated cost of € 1.4 million.

Publication on the Official Gazette of Decree-Law no. 91/2015, of 29 May, which approves the EP/REFER merger and their transformation into a public limited company called Infraestruturas de Portugal, S.A. (IP, S.A.).

REFER / EP merger concluded. Council of Ministers approved the creation of Infraestruturas de Portugal viewing the integrated management of rail and road infrastructures.

Algiers International Fair - First Joint Presentation

EP's participation in the AIF, accompanying REFER Engineering, represented EP/REFER's first joint presentation abroad, providing an opportunity to introduce to the Algerian institutions and companies and to potential clients the business reality, capabilities and transnational dimension of the companies.

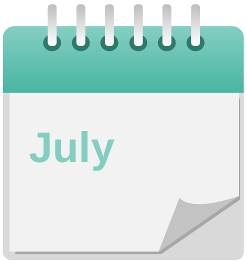
1 June 2015 - Creation of Infraestruturas de Portugal S.A. (IP, S.A.) and approval of the organisation of the IP Group by resolution of the EBD

The decree-law creating the company corresponded to the third stage in a process initiated in August 2014 with the appointment of the merger's Planning Committee, headed by António Ramalho.

Presentation of the IP brand to the staff

A meeting to present the IP brand to the company's staff was held on 5 June at the National Railway Museum, in Entroncamento.

IP invests € 5.1 million in the reinforcement and maintenance of horizontal markings in approximately 3,200 kilometres of the National Road Network under its responsibility



IP obtains € 193.9 million revenues from users (tolls + railway services) in the first six months of the year

This represents an increase of 5%, or € 9.3 million, over the same period in 2014.

1 July - Opening to traffic of EN 125 - Bypass to Lagos

Modernisation of the Algarve Line

The works of replacing wood for concrete cross-ties in the Alcantarilha, Silves, Estômbar and Mexilhoeira Grande stations were assigned on 31 July.

This intervention was awarded to OPWAY for the amount of € 549,436.25.

Delegation of the Ministry of Public Works of the Government of Algeria visits IP

On 28 July IP received in its headquarters a delegation from the Ministry of Public Works of the Government of Algeria.

Participation in FILDA – first presentation of IP in Angola

IP's presence in the 2015 FILDA, Luanda's International Fair - the largest commercial event with an international scope in Angola - was part of the initiatives for the institutional and commercial promotion of the Infraestruturas de Portugal Group at international level, representing its first presentation abroad.

The event provided an opportunity to introduce to the Angolan institutions and companies and to potential clients the Group's main capabilities and wide range of services provided, particularly in the area of road and rail engineering.

August

IP celebrates the 49th anniversary of the 25 de Abril bridge with the exhibition 'The bridge that connects us'

Prime Minister inaugurates the new bridge over the mouth of the Dão river

On 7 August IP presented in Mortágua its proposal for the Centre road corridor, called 'Via dos Duques', and for the new bridge over the mouth of the Dão river, in the IP3.

Opening of the new Bypass to Faro

The Bypass to Faro, an important stretch of the Algarve Litoral sub-concession, which was renegotiated in 2015, opened to traffic on 17 August.

The work's construction budget amounted to € 14 million.

Beira Baixa - Rehabilitation works in the Zêzere Bridge

IP assigned works of Reinforcement and Rehabilitation of Zêzere Bridge Infrastructures.
The works were awarded to Teixeira Duarte, S.A. for the amount of € 849,331.91.

Beira Alta Line - Rehabilitation of the Várzeas, Meligioso and Trezói Bridges

The rehabilitation of the rail infrastructure in the Várzeas, Meligioso and Trezói bridges in the Luso - Mortágua stretch of the Beira Alta Line was concluded.

This intervention represented an investment of € 765 thousand.

September

Presentation of 1st half of 2015 accounts

In a press conference held at the company's headquarters, António Ramalho made a public presentation of the company's results in the first half of 2015. Toll revenues increased by 9% year-on-year, to € 127.2 million. The RSC was up by 28%, reaching € 324.5 million.

During the period the company achieved a € 650 reduction in net indebtedness and made capital increases worth approximately € 1,168 million.

Wrap-up of the first 100 days of the company

In an article published in the *Jornal de Negócios* newspaper, IP makes a wrap-up of the first 100 days of the company.

Boring of south gallery - Final blast joins Marão Tunnel galleries

The 8th of October saw the boring of the Marão Tunnel south gallery. On October 8th a ceremony attended by the media marks the completion of the drilling works in the Marão Tunnel south gallery that will permit for the first time to cross through the Marão mountain range.

Closing of renegotiations over PPP road contracts

The new Costa de Prata Concession Contract is the first to come into force within the scope of the renegotiation of the road PPPs. This was followed by the renegotiation of the Norte, Grande Lisboa, Grande Porto, Interior Norte, Beira Litoral e Alta, Beira Interior, Norte Litoral and Algarve concession contracts.

Works in the Marão Tunnel and Transmontana motorway receive European co-funding

The Transmontana motorway received € 164.4 million from the European Union's Cohesion Fund, attributed within the scope of the NSRF 2007-2013 Community Framework. This was the first European co-funding of a PPP project, made possible by the high public interest of this infrastructure, which will contribute to territorial cohesion and regional development. Likewise, the Marão Tunnel was also attributed in August of last year € 89 million from the European Union Cohesion Funds.

Conference on the National Road Network Regulations

In anticipation of the conference on the National Road Network Regulations to be held on 6 October, IP organised in July preliminary sessions to address the theme, followed in the 4th quarter by a broader-based programme of training actions to discuss the implications of the new legal framework on the company's activity.

Vouga Line – Improvement works concluded and circulation resumed in the Sernada do Vouga-Águeda stretch

IP concludes the improvement works on the rail superstructure between Sernada do Vouga and Águeda. The works, representing an investment of around € 2.5 million, were carried out by FERGRUPO – Construções e Técnicas Ferroviárias, S.A..

Tenders launched for the Évora-Caia railway connection

IP initiated the proceedings viewing the preparation of the Execution Project for the new Railway Connection between Évora Norte and Elvas/Caia (border with Spain).

The connection between Évora and Caia represents an investment of approximately € 500 million, while the Sines/Setúbal/Lisbon-Caia (border) International Corridor will require an estimated investment of € 700 million.

Portugal has the 4th best motorway network in the world

The World Economic Forum (WEF)'s Global Competitiveness Report ranks the quality of the National Road Infrastructure as the fourth best in the world.

As the largest manager of the national road network, IP sees in this report international recognition, by a highly prestigious entity such as the WEF, for its daily work of maintenance and rehabilitation of a road network considered as having broad coverage and highly efficient accessibilities.

November

Drilling of Marão Tunnel concluded

On the night of November 2nd a last blasting permitted to open the Marão Tunnel's second gallery, the north gallery. On the 3rd of November, at 10:00 hours, the gallery was for the first time crossed, travelling from Amarante to Vila Real, in a ceremony attended by the media. Three weeks after the opening of the south gallery, the drilling works were concluded on the largest road tunnel in the Iberian Peninsula, which measures 5,665 metres and permits to pass through the Marão mountain range.

IP goes ahead with main modernisation projects on the national railway network comprised in the PETI and classified as priority projects by the Working Group for High Added Value Infrastructures ("GTIEVA")

IP announced on the Official Gazette the launch of the pre-contract procedure for the modernisation of the Alentejo and Beira Alta lines, for establishing conformity between the Beira Alta and Northern Lines, and for the acquisition of sundry equipment, in the overall amount of approximately € 10 million.

Anti-rust treatment of metal bridges concluded

IP concluded the works of applying anti-rust protection in 19 railway metal bridges located in the Oeste, Cintura, and Cascais lines and at Xabregas. These works represented an overall investment of around € 780 million.

IP initiated the construction works on the new bridge over the Freiria stream, located on the EN114-2 in the municipality of Rio Maior

The purpose of these works is to replace the existing bridge and build the accesses to the new crossing, adapting the layout of the EN114-2 over a length of around 300 metres.

December

IP awards rehabilitation works on the EN17 stretch between Nó de Tábua and the boundary of the Coimbra district, in the parishes of Lagos da Beira and Lajeosa, municipality of Oliveira do Hospital

The purpose of this intervention is the overall upgrading, namely improving comfort and road safety conditions, of a stretch of more than 17 kilometres in this heavy traffic road (particularly of heavy vehicles) in the district of Coimbra.

Intervention on the Bridge over the Trancão river in Santarém

Replacement of the old bridge over the Trancão river in Santarém, built in 1940. The works were awarded to Ferrovial Agroman for a contract value of € 2.5 million, with a term of 1 year

IP publishes its 2017 Network Directory

The purpose of the Network Directory is to provide transport companies with the essential information they need to access and use the national railway network managed by IP and open to railway transport.

IP joins Thales Group's Innovation Hub

IP and the Thales Group signed a partnership agreement to develop technical innovation projects within the scope of the Innovation Hub for the transport sector.

4.1 Economic Environment

International Context

The European Commission (EC)'s current projections, point to a slight slackening in the world economy's growth in 2015 (+3.1%, from +3.4% in 2014) and to an improvement in 2016 (+3.5%), in line with the trend in the world trade in goods and services.

The growth of the world Gross Domestic Product (GDP) in 2015 and 2016 was revised downwards from the previous projections of the autumn of 2015, mainly on the back of the deteriorating outlook for the emerging economies, namely Brazil and Russia, the adjustment taking place in China and the effects of geopolitical instability in the Middle East and North Africa.

The eurozone's pace of recovery from the international financial crisis and the sovereign debt crisis has been gradual and relatively slow. In the context of high public and private indebtedness prevailing in certain countries of the eurozone, private investment cannot grow strongly and therefore the labour market only improves gradually. In the first three quarters of 2015 employment in the eurozone increased on average by 1.0% year-on-year (+0.6% in full 2014) while the average rate of unemployment remained above 10% at the end of 2015 (11.6% in 2014).

According to the IMF's projections, in 2015 the inflation rate remained low in most of the advanced economies, being close to zero (1.4% in 2014), contrasting with the 5.5% acceleration forecast for the emerging and developing countries as a whole (+5.1% in 2014).

In 2015 the price of Brent crude slumped to 54 USD/bbl (48 €/bbl), which compares with 100 USD/bbl (75€/bbl) in 2014, when it reached its lowest level since 2005 (-46%). This downturn in oil prices reflects the existence of surplus supply linked to the slowdown of world trade and the economic slackening of some emerging countries.

In view of contained inflationary pressure and a low capacity utilisation rate in most of the advanced economies, the monetary policy took an accommodative stance in 2015, especially in the eurozone. In the eurozone short-term interest rates declined during 2015, hitting new historical lows, with the 3-month Euribor averaging zero in the full year (0.21% in 2014).

The Portuguese economy

2015 witnessed a gradual recovery of economic activity, alongside an improvement in the labour market and the adjustment of the external accounts.

According to the figures released by the National Statistics Institute ("INE") on 29 February of the current year, GDP rose by 1.5% in 2015, which is 0.6 percentage points (p.p.) more than in the previous year. The contribution of domestic demand to the annual change in GDP increased to 2.5 p.p. in 2015 (from 2.2 p.p. in 2014). This was due to the steeper growth of consumption expenditure, in so far as investment decelerated.

Domestic demand increased by 2.4% in real terms in 2015 (+2.2% in 2014).

Private consumer growth accelerated to 2.6% in 2015, in real terms (from 2.2% in 2014), driven by the faster increase in its non-durable goods and services component, which rose by 1.9% (+1.3% in 2014).

Gross Fixed Capital Formation (GFCF) also picked speed in 2015, rising by 3.7% in volume (+2.8% in 2014). This was mainly due to the recovery of GFCF in Construction, which rebounded from a 3.2% drop in 2014 to a 4.1% increase in 2015.

The growth of Exports of Goods and Services advanced from 3.9% in 2014 to 5.1% in 2014, fuelled by the Goods component. While exports of goods increased their growth pace from 3.6% in 2014 to 5.8% in 2015, exports of services registered a lower growth rate, which declined from 5.0% to 3.1%. Note that the deceleration of exports of services in 2015 resulted mainly from the performance of the other services component, with the tourism component continuing to show brisk growth.

Imports of Goods and Services picked up in 2015, to 7.2% (from 7.3% in 2014), fuelled by the acceleration of the Goods component. While the growth rate of imports of goods rose from 6.7% in 2014 to 7.8% in 2015, imports of services registered a sharp downturn, with the respective growth rate slumping from 10.3% to 4.3%.

Employment in all fields of activity grew by 1.4% in 2015, the same as in 2014. Paid employment increased by 1.8% in 2015.

Main Indicators	2014	2015 (f)	2016 (f)
1. Expenditure and GDP (annual rate of change, %)			
Gross Domestic Product	0,9	1,5	1,8
Private Consumption	2,2	2,6	2,4
Public Consumption	-0,5	-0,7	0,2
Investment (GFCF)	2,8	4,3	4,9
Domestic Demand	2,2	2,4	2,2
Exports	3,9	5,1	4,3
Imports	7,2	7,3	5,5
2. Prices (rate of change, %)			
GDP Deflator	1	1,9	2
HICP/CPI	-0,3	0,5	1,2
3. Employment and Unemployment			
Total Employment (rate of change, %)	1,4	1,4	0,8
Unemployment rate (% labour force)	13,9	12,3	11,3

Source: Bank of Portugal , Economic Bulletin December 2015; National Statistics Institute ("INE"), National Quarterly Accounts, 4th quarter 2015 and Minister for Finance, SB 2016

(f) forecast

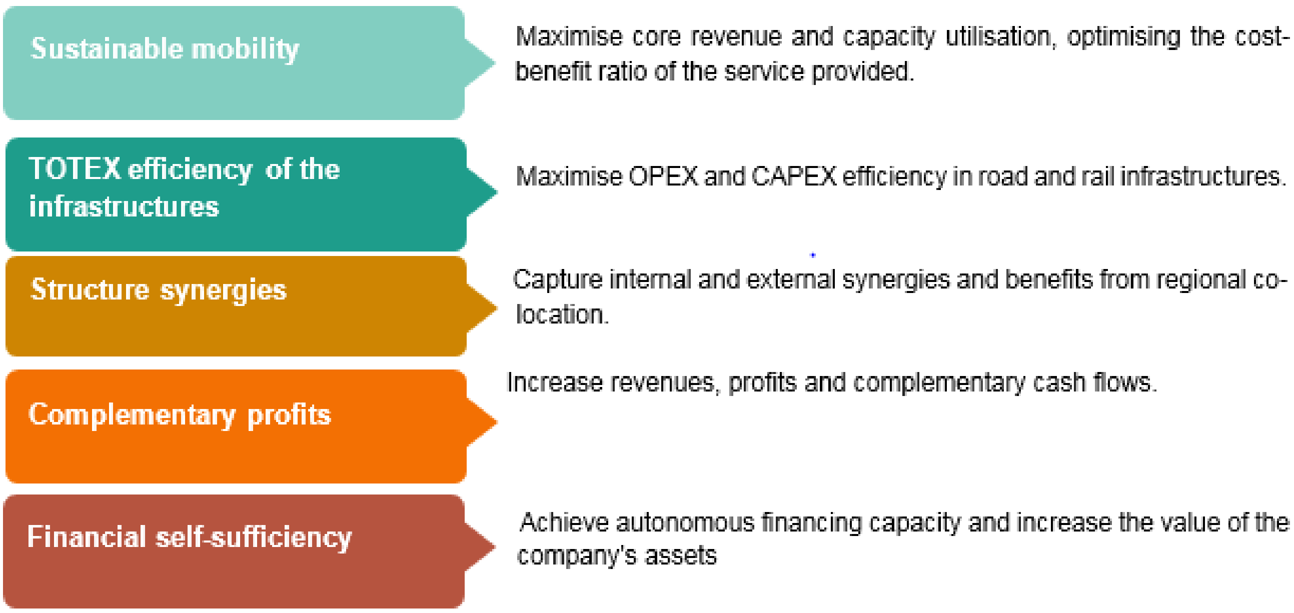
4.2 Management Strategy and Objectives

Strategic Plan

IP Group's Strategic Plan was developed based on the major objectives of the merger, which comprise the integrated development of the road and rail network, the increase in revenues (core and non-core), and the capture of internal and external synergies (scale and know-how), always in the perspective of ensuring the sustainable management of the national road and rail infrastructures.

The Strategic Plan thus sets out the course for positioning IP as a multi-modal mobility manager, leveraging asset management, synergies and new revenues to guarantee the provision of a sustainable, safe and efficient service.

To this end, five strategic axes have been defined which are expected to yield quantitative impacts:



Action plans have been defined to develop each of these axes, as summarised below.

Sustainable Mobility

- Promotion of a sustainable remuneration model, adjusted to the mobility services provided by the company and permitting to consolidate the road and rail investment plan;
- Rational integrated planning of the network;
- Development of the multi-modal mobility management.

TOTEX efficiency of the Infrastructures / Asset Management

- Optimisation of the cost of assets' life-cycle;
- Optimisation of the execution of the PETI3+.

Structure / Integration Synergies

- Stabilisation of the new organisation and human capital;
- Evolution of the procurement and smart sourcing model;
- Integration of the management, processes and information systems.

Complementary Profits / Profit Centres

- Reinforcement of commercial focus;
- Enhancement of Accessibility, Telematics and ITS services;
- Monetisation of the fibre optics, road technical channel and data centres assets and services;
- Value enhancement and commercial exploration of real estate assets.

Financial Self-sufficiency

- Self-financing capacity, capitalisation and value increase.

Simultaneously with the development of the Strategic Plan, the respective Business Plan for the 2015/2082 period (term of the general concession contract of the national road network) was drawn up, containing the economic and financial projections for the operation, investment and financing activities.

IP's Business Plan - Base Version already represents one of the key reference lines in the drawing up of the Activity and Budget Plan (ABP) 2016-2018.

Management Planning and Control Process

IP implemented in 2015 a management planning and control process aimed at achieving the following objectives:

- Ensure the annual and multi-annual planning of activities, including quantitative objectives, and ensuring alignment with the company's Business Plan;
- Monitor and control the relevant indicators for compliance with the company's objectives;
- Make sure there is an adequate performance reporting model in place to guarantee an integrated senior-level vision of the company's activity and enable the timely taking of management decisions;
- Reinforce the organisation's motivation around a common strategic vision, permitting to guide the areas' activity in a consistent manner and in line with the priorities established;
- Promote and enhance business efficiency through clear and objective criteria.

In 2015 this involved holding "Performance Control Meetings", i.e., meetings between the Executive Board of Directors and the Management Team, formed by the sectorial heads, to analyse and discuss the company's overall activity based on the corporate and sectorial management objectives defined for 2015.

Management Objectives for 2015

Duly framed by the management planning and control process to previous point, the management objectives for 2015 were set in accordance with the IP Group's five strategic axes. Its targets are in line with those foreseen in the Activity and Budget Plans of the companies that gave origin to IP - EP and REFER.

IP Group's management objectives comprise a set of 36 corporate indicators that together encompass the Group's entire activity and permit to control, within the scope of the Management Control System, the company's performance over the year.

Six of these indicators, called "Shareholder Indicators", are those at the highest level and their results are absolutely fundamental for achieving the company's financial and operational objectives, corresponding to the targets which the company undertakes to attain before its Shareholder.

In addition to these 36 corporate indicators, four to seven other indicators have been established per each Division or Subsidiary. These permit to ensure that the organisation and its staff are aligned with the Group's strategic objectives.

The table below shows the results achieved in 2015 in the six Shareholder indicators, together with a brief explanation.

VAT included, when applicable

Strategic Axis	Indicator	Calculation formula	Target 2015	Result 2015
Sustainable Mobility	Core Revenues (€m) (cash)	Basis: Cash / Scope: IP Includes: ∑ Rail Services (Network Directory) + ∑ Tolls + ∑ IC + ∑ RSC + ∑ Other Core (concessions)	€1,185 million	€1,102 million
	Level of compliance with road service levels	Corresponds to: Weighted deviation of results (Safety Rate + Infrastructure Quality) versus established target.	100%	n.a.
	Rate of compliance with railway service levels	Corresponds to: Weighted deviation of results (Safety Rate + Infrastructure Quality + Infrastructure Reliability + Level of Use) versus established target.	100%	112%
Structure synergies	**Cost to Income (%)**	Basis: Cash / Scope: IP Includes: ∑ Operational payments (does not include income tax) / ∑ Operational receipts	44%	31%
Complementary profits	*Non-core Revenues (€m)* *(cash)*	Basis: Cash / Scope: IP Group Includes: ∑ non-core IP revenues + ∑ subsidiaries revenues (extra group)	€54.2 million	€47.4 million
Financial Self-sufficiency	*Total Cash Flow* (€m)	Basis: Cash / Scope: IP Group Includes: ∑ Revenues - ∑ Expenses - ∑ Financial liabilities	-€1,043 million	-€813.8 million

Core Revenues (€m)

Total core revenues reached € 1,102 million in 2015, missing the target by € 1,102 million. This was due to the non-materialisation of the concessions foreseen in the budget (A23, Railway Terminals and Cascais Line), worth an estimated total of € 100 million.

It should be pointed out that although one of these processes (A23 concession) was fully developed, its public tender was not launched as it lacked the necessary authorisation from the State.

Toll revenues performed well in 2015, reaching a total of € 318.9 million and thus outstripping the established target by 9% (€ 26 million). Even excluding the revenues from the A23 (not foreseen in the budget) the 2015 execution was 45% above budget.

A direct comparison with 2014 shows an increase of € 2.7 million (+1%). If the Beira Interior concession is excluded from this comparison (as its revenues in 2015 were transferred to the concessionaire), the overall increase in 2015 was 9% over 2014.

Finally, the revenues from the services provided within the scope of the Network Directory totalled € 98.9 million and the amount received from the State as compensatory payments was 5.4 million (VAT included).

Level of compliance with road service levels

The level of compliance with road service levels is determined according to the indicators "Road Safety Index" (RSI) and "Quality of Road Infrastructure" (QRI).

At the present date it is not possible to disclose the results of this indicator for 2015, which are pending the publication of the official road safety figures by the National Road Safety Authority.

Even so, we present the evolution of two of the three indicators composing the RSI in the period comprised between 1 January and 31 October, and also the QRI final result.

Road Safety Index (RSI)

The number of fatal victims between 1 January and 31 October 2015 was 151, which represents an 8% reduction over the same period in 2014. The Severity Index in urban areas was 15,283 in October, which translates a year-on-year improvement of 14%.

Quality of Road Infrastructure (QRI)

The QRI is given by two technical parameters, namely the State of Conservation of Engineering Structures and the Pavement Conservation Index.

At 31 December 2015 the State of Conservation of Engineering Structures was 1.70, which represents a slight improvement over 2014 (1.72).

On the other hand, the Pavement Quality Index registered a small decline (2.83, from 2.86 in 2014).

In a word, we may conclude that the Quality of Road Infrastructure remained stable in 2015 compared to 2014.

Rate of compliance with railway service levels

In 2015 the Level of Compliance with Railway Service Levels was determined according to the achievement of the targets established for the following indicators: Railway Safety Index (RwSI), Quality of Railway Infrastructure (QRwI), Reliability of Railway Infrastructure (RRI) and Railway Network Utilisation Level (RUL).

In 2015 the Rate of compliance with railway service levels was 112%, which shows that the established targets were generally achieved, with the Railway Safety Index performing particularly well.

Railway Safety Index

The very positive performance of this indicator - 0.644 significant accidents per million of train-kilometres (SA/mtk), which is considerably better than the established target of 1.344 SA/mtk, reflects a reduction in the number of significant accidents, from 50 in 2014 to 24 in 2015.

Quality of Railway Infrastructure

This indicator stood at 93.6% in 2015, a slight improvement over the established target of 93.3%.

Reliability of Railway Infrastructure

The overall value for this indicator was 91% (93% for passengers and 81% for freight), which is 1 p.p. above the established target of 90%.

Railway Network Utilisation Level

The utilisation of the railway infrastructure, increased by 109,951 tk. This represents a growth rate of 0.3 % over 2014 that is in line with the target of +0.03%.

Cost to Income (%)

The target established for 2014 in accordance with the budgets of the former EP and REFER (44%) was comfortably met, reaching 31%. This was mainly due to a reduction of around 30% (-€ 147.1 million) in operating payments versus the budget.

The various components of operating costs had the following performance in 2015:

- regular maintenance costs: - 26%;
- current maintenance and road safety costs: -15%;
- railway operation costs: -33%
- toll collection costs: -66%;

  (due to the reconciliation of accounts made in 2015 for the period of 2013/2015, as foreseen in the renegotiation process of contracts on the provision of toll collection services)
- staff costs: -1%;

Operating revenues (excluding revenues from the new concessions) were broadly in line with the budget (+1%).

Non-Core Revenues (€m)

The IP Group's non-core revenues totalled € 47.4 in 2015, which is € 6.8 below the established target.

The deviation is mainly explained by the performance of the international business, both at IP Engenharia (-€ 3.4 million) and IP Telecom (-€ 1.0 million).

As regards the results from real estate assets, including disposals, receipts totalled € 18.5 million, which represents a deviation of -€ 0.5 million from the budget.

Receipts from the Road Technical Channel and Licensing were € 2.3 million and € 2.2 million, respectively, also failing to reach the budgeted figure, which was € 2.6 million for both.

Finally, the results of service areas and compensation for damages were in line with the budget, at € 2.2 million and € 3.0 million, respectively.

Total Cash Flow (€m)

The IP Group's total cash flow in 2015 was €-814 million, a positive deviation of € 229 million against the target of €-1,043 million that shows the objective was met.

This indicator's positive performance was underpinned by the following:

- € 126 million reduction in operating payments (road and rail maintenance);
- € 89 million reduction in investment payments (PETI3+ and PP);
- € 35 million reduction in PPP payments;
- € 119 million reduction in financial expenses, due to the non payment of interest on State loans that were going to be settled through capital contributions (conversion of credits);
- In the opposite direction, and on the revenue side, total revenues (extra-group) registered a shortfall to budget of € 100 million, explained by the non-materialisation of the A23, Terminals and Cascais Line concessions.

Note that the receipt of € 156 million in Community Funds for the Transmontana Motorway was not taken into account in the calculation of this indicator.

Summing up the results obtained for the six Shareholder Indicators, we conclude that the deviation on the revenue side, resulting from the non-materialisation of the three new concessions foreseen in the budget, worth an estimated € 100 million, was largely offset by the significant reduction in operational and investment payments, thus allowing the Total Cash Flow and Cost to Income indicators to clearly outperform the budget.

Moreover, we should stress the over performing of the target established for Railway Service Levels, and in particular the sharp reduction in significant accidents, underscoring the fact that the overall quality of the rail network remains in line with both the projections and the results in 2014.

4.3 Main Areas of Activity

As referred further up, as determined by article 6 of Decree-Law no. 91/2015, of 29 May, the corporate object of IP is the design, planning, construction, financing, maintenance, exploration, rehabilitation, enlargement and modernisation of the national road and rail networks.

Accordingly, the company focused its activity in 2015 on the development of the following areas of intervention:

A. High Performance

This segment comprises IP's entire Motorway High-Performance activity, including all the roads currently managed under Public Private Partnerships (PPPs), namely State Concessions and Sub-concessions, and the other high-performance roads currently managed directly by IP.

IP's High-Performance Network is divided into six regions: North, Centre, South, Lisboa and Tejo Valley, Grande Lisboa and Grande Porto.

Under contractual obligations, IP ensures the management and operation of this Motorway Network. This includes a set of actions aimed at ensuring proximity with the client, namely monitoring traffic conditions to survey and prevent accidents and providing assistance to the clients (sanitary and mechanical assistance, including using external aid and assistance means). This Motorway Network aims to ensure accessibility and mobility within the large urban centres, particularly the Greater Lisbon and Greater Porto Metropolitan Areas.

Public Private Partnerships (PPPs)

Renegotiation of the Concession and Sub-Concession Contracts

Under the scope of the Memorandum of Understanding on Specific Economic Policy Conditionality, the Portuguese Government undertook, in the State Budget for 2013, to take all steps required to renegotiate the road sector PPP contracts considered to be too onerous and unbalanced for the public partner.

In this Memorandum of Understanding (version of 15 March 2013), the Portuguese Government also expressly assumed the commitment of executing the Strategic Plan for Transports approved by Council of Ministers Resolution no. 45/2011, of 10 November, making clear its duty to "*reduce the forecast debt burden of Estradas de Portugal through the reduction of PPP contracts' scope still in the construction phase, revision of shadow-toll schemes*" ("SCUT").

On 3 December 2012 the State Secretariat for Public Works, Transport and Communication determined the formal relaunching of the renegotiation of contracts on the following road sector PPPs:

i) Former SCUT concessions of Norte Litoral, Grande Porto, Interior Norte, Costa de Prata, Beiras Litoral e Alta, Beira Interior and Algarve;

ii) Norte and Grande Lisboa concessions;

iii) Baixo Tejo, Autoestrada Transmontana, Baixo Alentejo, Litoral Oeste, Pinhal Interior and Algarve Litoral sub-concessions.

According to said State Secretariat's order, the ultimate goal of the renegotiation of these PPP contracts is the restructuring of the national road sector and the economic and financial sustainability of EP, viewing the reduction of the road PPPs impact on the public accounts and the satisfaction of the high public interests at stake.

To this purpose a Negotiation Committee was appointed by order no. 16198-F/2012 of the UTAP (the technical support unit for PPP projects).

The negotiation process between the State and the Ascendi, Norscut, Euroscut and Scutvias concessionaires was concluded during 2015, leading to the signature of nine contracts corresponding to the Norte, Costa de Prata, Beira Litoral/Beira Alta, Grande Porto, Grande Lisboa, Interior Norte, Beira Interior, Algarve and Norte Litoral concessions. This completed the negotiation process for all the State's concession contracts.

These nine contracts were submitted to the Court of Auditors for appreciation, this Court having returned them with the indication that they were not subject to prior supervision and therefore were already in full effect.

The celebration of these contracts allowed a cost reduction for IP for the period 2013/2015 as presented below in “State Concessions Global Cost Reduction” chart.

The cost reduction achieved mainly results from the following factors:

- Reduction of the shareholder's internal rate of return (IRR) foreseen in the baseline case to a level compatible with the level and type of risks assumed by the shareholders of the private-sector partners;
- Reduction of the concessionaires' operating costs in line with the adjustment of service levels to European standards and practices and the current and forecast traffic levels.
- Redefinition of responsibilities concerning major pavement repairs, in so far as these will now be paid to the concessionaire only when a repair is actually needed and carried out.

As to the sub-concessions, this is the current status of the negotiation processes:

- In the Baixo Alentejo and Algarve sub-concessions, the renegotiations were concluded, and the approval of the negotiation process, i.e., the approval of the corresponding report by the competent authorities and its submission to the Court of Auditors for assessment, is now under way.
- In the Baixo Tejo, Pinhal Interior and Litoral Oeste sub-concessions, following the initial Memoranda of Understanding, the Negotiation Committee and the Sub-Concessionaires have already agreed on the financial models, and the last amendments to the Sub-Concession Contracts are now being made for the negotiation processes to be finally closed.
- The Autoestrada Transmontana and Douro Interior sub-concessions, the last not included in the initial negotiation process, are at an earlier stage of progress in so far as the terms of the new Financial Models have not yet been agreed with the Sub-Concessionaires, nor have the draft amendments to the respective Sub-Concession Contracts been reviewed.

The negotiation process for all sub-concession contracts is expected to be concluded during the 1st half of 2016.

Infraestruturas de Portugal

2015 Budget Execution

Payments made in 2015 relative to road concessions and sub-concessions totalled € 1,303 million (VAT included), which is € 5 million less (-0.4%) than the available budget[1].

Amounts in € thousand, including VAT

	Budget	Execution	Deviation
Concessions (Availability)	**154.587**	**139.339**	**-15.248**
Norte	120.307	107.663	-12.644
Grande Lisboa	34.281	31.676	-2.605
Former SCUTS (Availability)	**593.494**	**575.875**	**-17.619**
Beira Interior	114.168	110.322	-3.846
Algarve	44.180	36.127	-8.053
Interior Norte	129.698	127.066	-2.633
Norte Litoral	57.195	45.316	-11.879
Costa da Prata	52.103	57.413	5.310
Beiras Litoral e Alta	108.820	108.243	-577
Greater Porto Region	87.330	91.389	4.059
Sub-concessions (Avail. + Service)	**449.452**	**509.445**	**59.993**
Transmontana	67.659	62.974	-4.685
Baixo Tejo	59.635	83.384	23.748
Baixo Alentejo	0	0	0
Litoral Oeste	133.722	158.276	24.553
Algarve Litoral	0	0	0
Douro Interior	100.717	100.981	264
Pinhal Interior	87.718	103.831	16.113
SUB-TOTAL	**1.197.534**	**1.224.659**	**27.126**
Availability B Payments	22.077	14.482	-7.595
Toll Collection Costs	17.220	5.376	-11.843
Rebalancings and Compensations	30.198	39.287	9.089
Major Repairs	18.113	19.447	1.334
Network Closure Investment	23.381	0	-23.381
TOTAL	**1.308.522**	**1.303.251**	**-5.271**

The following were the more relevant factors in the 2015 budget execution:

[1] The available budget includes a € 28 million reinforcement of the initial budget made by using the revenue minus expenditure balance carried forward by the former EP to pay the compensation for the Litoral Centro State Concession.

- Conclusion of the renegotiation process on the nine State concessions, with the consequent settlement of accounts for the period of 2013/2015, leading to a reduction in availability payments of the Norte, Norte Litoral, Algarve and Beira Interior concessions (in the last case also causing a reduction in toll collection costs and availability B payments);

- Entering of new contracts on the provision of toll collection services (availability B and collection costs), also with settlement of accounts in favour of IP in 2015;

- Settlement of accounts for the years 2014 and 2015 with the Litoral Oeste and Baixo Tejo sub-concessionaires, in this case in favour of the sub-concessionaires, under the terms foreseen in the respective Memoranda of Understanding on the renegotiation of contracts.

- First payments of major repairs in State Concessions, in the amount of € 19.4 million, the financing of which became IP's responsibility under the scope of the renegotiated contracts;

- Payment of compensation of the Litoral Centro State Concession, in the amount of € 36.1 million, as ruled by the Arbitration Court in April 2015. To enable this payment, which was not foreseen in the budget, the Ministry of Finance authorised a budget reinforcement of € 28.4 million;

- Non materialisation of the planned investment in the new toll collection model, in the amount of € 23.4 million.

2013/2015 Global Costs Reduction

Despite the fact that the new contracts on the State road concessions only produced effects in October and November 2015, following the opinion issued by the Court of Auditors, and that the same process for the road sub-concessions should only be concluded in the 1st half of 2016, an effective reduction with public-sector costs with the PPPs has been registered since 2013, thus fully meeting the objectives set in the Memorandum of Understanding on Specific Economic Policy Conditionality.

To calculate the reduction of costs with the road PPPs, which is made by comparing the actual payments made with the annual projections existing prior to the development of the negotiation process, the reference scenario considered was that used by the Renegotiation Committee appointed by Order no. 16.198-F/2012, i.e., the projections of the State Budget for 2012 for the State Concessions and the financial models of the Sub-concessions' reformed baseline cases. These forecasts are in line with the audit made by Ernest & Young in 2012 under the terms of the Memorandum of Understanding signed between Portugal and the Troika.

All amounts are shown at current prices and include VAT at the rate of 23%.

Following this brief overview, the chart below summarises the reduction of costs with road PPPs in the 2013/2015 period.

Amounts in € thousand, including VAT

State Concessions Global Cost Reduction	Period2013/2015	2013	2014	2015
Availability Payments	303.515	88.856	72.515	142.144
Major Repairs	-19.447	0	0	-19.447
Toll Collection Costs	150.343	35.950	44.349	70.044
Total	**434.410**	**124.806**	**116.864**	**192.741**

It was thus concluded that the reduction in costs with road PPPs achieved in the 2013/2015 period was € 434 million, or 15% compared to the existing projections on the start date of the negotiation process. This amount takes into account the loss of revenues from the Beira Interior concession, which were transferred to the concessionaire within the scope of the renegotiated contract, and IP's financing of major repairs, in the amount of € 19.4 million in this three-year period.

It should also be noted that this cost reduction, besides the direct or indirect effect of the contracts' renegotiation process, also benefits from the effect of traffic reduction, which, though sharply penalising revenue, also reduces some variable costs.

Furthermore, as a complement to this reduction, we could add the financial effect arising from the contraction of the debt burden occurred through the reduction of payments, in so far as the model assumed the full financing of the PPPs within the scope of the company.

Hence if we also consider in this analysis the reduction of financial costs (using for the purpose an average financing rate of 3.5%), we find an overall reduction in costs of € 455 million, which corresponds to 16% to the total costs in the period.

Amounts in € thousand, including VAT

State Concessions Global Cost Reduction	Period 2013/2015	2013	2014	2015
Concessions	434.410	124.806	116.864	192.741
Availability Payments	303.515	88.856	72.515	142.144
Major Repairs	-19.447	0	0	-19.447
Toll Collection Costs	150.343	35.950	44.349	70.044
Financial Expenses	20.809	2.184	6.490	12.135
Total	**455.219**	**126.990**	**123.354**	**204.876**

The reduction in costs with the Sub-concessions, which started to be paid in 2014, was € 366,941 thousand, stemming from the reduction of the corporate object authorised by Resolution of the Council of Ministers and in the Memoranda of Understanding signed, which will only become effective following the closing of the renegotiations, expected to occur in 2016.

Finally, there was also the benefit arising from the change of the Marão Tunnel's construction and operation model - from PPP to direct management by IP -, with its conclusion being supported by Community Funds.

Marão Tunnel Undertaking

The execution of the IP4 – Marão Tunnel Undertaking, which is included in the North International Corridor, was crucial for the completion of the network of roads comprised in the PETI 3+'s Trans-European Transport Network (TEN-T), costing € 131.3 million.

The Marão Tunnel is part of the so-called 82 - E82 European highway, which starts in Porto (Matosinhos) at the A4/IP4 and stretches up to Amarante, overlapping the current IP4. At Vila Real the IP4 was transformed into a motorway, extending the A4 into Bragança and Spain.

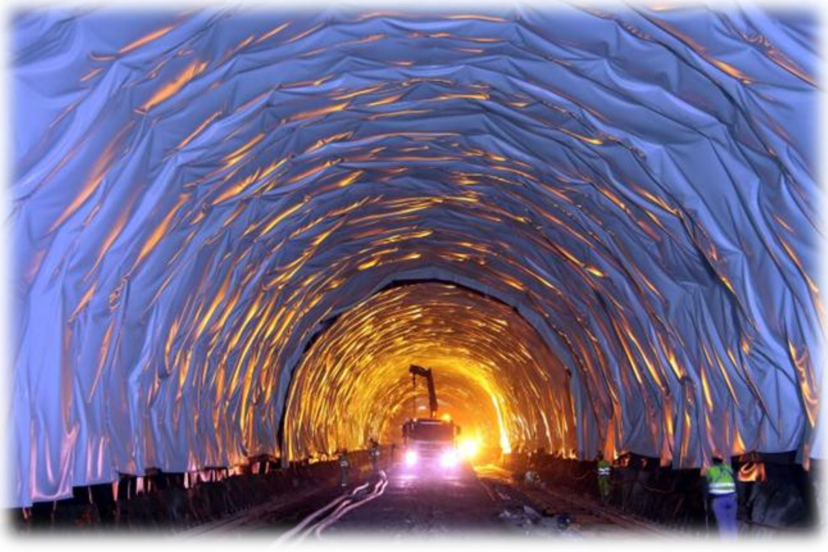
Characteristics
Total length: 29.3 km;
Five connection junctions, 12 special engineering structures, 25.4 km tolled;

Tunnel: 5.6 km, the longest in Iberia.

The Marão Tunnel Undertaking entailed three main works: the construction of the west access, the construction of the east access and the design/construction of the tunnel.

Marão Tunnel Works

- Length: 5.6 km of tunnel and respective connections, for a total length of 6 km
- Time to completion: 518 days
- Contract value: € 88.1 million
- Contractor: Teixeira Duarte, S.A. and EPOS, S.A



Connection of Marão Tunnel to Parada de Cunhos

- Length: 10 km
- Time to completion: 450 days
- Contract value: € 28.8 million
- Contractor: Consórcio Ferrovial Agroman, S.A. and Lena Engenharia e Construções, S.A.

A4-IP4 junction connection to Marão Tunnel

- Length: 10 km:
- Time to completion: 450 days
- Contract value: € 29.5 million
- Contractor: OPWAY Engenharia S.A.

Project benefits

- Reduces inter-regional inequalities by improving the accessibility and competitiveness of the interior north;
- Accident rates: 26% reduction in severe accidents rate;

- Mobility:
- Average saving in travel time between municipal capitals of more than 10 minutes in around 50% of the municipalities in the catchment area of the corridors in the new motorways;
- Average time saving of 19%, with higher saving between Bragança and Porto;
- Reduction of travel time between Porto and Spain (Quintanilha);
- Average speed increase of around 28%;
- Guaranteed mobility in adverse weather conditions (ice and snow);
- Reduction of pollutant and noise emissions, thus improving the life quality of the surrounding populations;

In December the execution level of the undertaking (4 works together) reached 93%.

25 de Abril Bridge

Concerning the management of the 25 de Abril bridge, which is regulated by a specific law, IP operates in close cooperation with LUSOPONTE, whose management duties are specifically concerned with the road component.

A set of actions involving inspections, surveys, maintenance, conservation and improvement works and the safety of the operation are regularly carried out on the 25 de Abril Bridge on an integrated management basis.

In line with the management model adopted and to attain the objectives established in the Annual Safety Programme, submitted at the start of the year to the member of Government in charge of road infrastructures, the following activities were carried out in 2015:

- Quality Manual - development of a model for the burden-sharing of costs with the structure;
- Infrastructure Inspection and Maintenance -Management of integrated services of inspection, operation and maintenance of mobile platforms and maintenance of elevators;
- Replacement of the MSM disk of one of the bearing plates of the P1 pillar, which had reached the end of its useful life;
- Monitoring and Observation of the Infrastructure - Management of structural monitoring services, including observation of the bridge's overall behaviour, development of the instrumentation plan and acquisition of equipment.
- Repair and Maintenance Projects - Development of execution project to repair anomalies detected in the suspension bridge and in the north access viaduct, as part of the regular inspection actions;
- Repair and Maintenance Works - works to address execution, flaws, carried out within the scope of the works guarantee;
- Integrated Management of Operating Security: the Safety Board held six meetings, two of which regular and four extraordinary;
- Special Projects and Innovation - development of the "P50.Bridge Experience.50 Years of 25 de Abril Bridge.Lisbon" project, which promotes historical, technical and cultural knowledge about this bridge.

In addition to all these activities, mostly viewing compliance with the legislation in force, IP develops other initiatives on the 25 de Abril Bridge, usually on an annual basis, in association with private or public entities that promote these events.

These activities contribute directly or indirectly to the organisation of the following events:

- The “**EDP Lisbon Half Marathon and Vodafone Mini Marathon**”, a public interest sports contest that held its 25th edition in 2015, and as usual attracted a great number of participants;
- The “**Life Science – Engineering in the Summer**” Project, which allowed all those interested to make a technical tour of the 25 de Abril Bridge and learn about the work developed in this unique infrastructure in the country;
- The “**Hour of the Planet 2015**” initiative, where the lights of the 25 de Abril Bridge were turned off for 60 minutes as a symbol of concern for the environment; this initiative took place on March 28th in more than 163 countries and territories across all the continents;
- The “**Open House 2015**” **I**nitiative, promoted by the Lisbon Architecture Triennale, which offered technical tours of the 25 de Abril Bridge to all those interested in learning about this infrastructure;

A new cycle of technical tours of the 25 de Abril Bridge included in the “**Now you can climb higher!** programme. **Tour of the 25 de Abril Bridge”**, an initiative promoted internally by EP for its employees that gave them a unique experience as well as technical, historical and cultural information about this infrastructure, considered the most beautiful in Europe by the European Best Destinations, an organisation based in Brussels.

B. Investment in the Rail Infrastructure Activity

Investments in the rail infrastructure comprise the construction, installation and modernisation of the infrastructure, made on behalf of the State (assets belonging to the public railway domain), which are considered as Long-Duration Investments (LDIs).

Proximity Plan

Taking into account the company's strategic goals, which comprise and prioritise investments according to a pre-established set of criteria, a number of interventions have been decided, which are listed in the Railway Proximity Plan.

There are 802 such interventions identified and scheduled for the next five years, representing an investment of around € 414 million.

Interventions in the rail infrastructure aim to reinforce safety conditions and improve the reliability and quality of the service provided to the clients. These interventions are also intended to contribute to improve the integration of the rail infrastructure in the surrounding territory, enhancing the positive externalities and mitigating the negative ones and improving mobility conditions by creating new connections or reducing travel times.

The selection of the interventions seeks to meet one of the following criteria:

- to be essential for the continuity of the railway operation;
- to ensure the indispensable safety of people and assets;
- to contribute to increase the competitiveness of the national economy and exports;
- to afford a positive financial return to the company or the country**.**

Approximately 26% (220) of the interventions concern the improvement of telecommunication systems, 20% (172) aim to reduce accident rates and 16% (136) view the rehabilitation of lines. Other works concern the stabilisation of slopes, the rehabilitation of engineering structures and the rehabilitation of buildings.

