ANNUAL REPORT AND ACCOUNTS 2014

omip

ACRONYMS:

OMI
OMI – Operador do Mercado Ibérico

OMIP
OMIP – Pólo Português, S.G.M.R., S.A.

OMIClear
OMIClear, C.C., S.A.

OMIE
OMI – Polo Español, S.A.

OMIP SGPS
OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.

OMEL
Operador del Mercado Iberico de Energía, Polo Español, S.A.

ANNUAL REPORT AND ACCOUNTS 2014

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MESSAGE FROM THE CHAIRMAN

The continuation of the economic crisis in 2014, albeit with some recovery in the second half of the year, set the scenario under which the company had to operate. The electricity market, in real terms, saw total demand in the Iberian Peninsula drop about 1,3% to 292 TWh which is equivalent to 2005 consumption levels.

In this obviously difficult market context, the MIBEL Derivatives Market saw its continuous traded volume fall by about 8% to 37,5 TWh. Comparatively, one must emphasize the fact that the OTC market, which reached an historic maximum of 328 TWh in 2013, registered a 16% drop to a volume of 275 TWh. In the overall context, due to a significant increase in traded auction volumes of fixed term management products of the Portugal-Spain electrical interconnection, the total volume traded reached 52,9 TWh, which is 11% higher than in 2013. This is noteworthy, a significant increase in the interconnection's auction volumes, which arose from the fact that OMIP began to adopt a management model that encompasses both extremes, not only the Portuguese end of the interconnection, as had happened in 2013.

Various records were broken during the course of 2014. Here, we wish to highlight the Open Interest Market positions with an average of 20,9 TWh in December, as well as and the monthly negotiation record of 5,6 TWh, in November, on the negotiation platform. These volumes, obtained in the company's core business, were fundamental to the attainment of the net result presented.

In 2014, OMIP reinforced its consolidation strategy as one of Europe's reference energy exchanges. The fact that international entities like EDF, Citigroup and AXPO, maintained their positions as Market Makers is proof that OMIP continues to be an interesting and indispensable market for Iberian and non-Iberian entities, be they part of the energy or financial sectors. As a reflection of this interest, we highlight the admission of twelve new trading members during the course of the year.

The year 2014 began with the announcements that the trading and the registration of options contracts would be launched, and that the fees charged to trading members as envisaged in the new guarantee regime would be reduced. These decisions will make OMIP more competitive and more attractive to its clients.

OMIP, apart from its main function as an electricity market operator, followed a policy of diversification of activities, by making efficient use of available synergies. We highlight, here, the fact that OMIP won the tender for the auctioning of telecommunications frequency bands in Poland, this largely due to its vast experience in conducting auctions.

In this policy of diversification, one always tries to provide the best possible conditions to companies so as to make them feel that there is security and transparency when they negotiate, our company has also strengthened its role as trainer of new market agents and even of companies from outside Europe who are interested in MIBEL's market model. Through the promotion of various actions we have contributed towards an Iberian market that is evermore better informed on the benefits of liberalization, something which has been taking place in Portugal and Spain.

These measures will most certainly contribute towards an increase in OMIP's visibility and also strengthen its role as an Energy Exchange in the Iberian Peninsula and, indirectly, within the European context, it will also strengthen the internal energy market. We work every day with the same motivation to remain competitive and to create additional value for our shareholders and for all the stakeholders who place their trust in us.

We would like to conclude by reiterating our grateful thanks to all the shareholders for their constant support, as well as acknowledge and thank the OMIP team for their excellent work. Undoubtedly, they are our best asset.

Lisbon, 25 March 2015

Pedro Jesus Mejía Gómez
Chairman of the Board of Directors

José Isidoro d'Oliveira Carvalho Netto
Deputy Chairman of the Board

02

YEAR 2014

2.1 Framework

The Iberian Electricity Market (MIBEL), a joint venture of the Governments of the Republic of Portugal and the Kingdom of Spain, aims to build a regional market that is consistent with- and a facilitator of- a much broader market: the Internal Energy Market.

Both countries designated OMIP as the managing entity of the futures markets, alongside OMIE, to which the management of the daily and intra-day market sessions was assigned.

It is in this capacity that OMIP, founded in June 2003, manages MIBEL's Derivatives Market together with OMIClear, founded in April 2004, and which functions as Central Counterparty for market transactions.

OMIP and OMIClear function under Portuguese legislation and are, under this scope, recognised respectively as operator of the regulated market and as Central Counterparty, both registered with CMVM - Comissão do Mercado de Valores Mobiliários, the Portuguese Securities Market Commission.

In accordance with the International Agreement of Santiago, MIBEL's supervision is the responsibility of a Board of Regulators comprised of regulators from the financial sector (CMVM and *Comisión Nacional del Mercado de Valores)* and from the energy sector *(Entidade Reguladora dos Serviços Energéticos* and *Comisión Nacional de los Mercados y la Competencia)* of both countries.

2.2 Operational Organization

Towards the end of 2013, the internal process of separating the organizational structures of OMIP and OMIClear began and this was completed during the first half of 2014. This way, the operational organisation of OMIP, which has in the trading department its central area of operational activity, is described in Figure 1.

Figure 1 OMIP's operational organization

At the same time, service rendering contracts were formalized with other companies within the OMI Group, allowing for the allocation and management of the human resources available, as permitted by the prevailing legislation.

As regards human resources, as at 31 December 2014, the Company had 13 collaborators (five female and eight male). To this number must be added the Chairman and the Deputy Chairman of the Board of Directors, as members who perform executive functions.

2.3 OMI

In 2011, OMI's final corporate structure was implemented, as envisaged in Article 4 of the International Agreement of Santiago, revised and amended by the Braga Agreement; which states that OMI "shall comprise two holding companies, with headquarters in Portugal and Spain respectively, with cross-shareholdings of 10% and where both companies will hold 50% of each of the market managing companies ...". Figure 2 illustrates the agreed model.

In this context, on 18 October 2011, the holding companies OMIP SGPS and OMEL, became shareholders in the equity capital of the market managing companies, OMIP and OMIE. Furthermore, as previously envisaged, the corporate governance model was implemented, comprising a Board of Directors common to both market managing companies, OMIP and OMIE.

On 12 September 2013, OMIE entered the shareholding structure of OMIClear. This operation was carried out by a capital increase and with it OMI's model, previously envisage by the International Agreement, was completed.

2014 was, especially, a year of consolidation and internal rearrangements in order to adapt to prudential, organizational and risk management requirements applicable to OMIClear's field of action. This also had an impact on OMIP because, until then, both companies had shared a common structural arrangement.

For 2015, the main objectives and challenges involve the strengthening of the integration within OMI so as to create synergies for business development.

Figure 2 OMI's Organizational Chart

The year 2014 represented the eighth complete year of activity in the fulfillment of the functions entrusted to it.

03

DEVELOPMENT IN MIBEL'S DERIVATIVES MARKET

DEVELOPMENT IN MIBEL'S DERIVATIVES MARKET

During 2014, Europe, and particularly the Iberian Peninsula, continued living under economic and financial instability, even though the scenario of recovery is now brighter than it was a year ago. OMIP was able to develop and strengthen its activity as an energy derivatives market trader, even under such particularly adverse conditions.