In terms of the amount of investment, the bulk (€ 208 million) will be used for the rehabilitation of lines.

The Plan is part of Infraestruturas de Portugal's optimised scheduling of interventions, which aims to streamline the interconnection between the company and the suppliers in this sector. This scheduling is expected to result in a significant reduction in procurement costs.

From the investments executed in 2015, we stress the following:

Track superstructure improvement in the Sernada/Águeda stretch of the Vouga Line

Intervention between the Sernada do Vouga and Águeda Stations, indispensable due to the extreme fatigue of all the components of the track superstructure, it involved the full replacement of 40 kg/m for 54 kg/m rail, of the wood cross-ties, joints and track switchings and crossings and the construction of a ballast bed under the base of the cross-ties.

Amount of the works: € 1,955,865.90

Full renewal of the track at the Entroncamento Station, in the Northern Line

This intervention, carried out between kms 104.300 and 107.000, involved the renewal of the various components of the track superstructure, namely cross-ties, rail, ballast, and track switchings and crossings. This permitted to increase the maximum speed of conventional and tilting trains in that stretch from 60km/h to 100km/h , with consequent gains on the regularity margin of the Northern Line.

Amount of the works: € 2,440,791.30

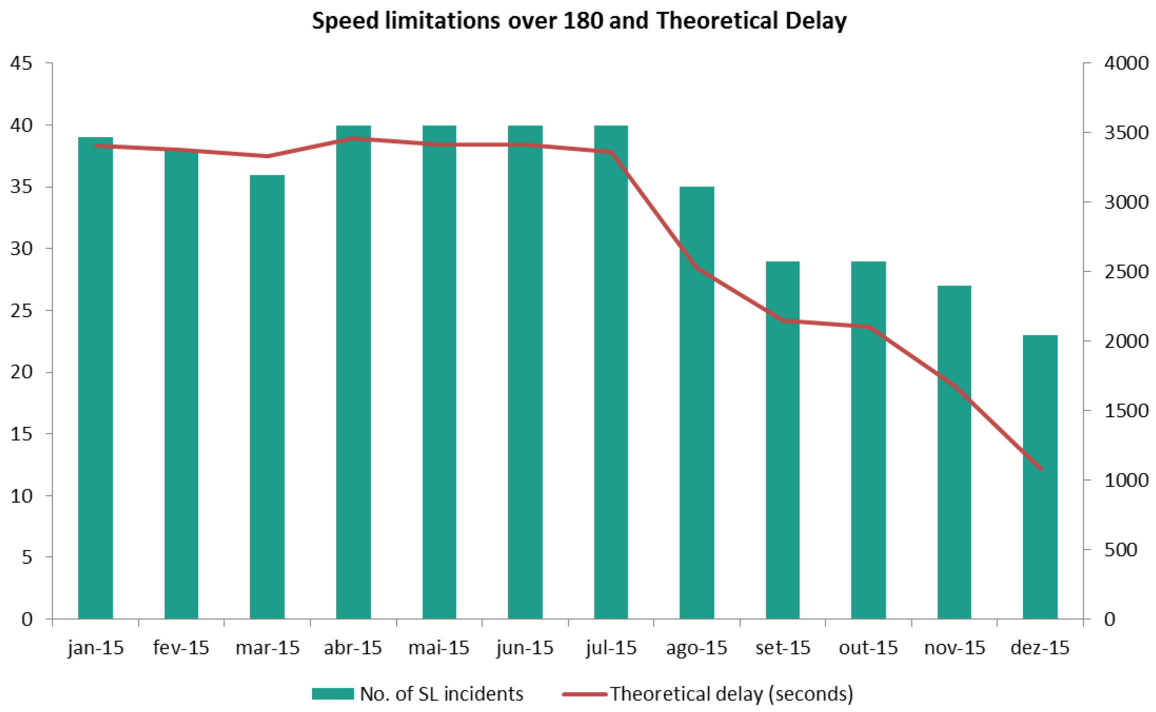
Full track rehabilitation between LK 18.766 and 55.900 of the Beira Baixa Line, with replacement of wood cross-ties for concrete double-block cross-ties

This intervention consisted in the overall improvement of the track's superstructure and infrastructure, involving the replacement of wood cross-ties for concrete double-block cross-ties in the track, the replacement of special wood cross-ties in bridges, the mechanical removal and cleaning of ballast, a heavy mechanical attack with ballast levelling and dynamic stabilisation of the bed, the replacement of short rails for long welded rails, the lowering of sidewalks and the repair of the drainage system in various stretches between the Abrantes and Rodão stations.

Amount of the works: € 1,375,554.10

Results

The maintenance and rehabilitation actions carried out yielded overall gains in terms of safety - higher intrinsic value of the railway system -, reliability and availability of the infrastructure. In this regard, particular progress was made in terms of eliminating long-duration speed limitations (SL), as shown in the chart below.



The total amount of LDIs integrated in the Proximity Plan was € 32.4 million in 2015.

PETI 3+

The Strategic Infrastructures and Transport Plan (PETI3+) defines a set of priority transport and infrastructure projects, gradually deploying the implementation of the Trans-European Transport Networks, with particular emphasis on the railway sector. These projects are critical for increasing the competitiveness of the Portuguese exports to Europe and to the rest of the world, mobilising for the purpose public, community and private funding sources.

Within the scope of the demanding and ambitious set of interventions in this area, investment execution totalled € 6.4 million in 2015, namely including the conclusion of works on the **Electrification of the railway connection branch to the Aveiro Port**.

These works consisted in the electrification of the connecting branch between the Cacia Platform and the Aveiro Port for an approximate length of 9 kilometres, as well as the electrification of the Cacia and Aveiro Port platform lines.

This involved the following interventions:

- Electrification of the connecting branch between the Cacia Platform and the Aveiro Port;
- Implementation of the 'Traction current supply system and ground protection';
- Lifting and repositioning of diagonal track in the Aveiro Port;
- Lowering of track grade line at LK 7+987 and LK 8+615 to guarantee the vertical clearance required for the electrification of the track under the existing road overcrossings.

The works were executed by OPWAY - Engenharia, SA, while the execution project, and the management, coordination and supervision of the works were internally carried out by the IP Group.

The electrification of the branch, which has been in operation since 2010, aims to increase the market share in railway transport to and from the Aveiro Port, while the use of power traction will help reduce greenhouse gases, noise and energy costs, with a direct impact on operating costs.

It should also be referred that, in connection to the process of issuance by the Transport and Mobility Institute (Instituto da Mobilidade e Transportes - IMT) of the authorisation for the entry into service of the electrified stretch (the branch in question is considered an interoperable stretch in the Energy Sub-system of the European Union Railway System, comprised within the Interoperability of the Community Railway System - Trans-European Transport Network), the electrification process was subject to an EC compliance verification concerning the Energy Subsystem and Catenary interoperability, the first situation of this kind in the history of the National Railway Network.

Other PETI3+ interventions

Finally, we should also stress the investments made in the electrification of the Nine/ Valença stretch, including Technical Stations and the Seixas and Gondorém Tunnels (€ 1.5 million), the Évora / Évora Norte Execution Project and Preparatory Studies for the outline design of the new railway connection between Évora Norte and Elvas/Caia (€ 1.1 million) and the electrification of the Caide / Marco stretch – Execution and Supervision (€ 0.8 million).

Community Funding

The PETI 3+ Plan has an associated financial package and its timetable is strict and ambitious, posing new and demanding challenges in terms of planning, eligibility of projects and reimbursement mechanisms. This financial package is composed of community funds from the Connecting Europe Facility (CEF), both in the general component (30 to 50% contribution) and in the cohesion component (85% contribution) and from the Portugal 2020 programme (85% contribution), to which may be added the Juncker Plan and the contribution of Infraestruturas de Portugal.

The more relevant events in 2015 concerning the community funding of investment projects were as follows:

2007-2013 programming period

Within the scope of the Territorial Enhancement Operational Programme (TEOP), European Commission approval was obtained for the funding of the following projects, through the Cohesion Fund:

- Sines/Elvas (Spain) Railway Connection I: Bypass to Alcácer (2nd phase);
- Sines/Elvas (Spain) Railway Connection III: Modernisation of the Bombel and Vidigal stretch to Évora.
- Modernisation of the Lisbon/Caldas da Rainha Axis: Sintra Line - Barcarena-Cacém Stretch
- Minho Line – Modernisation of the Nine/Valença border stretch (Phase 1)
- Northern Line – Modernisation of the Ovar/Gaia stretch (Phase 1)
- Northern Line – Modernisation of the Alfarelos/Pampilhosa stretch (Phase 1)

2014-2020 programming period

Under the Connecting Europe Facility (CEF), the European Commission has approved the projects detailed below:

- To be implemented by IP only:
    - Sines/Elvas (Spain) Railway Connection: Évora-Caia stretch and Technical Station at km 118 of the Southern Line

  - Studies on the Aveiro-Vilar Formoso Railway Connection in the Atlantic Corridor

- To be implemented in partnership:

  - Leixões Port Multimodal Logistics Platform (2nd phase)
  - Development of the Atlantic Railway Freight Corridor "Sines-Lisbon/Leixões — Madrid-Medina del Campo/ Bilbao/San Sebastian-Irun-Bordeaux-Paris/Le Havre/Metz-Strasbourg /Mannheim / Sines-Elvas/Algeciras"
  - Rearrangement of the Lisbon Port Multimodal Platform as a key tool for the integration of the Main Network in the Atlantic Multimodal Corridor; in this project IP will be responsible for the studies on the road and rail accessibilities to the Barreiro Container Terminal.

C. Management of Road Infrastructure Activity

The **Management of Road Infrastructure** segment comprises both the activities of building and rehabilitating roads and engineering structures and the activities of managing, maintaining and improving the safety of the national road network.

Characterisation of the National Road Network

The National Road Network (NRN), which is governed by the National Road Plan (Decree-Law no. 222/ 98 of 17 July, Law no. 98/99 of 26 July and Decree-Law no. 182/2003 of 16 August), remained stable during the period. It comprises three levels of roads: "*Itinerários Principais*" (trunk roads), "*Itinerários Complementares*" (secondary roads), and National Roads. This plan classified a set of road stretches as Regional Roads in order to ensure connections with supra-municipal interest and complementing the national road network.

Hence, apart from a few roads disqualified and delivered to the municipalities, the characteristics of the network under IP's direct jurisdiction or sub-concessioned remained stable, with the following typology:

DIRECT NETWORK								
District	**IP**	**IC**	**EDIP**	**EDIC**	**EN**	**ER**	**ED**	**Total**
AVEIRO		15		126	167	127	247	682
BEJA		58	106	106	254	438	237	1199
BRAGA					421	208	116	745
BRAGANÇA			35	10	268	241	394	948
CASTELO BRANCO	2			74	69	172	281	598
COIMBRA	30	52		57	151	135	178	603
ÉVORA	16		2	43	354	302	197	914
FARO	3	58		43	55	67	101	327
GUARDA	2		1	114	317	248	98	780
LEIRIA	18	3		69	154	89	243	576
LISBON	11	58		45	403	102	239	858
PORTALEGRE	19	29	66	70	285	170	114	753
PORTO	16	29		33	244	186	301	809
SANTARÉM	36	29		182	334	112	274	967
SETÚBAL		33	6	27	239	259	212	776
VIANA DO CASTELO	5	14		42	213	114	205	593
VILA REAL				41	229	153	179	602
VISEU	53	22		91	309	160	155	790
Total	**211**	**400**	**216**	**1173**	**4466**	**3283**	**3771**	**13520**

Explanation:

IP - Itinerário Principal (trunk road) ; IC - Itinerário Complementar (secondary road) ; EDIP - disqualified road ensuring IP corridor; EDIP - disqualified road ensuring IC corridor; EN - National Road; ER - Regional Road; ED - Disqualified Road

Network under sub-concession								
District	IP	IC	EDIP	EDIC	EN	ER	ED	Total
AVEIRO								0
BEJA	80							80
BRAGA								0
BRAGANÇA	148	116						264
CASTELO BRANCO		50		0	93	16		159
COIMBRA		28			106	17		151
ÉVORA	33							33
FARO		18		5	93	130		246
GUARDA	61				8	4		73
LEIRIA		151			30	14		195
LISBON								0
PORTALEGRE								0
PORTO	16							16
SANTARÉM		66			21	15		102
SETÚBAL	28	148				16		192
VIANA DO CASTELO								0
VILA REAL	69	16						85
VISEU								0
Total	**435**	**593**	**0**	**5**	**351**	**212**	**0**	**1596**

Explanation:

IP - Itinerário Principal (trunk road) ; IC - Itinerário Complementar (secondary road) ; EDIP - disqualified road ensuring IP corridor; EDIP - disqualified road ensuring IC corridor; EN - National Road; ER - Regional Road; ED - Disqualified Road

IP is the concessionaire of 15,116 km, of which 13,520 km under direct management (including 3,771 km of roads disqualified but not yet delivered to the municipalities) and 1,596 km of sub-concessioned network (under strategic partnerships with private-sector entities).

The remaining 2,658 km are State Concessions (including 924 km allocated to the former SCUTs).

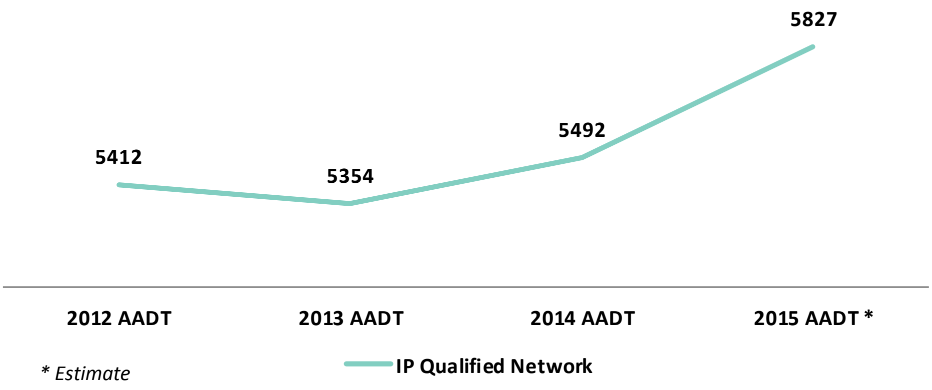
Mainland Portugal's Motorway Network stretches over 3,087 km (including parallel roads), of which 517 km are under direct or indirect management of IP.

The High Performance Network under direct or indirect management of IP has 292 km and includes motorways and other roads equivalent to motorways.

Traffic

An analysis and comparison of the traffic data for the years 2014 and 2015 shows an increase of around 6.1% in IP's motorway network and an estimated Annual Average Daily Traffic (AADT) of 5,827 vehicles in the qualified network in 2015.

The chart below shows the expected evolution of traffic in IP's qualified network:



Year-on-year changes in Annual Average Daily Traffic (AADT) considering only the National Motorway Network under IP's responsibility:

National Motorway Network	Annual Average Daily Traffic (AADT)		Change 2014/2015
	2014	2015	
National Motorway Network - Sub-concessions	7926	8339	5,2%
National Motorway Network - IP	9776	10485	7,3%
Weighted Total	**8259**	**8726**	**5,7%**

Year-on-year changes in AADT including the remaining IP qualified network:

IP Network	Annual Average Daily Traffic (AADT)		Change 2014/2015
	2014	2015	
National Road Network (IP and Sub-concessions)	5110	5278	3,3%
National Motorway Network (IP and Sub-concessions)	8259	8726	5,7%
Weighted Total	**5954**	**6202**	**4,2%**

Network Supervision

The supervision of the road network is an operational activity that, by means of patrolling, permits to guarantee compliance with the legal and contractual obligations established by the National Road Network Regulations and the Concession Contract with the Portuguese State, namely the duty of vigilance, through the exercise of the Road Administration's public authority powers, the defence of the road public domain of the State, through surveillance, policing and licensing, and an effective support service to the clients of our roads and the management of the company.

IP, as the concessionaire of more than15,000 km of roads, of which 14,000 km under direct management, develops the Network Supervision activity. This requires the regular patrolling of roads, carried out according to a stratification of the network using criteria such as Annual Average Daily Traffic (AADT), commercial activity (licensing), existing resources and compliance with network service levels.

The network is patrolled by the Inspection and Support Mobile Units (ISMUs) using plans that indicate the itineraries (road stretches or connecting routes to be supervised), the direction to take and the situations to be assessed. During the year the ISMUs travelled more than 1,700,000 km throughout the country (18 districts), to supervise approximately 800,000 km of road.

Broad figures

15,116 km of motorway network

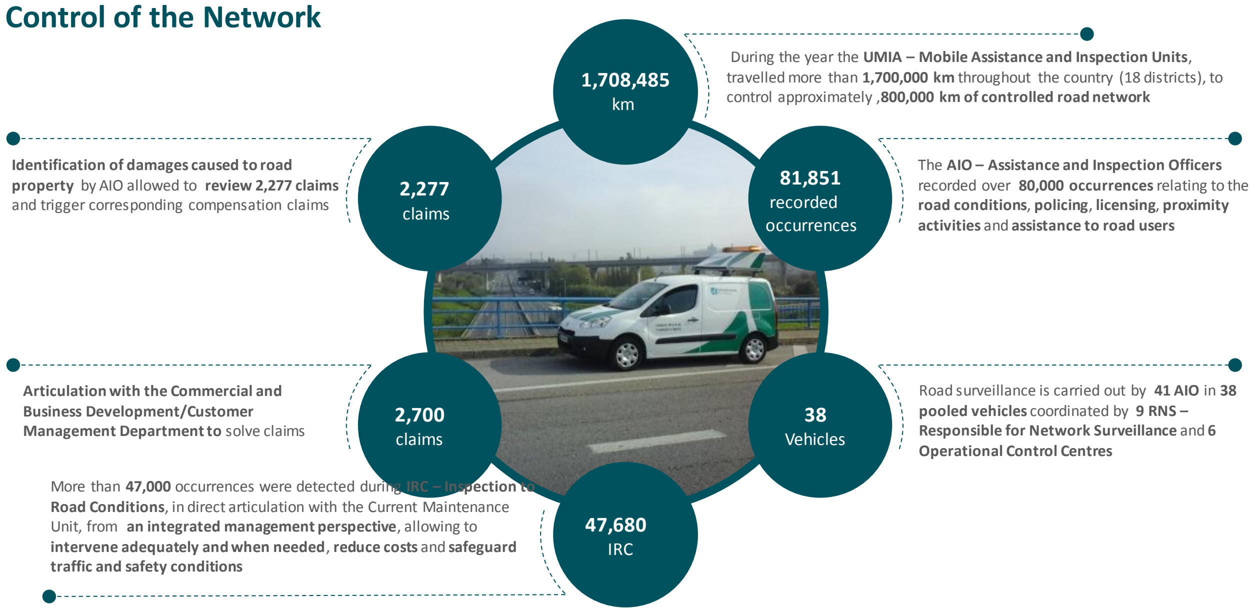
81,851 Sightings

- **47,680** Inspection of road conditions
- **13,391** support to the users of our roads
- **10,412** Police patrolling actions
- **6,189** Other network proximity activities
- **4,179** Licensing actions

1,708,485 km driven
772,365 km of roads patrolled
2.277 Processes for damage to road assets
6 Operational Centres, to manage 18 districts
38 Vehicles - Inspection and Support Mobile Units (ISMUs)
41 Operators
9 Coordinators
2,700 Requests from the Client Management System

The main function of the five existing Inspection and Support Mobile Units (ISMUs) is the systematic and continuous monitoring of the roads, promoting the collection and recording of information concerning deficiencies or relevant unexpected events not resulting from the normal wear and tear of roads and respective components which require urgent intervention and signalling due to endangering traffic conditions and/or the immediate safety of users.

Road Infrastructure Operation
Control of the Network



2015

Current Maintenance Management

Current Maintenance of the national road network under direct administration of IP is essentially based on 18 Multi-annual District Contracts. It takes place on the road and adjacent areas, with the purpose of maintaining conditions for comfortable and safe driving, preventing the deterioration of infrastructures and service quality.

The Management of Current Maintenance Contracts comprises several phases, the last of which is the intervention in the road network. Hence each work executed entails the identification of needs, technical validation, prioritisation, planning and finally the Execution Order. In 2015 the Current Maintenance management teams issued around 50 thousand Execution Orders, each defining clearly the kind of works to be executed, quantities and location.

In 2015 a total of **€ 35.6 million** were spent in current maintenance of the NRN (6% more than in the previous year).

Regular Maintenance

The cost of the Regular Maintenance of Roads represents the expenditure required to maintain the service level in roads and engineering structures imposed by IP's Concession Contract. Based on technical assessments of repairing needs and an index of the average quality of the roads and engineering structures, an annualised cost of € 53 million is determined for the programmed maintenance works required to maintain the network's average quality index at the same level as when the network was received.

New activities are undertaken based on the assessment of rehabilitation needs, with priorities being set according to technical urgency, which in turn is determined based on the Quality Index (QI) of the roads and traffic levels, as foreseen in the 2015-2019 Proximity Plan. The maintenance management strategy is thus based on a cost-benefit approach to the medium/-long term performance of the various intervention alternatives, which is determined using the behaviour prediction model for pavements of the Pavement Management System ("SGPAV"). This permits to choose the alternative that best suits the state of the pavement according to the moment and type of intervention to be executed.

This method allows IP to plan and prioritise road rehabilitation interventions. In addition, specific intervention needs in the area of geotechnics are assessed and prioritised based on inspections following the detection of incidents by the inspection units.

Interventions in Engineering Structures are undertaken based on the assessment of their State of Conservation (SC) through Major Inspections. This permits to solve SC4 and SC5 situations, and also to address potentially evolving SC3 situations, thus providing an adequate solution to situations liable of compromising the safety of the road infrastructure.

Regular maintenance actions totalled approximately **€ 20 million** in 2015, of which we note the following:

EN2 – Km 404.920 - Abrantes Metallic Bridge over Tejo River. Rehabilitation of Engineering Works

The rehabilitation of the Abrantes Metallic Bridge over the Tejo River entailed the following works: replacement of damaged gussets and metallic elements; repair of joint covering plates; replacement of the existing screws by rivets; mastic sealing of gaps; replacement of external prestressing; application of anti-corrosion protection; repair of reinforced concrete and repair of the deck's sidewalks; washing and painting of the deck's underside; installation of drainage system in the deck; installation of safety barriers; replacement of expansion joints and bearing plates; repair/review of electric system; and installation of micro-piles and reinforcement of foundations through jet grouting columns.

Contract Value: € 2,992,455.14

EN 15 – Penafiel (Km 31+600) and Amarante (Km 57+800) – Rehabilitation

This intervention had an approximate extension of 26.2km, starting on the junction of the EN15 with the EN320, at Penafiel, and ending at the intersection with the bypass to EN210, at Amarante. It mainly involved the structural reinforcement of the pavement, the improvement of drainage conditions through cleaning, unblocking and reconstruction of the installed parts; and replacement of signalling and safety equipment.

Contract Value: € 3,699,625.89

D. Management of Rail Infrastructure Activity

The management of the national rail infrastructure is attributed to IP, which must ensure its capacity and availability in reliable operation conditions, with quality and safety. To this end, IP carries out the maintenance and management of the traffic command and control systems, including signalling, regulation and dispatching, as required for provision of the public railway service.

Characterisation of the National Railway Network

The national railway network has the following characteristics:

Characterisation of the National Railway Network

[km]

Characterisation of the National Railway Network	With train traffic					Without train traffic	National Railway Network
	Electrified			Not electrified	TOTAL		
	25,000V	1,500V	Sub-total				
Large lane	**1 605**	**25**	**1 630**	**803**	**2 433**	**547**	**2 980**
Single lane	1 020	0	**1 020**	803	**1 823**	547	2 370
Double lane	537	25	**562**	0	**562**	0	562
Multiple lane	48	0	**48**	0	**48**	0	48
Narrow lane	**0**	**0**	**0**	**113**	**113**	**528**	**641**
Single lane	0	0	**0**	113	**113**	528	641
TOTAL	1 605	25	1 630	916	2 546	1 075	3 621

The network's lines and branch lines (whether in operation or not, including franchised sections) have a total length of 3,621 km.

Seventy percent of the total railway network is operating, i.e. tracks suitable for train running cover 2,546 km. The part of the network which is electrified (1,630 km) corresponds to 64% of the total network in operation.

The Convel system, which is shared by the Operators and REFER ensures high traffic safety levels, guaranteeing compliance with signalling and the authorised train running speeds. This system assists the train driver's tasks by warning the driver about running conditions and by activating the braking system (forcing the train to stop) whenever any safety requirement is not met. This system is deployed in approximately 1,695 km of the network (67% of the network under operation).

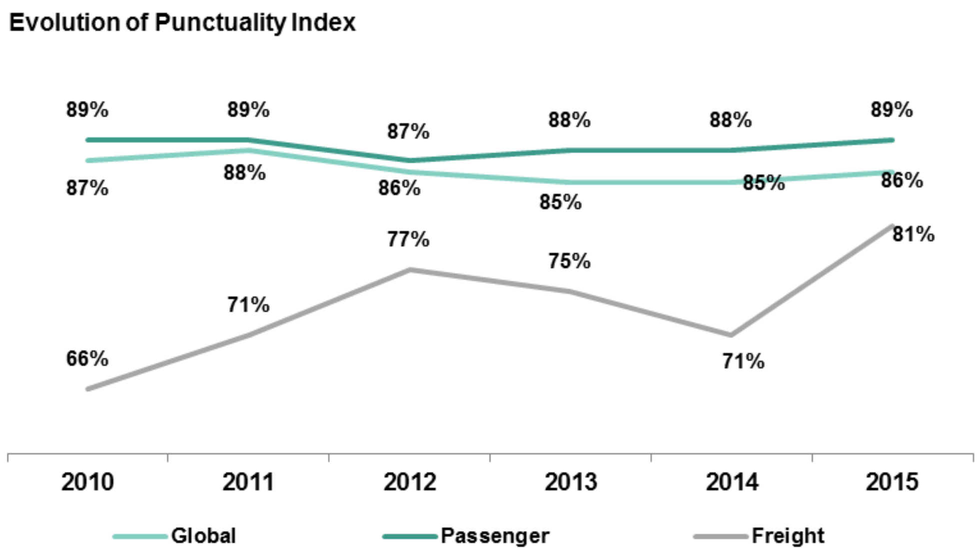
The Ground-Train Radio system (shared by the Operators and REFER) is used for voice and data communication between train drivers and IP personnel in charge of traffic control. The system allows communication between the Command Centre and the train driver, between stations and train drivers and also between rain drivers of two trains. This system is deployed in approximately 1,510 km of the network (59% of the network under operation).

Service Level

The reliability and safety of the infrastructure provided to end users reflects the maintenance strategy followed by the company. Traffic data analysis permits to monitor the direct performance of the network but also the management of railway assets. In addition to safe conditions on the railway infrastructure, IP must also ensure high punctuality levels (PR).

The punctuality rate is measured as the ratio of the number of trains with a delay of up to a pre-established time limit and the number of trains run.

In 2015 the global punctuality rate was 86%, having improved by 1% on a year earlier. In particular, the punctuality rate of freight trains registered a significant recovery, rising to 81%, from 71% in 2014.



Network Utilisation (TK)

For compliance with the provisions of Decree-Law no. 217/2015 and Decree-Law no. 270/2003, as amended by Decree-Law no. 151/2014 (the part maintained in force by Decree-Law no. 217/2015) IP annually publishes its Network Directory, which is intended to provide railway transport companies the information they may need to access and use the national railway infrastructure.

The annual Network Directory contains the characteristics of the national railway network (NRwN), as well as the respective access terms and other aspects of the services provided by IP to railway operators. This document also explains the principles governing the fixing of fees and tariffs, including methodology and rules.

Summing up, the Network Directory describes the general rules and terms, procedures and criteria relating to tariffs, distribution of capacity, and other required information allowing operators to apply for the use of the infrastructure.

IP provides the following services to the operators:

- **Essential Services**

  These include all the services required to provide right of access to the infrastructure.

- **Additional Services**

  These are the additional services which may be provided by IP: electric power for traction under the terms of the relevant law; shunting, parking of rolling stock; and contracts relating to uncommon transport operations.

- **Auxiliary Services**

  Services to be provided in specific facilities, including: marketing information; availability of operational facilities at stations; availability of areas for the installation of equipment in shared areas at stations; supply of labour force for operational activities (diesel and other supplies); access to telecommunications (as provided in a specific document, to be supplied upon request); authorisations for train movement; studies on capacity and viability of supply.

In 2015 the Train Kilometres (TK) performed by the CP, Fertagus, CP Carga and Takargo train operators increased by 109,891 TK, or 0.3%, over the previous year.

Unit: million TK

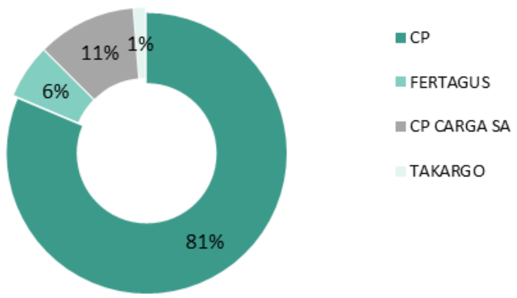
USE of the NETWORK	2014	2015	Deviation	?%
Passenger	30.0	29.8	-0.2	-1%
Freight	6.0	6.3	0.3	5%
Unladen	0.9	0.9	0.0	-1%
TOTAL	**36.9**	**37.0**	**0.1**	**0.3%**

In terms of the train operators alone, a total of 37 million CK were travelled, of which 81% by passenger trains, 17% by freight trains and 2% by unladen trains. The decrease in passenger traffic was offset by the increase in freight traffic.

The train operators using the NRwN are, for passengers, CP and FERTAGUS, and for freight, CP Carga (a company of the CP Group) and TAKARGO.

CP is still the operator with the highest impact on REFER's turnover, with a market share of more than 80%.

Breakdown by operator



Maintenance and Upkeep

The management of the railway network, based on the optimisation of the assets' life cycle and steered by sustainability criteria, is permanently focused on achieving with high levels of reliability, availability and safety.

This strategy is largely carried out through the inspection and diagnosis of the infrastructure, for which IP has the necessary human resources and technically advanced means allowing it to know with accuracy the state of the infrastructure, prioritise investments in an informed manner, and efficiently carry out the various maintenance and rehabilitation actions required in the 2,546 km of network in operation under its management.

The Maintenance Sub-Contracts, foreseen in IP's operating budget under multi-annual contracts for the various specialties, comprise three components:

- Systematic Preventive Maintenance (SPM), carried out according to a pre-established schedule;
- Condition-based Preventive Maintenance (CPM), carried out at IP's express request as a result of an inspection and diagnosis of the infrastructure;
- Corrective Maintenance (CM), to correct anomalies.

In 2015 the amount spent in Maintenance, Repair and Safety interventions in the Rail Network totalled **€ 56.8 million**.

05

ASSET MANAGEMENT PLAN

5. ASSET MANAGEMENT PLAN

The activity carried out within the scope of the Asset Management Policy encompasses the entire value chain, from the selection of investments to the monitoring of the state of the infrastructure and its suitability for operation.

Asset management is a continuous process of quality improvement. This is an incremental process entailing the following:

- Assessment of capacity, needs and results;
- Planning what needs to be done;
- Implementing the planned actions.

The asset management methodology takes as a reference the ISO 55 000. Its main purpose is to provide a structured vision and an adequate timeframe permitting to plan ahead the necessary actions in the entire infrastructure, paying particular attention to the Life Cycle Cost of assets

To implement this good practice, IP deploys its Asset Management Plan, which comprises the entire set of actions and costs based on effective needs, action planning and expected performance upon intervention. This plan has a timeframe of 20 years, requires the entire organisation to know and understand the needs of its assets, and enables the indispensable discussion with the supervising ministry and finance providers viewing the taking of substantiated decisions based on consequences and risks.

The infrastructure Asset Management Plan for the period of 2016-35 was drawn up during 2015. It comprises a Maintenance Operational Plan to be deployed in the short term (3 years) and a Long-Term Maintenance Plan (17 years).

5.1 16-35 Asset Management Plan (Railway)

2016-18 short-term plan

The inspections made to the state of the assets were key to identifying the proposals and actions listed in the Short-Term Plan. The conclusions of the mechanical inspection campaigns and visual inspection justify the need to implement the proposed actions. These actions were subsequently prioritised through a Multi-Criteria Analysis.

2019-35 long-term plan

The 2019-35 long-term plan was developed based on the theoretical assessment methodology used to determine the intervention proposals, taking into account the remaining useful life of the assets and the estimated cost of fully renewing the assets within a timeframe of more than 3 years, over a period of 20 years.

5.2 INSPECTION AND DIAGNOSIS

In addition, the following activities were also carried out in 2015:

- **Major Inspections to Switches and Crossings (SC)**
  The activity of Major Inspection to Switches and Crossings was internalised in January 2015 thorough the formation of five inspection teams.

- **Major Inspections**
  The major inspection of the geometry of the track is carried out regularly, through half-yearly inspection campaigns of the overall network (ca. 3,083kmlv) and intermediate campaigns, also half yearly (ca. 1.880kmlv) in between the inspections of the overall network.

- **Major inspections of the National Road Network with Profilometer**
  The mechanical inspection campaign to the pavement took place between the 7th of July and the 30th of October, achieving an average coverage level of 200km/day and a test speed of around 55km/h.

- **Inspection Campaign to the National Road Network with SCRIM**
  This campaign, which took place between October and November, covered 610 km of the national road network.

- **Inspections in Bridges**
  The 2015 Routine Inspection Campaign to engineering structures crossing the railway comprised 223 inspection actions.

  In 2015 944 Major Inspection actions were carried out in road bridges under IP's direct management, plus another 38 annual monitoring inspections to engineering structures in SC4 and SC5 situations.

- **Underwater inspections in Engineering Structures**
  In the road segment, a total of 13 underwater inspections were made in 2015 using internal means and 37 using external means.

- **Provision of Major Inspection Services to External Entities**
  In the current initial stage of development of this business, 17 Major Inspections were made in 2015 for external entities, in the road segment, and 4 in the railway segment.

- **Licensing of Road Engineering Structures**
  A total of 124 technical opinions were issued in 2015 concerning the licensing of infrastructures.

- **Opinions on Special Transports in Road Bridges**
  A total of 316 technical opinions were issued in 2015 concerning special transports.

- **Inspections in Tunnels**
  In 2015 around 90 tunnels were subject to Annual Inspections, namely in the Minho, Douro, Tua, Northern, Sintra, Oeste, Cintura, Beira Baixa, Beira Alta and Southern Lines and also in the Lousã, Alfândega and Figueira da Foz Branches
  Special inspections were made to 23 rail tunnels and 14 road tunnels.
  Major inspections were made to 15 rail tunnels and 1 road tunnel.

06

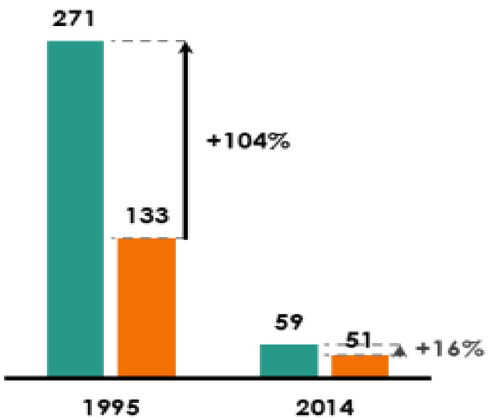
RAIL/ROAD SAFETY

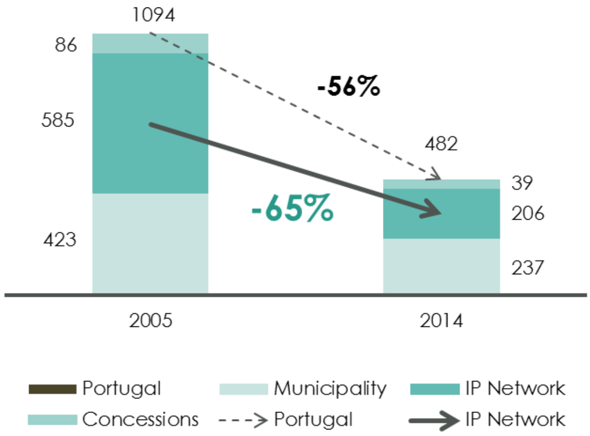
6. RAIL/ROAD SAFETY

6.1 Background

Amongst European Union members, Portugal was one of the countries which reduced the most the accident rate, standing currently 16% above EU average.

In 1995 Portugal had twice the number of fatal casualties per million inhabitants than Europe, having reduced this number by 78%. Currently, the number is of 59 fatalities per million inhabitants.





6.2 Road Safety Plan

Road safety is one of the company top priority areas. It has its own plan and budget - the Road Safety Plan (RSP). Combined with other works in the network, including construction, renovation and maintenance, the plan has contributed to the positive performance posted by Portugal's roads, namely the road network managed by IP, in terms of road accidents.

Among other things, the Road Safety Plan (RSP) takes into account the National Road Plan (NRP), and pays close attention to locations where a larger number and more serious accidents occur.

One of the goals of the National Road Safety Strategy (NRSS) is placing Portugal among the 10 European Union countries with the lowest accident rate by the end of 2015, aiming at achieving a rate of not more than 60 fatalities per million inhabitants, equivalent to a reduction by 31.9% (2006 base) According to the data from National Road Safety Authority (ANSR), Portugal reached in 2013 the goal set forth for 2015 of 62 fatal casualties per million inhabitants; the road network managed by IP Infraestruturas de Portugal, SA (IP) contributed the most to this evolution.

At European level, the European Commission established as goal for 2020 to reduce the number of fatal casualties in EU countries' roads by 50% in relation to 2010, a goal which IP has also adopted to its network.

In addition to these public policy instruments to fight road accidents, the Concession Contract entered with the State establishes that IP must continue pursuing goals to reduce the accident rate, and it sets forth specific objectives based on three indicators: number of black spots, accident severity index in built-up areas and number of fatalities, giving rise to penalties if not complied with.

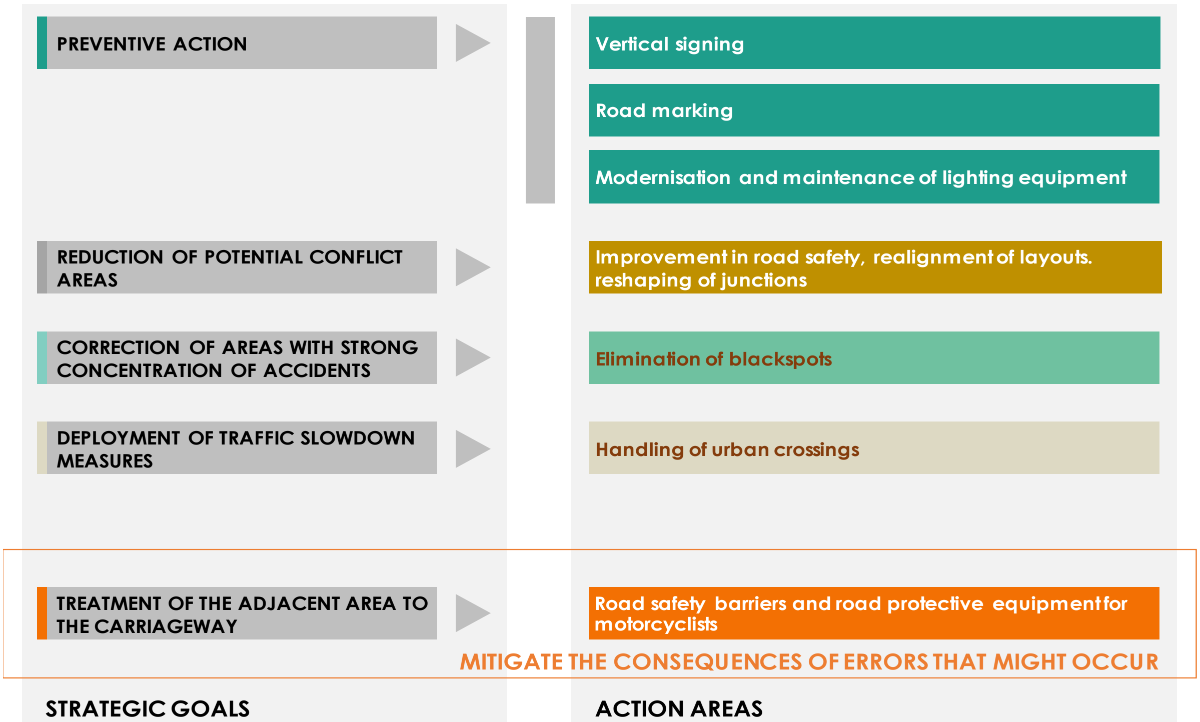
In pursuing the national aim of fighting road accidents, guided by the legal documents mentioned above; the goals for road accident indicators; the objectives established in the concession contract; and, taking into account the defects detected in the road network in terms of safety; and available funds, IP annually prepares its Road Safety Plan (RSP), which includes preventive and corrective measures to reduce accidents and improve safety and traffic conditions in the road network under management.

IP's road safety strategy is in line with the National Road Safety Strategy and with the strategies of most developed countries in terms of road safety, such as Sweden, and its ethical imperative is that *"nobody should die or become permanently disabled following a road accident in Portugal".*

This approach is based on the concept of forgiving road. Since it is recognised that road users will make mistakes and accidents will occur, the infrastructure must prevent and anticipate a driver's mistake, on the one hand, and on the other hand, minimise the mistake and any consequences arising therefrom.

In line with this approach, IP's Road Safety Plan (RSP) views to prevent the occurrence of driver mistakes and mitigate the occurrence of such mistakes, based on 5 strategic objectives:

1. Preventive actions adequate to the network under IP's management;
2. Reduction of potential conflict areas;
3. Correction of areas with strong concentration of accidents;
4. Implementation of traffic calming measures; and
5. Treatment of the area adjoining the carriageway, acting on 7 specific areas: Vertical road signalling; road marking; modernisation and maintenance of stoplight equipment; improvement of road safety; realignment of layouts and reshaping of junctions; elimination of blackspots; treatment of urban crossings; and, road safety barriers and protection devices for motorcyclists (see picture).



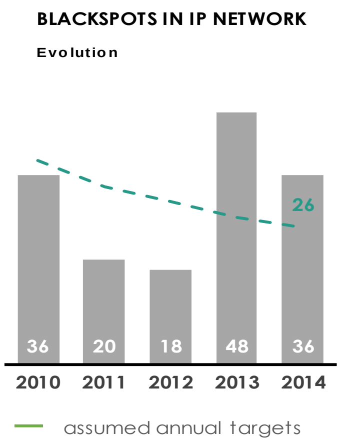
In 2015 investment in the Road Safety Plan amounted to € **6.28 million**.

Strategic Goals	Main Action Areas	RSP 2015 executed	
		M€	%
Preventive action	Vertical signing	1.32	77%
	Road marking	3.16	
	Modernisation and maintenance of lighting equipment	0.32	
Reduction of potencial conflict areas	Improvement in road safety, realignment of layouts. reshaping of junctions	0.58	12%
Correction of areas with strong concentration of accidents	Elimination of blackspots	0.83	13%
Deployment of traffic slowdown measures	Handling of urban crossings	0.02	0%
Treatment of the adjacent area to the carriageway	Road safety barriers and road protective equipment for motorcyclists	0.05	1%
	TOTAL ROAD SAFETY ACTIVITIES	6.28	100%

6.3 Road Safety Indicators

The Concession Contract (CC) established with the State defines objectives to reduce accidents, specifying three indicators: number of blackspots, accident severity index in built-up areas and number of fatalities.

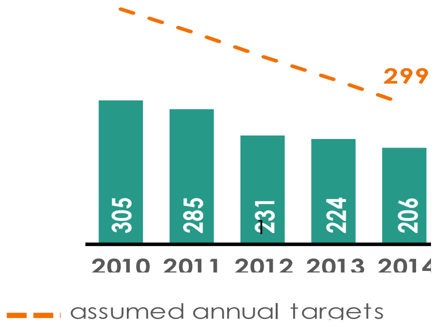
IP has always met the goals established in its CC, except for the indicator of number of blackspots in 2013 and 2014. This situation is due to the fact that in 2013 IP widened its network, integrating stretches of Grande Lisboa and Douro Litoral concessions, which led to a significant rise in the number of blackspots, corresponding to an annual average increase of 37% in the number of blackspots recorded per year.



According to ANSR's 2014 report, EP's network recorded 36 blackspots, which is approximately 25% less than in the previous year. Likewise, the severity of accidents occurred in blackspots fell in 2014 as compared to 2013: 50% less fatal victims – 6 down to 3 - and 30% less serious injuries – 15 down to 10.