Business developments through permanent efforts and measures to improve trading levels and the services provided to market members contributed significantly, in an increasingly competitive environment, to our results and success.

As is confirmed by the values presented in Table 1, OMIP's activities witnessed a positive development over the 2014 financial year. The continuous trading volume reached 52,86 TWh, 11,4% higher than the 47,44 TWh traded in 2013. These figures prove, once again, that OMIP has strengthened its position as a reference market trader in the European electricity market and, once again, are in contrast with the electrical energy consumption in the Iberian Peninsula, which, when compared to last year, decreased by 1,29% and 0,71% in Spain and Portugal, respectively.

Figure 3 Electricity Consumption in the Iberian Peninsula (TWh)

Table 1 Main activity indicators

	2014	2013
Traded Volume (TWh)	53	47
Notional Traded Value (M€)	2 037	2 296
Number of Members	60	48

With regard to the number of members and as demonstrated in detail below, in 2014 the market saw an exponential growth with the admission of 12 new trading members.

As regards volumes traded, Figure 4, shows that the months of June and September, with values in excess of 7,5 TWh, were clearly higher than the rest and they together represented around 29% of the total volume traded during the course of 2014. It is worth mentioning here that, on average, 4,41 TWh were traded monthly, as compared to 3,95 TWh in 2013.

Figure 5 Volume of Energy Traded in the Market (MWh)

An analysis of the volumes traded annually, as represented in Figure 5, shows that the continuous volume has maintained the upward trend that had begun in 2011. Compared to the previous year, 2014 registered an 11% increase in continuous trading.

Figure 5 Annual Volume Traded in the Market (MWh)

Figure 6 shows that 57% of the volume traded was by companies domiciled in the Iberian Peninsula, a similar percentage to that of 2013 (58%).

Figure 6 Market share according to the location of the Trading Member

The distribution of market share among all trading members in 2014 (see Figure 7) is similar to last year's, where the volume continues to be distributed amongst the different market members. Yet the three main members represent 33,5% of total volume traded. This indicator of traded volume distribution deserves to be highlighted because it confirms that the competitiveness and the liquidity of the Iberian Peninsula's electricity market have increased.

Figure 7 Market share per Trading Member

With regards to contracts listed for trading, and in terms of equivalent energy, the three-monthly contracts (Quarterly contracts) were once again the most traded with 43% of the total portfolio available at OMIP, as shown in Figure 8, followed by the Annual and the Monthly contracts. Short term maturity financial instruments registered an increase in the number of transactions, even though they inevitably represent a small percentage in terms of equivalent energy.

Figure 8 Share per traded volume for each type of contract in 2014

Table 2 lists all the members at OMIP, as at 31 December 2014, indicating Trading Members for Own Account (OA), Trading Members for Third Parties Account (TPA) and OTC Brokers.

Table 2 MIBEL Derivatives Market members

Company	Trading Member Dealer	Trading Member Broker	OTC Broker
Acciona Green Energy Developments, S.L.	■		
AXPO Iberia, S.L.	■		
Banco Santander, S.A.	■	■	
Céltica Energía, S.L.	■		
Cepsa Gas y Electricidad, S.A.	■		
CIMD – Corretaje e Información Monetaria y de Divisas, S. V., S.A.		■	■
Citigroup Global Markets Ltd.	■		
Danske Commodities, A/S	■		
Deutsche Bank AG London Branch	■	■	
Dreue Electric S.L.	■		
E.ON Comercializadora de Último Recurso, S.L.	■		
E.ON Generación, S.L.	■		
E.ON Global Commodities SE	■		
EDF Trading Markets Limited	■		
EDP - Energias de Portugal, S.A.	■		
EDP - Serviço Universal, S.A.	■		
EDP Comercializadora de Último recurso, S.A.	■		
Elliott International, L.P.	■		
Endesa Energía XXI, S.L.	■		
Endesa Generación, S.A.	■		
Enérgya VM Gestión de Energía, S.L.U.	■		
Eni Trading & Shipping S.p.A.	■		
Factor Energía, S.A.	■		
Fenie Energía, S.A.	■		
Foener Comercializacíon, S.L.U.	■		
Fortia Energía, S.L.	■		
Fortia Energía Servicios S.L.	■		
Freepoint Commodities Europe LLP	■		
Galp Power, S.A.	■		
Gás Natural SUR SDG, S.A.	■		
Gás Natural SDG, S.A.	■		
GDF Suez Trading, S.A.S.	■		
GeoAtlanter S.L.	■		
Gnera Energía y Tecnología	■		
Goldman Sachs International	■	■	
Griffin Markets			■
Hidroeléctrica del Cantábrico, S.A.	■		
Iberdrola Comercialización de Último Recurso, S.A.U.	■		
Iberdrola Generación, S.A.U.	■		
Iberdrola Generación España, S.A.U.	■		
ICAP Energy, AS		■	■
J.P. Morgan Securities, plc	■		
Kyonynsys Century S.L.U.	■		
Macquarie Bank Limited	■		
Mercuria Energy Trading, S.A.	■		
Merrill Lynch Commodities (Europe) Limited	■		
Morgan Stanley & Co. International plc.	■		
Nexus Energía, S.A.	■		
Rascasse Energy Europe Limited	■		
Red Eléctrica de Espana, S.A.	■		
REN - Rede Electrica Nacional, S.A.	■		
Shell Energy Europe Ltd.	■		
Solvay Energy Services Ibérica S.L.	■		
Spectron Energy Services Limited			■
Switch Energy, S.L.	■		
The Liverpool Limited Partnership	■		
Total Gas & Power Ltd.	■		
Tradition Financial Services Derivatives Ltd.		■	
Tradition Financial Services Ltd.			■
TrailStone GmbH	■		
Tullett Prebon (Europe) Limited			■
Tullett Prebon (Securities) Limited		■	
Vertsel Energía S.L.U.	■		

The geographical distribution of members, in Figure 9, shows two distinct and highly representative poles. One in the Iberian Peninsula (Spain in particular), were companies with assets and interests in the production and sale of electricity stand out, and the other in the United Kingdom where mainly financial institutions are involved – banks and investment funds.

Figure 9 Origin of members (December 2014)

At 31 December 2014, MIBEL's Derivatives Market comprised 55 (fifty-five) entities in the form of Trading Members for Own Account (OA), 8 (eight) entities in the form of Trading Members for Third Parties Account (TPA) and 6 (six) entities in the form of OTC Brokers, as indicated in Table 3.

Table 3 Members at the end of 2014

Country	Trading Member Dealer	Trading Member Broker	OTC Broker
Spain	31	2	1
Portugal	4	0	0
United Kingdom	11	4	4
Germany	3	1	0
Norway	0	1	1
USA	2	0	0
Belgium	1	0	0
Denmark	1	0	0
Malta	1	0	0
Switzerland	1	0	0
Total	**55**	**8**	**6**
Iberian	35	2	1
Non-Iberian	20	6	5

In the group of Trading Members for Own Account (OA), there is a predominance of Iberian members, whereas in the groups Trading Members for Third Parties Account (TPA) and OTC Brokers the majority continue to be Non-Iberian members.

As a result of the marketing effort in 2014, the following companies where admitted as trading members: *Cepsa Gas y Electricidad, S.A.* (13 January); *Kyonynsys Century, S.L.U.* (16 January); *Mercuria Energy Trading, S.A.* (21 March); *Solvay Energy Services Ibérica, S.L.* (27 March); *Red Eléctrica de España, S.A.U.* (25 March); *Fenie Energía, S.A.* (21 April); Macquarie Bank Limited (22 October); *Fortia Energía Servicios, S.L.* (30 October); Eni Trading & Shipping, S.p.A. (30 October); *Iberdrola Generación Espana, S.A.U.* (6 November) and *Foener Comercialización, S.L.U.* (10 December) and one other company who wishes to remain anonymous.

In terms of price rates relative to the first-quarter contracts of the two MIBEL zones listed for trading, as shown in Figure 10, the seasonal nature that characterizes the Iberian Peninsula is evident; this is even more striking when compared to the French market which is far more sensitive to aspects of consumption and technology at their production plants.

During the course of 2014, the quarterly contracts reached their maximum values on 29 May for the Portuguese zone with a price of 56,80 EUR/MWh and on 23 June for the Spanish zone with a price of 56,40 EUR/MWh.

Figure 10 Evolution of price rates for first-quarter trading contracts (EUR/MWh)

The Annual contracts (cfr. Figure 11) reflect greater stability than last year with both Spanish and Portuguese prices ranging between 45 and 50 EUR/MWh. Even so, the maximum prices were recorded on 2 January, with 50,85 EUR/MWh in Spain and on 6 January, with 51,03 EUR/MWh in Portugal. The price differentials in the French market remained constant throughout the year, with values ranging between 40 and 45 EUR/MWh.

Figure 11 Evolution of price rates for the first annual trading contracts (EUR/MWh)

As shown in Figure 12, which compares the volumes of listed electricity derivatives contracts traded in the various Exchange markets, in 2014 OMIP occupies fourth position. In the top positions, as always, are the Nasdaq OMX Commodities (Scandinavian market) and the EEX (German market) exchanges, which were the pioneers of this business in Europe and whose level of 'maturity' cannot be compared to that of the Iberian market.

Figure 12 Comparison between European Exchanges in terms of Continued Traded Volume (TWh)

Table 4 summarizes some of the major events that marked 2014.

Table 4 Summary of events in 2014

Date	Events
1 January	*AXPO Energía Iberia* (quarterly and annually), EDF Trading Limited (monthly) and Citigroup Global Market Limited (annually) are announced as market makers to develop activities throughout 2014.
7 February	Launch of Daily and Weekly contracts for the Portuguese MIBEL zone.
7 March	23rd Trading and Products Committee Meeting, in London.
13 March	The tenth Special Regime Placement Auction for delivery in the Portuguese MIBEL market, with an energy equivalent to 878 400 MWh. The closing prices were 38,50 EUR/MWh for the Second Quarter 2014 contract and 51,85 EUR/MWh para o Third Quarter 2014 contract.
26 March	OMIP successfully carried out the second auction of financial contracts for capacity rights in the interconnection Portugal-Spain. The 600 MW of capacity offered for sale (300 MW in each direction of the interconnection) for the Second Quarter 2014 were purchased at a price of 0,15 EUR/MW for the direction Portugal-Spain and 0,21 EUR/MW for the direction Spain-Portugal.
27 May	Launch of options contracts on SPEL Base Futures.
5 June	24th Trading and Products Committee Meeting, in Madrid.
19 June	OMIP successfully carried out the third auction of financial contracts for capacity rights in the interconnection Portugal-Spain. The 400 MW of capacity offered for sale in each direction of the interconnection for the Third Quarter 2014 were purchased at a price of 0,16 EUR/MW for the direction Portugal-Spain and 0,06 EUR/MW for the direction Spain-Portugal; and also the 100 MW of capacity offered for sale in each direction of the interconnection for the Fourth Quarter 2014 were purchased at a price of 0,20 EUR/MW for the direction Spain-Portugal and 0,25 EUR/MW for the direction Portugal-Spain.
24 June	The eleventh Special Regime Placement Auction for delivery in the Portuguese MIBEL market, with an energy equivalent to 1 540 400 MWh. The closing prices were 55,50 EUR/MWh for the Third Quarter 2014 contract; 49 EUR/MWh and 48,44 EUR/MWh for the Annual 2015 contract.
22 September	OMIP successfully carried out the fourth auction of financial contracts for capacity rights in the interconnection Portugal-Spain. The 300 MW of capacity offered for sale in each direction of the interconnection for the Fourth Quarter 2014 were purchased at a price of 0,11 EUR/MW for the direction Portugal-Spain and 0,07 EUR/MW for the direction Spain-Portugal; and also the 100 MW of capacity offered for sale in 2015 were purchased at a price of 0,10 EUR/MW for the direction Spain-Portugal and 0,10 EUR/MW for the direction Portugal-Spain.
24 September	The twelfth Special Regime Placement Auction for delivery in the Portuguese MIBEL market, with an energy equivalent to 1 749 600 MWh. The closing prices were 49,40 EUR/MWh for the Fourth Quarter 2014 contract; 47,70 EUR/MWh for the First Quarter 2015 and 47,44 EUR/MWh for the Annual 2015 contract.
30 September	OMIP achieved its own monthly record in volume traded at the Exchange (screen trading) with more than 7,6 TWh.
3 October	25th Trading and Products Committee Meeting, in Porto.
30 November	OMIP achieved its new maximum for monthly continuous trading with more than 5,63 TWh in a session.
11 December	OMIP successfully carried out the fifth auction of financial contracts for capacity rights in the interconnection Portugal-Spain. The 300 MW of capacity offered for sale in each direction of the interconnection for the First Quarter 2015 were purchased at a price of 0,12 EUR/MW for the direction Portugal-Spain and 0,20 EUR/MW for the direction Spain-Portugal; and also the 100 MW of capacity offered for sale in 2015 were purchased at a price of 0,50 EUR/MW for the direction Spain-Portugal and 0,10 EUR/MW for the direction Portugal-Spain.
18 December	The thirteenth Special Regime Placement Auction for delivery in the Portuguese MIBEL market, with an energy equivalent to 1 525 600 MWh. The closing prices were 43,60 EUR/MWh for the First Quarter 2015 contract; 41,35 EUR/MWh for the Second Quarter 2015 and 46,04 EUR/MWh for the Annual 2015 contract.
31 December	A new annual maximum of 102,41 TWh in total clearing volume was achieved, of which 52,86 TWh were via screen trading.

04

INFORMATION SYSTEMS

In 2014, work in the field of information systems focused on three essential components: *(i)* the management of contracts with external suppliers, applications as well as the hosting of systems and infrastructures which support the company's activities; *(ii)* the design, specification and implementation of new solutions and features, and improvements to the software applications in use; and *(iii)* the maintenance of the business continuity plan and the development of an information security management system based on the company's assets.

In the first aspect above, the commercial and technical management (new releases, incident management, etc) of systems and services related to market trading and other activities provided by OMIP are included.