FATAL CASUALTIS IN IP NETWORK

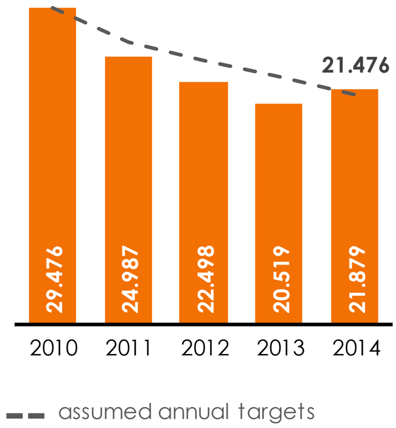
Evolution



In terms of serious accidents, including fatalities and serious injuries, in IP's network, there was a decrease in the number of Fatal Victims (-18) to 206 from 224 (-8,7%) and an increase in Serious Injuries (+21), from 630 to 651 (+3.3%), which is also in line with the national trend. Nonetheless, goals established in terms of fatal casualties have been met by IP. Note that a further reduction in the number of fatalities is expected in 2015, based on October data (-8% as against the same period of the previous year).

SEVERITY INDICATOR IN BUILT-UP AREAS WITHIN IP NETWORK

Evolution



The severity indicator inside built-up areas has also evolved favourably and stood below the annual goals defined by the company since 2010. This indicator rose by 6.6% in 2014 as against 2013, contradicting the positive trend of the last few years.

However, this indicator is expected to recover in 2015; taking into account figures up to October 2015, the said indicator improved by 14% in relation to the same period of 2014.

6.4 Road Safety Inspections carried out in the year

Road Safety Inspections are among IP's key activities in the field of road safety; these are carried out by nationwide safety inspection teams, and allow pinpointing defects and problems and proposing corrective and cost effective measures.

In 2015 the Accident Prevention Centre gained strength, having inspected and analysed 66 accidents occurred in IP's network, permitting to review possible causes and acting more efficiently in the network.

ROAD SAFETY INSPECTIONS – evolution

Type of inspections	2011	2012	2013	2014	2015
Planned on the network (km)	320	250	450	345	122
Blackspots (no.)	30	20	18	44	34
Accident Accumulation Areas (no.)	43	42		23	14
Monitoring (no.)				21	9
Inspection to accident sites (no.)				10	66

6.5 Rail Safety Plan

IP's activity in the field of rail safety is supported by the approved Safety Management System (Letter of Approval of the Safety System no. 01/2012), according to Art. 66-G of Decree law 231/2007, of 14 June, in accordance with:

- Directive 2004/49/EC of the European Parliament and of the Council of 29 April 2004, relating to the safety on EC rail roads;
- EU Commission Regulation 1078/2012 of 16 November 2012, establishing a Common Safety Method for monitoring activity to be followed by IP.

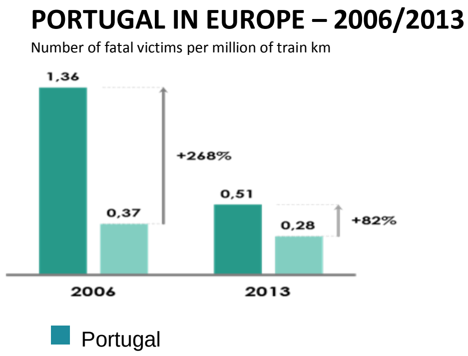
In the field of railway safety, in line with IP's mission as manager of a reliable and safe railway infrastructure, the company develops the following activities:

- Promotion and development of railway safety policies as instrument to improve the performance of infrastructure management operations, encouraging a close relationship with all stakeholders, whether internal or external to IP;
- Definition and disclosure of railway safety indicators, promoting the analysis and follow up of deviations, with the purpose of acting on respective causes, in order to maintain adequate safety levels of rail infrastructures and operations;
- Development, coordination and monitoring of investigation of railway accidents and occurrences;
- Preparation of procedures and rules to support critical activities from the point of view of railway safety;
- Issuing of regulatory and technical opinions on railway safety (for instance relating to works carried out in the proximity of railways, and contract specifications);
- Support to the activities developed by the safety authority, namely in what concerns the processing of Special Train Movement Permits.
- Use of a common safety method to determine and assess risks, and carry out inspections (on foot, on board trains or on board maintenance, verification of works in prohibited tracks, follow-up of traffic control command) and audits viewing to identify risk situations and establish mitigating measures to minimize occurrences/accidents;
- Management and monitoring of the Wagon Maintenance Management System (certification valid until 2019, subject to annual review);

- Promotion of Service Authorisation processes, in accordance with technical and procedural specifications relating to the design, construction, putting into service, re-adaptation, renovation, operation and maintenance of the various elements which make up the railway system;
- Development and coordination of safety certification procedures relating to rolling stock (running on operating tracks or closed tracks), preparation of movement documents, ensuring consistency in processes and compatibility of the different elements of the railway infrastructure.

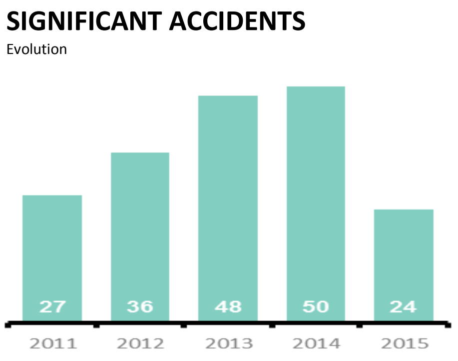
6.6 Rail Safety Indicators

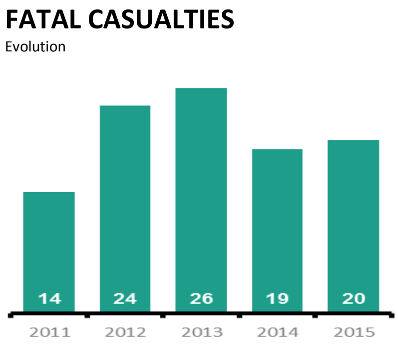
Rail safety indicators improved significantly in Portugal as compared to remaining EU members, as result of the rail safety activities carried out by IP and railway operators. In 2006 the rail accident rate, measured in terms of fatal victims per million of train km was almost four times above EU28 average. In 2013 (latest data), Portugal improved its accident rate performance.



Portugal's safety indicators also performed better in 2015 as compared to 2014, as the number of Significant Accidents fell by nearly 50%.

In what concerns the causes for the accidents, the majority of Significant Accidents is due to factors external to the rail system, caused by negligence and intrusion of third parties.





In terms of the consequences of Significant Accidents, note that the 20 fatalities recorded were not caused by the operation: 71% of the victims are trespassers and 29% are people who did not obey to level crossing rules.

In terms of Precursors to Accidents, in 2015 the percentage of "broken tracks" and "deformation in the railway" fell by 17% and 11%, respectively.

PRECURSORS TO ACCIDENTS
Evolution

6.7 Rail Safety Inspections carried out in the year

As mentioned above, Rail Safety Inspections are one of IP's key activities; they allow identifying any non-conformity or risk situation, and propose mitigating measures accordingly.

In 2014 and 2015 most of the railway network was covered by rail inspections.

RAIL SAFETY INSPECTIONS – evolution

Type of inspections	2014	2015
Pedestrian (no./km)	**25/119**	**19/104**
Train (no./km)	**6/877**	**12/1195**
Regulatory (no./km)	**3/7**	**1/2**

6.8 Removal of level crossings

The Plan for the Removal and Requalification of Level Crossings (LC) for 2015 - as provided under the terms of article 2 of Decree-Law 568/99 of 23 December - resulted in the removal of 2 level crossings and requalification of 11 level crossings.

At the end of 2015 the railway network under operation (IET50) had 855 LC, as follows:

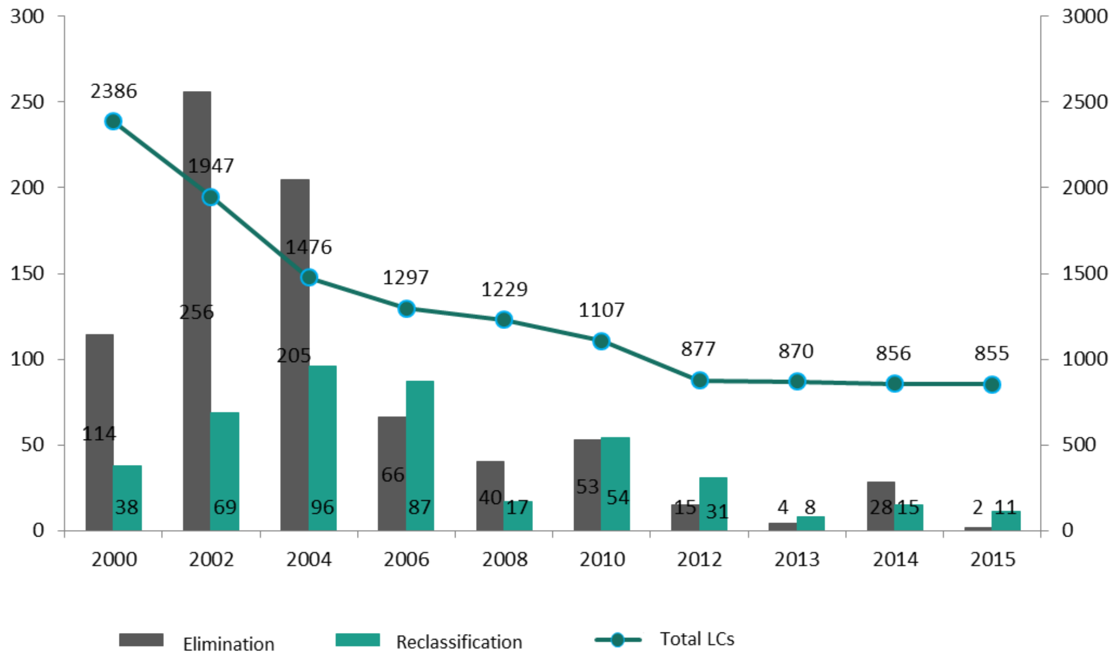
LC per typology	Quantity
Public LC	**773**
Automatic (Road):	381
Automatic with double half barriers	4
Automatic with half barriers	367
Automatic with no barrier	10
Guarded	44
Unguarded	212
Type D	176
5Th Class	36
Pedestrians	136
Automatic	27
Non automatic	109
Private LCs	**82**
Automatic	8
Non automatic	74
Total LCs	**855**

Fifty four percent (461) of these level crossings have active protection, ensured either by personnel or automatic signalling.

At the end of 2015 the average level crossing density was of 0.336 LC/km.

The safety awareness raising campaign "Stop, look both ways and listen before crossing" continued during the year. As usual, on 3 June the company held the international conference marking the “International Level Crossing Safety Day”.

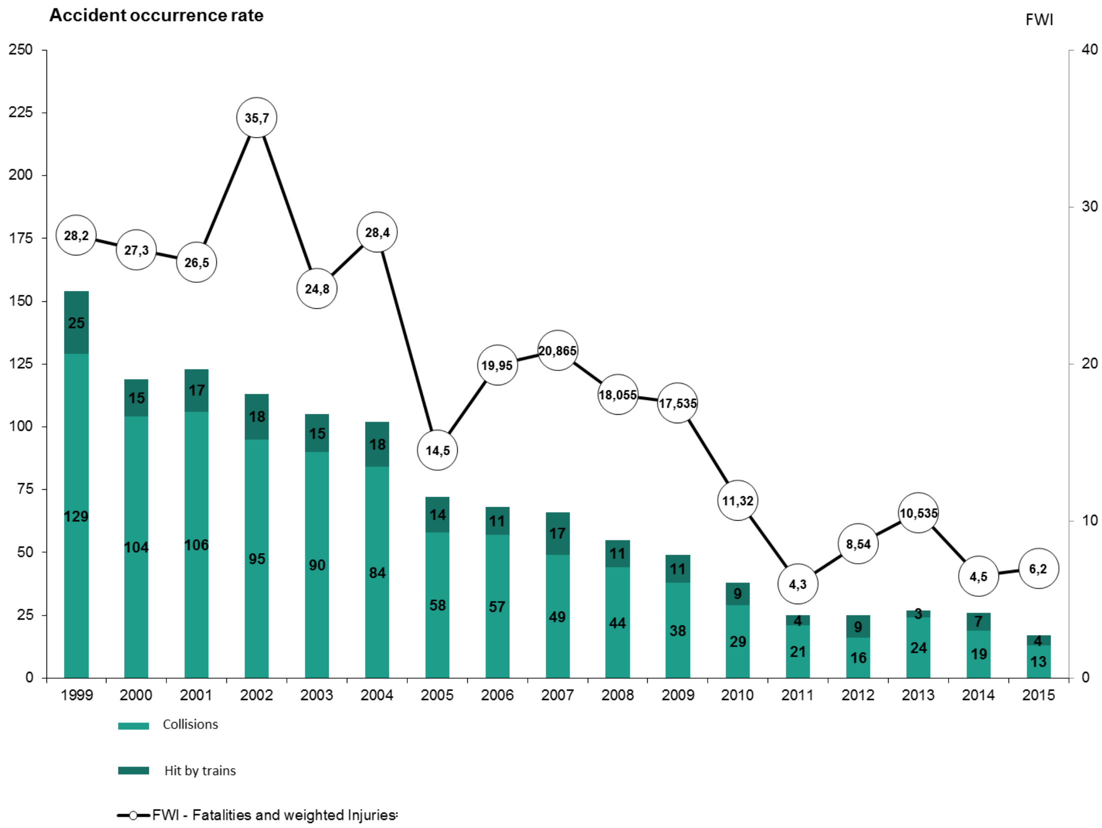
The following graph illustrates how the number of Level Crossings evolved over the last few years:



As far as the accident rate is concerned, in 2015 the number of accidents at level crossings totalled 17 (11 collisions and 4 people hit by trains), resulting in 6 fatalities, 2 serious injuries and 4 minor injuries, corresponding to a FWI (Fatalities and Weighted Injuries) of 6.220.

The 17 accidents recorded in 2015 involved a total of 184 trains, accumulating 4461 minutes of delay, resulting naturally in losses for both passengers and railway traffic.

At level crossings the accident rate has evolved as follows:



The removal and safety improvement of level crossings has contributed to a sustained decrease in the accident rate (by 89%), whereas the fatalities rate dropped by 77% as compared to 1999. The goal set forth for 2015 in the strategic guidelines for the railway sector - i.e. reduce the accident rate by 60% over 2005, was successfully met (less 29 accidents).

On the other hand, 59% of accidents recorded in 2015 occurred in LC equipped with active protection, which attests for a clear disrespect for existing signs and an irresponsible citizen behaviour, which should be made accountable.

In view of these evidences, on par with other field-level actions, IP will continued to promote the "Stop, look both ways and listen before crossing" campaign and will continue involved in other institutional activities, such as the "International Level Crossing Safety Day" which will be held on 11 June 2016.

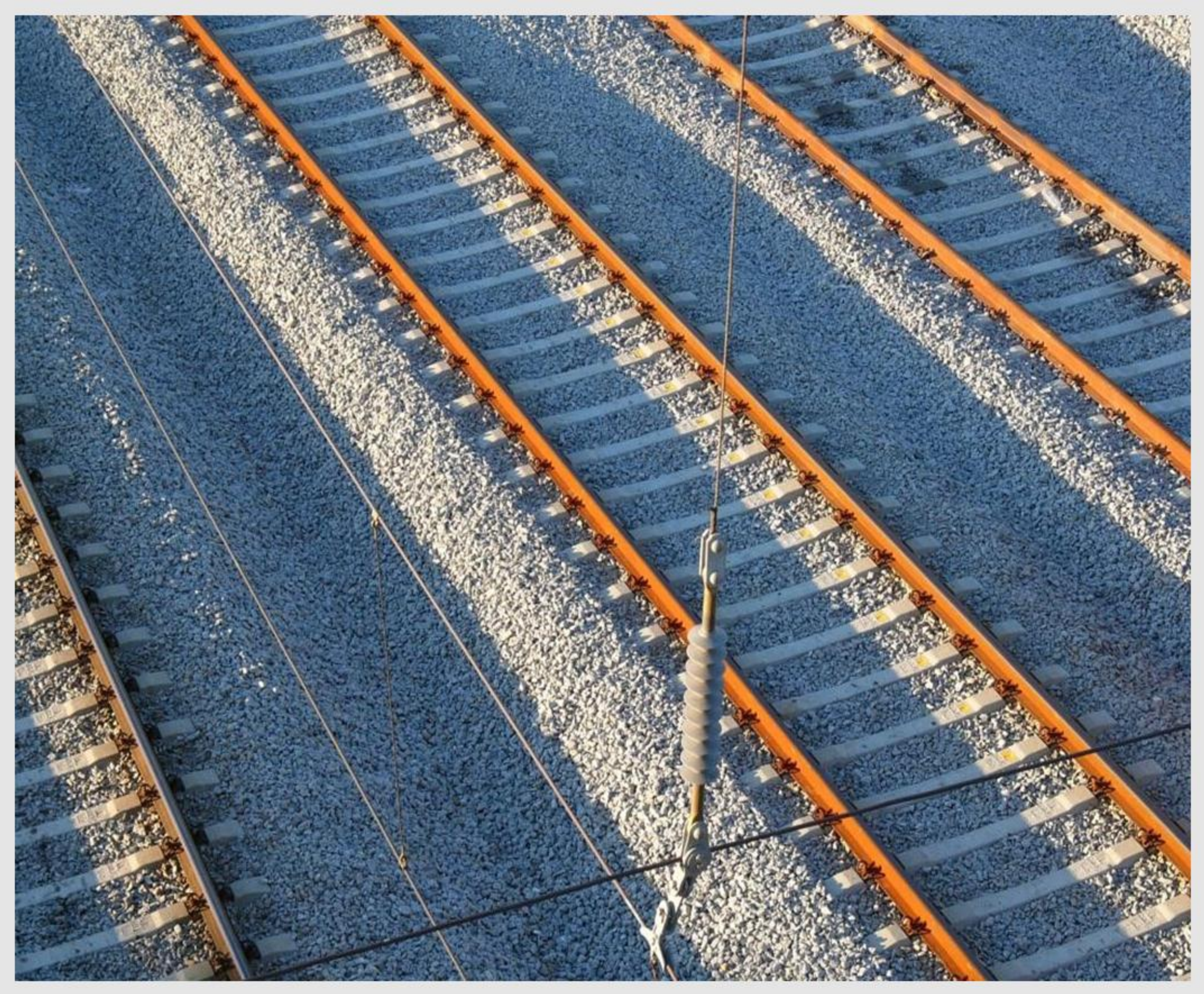
In accordance with article 3 of Decree- Law No. 568/99, which establishes the infrastructure's manager responsibility for the correct classification of level crossings, IP carried out the inspection and regulatory measurement, and prepared the characterisation form for the following LCs:

Year 2015	Caractherisation form for thefollowing LCs							Total
Linha	Tipo A	Tipo B	Tipo C	Tipo D	Peões	5ª Categoria	Particular	
Alentejo	-	2	-	3	-	-	-	5
Algarve	27	17	15	8	16	-	7	90
Beira Alta	2	3	3	-	4	-	-	12
Minho	13	11	9	-	19	1	1	54
Total	42	33	27	11	39	1	8	161

IP is also committed to continue implementing its action plan to reduce accidents at railway crossings and complete the actions defined within the scope of PETI 3+, including reducing accidents in LCs by over 40% until 2020 as against 2013, i.e. less 17 accidents per year.

07

ENVIRONMENTAL SUSTAINABILITY



7. ENVIRONMENTAL SUSTAINABILITY

The company's commitment to environmental sustainability is patent in its strategy. Practices show that the company follows an integrated action, from design project to construction, operation and management, thus contributing not only to the sustainability of the road and rail networks but also to the sustainable development of the regions crossed by its roads and railways.

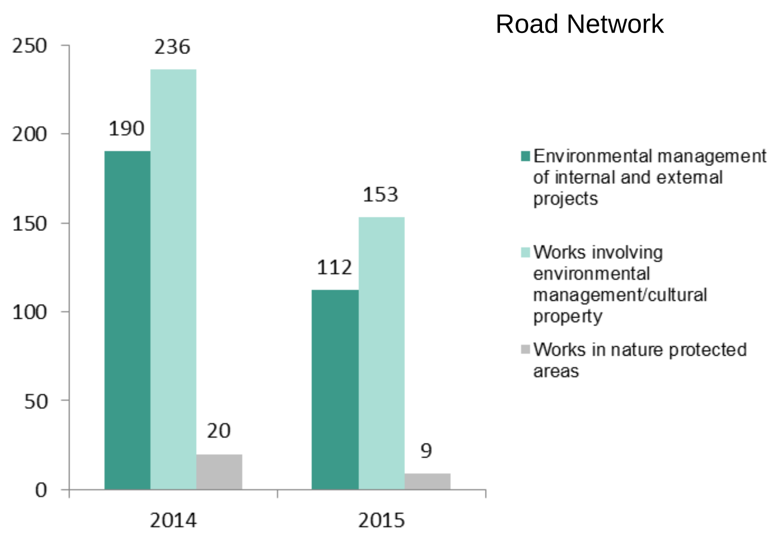
IP's environmental sustainability indicators show its level of commitment. The management tools used allow mitigating environmental risks, viewing an effective, efficient and balanced environmental management.

With a view to achieving continuous improvement and an integrated management of the network in operation, environmental indicators have to be adjusted to the company's new reality. In 2015 the reporting of most of these indicators is made separately by road and rail networks.

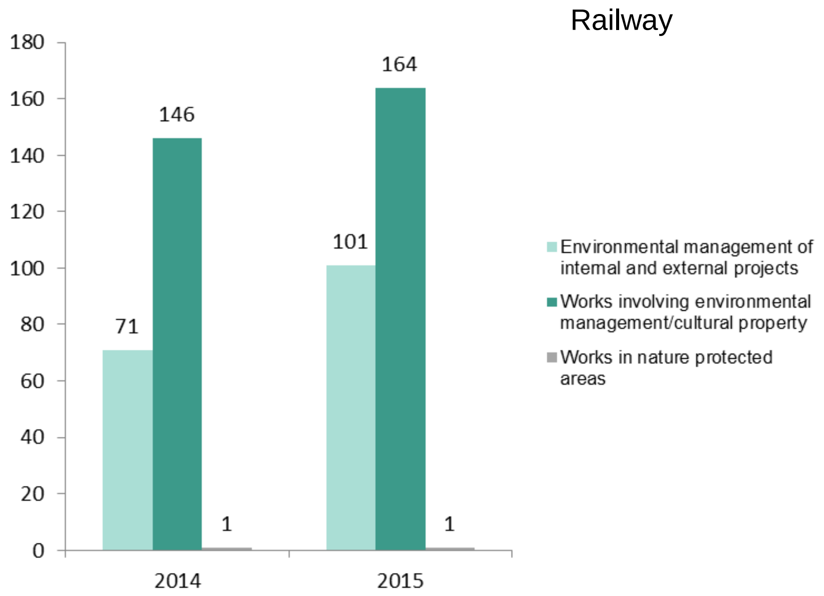
Environmental design principles continue to be followed in developed projects, including, where possible, solutions promoting the reuse and recycling of raw materials, and environmental protection options are combined with other needs of interventions in the network.

It should be noted that the environmental management activities developed in 2015 in projects and works followed the best environmental practices, resulting in the optimisation of the environmental investment.

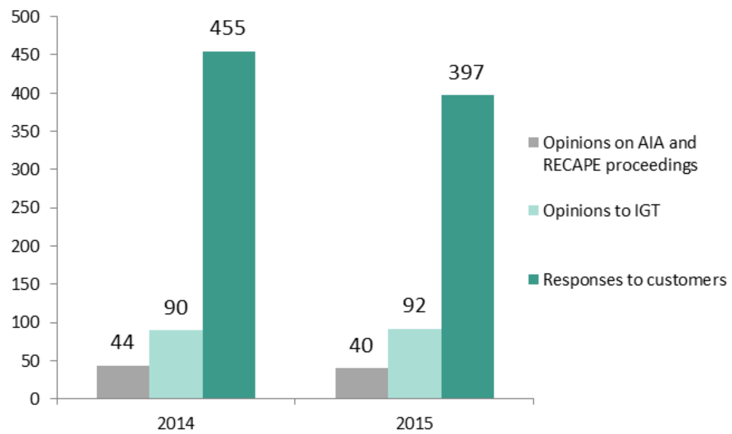
We continue to contribute to the preservation of the environment and biodiversity, directing the company's growth to environmentally sustainable results.



Focusing customer satisfaction, we developed several activities, including participation in processes relating to Land Management Tools, Environmental Impact Assessments (EIA), land planning and management and responding to our clients environmental queries.



Against a background of combined road and rail networks, it became important to reorganise and harmonise environmental management activities, including landscaping and noise and fauna related aspects. Respective results were introduced in MIS, thus permitting to improve the service provided.



The Environmental Sustainability Targets of the Concession Contract for the road network are under review by the Regulator (Instituto da Mobilidade e Transportes - IMT); in 2015 the company provided clarifications to the regulator and in 2016 it should approve a Guide justifying the technical options taken and establishing indicators, targets, methodologies, to become effective as from 2017.

The company pays close attention to landscaping, bearing in mind the safety of roads and neighbouring properties, and takes the necessary steps to prevent fires and protect forests in adjacent areas to the road and rail networks.

Landscape management includes tree pruning, felling and new plantations.

In 2015 the company's experts surveyed around 2800 km of roads and and carried out 250 inspections to the railway network.

Type of works	2013	2014	2015
Inspections (no.)	120	253	251
Surveys (no.)	719	1,084	2,852

Expenditure on these environmental activities totalled nearly €m 7, accounting for almost 20% of overall expenditure in road maintenance.

In what concerns the railway network, investment in environmental activities hovered around €m 5.3 in 2015.

This activity has permitted becoming acquainted with the company's forest assets and assesses its potential as natural resources; the company has started to inventory these resources in order to identify those species that can be developed and sold each year. The purpose is not only to increase revenues, but to achieve cost savings in maintenance works, which are now outsourced and will thus allow combining financial and environmental sustainability.

Given the impact of energy consumption on its three pillars of sustainability - i.e. environmental, social and financial -, in the fourth quarter of 2015 the company started preparing its Energy Efficiency Plan, in line with existing energy efficiency programmes of former EP and former REFER.

In 2015 various measures were taken to reduce energy consumption in both the rail and road networks, namely the following:

- Replacement of lamps by LED technology in the road network (approximately 2,590 equipment were replaced);
- Installation of power optimisers at the Bobadela Freight Terminal;

Replacement of existing lighting in the halls of Santa Apolónia railway station by LED technology.

08

ECONOMIC AND FINANCIAL PERFORMANCE

8. ECONOMIC AND FINANCIAL PERFORMANCE

As provided in Article 23 no. 2 of Decree Law No. 91/2015, of 29 May, for accounting and tax purposes, EP's operations are considered to be made on IP's behalf as from the 1st of January 2015. IP's financial statements were thus prepared accordingly; therefore, 2014 reflects the activity of the merging company (REFER) and 2015 reflects the activity of the companies subject to the merger (REFER and EP). However, for comparative purposes, tables shown in this management report relating to 2014 correspond to the sum of REFER and EP results.

Results achieved in IP's first year show the wisdom of the solution found to address the situation of financial unsustainability of EP and REFER. Positive net results of €12.5 million, compared to the joint negative results of EP and REFER in 2014 of € 72.6 million, represent an improvement by € 85.0 million.

During 2015 IP posted a positive operating result of € 391.4 million, improving by € 77.6 million in relation to 2014. Note the increase in EBITDA by 31%, to € 652 million.

Amounts in Euro million

Operating Income	REFER + EP	IP	Δ%
	2014	2015	
Sales and services	**1,041.1**	**1,321.1**	**27%**
State Grantor - Revenue LDI	**13.2**	**15.8**	**20%**
Construction contracts	**141.9**	**286.1**	**102%**
Subconcessioned network	24.0	82.9	245%
Construction of new infrastructures	24.8	119.0	379%
Capitalized financial expenses	93.0	84.3	-9%
Road Service Contribution (RSC)	**531.4**	**671.0**	**26%**
Tolls	**261.7**	**258.8**	**-1%**
User Fee (UF) and Capacity Requested but not used Fee (CPNU)	**76.6**	**69.8**	**-9%**
Other rendered services	**16.3**	**19.5**	**20%**
Additional and complementary rail services	8.4	7.6	-9%
Rail Freight Terminals	0.3	3.2	1012%
Licensing	1.9	1.4	-24%
Service Areas Operation Right	1.9	1.9	1%
Technical road channel	1.9	2.9	54%
Other services	2.0	2.5	25%
Compensatory Allowances	**40.5**	**28.8**	**-29%**

Amounts in Euro million

Operating Income (cont.)	REFER + EP	IP	Δ%
	2014	2015	
Other Income and gains	**116.1**	**98.8**	**-15%**
Gains on Associated Companies	34.2	6.1	**-82%**
Operating subsidies	0.3	0.0	-93%
Investment subsidies	50.2	62.4	24%
Concession of Commercial Areas	3.3	3.0	-9%
Concession of Telecommunications	5.9	5.5	-6%
Disposal of Property	1.6	4.2	166%
Sale of waste	2.7	0.7	-76%
Other income	17.9	16.9	-6%
Total Operating Income	**1,197.7**	**1,448.6**	**21%**

8.1 Core income

Pursuant to the current remuneration model, IP's current core income consists of the Road Service Contribution (RSC) and Tolls, as far as the roads business is concerned, and the User Fee and Additional and Complementary Rail Services, in the case of the rail business.

In 2015 IP's core income increased by 15% over the same period of the previous year (by nearly €130 million).

RSC

The Road Service Contribution (RSC), created by Law no. 55/2007, of 31 August, is the consideration paid by users for using the national road network. It is levied on gasoline, auto diesel and LPG (as from 2014) subject to tax on oil and energy products (ISP) that are not exempt from such tax.

RSC is IP's main income, accounting for almost 67% of the company's core income.

2015 RSC figures rose by € 139.6 million (+26%) over 2014, motivated in the first place by an increase in the nominal value of the RSC in the State Budget, but also as result of an increase in diesel consumption (+3.0 %).

Tolls

Income from tolls declined by 1% in relation to the previous year, totalling € 258.8 million.

Note that within the scope of the renegotiation of the Beira Interior Concession Contract, it was agreed that the Concessionaire would be remunerated via revenues from toll collection, under the terms of Decree-law no. 214-A/2015, of 30 September, with retroactive effects as from 1 January 2013, with the settlement of accounts occurring in December. Without the result of the return of Beira Interior toll revenues, cumulative income from tolls would be 9% higher than in the previous year.

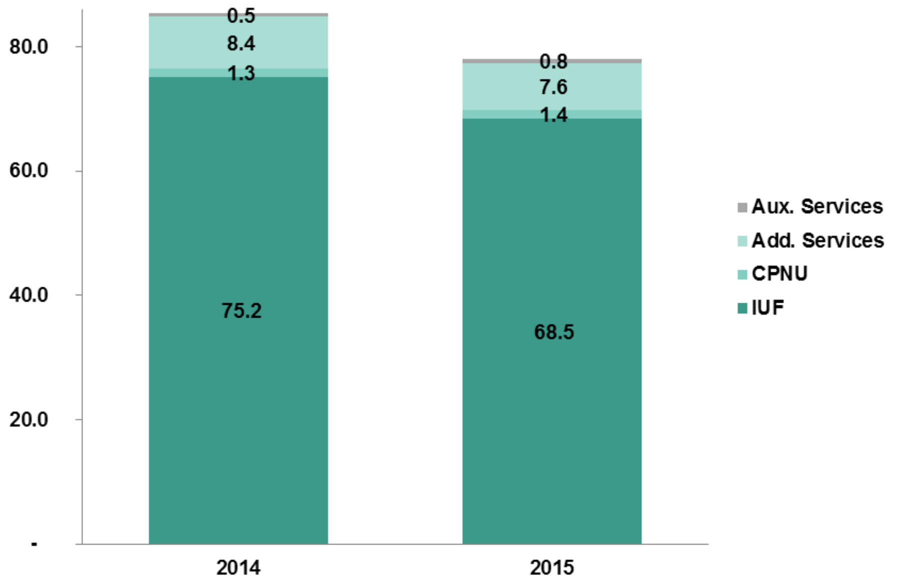
This performance was driven by a continued recovery in traffic in 2015, but also by a more efficient toll collection system, specifically: interoperability with the Spanish system and the Easytoll payment solution made it easier for tourist vehicles to pay tolls (in 2015 the system led to a 25% increase in collected tolls and subscription fees); and, collection of unpaid tolls, i.e. coercive collection added of respective penalties, started being carried out by the Tax Authorities, as approved by Law no. 51/2015 of 8 June.

Former SCUT concessions accounted for the largest slice of toll revenues, reaching over €173 million, i.e. 67% of the overall amount for 2015, thus playing a crucial role in IP's financial sustainability. The most significant rise (+13%) was recorded in the Algarve concession, and it was mainly driven by the use of this cross-border motorway by Spanish and other foreign tourists, particularly during Easter, summer and Christmas periods.

On the other hand, toll collection in motorways sub-concessioned directly by IP generated revenues in the amount of €17.8 million, accounting for approximately 7% of total toll revenues. Note that this figure is 23% higher than the figure recorded in 2014.

User Fee

In 2015 income from the User Fee, totalled € **78.2 million,** i.e. 8% less than in 2014. Approximately 89% of this figure stemmed from the Infrastructure User Fee (IUF) which was reviewed in 2015 based on new regulatory criteria (beginning of new regulatory period).



Revenues stemming from passenger train movement (€ 58.4 million), half of which are urban and sub-urban trains, fell by 10% in relation to 2014. Likewise, the share of this segment fell as compared to the previous year, accounting for 85% of total revenues from the use of the infrastructure. Conversely, revenues from the movement of freight trains totalled € 8.5 million, the same as in 2014, however, their market share increased by 2%. Notwithstanding, they still represent only 12% of total infrastructure user fees.

Besides path availability to run trains, IP provides other rail services, such as traction power, parking of rolling stock, shunting, performance improvement and supply of water and power. In 2015 total income from these services hovered around € 8.3 million, falling by 5.9% (-€m 0.5) over 2014; this decrease is likely to be related to adjustments made by operators/business units in parking management, privileging areas not assigned to the public railway domain, following a reduction in the relevant fee (reviewed in 2015 according to regulatory criteria).

8.2 Non-Core Income

Non-core income totalled € 440.6 million in 2015, rising by 38% over 2014. This performance was mainly due to an increase in construction activity (+379%) linked to the construction of Tunnel of Marão and sub-concessions' construction activity (+245%), namely, by the Algarve Litoral and Baixo Alentejo sub-concessions.

Construction contracts

This caption includes income from the construction of the National Road Network (NRN) as provided in the Concession Contract, including all road construction activities carried out directly or via sub-concessions.

Note the increase in construction activity (+379%) over 2014, associated with the construction of Marão Tunnel. Sub-concessions' construction activity also recorded a significant rise (+245%) in relation to the previous year, particularly the Algarve Litoral and Baixo Alentejo sub-concessions. On the other hand, capitalised financial expenses declined (-9%).

State Grantor

Amounts recorded under State Grantor (LDI Revenue) correspond to internal works debited to the long duration infrastructure investment activity, namely materials and labour for investment ad respective overheads, under the terms of IFRIC12. The increase in relation to 2014 was due to recognition of materials for investment, with impact on expenses associated with the cost of goods sold.

Investment subsidies

Subsidies received from the Portuguese State and the European Union are recognised at fair value when there is reasonable certainty that the terms for receiving the subsidy will be complied with.

Investment subsidies considered in 2015 concern the Cohesion Fund financing to repay expenses relating to investment projects for AE Transmontana and Túnel do Marão within the framework of the 2007- 2013 National Strategic Reference Framework (NSRF).

Concession of Commercial Areas

This income stems from the rent associated to the concession contract for the operation of public domain assets established between IP and IP Património (IPP), corresponding to a share of turnover less respective operating expenses and supplies and services of third parties payable by IPP. This income fell slightly in relation to the previous year (by € 360 thousand), due to a decrease in turnover posted by this subsidiary.

Concession of Telecommunications

The rent associated with the concession contract between IP and IP Telecom (IPT) for the operation of the telecommunications infrastructure corresponds to an annuity equivalent to 30% of turnover to third parties less the volume of IPT railway component. This income fell slightly in relation to the previous year (by € 294 thousand), following a decrease in the turnover of IP Telecom extra IP client.

Licensing

The recently issued Order no. 357/2015, of 14 October fixes the amount of the fees chargeable by the road administration for the private use of the State's public road domain, and for the licences established pursuant to the National Road Network Regulations (NTNR).

The entry into force of the new National Roads Regulations, as approved by Law no. 34/2015 of 27 April based on the public use of the road infrastructure, on the one hand, and the private use of the public domain, on the other hand, will allow improving and simplifying administrative procedures, and applying adequate fees for the mobility and accessibility which the road infrastructure provides.

Following the entry into force of the said NTNR, the company recorded a decrease in licensing revenues (-24% over 2014), as result of the change in the determining methods, now based on an annual fee instead of a single licensing fee (change from CAPEX to OPEX), added of the impact caused by the delay in the publishing of Order 357/2015, of 14 October, which fixes the applicable fees.

Technical road channel

Income from the Technical Road Channel totalled € 2.9 million in 2015, resulting from a significant increase in turnover (+54%) as compared to the previous year, stemming from a stronger commercial activity, the recovery of outstanding fees and increasing activity in the communications market.

Disposal of Property

Income from the disposal of property increased significantly in 2015 over the previous year (+€ 2.6 million), attesting for the company's focus on improving the profitability of IP's property.

Railway Terminals

According to Joint Order of the State-Secretaries for Finance and for Infrastructures, Transports and Communications dated 23 April 2014, the management of rail freight terminals formerly in the hands of CP Carga was transferred to REFER, and the said terminals were integrated in the public railway domain.

Following the transfer of the operational and marketing management of the 14 rail freight terminals, in 2015 IP started to invoice these services, which totalled € 3.2 million in the year; in particular, the activity developed in the terminals of Bobadela and Leixões is worth mentioning.

Income on subsidiaries

Gains on subsidiaries and associate companies amounted to € 6.1 million, mainly due to the distribution of retained earnings and dividends from IP Telecom.

Compensatory Allowances

In 2015 IP received € 28.8 million by way of compensatory allowance for the provision of public rail services, pursuant to provisions in the Council of Ministers Resolution 31/2015, of 13 May 2015.

8.3 Operating expenses

Amounts in Euro million

Operating expenses	REFER + EP	IP	Δ%
	2014	2015	
Cost of goods sold	**260.5**	**413.9**	**59%**
Subconcessioned network	23.4	82.6	253%
New road infrastructures	23.9	118.0	395%
Tolls - State Concessions	208.1	204.5	-2%
Rail Maintenance Material Consumption	3.1	3.2	3%
Rail Investment Material Consumption	2.0	5.6	180%
External supplies and services	**253.4**	**246.2**	-3%
Maintenance, Repair and Safety of the Road Network	97.9	95.4	-3%
Maintenance, Repair and Safety of the Railway Network	65.6	56.8	-13%
O&M EP Sub-concessions	18.8	23.2	24%
Toll collection - Concessions	19.9	17.2	-14%
RSC Collection costs	10.6	13.4	26%
Electric power	7.5	8.4	12%
Fees and related expenses Special. works	3.9	4.8	24%
Traction Power	5.0	5.1	1%
Car fleet	5.3	4.9	-8%
Surveillance	5.3	5.0	-6%
IT services	5.3	2.6	-50%
Cleaning	2.3	2.2	-6%
Travelling and accommodation	0.3	0.3	1%
Transport of personnel	0.6	0.4	-21%
Communications	1.1	0.6	-49%
Other supplies and services	3.9	5.8	49%
Personnel expenses	**114.7**	**111.8**	-3%
Redundancy payments	3.3	1.1	-67%
Impairments (losses/reversals)	**36.8**	**10.2**	-72%
Expenses/reversals of depreciation and amortisation	**185.9**	**260.7**	40%
Provisions (Increase/Decrease)	**20.7**	**5.9**	-72%
Other expenses and losses	**11.8**	**8.5**	-27%
Total Operating Expenses	**883.9**	**1,057.2**	20%

Cost of goods sold

Subconcessioned network

The construction of the SubConcessioned Network is determined based on the construction values contracted for each sub-concession and the percentage of completion reported to IP by each sub-concessionaire. It reflects, therefore, the physical evolution of the works and it is independent from the turnover flow. The significant increase posted by this caption in 2015 resulted from the construction of the Algarve Litoral and Baixo Alentejo sub-concessions.

New road infrastructures

The amounts corresponding to the construction of New Road Infrastructures concern construction activities under IP's direct management, and are calculated based on monthly monitoring reports stating the state of progress of the works.

The change in this caption in 2015 as compared to 2014 by +€ 94.1 million, is mainly associated with the construction of Marão Tunnel.

Tolls in State Concessions

Amounts received by IP relative to tolls in State concessions (net of collection costs) are deducted to IP's investment in the acquisition of rights over this concessioned network. This deduction is offset in this caption.

The change in this caption in 2015 (-2%), as compared to 2014, reflects the transfer of revenues relating to Beira Interior to the concessionaire.

Materials for Maintenance and Investment in Railway Infrastructures

This caption concerns various types of materials included in the maintenance of and investment in railway infrastructures. In 2015 the consumption of materials grew by 72% over 2014.

The component associated to investment, which accounts for the larger slice of the consumption of rail materials, recorded a significant rise, mainly due to the renovation of tracks (LK 18,766 to LK 55,900 of the Beira Baixa Line and Improvement of the Vouga Line track superstructure.

Supplies and Services

Maintenance, Repair and Safety of the Road Network

Amounts in Euro million

Maintenance, Repair and Safety of the Road Network	EP	IP	Δ%
	2014	2015	
Regular road maintenance	53.0	53.0	**0%**
Road safety	11.4	6.8	-40%
Current road maintenance	33.5	35.6	6%
Total	**97.9**	**95.4**	**-3%**

Regular Maintenance of Roads corresponds to the recognition of the increase in IP's responsibility for the expenditure required to maintain the service level in roads and engineering structures imposed by the

Concession Contract. The annualised cost of the programmed maintenance works required to maintain the network's average quality index at the same level as when the network was received (a stipulation of IP's Concession Contract), which is calculated based on technical assessments of repair needs and an index of the average quality of road and engineering structures, totalled € 53 million in 2015.

The new **Road Safety** activities are as established in the Road Safety Plan, and comprise vertical and horizontal signing, stoplights and safety barriers, among other; in 2015 expenses relating to these activities totalled € 6.8 million, less € 4.6 million (-40%) than in 2014.

Current Maintenance corresponds to expenses for the year with current maintenance in roads and road related structures to maintain traffic comfort conditions and prevent the deterioration of the roads and the quality of the service. In 2015 expenses with current maintenance, totalled € 35.6 million (+6% than in 2014).

Maintenance, Repair and Safety of the Railway Network

Total expenses with sub-contracted works relating to maintenance, repair and safety of the rail network amounted to € 57 million, approximately 17% (€ 11 million) below estimated budget figures and € 8.8 million below 2014's figures.

Amounts in Euro million

Maintenance, Repair and Safety of the Railway Network	REFER	IP	Δ%
	2014	2015	
Tracks	23.1	18.8	**-19%**
Signalling	14.4	14.7	2%
Telecommunications	12.5	11.9	-5%
Overhead line	5.2	4.9	-6%
Civil works	2.5	1.3	-48%
Low tension	1.3	0.9	-33%
Emergency train	1.9	1.4	-27%
Recovery of materials	0.5	0.0	-100%
Sub-stations	0.7	0.7	1%
Lifts and escalators	1.0	1.0	-3%
Engineering services	1.8	0.8	-55%
Level Crossings	0.4	0.4	2%
Engineering works	0.4	0.0	-87%
Total	**65.6**	**56.8**	**-13%**

Other supplies and services

Other Supplies and Services hovered around € 94 million in 2015, rising by 5% in relation to 2014; this performance was mainly due to an increase in sub-concessions operation and maintenance, expenses relating to the collection of the RSC and other specialised works.

O&M - Sub-concessions

Expenses with the operation and maintenance of sub-concessions translate the recognition in the accounts of expenses with the operation and maintenance carried out by the sub-concessionaires within the scope of the sub-concession contracts in force.

The increase in these expenses, which account for 25% of total expenses with other Supplies and Services, reflects the evolution of O&M expenses as provided in the financial models of the sub-concession contracts.

Toll Collection in Concessions

This caption includes the payment of a variable fee and the monthly adjustment of accounts (cost offsetting) of the tolled network.

Expenses relating to the collection of the Road Service Contribution (RSC)

The RSC collection costs correspond to 2% of the RSC which is withheld by the Tax Authorities for providing the service of calculating and collecting this contribution. Collection expenses are a share of the amount charged, hence they evolve in line with respective revenues.

As compared to the previous year, this caption rose by 26% in 2015, in line with the rise in the RSC, accounting for 14% of overall expenses with other Supplies and Services.

Electric power

Consumption of electric power rose by 12% in 2015 as compared to 2014, as result of the integration of the railway terminals.

Traction Power

IP provides electric power to rail operators for traction of rolling stock. Expenses with traction power are totally offset as the traction power supplied is subsequently invoiced to users. In 2015 traction power expenses totalled € 5.1 million, in line with the previous year.

Fees, Consultancy Services and Other Specialised Works

In 2015 expenses with Fees, Consultancy Services and Other Specialised Works totalled € 4.8 million, i.e. 24% more than in the previous year. Among these, we highlight the services provided by IP Engenharia, in the amount of € 2 million, relating to engineering consultancy services, “3-rail Rules”, and preparation of Strategic Noise Charts.