These include things such as the:

- *hosting* of the Negotiation Platform;
- Negotiation System (Trayport);
- administration of OMIPlus-A Clock Auctions (ie. open-outcry descending-price auction), as back up to the Special Regime Energy Auction and to the auction of financial rights for the interconnection Portugal-Spain (FTR);
- application to monitor market makers' activities;
- company website (www.omip.eu);
- file system for gathering market information (FTP);
- Internal documentation management system;
- Internal accounting and invoicing system;
- Internal platforms for the management of infrastructures such as: the backups platform, the services and network assets monitoring platform and the Helpdesk platform;
- Management of telecommunication services suppliers contracts, namely the mobile communications contract; and
- Analysis and acquisition of telecommunications equipment, namely the router/firewall that support data communication and the telephone switchboard system which guarantees voice communication.

With regard to new developments, we highlight the following features as being the most important:

a) In-house developments:
   (i) An application to facilitate the drawing up of reference prices at the end of the day;
   (ii) The construction of an internal portal which permits real-time viewing of the daily traded volumes (OMIP Market Window);
   (iii) Support in the development of the market screen for options trading;
   (iv) Elaboration of statistical data for CMVM; and
   (v) Preparation for participation in REMIT's (European regulation for the integrity and transparency of energy markets) pilot project.

b) Specification and implementation of new features using external suppliers:
   (i) Tullet Prebon, ICAP energy and Tradition Financial Services were integrated as brokers in the Hosted Clearing Link (HCL) in order to facilitate the registration of OTC tradings in the OMIP/OMIClear;
   (ii) Application for SMRA auctions (Simultaneous Multiple Round Ascending) to handle the bidding process of the UKE (Polish telecommunications regulating entity) frequency spectrum. During the course of 2014 there was a further period dedicated to the development of the application as well as a phase of intensive testing;
   (iii) Improvements were made to the information searching and user management functions of the e-Switch platform (platform for the management of changes in gas suppliers).

Regarding the third component, we highlight the continued implementation of the recovery plan in case of disaster (Disaster Recovery), both in the software applications and human resources areas.

These modifications were carried out against a background of constant concern. On the one hand, we wanted to increase corporate efficiency; on the other hand, we wanted to improve the robustness of our systems in order to provide better services to market members.

05

OTHER ACTIVITIES

5.1 Special Regime Production Placement Auctions

The terms and conditions governing Special Regime Production Placement Auctions, published in Annexure to Directive n.º 5/2011 of ERSE (the Energy Services Regulatory Authority) on 24 November, names OMIP as the entity responsible for organizing auctions. It is a regulated mechanism for the sale of electricity production by *EDP - Serviço Universal, S.A.,* under the special regime, within its function as Last Resort Supplier (CUR), which entails the auctioning of futures contracts with delivery in the Portuguese zone of the Iberian Electricity Market (MIBEL). The above mentioned Directive requires that auctions follow the clock auction model. For the purpose, OMIP decided to include these auctions as part of the MIBEL Derivatives Market, running them during the course of a special trading session. Four auctions were held in 2014, with all the contracts offered for sale by the Last Resort Supplier, having been sold.

5.2 Auction of capacity in the electrical interconnection between Portugal and Spain

Following the standardization work done by MIBEL's Board of Regulators, energy sector regulators, ERSE and CNMC, set up a mechanism for the concerted management of the interconnection Portugal-Spain, based on the auctioning of financial contracts for capacity rights (internationally designated as Financial Transmission rights - FTR), which allow electricity suppliers to safeguard themselves against the risk of price differences between Portugal and Spain, in both directions of the interconnection. It was decided that auctions would be integrated into MIBEL and carried out on OMIP's trading platform. Four auctions were held in 2014 in which both directions of the interconnection were negotiated.

5.3 Multiband Spectrum Auction in Poland

The auction for the granting of rights of access to radio frequencies in the 800MHz and 2.6GHz bands, in Poland, was formally authorized in January 2014. However, due to technical problems, market makers were not able to access the results of the public survey which had been conducted and on 11 February UKE decided to abort the whole process and restart the auction. It eventually went ahead only in October. During this time, OMIP kept its commitment of ensuring that all technical and operational conditions where adequate for the auction to go ahead, working closely with UKE in the development and implementation of solutions to solve the problems with the electronic auctions platform (ESA), whilst keeping in mind the auction's rules. As a consequence of OMIP's total dedication to the project; it was possible to create the necessary conditions for the auction to take place. The collaboration between OMIP and UKE will continue in 2015. Tests will be performed with the market operators and the auction is expected to begin in the month of February.

5.4 Development of the GPMC Project

OMIP continued to ensure the operational management of e_Switch, the IT platform developed by OMIP to support in a quick, transparent and secure manner requests for supplier change in the gas market in Portugal, as a result of the agreement with *REN – Gasodutos, S.A.,* the entity designated by ERSE (the Energy Services Regulatory Authority) to be responsible for the facilitation procedure of changing supplier in the natural gas market.

In 2014 the following improvements were introduced: optimization of the consultation of orders, by improving the filtering process and the gathering of information; optimization and automation of user management and passwords processes (implemented in accordance with best practices), and development of a script for the automatic handling of expired orders, which began to be run on a regular basis. In June, ERSE published new procedures to be adopted when changing the supplier in the natural gas sector. This lead to a need to hold weekly meetings with all agents involved, in order to discuss the document, define the data model and implementation of the changes.

06

OUTLOOK FOR 2015

OUTLOOK FOR 2015

The coming year, 2015, will again be one of great challenges for OMIP.

At an institutional level, it needs to address, more deeply, its integrated functioning within the OMI context. It should come to be in a position where it provides a set of comparative advantages over its competitors, whilst at the same time continuing its trading volume growth, which has been happening year-on-year since its founding in 2006.

Regarding the development of the business, we expect:

- Growth in trading volume and in the number of participants in the market, given the interest that it has aroused, in particular, with investment fund managers and financial intermediaries,
- That the continuation of the current cycle of economic and financial crises will continue to provide business opportunities for OMIP, in particular, the increase in demand for hedging, leveraging the business of its subsidiary OMIClear as the main reference and resource regarding the clearing of off-exchange transactions in order to eliminate counterparty risk and credit risk;
- To continue organizing Auctions of financial rights for capacity in the interconnection between Portugal and Spain;
- To continue organising Special Regime Production Placement Auctions for the Portuguese MIBEL zone;
- List for trading and register bilateral operations involving electricity futures contracts in Germany and in France; and
- To draw on the previously acquired experience in natural gas, so as to allow OMIP to legitimately aspire to be one of the most important entities in the liberalisation process of the natural gas sector in the Iberian Peninsula.

Thus, OMIP will continue to operate with high standards of efficiency and innovation, seeking to meet the growing needs of its members and the requirements of the business sector in which the company operates.

In terms of international cooperation, OMIP will continue to participate actively in activities undertaken by the various international bodies, of which OMIP is an integral part.

07

PROPOSED APPROPRIATION OF PROFITS

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors, under and for the purposes of Article 25 of the Company Statutes, decided that the net profit for the year 2014 in the amount of 191 828,51 EUR (one hundred and ninety-one thousand eight hundred and twenty-eight Euros and fifty-one cents) be applied as follows:

To Legal Reserve ..... 19 182,85 EUR

Distribution of Dividends ..... 172 645,66 EUR

Lisbon, 25 March 2015

The Board of Directors,

.....

Pedro Jesus Mejía Gómez

.....

José Isidoro d'Oliveira Carvalho Netto

.....

Abengoa, S.A.
Ana Raquel Díaz Vázquez

.....

Banco Santander, S.A.
Carlos Martin de los Santos Bernardos

.....

E.ON España, S.L.
Javier Anzola Pérez

.....

EDP – Energias de Portugal, S.A.
Carlos Manuel Sola Pereira da Mata

.....

Endesa Generación Portugal, S.A.
Adolfo Javier de Rueda Villén

.....

Gas Natural, SDG, S.A.
Rosa María Sanz García

.....

Iberdrola Generación España, S.A.U.
Gregorio Relaño Cobián

.....

Parcaixa, SGPS, S.A.
Paulo Alexandre da Rocha Henriques

.....

REN – Redes Energéticas Nacionais, SGPS, S.A.
Maria José Menéres Duarte Pacheco Clara

.....

REN Serviços, S.A.
Pedro Henriques Gomes Cabral

08

SHAREHOLDERS, GOVERNING BODIES AND SUBSIDIARY

8.1 Shareholders

OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (50%)

OMEL – Operador del Mercado Ibérico de Energía, Polo Español, S.A. (50%)

8.2 Governing Bodies (Triennium 2015 – 2017)

Board of the Shareholder's General Meeting

Manuela Lopes dos Santos.....Chairman

Board of Directors

Pedro Jesus Mejía Gómez.....Chairman

José Isidoro d'Oliveira Carvalho Netto.....Deputy Chairman

Abengoa, S.A. (Ana Raquel Díaz Vázquez).....Member

Banco Santander, S.A. (Carlos Martin de los Santos Bernardos).....Member

E.ON España, S.L. (Javier Anzola Pérez).....Member

EDP – Energias de Portugal, S.A. (Carlos Manuel Sola Pereira da Mata).....Member

Endesa Generación Portugal, S.A. (Adolfo Javier de Rueda Villén).....Member

Gas Natural, SDG, S.A. (Rosa María Sanz García).....Member

Iberdrola Generación España, S.A.U (Gregorio Relaño Cobián).....Member

Parcaixa, SGPS, S.A. (Paulo Alexandre da Rocha Henriques).....Member

REN – Redes Energéticas Nacionais, SGPS, S.A. (Maria José Menéres Duarte Pacheco Clara).....Member

REN Serviços, S.A. (Pedro Henriques Gomes Cabral).....Member

The members of the Board of Directors were duly elected on 19 February 2015. For the mandate corresponding to the triennium 2012-2014, the composition of the Board of Directors was as follows:

José Isidoro d'Oliveira Carvalho Netto.....Chairman

Pedro Jesus Mejía Gómez.....Deputy Chairman

Abengoa, S.A. (Ana Raquel Díaz Vázquez).....Member

E.ON España, S.L. (Javier Anzola Pérez).....Member

EDP – Energias de Portugal, S.A. (Carlos Manuel Sola Pereira da Mata).....Member

Endesa Generación Portugal, S.A. (Adolfo Javier de Rueda Villén).....Member

Gas Natural, SDG, S.A. (Rosa María Sanz García) ..... Member

Iberdrola Generación, S.A.U (Gregorio Relaño Cobián) ..... Member

Parcaixa, SGPS, S.A. (Paulo Alexandre da Rocha Henriques) ..... Member

REN – Redes Energéticas Nacionais, SGPS, S.A. (Maria José Menéres Duarte Pacheco Clara) ..... Member

Fiscal and Supervisory Board

PricewaterhouseCoopers & Associados, Lda. (SROC) ..... Executive

José Manuel Henriques Bernardo (ROC) ..... Deputy

Remuneration Committee

Emilio Recoder de Casso

Juan Luis Lopez Cardenete

Vítor José Lilaia da Silva

Pedro Cabral Nunes

8.3 Subsidiary

OMIClear, C.C., S.A. - Fifty percent (50%) holding of the share capital of 7 500 000,00 EUR.

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FINANCIAL STATEMENTS AND ANNEXURES

AS AT 31 DECEMBER 2014

FINANCIAL STATEMENTS AND ANNEXURES
AS AT 31 DECEMBER 2014

Balance Sheet

	Note	Currency: Euros 31-12-2014	31-12-2013
Assets			
Non-current			
Fixed Tangible Assets	5	32.360	123.358
Participating Interests - Equity Method	6	5.358.343	5.540.424
		5.390.703	**5.663.782**
Current			
Clients	20	205.256	304.837
State and other Public Entities	7	85.350	-
Other receivables	8	420.232	721.779
Deferrals	9	27.424	33.617
Cash and Bank Deposits	4	846.209	1.283.742
		1.584.471	**2.343.975**
Total Assets		**6.975.174**	**8.007.757**
Equity Capital			
Capital and Reserves attributable to equity holders			
Paid-up Capital	10	2.500.000	2.500.000
Issue premium		1.193.711	1.193.711
Legal Reserve	11	165.345	105.812
Retained Earnings		1.025.810	1.025.810
Adjustments in financial assets	6	1.114.928	1.114.928
		5.999.795	**5.940.262**
Net result for the period		191.829	595.329
Total Equity Capital		**6.191.623**	**6.535.591**
Liabilities			
Non-current			
Borrowings	12	-	5.195
		-	**5.195**
Current			
Suppliers	12	139.804	214.651
State and other Public Entities	7	65.464	190.985
Borrowings	12		5.553
Other Accounts Payable	12	578.283	1.055.781
		783.551	**1.466.970**
Total Liabilities		**783.551**	**1.472.165**
Total Equity Capital and Liabilities		**6.975.174**	**8.007.757**

Profit and Loss Account / Income Statement

	Note	Currency: Euros 31-12-2014	31-12-2013
Sales and Services	13	1.823.546	2.115.742
Gains / losses charged to subsidiaries, associates and joint ventures	6	156.651	455.352
Supplies and External Services	14	(784.488)	(743.797)
Costs with Staff	15	(1.105.639)	(1.365.035)
Other Operating Income / Revenue	17	416.033	633.725
Other Operating Costs / Expenses	16	(188.389)	(324.865)
Results before depreciation, financial expenses and taxes		**317.715**	**771.123**
Expenses / Reversal depreciation and amortization		(92.513)	(118.379)
Operational Results (before financial expenses and taxes)		**225.201**	**652.744**
Interest and similar earnings	18	25.352	33.257
Interest and similar absorbed costs	18	(436)	(613)
Pre-tax Results		**250.117**	**685.388**
Income Tax	19	(58.289)	(90.058)
Net Results		**191.829**	**595.329**