Car fleet

Expenses associated with the car fleet fell by € 431 thousand (-8%) in 2015 as compared to 2014, via a reduction in fuel and car maintenance expenses.

Amounts in Euro million

Car fleet	REFER + EP	IP	Δ%
	2014	2015	
Car renting expenses	2,5	2,4	-4%
Fuel	1,8	1,7	-8%
Tolls	0,2	0,2	4%
Maintenance	0,6	0,5	-24%
Insurance	0,1	0,1	-10%
Car tax	0,0	0,0	-43%
Total	**5,3**	**4,9**	**-8%**
Total vehicles	**714**	**718**	

Anyway, following the merger, in 2015 the company had to re-organise and re-define its car fleet strategy, in order to continue reducing costs, without jeopardizing effective operating needs.

The increase in the number of cars in 2015 is explained by the acquisition of 4 new cars within the scope of the fleet's renewal, which were to be received in 2014 but which only arrived in 2015.

Surveillance

Surveillance costs comprise mainly expenses with surveillance services contracted for IP' administrative facilities and operating centres, and other related expenses such as access controls, maintenance of fire extinguishers and other equipment and services.

In line with its streamlining policy, the company reduced surveillance costs by 6% over the previous year.

IT

In the information technology area, the year was marked by the integration and consolidation of the merged companies' information systems (supporting the financial, logistics and HR areas).

IT related expenses in 2015 recorded a deviation of -50% over 2014.

However, figures for 2015 are not comparable, since as result of the merger and the reorganisation of the IP Group, the IT Department was transferred from IP Telecom to the parent company.

Communications

Communication expenses fell by 49% in 2015 as compared to 2014.

The decrease occurred in the year derived from the merger and reorganisation of the IP Group, resulting in the transfer of the Information Systems Department (DSI) and the Accessibility, Telematics and ITS (DAT) Department from IP Telecom to the parent company, which meant that the data transmission services which used to be provided by this group company were no longer.

Travelling and accommodation

Travel and accommodation expenses recorded a slight rise (+1%) as compared to the previous year, due to an increase in R&D projects funded by the EU.

Adding to the above, note the integration of teams transferred from IP Telecom to IP, as mentioned above.

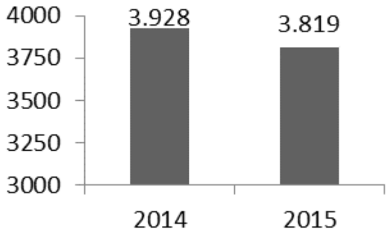
Personnel Expenses

Amounts in Euro million

Personnel Expenses	REFER + EP	IP	Δ%
	2014	2015	
Personnel Expenses	111,4	110,7	-1%
Redundancy payments	3,3	1,1	-67%
Total	**114,7**	**111,8**	**-3%**
Staff(not including pensioners and assigned personnel) **- 31 Dec**.	**3537**	**3553**	0,5%
Staff(not including pensioners and assigned personnel) **- Average**.	**3564**	**3502**	-1,8%

Following the reorganisation of the Group subsequent to the merger, and the integration into the parent company of activities previously allocated to Subsidiaries (namely the Information Systems Department (DSI) and the Accessibility, Telematics and ITS (DAT) Department both coming from IP Telecom), as well as the transfer of IP services from IP to Group companies, the number of employees of IP grew to 3,553 from 3,537. However, as this increase was only felt in the last quarter of 2015, the company's average staff is lower in 2015 than in 2014 (3,502 as against 3,564).

Therefore, from a Group's standpoint, there was a decrease in staff by 109 employees (-2.8%), as shown in the following chart.



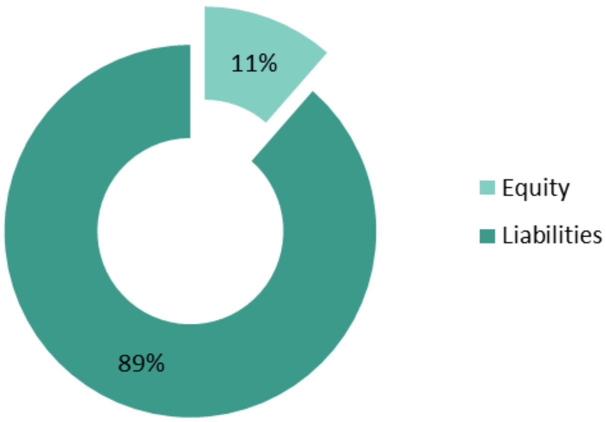
Other Expenses and Losses

Other expenses totalled € 8.5 million in 2015, declining by 27% in relation to the same period of the previous year (-€ 11.7 million), though staying 2% above estimated figures for the year (€ 8.4 million).

8.4 Equity Structure

At the end of 2015 Total Assets amounted to € 27,060 million, comprising mainly intangible assets made up of the road network and "Grantor - State - Account Receivable" relating to the value of the Long Duration Infrastructure Investments (LDI) in the railway network.

Asset Structure - 2015



Equity totalled € 3,108 million and Total Liabilities amounted to € 23,952 million. As compared to 31 December 2014, in addition to the effect of the merger of EP’s assets and liabilities into the statement of financial position of IP, the company increased its share capital by € 1,617 million, of which €850.8 million through the conversion of the loan related debt service.

09

FINANCIAL MANAGEMENT AND DEBT

9. FINANCIAL MANAGEMENT AND DEBT

9.1 Financial Management

IP seeks that its financial management processes comply with the legal framework applicable to the corporate state sector (Decree-law no. 133/2013), namely the obligation to apply the principle of Unity of the State Treasury (article 28) and restrictions in financing operations (article 29). IP's financial management and that of its subsidiaries are carried out by the Finance, Markets and Regulation Department.

Until the date of the legal merger (1 June 2015), both REFER and EP were considered as Reclassified State-owned Company (RSC); IP enjoys the same status. Accordingly, the State Budget for 2015 (2015 SB), approved by Law 82-B/2014, of 31 December, included the budgets of both companies, estimating global borrowing requirements of € 1,774 million, added of € 1,726 million relating to the debt service for loans contracted with the Portuguese State, which should be converted into share capital in 2015.

IP managed its budget pursuant to Law 8/2012 (Law on Commitments and Overdue Payments), which requires that any expense must be recognised previously, taking into account the appropriations allocated to the different budget captions in the 2015 State Budget. IP managed its activity so as to minimise the risks of fiscal implementation. The following events had a relevant impact on both expenses and revenues:

- Share capital increase by € 1,617.3 million, of which €850.8 million to face the debt service with loans stemming from former REFER and the repayment of principal on the loans of former EP, whereas the remaining is to cover capital expenditure;
- Recognition of Compensatory Allowances in the amount of € 35.4 million;
- Recognition of Road Service Contribution (RSC) revenues, minus collection costs, in the amount of € 635.7 million;
- Recognition of toll revenues, minus collection costs, in the amount of € 312 million;
- Recognition of PIDDAC and community funds in the amounts of € 3.4 million and € 254.7 million, respectively;
- Operating payments in the amount of € 368.7 million;
- Payments of investment in PPP, totalling € 1,296.7 million;
- Payments of investment in PETI3+ and Proximity Plans (roads and railway) in the amount of € 195.7 million;
- The repayment of loans amounted to € 705 million, including € 600 million relating to the repayment of the Eurobond 05/15.

In effective terms, overall borrowing requirements in 2015 amounted to € 1,617 million; IP ended the year with a treasury surplus of € 416.1 million, of which € 265 million were invested in CEDIC, with IGCP.

Although initially planned, the conversion into share capital of the debt service for the year relating to loans contracted with the Portuguese State in the amount of € 1,726 million did not occur. According to information received from the Directorate-General of the Treasury in notice 1302, of 4 March 2016, the repayment of the said debt service was postponed to 31 May 2016 at the latest. This deferred repayment will not accrue interest.

9.2 Financial Debt Structure

As mentioned above, the company carried out several share capital increases throughout the year, totalling € 1,617.3 million, as follows:

(Figures in Euro)

	Date	REFER	EP	IP	
Statutory/Share capital	31-dez-14	**1.486.000.000**	**1.994.585.000**	**1.486.000.000**	**(1)**
Increases:					
	jan-15	-	54.470.000		
	fev-15	-	251.805.000		
	mar-15	685.000.000	-		
	abr-15	15.000.000	71.440.000		
		2.186.000.000	**2.372.300.000**		
Share capital (DL91/2015)	01-jun-15			**2.555.835.000**	**(2)**
Increases:					
	jul-15			90.000.000	
	ago-15			80.000.000	
	out-15			220.000.000	
	nov-15			13.000.000	
	dez-15			136.540.000	
				3.095.375.000	

(1) Taking into account the merger of former EP into former REFER, IP's reference share capital at 31 December 2014 is that of former REFER

(2) Including adjustments of integration of former EP equity into IP and cancellation of cumulative results of former REFER

These operations were meant to cover the following borrowing requirements:

i) 2015 debt service (not including loans with the Portuguese State) in the amount of €850.8 million;

Ii) Capital expenditure in the amount of € 766.4 million;

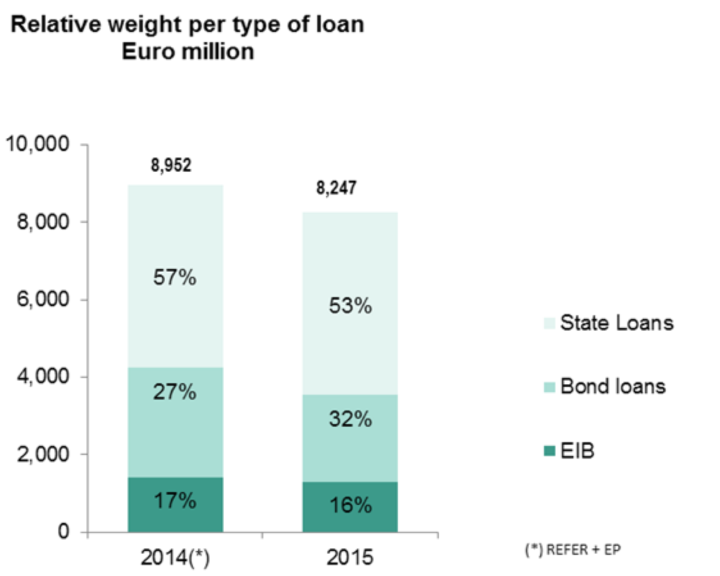
As result, IP's debt stock in 2015 improved by € 705 million, decreasing in nominal terms from by € 8,952.5 million in 2014 to € 8,247.4 million in 2015, as follows:

Euro million

Type of loans	2014	2015
EIB	1,411.7	1,306.7
State Loans	4,715.8	4,715.8
Eurobond	2,825.0	2,225.0
Total	**8,952.5**	**8,247.4**

For comparative purposes it was considered that the nominal stock of debt of 2014 corresponds to the sum of existing debt stocks of former REFER and former EP as of that date.

The breakdown of relative weight per type of loan was as follows:



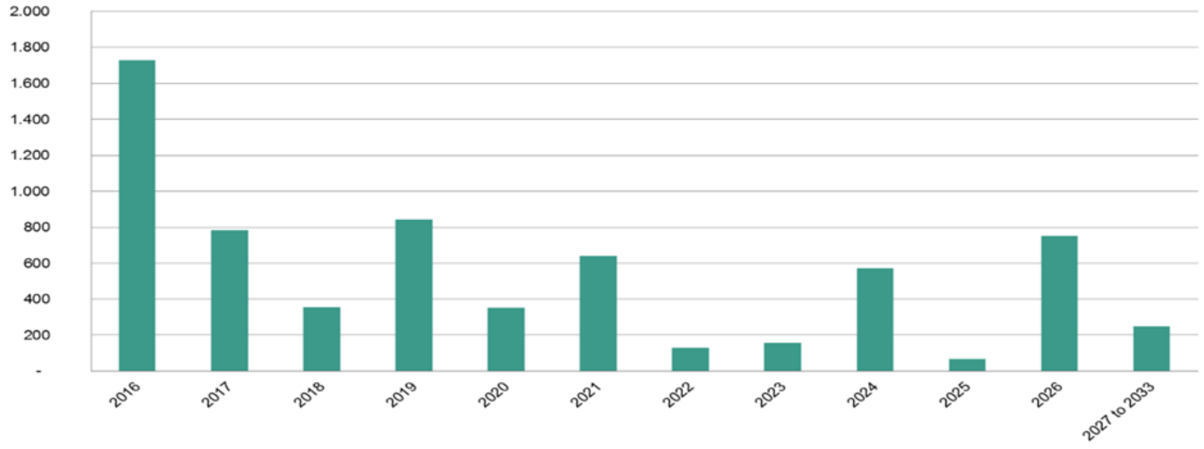
The share of IP's debt guaranteed by the Portuguese State was of 35% of total debt. Except for the State loans, € 625 million of bond loans, remaining loans are guaranteed by the State.

Loans entered with the State since 2011 will become due in 2016, 2017 and 2021; they are subject to an interest grace period of 12 months and have a repayment plan consisting of 8 to 12 equal and consecutive principal instalments. These loans are subject to fixed interest rate.

EIB loans entered for longer terms are subject to a repayment plan made up of equal or different but consecutive instalments, ensuring a smoother debt repayment profile.

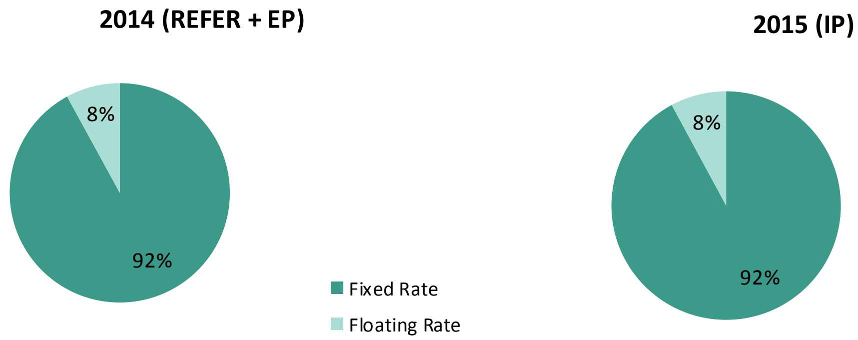
The repayment of the bond loans will be made in a single principal instalment at maturity (bullet). The Eurobond 05/15 loan not guaranteed by the State, contracted by REFER in 2005 was repaid in March 2015.

Repayment of the remaining bond loans will occur in 2019, 2021, 2024, 2026 and 2030, increasing the refinancing risk in those years, as shown in the following graph:



Refinancing of debt is obtained via share capital increase operations.

At end of 2015 and 2014 the company's debt portfolio was subject to interest rate, as follows:



At 31 December 2015 IP had no risk hedging instrument.

9.3 Review of the financial results

Our analysis of financial results is made from the Global Financial Results standpoint, which starts from financial results in the Profit and Loss Statement and ignores accounting movements (revenues) with impact on the Statement of Financial Position relating to i) debit of interest to the Grantor (in the railway business case), and ii) capitalization of interest relating to PPPs (in the road business case). This approach gives a true view of the company's debt and risk management performance.

As mentioned above, in our review of the evolution of the debt stock, we opted to consider in 2014 the financial results of EP and REFER for that year, in order to allow a consistent comparative analysis with IP's financial results in 2015.

Table below shows the financial performance at 31 December 2015 and 2014:

Euro million

Financial Result	2014			2015			Change
	REFER	EP	TOTAL	Railway	Road	IP	2015/2014
Financial Results from Investment Activity	**-148.2**		**-148.2**	**-119.8**		**-119.8**	***28.4***
Financial gains							
Financial losses	-148.2		-148.2	-119.8		-119.8	*28.4*
Financial Results from Infrastructure Management Activity	**-72.1**		**-72.1**	**-59.8**		**-59.8**	***12.4***
Financial gains	1.2		1.2	-0.2		-0.2	*-1.4*
Financial losses	-73.3		-73.3	-59.6		-59.6	*13.7*
High Performance Financial Results		**-324.8**	**-324.8**		**-299.6**	**-299.6**	***25.2***
Financial gains							
Financial losses - sub-concessions		-239.6	-239.6		-234.1	-234.1	*5.5*
Financial losses - State concessions		-85.2	-85.2		-65.5	-65.5	*19.7*
Financial results - Management of Road Network		**-7.7**	**-7.7**		**-3.0**	**-3.0**	***4.7***
Financial gains		0.6	0.6		0.1	0.1	*-0.5*
Financial losses		-8.3	-8.3		-3.1	-3.1	*5.2*
Results from Hedging Activity	**0.0**		**0.0**				***0.0***
Interest earned on derivatives	5.4		5.4				*-5.4*
Interest paid on derivatives	-2.0		-2.0				*2.0*
Change in the fair value of derivatives - Gains							
Change in the fair value of derivatives - Losses	-3.4		-3.4				*3.4*
Overall Financial Result	**-220.3**	**-332.5**	**-552.8**	**-179.6**	**-302.6**	**-482.1**	***70.7***
Allocated amount - State Grantor*	148.2		148.2	119.8		119.8	
Financial result (Comprehensive Income Statement)	**-72.087**	**-332.5**	***n.a.***	**-59.8**	**-302.6**	**-362.4**	***n.a.***

At 31 December 2015 IP's overall Financial Results amounted to -€ 482.1 million, improving by € 70.7 million over the same period of the previous year.

Excluding the amount associated with sub-concessions, since it concerns expenses with the financial revision of the amounts due to these companies for provided works / services (which will be invoiced in the future, in accordance with terms agreed in respective sub-concession contracts), therefore not forming part of financing contracts entered by former EP, overall financial results would amount to -€ 248 million as against the -€ 313,5 million at the end of December 2014, translating an improvement by € 65 million.

This positive performance was driven by financial results posted by the four business segments. The successive share capital increase operations carried in 2014 and 2015 permitted to reduce the average balance of financial debt allocated to the hedging of each business segment in 2015, and associated financial expenses.

As for the decrease in the amount chargeable to the Grantor in 2014 and 2015, the largest contribution stems from a decrease in the stock of financial debt to hedge investment in LDI, with consequent impact on financial expenses charged (debited) to this activity.

The following table shows the evolution of the annual average interest rate for the 2013-2015 period:

Euro million

Years	2015	2014	2013
Financial Expenses	245.19	306.48	335.18
Average financing rate (%)	2.9%	3.2%	3.2%

According to the State Budget for 2015 (Law no. 82-B/2014 of 31 December 2014), "..the increase in state-owned companies' indebtedness, considering remunerated funding corrected of the share capital paid up, cannot exceed 3%.". The following table shows the evolution of indebtedness adjusted for the 2013-2015 period:

Euro million

Interest bearing liabilities	2015	2014	2013	% Change 15/14	
				Value	%
Borrowings (current and non current)	8,247	8,952	10,335	-705	-7.9%
- from DGTF	4,716	4,716	6,014	0	0.0%
Capital increases through allocation	2,659	1,042	30	1,617	155.2%
Capital increase through conversion of credit	1,535	1,535	0	0	0.0%
Adjusted indebtedness	12,442	11,530	10,365	912	7.9%

As the table shows, IP's indebtedness rose by 7.9%, exceeding by far the ceiling established for each public owned company. However, it should be noted that the proposals recorded by REFER and EP in the State Budget for 2015 were approved with indebtedness growth levels higher than the 3% provided in the 2015 State Budget Law, and according to its article 61 no. 5 , the 3% ceiling should be complied with by the whole universe of state-owned companies.

9.4 Bondholders Meeting

During the preparation of the merger operation, REFER and EP laid down and implemented an action plan which viewed to match information disclosure requirements with timings for the approval of the merger of two 100% state-owned companies.

This action plan, based on the principle of transparency, sought to adjust the disclosure to the market of all relevant information on the merger and on each of the companies involved, which was made in three major phases:

- 9 April 2015: disclosure via the Securities Commission's system of the approval, by the council of ministers, of the merger, by incorporation of EP - Estradas de Portugal, S.A. into Rede Ferroviária Nacional - REFER, E.P.E.;

- 29 May 2015: publication in the Official Gazette of Decree-law no. 91/2015, of 29 May, establishing the incorporation of EP - Estradas de Portugal, S.A. into Rede Ferroviária Nacional - REFER, E.P.E. and subsequent transformation of Rede Ferroviária Nacional - REFER, E.P.E. into Infraestruturas de Portugal, S.A. , as disclosed via the websites of REFER and EP and the Securities Commission disclosure system;

- 29 May 2015: disclosure on REFER and EP websites and via the Securities Market system of the Memorandum of the Merger through Incorporation and Transformation, providing detailed information on the merger operation and the companies subject to merger.

Although the decree-law establishing the merger included a creditors' protection regime, it was considered fair to convene general meetings of the bond holders of the five bond issues outstanding at the effective date of the merger - 1 June 2015, given the significant weight held by these stakeholders in IP's financing. The initiative aimed to give bondholders to opportunity to express their views on the neutrality of the merger operation.

Therefore, on 29 May 2015, REFER and EP convened bondholders meetings (initially for 29 and 30 June), postponed to 15 and 16 July given the nonexistence of quorum on the said first dates.

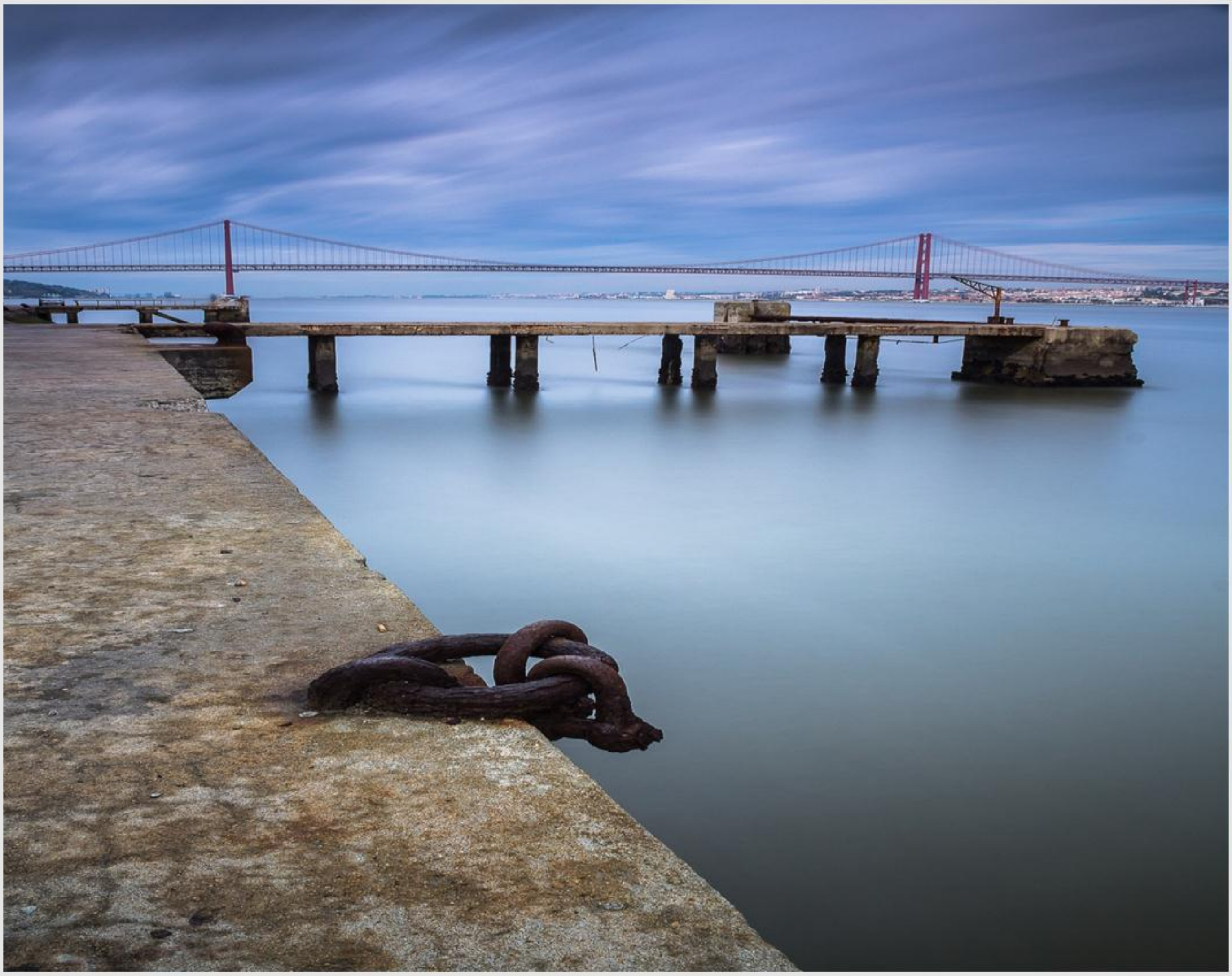
On 15 and 16 July, three of the five scheduled meetings took place. In these general meetings, the proposals submitted by the Boards of Directors of REFER and EP as attached to the notices of meeting were unanimously approved, and subsequently disclosed to the market on IP's website and via the Securities Commission disclosure system.

The remaining meetings did not take place as no one showed up. Notwithstanding, IP deems that without prejudice to the right of bond holders to ask that new general meetings are convened, the bondholders did not object to the Merger and Transformation, and as far as IP is aware, at the date of this report, they did not exercise any of their rights. This understanding was disclosed to the market on IP's site and through CMVM's system.

Finally, it should be noted that on 25 June 2015 Moody's Investors Services rated IP as Ba2 (Stable Outlook), maintaining the same rating and outlook granted to REFER prior to the merger. This rating attests for the merger's neutrality as concerns IP's creditors.

10

RISK MANAGEMENT POLICY



10. RISK MANAGEMENT POLICY

The Risk and Compliance Department is responsible for promoting and implementing the company's risk management policy, namely "implement and promote risk management and monitor the compliance with legal obligations applicable to the business activity of IP Group companies".

Note that the risk management process of the IP Group (i) benefited from the risk management know-how developed at EP and REFER, (ii) was set forth in line with the business goals of the IP Group, and (iii) was based on a integrated and transversal approach applicable to the whole Group, in accordance with NP ISO 31000:2013.

The risk management model adopted is a key management instrument, which allows identifying the main risks to which companies of the IP Group are exposed[2], analyse them [3] and determine which steps to take, based on the assumptions described in the following table*:*

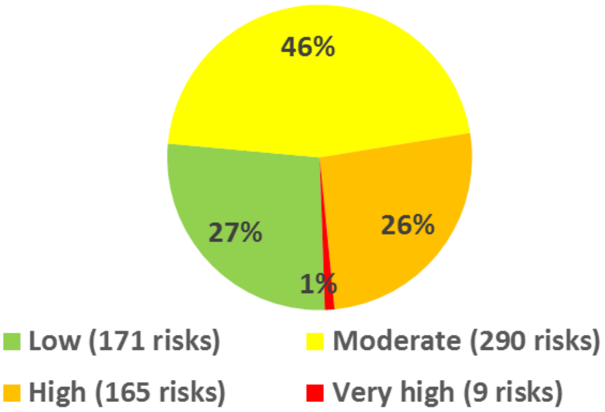
<table>
<tr><th>Gaps</th><th>Risk Level</th><th>Risk Response</th></tr>
<tr><td>[1 ; 4]</td><td>Low</td><td>Accept - No action will be identified to alter the probability or impact of the risk. Respective consequences, if any, based on an informed decision. (1)</td></tr>
<tr><td>[5 ; 9]</td><td>Moderate</td><td rowspan="3">Mitigate - Actions to reduce the risk's probability, impact or both will be established. and/or
Share - Actions to reduce the risk's probability or impact will be established, by transferring to or sharing the risk with third parties.</td></tr>
<tr><td>[10 ; 16]</td><td>High</td></tr>
<tr><td>[17 ; 25]</td><td>Very high</td></tr>
<tr><td>Any gap</td><td>Any risk level</td><td>Avoid - Activities giving rise to the risk will be eliminated (decision to not start or not continue the risk generating activity).</td></tr>
</table>

(1) Except for cases where the risk has level 5 impact on any of the four aspects considered.

Further to assessing risks and determining the measures to handle them, the risk management policy of IP Group includes monitoring, disclosure and revision mechanisms.

[2] Including corruption, collusion, fraud and information leak, and respective and necessary prevention and mitigating measures.
[3] By determining the probability of a risk occurring and its impact on financial, legal, reputation and human life terms.

For information purposes, based on interim data as of 31/12/2015, the global risk chart of IP Group comprises a total of 635 risks, distributed as follows in terms of risk level:



Finally, also based on interim data as of 31/12/2015, the company has an estimated total of 468 plans/measures to handle such risks.

Identification of Relevant Risks

As established in IP's Risk Management Procedure[4], risks may be grouped into 6 relevant categories, specifically:

Risk Category	DEFINITIONS
Financial Risk	Financial market, liquidity, interest rate and credit risks
Business risk	Risks associated with planning, design, performance, monitoring and control in areas contributing to the business of Group companies.
Operating Risk	Risks associated with internal processes, infrastructures, human capital and outsourcing
Regulation & Compliance Risks	Risks associated with laws, regulations, rules, contracts, codes of conduct, best practices and ethical principles.
Reputation Risk	Risks associated with the public perception of the company by shareholders, clients, suppliers, employees, press, public opinion in general and remaining stakeholders.
Technological Risk	Risks associated with critical technological infrastructures, security of information, integrity and flexibility of systems.

[4] Procedure GR.PR.006 - risk management, approved by IP's CAE on 24/9/2015, applicable to all units of IP Group.

Financial Risk

IP’s activity is subject to risk factors of financial nature, namely credit risk, liquidity risk and interest rate risks associated with loan payment cash flows.

Decree-law 133/2013 of 3 October introduced changes to the autonomy of reclassified public companies (EPR) in what concerns access to funding with the financial system, and the use of derivative financial instruments for risk management purposes.

In fact, Article 29 of the said Decree-law determines that an EPR cannot access funding with financial institutions, unless it is a multilateral financial institution (e.g.. European Investment Bank), while article 72 established the transfer of these companies' derivatives portfolios to the Public Debt and Treasury Management Agency (Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, EPE (IGCP).

These risks are managed by the Finance, Markets and Regulatory Department, in line with risk mitigation policies established by the Executive Board of Directors.

Credit Risk

Credit risk is associated with the risk of another party defaulting on its contractual obligations, resulting in a financial loss for IP, S.A. This type of risk is run by IP, S.A. in the course of its operating and financial activities.

At operational level, IP’s revenues stem from the two business segments which the company develops, i.e. the road and the railway segments.

In the road segment, revenues derive mainly from the Road Service Contribution charged by and handed over to IP by the Tax and Customs Authority, collected tolls, and other smaller operations with a wide range universe of clients. Therefore, IP’s road segment does not show any significant credit risk.

In the railway segment, revenues stem from compensatory allowances established in the State Budget, granted as consideration for the public service provided and the commercial relationship developed with main clients, rail operators, CP, Fertagus, Takargo and CP CARGA. Accordingly, credit risk associated with railway activity is basically related with any failure by railway operators to fulfil their obligations.

CP is the main counterparty, as it is the only public provider of passenger transport services on the entire network, except for the 25 de Abril Bridge crossing, which is operated by Fertagus.

Therefore, although credit risk is strongly concentrated in CP, it is mitigated by the legal nature of this company, which is also 100% held by the Portuguese State.

As for the credit risk from its financial activity, the majority of the company’s liquid funds and financial applications are managed by IGCP; therefore, they do not hold significant credit risk.

Impairment adjustments for accounts receivable are calculated on the basis of the counterparty’s risk profile and its financial situation.

Exchange rate risk

IP’s activities are not subject to significant exchange rate risk.

Liquidity Risk

This type of risk is measured by the capacity to maintain the financial resources required to face liabilities assumed with different stakeholders, namely suppliers, banks, the capital market, and other.

A prudent liquidity risk management requires maintaining an adequate level of cash and cash equivalent to face the responsibilities assumed; this is ensured by IP based on a strict and planned control of operating cash flows, complemented with share capital increases carried out by the shareholder. This conservative management has made it possible to secure a low level of liquidity risk.

Interest rate risk

The main objective of interest rate risk management is to safeguard the company against interest rate rises; insofar as IP's revenues are immune to this variable, any natural hedging is not possible.

The company does not use interest rate hedging instruments.

Presently, the purpose of the interest rate risk management is basically to monitor interest rates affecting Euribor-based financial liabilities.

Capital Risk Management

Capital risk management is deemed crucial to maintain adequate solvency levels, taking in to account the company's operations.

The level of expected revenues, including the Road Service Contribution, tolls, compensatory allowances, activities with rail operators and community funds, are continuously reviewed and monitored to ensure that they can meet borrowing requirements and operations.

IP's key tool to manage this risk is its financing plan, which includes share capital increases in cash or via conversion of loans and shareholders' loans into equity.

Throughout 2015 the statutory capital of IP, S.A. was strengthened by approximately € 1,617.26 million.

It should be noted that in 2015, the planned credit conversion of the 2015 debt service associated with State Loans did not occur; this conversion was postponed to May 2016, according to information received from the Directorate-General of the Treasury, namely in letter 1302 dated 4 March 2016. The said letter further stated that no interest will accrue on the debt service not met in 2015.

12

SUBSEQUENT EVENTS

12. SUBSEQUENT EVENTS

i) Share capital increase

Pursuant to a unanimous written corporate resolution dated 28 March 2016, the share capital of IP was increased by € 400 million, through the subscription of 80,000 shares with the nominal value of € 5,000 per share, subscribed and paid up by the Portuguese State, as shareholder, as follows:

a) On 30 March 2016 the amount of € 210 million;
b) On 22 April 2016 the amount of € 190 million;

ii) Framework contract - National Railway Network

The Portuguese State and IP signed a framework contract on 11 March 2016; this contract establishes the basic principles and parameters governing the terms and conditions of the provision by IP of its public management duties of the National Railway Infrastructure, as well as the State's compensatory allowances payable over the next 5 years, as from 1 January 2016.

This framework contract is subject to the approval of the Court of Auditors.

13

PROPOSAL FOR THE APPROPRIATION OF NET INCOME

13. PROPOSAL FOR THE APPROPRIATION OF NET INCOME

The Executive Board of Directors proposes to appropriate the Net Results for the year in the amount of € 12,535,725.68 as follows:

Legal Reserve	€ 626,786.28
Retained earnings	€ 11,908,939.40
Net results for the period	€ 12,535,725.68

Almada, 28 April 2016

The Executive Board of Directors

Chairman	António Manuel Palma Ramalho
Vice-chairman	José Saturnino Sul Serrano Gordo
Vice-chairman	José Luís Ribeiro dos Santos
Member	Alberto Manuel de Almeida Diogo
Member	Vanda Cristina Loureiro Soares Nogueira
Member	Adriano Rafael de Sousa Moreira
Member	José Carlos de Abreu e Couto Osório

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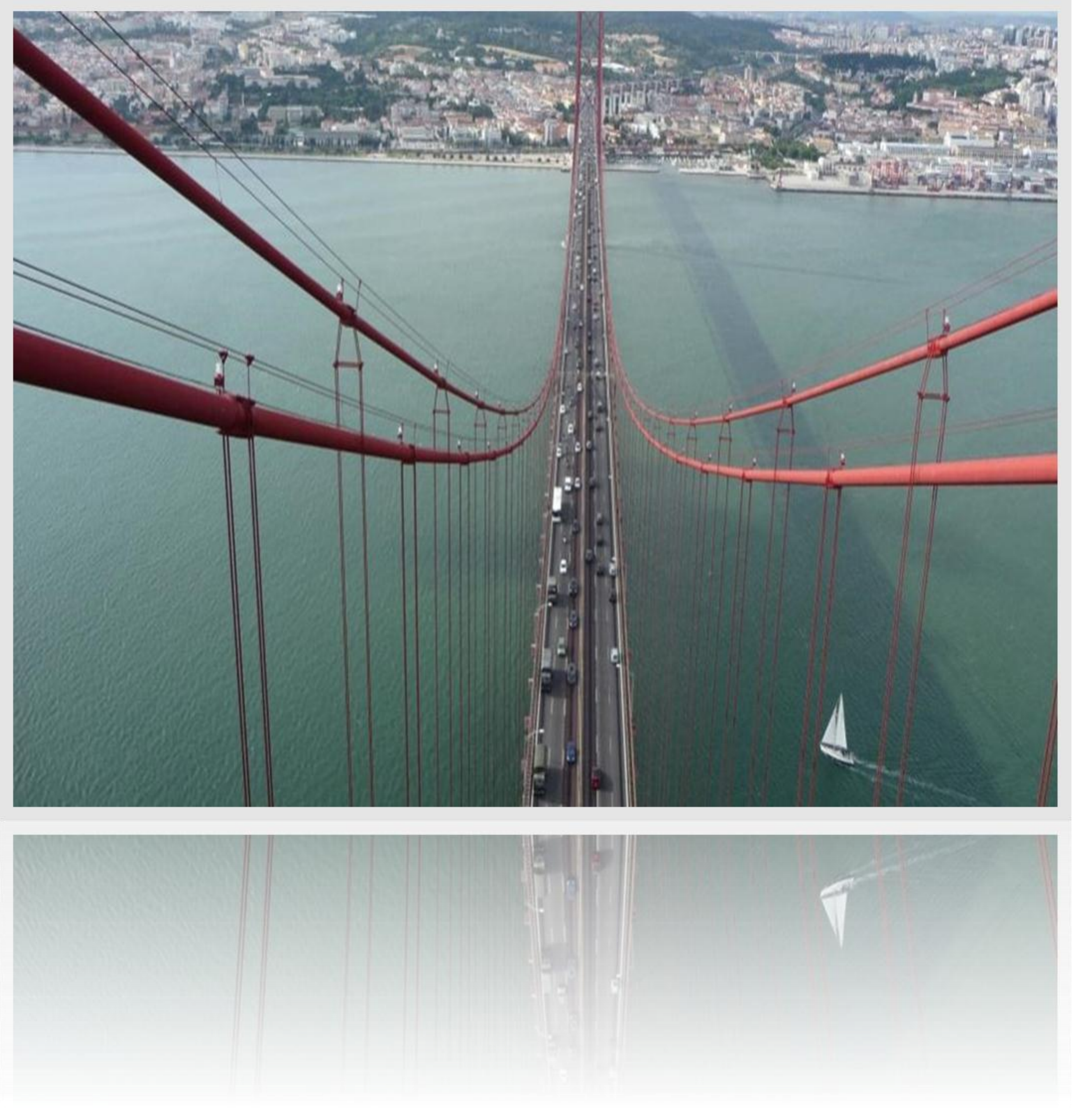
FINANCIAL STATEMENTS AND ATTACHED NOTES



PART II

FINANCIAL STATEMENTS

AND NOTES

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FINANCIAL STATEMENTS AND ATTACHED NOTES

STATEMENT OF COMPLIANCE

Under the terms and for the purposes of provisions in Article 245, no. 1, sub paragraph c) of the Securities Code, each member of the Executive Board of Directors of Infraestruturas de Portugal, S.A., as identified below, underwrote the following statement:

“I hereby declare, under the terms and for the purposes of provisions in Article 245, no. 1, sub paragraph c) of the Securities Code, that to the best of my knowledge, within the scope of the duties assigned to me and based on the information supplied to the Executive Board of Directors, the financial statements were prepared in compliance with the applicable accounting standards and give a true and appropriate view of the assets and liabilities, the cash flows, the financial situation and the results of Infraestruturas de Portugal, S.A., and the management report relating to 2015 faithfully describes the material events that occurred during this period and the impact on respective financial statements, and describes the main risks and uncertainties for the forthcoming year.”

THE EXECUTIVE BOARD OF DIRECTORS

Chairman	António Manuel Palma Ramalho
Vice-chairman	José Saturnino Sul Serrano Gordo
Vice-chairman	José Luís Ribeiro dos Santos
Member	Alberto Manuel de Almeida Diogo
Member	Vanda Cristina Loureiro Soares Nogueira
Member	Adriano Rafael de Sousa Moreira
Member	José Carlos de Abreu e Couto Osório

(Amounts in € thousand)

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015 AND 2014

	Notes	31/12/2015	31/12/2014 (restated)
Assets			
Non current			
Tangible fixed assets	6	55,928	33,454
Investment properties		115	-
Intangible assets	7	19,626,321	2,587
Investments in subsidiaries	8	8,909	12,873
Clients	11.2.	17,107	-
Deferred tax assets	9	117,636	22,648
Available-for-sale financial assets		32	32
		19,826,048	**71,595**
Current			
Inventories	19	49,245	38,006
Clients	11	100,797	68,351
Advances to suppliers	11	27,522	-
Grantor .- State - Account Receivable	12	5,407,589	5,254,047
Current tax assets	13	21,373	-
Government and other public bodies	13	1,017,687	4,377
Loans granted;	11.3.	0	0
Other accounts receivable	11.1.	186,764	41,603
Deferrals	10	512	48
Non current assets held for sale		3	-
Cash and cash equivalent	14	422,848	75,468
		7,234,340	**5,481,900**
Total assets		**27,060,388**	**5,553,494**

To be read jointly with the Notes to the Separate Financial Statements

(Amounts in € thousand)

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015 AND 2014 (CONTINUED):

	Notes	31/12/2015	31/12/2014 (restated)
Equity			
Capital and reserves attributable to equity holders:			
Paid-up capital	15	3,095,375	1,486,000
Reserves		4	-
Cumulative results		-	(2,429,854)
		3,095,379	**(943,854)**
Net income/(loss) for the period		12,536	(89,065)
Total equity		**3,107,915**	**(1,032,919)**
Liabilities			
Non current			
Provisions	16	857,606	24,312
Borrowings	17.1.	3,420,846	3,220,385
Shareholder funding / Shareholder's loans	17.2.	1,478,345	1,717,353
Other accounts payable	18.2.	2,998,086	-
Deferrals	10	10,764,155	-
Deferred tax liabilities	9	179	-
		19,519,217	**4,962,050**
Current			
Trade payables	18.1.	38,111	17,841
Government and other public bodies	13	6,371	4,465
Current tax liabilities	13	-	2,127
Borrowings	17.1.	155,416	719,188
Shareholder funding / Shareholder's loans	17.2.	3,347,598	782,962
Other accounts payable	18.2.	875,597	96,928
Deferrals	10	10,164	853
		4,433,257	**1,624,364**
Total Liabilities		**23,952,474**	**6,586,413**
Total equity and liabilities		**27,060,388**	**5,553,494**

To be read jointly with the Notes to the Separate Financial Statements

(Amounts in € thousand)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

	Notes	31/12/2015	31/12/2014 (restated)
Sales and services	20	1,321,088	99,708
Operating subsidies	21	28,770	40,493
Cost of goods sold	22	(413,854)	(5,100)
Supplies and services:	23	(246,207)	(95,456)
Maintenance, Repair and Safety of the Road Network	23	(95,398)	-
Maintenance, Repair and Safety of the Railway Network	23	(56,794)	(65,612)
Other supplies and services	23	(94,015)	(29,843)
Personnel expenses	24	(111,779)	(81,409)
Impairments (losses/reversals)	25	(10,173)	(37,110)
Provisions (Increase/Decrease)	16	(5,897)	(3,272)
Other Income and gains	26	96,610	42,340
Other expenses and losses	27	(8,549)	(8,259)
Gains/(losses) on subsidiaries and associates		2,158	9,068
Results before Depreciation, Financial Expenses and Tax		**652,168**	**(38,997)**
Expenses/reversals of depreciation and amortisation	6, 7	(260,735)	(3,106)
Operating Result (before Financial Expenses and Tax)		**391,433**	**(42,102)**
Interest and similar income	28	120,052	154,879
Interest and similar expenses	28	(482,409)	(226,966)
Results before income tax		**29,077**	**(114,189)**
Income tax for the year	29	(16,541)	25,124
Net profit for the year		**12,536**	**(89,065)**
Comprehensive income		**12,536**	**(89,065)**

To be read jointly with the Notes to the Separate Financial Statements

(Amounts in € thousand)

Infraestruturas de Portugal

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

	Share capital	Other changes	Reserves	Cumulative results	Profit/(Loss) for the period/year	Total
Balance at 31/12/2013	**451,200**	**(26,260)**	**-**	**(2,314,458)**	**(89,136)**	**(1,978,654)**
Transition differences		26,260		(26,260)		**-**
Appropriation of net results for 2013				(89,136)	89,136	**-**
Share capital increase	1,034,800					**1,034,800**
2014 Comprehensive Results					(89,065)	**(89,065)**
Other changes						**-**
Balance at 31/12/2014	**1,486,000**	**-**	**-**	**(2,429,854)**	**(89,065)**	**(1,032,919)**

	Share capital	Other changes	Reserves	Cumulative results	Profit/(Loss) for the period/year	Total
Balance at 31/12/2014	**1,486,000**	**-**	**-**	**(2,429,854)**	**(89,065)**	**(1,032,919)**
Appropriation of net results for 2014				(89,065)	89 065	-
Share capital increase	1,617,255					**1,617,255**
Merger effect	2,511,039					**2,511,039**
Transfers of reserves	(2,518,919)			2,518,919		**-**
2015 Comprehensive Results					12,536	**12,536**
Other changes			4			**4**
Balance at 31/12/2015	**3,095,375**	**-**	**4**	**-**	**12,536**	**3,107,915**

To be read jointly with the Notes to the Separate Financial Statements

CASH FLOW STATEMENT FOR THE YEARS ENDED AT 31 DECEMBER 2015 AND 2014

unit: thousand euro

Caption	Note	31/12/2015	31/12/2014 (restated)
Operating Activities			
Cash receipts from clients		1 053 483	213 340
Cash paid to suppliers		- 852 374	- 99 332
Cash paid to personnel		- 109 659	- 78 674
Flows generated by operations		**91 450**	**35 333**
CIT (paid)/received		- 31 276	- 6 665
Other receipts/payments relating to operating activities		27 526	29 253
Net cash from operating activities (1)		**87 701**	**57 921**
Investing activities			
Cash receipts relating to:			
Investment subsidies		258 114	11 747
Tangible fixed assets		4 183	0
Financial investments		6 122	8 715
Interest and similar income		71	0
		268 489	**20 462**
Cash payments relating to:			
Investment subsidies		- 14 214	0
Financial investments		- 10 359	0
Tangible fixed assets		- 52 019	- 145 583
Intangible assets		- 767 842	0
		- 844 434	**- 145 583**
Net cash from investing activities (2)		**- 575 944**	**- 125 120**
Financing activities			
Cash receipts relating to:			
Borrowings		0	64 000
Capital injections		1 617 255	1 034 800
Interest		0	6 859
Other financing operations		75 587	0
		1 692 842	**1 105 659**
Cash payments relating to:			
Borrowings		- 705 033	- 807 035
Interest and similar costs		- 158 882	- 229 579
		- 863 915	**- 1 036 614**
Net cash from financing activities (3)		**828 927**	**69 045**
Variation in cash and cash equivalents (4) = (1) + (2) + (3)		**340 684**	**1 846**
Effect of foreign exchange differences		0	0
Cash and cash equivalents at the beginning of the year	14	75 458	73 612
Cash and cash equivalents at the end of the period	14	416 142	75 458
Variation in cash and cash equivalents		**340 684**	**1 846**

To be read jointly with the Notes to the Separate Financial Statements

Almada, 28 April 2016

The Executive Board of Directors

Financial Manager	**Chairman**	António Manuel Palma Ramalho
Maria do Carmo Duarte Ferreira	**Vice-chairman**	José Saturnino Sul Serrano Gordo
	Vice-chairman	José Luís Ribeiro dos Santos
The Certified Accountant		
	Member	Alberto Manuel de Almeida Diogo
Diogo Mendonça Lopes Monteiro		
	Member	Vanda Cristina Loureiro Soares Nogueira
	Member	Adriano Rafael de Sousa Moreira
	Member	José Carlos de Abreu e Couto Osório

Notes to the Separate Financial Statements for 2015

1. INTRODUCTION

Infraestruturas de Portugal, S.A. is the state-owned company resulting from the merger of Rede Ferroviária Nacional – REFER, E.P.E. (REFER) and EP - Estradas de Portugal, S.A. (EP, S.A.) through which REFER merged into EP, becoming a public limited company named Infraestruturas de Portugal, S.A. ("IP"). The merger entered into force on 1 June 2015, as provided in Decree-law 91/2015 of 29 May.