Statement of Changes in Equity

	Equity Capital attributable to Equity Holders						
	Share Capital	Issue Premium	Legal Reserve	Accumulated Results	Ajustments in Financial Assets	Results for the Period	Total
As at 1 de January 2013	**2.500.000**	**1.193.711**	**27.026**	**316.733**	**-**	**787.864**	**4.825.334**
Total income	-	-	-	-	-	595.329	**595.329**
Increase in investment					1.114.928		**1.114.928**
Increase by the application of results	-	-	78.786	709.078	-	(787.864)	**-**
Aa at 31 December 2013	**2.500.000**	**1.193.711**	**105.812**	**1.025.810**	**1.114.928**	**595.329**	**6.535.591**

	Equity Capital attributable to Equity Holders						
	Share Capital	Issue Premium	Legal Reserve	Accumulated Results		Results for the Period	Total
As at 1 January 2014	**2.500.000**	**1.193.711**	**105.812**	**1.025.810**	**1.114.928**	**595.329**	**6.535.591**
Total income	-	-	-	-	-	191.829	**191.829**
Increase in investment							**-**
Increase by the application of results	-	-	59.532	-	-	(595.329)	**(535.797)**
As at 31 December 2014	**2.500.000**	**1.193.711**	**165.344**	**1.025.810**	**1.114.928**	**191.829**	**6.191.623**

Cash Flow Statement

	December 2014		December 2013	
CASH FLOWS OF OPERATING ACTIVITIES:				
Receivables from clients	2.573.423		1.735.102	
Payments to suppliers	(1.385.418)		(1.154.134)	
Payments to staff	(1.226.229)		(1.091.849)	
Cash Flow generated by the operations	(38.224)		(510.881)	
Payment / Refund of Income Tax	(119.681)		(16.175)	
Other Receivables / Payments	(37.714)		713.247	
Cash Flow of Operational Activities (1)		**(195.617)**		**186.192**
CASH FLOW OF INVESTMENT ACTIVITIES:				
Payments with regard to:				
Dividends	(535.798)			
Fixed Tangible Assets	(4.914)		(2.020)	
Receivables resulting from:				
Fixed Tangible Assets	27.000		-	
Net Dividends	254.049			
Interest and similar income / Revenue	17.813		24.801	
Cash Flow of Investment Activities (2)		**(241.850)**		**22.781**
CASH FLOW OF FINANCIAL ACTIVITIES:				
Payments with regard to:				
Borrowings	-		-	
Interest and similar expenses / Costs	(66)		(575)	
Cash Flow of Financial Activities (3)		**(66)**		**(575)**
Net Cash Flows (4)=(1)+(2)+(3)		(437.533)		208.398
Effect of Exchange Rate variations				
Cash and Cash Equivalents at the start of the period		1.283.742		1.075.345
Cash and Cash Equivalents at the end of the period		846.209		1.283.742
BREAKDOWN OF CASH COMPONENTS AND EQUIVALENTS				
Cash		1.099		1.889
Bank Deposits available on demand and equivalents		158.110		211.853
Bank Overdrafts				
Bank Deposits		158.110		211.853
Fixed Deposits		687.000		1.070.000
Other financial availablities				
Cash and Bank Balances		846.209		1.283.742

ANNEXURE TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General Information

OMIP – Pólo Português, S.G.M.R., S.A. was constituted under Order Nº 360/ME/2003 of the Ministry of Economic Affairs, on 6 June, and its public deed was signed on 16 June 2003.

The company began its activity on 10 December 2003, having as its main objective the organising and managing of a support system for conducting transactions and settlements in the Iberian Energy Market, and thus being responsible for:

a) the management of an organized termed energy market;
b) the mediation of agents with the purpose of establishing commercial relationships in the Iberian Electricity Market;
c) the management of other markets of energy-based products;
d) the provision of settlement services within the organised electricity markets;
e) the provision of settlement services for standard transactions in non-organised energy markets; and
f) the organisation of market services within the operational electricity system.

On 18 October 2011, OMIP's share capital became 50% held by *OMIP - Operator do Mercado Ibérico (Portugal), SGPS, S.A. (OMIP SGPS),* and 50% held by *OMEL - Operator del Mercado Iberico de Energía, Polo Español S.A.(OMEL).*

At 12 September 2013, OMIP held the entire share capital of *OMIClear, C.C., S.A. (OMIClear),* whose corporate purposes are management of the clearing house and of the settlement system, as well as playing the role of central counterparty.

These financial statements were approved by the Board of Directors at its meeting held on 25 March 2015.

In the opinion of the Board of Directors, these financial statements reflect a true and fair view of the operations carried out by OMIP, as well as its financial position, performance and cash flows.

2 Accounting standards for financial reporting

2.1. Preparation Basis

These financial statements were prepared in accordance with the ruling accounting and financial reporting norms (IFRS), which came into effect as of 1 January 2014.

3 Accounting Policies

The principal accounting policies applied in preparing these financial statements are described below. These policies have been applied consistently to all topics presented, unless otherwise stated.

These financial statements were prepared using the Euro as the reference currency.

Transactions in a foreign currency have been converted into the functional currency unit according to the prevailing exchange rate at the time of the transaction.

Exchange gains or losses resulting from transaction payments/receipts or from exchange rate conversions at the balance sheet date of the monetary assets and liabilities, processed in foreign currency units, are accounted for in "Other expenses and Operational losses".

3.1. Shareholdings – Subsidiaries and associates

Subsidiaries are all entities (including those created for special purposes) where OMI has the power to decide on financial or operating policies. This is usually associated with the control, direct or indirect, of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether OMI is in control of an entity.

Shareholdings in subsidiaries or associates are recorded as the value resulting from applying the equity accounting method. According to this method, the portion of results achieved in subsidiaries and associates, in proportion to the shareholding, are included in the profit and loss account / income statement, and the portion of their net worth, considering any implicit added values resulting from fair value adjustments and goodwill is reflected in the balance sheet. These values are calculated from the approved financial statements of the subsidiaries and associates, or in the absence thereof, on the basis of the best possible estimates, having the financial year of the Company as a reference date.

3.2. Tangible Fixed Assets

Tangible assets are valued at cost less accumulated depreciation and accumulated impairment losses. This cost includes the estimated cost at the date of transition to IFRS, and the acquisition costs for assets acquired after that date.

The acquisition cost includes the purchase price of the asset, costs directly attributable to its acquisition and those incurred in preparing the asset for its commissioning.

Subsequent expenses incurred with renovations and major repairs that may extend the lifespan of the assets are accounted for in the cost of the assets.

The cost of repairs and maintenance services of a current nature are recorded as expenses in the period in which they occurred.

Tangible fixed assets are depreciated systematically for the duration of their estimated lifespan, on the basis of the straight line method.

The estimated lifespan for the most important tangible fixed assets are as shown below:

	Years
Vehicles / Transport	Between 3 and 5 years
Office Equipment	Between 3 and 10 years

The lifespan of each asset is reviewed at the end of every year so as to ensure that the depreciation is in accordance with its consumption patterns. Changes in lifespan are treated as alterations to the accounting estimate and are applied prospectively.

Gains or losses resulting from the disposal of assets are calculated as the difference between the net realizable value and the book value of the asset and are recorded in the profit and loss account / income statement.

3.3. Financial Assets

The Board of Directors determines the classification of financial assets on the date of initial record, in accordance with the purpose of their purchase, and reassesses this classification at each reporting date.