The immediate consequence of the merger determined that road and railway infrastructures are to be managed by one company, according to a joint, integrated and complementary strategy.

1.1 Company's activity

According to Decree- Law No. 91/2015, the corporate object of IP "... shall be the design, construction, financing, maintenance, operation, restoration, widening and modernisation of the national road and rail networks, including command and control of movements of trains."

For the purposes of pursuing its activity IP "... shall take on the position of infrastructure manager, under the terms of the general road concession contract entered with the State and any concession contract that may be entered into the future, and as manager of any other infrastructure under its administration."

While carrying out its activity and in order to provide a highly efficient and effective service, IP relies on complementary services in business areas not covered by its main object, but which are performed by its subsidiaries.

2. BASES OF PRESENTATION AND ACCOUNTING POLICIES

2.1 Bases of Presentation

The financial statements presented herein are the separate financial statements of IP and they reflect the results of IP's operations and its financial situation for the years ending at 31 December of 2015 and 2014.

These financial statements were approved by the Executive Board of Directors in meeting held on 28 April 2016. The Executive Board of Directors is of the opinion that these financial statements give a true and fair view of IP's operations, its financial position, performance and cash flows.

All amounts are expressed in thousand Euro (€ th), unless otherwise stated. Additionally, initials €m are used for Euro million, where necessary.

IP's financial statements were prepared on a going concern basis, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and respective predecessors.

The financial statements presented herein were prepared according to the principle of historic cost, except for financial assets and liabilities recorded at fair value.

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates, assumptions, and judgements in the process of defining the accounting policies to be adopted by the company, with a significant impact on the carrying amounts of assets and liabilities, as well as of the expenses and revenues of the reporting period. Estimates and related assumptions are based on historic experience and on other factors deemed applicable and form the basis for the judgements on the values of the assets and liabilities, the valuation of which would not be possible to obtain from other sources. The issues that involve a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Notes 2.4 and 2.5.

(Main estimates and judgements used for preparing the financial statements).

2.2 Accounting Policies

The financial statements include the company's assets, liabilities, results and cash flows as of 31 December 2015 and 2014.

The main accounting policies used in the preparation of the financial statements are as described below. These policies were consistently applied in all the years presented, unless otherwise stated.

a) Equity holdings in subsidiaries

According to IAS 27 – Separate Financial Statements, where an entity is required to present separate financial statements, investment in subsidiaries, joint ventures and associates are recorded at cost or fair value.

IP records the financial investments previously mentioned at cost, deducted of any impairment losses.

Dividends from these entities are recognised under "Gains and Losses on Subsidiaries, Associates and Joint Ventures" where the right thereto is established.

According to IFRS 10 – Consolidated Financial Statements, a subsidiary is an entity controlled by another entity.

An investing company controls an entity where it is exposed or holds rights relating to variable results via its relationship with such entity, and it has the power to affect such results through the control it has over the invested company.

b) Equity holdings in associates and joint ventures

As provided in IAS 28 – Investments in Associates and Joint Ventures, associates are entities over which the investing company exerts significant influence.

It is presumed that significant influence is exercised where an entity holds directly or indirectly 20 % or more of the voting rights of the invested company, unless it can be clearly demonstrated that this is not the case.

A joint venture is a joint business in relation to which the parties that exercise joint control hold rights over the net assets of the business.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

These investments are recorded in the separate financial statements at cost and any dividends therefrom are recognised under "Gains and Losses in Subsidiaries, Associates and Joint Ventures" where the right thereto is established.

c) Financial investments in joint arrangements

According to IFRS 11 - Joint Arrangements, a joint arrangement is an arrangement where two parties or more have joint control.

A joint arrangement has the following characteristics:

- The parties are bound by a contractual arrangement; and
- The contractual arrangement gives two or more of those parties joint control of the arrangement.

According to the said standard, a joint arrangement is a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are known as joint operators.

A joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output of the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets relating to the arrangement. These parties are known as joint venturers.

d) State Grantor – Account Receivable – Service Concession Arrangements – IFRIC 12.

Following the split-off of the railway activity in Portugal in 1997, IP (former REFER) was assigned the responsibility of building and renovating long term railway infrastructures. This activity is carried out according to the Government directives; its financing is guaranteed through the share capital, by State and European subsidies and loans; the majority of the loans are secured by the State, where IP plays the role of “agent”.

Based on this understanding, the effects relating to this activity are recognised and measured in accordance with IFRIC 12 - Concession Arrangements.

Accordingly, for the purposes of IFRIC 12, it is considered that the Long Duration Investment Activity relies on the existence of a concession arrangement between the State (Public Entity) and IP (considered as private entity although its sole shareholder is the State), where IP acts as "Concessionaire".

IFRIC 12 – Service Concession Arrangements was issued by IASB on November 2006, to be applied in the years starting at or following 1 January 2008. Its endorsement within the European Union occurred on 25 March 2009, to be mandatorily applied in the years starting at or following 1 January 2010.

IFRIC 12 applies to public service concession arrangements where the Grantor (State) controls (regulates):

- The services to be provided by the concessionaire (using the infrastructure), to whom they are to be provided and at what price; and
- Any residual interests concerning the infrastructure at the end of the contract. IFRIC 12 applies to infrastructures:
- built or acquired by the operator to third parties;
- already existing and to which the operator provides access.

In the light of the above, it is the understanding of IP that the existing concession is included in the scope of this IFRIC due to the following reasons:

- IP is a profit-making company subject to provisions in the Companies Code; although its shareholder is the State, the company was incorporated according to the relevant law relating to the public corporate sector (Decree-Law 133/2013 of 3 October), and is independent in terms of assets in relation to its shareholder; therefore, exclusion provided in IFRIC 12 does not apply, according to its paragraph 4;
- The decree-law which created IP may, in substance, be considered as concession agreement, since the State as Grantor, controls and governs the public services provided by IP, as concessionaire of the infrastructures belonging to public railway domain or which may come to be included in the public railway domain in the future, and defines to whom the services are to be provided and at what price; and
- The State, owns and controls the infrastructures which belong to the public domain and assigns to IP the right of access to such infrastructures so that it may render a public service against a consideration payable by passenger and goods transport operators.

This interpretation sets out the general principles for recognising and measuring rights and obligations pursuant to concession contracts holding the characteristics mentioned above and defines the following models:

- Intangible asset model - this model applies where the operator receives from the Grantor the right to charge a fee for using the infrastructure;
- Financial asset model - where the operator has an unconditional right to receive cash or other financial asset from the Grantor corresponding to specified or determinable amounts, the operator must recognise a financial asset (account receivable). Under this model the concessionaire has little or no discretionary powers to avoid payment, since the agreement is generally legally binding; and
- "Mixed" model - This model, provided under paragraph 18 of IFRIC 12 applies where the concession simultaneously includes remuneration commitments guaranteed by the Grantor and remuneration commitments contingent on the level of use of the concession infrastructures.

Considering the types of models presented above, we consider that the model which best translates IP's activity is the Financial Asset model, since according to the law in force, the State (public entity) will fully bear the costs of the investments in national railway infrastructures, whilst IP has an unconditional right to receive cash from the State for its investments in LDIs. Such right is granted pursuant to article 11 of the Land Transport System Base Law for railway transport (LTBL) and DL 141/2008 dated 22 July, and by the 2011-2015 Strategic Plan for Transports (PET) and, 2014, the Strategic Plan or Transports and Infrastructures (2014-2020 horizon) (PETI3+)

In what concerns Financial Assets resulting from the application of this standard, they were registered under provisions in IAS 32, IAS 39 and IFRS 7.

As there is no official concession agreement for the railway infrastructure activity, IP made some assumptions for determining the value of the concession, based on the principle of substance over form and existing law, namely:

- The Base Law on the Land Transportation System and Infrastructure Maintenance and Supervision – Law 10/90 - which establishes in number 3 of article 11 the compensation due by the State for the full infrastructure construction, maintenance and supervision costs, in accordance with rules to be approved by the Government.

- The Strategic Transport Plan (RCM 45/2011):

  "*Investment required for the construction of transport infrastructures, since they are public domain assets, must be ensured by the State as provided in the General Ground Transport Law*. *Notwithstanding, over the past decades, state-owned corporations operating in the land transport and railway sectors have carried the burden of having to register in their financial statements - via the issuing of debt - the costs of this investment made on behalf of the State.*" and;

  "*The historic debt of state-owned enterprises operating in the public railway transport and infrastructures sector, results in part from the development of investment projects which are the State's responsibility (...)"*

- PETI3+ - Strategic Plan for Transports and Infrastructures (2014-2020 horizon).

  PETI3+ "…*is a revision of PET 2011-2015, including a second phase of structural reforms to be made in this sector, as well as a set of investments in transport to be carried out until the end of this decade. It is estimated that 61% of priority railway projects can be financed through community funds and 39% through public funds.* "Where any assets are withdrawn from the public railway domain, the profit or loss will be allocated to this activity, as established in each withdrawal order.

Therefore, the costs borne with LDIs assume the form of "accounts receivable" (financial assets) charged to the "State grantor", being initially recognised at fair value.

Financial assets are made up of the assets under concession, which include public railway domain property, to which IP only has access to provide "Infrastructure Management Services", added of the return on assets, following disposal or improvements, deducted of any subsidies received plus interest on loans allocated to the concession. As there is no defined maturity - which is due to the nonexistence of a formal concession contract - it is assumed that the amounts receivable will be due on the date they are charged. Consequently, as from that date the concessionaire (IP) is deemed to be entitled to accrued interest on the amounts due. The determination of the said interest is made based on the same terms of the loans obtained to directly finance this activity. The company thus charges interest and other financial expenses relating to the loans contracted to finance the concession.

Long Duration Infrastructures ("LDIs")

Tangible fixed assets classified as long duration infrastructures belong to the public railway domain, and IP only has access to them so as to provide the services associated with the Railway Infrastructure Management. They are recorded as “long duration infrastructures investment activity” in the statement of financial position, since they do not qualify as assets controlled by the company. In addition to acquisitions and construction made subsequent to the split-off of CP, these assets further include the assets of extinguished departments, freight terminals and property transferred from CP, which are considered as "public domain assets".

e) Tangible fixed assets

Tangible fixed assets are measured at cost deducted for accumulated depreciation and impairment losses. Cost includes the purchase price of the asset, costs directly attributable to its acquisition and costs incurred to prepare the asset to start operating. Cost incurred with loans obtained for the construction of tangible assets are recognised as part of the assets' construction cost.

Subsequent costs incurred with renovations and major repairs that increase the useful life or the production capacity of the asset are either added to the cost of the asset or recognised as a separate asset, with an adequate derecognition of the replaced components of the asset; this only occurs when future economic benefits are likely to flow to the entity and when costs can be measured reliably; Accordingly, the replaced part is derecognised from the Statement of financial position.

Costs with current repairs and maintenance are expensed in the period in which they occur.

Expenses to be incurred with the disassembling, dismantling or removal of assets, when significant, are included in the acquisition cost of the asset.

Land is not depreciated. The remaining tangible fixed assets are depreciated on a straight-line basis. The estimated useful lives for the most significant tangible fixed assets are as follows:

	Average %
Buildings and other constructions	2.00
Basic equipment	3.33
Transport equipment	25.00
Tools	12.50
Administrative equipment	12.50
Other fixed assets	12.50

Useful lives of assets are reviewed at the end of each year so that depreciation complies with the asset consumption patterns.

Gains and losses arising from the disposal of tangible fixed assets are determined as the difference between the assets’ sales value and net book value, and are recognised in the statement of comprehensive income.

Leasing

Classification of lease operations as financial leases or operating leases takes into consideration the substance of the transaction rather than its legal form. A lease is classified as finance lease if it substantially transfers all the risks and rewards incidental to ownership of an asset to the lessee. All other leases are classified as operating leases.

Operating Leases

Assets used under lease contracts relative to which the Group does not assume all the risks and rewards of ownership of the leased asset are classified as operating leases, in accordance with IAS 17 – Leases, and therefore they are not recorded as tangible fixed assets.

Rents are registered at cost in the respective periods of the lease term (Note 23).

f) Intangible assets

Intangible assets are measured and recognised according to the transactions that gave rise to them, as explained below.

INITIAL RECOGNITION

Intangible assets are recorded at acquisition cost minus depreciation and impairment losses.

Pursuant to IFRIC 12, assets resulting from the Road Right of Operation attributed to under the Road Concession Contract entered with the State classify as intangible assets.

The Road Concession Right was recognised by virtue of a business combination at the time the merging company's corporate object was changed, as explained in Note 4.

The remaining intangible assets result from separate acquisition transactions, their cost reflecting the following:

- the purchase price, including costs related to intellectual property rights and taxes on non-refundable purchases, after deducting trade discounts and rebates; and
- any cost directly attributable to the preparation of the asset for its intended use.

SUBSEQUENT RECOGNITION

The company values its intangible assets, after the initial recognition, according to the cost model, as defined by IAS 38 – Intangible Assets.

The Road Concession Right is increased by the development of the activity of management of the national road network infrastructure, which includes, among others, the construction, financing and operation of the National Road Network (including the Concessioned Network) and the Future National Road Network, namely as a result of:

(i) Provision of construction services

This increases upon completion of each significant component of the Future National Road Network in line with respective execution value. Construction may be done directly by the company or through sub-concession.

Until completion of each component, a share of the estimated execution value of the works is recognised as intangible asset using the percentage of completion method, determined based on the actual progress of each works.

Expenses incurred by the company in connection to the launching of sub-concession tenders are recognised as intangible assets until they are billed to the sub-concessionaire.

(ii) Acquisition of future rights over the Concessioned Network

Increases through payments net of receipts relative to the Concessions, accumulated up to the initial term of each concession, after which the company is entitled to the underlying economic benefits of the corresponding stretch.

Up to the initial term they are recognised under intangible assets in progress, when spent.

EP's Concession Contract gives the following definitions to the three fundamental components of the Concession Undertaking:

*"**Concessioned Network** — designates the roads included in the National Road Network that on the signature date of the Concession Contract are subject to a Concession Contract with the State, or those which the State included in a public tender still under way viewing their concession."*

"National Road Network — designates the "Itinerários Principais" (trunk roads), "Itinerários Complementares" (secondary roads), National Roads and Regional Roads included in the PRN 2000 (National Road Plan) in operation or with construction started on the signature date of the Concession Contract." "The construction of "Itinerários Principais", "Itinerários Complementares", National Roads and Regional Roads is deemed to have started upon award by the State or by EP — Estradas de Portugal, S. A. of the contract viewing their construction".

*"**Future National Road Network** — designates the "Itinerários Principais", "Itinerários Complementares", National Roads and Regional Roads foreseen in the PRN 2000 or any bill that modifies or replaces it and comes into force up to 5 (five) years prior to the term of the Concession Contract, that are not built on the signature date of the Concession Contract. "Itinerários Principais", "Itinerários Complementares", National Roads and Regional Roads foreseen in the PRN 2000 are considered as not having been built if on the signature date of the Concession Contract their construction has not been awarded by the State or by EP — Estradas de Portugal, S. A."*

AMORTISATION

IP amortises the Concession Right based on its best estimate of the consumption pattern of the economic benefits associated to the asset, i.e., in accordance with the units of production method as defined in IFRIC 12.

The unit of production corresponds to the best estimate of revenues directly associated to the rights already acquired by the company, which excludes revenues from the collection of tolls before the initial terms of the underlying concessions.

Any changes in estimates are corrected prospectively, affecting the value of amortisations of future years.

The amortisable value of the Concession Right, which is revised on an annual basis according to the company's best estimates, corresponds to the total overall amount of the costs incurred and responsibilities assumed within the scope of the general concession of the national road infrastructure.

The remaining intangible assets are amortised on a systematic basis from the date on which they are available for use over the estimated useful life.

CAPITALISATION OF COSTS WITH LOANS OBTAINED

The company capitalises the borrowing costs associated to the acquisition, construction or production of qualifying assets.

IP considers as qualifying assets those which take a period of more than 12 months to be concluded for their intended use; its most significant qualifying asset is the Concession Right to the road infrastructure network. Any component of the National Road Network or Future National Road Network is considered a component of that same qualifying asset provided that estimated duration of construction exceeds twelve months.

The components of the Concession Right that qualify for the capitalisation of loan expenditures are essentially those resulting from:

(i) Provision of construction services

Provision of construction services usually takes more than one year and therefore the costs associated to the loans obtained to provide such services are considered eligible, regardless of whether they are provided directly by IP or by a sub-concession.

(ii) Acquisition of future rights over the Concessioned Network

Payments made for the acquisition of future rights over the Concessioned Network up to the initial term of each section of the current Concessioned Network.

Direct borrowing costs are considered as a cost of the specific component that was financed. When borrowing costs cannot be directly attributed to each component of the network in progress, the average weighted rate of the outstanding loans during the period is applied to the expenditure incurred with the development of said network.

Components whose construction was funded through subsidies or those ready to enter into operation, regardless of whether the works in which they are included are completed or not, are not considered in the calculation of the basis for the capitalisation of costs of loans obtained.

g) Derivative financial instruments

Derivative instruments are initially recognised at fair value on trade date (IAS 39). Subsequent to initial recognition the fair value of derivative financial instruments is re-measured on a regular basis and the resulting gains or losses on re-measurement are recognised directly in the income statement, except for derivatives designated as hedging instruments.

Recognition of changes in the fair value of hedge instruments in results for the period will depend on the nature of the hedged risk and the efficacy of the hedging.

The fair value of derivative financial instruments will correspond to their market value, when available; where not available, it will be determined by external entities based on valuation techniques.

Hedge accounting

Derivative financial instruments are designated as hedging instruments in accordance with provisions of IAS 39.

Changes in the fair value of derivative financial instruments which are contracted for financial hedging purposes in accordance with the Group's risk management policies but which do not comply with requirements of IAS 39 to qualify for hedge accounting are classified as "derivatives held for trade" and are recorded in the Statement of Comprehensive Income for the period in which they occur.

As of 31 December 2015 IP had no derivative financial instrument.

h) Financial assets

IP classifies its investments on their trade date according to the objective that determined their acquisition, in the following categories: financial assets at the fair value through income (held for trading and fair value option); loans and receivables; assets held until maturity; and financial assets available for sale, according to what is recommended by IAS 39 - Financial instruments.

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired mainly for the purpose of being sold in the short term and (ii) financial assets that are designated at fair value through profit or loss at inception. Financial assets at fair value through profit or loss are subsequently carried at fair value and gains, and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

This category includes derivative financial instruments that do not qualify for hedge accounting purposes. Changes to their fair value are recognised directly in income for the year.

Held-to-maturity investments

These investments are non-derivative financial assets with fixed or determinable payments and specified maturities, for which there is the intention and capacity of holding them until maturity.

Held-to-maturity investments are carried at amortised cost using the effective interest method, net of any impairment losses.

Impairment losses are recorded based on the evaluation of estimated losses associated with doubtful receivables at the date of the financial statements.

For held-to-maturity investments the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (considering the recovery period) discounted at the financial asset's original effective interest rate.

These assets are recorded in the Statement of Financial Position, net of any recognised impairment.

Loans and accounts receivable

These correspond to non-derivative financial assets with fixed or determined payments, for which there is no active securities market. They arise from normal operation activities, in the supply of goods or services, and are not meant for negotiation.

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

Impairment losses are registered when there are indicators that IP will not receive all the amounts to which it is entitled according to the original terms of the signed contracts. Various indicators are used to identify impairment situations, namely: i) default analysis; ii) default for over 6 months; iii) debtor's financial difficulties; iv) probability of insolvency or bankruptcy of debtor.

When receivables due from clients or other debtors are subject to a renegotiation of the respective terms, they will no longer be considered as due but will be treated as new credit.

For held-to-maturity investments the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (considering the recovery period) discounted at the financial asset's original effective interest rate.

These assets are recorded in the Statement of Financial Position, net of any recognised impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which:

- IP does not intend to maintain for an indefinite time;
- are designated as available for sale at the time of their initial recognition or;
- do not fit into the above categories.

Available-for-sale financial assets are also subsequently carried at fair value. However, gains and losses arising from changes in their fair value are recognised directly in equity, under Fair Value Reserves, until the financial assets are derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement

In the absence of a market value, the assets are maintained at acquisition cost, although impairment tests should be performed.

Interest earned from fixed income instruments, where classified as available-for-sale assets, and differences between the acquisition cost and the nominal value (premium or discount), are recorded in income according to the effective interest rate method.

Equity holdings that are not holdings in subsidiaries, associates or joint undertakings are classified as available-for-sale financial assets.

i) Fair value of financial assets and liabilities

In determining the fair value of a financial asset or liability, if an active market exists, the market price is applied. This constitutes level 1 of the hierarchy of fair value, as defined in the IFRS 7, as followed by IP.

If there is no active market, which is the case for some financial assets and liabilities, valuation techniques generally accepted in the market will be applied, based on market assumptions. This constitutes level 2 of the hierarchy of fair value, as defined in the IFRS 7, as followed by IP.

In this level 2 of the hierarchy of fair value IP includes unlisted financial instruments, such as derivative financial instruments as financial instruments at fair value through income. The valuation models most frequently used are discounted cash flow models and option evaluation models which include, for example, interest rate curves and market volatility.

In relation to certain more complex types of derivative financial instruments, the valuation models used are advanced models containing assumptions and data that are not directly observable in the market. This constitutes level 3 of the hierarchy of fair value, as defined in the IFRS 7.

j) Impairment of Assets

In accordance with IAS 36 – Impairment of assets, whenever an asset's accounting value exceeds its recoverable amount, its value is reduced to the recoverable amount, and the loss by impairment is recognised in income for the year. The recoverable value corresponds to the highest value between the utilisation value and the fair value, and is determined whenever there are indicators of lost value.

The asset utilisation value is determined based on the current value of estimated future cash flows, deriving from continued use and the sale of the asset at the end of its useful life. To determine future cash flows, assets are allocated at the lowest level for which identifiable separate cash flows exist (cash generating units).

Non-financial assets, for which impairment losses were recognized, are valued at each reporting date, on the possible reversal of the impairment losses.

In the event of recording or reversal of impairment, the assets' amortisation and depreciation are re-determined prospectively, in accordance with recoverable value.

k) Inventories

The acquisition or production cost includes all purchase costs, conversion costs and other costs incurred to place the inventories at the location and in their condition for use or sale. Net realisable value is the estimated sale price during the normal period of activity minus the respective sale costs, as stipulated in IAS 2 - Inventories.

Goods leaving the warehouse (consumption) are valued at the weighted average cost.

At its warehouses IP has materials purchased for the sole specific purpose of its Long Duration Infrastructure Investment Activity.

l) Cash and cash equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the amounts recorded in the Statement of Financial Position, including cash and deposits with banks and with Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, E.P.E (IGCP).

Cash and cash equivalents include cash, bank deposits and other short-term applications of high liquidity and with initial maturity of up to 3 months.

Accounting overdrafts are presented in the Statement of financial position, current liabilities, under “Loans”.

m) Financial liabilities

The financial liabilities represent payable obligations against cash or other financial assets, regardless of their legal form. They are initially recorded at fair value minus transaction costs and subsequently at amortised cost, based on the effective rate method.

n) Non-current loans

The company recognises non-current bank loans as financial liability according to IAS 39 – Financial instruments. These financial liabilities are recorded as follows: (i) They are initially recorded at fair value minus transaction costs and (ii) subsequently at amortised cost, based on the effective rate method.

IP has non-current loans in the form of bilateral and bond loans to finance the construction of long duration infrastructures (LDI) and the management of road and railway infrastructure.

o) Suppliers and other accounts payable

The balances of suppliers and other creditors are recorded at amortised cost

The balances of suppliers and other creditors refer to the balances payable to suppliers of the company’s operating activities. The balances of suppliers related to the acquisition/construction of Long Duration

Infrastructure activities are recorded in the Statement of Financial Position under the corresponding caption.

p) Impairments and Provisions

Impairments are recognised when losses in assets are recorded in the Statement of Financial Position, as described in previous notes.

Provisions are set up whenever there is an obligation (legal or implicit) arising from a past event and whenever it is probable that a reasonably estimated decrease in resources, which include economic benefits, will be required to liquidate the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks that are specific to the obligation.

q) Recognition of revenue

Revenue is recorded in the period to which it refers, irrespectively of when it is received, in line with the accrual concept of accounting. The differences between the amounts received and the corresponding income are registered in caption "other receivables".

IP's revenue includes:

- infrastructure management: fees due by railway operators for the use of the infrastructure, traction power, shunting, capacity requested but not used and other services in the Network Directory available at IP's website, under the terms of Decree-law 270/2003,, as amended by Decree-law 231/2007, specifically Section III of Chapter IV and Regulation 630/2011. The Directory views to provide railway transport companies the information they may need to access and use the national railway infrastructure managed by IP;

Revenues from road activity result from the road concession contract (hereinafter "the Contract") which the State entered with former EP on 23 November 2007, the bases of which were approved by Decree-Law no. 380/2007, of 13 November, as amended by Law no. 13/2008 of 29 February, Decree-Law no. 110/2009, of 18 May, and Decree-Law no. 44-A/2010, of 5 May.

The object of this contract, which terminates at 24 hours on 31 December 2082, is the concession by the Portuguese State to EP of the following:

• Design, construction, financing, maintenance, operation, rehabilitation and enlargement of the roads included in the National Road Network;

• Design, project, construction, financing, maintenance, operation, rehabilitation and enlargement of the roads included in the Future National Road Network;

• Financing, operation, maintenance, renovation and widening of the roads comprised in the National Road Network or the Future National Road Network but which also comprise the Concessioned Network, such responsibilities being however subject to the initial term of the concession contracts currently in force between the State and third parties. The initial term also marks the end of the company's assumption of all payments due and receipts to be collected by the State within the scope of said contracts.

Under the concession contract, which was entered into for a period of 75 years starting in 2008, the following, among others, are IP own revenues:

i. Road Service Contribution (RSC)

The RSC, created by Law no. 55/2007, of 31 August, is the consideration paid by the users for the use of the national road network. It is levied on gasoline, auto diesel and LPG (as from 2014) subject to tax on oil and energy products ("ISP) that are not exempt from such tax.

Monetary setting has a time lag of around two months relative to collection date and therefore the revenue is recognised on an accrual basis.

ii. Other Revenues arising from the Concession Contract

In order to pursue its corporate object, the company must provide construction services in connection to the development of the national road infrastructure network.

The result of the construction of each new component of the National Road Infrastructure Network is recognised using the percentage of completion method.

The revenue to be recognised is calculated as the percentage of completion multiplied by the total value of the works. The total value of the works is the amount agreed with the grantor (the State), or, when an amount has not been agreed, the sum of the expenditure components specifically concerning the works in question, both internal and external.

The amount receivable from the provision of construction services within the scope of the Concession is exchanged for the Concession Right.

When the total value of the works has been agreed with the Grantor, whenever the sum of the specific expenditures incurred and to be incurred exceeds the agreed revenue, the estimated loss is immediately recognised in results.

iii. The value of toll rates - Roads under the company's management or sub-concessioned

Toll collection on roads included in the network managed by the company or the sub-concessioned network is recognised in the year's results according to the real tolls in the period, in so far as these tolls are charged in roads over which IP already has full rights to operate the Concession.

iv. The value of toll rates - Roads under sub-concessioned management

Toll collection on roads included in the Concessioned Network is recognised according to the real tolls in the period, with the resulting amount being deducted to IP's investment in the acquisition of rights over said Concessioned Network, as stipulated in the Concession Contract entered with the Portuguese State

r) Income Tax

Income tax for the period comprises current and deferred tax. Income tax is recognised in the income statement, except when it concerns gains or losses recognised directly in equity, in which case it is also recognised directly in equity The amount of current income tax payable is determined based on results before tax, adjusted to the tax criteria in force at reporting date.

Deferred tax is recognised when there are differences between the book value of assets and liabilities at a specific moment and their value for tax purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences, while deferred tax assets are only recognised for:

i) taxable temporary differences which are expected to be reversible in the future, or

ii) when there are deferred tax liabilities the reversal of which is estimated to occur at the same time as the deferred tax assets.

Tax Group

In March 2014 Group IP adopted the special taxation system for holding companies (“RETGS”).

The tax group comprises all companies registered in Portugal in which IP (parent company of Group IP) holds a stake of at least 75%, under the terms of provisions in article 69 and following of the Corporate Tax Code (IRC), specifically the following:

Infraestruturas de Portugal, S.A.

IP Património, S.A.

IP Telecom, S.A.

IP Engenharia, S.A.

GIL – Gare Intermodal de Lisboa, S.A.

The companies included in IP Tax Group determine and record their income tax as if they were taxed on an individual basis. Liabilities arising therefrom are recognised as due by IP, which will determine and settle the overall tax due.

Any tax advantage arising out of the application of the RETGS will revert to IP.

s) Subsidies

Subsidies received from the Portuguese State and the European Union are recognised at fair value when there is reasonable certainty that the terms for receiving the subsidy will be complied with.

Non-refundable subsidies obtained for investment in tangible and intangible fixed assets are recognised as deferred income.

These subsidies are subsequently credited to the Statement of comprehensive income, under "Other income and gains", pro-rata to the depreciation/amortisation of the subsidized assets.

Subsidies obtained to finance assets acquired/built in long term infrastructures are recognised in the Statement of Financial Position under caption "Grantor-State-Account Receivable", since as they are awarded within the scope of the activity under concession, they represent the repayment of part of the expenses incurred and are deducted in the amount to be received from the Grantor.

Non-refundable operating subsidies are recognized in the Statement of comprehensive income in the same period as the associated expenses are incurred.

t) Segment reporting

Business segments

An operating segment is a component of an entity which develops a business activity: i) that can generate revenue and incur costs; ii) whose operating income is regularly reviewed by the chief decision maker of the entity; and iii) which supplies distinct financial information.

Group IP appointed as responsible for operational decision-making the Board of Directors, i.e. the body which reviews the internal information prepared so as to assess the performance of the company’s activities and the allocation of its resources. The determination of the operational segments was carried out based on information reviewed by the Executive Board of Directors.

An entity should report the information concerning each identified business segment separately, which results from the aggregation of two or more segments with similar economic characteristics, or which exceeds the quantitative parameters stipulated in the IFRS 8 – Business Segments.

u) Related entities

Revision of IAS 24 – "Related parties: disclosure" establishes the obligation to disclose transactions with the State and State-related entities (i.e. equally held by the State).

Following internal analysis, the Executive Board of Directors did not deem relevant, taking into account its overall business, to disclose balances and transactions with other parties, except for those referred to hereinbelow:

Related entities are those which control (Portuguese State) or are controlled by IP (subsidiaries), or which are under common control (joint ventures) and other entities (railway operators).

IP discloses balances and transactions with related entities in Note 32.

2.3. Comparability of the financial statements

Information contained in these financial statements is not comparable with that of the previous financial year, due to the merger described in the introduction and Note 4.

The restatement of comparative financial statements for 2014 had no impact on the measuring of assets, liabilities, income and expenses (which is merely qualitative).

The Executive Board of Directors deems as more adequate the current presentation of the company's financial position, results and cash flows in the light of its post-merger reality.

2.4. Main estimates used for preparing the financial statements

In the preparation of the consolidated financial statements according to IFRS, the Executive Board of Directors of IP uses judgements, estimates and assumptions which affect the application of policies and reported amounts. Estimates and judgements are continually evaluated based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates used are based on the best information available during the preparation of consolidated financial statements, however, events may occur in subsequent periods that were not expectable as of the date of this statements and therefore, were not considered in such estimates. Changes to estimations after these financial statements date will be prospectively corrected through profit or loss in accordance with IAS 8.

The Executive Board of Directors believes that the estimates made by it are appropriate and that the financial statements adequately present the financial position of IP and the results of its operations and cash flows in all material respects.

The most relevant accounting estimates reflected in the financial statements are as follows:

INTANGIBLE ASSETS

IP amortises its Concession Right by the equivalent units method, as described in Note 2.2. This amortisation is therefore based on the estimated total revenue to be generated by the Concession up to its term and the valuation of all the investments to be made by IP.

These two parameters are defined based on the Board of Directors' best judgement concerning the assets and businesses in question, also taking into account the practices adopted by international peer companies.

ESTIMATED REVENUE PATTERN

Establishing the amount and timing of future revenues is essential in the equivalent units method, on which the calculation of the amortisation of the Concession Right is based.

This pattern is estimated based on performance in the recent past on and on IP's Executive Board do Directors' best outlook for the future, having the same calculation base of the revenues introduced in the multi-annual financial model, with the changes considered in the following paragraphs.

The company also made a sensitivity analysis of the evolution of revenues over the Contract's life and their impact on the amortisation for the year. These analyses were based on the following assumptions:

a) Real increase in toll revenue after the initial term of the concession contracts of 0%, real RSC increase as estimated by the Directorate-General for Energy and Geology ("DGEG) from 2016 to 2020 and 0% after 2021, with growth remaining in line with the CPI;

b) Real increase in toll revenue after the initial term of the concession contracts of 1% up to 2039 and 0% as from 2040, real RSC increase as estimated by the DGEG from 2016 to 2020 and 0.5% after 2021, with growth remaining in line with the CPI;

c) Real increase in toll revenue after the initial term of the concession contracts of 1%, real RSC increase as estimated by the DGEG from 2016 to 2020 and 1% after 2021, with growth remaining in line with the CPI;

The results of these different analyses in 2014 are shown in the table below:

(€m

Sensitivity analysis to RSC and Toll revenue growth	Scenario a)	Scenario b)	Scenario c)
Amortisation and depreciation for the year	254.8	232.0	185.8
Amortisation of subsidies	(62.4)	(57.9)	(48.7)
	192.4	174.1	137.1
Difference		(18.3)	(55.3)

REGULAR MAINTENANCE OF ROADS AND ENGINEERING STRUCTURES

The annualised cost of the programmed maintenance works required to maintain the network's average quality index at the same level as when the network was received (a stipulation of IP's Concession Contract) is calculated based on technical assessments of repair needs and an index of the average quality of road and engineering structures.

PROVISIONS

The Company periodically examines any obligations arising from past events that warrant recognition or disclosure.

The subjectivity in determining the likelihood that internal resources may be required for the settlement of obligations, and the amount thereof, may lead to significant adjustments, both due to changes in the assumptions used and due to the future recognition of provisions previously disclosed as contingent liabilities.

Provisions resulting from lawsuits in progress are periodically assessed by IP's internal and external lawyers in charge of those proceedings.

As regards the Provision for Disqualified Roads, IP determines if its booked value is adequate, based on a comprehensive survey of all roads still under its responsibility and a technical assessment of the cost involved in preparing them for delivery to the municipalities.

As a result of the developments in the VAT process described in Note 13, a provision in the amount corresponding to the estimated impact of an unfavourable decision to former EP (the entire VAT deducted by EP in activities financed by the RSC) has been set up (Note 16).

CONSTRUCTION THROUGH SUB-CONCESSIONS

Construction through Sub-Concessions is recognised to reflect the effective evolution of the works, based on percentage of completion data obtained from the sub-concessionaires and validated by IP.

INCOME TAX

Deferred tax assets are recognised only when there is strong assurance that there will be future taxable income available to use the temporary differences or where there are deferred tax liabilities whose reversal is expected to take place in the same period in which the deferred tax assets are reversed. The assessment of deferred tax assets is undertaken by management at the end of each reporting period taking account of the expected future performance of IP. Deferred taxes are determined based on the tax legislation in force or legislation published for future application. Changes in the tax legislation may influence the amount of deferred taxes, and this is carefully taken into account by the Management.

2.5. Main judgements in the application of relevant accounting policies

DEPRECIABLE VALUE OF THE CONCESSION RIGHT

The value taken as the amortisable value of the Concession Right must take into account the value of works and programmed maintenance up to the term of the concession.

Changes in planned, contracted and executed values may vary due to factors outside the company's control, impacting the amortisable value to be recorded in the future.

3. RISK MANAGEMENT POLICY

FINANCIAL RISKS

(Amounts in € thousand)

IP’s activity is subject to risk factors of financial nature, namely credit risk, liquidity risk and interest rate risks associated with loan payment cash flows.

Decree-law 133/2013 of 3 October introduced changes to the autonomy of reclassified public companies (EPR) in what concerns access to funding with the financial system, and the use of derivative financial instruments for risk management purposes.

In fact, Article 29 of the said Decree-law determines that an EPR cannot access funding with financial institutions, unless it is a multilateral financial institution (e.g.. European Investment Bank), while article 72 established the transfer of these companies' derivatives portfolios to the Public Debt and Treasury Management Agency (Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, EPE (IGCP).

MANAGEMENT OF EXCHANGE RISK

IP’s activities are not subject to significant exchange rate risk.

CREDIT RISK MANAGEMENT

IP is subject to credit risk.

Credit risk is associated with the risk of another party defaulting on its contractual obligations, resulting in a financial loss for IP.

IP's revenues mainly originate in the Road Service Contribution (RSC), which is charged by and delivered to EP by the Tax and Customs Authority ("AT"), and in toll revenue, where the customer base is diversified and the amount of each transaction is small. IP therefore does not incur in significant credit risk.

Credit risk resulting from railway activity is basically related with any failure by railway operators to fulfil their obligations. CP is the main counterparty as exclusive passenger transport operator for the entire network, except for the 25 de Abril Bridge crossing, which is operated by Fertagus. Therefore, although the credit risk is strongly concentrated in CP, it is mitigated by the legal nature of this entity which is 100% publicly owned, and, as from 2015 onwards, given its EPR circumstance.

Impairment adjustments for accounts receivable are calculated on the basis of the counterparty’s risk profile and financial condition.

As for credit risk associated with financial activity, IP is exposed to the national banking sector through its demand deposits balances and to the international banking sector with which it has contracted derivative financial instruments. This exposure is decreasing since 2010 due to the implementation of the legal regime of the State Treasury to public companies, which established the concentration of cash and liquid assets and financial applications at IGCP. To date, IP did not incur into any impairment resulting from non-compliance of contractual obligations by banks.

The following table provides a summary as of 31 December 2015 and 2014 of the credit quality of deposits:

Financial institutions		
Rating	31/12/2015	31/12/2014
< =BBB+	183	47
< =BB+	157,388	70,168
No rating	86	5,230

(Amounts in € thousand)

	157,656	75,445

Note: Caption Cash is not included.

Ratings above were provided by Standard and Poor's at reporting date.

LIQUIDITY RISK MANAGEMENT

IP is subject to liquidity risk.

This type of risk is measured by the capacity to obtain financial resources to meet obligations to the different economic agents with whom the company interacts, such as suppliers, banks, the capital market, etc. This risk is measured by the liquidity which the company has available to meet such liabilities and its capacity to generate cash-flows from is operations.

IP sets out to minimise the probability of a breach of commitment by means of a stringent and thoroughly planned business management. A conservative management of liquidity risk implies the maintenance of an adequate level of cash and cash equivalent to face existing liabilities. Following REFER's and EP's integration into the State's consolidation perimeter in 2011, these companies became directly financed by the Portuguese State; as result, the liquidity risk reduced significantly.

Table below presents the liabilities of IP by residual and contractual maturity levels. The amounts presented in the tables are non-discounted cash flows as of 31 December 2015.

	Less than 1 year	1 to 5 years	+ than 5 years
Borrowings -			
- interest on loans	231,707	2,052,353	2,249,890
- interest on shareholder funding / Shareholder's loans	3,306,201	1,540,167	-
Suppliers and other accounts payable	3,930,818	-	-
Guarantee	5,300	21,922	12,261

INTEREST RATE RISK MANAGEMENT

IP is subject to interest rate risk.

The main objective of interest rate risk management is to provide protection against interest rate rises, insofar as the companies' revenues are immune to this variable and, thus, prevent any natural hedging.

The company does not use interest rate hedging instruments.

Presently, the purpose of the interest rate risk management is basically to monitor interest rates affecting Euribor-based financial liabilities.

Interest rate sensitivity test

IP uses sensitivity analysis on a regular basis to measure the extent to which results would be influenced by the impact of interest rate variations on the fair value of its loans. These analyses have helped decision-making in interest rate risk management. The sensitivity test is based on the following assumptions:

i. At 31 December 2015 IP had not recognised any loan obtained at a fair value;

(Amounts in € thousand)

ii. Changes to the fair value of loans and financial liabilities are estimated by discounting future cash flows, using market rates at the time of reporting;
iii. Based on these assumptions, at 31 December 2015 an increase or decrease by 0.5% in Euro interest rate curves would result in the following variations in the fair value of the loans, with consequent direct impact on results:

Increase/(decrease) in the fair value of loans		
	Change in the Interest rate curve	
	-0.50%	0.50%
EUR	115,727	-111,475
	Net effect on results	
	-0.50%	0.50%
EUR	-115,727	111,475

CAPITAL RISK MANAGEMENT

As for capital management, which is a broader concept than the capital shown on the Statement of Financial Position, IP views to ensure its ongoing operations.

Over the last few years, REFER's and EP’s capital structure were strengthened through capital increases.

IP was set up with a share capital of €th 2,555,835 represented by 511,167 shares, with the nominal value of €th 5 per share.

In 2015 capital increases, in cash, in the total amount of €th 1,617,255 were carried, as follows:

	Activity		31/12/2015
	Road	Railway	Total
Share capital increases	**625,737**	**991,518**	**1,617,255**
Investment	612,359	154,054	766,413
Debt Service	13,377	837,464	850,842
	625,737	**991,518**	**1,617,255**

It should be noted that in 2015, the planned credit conversion of the 2015 debt service associated with State Loans did not occur; this conversion was postponed to May 2016, according to information received from the Directorate-General of the Treasury, namely in letter 1302 dated 4 March 2016. The said letter further stated that no interest will accrue on the debt service not met in 2015.

4. BUSINESS COMBINATIONS

(Amounts in € thousand)

As mentioned above, Infraestruturas de Portugal, S.A. is the state-owned enterprise resulting from the merger of REFER and EP, through which REFER is merged into EP, and becomes a public limited company, called Infraestruturas de Portugal, S.A. ("IP"). The merger became effective as from 1 June 2015, following publication of Decree- Law No. 91/2015, of 29 May, which further provides, in article 23 no. 2 that "*For accounting and tax purposes EP's operations will be deemed made on IP's behalf as from 1 January 2015*".

The merged companies - REFER and EP, were 100% owned by the Portuguese State, and the resulting company, IP is also 100% owned by the Portuguese State.