Financial Assets may be classified as follows:

a) Assets at fair value through profit or loss: – these include non-derivative financial assets held for trading as short-term investments and assets at fair value through profit or loss at the date of initial record;
b) Loans granted and accounts receivable: - these include non-derivative financial assets with fixed payments or non-listed determinable in an active market.
c) Investments held until maturity: – these include non-derivative financial assets with fixed or determinable payments and fixed maturities that the entity has the intention and ability to hold until maturity; and
d) Financial assets available-for-sale: - these include non-derivative financial assets that are designated as available-for-sale at initial record or do not fit any of the above categories. They are recognised as non-current assets unless management intends to dispose of them within 12 months of the balance sheet date.

Purchases and sales of investments in financial assets are recorded on the trade date, i.e. the date on which OMIP undertakes to purchase or sell the asset.

Financial assets at fair value through profit or loss are initially recorded at fair value with the transaction costs expensed in the results. These assets are subsequently measured at fair value, with the gains and losses arising from changes in fair value recorded in the results for the period in which they occur under net financial expenses, which also includes the amounts of interest income and dividends received.

Financial assets available-for-sale are initially recorded at fair value plus transaction costs. In subsequent periods, they are measured at fair value and changes in fair value are recorded in the fair value reserve of equity. Dividends and interest income from financial assets available-for-sale are recorded as income in the period in which they occur, under other operating income when the right to receive payment is established.

The fair value of listed investments is based on market prices ("bid"). If there is no active market, OMIP establishes fair value through valuation techniques. These techniques include using recent arm's length transactions, as long as market conditions allow for comparison with instruments that are substantially similar, and the calculation of "cash flow" discounted when information is available, favouring market information at the expense of the target entity's internal information.

Accounts receivable are classified in the balance sheet as "Other receivables". A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of the transactions which gave rise to it.

3.4. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits, other short-term high liquidity financial investments with original maturities of up to three months, and bank overdrafts. Bank overdrafts are shown in the Balance Sheet as current liabilities under "Borrowings", and are considered in the preparation of the Cash Flow Statement as cash and cash equivalents.

3.5. Share Capital

Ordinary shares are classified as equity capital. Costs directly attributable to issue of new shares or options are shown in the equity capital as a deduction, net of tax, in the amount issued.

3.6. Financial Liabilities

The Board of Directors determines the classification of financial liabilities on the date of initial recording, in accordance with the IFRS 27 – Financial Instruments.

Financial liabilities may be classified / measured as:

(a) At cost or amortized cost less any impairment loss; or
(b) At fair value with changes in fair value being recorded in the income statement.

OMIP classifies and measures at cost or at amortized cost, financial liabilities: *(i)* which, in terms of period, are short or have defined maturity; *(ii)* whose interest yield may be flat-rated, fixed-rated or variable-rated as indexed to market indices; and *(iii)* where there is no contractual clause which could alter the liability of refunding the nominal value and the accrued interest payable.

For liabilities recorded at amortized cost, the interest earned in each period, is determined according to the effective interest rate method, which is the rate that deducts exactly the estimated future cash payments throughout the expected lifespan of the financial instrument.

Financial liabilities which result from accounts payable (suppliers, other creditors, etc.) and equity capital instruments, as well as any associated derivative contracts not traded in an active market or whose fair value cannot be determined reliably, are recorded at cost or amortized cost.

An entity shall derecognise a financial liability (or part of a financial liability) only when it is extinguished, that is, when the obligation set up under contract is paid, is cancelled or expires.

3.7. Income tax

The Company is subject to Corporate Income Tax at a rate of 17% on income up to 15 000,00 EUR and at a rate of 23% for income in excess of this value. To the value of Corporate Income Tax, a Surcharge is added, payable on taxable income at a rate that can vary up to a maximum of 1,5%. There is also an autonomous taxation on charges and at tax rates governed by Article 88 of the Company Tax Code. In determining the taxable income on which the said tax rate is applied, amounts not tax deductable must still be added and subtracted. The difference between the accounting and the fiscal values can be of a temporary or permanent nature.

Income tax for the period comprises current taxes and deferred taxes. Taxes on income are recorded in the financial statement, except if they relate to items directly recorded in the equity capital. The amount of current income tax payable is determined based on total income before tax, adjusted in accordance with tax regulations.

Deferred tax is recorded using the liability method which is based on the balance sheet and takes into account temporary differences arising from the difference between the tax base of assets and liabilities and their carrying values on the financial statements.

Deferred taxes are calculated based of the tax rates in force at the time or on new tax rates which are officially announced in time for the new balance sheet, and which are expected to be applicable on the date of realisation of the deferred tax assets, or on the date of payment of deferred tax liabilities.

Deferred tax assets are recorded to the extent that it is likely that future taxable profits will be available to cover the temporary difference. Deferred tax liabilities are recorded for all temporary taxable differences, except for those relating to: *(i)* the initial recognition of goodwill; or *(ii)* the initial recognition of assets and liabilities that do not result from a combination of activities, and that at the time of the transaction will affect neither the accounting results nor the tax results.

However, in relation to temporary taxable differences related to investments in subsidiaries, these must not be recorded because: *(i)* the parent company is able to control the timing for reversal of the temporary difference; and *(ii)* it is not probable that the temporary difference will revert in the near future.

3.8. Leases

Leases of fixed tangible assets, for which OMIP substantially holds all risks and benefits incidental to ownership of the asset are classified as finance leases. Agreements in which the analysis of one or more conditions of the contract indicate such nature are also classified as finance leases. All other leases are classified as operating leases.

Finance leases are capitalised at the start of the lease at the value of the minimum lease payments, each determined at the start of the contract. The debt arising from a lease contract is recorded net of finance charges under "Loans". Finance charges included in the rent and depreciation of leased assets, are recorded in the Profit and Loss Account / Income Statement for the period to which they relate.

Tangible assets acquired through finance leases are depreciated over the lesser of the useful life of the asset and the lease term if the company does not have a purchase option at the end of the contract period or for the estimated useful life when the company intends to acquire the asset at the end of the contract.

In operating leases, the lease instalments are recorded as an expense on a straight line basis over the lease period.

3.9. Income

Income comprises the fair value of services rendered, net of taxes and deductions.

The services rendered are recorded in the period to which they relate, as advocated by the accrual accounting principle.

3.10. Accrual Accounting

Other income and expenses are recorded in the period to which they relate independently of when they are paid or received, in accordance with the principle of accrual accounting. The differences between amounts received and amounts paid and their corresponding revenue and expenses are recorded as accruals and deferrals under the items Accounts Receivable and Accounts Payable.

4 Cash Flows

4.1. Cash and cash Equivalents restricted for use

OMIP has no balance for cash or cash equivalents restricted for use, for the year under review.

4.2. Breakdown of the values shown under cash

At 31 December 2014, the breakdown of cash and cash equivalents is as follows:

	31-12-2014	31-12-2013
Cash	1.099	1.889
Bank Deposits	845.110	1.281.853
	846.209	**1.283.742**

The breakdown of the amount deemed as final balance under "Cash and cash equivalents", for the purpose of preparing the cash flow statement for the year ended 31 December 2014, is as follows:

	31-12-2014	31-12-2013
Cash Resources		
- Cash	1.099	1.889
	1.099	**1.889**
Bank Deposits		
- Current Accounts	158.110	211.853
- Fixed Deposits	687.000	1.070.000
	845.110	**1.281.853**
	846.209	**1.283.742**

This section records two fixed deposit accounts:

- Liquidity Fixed Deposit, made effective on 2 June 2014, paying an interest rate of 2,5%. In accordance with the terms of the contract, this deposit is not renewable.