All assets and liabilities were recorded at book value as no significant differences were identified between fair value and respective book value; likewise, the company did not recognise any goodwill.

As the merger became effective for accounting purposes as from 1 January 2015, all operations carried out since that date and the date of the legal merger were considered in these financial statements as developed by IP.

EP's assets and liabilities integrated into IP on 1 January 2015 are as follows:

Headings	Notes	EP at 01/01/2015
Assets		
Non current		
Intangible assets	4.1	19,197,04
Other non current assets		126, 545
		19,323,585
Current		
Clients and other accounts receivable	4.2	154,520
Advances to suppliers	4.3	45,158
Government and other public bodies	4.4	848,045
Cash and cash equivalents		75,746
Other current assets		834
		1,124,303
Total assets		**20,447,889**

Headings	Notes	EP at 01/01/2015
Liabilities		
Non current		
Provisions	4.5	858,676
Borrowings	4.6	305,593
Shareholder's loans	4.7	1,452,073
Suppliers and other accounts payable	4.8	3,248,943
Deferrals	4.9	10,589,418
		16,454,702
Current		
Suppliers and other accounts payable	4.8	675,933
Borrowings	4.6	13,242
Shareholder's loans	4.7	768,581
Other current liabilities		24,388
		1,482,144
Total Liabilities		**17,936,846**

Contribution to the Group's results

The merger impacted IP's accounts as from 1 January 2015, giving rise to increases in revenues, remaining income and results before tax in the amounts of, respectively, €m 573,676, €m 39,913 and €m 50,993.

4.1 Intangible assets

The breakdown of intangible assets integrated as of 1 January 2015 is as follows:

Intangible assets	Integrated Balance
Concession right	19,196,255
Other tangible assets	784
Total	**19,197,040**

This caption corresponds mainly to the value of the Concession Right resulting from the road concession contract (hereinafter “the Contract”) which the State entered with former EP on 23 November 2007, the bases of which were approved by Decree-Law no. 380/2007, of 13 November, as amended by Law no. 13/2008 of 29 February, Decree-Law no. 110/2009, of 18 May, and Decree-Law no. 44-A/2010, of 5 May.

The object of this contract, which terminates at 24 hours on 31 December 2082, is the concession by the Portuguese State to former EP of the following:

• Design, construction, financing, maintenance, operation, rehabilitation and enlargement of the roads included in the National Road Network;

• Design, project, construction, financing, maintenance, operation, rehabilitation and enlargement of the roads included in the Future National Road Network;

• Financing, operation, maintenance, rehabilitation and enlargement of the roads comprised in the National Road Network or the Future National Road Network but which also comprise the Concessioned Network, such responsibilities being however subject to the initial term of the concession contracts currently in force between the State and third parties. The initial term also marks the end of the company's assumption of all payments due and receipts to be collected by the State within the scope of said contracts.

Under the concession contract, which was entered into for a period of 75 years starting in 2008, the following, among others, are IP own revenues:

- Toll rates on tolled motorways;
- The product of the Road Service Contribution;
- Revenues from the operation of the concession:
- Revenues from the operation of the concessioned undertaking.

Pursuant to IFRIC 12, IP considers that the asset resulting from the Operation Right granted under the Road Concession Contract entered with the State classifies as intangible asset.

4.2 Clients and other accounts receivable

The balance of clients and other account receivable is mainly made up of the increase in revenues corresponding to 2 months of RSC in the amount of approximately €m 90, since this revenue is received with that same time lag, and approximately €m 25 in tolls.

4.3 Advances to suppliers

The current balance in advances to suppliers resulted from the application of the toll collection transitional regime in the Algarve, Beira Litoral e Alta, Beira Interior and Interior Norte Concessions, where the operators are withholding former EP toll revenues, as agreed, to develop the toll collection activity until the respective service provision contract has been fully formalised.

4.4 State and other public entities

State and other public entities includes VAT receivable in the amount of €m 848 for which a reimbursement of €m 228 has already been requested. This balance to be recovered mainly concerns VAT deducted by former EP in its activity. The company considers it is entitled to make this deduction since the State collected VAT on a revenue of former EP - the Road Service Contribution -, which in accordance with the legally established mechanisms for settlement and collection, was delivered to it by the fuel distributors.

Former EP has filed two lawsuits, currently pending, one claiming the reimbursement of VAT up to June 2009 and the other the reimbursement of VAT from July to September and the deduction of October 2009 (Note 16).

It should be noted that as of 1 January 2015 a provision corresponding to this asset was set up, in the amount of €m 302, i.e. the VAT which former EP deems it would cease to receive from the TA if it is considered that the RSC is not subject to VAT (note 16).

4.5 Provisions

The breakdown of provisions integrated as of 1 January 2015 is as follows:

Nature of Provision	Integrated Balance
General risks	20,551
Land Expropriations	62,574
Contract works	59,094
Employee benefits	1,601
Disqualified roads	410,526
Social plan	1,920
Contract works under negotiation phase	562
VAT proceedings	301,846
Total	**858,676**

In regard to provisions in table above, we highlight the following:

- General risks:

This provision corresponds to potential liabilities arising from pending lawsuits.

- Land Expropriations:

This provision was set up to deal with the risk of former EP having to make additional payments in connection to land expropriation proceedings in litigation.

- Contract works

This provision was set up to deal with the risk of former EP having to make additional payments in connection to contract works proceedings in litigation.

- Disqualified roads

Former EP is required to transfer disqualified roads within the National Road Plan to municipalities' responsibility, having set up a provision which reflects the best estimate to fulfil the obligations of requalifying disqualified roads still under the company’s responsibility.

- VAT proceedings

This provision corresponds to the entire VAT amount deducted by former EP in activities financed by the RSC and, as described in Note 16, it corresponds to the VAT amount which former EP estimates it would cease to receive from the TA if the RSC is considered as revenue not subject to VAT.

4.6 Borrowings

Borrowings correspond to a loan contracted with the EIB - €m 181 still due, and a bond loan in the amount of €m 125.

4.7 Shareholder's loans

Shareholder's loans correspond to several loans obtained with the shareholder.

4.8 Other accounts payable

The breakdown of other accounts payable integrated as of 1 January 2015 is as follows:

Other accounts payable	Incorporated balance - Current	Incorporated balance - Non Current	Incorporated balance - Total
Sub-concessions	358,540	3,248,943	3,607,483
Other	300,218	-	300,218
Total	**658,758**	**3,248,943**	**3,907,702**

This caption includes the liability of former EP to sub-concessionaires relating to construction, operation and maintenance services carried out by these companies and still not repaid by the company, in the amount of €m 3,607, of which €m 359 are payable in 2015.

4.9 Deferrals

The breakdown of deferrals integrated as of 1 January 2015 is as follows:

Deferrals	Incorporated balance - Current	Incorporated balance - Non Current	Incorporated balance - Total
Investment subsidies	-	10,266,557	10,266,557
Advanced payments from concessions	8,854	322,861	331,715
Other	1,262	-	1,262
Total	**10,116**	**10,589,418**	**10.599,534**

Deferrals consist of income to recognise, resulting mainly from investment subsidies in the amount of €m 10,267, to finance the Concession Right and not yet recognised as income. These subsidies are recognised as income throughout the period of the concession, at the amortisation rate of the said intangible asset.

Additionally, this caption includes advanced payments from concessions, in the amount of €m 332, to be recognised in results over the period of respective concession.

5. SEGMENT REPORTING

According to the accounting policy described in note 2.2, IP is organised in four business segments, as follows:

(Amounts in € thousand)

- High Performance;

- Road Infrastructure Management Activity

- Railway Infrastructure Investment Activity

- Railway Infrastructure Management Activity;

Segment 'High Performance' corresponds to the entire activity of IP relating to "High Performance Roads" and includes all motorways managed pursuant to public-private partnership (PPPs), namely State concessions and sub-concessions, and remaining high performance roads currently directly managed by IP.

Segment 'Road Infrastructure Management Activity" includes the whole National Road Network not included in the previous segment, and covers road and road related structures' construction and repair, maintenance and improvement of the safety of the network.

Segment 'Railway infrastructure Investment Activity" includes the different investments associated to new infrastructures and/or expansion of the network; modernisation and renovation, deployment of new technologies; and, replacement, which includes long term improvements or improvements likely to increase the value and/or useful life of the asset though not altering its operating conditions;

As described hereinabove, the financing required for the investments made is obtained by IP and may be in the form of loans with financial institutions and the financial market, suppliers, capital contributions and subsidies.

Segment "Railway Infrastructure Management Activity" corresponds to the rendering of a public service, covering tasks such as conservation and maintenance of infrastructures, management of capacity, management of the regulation system, and traffic safety, command and control.

Financial information relating to the assets and liabilities of the segments above as of 31 December 2015 and 2014 is as follows:

31/12/2015	Railway Infrastructure Investment Activity	Railway Infrastructure Management Activity	High Performance	Road Infrastructure Investment Activity	Total
Revenue from sales and services	15 808	82 801	426 534	795 945	1 321 088
Impairments		- 10 758		585	- 10 173
Provisions		2 541		- 8 437	- 5 896
Other income		47 649	9 478	70 410	127 537
Other expenses	- 14 907	- 169 528	- 330 508	- 265 445	- 780 388
EBITDA	**901**	**- 47 296**	**105 504**	**593 059**	**652 169**
Amortisation and depreciation	- 901	- 2 534	- 257 299		- 260 735
EBIT		**- 49 830**	**441 263**		**391 433**
Financial expenses	- 119 782	- 59 930	- 302 696		- 482 408
Financial income	119 782	161	108		120 052
EBT		**- 109 599**	**138 675**		**29 077**
Income tax			- 16 541		- 16 541
Net Results	**0**		**12 536**		**12 536**

(Amounts in € thousand)

Other information 31-12-2015	Railway Infrastructure Investment Activity	Railway Infrastructure Management Activity	High Performance	Road Infrastructure Investment Activity	Total
Assets					
intangible		1 306	19 625 015		19 626 321
Grantor	5 407 589				5 407 589
Other financial assets	54 717	244 425	110 834	1 616 503	2 026 479
Total assets	**5 462 305**	**245 731**	**19 735 849**	**1 616 503**	**27 060 388**
Liabilities					
Borrowings	3 055 071	2 764 494	2 582 640	0	8 402 205
Subsidies			10 450 148		10 450 148
Other liabilities	68 508	581	3 926 144	1 104 888	5 100 121
Total Liabilities	**3 123 579**	**2 765 075**	**18 063 820**		**23 952 474**

31/12/2014	Railway Infrastructure Investment Activity	Railway Infrastructure Management Activity	Total
Revenue from sales and services	13 220	86 488	99 708
Impairments		- 37 110	- 37 110
Provisions		- 3 272	- 3 272
Other income		91 901	91 901
Other expenses	- 12 684	- 177 540	- 190 224
EBIT	**536**	**- 39 533**	**- 38 997**
Amortisation and depreciation	- 527	- 2 579	- 3 106
EBITDA	**9**	**- 42 112**	**- 42 103**
Financial expenses	- 148 240	- 78 726	- 226 966
Financial income	148 231	6 648	154 879
EBT		**- 114 190**	**- 114 190**
Income tax		25 124	25 124
Net Results	**0**	**- 89 065**	**- 89 065**

(Amounts in € thousand)

Other information 31-12-2014	Railway Infrastructure Investment Activity	Railway Infrastructure Management Activity	Total
Assets			
intangible		2 587	2 587
Grantor	5 254 047		5 254 047
Other financial assets	21 852	275 008	296 860
Total assets	**5 275 899**	**277 595**	**5 553 494**
Liabilities			
Borrowings	3 893 047	2 546 841	6 439 887
Subsidies			0
Other liabilities	69 010	77 516	146 526
Total Liabilities	**3 962 057**	**2 624 356**	**6 586 413**

6. TANGIBLE FIXED ASSETS

Movements in tangible fixed assets as of 31 December 2015 and 2014 are as follows:

(Amounts in € thousand)

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other tangible fixed assets	Work in progress	Total
01 January 2015								
Acquisition cost	4,948	34,998	24,127	6,479	9,316	1,029	924	81,820
Cumulative Depreciation	-	- 14,110	- 18,314	- 6,171	- 8,810	- 961	-	- 48,366
Net value	**4,948**	**20,888**	**5,812**	**308**	**506**	**67**	**924**	**33,454**
Merged assets	992	38,635	8,439	5,057	9,396	4,902	128	67,549
Increases	-	-	757	131	796	35	366	2,084
Transfers	-	213	16	-	27	7	- 55	207
Disposals /Corrections	-	-	- 83	-	- 133	-	-	- 216
Assets Integrated following merger - Cum. Dep.	-	- 18,479	- 5,431	- 5,021	- 9,289	- 4,897	-	- 43,116
Depreciation for the year	-	- 1,751	- 1,875	- 155	- 454	- 15	-	- 4,250
Depreciation - Write-downs/Corrections	-	-	83	-	133	-	-	216
Net value	**5,940**	**39,508**	**7,717**	**320**	**981**	**99**	**1,363**	**55,928**
31 December 2015								
Acquisition cost	5,940	73,846	33,254	11,666	19,402	5,972	1,363	151,444
Cumulative Depreciation	-	- 34,339	- 25,537	- 11,346	- 18,420	- 5,874	-	- 95,516
Net value	**5,940**	**39,508**	**7,717**	**320**	**981**	**99**	**1,363**	**55,928**

(Amounts in € thousand)

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other tangible fixed assets	Work in progress	Total
01 January 2014								
Acquisition cost	4,948	33,317	23,720	6,406	9,558	1,002	2,548	81,499
Cumulative Depreciation	-	- 13,202	- 17,735	- 6,065	- 8,891	- 948	-	- 46,841
Net value	**4,948**	**20,115**	**5,984**	**342**	**667**	**54**	**2,548**	**34,657**
Increases	-	-	248	90	34	27	35	434
Transfers	210	1,919	551	-	-	-	- 1,659	1,020
Write-downs /Corrections	- 210	- 238	- 392	- 17	- 276	- 1	-	- 1,133
Depreciation for the year	-	- 928	- 970	- 123	- 195	- 14	-	- 2,229
Depreciation - Write-downs/Corrections	-	21	390	17	276	1	-	704
Net value	**4,948**	**20,888**	**5,812**	**308**	**506**	**67**	**924**	**33,454**
31 December 2014								
Acquisition cost	4,948	34,998	24,127	6,479	9,316	1,029	924	81,820
Cumulative Depreciation	-	- 14,110	- 18,314	- 6,171	- 8,810	- 961	-	- 48,366
Net value	**4,948**	**20,888**	**5,812**	**308**	**506**	**67**	**924**	**33,454**

(Amounts in € thousand)

IP owns several plots of lands resulting from land expropriations in connection to the construction of the National Road Network (NRN). Since the possibility of using or marketing these plots of land is dependent on several legal and/or commercial contingencies, the company considers that they represent contingent assets and does not register or disclose them until it is probable that they will generate an inflow of economic benefits for the company, at which time they are recognised as Assets held for sale or Investment properties, according to the use they are given.

7. INTANGIBLE ASSETS

At 31 December 2015 and 2014 the detail of intangible assets was as follows:

	Concession right	Software	Other	Total
01 January 2015				
Acquisition cost	-	20,684	1,261	21,945
Cumulative Amortisation	-	-18,258	-1,100	-19,358
Net value	**-**	**2,426**	**161**	**2,587**
31 December 2015				
Merged assets	20,717,499	5,375	112	20,722,986
Increases	682,377	282	513	683,172
Assets Integrated following merger - Cum. Dep.	-1,521,243	-4,643	-61	-1,525,947
mklAmortisation of the year	-254,759	-1,567	-153	-256,479
Net value	**19,623,837**	**1,858**	**412**	**19,626,107**
Acquisition cost	21,399,876	26,341	1,887	21,428,104
Cumulative Amortisation	-1,776,002	-24,468	-1,313	-1,801,783
Net value	**19,623,874**	**1,873**	**574**	**19,626,321**

	Concession right	Software	Other	Total
01 January 2014				
Acquisition cost	-	18,796	1,261	20,057
Cumulative Amortisation	-	- 17,567	- 914	- 18,481
Net value	**-**	**1,229**	**347**	**1,576**
31 December 2014				
Increases	-	1,888	-	1,888
Amortisation of the year	-	- 690	- 186	- 876
Net value	**-**	**2,426**	**161**	**2,588**
Acquisition cost	-	20,684	1,261	21,945
Cumulative Amortisation	-	- 18,258	- 1,100	- 19,357
Net value	**-**	**2,426**	**161**	**2,587**

The amount of intangible assets relates mainly to the right deriving from the Road Concession Contract, as described in Note 4.1. The value of this right is increased following the investments made within the scope of the Contract.

Assets are made up of the percentage of finished work in relation to each work, regardless of the company performing the work, i.e. EP or pursuant to a PPP agreement.

The amount of €m 682 of investment carried out in the period includes approximately €m 102 relating to the construction of sub-concessions, €m 460 relating to payments net of receivables from State concessions and €m 121 to own works of IP.

These figures include capitalised financial expenses in the amount of €m 84 in 2015.

The amortisations for the year are calculated under IFRIC 12 according to the equivalent units method, on the value of total investment already made or to be made in the future within the scope of the Concession between IP and the State, based on the estimated economic and financial flows during the period of the Concession. These amounts have the same base of IP's multi-annual financial model, with changes described in Note 2.4.

The total investment of the Concession was estimated based on the following main assumptions:

- The annual costs with the formerly toll-free motorways (ex-SCUT) are effective until 2032 and represent the best estimate based on the preliminary agreements reached between the Negotiation Committee and the Concessionaires;
- The costs of construction under the Sub-Concession Contracts, valued at the cost of each base case, including the changes resulting from the Memoranda of Understanding;
- IP's other investments concern the installation and improvement of equipment, studies, projects, supervision and assistance;
- Costs with regular maintenance reflect the guidelines set forth in 2014 by former EP, resulting from implementation of the strategic plan;
- The National Road Plan 2000 is deployed until 2040.

The total investment is amortised according to the best estimate of revenues generated during the concession period.

Annual revenues were estimated based on the following main assumptions:

- Road Service Contribution (RSC) until 2016 is based on the best estimate for these years, taking into account the effective increase in tariffs in 2015. From 2017 to 2020 the evolution of fuel consumption according to the Directorate-General for Energy and Geology, and a 2% annual increase in tariffs were considered. From 2021 onwards, the RSC will increase based on the assumption that the annual consumption of gasoline and auto diesel increases by 0% and the unit price per litre consumed increases in accordance with the CPI (2%/year).
- The sub-concessions' toll revenues are based on the base cases, or in more recent traffic surveys prepared by specialised consultants and available at the time of review and approval of the economic and financial flows for the period of the Concession. After the sub-concessions revert to IP, the growth rate considered is that of the CPI, based on the last year of these surveys and base cases;
- After the ex-SCUT motorways revert to IP the growth rate considered is that of the CPI, based on the more recent traffic surveys prepared by IP specialised consultants;
- In the State Concessions of tolled motorways, after they revert to the State, the growth rate considered is that of the CPI, based on the last year of the respective base cases or in the more recent traffic surveys prepared by IP specialised consultants;
- In general, the remaining operating revenues (from service areas, telematics equipment and other) were estimated in 2015 within the scope of the revision of the economic and financial model for the period of the concession.

Based on these assumptions the estimated amortisation in 2015 was €m 255.

8. INVESTMENTS IN SUBSIDIARIES

In 2015 and 2014 changes in this caption were as follows:

Subsidiaries	31/12/2015	31/12/2014
Opening balance	12 873	19 507
Transfers		645
Closing Balance	**12 873**	**20 152**
Impairment losses:	- 3 964	- 7 278
Net value	**8 909**	**12 873**

(Amounts in € thousand)

Caption "Impairment Losses" was affected by a correction relating to investment IP Património, in the amount of €th 3,964 (2014: reversal of €th 513), via losses recorded in 2015.

Investment in GIL is fully adjusted, following the successive losses of this company over the past few years.

Investments in subsidiaries are as follows:

Companies	31/12/2015		31/12/2014	
	% holding	Value of equity holding	% holding	Value of equity holding
IP Engenharia, S.A. Rua José da Costa Pedreira nº11 - Lisboa	98.43%	2 589	98.43%	2 589
IP Património - Adminstração e Gestão Imobiliária , S.A. Praça da Portagem, Almada	99.997%	5 320	99.997%	9 284
IP Telecom - Serviços e Telecomunicações,S.A. Rua Passeio do Báltico, 4 -Lisboa	100.00%	1 000	100.00%	1 000
Gil - Gare Intermodal de Lisboa, S.A. Av.D. João II, Estação do Oriente, lote 1.15 - Lisboa	100.00%	-	100.00%	
		8 909		**12 873**

9. DEFERRED TAX ASSETS AND LIABILITIES

The amounts of deferred tax assets and liabilities recognised in the consolidated financial position as at 31 December 2015 and 2014 are stated by their gross value.

The Executive Board of Directors is confident that the tax results generated in the future will permit the full reversal of the deferred tax assets recognised.

The impact of movements in the deferred tax headings in 2015 and 2014 was as follows:

	31/12/2015	31/12/2014
Impact on the income statement		
Deferred tax assets	7,005	- 8,769
Deferred tax liabilities	179	- 26,260
Net Expense/Income	**7,184**	**- 35,029**

(Amounts in € thousand)

DEFERRED TAX ASSETS

Change occurred in the year ended as of 31 December 2015

	Adjustment Clients	Employee Benefits	Provision for Social plan	Provision for disqualified roads	Tax losses	Provision for VAT	Regular maintenance	Pensions	Other adjustments	TOTAL
01 January 2015	**0**	**315**	**0**	**0**	**22,333**	**0**	**0**	**0**	**0**	**22,648**
Merged assets	41		567	1,842		49,252	48,054	472	1,765	101,993
Set-up / (Reversal)	- 37	- 69	- 567		- 10,877	4,313	9,764	- 89		2,438
Changes in tax rate		9								9
Revision of estimate					- 9,452					- 9,452
31 December 2015	**4**	**255**	**0**	**1,842**	**2,004**	**53,565**	**57,818**	**383**	**1,765**	**117,636**

Change occurred in the year ended as of 31 December 2014

	Adjustment Clients	Employee Benefits	Provision for Social plan	Provision for disqualified roads	Tax losses	Provision for VAT	Regular maintenance	Pensions	Other adjustments	TOTAL
01 January 2014					**13,879**					**13,879**
Set-up / Increase		315			8,454					8,769
31 December 2014	**0**	**315**	**0**	**0**	**22,333**	**0**	**0**	**0**	**0**	**22,648**

(Amounts in € thousand)

DEFERRED TAX LIABILITIES

	Other
01 January 2015	**-**
Set-up / (Reversal)	179
31 December 2015	**179**

01 January 2014	**-**	**26,260**
Set up		26,260
31 December 2014		**-**

OTHER TEMPORARY DIFFERENCES WHICH DID NOT GIVE RISE TO DEFERRED TAXES

At 31 December 2015 there existed other deductible temporary differences which are not expected to be reversed in future years, and will not, therefore, give rise to deferred tax assets. Note should be made of existing impairments on subsidiaries. loans and other account receivable and inventories.

According to the tax law in force, tax losses likely to be deducted to taxable profit of future years are as follows:

Years	Final reporting date	Amount	Deferred tax base	Not expected to be recovered
2012	**2017**	846	846	0
2012*	**2017**	2,635	2,635	0
2013*	**2018**	8,434	6,063	2,371
		11,915	**9,544**	**2,371**

(*) tax losses stemming from subsidiaries, according to RETGS.

10. DEFERRALS

As of 31 December 2015 and 2014 the company recorded under deferrals the following balances:

Deferrals	Notes	31/12/2015	31/12/2014 (Restated)
Other services		512	48
Current expenses to recognise		**512**	**48**
Investment Subsidies - Road Concession Right	10.1	10,450,148	-
Fee Grande Lisboa Concession		23,333	-
Fee Douro Litoral Concession		138,374	-
Term Sale - Brisa Concession		152,300	-
Non current income to recognise		**10,764,155**	**-**
Fee Grande Lisboa Concession		1,167	-
Fee Douro Litoral Concession		7,687	-
Other income		1,310	853
Current income to recognise		**10,164**	**853**

Expenses to recognise concern payments of services already contracted but not yet provided. Income to recognise result mainly from investment subsidies in the amount of €m 10,450 (see note 10.1) and advanced payments from concessions in the amount of €m 323 to be recognised as income throughout the period of respective concession.

10.1 Investment Subsidies - Road Concession Right

This caption includes investment subsidies received by IP to finance the intangible asset relating to the Concession Right and not yet recognised via results.

Changes occurred during the period ended as of 31 December 2015 are as follows:

Investment subsidies	
01 January 2015	**-**
Increases via merger	**10,266,557**
Increases	245,979
Write-downs	-
Amortisation (Note 26)	- 62,388
31 December 2015	**10,450,148**

The recorded increase concerns the funding from the Cohesion Fund to repay expenses relating to investment projects for AE Transmontana and Marão Tunnel within the framework of the 2007- 2013 National Strategic Reference Framework (NSRF)

(Amounts in € thousand)

11. CLIENTS AND OTHER ACCOUNTS RECEIVABLE

At 31 December 2015 and 31 December 2014 this caption was made up as follows:

HEADINGS	31/12/2015	31/12/2014 Restated
Clients	17,107	-
Total Non Current	**17,107**	**-**
Other accounts receivable	186,764	41,603
Clients	100,797	68,351
Advances to suppliers	27,522	-
Total Current	**315,083**	**109,954**

Balances of Clients and Other Receivables are current balances, corresponding approximately to their fair value.

11.1 Other accounts receivable

At 31 December 2015 and 2014 the balance of other accounts receivable was made up as follows:

Other accounts receivable	Notes	31/12/2015	31/12/2014 Restated
Increase Income - RSC		112,425	0
Subsidiaries	32	7,316	6,951
Railway Operators	32	863	389
Sundry		74,155	36,246
Cumulative impairments		- 7,996	- 1,983
		186,764	**41,603**

Caption Increase in Income - RSC corresponds to the recognition of revenue for the last two months of the accounting period, since the RSC is invoiced and charged with that same time lag.

Caption Other accounts receivable – Sundry concerns the following, but not limited to:

- account receivable from Scutvias, in the amount of €th 23,315, resulting of the final renegotiation of this road concession, not yet settled.

- Protocols with various municipalities for the construction and renovation of roads, namely in Aveiro, Viana do Castelo, Cascais, Fundão, Lisboa and Coimbra, in the amount of €th 25,096, of which €th concern the protocol for the Construction of the new Aveiro Railway Station - Road/Railway Interface, dating from 2011;

Cumulative impairment from other account receivable total €th 7,966.

(Amounts in € thousand)

In relation to the analysis of the likelihood of collection, it is considered that the sums due by Municipalities, Local Councils and other public entities or entities benefiting from direct of indirect participation of the State are likely to be fully recovered, in spite of their default, as they are recognised by such entities.

11.2 Clients

As at 31 December 2015 and 31 December 2014, caption “Clients” was made up as follows:

Clients	Notes	31/12/2015	31/12/2014
Non current			
Other related entities – CP CARGA	32	17,107	-
		17,107	**-**
Current			
Other related entities	32	36,443	43,073
Subsidiaries	32	7,209	7,385
Sundry		48,551	17.893
Tolls		11,058	-
Cumulative impairments		- 2,465	-
		100,797	**68,351**
		117,904	**68,351**

Debits to clients-other related entities (CP and CP Carga) and sundry suppliers (Fertagus and Takargo) include, mainly, user fees charged to entities that use the infrastructures, and accounts payable by operators for services rendered in commercial activities, shunting, capacity requested and not used, parking of rolling stock and other services.

In 2015 IP and CP Carga negotiated the settlement of credit in the amount of €th 24,487 over a period of 60 months, via fixed instalments plus interest of at least 1.5%, plus the 6-month Euribor.

The amount of €th 11,058 concerns amounts receivable from tolls.

At 31 December 2015 and 2014 the seniority of balances with clients was as follows:

Seniority of Balances at 31.12.2015	Total in debt	Up to 30 days	30 to 180 days	181 to 360 days	More than 361 days
Clients	115,439	23,747	38,395	5,642	47,655
Doubtful receivables	2,465	-	-	-	2,465
Total	**117,904**	**23,747**	**38,395**	**5,642**	**50,120**

(Amounts in € thousand)

Seniority of Balances at 31.12.2014	Total in debt	Up to 30 days	30 to 180 days	181 to 360 days	More than 361 days
Clients	68,351	6,129	18,663	13,974	29,585
Doubtful receivables	-	-	-	-	-
Total	**68,351**	**6,129**	**18,663**	**13,974**	**29,585**

11.3 Advances to suppliers

The current balance in advances to suppliers resulted from the application of the toll collection transitional regime in the Algarve, Beira Litoral e Alta, Beira Interior and Interior Norte Concessions, where the operators are withholding IP toll revenues, as agreed, to develop the toll collection activity until the respective service provision contract has been fully formalised and the settlement of accounts for the interim period is finalised.

11.4 Loans Granted

Loans granted to companies in which IP has equity holdings - which are not equity instruments of those entities, are as follows:

Description	Notes	31/12/2015	31/12/2014
Loans to subsidiaries	32	66,488	56,130
Impairment of loans to subsidiaries		- 66,488	- 56,130
Total		**-**	**-**

Loans granted concern exclusively GIL.

In 2015 loans to GIL were increased, namely via the transfer of funds, in the amount of €th 10,359 (2014: €th 11,348);

In line with previous years, these loans are being adjusted (note 8), taking into account the risk of GIL not being able to repay them in the future.

12. GRANTOR - STATE - ACCOUNT RECEIVABLE

The breakdown of the financial asset underlying to the concession at 31 December 2015 and 2014 is as follows:

(Amounts in € thousand)

Description	31/12/2015	31/12/2014
Assets under Concession (LDI)	8 716 887	8 669 141
Subsidies	- 4 334 166	- 4 320 514
Return on assets	- 3 503	- 3 169
Charged Interest	1 333 571	1 213 789
Impairments	- 305 200	- 305 200
	5 407 589	**5 254 047**

Concessioned assets classified as long duration infrastructures belong to the public railway domain, and IP only has access to them to provide the infrastructure management services. Accordingly, they are recorded in the statement of financial position in caption "Grantor", since they do not qualify as assets controlled by the company.

In addition to the acquisitions and construction made subsequently to the merger of CP – Comboios de Portugal, E.P.E., as provided in Decree- Law No. 104/97, of 29 April, these assets include the property belonging to extinct cabinets (Gabinete do Nó Ferroviário de Lisboa, Gabinete do Nó Ferroviário do Porto and Gabinete de Gestão das Obras de Instalação do Caminho-de-Ferro na Ponte sobre o Tejo) and property transferred from the said company, deemed as public domain assets.

In what concerns the increase in subsidies granted directly to IP to develop the railway infrastructure, we point out the increase by €th 18,081 stemming from the Cohesion Fund to repay expenditure relating to the NSRF plan for the 2007-2013 period and the payment of the final balance relating to the CSF III plan for the 2000-2006 period. Adding to the above, note an increase stemming from the Connecting Europe Facility (CEF), corresponding to an advance on applications approved within the scope of the 2014-2020 Plan (CEF - General).

Repayment in the amount of €th 14,214 was made concerning the 2007-2013 (RTE-T) Plan, which is mainly due to a delay in the planned execution of the Évora-Mérida stretch, which is taking longer than anticipated; this amount corresponds to the return of an advanced sum. These works, which will be performed following 31 December 2015, were included in the new application to the 2014-2020 CEF programme.

Caption Improvement of Assets concerns improvements to public railway domain assets, specifically the concession contract for a plot of land adjacent to the railway station of Viana do Castelo for a period of 75 years, starting in 19 March 2004.

It also includes the obligation provided in joint order of the Ministries of Finance and Public Works to deduct the gains from the sale of assets de-allocated from the public domain to the amounts receivable from the Grantor.

During the current year the amount of interest charged to the Grantor totalled €th 119,783 (2014: €th 148,231); they are recorded under caption Financial gains - interest earned - grantor - State (Note 28).

When REFER was created, its statutory capital was made up in specie, in the form of the railway infrastructure, which at the date was estimated at €th 62,350. From 1998 to 2001 the Portuguese Government increased the statutory capital of REFER by €th 242,850, with the purpose of financing the investments in long duration railway infrastructures, as provided in each joint ministerial orders.

At the date of inception public domain assets were recorded as fixed assets (tangible fixed assets, according to the accounting plan in force at the time – POC) of REFER; therefore, the capital contribution was the recognition of such assets. Pursuant to IFRIC 12, these amounts are recorded as repayment made in due time concerning expenditure in long duration infrastructure made by concessionaire REFER, totalling €th 305,200 (initially via contribution in kind, added of the capital increases carried out from 1998 to 2001)

As result, this sum will no longer be reimbursed by the State/Grantor, and was recorded as impairment in the amount of €th 305,200.

13. STATE AND OTHER PUBLIC ENTITIES

At 31 December 2015 and 2014 this caption was made up as follows:

	31/12/2015		31/12/2014	
	Payable	Receivable	Payable	Receivable
Corporate Income Tax (I)	21,373	-	-	2,127
Total assets and liabilities for current tax	**21,373**	**-**	**-**	**2,127**
IRS – Withholdings	-	1,437	-	922
VAT	1,017,550	-	4,224	2,038
Contributions to SS, CGA and ADSE	-	4,922	-	1,506
Other taxes and levies	136	11	153	-
Total State and other public entities	**1,017,687**	**6,371**	**4,377**	**4,465**

The payable/receivable balance of corporate income tax is made up as follows:

	31/12/2015		31/12/2014	
	Payable	Receivable	Payable	Receivable
Withholdings	58	-	-	**-23**
Special advance tax payment	69	**-**	-	**-70**
Advance tax payment	29,762	-	-	**-6,595**
Tax estimate	-9,058	-	-	9,959
"RETGS" Effect	542	-	-	-1,144
Total assets and liabilities for current tax	**21,373**	**-**	**-**	**2,127**

IRS, Social Security and CGA balances correspond to December 2015 wages processed that year but settled in January 2016. The increase in this caption is explained by the merger of the two companies.

Caption State and other public entities includes VAT receivable in the amount of €m 1,017,550; tax refund in the amount of €th 227,562 has already been requested. This balance to be recovered mainly concerns VAT deducted by former EP in its activity. The company considers it is entitled to make this deduction since the State collected VAT on a revenue of former EP - the Road Service Contribution -, which in accordance with the legally established mechanisms, was paid to the company by the fuel distributors.

IP has filed two lawsuits, currently pending, one claiming the reimbursement of VAT up to June 2009 and the other the reimbursement of VAT from July to September and the deduction of October 2009.

(Amounts in € thousand)

The first case, concerning the claim for the reimbursement of VAT up to June 2009, was rejected by the Tax and Customs Authority (TA), which notified the company concerning additional payments of VAT and interest in the amount of €th 277,124 and €th 11,697, respectively.

As it did not agree with these additional payments which it considered as undue, on 30 November 2010 former EP contested the hierarchical appeal with the Administrative and Tax Court of Almada. However this request was refused in the first instance in January 2013. Former EP did not agree with this ruling and appealed against it on 6 March 2013.

The second case, concerning the reimbursement of VAT from July to September and the deduction of October 2009, was also rejected by the TA, which notified the company to pay additional VAT and interest in the amount of €th 64,506 and €th 763, respectively. On 29 July 2011 former EP contested the hierarchical appeal with the Administrative and Tax Court of Almada. However this request was refused in the first instance in January 2013. EP did not agree with this ruling and appealed against it on 11 March 2013. Former EP did not agree with this ruling and appealed against it on 11 March 2013.

As a result of the referred developments in the VAT process, in 2015 IP reinforced the provision by €th 16,183, to €th 318,030 on 31 December 2015. This corresponds to the amount of VAT which former EP estimates it would cease to receive from the TA if it were considered that the RSC is not subject to VAT. See Note 16.

In the course of former EP's tax inspection process relating to 2011 the TA issued their Tax Inspection Report including notices for additional VAT payments and interest in the amounts of €th 195,514 and €th 29,412, respectively.

IP considers these tax assessments as undue and will therefore appeal against them, requesting their cancellation.

14. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents shown in the cash flow statement for the years ending 31 December 2015 and 2014 are reconciled with the amounts shown in the captions of the statement of financial position, as follows:

Description	31/12/2015	31/12/2014
Bank deposits	157,656	5,445
Other applications	265,000	70,000
Cash	192	24
Cash and cash equivalent in the Statement of Financial Position	**422,848**	**75,469**
Accounting overdrafts	- 6,706	- 11
Cash and cash equivalent in the Cash Flow Statement	**416,142**	**75,458**

15. SHARE CAPITAL

IP is a state-owned enterprise resulting from the merger of REFER and EP, through which REFER is merged into EP, and becomes a public limited company, called Infraestruturas de Portugal, S.A, as described in the introduction and note 4.

The merger entered into force on 1 June 2015, as provided in Decree-law 91/2015 of 29 May.

(Amounts in € thousand)

The share capital in the form of statutory capital until the merger, as it was a public corporation, is now represented by registered dematerialised shares belonging to the Portuguese State, and held by the Directorate-General of the Treasury, while the company became a public limited company.

Infraestruturas de Portugal was set up with a share capital of €th 2,555,835 fully subscribed and paid up by its shareholder, corresponding to 511,167 shares with the nominal value of €th 5 per share.

The share capital was subsequently increased in June, October and December 2015 by respectively, €th 170,000, €th 233,000 and €th 136,540, through the issue of 34,000, 46,600 and 27,308 new shares; the share capital is presently of €th 3,095,375, corresponding to 619,075 shares fully subscribed and paid up.

Basic/diluted earnings per share of Group IP are as follows:

Description	31.12 2015
Results attributed to shareholders (in Euro)	12 535 726
Average number of shares in the period	544 926
Average number of diluted shares in the period	544 926
Basic earnings per share (in Euro)	23.00
Diluted earnings per share (in Euro)	23.00

Note: In 2014 IAS 33 was not applicable as the company had statutory capital and not shares.

Basic and diluted earnings per share are of € 22.43 as there are no dilution factors.

Group IP calculates its basic and diluted earnings per share using the weighted average of the shares issued during the reporting period, as follows:

Description	(No. of shares)
January 2015 to May 2005	511 167
June 2015	545 167
October 2015	591 767
December 2015	619 075
Average number of outstanding shares	544 926

16. PROVISIONS

The evolution of provisions for other risks and charges in 2015 and 2014 is as follows:

(Amounts in € thousand)

	General risks	Land exprop.	Works	Employee benefits	Disqualified roads	Social plan	Works under Negotiation phase	VAT proceedings	Total
At 01 January 2015	**24,312**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	24,312
Increases via merger	20,551	62,575	59,094	1,601	410,526	1,921	561	301,846	858,676
Allocation	9,227	2,080	3,047	-	-	-	-	16,184	30,538
Decrease	- 16,218	-15,545	-20,942	- 302	- 991	- 1,921	-	-	- 55,919
At 31 December 2015	**37,872**	**49,110**	**41,199**	**1,299**	**409,535**	**-**	**561**	**318,030**	**857,606**
Current balance	-	-	-	-	-	-	-	-	**-**
Non current balance	37,872	49,110	41,199	1,299	409,535	-	561	318,030	857,606
	37,872	**49,110**	**41,199**	**1,299**	**409,535**	**-**	**561**	**318,030**	**857,606**

	General risks	Land exprop.	Contract Works	Employee benefits	Disqualified roads	Social plan	Works under Negotiation phase	VAT proceedings	Total
At 01 January 2014	**21,162**	-	-	-	-	-	-	-	21,162
Allocation	5,421	-	-	-	-	-	-	-	5,421
Decrease	- 2,271	-	-	-	-	-	-	-	- 2,271
At 31 December 2014	**24,312**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,312**
Current balance	-	-	-	-	-	-	-	-	-
Non current balance	24,312	-	-	-	-	-	-	-	24,312
	24,312								**24,312**

PROVISIONS FOR ONGOING LAWSUITS

General risks:

The analysis made by the Company's Legal Department admitted a risk of €th 37,872 at 31 December 2015 relating to potential liabilities with legal lawsuits not linked to contract works.

Land Expropriations:

This provision was set up to deal with the risk of IP having to make additional payments in connection to land expropriation proceedings in litigation. The provision reflects the consultations made by the Company's General Litigation department to the external and internal lawyers dealing with the processes.

From the total €th 15,545 reduced to this provision, €th 9,414 concern payments relative to processes concluded during the year, of which €th 7,843 are State concessions' expropriation processes and only €th 1,571 relate to IP own works.

Note that on account of their nature all the increases and reductions of this provision are offset against intangible assets in progress.

Contract works:

In the case of General Litigation Processes related to Contract Works, the analysis made by the external and internal lawyers concluded that there was an estimated risk of €th 41,199. This value is influenced by the reduction of the provision in the period by approximately €th 20,942, of which €th 10,006 correspond to the release of provisions for processes terminated where the cost borne by IP was lower than the amount of the risk provisioned for and an increase by €th 3,047 corresponding to the risk associated to new processes opened but not closed during the year. Note that on account of their nature all the increases and reductions of this provision are offset against intangible assets.

VAT proceedings:

For conservative reasons, and in light of the developments in the VAT process described in Note 13, it was decided in 2010 to set up a provision for these proceedings, which is estimated to be the impact of an unfavourable ruling.

Since the issue that gave rise to the difference between former EP and the TA was whether or not the RSC was accepted as a revenue subject to VAT, the provision created corresponds to the entire VAT - deducted by former EP in activities financed by the RSC. It should be noted that this provision was offset based on the accounting classification of the expense that originated the deductible VAT, i.e., the provision for VAT deducted from expenditures in the year was made against expenditures (€th 14,619) and the provision for VAT deducted on the acquisition or construction of assets was made against intangible assets (€th 1,565).

PROVISIONS FOR OTHER NON LITIGATION SITUATIONS

Provision for disqualified roads:

IP is required to transfer disqualified roads within the National Road Plan to the responsibility of municipalities, having set up a provision which reflects the best estimate to fulfil the obligations of renovating disqualified roads still under the company's responsibility. The entering of the transfer protocols with the - Municipalities led to the utilisation of this provision in the amount of €th 991 in 2015.

Provision for Social plan:

This provision was intended to meet the commitments with the Staff Streamlining Plan assumed by former EP as at 31 December 2014. This provision was reversed in 2015.

Provision for Works under negotiation phase:

This provision corresponds to payments foreseen to settle claims relating to road contracts, which are still being negotiated.

(Amounts in € thousand)

Employee benefits

Former EP grants temporary early retirement benefits and retirement and survival pension benefits to its employees which as at 31 December 2015 totalled €th 1,299.

The complementary retirement and survival pension benefits attributed to the employees constitute a defined benefit plan under which IP pays early retirement pensions to a closed group of employees covered by the plan until such time as they retire under the Caixa Geral de Aposentações system.

The provision covers the responsibilities for benefits attributed to an already quite small group of employees (42), for a limited period of time. It was therefore the Executive Board of Directors' opinion that it was not necessary to have the annual responsibilities assessed by a specialised firm, as this could be done internally.

17. BORROWINGS

17.1 Borrowings

The breakdown of current and non-current borrowings is as follows:

Description	31/12/2015	31/12/2014
Non current loans		
Borrowings	3,420,846	3,220,385
Current loans		
Borrowings	155,416	719,188
	3,576,261	**3,939,573**

Borrowings are broken down mainly into bond loans and loans with the European Investment Bank (EIB).

(Amounts in € thousand)

Repayment terms and conditions of the loans are as follows:

Name	Date of signature	Amount	Principal due	Amortisation Opening date	Closing date	Periodicity	Interest rate regime	Interest rate	Periodicity
CP III Linha do Norte-B	14/07/1997	49,880	23,277	15/06/2008	15/06/2022	Annual	EIB variable, cannot exceed Euribor 3M+0.15%	0.002%	15/Mar 15/Jun 15/Sep 15/Dec
Douro Line	09/10/1996	43,894	4,389	15/09/2007	15/09/2016	Annual	EIB variable, cannot exceed Euribor 3M+0.15%	0.002%	15/Mar 15/Jun 15/Sep 15/Dec
Tagus railway crossing	09/10/1996	99,760	9,976	15/09/2007	15/09/2016	Annual	EIB variable, cannot exceed Euribor 3M+0.15%	0.002%	15/Mar 15/Jun 15/Sep 15/Dec
Tejo-B railway crossing	14/11/1997	99,760	13,301	15/09/2003	15/09/2017	Annual	EIB variable, cannot exceed Euribor 3M+0.15%	0.002%	15/Mar 15/Jun 15/Sep 15/Dec
Trav. Tejo-C railway cr	26/11/1998	25,000	6,455	15/09/2004	15/09/2018	Annual	1st fixed instalment	4.670%	15/Sep
Tra. Tejo-C2 railway cr	26/11/1998	25,000	6,813	15/09/2004	15/09/2018	Annual	2nd fixed d.s.	5.800%	15/Sep
Tra. Tejo-C3 railway crossing	26/11/1998	49,760	9,952	15/09/2004	15/09/2018	Annual	3rd fixed dis. EIB variable, cannot exceed Euribor 3M+0.15%	0.002%	15/Mar 15/Jun 15/Sep 15/Dec
Minho Line-A1	26/11/1998	25,000	6,455	15/09/2004	15/09/2018	Annual	1st fixed dis.	4.670%	15/Sep
Minho Line-A2	26/11/1998	25,000	6,813	15/09/2004	15/09/2018	Annual	2nd fixed dis.	5.800%	15/Sep
Minho Line-A3	26/11/1998	24,820	4,964	15/09/2004	15/09/2018	Annual	EIB variable, cannot exceed Euribor 3M+0.15%	0.002%	15/Mar 15/Jun 15/Sep 15/Dec
CP III Linha do Norte-D	10/11/2000	25,937	17,292	15/09/2011	15/09/2020	Annual	EIB variable, cannot exceed Euribor 3M+0.15%	0.002%	15/Mar 15/Jun 15/Sep 15/Dec
Connection to Algarve-A	08/10/2001	90,000	66,000	15/09/2012	15/09/2021	Annual	EIB variable, cannot exceed Euribor 3M+0.12%	0.000%	15/Mar 15/Jun 15/Sep 15/Dec
Minho Line-B	08/10/2001	59,856	43,894	15/09/2012	15/09/2021	Annual	EIB variable, cannot exceed Euribor 3M+0.12%	0.000%	15/Mar 15/Jun 15/Sep 15/Dec
CPIII/2 L. Norte-A	02/10/2002	100,000	85,000	15/03/2013	15/03/2022	Annual	EIB variable, cannot exceed Euribor 3M+0.12%	0.000%	15/Mar 15/Jun 15/Sep 15/Dec
CPIII/2 L. Norte-B	02/06/2004	200,000	180,000	15/12/2014	15/12/2023	Annual	EIB variable, cannot exceed Euribor 3M+0.15%	0.002%	15/Mar 15/Jun 15/Sep 15/Dec
Suburban	28/10/2004	100,000	66,667	15/06/2009	15/06/2024	Annual	EIB variable, cannot exceed Euribor 3M+0.15%	0.002%	15/Mar 15/Jun 15/Sep 15/Dec
Suburban B	14/12/2005	100,000	71,429	15/09/2010	15/09/2025	Annual	Revisable rate	3.615%	15/Sep
To be forwarded		**1,143,666**	**622,676**						

(Amounts in € thousand)

Name	Date of signature	Amount	Principal due	Amortisation Opening date	Amortisation Closing date	Periodicity	Interest rate regime	Interest rate	Periodicity
To be forwarded		**1,143,666**	**622,676**						
Suburban C	12/10/2006	55,000	41,905	15/03/2011	15/03/2026	Annual	Revisable rate	4.247%	15/Mar
Connection to Algarve-B	02/10/2002	30,000	24,000	15/03/2013	15/03/2022	Annual	EIB variable, cannot exceed Euribor 3M+0.12%	0.000%	15/Mar 15/Jun 15/Sep 15/Dec
CP III 2 Linha do Norte-C	11/12/2009	100,000	100,000	15/06/2017	15/06/2026	Annual	Revisable rate	1.887%	15/Jun
CP III Linha do Norte-D	12/07/2007	100,000	100,000	15/12/2017	15/12/2026	Annual	Euribor 3M+0,435%	0.307%	15/Mar 15/Jun 15/Sep 15/Dec
EIB- Estradas 2009-2019	17/12/2009	200,659	180,593	15/06/2014	15/06/2029	Half-year	Rate	2.189%	15/Jun 15/Dec
Refer V	04/08/2008	160,000	144,000	15/03/2014	15/03/2033	Annual	Revisable rate	2.653%	15/Mar
Refer VI	10/09/2009	110,000	93,500	15/09/2013	15/09/2032	Annual	Revisable rate	2.271%	15/Sep
Eurobond 06/26	10/11/2006	600,000	599,257	16/11/2026		Bullet	Fixed	4.047%	16/Nov
Eurobond 09/19	13/02/2009	500,000	499,070	18/02/2019		Bullet	Fixed	5.875%	18/Feb
Eurobond 09/24	16/10/2009	500,000	498,594	16/10/2024		Bullet	Fixed	4.675%	18/Oct
Eurobond 06/21	11/12/2006	500,000	497,704	13/12/2021		Bullet	Fixed	4.25%	13/dez
Eurobond 10/30	09/07/2010	125,000	125,000	13/07/2030		Bullet	Fixed	6.450%	13/jul
	TOTAL	**4,124,325**	**3,526,299**						

Interest on these loans is paid in arrears on a quarterly, half year or annual basis.

In what concerns the EIB loan, the principal will be repaid on a regular basis following the grace period. Remaining loans (eurobonds) will be fully repaid at maturity (bullet).

(Amounts in € thousand)

17.2 Shareholder funding / loans

As at 31 December 2015 and 2014 the breakdown of Shareholder Loans was as follows:

Description	31/12/2015	31/12/2014
Non current loans		
State Loan	1,478,345	1,717,353
Current loans		
State Loan	3,347,598	782,962
Total	**4,825,943**	**2,500,315**

The purpose of these shareholder loans was to meet IP's borrowing requirements since 2011.

In 2015 the shareholder did not grant new loans to IP, having provided for its requirements through capital increases. See Note 15.

These loans pay interest at various fixed annual nominal rates, as agreed with the DGTF according to the amount and dates of the disbursements. The breakdown is as follows:

(Amounts in € thousand)

Name	Date of signature	Amount	Principal due	Amortisation Opening date	Closing date	Periodicity	Interest rate regime	Interest rate	Periodicity
State Loan	30-12-2011	2 062 772	1 031 386	31-05-2013	30-11-2016	Half-year	Fixed	2,770%	31-mai 30-nov
State Loan	14-02-2012	75 000	56 250	31-05-2014	30-11-2017	Half-year	Fixed	3,420%	31-mai 30-nov
State Loan	14-02-2012	198 400	148 800	31-05-2014	30-11-2017	Half-year	Fixed	3,250%	31-mai 30-nov
State Loan	26-06-2012	118 284	88 713	31-05-2014	30-11-2017	Half-year	Fixed	2,740%	31-mai 30-nov
State Loan	26-06-2012	152 436	114 327	31-05-2014	30-11-2017	Half-year	Fixed	1,830%	31-mai 30-nov
State Loan	03-10-2012	206 246	154 684	31-05-2014	30-11-2017	Half-year	Fixed	1,760%	31-mai 30-nov
State Loan	03-10-2012	49 960	37 470	31-05-2014	30-11-2017	Half-year	Fixed	1,590%	31-mai 30-nov
State Loan	24-05-2013	282 937	282 937	31-05-2015	30-11-2020	Half-year	Fixed	2,100%	31-mai 30-nov
State Loan	24-05-2013	21 723	21 723	31-05-2015	30-11-2020	Half-year	Fixed	2,270%	31-mai 30-nov
State Loan	24-05-2013	23 394	23 394	31-05-2015	30-11-2020	Half-year	Fixed	2,350%	31-mai 30-nov
State Loan	24-05-2013	102 488	102 488	31-05-2015	30-11-2020	Half-year	Fixed	2,440%	31-mai 30-nov
State Loan	24-05-2013	20 000	20 000	31-05-2015	30-11-2020	Half-year	Fixed	2,150%	31-mai 30-nov
State Loan	13-11-2013	37 000	37 000	31-05-2015	30-11-2020	Half-year	Fixed	1,860%	31-mai 30-nov
State Loan	13-11-2013	293 000	293 000	31-05-2015	30-11-2020	Half-year	Fixed	1,880%	31-mai 30-nov
State Loan	13-11-2013	24 000	24 000	31-05-2015	30-11-2020	Half-year	Fixed	1,960%	31-mai 30-nov
State Loan	27-05-2014	15 000	15 000	31-05-2016	30-11-2021	Half-year	Fixed	2,430%	31-mai 30-nov
State Loan	27-05-2014	15 000	15 000	31-05-2016	30-11-2021	Half-year	Fixed	2,330%	31-mai 30-nov
State Loan	27-05-2014	20 000	20 000	31-05-2016	30-11-2021	Half-year	Fixed	2,220%	31-mai 30-nov
State Loan	27-05-2014	14 000	14 000	31-05-2016	30-11-2021	Half-year	Fixed	2,010%	31-mai 30-nov
State Loan	30-12-2011	1 705 000	852 500	31-05-2013	30-11-2016	Half-year	Fixed	2,770%	31-mai 30-nov
State Loan	27-01-2012	204 000	153 000	31-05-2014	30-11-2017	Half-year	Fixed	3,690%	31-mai 30-nov
State Loan	27-01-2012	230 000	172 500	31-05-2014	30-11-2017	Half-year	Fixed	3,440%	31-mai 30-nov
State Loan	27-01-2012	75 000	56 250	31-05-2014	30-11-2017	Half-year	Fixed	2,930%	31-mai 30-nov
State Loan	27-01-2012	28 000	21 000	31-05-2014	30-11-2017	Half-year	Fixed	2,690%	31-mai 30-nov
State Loan	30-05-2012	44 000	33 000	31-05-2014	30-11-2017	Half-year	Fixed	2,690%	31-mai 30-nov
State Loan	30-05-2012	80 000	60 000	31-05-2014	30-11-2017	Half-year	Fixed	2,700%	31-mai 30-nov
State Loan	30-05-2012	33 500	25 125	31-05-2014	30-11-2017	Half-year	Fixed	1,980%	31-mai 30-nov
State Loan	26-09-2012	156 800	117 600	31-05-2014	30-11-2017	Half-year	Fixed	1,810%	31-mai 30-nov
State Loan	29-10-2012	16 000	12 000	31-05-2014	30-11-2017	Half-year	Fixed	1,710%	31-mai 30-nov
State Loan	29-10-2012	13 300	9 975	31-05-2014	30-11-2017	Half-year	Fixed	1,590%	31-mai 30-nov
State Loan	29-01-2013	85 000	85 000	31-05-2015	30-11-2020	Half-year	Fixed	2,750%	31-mai 30-nov
To be forwarded		**6.402.239**	**4.098.122**						

(Amounts in € thousand)

Name	Date of signature	Amount	Principal due	Amortisation Opening date	Amortisation Closing date	Periodicity	Interest rate regime	Interest rate	Periodicity
Forwarded:		**6 402 239**	**4 098 122**						
State Loan	29-01-2013	135 600	135 600	31-05-2015	30-11-2020	Half-year	Fixed	2,420%	31-mai 30-nov
State Loan	29-01-2013	17 400	17 400	31-05-2015	30-11-2020	Half-year	Fixed	2,150%	31-mai 30-nov
State Loan	08-03-2013	25 654	25 654	31-05-2015	30-11-2020	Half-year	Fixed	2,150%	31-mai 30-nov
State Loan	08-03-2013	266 405	266 405	31-05-2015	30-11-2020	Half-year	Fixed	2,180%	31-mai 30-nov
State Loan	08-03-2013	28 042	28 042	31-05-2015	30-11-2020	Half-year	Fixed	2,610%	31-mai 30-nov
State Loan	04-09-2013	26 202	26 202	31-05-2015	30-11-2020	Half-year	Fixed	2,190%	31-mai 30-nov
State Loan	04-09-2013	25 000	25 000	31-05-2015	30-11-2020	Half-year	Fixed	2,180%	31-mai 30-nov
State Loan	04-09-2013	17 943	17 943	31-05-2015	30-11-2020	Half-year	Fixed	2,070%	31-mai 30-nov
State Loan	09-10-2013	3 688	3 688	31-05-2015	30-11-2020	Half-year	Fixed	2,100%	31-mai 30-nov
State Loan	09-10-2013	21 805	21 805	31-05-2015	30-11-2020	Half-year	Fixed	1,870%	31-mai 30-nov
State Loan	09-10-2013	49 891	49 891	31-05-2015	30-11-2020	Half-year	Fixed	1,970%	31-mai 30-nov
	TOTAL	**7.019.867**	**4.715.750**						

(Amounts in € thousand)

FLAT-RATE FINANCING

As of 31 December 2015 the fair value of the fixed rate debt was as follows:

Name	Nominal Value	Principal due	Fair value	Interest rate
EIB - Minho A1	25 000	6 455	6 980	4.670%
EIB - Minho A2	25 000	6 813	7 495	5.800%
EIB - Tejo C1	25 000	6 455	6 980	4.670%
EIB - Tejo C2	25 000	6 813	7 495	5.800%
EIB - Suburbans B	100 000	71 429	84 878	3.615%
EIB - Suburbans C	55 000	41 905	51 476	4.247%
EIB - REFER V	160 000	144 000	162 799	2.653%
EIB - REFER VI	110 000	93 500	103 133	2.271%
BEI - CPIII2 Linha do Norte C	100 000	100 000	107 755	1.887%
EIB- Estradas 2009-2019	200 659	180 593	196 862	2.189%
Eurobond 06/26	600 000	600 000	717 524	4.047%
Eurobond 09/19	500 000	500 000	568 719	5.875%
Eurobond 09/24	500 000	500 000	561 822	4.675%
Eurobond 06/21	500 000	500 000	535 751	4.250%
Eurobond 10/30	125 000	125 000	122 570	6.750%
State Loan	2 062 772	1 031 386	1 047 505	2.770%
State Loan	75 000	56 250	58 163	3.420%
State Loan	198 400	148 800	153 603	3.250%
State Loan	118 284	88 713	89 884	2.740%
State Loan	152 436	114 327	116 370	1.830%
State Loan	206 246	154 684	157 338	1.760%
State Loan	49 960	37 470	38 035	1.590%
State Loan	282 937	282 937	289 851	2.100%
State Loan	21 723	21 723	22 341	2.270%
State Loan	23 394	23 394	24 104	2.350%
State Loan	102 488	102 488	105 816	2.440%
State Loan	20 000	20 000	20 512	2.150%
State Loan	37 000	37 000	37 694	1.860%
State Loan	293 000	293 000	298 637	1.880%
State Loan	24 000	24 000	24 507	1.960%
State Loan	15 000	15 000	15 688	2.430%
State Loan	15 000	15 000	15 633	2.330%
State Loan	20 000	20 000	20 728	2.220%
State Loan	14 000	14 000	14 429	2.010%
State Loan	1 705 000	852 500	883 149	2.770%
State Loan	204 000	153 000	161 021	3.690%
To be forwarded:	**8 691 298**	**6 388 634**	**6 837 245**	

(Amounts in € thousand)

Name	Nominal Value	Principal due	Fair value	Interest rate
Forwarded	**8 691 298**	**6 388 634**	**6 837 245**	
State Loan	230 000	172 500	180 923	3.440%
State Loan	75 000	56 250	58 583	2.930%
State Loan	28 000	21 000	21 799	2.690%
State Loan	44 000	33 000	34 255	2.690%
State Loan	80 000	60 000	62 290	2.700%
State Loan	33 500	25 125	25 824	1.980%
State Loan	156 800	117 600	120 582	1.810%
State Loan	16 000	12 000	12 287	1.710%
State Loan	13 300	9 975	10 196	1.590%
State Loan	85 000	85 000	89 372	2.750%
State Loan	135 600	135 600	141 328	2.420%
State Loan	17 400	17 400	13 336	2.150%
State Loan	25 654	25 654	26 311	2.150%
State Loan	266 405	266 405	262 100	2.180%
State Loan	28 042	28 042	29 065	2.610%
State Loan	26 202	26 202	25 779	2.190%
State Loan	25 000	25 000	24 596	2.180%
State Loan	17 943	17 943	18 368	2.070%
State Loan	3 688	3 688	3 660	2.100%
State Loan	21 805	21 805	22 392	1.870%
State Loan	49 891	49 891	49 041	1.970%
TOTAL	**10 070 526**	**7 598 712**	**8 069 332**	

18. SUPPLIERS AND OTHER ACCOUNTS PAYABLE

18.1 Trade payables

This caption comprises the following amounts:

Description	Notes	31.12 2015	31.12 2014
General suppliers		30,327	11,877
Clients - Other related parties	32	1,109	2,714
Clients -Subsidiaries	32	6,675	3,250
Total balance suppliers - current		**38,111**	**17,841**

18.2 Other accounts payable

Description	31.12 2015	31.12 2014
Non current		
Sub-concessions	2,998,086	-
	2,998,086	
Current		
Sub-concessions	538,907	1,488
Sundry creditors	11,353	4,718
Suppliers of capital goods	59,178	19,436
Accrued expenses	41,867	44,704
Advances to be forwarded to Sales	17,226	17,252
Remuneration payable	11,074	9,330
Regular road maintenance	195,991	-
	875 597	**96 928**
	3,873,683	**96 928**

This caption includes the liability of IP to sub-concessionaires for construction, operation and maintenance services carried out by these companies and not yet invoiced, in the amount of €m 3,536,993, remunerated at rates of 5% to 9%, of which €m 537,648 are payable within 12 months.

Caption Suppliers of Investment refers mainly to the amounts invoiced for the execution of works in own works and the amount payable for State Concessions and Sub-concessions.

The increase in this caption essentially includes mainly the amounts payable by IP relating to its Concession Contract with the State, in the amount of €m 24.

Caption Regular Road Maintenance IP's responsibility for maintaining or restoring certain service levels in the infrastructure, and is build up throughout the period running up to the scheduled start of works.

(Amounts in € thousand)

19. INVENTORIES

At 31 December 2015 and 2014 this caption was made up as follows:

Description	Notes	31/12/2015	31/12/2014
Raw materials, subsidiary materials and consumables.		50,288	38,680
Impairment in inventories	25	- 1,043	- 674
Inventories		**49,245**	**38,006**

Caption raw materials, subsidiary materials & consumables concerns various types of materials included in railway infrastructure maintenance and road construction.

As of reporting date, a physical inventorying was carried out viewing to quantify the adjustment in losses on inventories. The impairment refers to:

i. materials that are obsolete and technically depreciated and cannot be used for IP's activities (they may be sold should an interested buyer emerge); and

ii. a comparison between the market value of materials and their book value;

Expenses with railway material totalled €th 8,773 (€th 5,100 in 2014).

Following the analysis made at the end of 2015 it was decided to increase impairment adjustments by €th 370 (Note 25).

20. SALES AND SERVICES

In 2015 and 2014 Sales and Services were as follows:

	31/12/2015	31/12/2014
Rendering of Services		
Road Service Contribution	671,040	-
Tolls	258,783	-
Construction contracts and capitalised financial expenses	286,128	-
Utilisation of slots (fees)	69,829	76,563
State Grantor - Revenue LDI	15,808	13,220
Other	19,500	9,925
Total sales and services	**1,321,088**	**99,708**

(Amounts in € thousand)

Construction contracts reflect IP's income from its activity of building the NRN, as established in the Concession Contract. It includes all IP's construction activities, whether carried out directly or sub-concessioned.

The amount of the Road Service Contribution in 2015 is of € 87/1000 litres of petrol, € 111/1000 litres of diesel and € 123/1000Kg of auto LPG.

The use of rail channels (user fees) correspond to the activities and sums established in the Network Directory; this document was issued in accordance with Decree-Law 270/2003, of 28 October (as amended by Decree-Law 231/2007, of 14 June and Decree-Law 151/2014, of 13 October) and as provided in Regulation 630/2011, of 5 December, published by IMT's railway regulation unit; they concern fees for the use of the infrastructure by railway operators, determined in accordance with provisions in the said Regulation 630/2011.

In 2015 there was a decrease by 9.0% in revenues from railway services as against 2014 due to the negative evolution of user fees, explained by new fees calculated for 2015, pursuant to Regulation 630/2011, which provided a decrease by 9.3% in average network fees.

Description	31/12/2015	31/12/2014
Construction of new infrastructures	118,963	-
Capitalized financial expenses	84,307	-
Sub-concessioned network - construction	82,858	-
Construction contracts	**286,128**	**-**

The amounts of New Infrastructure Construction concern construction activities under IP’s direct management, and are calculated based on monthly monitoring reports stating the state of progress of the works and the expenses directly attributable to preparing the assets for their intended use.

The construction of the Sub-Concessioned Network is determined based on the construction values contracted for each sub-concession and the percentage of completion reported to IP by each sub-concessionaire. It therefore reflects the physical evolution of the works and is independent from the turnover flow.

Capitalised borrowing costs correspond to IP's borrowing costs during the phase of construction, comprising the costs of bank loans used to finance the acquisition of the State's Concessioned Network, and the accounting remuneration of the sub-concessionaires' debt (corresponding to the stretches still in construction), to which the rate implicit in the base case of each contract (resulting from the mismatch of financial flows with the physical evolution of the works) is applied. These theoretical rates vary between 5% and 9%.

21. OPERATING SUBSIDIES

Operating subsidies include the amounts allocated pursuant to Council of Ministers Resolution by way of compensatory allowances.

(Amounts in € thousand)

22. COST OF GOODS SOLD

The detail of this caption is as follows:

		31/12/2015	31/12/2014 Restated
Capitalization Concession Tolls	i)	204,488	-
Construction of new infrastructures	ii)	118,013	-
Sub-concessioned network - construction	iii)	82,579	-
Rail equipment	iv)	8,773	5,100
Cost of goods sold		**413,854**	**5,100**

i) As referred in Note 2.2 q) (revenue), the amounts received by IP relative to tolls in State concessions (net of collection costs) are deducted to IP's investment in the acquisition of rights over this concessioned network. This deduction is offset in this caption.

ii) The amounts corresponding to the construction of New Road Infrastructure concern construction activities under IP's direct management, and are calculated based on monthly monitoring reports stating the state of progress of the works.

iii) The construction of the Sub-Concessioned Network is determined based on the construction values contracted for each sub-concession and the percentage of completion reported to IP by each sub-concessionaire. It therefore reflects the physical evolution of the works and is independent from the turnover flow.

iv) This caption concerns various types of materials included in the maintenance of railway infrastructures.

23. SUPPLIES AND SERVICES

Description	31/12/2015	31/12/2014
Railway maintenance	56,794	65,612
Regular road maintenance	53,000	-
Current Maintenance and Road Safety	42,398	-
Operation and Maintenance Sub-concessions	23,216	-
Collection costs Tolls	17,965	-
Electricity	13,498	10,884
Collection costs RSC	13,421	-
Other below €th 1,000	8,390	4,973
Specialised works	5,385	5,022
Surveillance and Safety	5,022	4,857
Rents	3,131	1,304
Cleaning, Hygiene and comfort	2,186	1,957
Maintenance and repairs	1,801	846

(Amounts in € thousand)

External supplies and services	**246,207**	**95,456**

Increase occurred in caption supplies and services was mainly due to the effects of the merger. The nature of main expenses are as follows:

Expenses with Railway Maintenance concern mainly the sub-contracting of maintenance services: i) for carriageway in the amount of €th 18,844 (€th 23,135 in 2014), ii) signalling, in the amount of €th 14,689 (€th 14,390 in 2014), iii) telecommunications, in the amount of €th 11,908 (€th 12,494 in 2014) and iv) overhead line, totalling €th 4,901 (€th 5,211 in 2014).

Regular Maintenance of Roads - this cost corresponds to the recognition of the increase in IP's responsibility for the expenditure required to maintain the service level in roads and engineering structures imposed by the Concession Contract. It does not correspond to a need to invest in maintenance in the period but to the amount corresponding to the period in which the responsibility for making the intervention was recognised.

Current Maintenance and Safety - the expenses incurred in the year with current maintenance interventions in roads and road related structures and with road safety are booked in this caption.

The operation and maintenance costs of the sub-concessions translate the recognition in the accounts of the operation and maintenance carried out by the sub-concessionaires within the scope of the sub-concession contracts in force.

The RSC collection costs correspond to 2% of the RSC which is withheld by the TA for providing the service of calculating and collecting this contribution.

Operational leases

Caption rents and rentals includes €th 2,376 (€th 1,069 in 2014) relating to expenses with car leasing and €th 357 (€th 187 thousand in 2014) with operating leases.

As of the date of this report IP had 544 service vehicles (2014: 226 vehicles) under lease contracts.

Minimum, non-cancellable future lease instalments for operating leases entered into by IP are as follows:

Description	Less than 1 year	1 to 5 years
According to entered contracts		
Vehicles	1 635	1 602

24. STAFF COSTS

Staff costs for the years ended as of 31 December 2015 and 2014 were made up as follows:

Description	Notes	31/12/2015	31/12/2014
Wages		86 145	59 452
Wage expenses		19 528	13 610
Other staff costs		3 295	3 480
Indemnities		1 096	3 260
Occupational accidents insurance		613	661
Remuneration of the members of governing bodies		580	512
Social security expenses		522	435
		111 779	**81 409**

The evolution of IP's staff costs in 2015 was marked by the integration into the company of all employees from former EP (1,022 employees at 31 December 2014).

The merger immediately prompted an increase by €m 30.4 in IP's staff costs in the period, which is 37.3% more than in 2014. This impact is particularly visible in caption Wages, which rose by €th 26.7.

During the year under review the Group underwent a complete overhaul which motivated the integration in IP of activities formerly carried out by Subsidiaries (namely, the Departments of Information Systems, Accessibilities, Telematics and ITS, all stemming from IP Telecom). However, as this increase was only felt in the last quarter of 2015, the company's average staff is of 3.502.

The reversal by 20% in remuneration reduction rates applicable to wages, combined with a decrease in average staff, led to an increase by approximately €th 400 in the wage bill and respective employer's charges.

The isolated impact of the remuneration reduction was of €m 2.8, instead of €m 3.5 if no reversal had occurred.

25. IMPAIRMENTS

The evolution of impairments for the years ended at 31 December 2015 and 31 December 2014 is as follows:

31 DECEMBER 2015

Description	Borrowings (Note 11.4)	Inventories (Note 19)	Clients (Note 11)	Other accounts receivable (Note 11)	Grantor (Note 12)	Total
Opening balance	**56,130**	**674**	**-**	**1,983**	**305,200**	**363,987**
Balances integrated via merger	-	-	3,050	5,982	-	9,033
Increase / (Reversal)	10,359	370	- 585	30	-	10,173
Closing Balance	**66,488**	**1,043**	**2,465**	**7,996**	**305,200**	**383,192**

(Amounts in € thousand)

31 DECEMBER 2014

Description	Borrowings (Note 11.4)	Inventories (Note 19)	Clients (Note 11)	Other accounts receivable (Note 11)	Grantor (Note 12)	Total
Opening balance	**19,148**	**668**	**-**	**1,862**	**305,200**	**326,877**
Increase / (Reversal)	36,982	6		122	-	37,110
Closing Balance	**56,130**	**674**	**-**	**1,983**	**305,200**	**363,987**

26. OTHER INCOME AND GAINS

The breakdown of this caption is as follows:

		31/12/2015	31/12/2014 Restated
Amortisation of investment subsidies	i)	62,388	-
Income from concession fees	ii)	8,854	-
Concessions and licences	iii)	7,545	6,515
Gains on the sale of tangible assets	iv)	4,210	234
Telecommunications	v)	3,200	3,424
Non financial investments - accidents	vi)	3,142	-
Compensation for accidents - Third party liability	vii)	2,108	27
Gains on loans	viii)	-	25,634
Other		5,163	6,507
Other Income and gains		**96,610**	**42,340**

i) Income recognised on the amortisation of non-refundable subsidies to investment recognised under 'Deferrals' in liabilities (Note 10.1);

ii) Income from concession fees result of the recognition in the year of the share corresponding to the amount received on the signature of the Grande Lisboa and Douro Litoral Concessions.

iii) This caption includes €th 5,519 relating to the concession for the use of commercial areas and €th 1,131 relating to the concession of plots of land in terminals of Bobadela and Poceirão;

iv) Capital gains on the sale of buildings and plots of land.

v) Income from the concession for the operation of the telecommunications infrastructure entered into with IP TELECOM; figures are as established in the 5th addendum to the contract signed in 2013.

(Amounts in € thousand)

vi) Caption Non-Financial Investments - Accidents corresponds to income from the payment of damages caused to the National Road Network, particularly following accidents.

vii) This caption includes €th 2,012 relating to the compensation agreement entered by IP and EDP Produção due to the construction of the Foz do Tua dam which will require the submerging of part of the carriageway of the Tua railway line.

viii) Capital gains on loans recognised in 2014 derive from the acquisition of the remaining stake in GIL to PARQUE EXPO e METROPOLITANO DE LISBOA; these entities assigned their position in GIL's loans, which at the date of the assignment totalled €th 25,634.

27. OTHER EXPENSES AND LOSSES

Description	31/12/2015	31/12/2014
IMT / TRIR	4,234	1,466
Compensation for damages	754	128
Contributions	251	221
Contractual negotiations	-	5,154
Other	3,310	1,289
Other expenses and losses	**8,549**	**8,259**

The amount recorded under IMT – Instituto da Mobilidade e dos Transportes, I.P., includes adjustments to estimates made in previous years concerning the amount of the fee due by IP to the Regulatory Authority.

Caption Other includes the following:

- Indemnities relating to compensation for property damage occurred during works carried out by IP.

- Donation to the National Railway Museum Foundation, in the amount of €th 1,424 (€th 129 in 2014), pursuant to a financial aid protocol.

28. FINANCIAL LOSSES AND GAINS

Caption financial losses and gains is made up as follows:

Description	Notes	31/12/2015	31/12/2014
Financial losses		**482,409**	**226,966**
Interest paid:			
Loans		238,252	215,078
Sub-concessions		234,066	
Derivative financial instruments			2,023
Other interest paid		96	19
Changes in fair value:			
Derivative financial instruments			3,383
Other financial losses		9,994	6,463
Financial gains		**120,052**	**154,879**
Interest earned			
Derivative financial instruments			5,440
Other interest earned		161	1,208
Interest earned - State Grantor	12	119,782	148,231
Other operating gains		108	
Financial results		**-362,357**	**-72,087**

Interest expense concern the debt allocated to the segments of High Performance Roads, Railway infrastructure investment activity and railway infrastructure management activity.

Expenses with the financial revision of the debt to sub-concessionaires for works/services, recorded in Sub-concessions - interest paid, which will be invoiced in the future, according to terms provided in respective Sub-concession Contracts.

This amount results from IP's responsibility to sub-concessionaires for construction works and road operation and maintenance services already carried out but not yet paid, in the amount of €m 3,534 (indirectly managed debt), remunerated, in accounting terms, at rates of 5% to 9%.

It also includes interest relating to the paying leg and premium paid of the only outstanding interest rate swap, which was liquidated in advance on 22 January 2014.

Other financial losses concern expenses with the guarantee facility of the Portuguese State and with banking fees and expenses relating to bond issues.

Caption interest income includes the remuneration obtained from financial applications made with IGCP; interest charged to the Grantor (note 12) and, in 2014, it also included interest income from derivative financial instruments, specifically the only outstanding interest rate swap, which was liquidated in advance on 22 January 2014.

The reductions in fair value of derivative financial instrument operations are shown under Financial Losses and the increases under Financial Gains. The net positive effect of these changes amounted to €m 3.4 in 2014.

29. INCOME TAX

The breakdown of income tax recognised in the financial statements in 2015 and 2014 is as follows:

Income tax	Note	31.12 2015	31.12.2014 (Restated)
Tax on current income		9,356	9,904
Tax on deferred income	9	7,184	- 35,029
Expenses / Income		**16,541**	**- 25,124**

The tax rate used to determine the amount of tax for the year in the financial statements is as follows:

Income tax	31.12 2015	31.12 2014
Nominal tax rate	21.0%	23.0%
Municipal surcharge	1.5%	1.5%
State surcharge (1)	7.0%	7.0%
Tax on current income	**29.5%**	**31.5%**
Taxable temporary differences	29.5%	28.5%
Deductible temporary differences except tax losses	29.5%	28.5%
Tax applicable to tax losses	21.0%	21.0%

(Amounts in € thousand)

The reconciliation of the effective tax rate for the periods under review is as follows:

Conciliation of effective tax rate	31.12 2015	31.12.2014 (Restated)
Profit before tax	29,077	- 114,189
Nominal tax rate and municipal surcharge	22.5%	24.5%
	6,542	**- 27,976**
Positive equity changes		21,121
Accounting gains not tax-deductible in the year	13,640	27,193
Accounting income not subject to taxation	- 4,636	- 2,290
Tax losses deducted in the year	- 10,842	- 12,486
Excess / insufficient estimate	299	- 55
State surcharge	3,938	4,261
Autonomous taxation	416	137
Current tax	**9,357**	**9,905**
Deferred taxes	7,184	- 35,029
Tax expense	**16,541**	**- 25,124**
Effective tax rate	**32.18%**	**-8.67%**

The variation in rate stems mainly from the effects of the merger, including:

- The contribution of roads within the scope of the IP Group which implied that results before tax which used to be negative are now positive.
- This had a positive impact on EBITDA in tax terms, which became positive. Therefore, conversely to 2014 which had recorded an increase in net financing expenses by approximately €th 72,220 (the tax impact without the effect of the state surtax was €th 17,694), at 31 December 2015, a reduction by €th 13,092 was recorded (the tax impact without the effect of the state surtax was of €th 2,946).
- In what concerns deferred taxation, there was a downward revision of the estimated deduction of future tax losses in the amount of €th 9,452, via the revision of the budgets of the companies included in the RETGS and the widening of the base of deferred taxes in the light of the new reality (note 9).

(Amounts in € thousand)

30. FINANCIAL ASSETS AND LIABILITIES PER CLASS

31 DECEMBER 2015

	Loans and accounts receivable	Available-for-sale financial assets	Financial assets at fair value through results	Other financial assets and liabilities	Non financial assets and liabilities	Total
Assets						
Fin. ass. Available-for-sale		32				32
Clients	117,904					117,904
Grantor .- State - Account Receivable	5,407,589					5,407,589
Loans granted	-					-
Other accounts receivable	179,788				57,929	237,717
Cash and cash equivalents	422,848					422,848
Total assets	**6,128,129**	**32**	**-**	**-**	**57,929**	**6,186,090**
Liabilities						
Borrowings				3,576,261		3,576,261
Shareholders funding				4,825,943		4,825,943
Other accounts payable				3,841,754	31,928	3,873,683
Trade payables				89,064		89,064
Total liabilities	**-**	**-**	**-**	**12,333,023**	**31,928**	**12,364,951**

31 DECEMBER 2014

	Loans and accounts receivable	Available-for-sale financial assets	Financial assets at fair value through results	Other financial assets and liabilities	Non financial assets and liabilities	Total
Assets						
Financial assets Available-for-sale		32				32
Clients	68,351					68,351
Grantor - State – Account receivable	5,254,047					5,254,047
Loans granted	-					-
Other accounts receivable	39,783				1,820	41,603
Cash and cash equivalents	75,469					75,469
Total assets	**5,437,649**	**32**	**-**	**-**	**1,820**	**5,439,501**
Liabilities						
Borrowings				3,939,573		3,939,573
Shareholder financing				2,500,314		2,500,314
Other accounts payable				61,842	35,086	96,928
Trade payables				17,841		17,841
Total liabilities	**-**	**-**	**-**	**6,519,570**	**35,086**	**6,554,656**

31. REMUNERATION OF THE MEMBERS OF GOVERNING BODIES

In the period from 1 January to 31 May 2015

CORPORATE BODIES

Board of Directors

Pursuant to Council of Ministers Resolution 2/2015 of 12 January 2015 in REFER, E.P.E.'s case and resolution of the general meeting of the shareholder of 31 December 2014, in EP- Estradas de Portugal, S.A's case, members of the board of directors were appointed for both companies; such boards were integrated by the same executive directors, on a cumulative basis, until the creation of the company resulting from the merger of the two companies, as provided in Decree law 160/2014 of 29 October. In accordance with article 5 of the said law, concerning remuneration, directors had only one remuneration and did not benefit from any additional remuneration due to the accumulation of functions; this remuneration was determined pursuant to the criteria established in the Council of Ministers Resolution no. 16/2012 of 9 February, applied to the result of the aggregation of the indicators relating to REFER, E.P.E. and EP-Estradas de Portugal, S.A..

Having established the remuneration bases under the terms mentioned above, the gross amounts determined were subject to reductions provided in article 12 of Law no. 12-A/2010 of 30 June and article 2 of Law 75/2014 of 12 September, respectively of 5% and 10%; the latter reduction of 10% was subsequently subject to a reversal of 20% pursuant to provisions in article 4 of Law 75/2014, of 12 September.

Provisions in article 35 of Law 82-C/2014 of 31 December were complied with, i.e. payment of the Christmas bonus was paid in twelfths to the members of the Board of Directors of REFER, E.P.E.; respective amount was determined under the terms of no. 2 of the said law.

In relation to the holiday pay, provisions in Law 11/2013 of 28 January were applied, having remained in force in 2015 according to provisions in article 257 of Law 82-B/2014 of 31 December, specifically the payment on monthly twelfths to directors who did not oppose to this.

Likewise, directors of REFER, EPE and EP-Estradas de Portugal, S.A. were not paid any management bonus, pursuant to provisions in article 41 of Law 82-C/2014 of 31 December.

Provisions in article 21 of the Council of Ministers Resolution no. 16/2012 of 9 February did not lead to any increase in the remuneration paid to members of the boards of directors of both companies as against the remuneration earned by the Board of Directors of REFER until the said date, which was based on the remuneration earned until the date of entry into force of resolutions 16/2012 and 18/2012.

Supervision

Respective remuneration was subject to the reduction provided in article 2 of Law 75/2014 of 12 September.

In the period from 1 June to 31 December 2015

CORPORATE BODIES

The Executive Board of Directors

Article 20 number 4 of Decree law 91/2015 of 29 May determined that the members of the boards of directors of EP, S. A. and REFER, E. P. E., integrated the executive board of directors of IP,S.A., as decided by the general shareholder meeting on 28 August 2015, which appointed the corporate bodies, their terms of office and respective remuneration.

(Amounts in € thousand)

Having established the remuneration bases, the gross amounts determined were subject to reductions provided in article 12 of Law no. 12-A/2010 of 30 June and article 2 of Law 75/2014 of 12 September, respectively of 5% and 10%; the latter reduction of 10% was subsequently subject to a reversal of 20% pursuant to provisions in article 4 of Law 75/2014, of 12 September.

Provisions in article 35 of Law 82-C/2014 of 31 December were complied with, i.e. the Christmas bonus was paid in twelfths to the members of the Board of Directors; respective amount was determined under the terms of no. 2 of the said law.

In relation to the holiday pay, provisions in Law 11/2013 of 28 January were applied, having remained in force in 2015 according to provisions in article 257 of Law 82-B/2014 of 31 December, specifically the payment on monthly twelfths to directors who did not oppose to this.

Likewise, directors did not receive management bonuses, in compliance with provisions in article 41 of Law 82-B/2014 of 31 December.

Supervisory Board and Official Auditor

Remuneration established at the general meeting of 28 August 2015 was subject to the reductions provided in article 2 of Law 75/2014 of 12 September, respectively of 5% and 10%; the latter reduction of 10% was subsequently subject to a reversal of 20% pursuant to provisions in article 4 of Law 75/2014, of 12 September.

(Figures in Euro)

	31 December 2015	
The Board of Directors	**Remuneration***	**Empl. Discounts**
António Manuel Palma Ramalho	87,612	20,381
José Saturnino Sul Serrano Gordo	80,584	18,796
José Luís Ribeiro dos Santos	80,897	18,795
Alberto Manuel de Almeida Diogo	75,640	17,617
Vanda Cristina Loureiro Soares Nogueira	75,765	17,617
Adriano Rafael de Sousa Moreira	76,606	17,617
José Carlos de Abreu e Couto Osório	75,529	17,617
Rui Lopes Loureiro	12,100	3,051
José Rui Roque	9,569	2,392
Amílcar Álvaro de Oliveira Ferreira Monteiro	5,311	1,129
	579,613	**135,012**

(Figures in Euro)

	31 December 2014	
The Board of Directors	**Remunerations***	**Empl. Discounts**
Rui Lopes Loureiro	91,317	20,484
José Luís Ribeiro dos Santos	82,590	18,889
José Rui Roque	78,009	17,700
Amílcar Álvaro de Oliveira Ferreira Monteiro	78,577	17,700
Alberto Manuel de Almeida Diogo	76,296	17,701

(Amounts in € thousand)

	406,790	92,474

*Includes luncheon allowance

(Figures in Euro)

	2015	
Audit Board and Supervisory Board	**Remuneration**	**Empl. Discounts**
Pedro Manuel Mota Carecho Grilo	7,639	-
Pedro Miguel do Nascimento Ventura	7,555	1,534
José Emílio Coutinho Garrido Castel-Branco	17,095	-
Issuf Ahmad	6,688	1,358
Duarte Manuel Ivens Pita Ferraz	6,239	1,267
	45,216	**4,158**

(Figures in Euro)

	2014	
Audit Board	**Remuneration**	**Employers Discounts**
Pedro Manuel Mota Carecho Grilo	24,544	4,982
Pedro Miguel do Nascimento Ventura	24,751	-
José Emílio Coutinho Garrido Castel-Branco	8,722	-
	58,017	**4,982**

31 December 2015

(Figures in Euro)

Entity	Value
Pedro Matos, Garcia Jr., P. Caiado & Associados, SROC	17,950

31 December 2014

(Figures in Euro)

Entity	Value
Pedro Matos, Garcia Jr., P. Caiado & Associados, SROC	20,237

The sums shown above paid to Pedro Matos, Garcia Jr., P. Caiado & Associados, SROC, Lda. were paid as remuneration for "specialised works", and concern the fees of the Audit Firm and the External Auditor, subject to the terms and conditions agreed. Fees concern the statutory audit services relating to 2014 and 2015 of IP and former REFER, respectively.

(Amounts in € thousand)

32. DISCLOSURES RELATING TO RELATED PARTIES

IP's related entities as of 31 December 2015 and 2014, under the terms of IAS 24 – Related Party Disclosures are as follows:

31 DECEMBER 2015

	Relationship
Subsidiaries	
IP Engenharia	Control (IP controls 98.43% of share capital)
IP Património	Control (IP controls 99.997% of share capital)
IP Telecom	Control (IP controls 100.00% of share capital)
GIL	Control (IP controls 100.00% of share capital)
Joint Operations	
AVEP	Joint operation (IP stake equivalent to 50.00%)
AEIE CFM4	Joint operation (IP stake equivalent to 25.00%)
Other related entities	
Portuguese State	Shareholder through Directorate-General of the Treasury
CP	Control relationship - State (Railway operators)
CP Carga	Control relationship - State (Railway operators)

31 DECEMBER 2014

	Relationship
Subsidiaries	
IP Engenharia	Control (IP controls 98.43% of share capital)
IP Património	Control (IP controls 99.997% of share capital)
IP Telecom	Control (IP controls 100.00% of share capital)
GIL	Control (IP controls 100.00% of share capital)
Joint Operations	
AVEP	Joint operation (IP stake equivalent to 50.00%)
AEIE CFM4	Joint operation (IP stake equivalent to 33.33%)
Other related entities	
Portuguese State	Shareholder through Directorate-General of the Treasury
Estradas de Portugal (*)	Joint administration with REFER since 1 January 2015
CP	Control relationship - State (Railway operators)
CP Carga	Control relationship - State (Railway operators)

(*) EP – Estradas de Portugal, S.A. (EP) is included in Other Related Parties as of 31 December 2014, taking into account the ongoing merger of this company into REFER; as from 1 January 2015 the companies share the same board of directors, made up of seven directors, as provided in Decree-law 160/2014 of 29 October and appointment by Resolution of the council of ministers no. 2/2015 of 31 December 2014 in REFER's case and unanimous resolution of the general meeting of EP, both effective as of 1 January 2015.

(Amounts in € thousand)

SIGNIFICANT BALANCES AND TRANSACTIONS WITH PUBLIC ENTITIES

IP is fully owned by the Portuguese State. The shareholder functions are carried out by the Directorate-General of the Treasury; the company is under the joint authority of the Ministry of Economy and the Ministry of State and Finance.

The following table shows the main balances and transactions between IP and the State in the years ended at 31 December 2015 and 2014.

31 DECEMBER 2015

Nature	Caption value	Note	Assets Current	Assets Non current	Liabilities Current	Liabilities Non current	Income	Expenses
Grantor .- Account Receivable	Grantor .- State - Account Receivable	12	5,407,589					
State Grantor - Revenue LDI	Sales and services	20					15,808	
Grantor	Interest and similar income	28					119,782	
TRIR/F	Other expenses and losses	27						4,234
Collection costs RSC	External supplies and services	23						13,421
Accrued expenses RSC	Other accounts payable	18						2,249
Shareholder's loans	Shareholder's loans	17			3,347,598	1,478,345		
Financial expenses	Financial expenses and income	28						107,270
			5,407,589	**0**	**3,347,598**	**1,478,345**	**135,590**	**127,173**

31 DECEMBER 2014

31/12/2014 Nature	Caption value	Note	Assets Current	Assets Non current	Liabilities Current	Liabilities Non current	Income	Expenses
Grantor	Grantor .- State - Account Receivable	12	5,254,047					
State Grantor - Revenue LDI	Sales and services	20					13,220	
Grantor	Interest and similar income	28					148,231	
TRIR/F	Other expenses and losses	27						2,837
Shareholder's loans	Shareholder's loans	17			1,717,353	782,962		
Financial expenses	Financial expenses and income	28						74,220

(Amounts in € thousand)

	5,254,047	**0**	**1,717,353**	**782,962**	**161,451**	**77,057**

BALANCES AND TRANSACTIONS WITH SUBSIDIARIES

At 31 December 2015 and 2014, balances with subsidiaries were made up as follows:

Subsidiaries (Balances)	**Notes**	**31/12/2015**	**31/12/2014**
BALANCES RECEIVABLE			
IP Património		7,010	6,711
IP Telecom		30	371
IP Engenharia		156	303
GIL		13	
Clients	**11**	**7,209**	**7,385**
IP Património		5,805	5,612
IP Telecom		1,334	1,207
IP Engenharia		97	132
GIL		80	0
Other accounts receivable	**11**	**7,316**	**6,951**
GIL (*)		66,488	56,130
Loans granted	**11**	**66,488**	**56,130**
IP Telecom			70
IP Engenharia		1520	1,201
Deferrals		**1,520**	**1,271**
BALANCES PAYABLE			
IP Telecom		5,067	2,590
IP Engenharia		1,360	660
GIL		248	0
Trade payables	**18**	**6,675**	**3,250**
IP Património		1,941	1,479
IP Telecom		167	3,771
IP Engenharia		4,449	3,703
Other accounts payable		**6,557**	**8,953**

(*) The said balance is fully adjusted (note 11).

(Amounts in € thousand)

Transactions with subsidiaries carried out in the 2015 and 2014 were as follows:

Subsidiaries (Transactions)	Notes	31/12/2015	31/12/2014
Investments			
IP Engenharia		7,060	6,052
IP Telecom			3,901
IP Património		46	51
		7,106	**10,004**
Supplies and services			
IP Engenharia		2,708	3,654
IP Telecom		11,939	14,689
IP Património		- 151	- 78
GIL		808	839
	23	**15,304**	**19,104**
Other expenses			
IP Engenharia		- 59	- 25
IP Telecom		- 61	- 21
IP Património		- 26	- 10
	27	**- 146**	**- 56**
Rendered Services			
IP Telecom		79	2
IP Património		17	10
	20	**96**	**12**
Other Income and gains			
IP Engenharia		500	672
IP Telecom		3,760	4,124
IP Património		6,797	6,596
GIL		41	41
	26	**11,098**	**11,433**
Gains on subsidiaries			
IP Telecom		6,122	8,555
		6,122	**8,555**

(Amounts in € thousand)

BALANCES AND TRANSACTIONS WITH RAILWAY OPERATORS

The breakdown of balances with railway operators at 31 December 2015 and 2014 is as follows:

Railway operators (balances)	Notes	31/12/2015	31/12/2014
Balances receivable			
CP Carga		31,436	27,820
CP		22,114	15,253
Clients	11	**53,550**	**43,073**
CP		863	286
ESTRADAS DE PORTUGAL			103
Other accounts receivable	11	**863**	**389**
Balances payable			
CP Carga		14	100
CP		1,095	2,613
Trade payables	18	**1,109**	**2,713**
CP Carga		2,286	
Other accounts payable		**2,286**	**-**

(Amounts in € thousand)

The breakdown of transactions with railway operators at 31 December 2015 and 2014 is as follows:

Railway operators (transactions)	Notes	31/12/2015	31/12/2014
Investment			
CP			42,809
CP Carga			22,309
		-	**65,119**
Supplies and services			
CP		2,671	6,098
CP CARGA		295	70
	23	**2,966**	**6,168**
Other expenses			
CP		31	246
CP Carga		7	
	27	**38**	**246**
Personnel expenses			
CP		1,564	1,912
	24	**1,564**	**1,912**
Rendered Services			
CP		62,685	67,529
CP Carga		12,807	10,412
	20	**75,492**	**77,941**
Other income			
CP		92	- 338
CP CARGA		86	59
	26	**178**	**- 279**

(Amounts in € thousand)

JOINT OPERATIONS

Impacts of joint operations on the Group's financial statements at 31 December 2015 and 2014 are as follows:

Joint Operations	31/12/2015	31/12/2014
Current assets	1,074	436
Current liabilities	518	9
Revenue	751	293
Profit/(Loss) for the period/year	245	283

33. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

33.1 Change in Accounting Policies

New standards, interpretations and amendments effective as of 1 January 2015

- **Adoption of IFRIC 21 - Levies (Regulation no. 634/2014, of 13 June 2014)** - This interpretation concerns the recognition of a liability corresponding to the payment of a levy in case such liability is covered by IAS 37. It also concerns the recognition of a liability for the payment of a levy at a date and in an amount which are known. However, this interpretation does not concern the recognition of costs deriving from the recognition of a liability corresponding to the payment of a levy. Entities must apply other standards to determine if the recognition of a liability corresponding to the payment of a levy will give rise to an asset or an expense: a) outflows that are within the scope

of other standards (such as income tax, subject IAS 12); and b) fines or other penalties for breaches of legislation. The interpretation clarifies that a liability is recognised for a levy when the activity that triggers payment of the levy

under the specified legislation occurs. For levies that are triggered only when revenues reach a minimum threshold, a liability is recognised only at the point that the specified minimum threshold is reached. The same recognition principle applies for both interim and annual financial statements. Furthermore, retrospective

application of this interpretation is required. Adoption of this amendment had no impact on the company's financial statements.

- **Annual improvements: 2011-2013 cycle (Regulation 1361/2014, of 19 December 2014)** - Improvements included amendments to three international accounting standards, as follows:

- **IFRS 3 Business Combinations – Exceptions to joint arrangements** - Amendments clarify that IFRS 3 does not apply to the recognition of the formation of a joint arrangement in the financial statements of the joint arrangement itself. Adoption of this amendment had no impact on the company's financial statements.

- **IFRS 13 Fair Value Measurement – Scope of paragraph 52 (portfolio exception)** - Within the context of the exception of fair value measurement described in paragraph 48, amendments clarify that references to financial assets and liabilities in paragraphs 48-51 and 53-56 apply to all contracts within the scope of IAS 39, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32. Adoption of this amendment had no impact on the company's financial statements.

- **IAS 40 Investment Property – interrelationship between IFRS 3 and IAS 40** - Amendments require the use of guidelines in IAS 40 and IFRS 3 in the recognition of investment property (or business); it does not introduce any new accounting treatment. These amendments view to clarify if a judgement must be applied in determining whether the transaction constitutes: (i) an acquisition of an asset (or group of assets) which must be recognised according to IAS 40, or (ii) a business combination, which must be recognised pursuant to IFRS 3. Adoption of this amendment had no impact on the company's financial statements.

New standards, interpretations and amendments effective as of or following 01 January 2016

- **Annual improvements: 2010-2012 cycle (Regulation 28/2015, of 17 December 2014)** - Improvements included amendments to eight international accounting standards, as follows:

  - **IFRS 2 Share-based payment - Definitions of vesting conditions** - Amendments highlight the current definition of vesting conditions, adding separate definitions for performance conditions and vesting conditions. Amendments also clarify the definitions of both types of purchase (vesting) and non-purchase (non-vesting) conditions. It is not likely that these amendments will have impact on the company's financial statements.

  - **IFRS 3 Business Combinations - Recognition of contingent consideration** - Amendments view to clarify that: (i) all contingent consideration, irrespective of its nature must be measured at fair value at the date of initial recognition; (ii) paragraph 40 of IFRS 3 establishes that the contingent consideration which is a financial instrument is recognised as equity or liability, according to IAS 32; and (iii) all contingent consideration, irrespective of its nature, must be subsequently measured at fair value through profit or loss. As result of amendments to IFRS 3, IAS 37, IAS 39 and IFRS 9 are also amended. It is not likely that these amendments will have impact on the company's financial statements.

  - **IFRS 8 Operating Segments** - Amendments clarify the requirements for: (i) disclosure of the management's value judgements in applying aggregation criteria to operating segments; and (ii) presentation of the reconciliation of total assets of reportable segments with the entity's assets. It is not likely that these amendments will have impact on the company's financial statements.

  - **IAS 16 Property, Plant and Equipment – revaluation model** - Amendments clarify the accounting treatment of tangible assets (gross and cumulative depreciation) at revaluation date. It is not likely that these amendments will have impact on the company's financial statements.

  - **IAS 24 Disclosures of Related Parties – key management personnel services** - Amendments widen the concept of related party to: entities or any member of the group to which they belong, providing key management personnel services to the reporting entity or its parent company and add disclosure requirements concerning services provided by key management personnel. It is not likely that these amendments will have impact on the company's financial statements.

- **IAS 38 Intangible Assets – Valuation model** - Amendments clarify the accounting treatment of intangible assets (gross and cumulative depreciation) at revaluation date. It is not likely that these amendments will have impact on the company's financial statements.

- **IAS 19 Defined Benefit Plans: Employee Contributions (Regulation no. 29/2015, of 17 December 2014)**

- Amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service, according to paragraph 70, i.e. using the contribution formula of the plan or a straight-line method. Additionally, amendments add as annex a guidance applicable to contributions from employees or third parties. These amendments view to reduce complexity by introducing a practical expedient to allow recognising contributions from employees or third parties that are linked solely to the employee's service rendered in the same period in which they are paid may be treated as a reduction in the service cost and accounted for in that same period. It is not likely that these amendments will have impact on the company's financial statements.

- **Agriculture – Bearer Plants: Amendments to IAS 16 and IAS 41 (Regulation 2015/2113, of 23 November 2015)**

- Amendments to IAS 16 and IAS 41 determine that bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. This amendment does not apply to the company.

- **Amendments to IFRS 11 Joint Arrangements (Regulation 2015/2173, of 24 November 2015)**

- These amendments provide new guidance on the accounting treatment of an acquisition in a joint arrangement that constitutes a business, namely that when acquiring an interest in a joint operation where the activity of the joint operation constitutes a business, all of the principles on business combinations accounting in IFRS 3 and other IFRSs that do not conflict with the guidance in IFRS 11, are to be applied; In addition, the joint operator must disclose the information required by IFRS 3 and other IFRSs for business combinations. This applies to the acquisition of the initial interest and additional interests in a joint operation that constitutes a business. It is not likely that these amendments will have impact on the company's financial statements.

- **Clarification of acceptable methods of depreciation and amortisation Amendments to IAS 16 and IAS 38 (Regulation 2015/2231, of 02 December 2015)**

- Amendment to IAS 16 clarifies that the t depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate. On the other hand, amendment to IAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The Management is reviewing the potential impacts of future adoption, as it will apply the amendment as from the date it will become effective.

- **Annual improvements 2012-2014 cycle (Regulation 2015/2343, of 15 December 2015)**

  Improvements include amendments to five international account standards, as follows:

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations** – Amendments view to clarify the accounting for a change in a disposal plan from a plan to sell to a plan to distribute a dividend in kind to its shareholders. It is not likely that these amendments will have impact on the company's financial statements.

- **IFRS 7 Financial instruments: Disclosures** – It clarifies that amendments introduced through Document - Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) must be applied to the annual periods beginning or following 1 January 2013. Entities must present the required disclosures retroactively.

It further clarifies that where an entity transfers a financial asset, it may withhold the right to the (debt) service to the financial assets in exchange of fees included, for instance, in a service contract. The entity assesses the contract to decide if it maintains a continued involvement as result of such contract, for the purposes of disclosure requirements. It is not likely that these amendments will have impact on the company's financial statements.

- **IFRS 1 First Time Adoption of International Financial Reporting Standards** - Amendments to this Standard are directly related to amendments made to IFRS 7 as mentioned above. Not applicable, since the company already applies IFRS.
- **IAS 19 Employee Benefits** – Amendments clarify that for currencies (irrespective of the country) for which there is no active market for high quality corporate bonds, the company must use the market income (at the end of the reporting period) in government bonds expressed in the said currency. It is not likely that these amendments will have impact on the company's financial statements.
- **IAS 34 Interim Financial Reporting** – Amendments clarify that disclosures as provided in paragraph 16-A of IAS 34 must be disclosed in the interim financial statements or by cross reference to the interim financial statements, in other statement which are available to the users of the financial statements in the same conditions and at the same time as the interim financial statements. If the users of the interim financial statements do not have access to the information included by cross reference in the same conditions and at the same time, the interim financial report will be incomplete. It is not likely that these amendments will have impact on the company's financial statements.

- **Disclosure initiative: Amendments to IAS 1 (Regulation 2015/2406, of 18 December 2015)**

- Amendments to IAS 1 Presentation of Financial Statements view to improve the efficiency of the disclosure and encourage companies to use their professional judgement in determining the information to disclose in their financial statements where applying IAS 1. It is not likely that these amendments will have impact on the company's financial statements.

- **Equity method within the scope of separate financial statements: Amendments to IAS 27 (Regulation 2015/2441, of 19 December 2015)**

- Amendments to IAS 27 Separate Financial Statements view to allow companies to use the equity method, as described in IAS 28 – Investments in Associates and Joint Undertakings, to recognise investments in subsidiaries, joint undertakings and associates in their separate financial statements. The Management is reviewing the potential impacts of the hypothetical future adoption of this amendment.

34. GUARANTEES AND SURETIES

At 31 December 2015 loans secured by State guarantee totalled €m 2,906 (2014: €m 3,012).

At 31 December 2015 liabilities for guarantees taken totalled €th 154,451 (2014: €Th 5,045); From the total sum referred to above, €th 3,035 concern guarantees given to state entities, deriving from construction contracts performed or to be performed by IP and €th 2,415 are guarantees provided to courts within the scope of lawsuits. Guarantees provided to the Tax Authorities totalled €m 149, relating to the ongoing VAT proceedings (note13).

35. CONTINGENCIES

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for social security), except where tax losses exist or tax benefits have been granted or inspections, claims or appeals are in progress, in which case, depending on the circumstances, the period can be extended or suspended. The Executive Board of Directors, based on information from its tax advisers, believes that any tax contingencies will not have a material impact on the financial statements as at 31 December 2015, taking into account the provisions set up and existing expectations as of this date, including the judicial claim relating to the VAT dispute.

Pending lawsuits

In the year ended at 31 December 2015 pending lawsuits concerning railway expropriations totalled €th 1,889 (2014: €th 8,357). This amount has no impact on the Statement of Financial Position. In these cases, deposits are made with Caixa Geral de Depósitos in the name of the courts judging the lawsuits, in an amount equivalent to the arbitrated amount; the settlement of these proceedings does not represent an expense of the Company but of the Grantor of the railway infrastructures.

The Company has pending lawsuits relating to railway accidents occurred on the railway infrastructures under management and for damages caused to third-party property. These lawsuits are covered by IP's activity insurance. Contingencies that may arise from lawsuits ongoing at the Labour Court were duly provisioned, as described in Note 16.

Subsidies

Subsidies allocated to the concession were awarded according to relevant eligibility terms, however, they are subject to audits and possible correction by the relevant authorities. In what concerns applications to community funds, these corrections may occur within a period of five years following the final payment. As these are subsidies allocated to railway investment on behalf of the grantor, the return will only affect the grantor's account - amount receivable.

36. COMMITMENTS

IP's commitments basically concern those assumed under the Sub-Concession Contracts and those inherent to the company replacing the State for payments and receipts from the Concessioned Network.

IP's net costs with the State's Road Concessions and Sub-Concessions (including the toll revenues after the end of the State's Concession Contracts with its private partners, which are IP revenues in accordance with the Concession Contract) at constant prices and including VAT (these figures were sent to the Directorate-General for the Treasury and Finance and were used as a basis for the corresponding table in the Report on the State Budget for 2015) are summarised in the table below:

Concessions and Sub-concessions Expenses (€m)	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross expenses	1,404	1,376	1,325	1,355	1,290	1,268	1,138	1,076	1,062
Revenues	- 386	- 393	- 399	- 415	- 421	- 425	- 431	- 439	- 632
Net expenses	**1,018**	**983**	**926**	**940**	**869**	**844**	**707**	**637**	**430**
Concessions and Sub-concessions Expenses (€m)	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
Gross expenses	939	841	773	737	619	572	427	370	374
Revenues	- 540	- 549	- 555	- 703	- 796	- 839	- 859	- 892	- 919
Net expenses	**399**	**292**	**218**	**34**	**- 177**	**- 267**	**- 432**	**- 522**	**- 545**
Concessions and Sub-concessions Expenses (€m)	**2035**	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**
Gross expenses	350	337	329	336	103	98	96	96	96
Revenues	- 1,123	- 1,895	- 1,908	- 1,932	- 1,870	- 1,871	- 1,871	- 1,871	- 1 871
Net expenses	**- 773**	**- 1,559**	**- 1,578**	**- 1,597**	**- 1,767**	**- 1,773**	**- 1,775**	**- 1,775**	**- 1,775**
Concessions and Sub-concessions Expenses (€m)	**2044**	**2045**	**2046**	**2047**	**2048**	**2049**	**2050**		
Gross expenses	96	96	96	96	96	96	96		
Revenues	- 1,871	- 1,871	- 1,870	- 1,870	- 1,870	- 1,870	- 1,870		
Net expenses	**- 1,775**	**- 1,775**	**- 1,774**	**- 1,774**	**- 1,774**	**- 1,774**	**- 1,774**		

37. INFORMATION REQUIRED BY LAW

a) Under the terms of article 21 no. 1 of Decree- Law No 411/91, of 17 October, the Company the company hereby confirms that it does not have any overdue contributions to the Social Security or overdue debts to the Tax Administration.

b) Impact of IP's activity on the National Accounts and Public Accounts (Basis 12, number 3, paragraph c) of Decree-Law no. 110/2009 of 18 May).

a. National accounts:

After consulting with the National Statistics Institute ("INE"), it was considered that all IP's accounting items had a direct impact on the national accounts. All flows between IP and units outside the General Government perimeter shall have a direct impact on general government aggregates (deficit and/or debt), such impact and the magnitude thereof depending on the operations in question. By way of example, when IP receives interest from financial investments it is making a positive contribution to the general government balance; when it pays for services provided by Companies, it is increasing the public expenditure and the deficit; if EP obtains loans from the financial sector or from anywhere in the world, it is increasing the public debt.

Due to the nature of the national accounts system, the estimated impact of a single unit must be taken as merely indicative. In so far as this is an integrated system, in order to evidence the underlying economic relations in a more explicit way, the national accounts methodology establishes that the operations of a unit or set of units be sometimes subject to transformations the analytic effect of which only makes sense within the broader scope of the accounts.

b. Public accounts:

Financial reporting on a public accounts basis uses the so-called cash basis where financial flows - payments and receipts - are registered.

IP is included in the Reclassified Public Entities on an equal standing with the Autonomous Services and Funds, thus becoming integrated in the State Budget universe.

c) Prospective financial information - commitments assumed and multi-annual forward-looking information for the concession period concerning the concessionaire's activity, namely in terms of results, funding needs, dividends payable to the shareholder and income tax (Base 12, number 4, paragraph b) of Decree-Law no. 110/2009 of 18 May):

Provisional information

Table 1 provides provisional information on IP's future financial flows as at 31 December 2015, taking into account the commitments already assumed by the company. Note that compliance with the PRN 2000 requires making investments during the period of EP's Concession Contract, the financial inflows and outflows of which are not taken into account in the following table. The figures already factor in the estimated impact of the ongoing renegotiation of the Concession and sub-concession contract. Annual net income, annual borrowing requirements, dividends payable and income tax figures were projected.

(Amounts in € thousand)

PROVISIONAL INFORMATION

Figures at current prices.

€th		2016	2017	2018	2019	...	2025	...	2035	...	2045	...	2055	...	2065	...	2075	...	2082
Net Results		(66,944)	(114,932)	(106,097)	(119,478)	...	(184,901)	...	494,527	...	1,873,508	...	2,557,202	...	3,401,398	...	4,465,994	...	5,362,427
Annual borrowing requirements		(887,454)	315,342	881,385	930,643	...	704,328	...	(494,770)	...	--	...	--	...	--	...	--	...	--
Dividends payable	**(a)**	--	--	--	--	...	--	...	--	...	1,811,176	...	2,557,202	...	3,401,398	...	4,272,498	...	5,084,756
Corporate Income tax	**(b)**	(64,352)	(61,274)	(73,566)	(77,860)	...	(110,120)	...	(205,179)	...	(710,641)	...	(969,973)	...	(1,290,185)	...	(1,693,998)	...	(2,034,024)
Financial flows with the State	**c)**	557,419	564,328	555,613	554,950	...	655,426	...	453,395	...	(1,929,966)	...	(2,989,753)	...	(4,219,775)	...	(5,573,940)	...	(6,791,391)

PROVISIONAL INFORMATION

Figures at current prices.

€th		2016	2017	2018	2019	...	2025	...	2035	...	2045	...	2055	...	2065	...	2075	...	2082
Net Results		(66,479)	(113,003)	(102,725)	(113,975)	...	(157,404)	...	345,353	...	1,073,315	...	1,201,807	...	1,311,370	...	1,412,487	...	1,476,476
Annual borrowing requirements		(881,285)	310,050	853,374	887,776	...	599,584	...	(345,522)	...	--	...	--	...	--	...	--	...	--
Dividends payable	**(a)**	--	--	--	--	...	--	...	--	...	1,037,605	...	1,201,807	...	1,311,370	...	1,351,288	...	1,400,023
Income tax	**(b)**	(63,905)	(60,245)	(71,228)	(74,274)	...	(93,743)	...	(143,287)	...	(407,119)	...	(455,858)	...	(497,416)	...	(535,771)	...	(560,043)
Financial flows with the State	**c)**	553,544	554,857	537,955	529,388	...	557,954	...	316,629	...	(1,105,658)	...	(1,405,093)	...	(1,626,887)	...	(1,762,903)	...	(1,869,923)

(a) Exclusively for these activities and since the equity restriction exercise was not carried out, it is assumed that the cash flow available as from 2045 may be distributed as dividends, though not for a higher amount than the year's net income.

(b) For these activities only and from a cash flow standpoint.

(c) From IP's standpoint. Includes outflows: CIT, Concession Rent and Dividends; and inflows ISP (oil tax) reduction (through creation of the RSC), from a cash flow standpoint.

(Amounts in € thousand)

38. OTHER RELEVANT FACTS

i) Compensations, reservation of rights, requests for reinstatement of financial balance (RFB) and challenging of fines in the Sub-concessions and Service Provision Contracts.

Under the terms of the Sub-Concession Contracts, before any specific request for a reinstatement of financial balance (RFB) is made, IP's counterparty must issue a so-called 'reservation of rights', i.e., it must inform IP that it considers that a given fact is eligible for RFB purposes. Only after the reservation has been issued can requests for RFB can be made. Note also that it the reservation of rights is not issued within 30 from the date of the event, the presumed right to the RFB will forfeit.

Up to 31 December 2015 the following RFB requests were submitted:

Sub-concessions	Type of request made	Fact generating request	Stock of the situation
Auto-Estrada Transmontana (AEXXI)	Reinstatement of financial balance	Delay in refusing authorisation	SC renounced the request, by agreement. Formalisation of renunciation is pending
Baixo Tejo (AEBT)	Reinstatement of financial balance	Legal changes of specific nature DL 112/2009, of 18/5; Order 314-B/2010, of 14/6 and DL 111/2009, of 18/05 and Order 1033-C/2010 of 06/10	Arbitrage pending agreement
Litoral Oeste (AELO)	Reinstatement of financial balance	Legal changes of specific nature DL 112/2009, of 18/5; Order 314-B/2010, of 14/6 and DL 111/2009, of 18/05 and Order 1033-C/2010 of 06/10	Arbitrage pending agreement
Litoral Oeste (AELO)	Reinstatement of financial balance	SC alleges various facts for the claim: changes to the project; environmental hindrances (existence of cork trees); geological and geotechnical unpredictable conditions; delays in the planning of the contract works due to insurmountable problems created by Refer and Expropriations.	Process pending agreement
Pinhal Interior (Ascendi PI)	Reinstatement of financial balance	Specific change in law - Law 46/10, of 7/9; Law 55-A/2010, of 31/12, Law 64-B/2011, of 31 /12	Review completed Pending decision from the Negotiation Committee
Pinhal Interior (Ascendi PI)	Reinstatement of financial balance	Archaeological remains - Sra. Da Alegria	Amount agreed with sub-concessionaire
Pinhal Interior (Ascendi PI)	Reinstatement of financial balance	Construction of Peral, Alvaiázere and Almalaguês junctions	Amount agreed with sub-concessionaire
Pinhal Interior (Ascendi PI)	Reinstatement of financial balance	Archaeological remains - Peral Junction	Amount agreed with sub-concessionaire

SERVICE PROVIDER AGREEMENT	Type of request made	Fact generating request	Stock of the situation
Ascendi O&M Costa de Prata and Grande Porto	Reinstatement of financial balance	Specific change in law - Law 55-A/2010, of 31/12 introducing changes to the Sanction Regime established by Law 25/2006	Under partial review
Ascendi O&M Costa de Prata and Grande Porto	Reinstatement of financial balance	1 - Removal of 4 Toll Collection Points (2 in Costa de Prata and 2 in Grande Porto)	Under review
Ascendi O&M Costa de Prata and Grande Porto	Reinstatement of financial balance	2 - conversion of VTC into ETC and virtual EPD´s support	Under review
Ascendi O&M Costa de Prata and Grande Porto	Reinstatement of financial balance	3.- Device for technical improvement of the vehicle classification system in the MLFF system to support the post-obligatory EPD).	Under review
Ascendi O&M Costa de Prata and Grande Porto	Reinstatement of financial balance	4 - Device to support the Positive Discrimination Regime - Order no 1033- A/2010, de 06/10 (specific change in the law).	Under review
Ascendi O&M Costa de Prata and Grande Porto	Reinstatement of financial balance	5 -Support device to the Discrimination Regime for goods vehicles: Order no. 41/2012, of 10 February (specific change in the law).	Completed
ViaLivre - Norte Litoral	Reinstatement of financial balance	Specific change in the law: Amendment to Law no. 25/2006 stemming from the Law that approved the 2011 State Budget - Law 55-A/2010, of 31 December	IP accepted the expenses presented as eligible, and these will be approved or rejected on a case-by-case basis.
ViaLivre - Norte Litoral	Reinstatement of financial balance	Specific change in the law: Order no.135-A/2011	Rejected
ViaLivre - Norte Litoral	Reinstatement of financial balance	Specific change in the law: Order no. 41/2012, of 10 February	Rejected
ViaLivre - Norte Litoral	Reinstatement of financial balance	Orders SEOPTC DE 28.12.2012, 29.01.2013 E 12.02.2013	Rejected
ViaLivre - Norte Litoral	Reinstatement of financial balance	Specific change in the law: Amendment to Law no. 25/2006 pursuant to approval of Law 64-B/2011, of 30 December	IP accepted the expenses presented as eligible, and these will be approved or rejected on a case-by-case basis.

ii) Compensations, reservation of rights and requests for reinstatement of financial balance (RFB) in the State Concessions

These are State concessions, which were negotiated by the State. Hence IP is not aware of any reservations of rights and/or requests for reinstatement of financial balance since, even if they exist, they are not submitted to it because IP is not a counterparty in these contracts. Within the scope of its Concession Contract with the State, IP may be called to pay such RFBs, if the Grantor so deems convenient.

In 2015 IP paid approximately €m 47.9 in contributions, compensations and RFBs, including:

i) Payment of €m 28.7 to Brisal concession due to the loss of revenues stemming from the introduction of tolls in Costa da Prata concession.

ii) Payment of approximately €m 2 to Brisal concession concerning construction extra costs.

iii) Approval of former REFER 2014 accounts

As of the date of approval of these financial statements the shareholder had still not approved the 2014 financial statements and management report of former REFER.

39. SUBSEQUENT EVENTS

i) Share capital increase

Pursuant to an unanimous written corporate resolution dated 28 March 2016, the share capital of IP was increased by €m 400, through the issue of 80,000 shares with the nominal value of € 5,000 per share, subscribed and paid up by the Portuguese State, as shareholder, as follows:

i) On 30 March 2016 the amount of €m 210;
ii) On 22 April 2016 the amount of €m 190;

ii) Framework contract - National Railway Network

On 11 March 2016 the Portuguese State and IP signed the framework contract which establishes the principles and basic parameters governing the terms and conditions of the provision by IP of its public service duties of management of the National Railway Infrastructure, as well as the State's compensatory allowances over the next 5 years, as from 1 January 2016.

This framework contract is subject to the approval of the Court of Auditors.

Almada, 28 April 2016

The Executive Board of Directors

Chairman	António Manuel Palma Ramalho	
Vice-chairman	José Saturnino Sul Serrano Gordo	
Vice-chairman	José Luís Ribeiro dos Santos	
Member	Alberto Manuel de Almeida Diogo	
Member	Vanda Cristina Loureiro Soares Nogueira	
Member	Adriano Rafael de Sousa Moreira	
Member	José Carlos de Abreu e Couto Osório	

Financial Manager

Maria do Carmo Duarte Ferreira

The Certified Accountant

Diogo Mendonça Lopes Monteiro

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SUPERVISORY BOARD REPORT

STATUTORY AUDIT REPORT

P. MATOS SILVA,
GARCIA JR., P. CAIADO
& ASSOCIADOS
SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, LDA

STATUTORY AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

(This report is a free translation to English from the original Portuguese version)

INTRODUCTION

1. We have audited the separate financial statements of **INFRAESTRUTURAS DE PORTUGAL, S.A.** ("the Company" or "IP") as at and for the year ended 31 December 2015, which comprise the Statement of Financial Position as at 31 December 2015 (showing total assets of 27.060.388 thousand euros and a shareholders' equity of 3.107.915 thousand euros, including a net profit of 12.536 thousand euros), the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and the corresponding Notes to the Financial Statements.

RESPONSABILITIES

2. The Executive Board of Directors is responsible for the preparation of separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), which present a true and fair view of the financial position, the results and the comprehensive income of operations, the changes in shareholders' equity and the cash flows of the Company, for the adoption of adequate accounting policies and criteria and for the maintenance of an appropriate internal control system.

3. It is our responsibility to report our independent professional opinion, based on our audit of such financial statements.

SCOPE

4. Our audit was made in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require our audit to be planned and performed in order to provide reasonable assurance that the separate financial statements are free of material misstatements. Therefore, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements, and assessment of the significant estimates, which were based on the judgements and criteria defined by the Executive Board of Directors, used in the preparation of the financial statements, assessment of the adequacy of the accounting policies adopted and related disclosure, in the circumstances, examination of the adequacy of the going concern basis of preparation of the financial statements and evaluation of the overall adequacy of the presentation of the financial statements.

Sócios: Pedro Matos Silva, António Pires Caiado, João Paulo Ferreira, Luisa Maria Rebordão
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Capital social: 8 000 €uros - Contribuinte nº 501 801 804 – Inscrição na O.R.O.C. com o n.º 44
Inscrição no Registo de Auditores da Comissão do Mercado de Valores Mobiliários n.º 20161390

5. Our audit also included the verification that the information included in the Executive Board of Directors' Management Report is consistent with the separate financial statements.

6. We believe that our audit provides a reasonable basis for our opinion.

OPINION

7. In our opinion, the separate financial statements mentioned above present fairly, in all material respects, the financial position of **INFRAESTRUTURAS DE PORTUGAL, S.A.**, as at 31 December 2015, the results and the comprehensive income of its operations, the changes on its shareholders' equity and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

EMPHASIS OF MATTERS

8. Without qualifying our opinion expressed in paragraph 7., we draw attention to the following matters:

8.1. As referred in Notes 1., 2.3 and 4. to the financial statements, following the publication of the Decree-Law nr. 91/2015, of May, 29, Rede Ferroviária Nacional – REFER, E.P.E. (REFER) incorporated EP – Estradas de Portugal, S.A. (EP), was transformed into a share company and, subsequently, renamed Infraestruturas de Portugal, S.A.. This merger, for accounting purposes, as reported its effects as of 1 January 2015, which are disclosed in Note 4. As a consequence of the merger, the separate financial statements of 2015 are not comparable with the separate financial statements of 2014.

8.2. As referred in Notes 2.2, 2.4, 2.5 and 7. to the financial statements, the Company is amortising the Concession Road Netwok Agreement Right, recognised as Intangible Assets, in accordance with IFRIC 12 – Service Concession Arrangements, taking into account certain assumptions, namely those related with estimated revenues and investments estimated in the Plan for the Concession period. In compliance with mandatory disclosure requirements, part of the prospective information contained in that Plan was included in Notes 36. and 37. to the financial statements. The prospective financial information included in the Plan will be subject to annual revisions to reflect the evolution of certain variables related with road network activity as well as with new data available, which may impact significantly in the Plan.

8.3. As referred in Notes 2.2 and 12 to the financial statements, the activity of construction and renewal of railway network infrastructures, is recognised and measured as a financial current asset, according to IFRIC 12, for which the related balance as of 31 December 2015, amounts to 5.407.589 thousand Euros, of which 5.254.047 thousand euros were included in the separate financial statements of REFER of 2014, considered for merger purposes, which are still pending of shareholders' approval.

8.4. The financial statements of EP for the year ended 31 December 2014 were examined by other statutory auditor which issued his unqualified statutory auditor's report in 28 April 2015, that included Emphasis of Matters.

8.5. The financial statements mentioned in paragraph 1. relate to the standalone activity of the Company. According to legislation, the Company will prepare consolidated financial statements in accordance with IFRS, as adopted by the European Union, for approval and separated publication.

REPORT ON OTHER LEGAL REQUIREMENTS

9. It is also our opinion that the information included in the Executive Board of Directors' Management Report is consistent with the separate financial statements for the year.

Lisbon, 28 April 2016

P. Matos Silva, Garcia Jr., P. Caiado & Associados
Sociedade de Revisores Oficiais de Contas, Lda.
represented by

João Paulo Raimundo Henriques Ferreira
João Paulo Raimundo Henriques Ferreira, R.O.C.

OPINION OF THE GENERAL AND SUPERVISORY BOARD

Separate Management Report and Accounts - 2015

1. In compliance with legal and statutory provisions applicable to Infraestruturas de Portugal, S. A. (IP, S. A.), we issue our opinion on the "Separate Management Report and Accounts" of IP, S.A. relating to the year ended at 31 December 2015, which comprise the separate financial statements and the proposal for the appropriation of results. The members of the General and Supervisory Board (CGS) were elected on 28/08/2015, integrating the Committee for Financial Matters.
2. During the year, we have accompanied the evolution of the IP SA's activities, as and when deemed necessary. We have verified the timeliness and adequacy of the accounting records and supporting documentation, as well as the effectiveness of the internal control system, insofar as it is deemed relevant to audit the activity of IP, S.A., the presentation of separate financial statements, and the risk management and internal audit system. We have also ensured that the law and the Company's statutes were duly complied with.
3. We have followed the audit work developed by the Official Auditor "P. Matos Silva, Garcia Jr, P. Caiado & Associados, SROC" and External Auditor, BDO & Associados, SROC, Lda ("BDO"), and we assessed the Legal Certification of the Accounts and the Audit Report on the separate financial information, attached hereto, issued without reserves, but expressing various emphases which should be considered as forming part of this Opinion and with which we agree.
4. Within the scope of our functions, we examined the adequacy of the understanding of the financial situation of IP, S.A. and of the company's results, comprehensive income, changes in equity and cash flows, on an individual basis, as shown in respective financial statements and corresponding notes, complemented with the contents of the Legal Certification of Accounts and the Audit Report issued by P. Matos Silva, Garcia Jr, P. Caiado & Associados, SROC and BDO, respectively.
5. The Net Results of IP, S.A. in 2015 is of €12,535,725.68, which the Executive Board of Directors, under the terms and for the purposes of article 31 of the Statutes and of article

376 no. 1-b) and no. 2 and article 295 of the Company Code, proposes to appropriate as follows: to the Legal Reserve, the amount of €626,786.28 and to Retained Earnings, the amount of €11,908,939.40.

6. We, the undersigned, state that to the best of our knowledge, the financial information examined was prepared in accordance with relevant accounting standards, and gives a true and fair view of the assets and liabilities, financial situation and results of issuer and the management report faithfully describes the evolution of the business, performance and position of IP, S.A., providing a true account of the main risks and uncertainties which it faces.
7. Based on the work developed, the General and Supervisory Board issues its favourable opinion on the separate Management Report and Accounts of IP, S.A. for the year ended at 31 December 2015, as confirmed by the Executive Board of Directors in its appreciation of the year's accounts.
8. As result, taking into account the information received from the Executive Board of Directors and other bodies and departments of IP, S.A. and the conclusions described in the Legal Certification of Accounts and the Audit Report on the separate financial statements, it is our opinion that the General Meeting of IP, S.A. should approve:
   a) The separate management report and accounts for 2015, which comprise the separate financial statements and notes thereto;
   b) the proposal for the appropriation of results

Almada, 28 April 2016

The General and Supervisory Board;

José Emílio Castel-Branco   Duarte Ivens Pitta Ferraz   Issuf Ahmad

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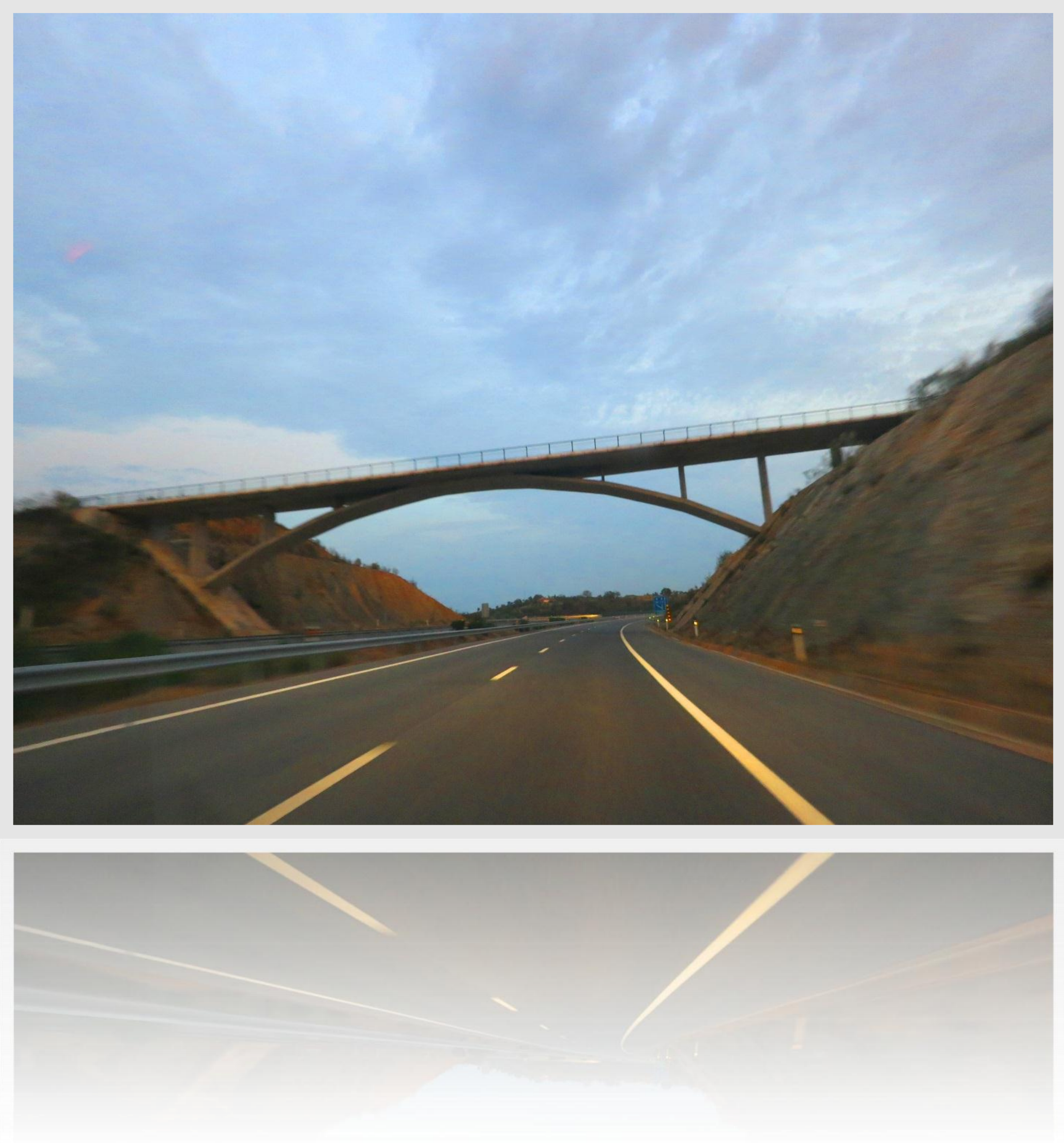
AUDITOR'S REPORT



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AUDIT REPORT ON THE SEPARATE FINANCIAL INFORMATION ISSUED BY AUDITOR REGISTERED AT THE CMVM (free translation of the original issued in Portuguese)

Introduction

1. Pursuant to applicable law, we present the Audit Report on the financial information for the year ended December 31, 2015, of Infraestruturas de Portugal, SA (hereinafter referred to as IP or Company), which includes: the Management Report, the Separate Statement of Financial Position as of December 31, 2015 (which presents a total of 27 060 388 thousand euro and a total equity of 3 107 915 thousand euro, including a net profit of 12 536 thousand euro), the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, for the year then ended, along with the corresponding Annex.

Responsibilities

2. The Executive Board of Directors is responsible for: (i) the preparation of financial statements that give a true and fair view of the financial position of the Company, the results of its operations, changes in equity and cash flows; (ii) the historical financial information to be prepared in accordance with International Financial Reporting Standards as adopted by the European Union it is complete, true, current, clear, objective and lawful, as required by the Securities Code (*Código dos Valores Mobiliários*); (iii) the adoption of adequate accounting policies and criteria; (iv) the maintenance of an appropriate internal control system; and (v) the information about any material facts that have influenced the activity of the Company, its financial position or results.

3. Our responsibility is to verify the financial information contained in the documents referred to above, namely whether they are complete, true, current, clear, objective and lawful, as required by the Securities Code (*Código dos Valores Mobiliários*), and to issue a professional and independent report based on our audit.

Scope

4. The audit we performed was done in accordance with the Technical Standards and Guidelines of the Order of Statutory Auditors (*Normas Técnicas e as Diretrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas*), which require that it should be planned and executed in order to obtain a reasonable assurance whether the financial statements are free of material misstatements. To this end, the audit included: (i) the verification, on a test basis, of the evidence supporting the amounts and disclosures contained in the financial statements and an assessment of estimates, based on judgments and criteria defined by the Executive Board of Directors that were used in their preparation; (ii) the assessment of whether adopted accounting policies and related disclosures are appropriate under the circumstances; (iii) the verification of the applicability of the going concern; (iv) evaluation of the adequacy of the overall presentation of the financial statements; and (v) assessment of whether the financial information is complete, true, current, clear, objective and lawful.

5. Our audit also included the verification that the information contained in the Management Report was consistent with other accounting documents.

6. We believe that the performed audit provides a reasonable basis for our opinion.

Opinion

7. In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Infraestruturas de Portugal, SA, as of December 31, 2015, the results and comprehensive income of its operations, the changes in equity and the cash flows, for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union, and that the information contained therein is complete, true, current, clear, objective and lawful.

Emphasis

8. Without affecting the opinion expressed in the previous paragraph, we draw attention to the following situations:

8.1 According to the Decree-Law nº 91/2015, of May 29, REFER, EPE, incorporated, by merger, the EP - Estradas de Portugal, SA, was transformed into a share company and was renamed as IP - Infraestruturas de Portugal, SA, (IP), being that, for accounting and tax purposes, the operations of EP were considered performed on behalf of IP since January 1, 2015. As a result of the merger the comparative figures for 2014 presented in the financial statements reflect the activity of the former REFER (incorporating company), as mentioned in the Management Report and in the Notes to the Financial Statements.

8.2 As disclosed in Notes 2.2, 2.4, 2.5 and 7 to the Financial Statements, the depreciations of the year relating to the contract (right) of general concession of the national road network signed with the State and accounted for as intangible asset in accordance with IFRIC 12 - Service Concession Arrangements, are calculated by the units production method based on certain assumptions and estimates, namely, the total amount of investments and expected revenues until the end of the concession, contained in the economic-financial projections prepared and reviewed by IP annually. Given that future events frequently may not occur as expected, namely as a result of exogenous factors to the company such as macroeconomics variables, political and social decisions, the future results of the Company may be influenced if those assumptions are significantly changed, as shown in the sensitivity analysis included in Note 2.4 to the Financial Statements.

8.3 As disclosed in Notes 2.2 and 12 to the Financial Statements, the activity of construction and renewal of long term railway infrastructures developed on behalf of the State is recognized and measured in current assets as Financial Asset, in accordance with IFRIC 12, amounting the account receivable booked in the Grantor State account to 5 407 589 thousand euro, from which 5 254 047 thousand euro included in former REFER's 2014 financial statements that were considered in the merger and that are waiting for shareholders approval.

8.4 Our appointment as IP's auditors for CMVM purpose has occurred in January 2016, having the 2014 financial statements of EP (incorporated company) and REFER (incorporating company) been examined by others Statutory Auditors and Auditors who issued statutory audit reports and audit reports without qualifications and with emphasis.

8.5 Infraestruturas de Portugal will autonomously present consolidated financial statements for the 2015 financial year.

Report on other legal requirements

9. It is also our opinion that the information in the Management Report is consistent with the financial statements for the period.

Lisbon, April 28, 2016

António José Carvalho de Barros, as representative of
BDO & Associados, SROC, Lda.
(registered with the CMVM, n.º 20161384)

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