- Fixed Deposit, made effective on 17 July 2014, paying an interest rate of 2,15%. In accordance with the terms of the contract, this deposit is not renewable.

5 Tangible Fixed Assets

During the year ended 31 December 2013 the movements recorded under tangible fixed assets were as follows:

Tangible Fixed Assets movements – 2013

	Vehicles / Transport	Office Equipment	Total
1 January 2013			
Cost of acquisition	170.000	1.728.174	1.898.174
Accumulated Depreciation	(83.542)	(1.574.674)	(1.658.216)
Net book value	**86.458**	**153.500**	**239.958**
31 December 2013			
Additions	-	1.778	1.778
Depreciation - for the period	(42.500)	(75.879)	(118.379)
Net book value	**(42.500)**	**(74.101)**	**(116.601)**
31 December 2013			
Cost of acquisition	170.000	1.729.952	1.899.952
Accumulated Depreciation	(126.042)	(1.650.553)	(1.776.595)
Net book value	**43.958**	**79.399**	**123.358**

On the other hand, during the year ended 31 December 2014 the movements recorded under tangible fixed assets were as follows:

Tangible Fixed Assets movements – 2014

	Vehicles / Transport	Office Equipment	Total
1 January 2014			
Cost of acquisition	170.000	1.729.952	1.899.952
Accumulated Depreciation	(126.042)	(1.650.553)	(1.776.595)
Net book value	**43.958**	**79.399**	**123.358**
31 December 2014			
Additions	-	5.682	5.682
Disposals	(50.000)	-	(50.000)
Depreciation - 2014	(23.750)	(68.763)	(92.513)
Net book value	**(73.750)**	**(63.081)**	**(136.831)**
31 December 2014			
Cost of acquisition	120.000	1.726.340	1.846.340
Accumulated Depreciation	(103.958)	(1.710.022)	(1.813.981)
Net book value	**16.042**	**16.318**	**32.360**

In February 2014, a vehicle of the company was disposed of; this resulted in an earning of 22 833 EUR for the company.

Fixed Tangible Assets acquired during the course of the year relate mainly to investments made in premises and equipment.

6 Participating Interests – Equity Method

At 31 December 2014 the investment in the associated company / subsidiary is as follows:

	% shareholding	31-12-2014	31-12-2013
OMIClear C. C., SA	50,00%	7.500.000	7.500.000
Total		**7.500.000**	**7.500.000**

Following are details on the associated company:

	31-12-2014	31-12-2013
	OMICLEAR	**OMICLEAR**
Assets		
Non-current	58.024	418.985
Current	209.161.125	183.885.831
	209.219.149	184.304.816
Liabilities		
Non-current	24.468	-
Current	198.477.955	173.223.967
	198.502.423	173.223.967
Equity capital	10.716.686	11.080.848
	10.716.686	11.080.848
Activity during the year		
Income / Revenue	2.714.153	3.511.366
Expenses	(2.400.851)	(2.600.662)
Net book value	313.302	910.704
% shareholding	50%	50%
	156.651	**455.352**

Changes in the financial participation between 1 January 2013 and 31 December 2014 show the following breakdown:

	OMICLEAR
1 January 2013	3.970.144
Acquisitions	-
Gains / (Losses)	455.352
Other Capital movements	1.114.928
Alienations	-
Received Dividends	-
31 January 2013	**5.540.424**
Acquisitions	-
Gains / (Losses)	156.651
Other Capital movements	-
Alienations	-
Received Dividends	(338.732)
31 December 2014	**5.358.343**

7 State and Other Public Entities

For the year 2014, the breakdown of the item "State and Other Public Entities" is shown in the following table:

	31-12-2014		31-12-2013	
	Assets	Liabilities	Assets	Liabilities
Income Tax	85.350	-	-	65.617
Withholding tax on income		19.797		25.083
VAT - Value Added Tax	-	28.383	-	81.522
Contributions to Social Security	-	17.284	-	18.763
	85.350	**65.464**	**0**	**190.985**

Details of Corporate Tax

	2014	2013
Payments on Account	54.118	16.175
Withholding Tax	89.522	8.267
Corporate Tax estimate	(58.289)	(90.058)
Total	**85.350**	**(65.617)**

8 Other Receivables

As at 31 December 2013, the breakdown of "Other Receivables" is as follows:

	31-12-2014		31-12-2013	
	Current	Total	Current	Total
Advance Payments to Staff	-	-	13.951	13.951
Other debtors				
REN Serviços	5.250	5.250	5.250	5.250
REN Gasodutos	21.516	21.516	21.516	21.516
OMICLear	225.521	225.521	478.364	478.364
OMIP SGPS	120.638	120.638	136.085	136.085
Other debtors	12.438	12.438	12.957	12.957
Accruals and Deferrals				
Accrued income	34.869	34.869	53.655	53.655
Other Accounts Receivables	**420.232**	**420.232**	**721.779**	**721.779**

9 Deferrals

As at 31 December 2014, the breakdown of "Deferrals" is as follows:

	30-06-2014	30-06-2014
Receivable expenses:		
Insurances paid in advance	8.136	17.469
Membership fees	592	9.093
Bloomberg	3.710	
Others	14.986	18.838
	27.424	**45.400**

10 Share Capital

As at 31 December 2014, OMIP's share capital is fully subscribed and paid for, and is represented by 250 000 shares, each with a nominal value of 10 EUR.

11 Legal Reserve

In accordance with existing Corporate Law, the Company is required to transfer to "legal reserve" at least 5% of annual net profit until it reaches 20% of equity. This reserve cannot be distributed to shareholders, but can be used to absorb losses after all other reserves have been exhausted.

Notwithstanding the foregoing, the Re*gime Jurídico das Sociedades Gestoras de Mercado Regulamentado* [English: the Legal Regime of Companies of Regulated Market], approved by Decree-Law n. 357-C/2007 of 31 October, states at Paragraph 3 of Article 40, as a prudent rule with regard to legal reserve, the mandatory setting aside of a fraction not inferior to 10% of net profits by the managing company of the regulated market, unless it has already reached the value of its equity capital.

At 31 December 2014, legal reserve amounted to 165 345,11 EUR.

12 Suppliers and Other Accounts Payable

At 31 December 2014, the breakdown of "Suppliers and Other Accounts Payable" is as follows:

	31-12-2014			31-12-2013		
	Current	Non-current	Total	Current	Non-current	Total
Suppliers	139.804	-	139.804	214.651	-	214.651
	139.804	**-**	**139.804**	**214.651**	**-**	**214.651**
Financing	-	-	-	5.553	5.195	10.748
	-	**-**	**-**	**5.553**	**5.195**	**10.748**
Other Creditors						
Staff	-	-	-	2.142	-	2.142
OMIP SGPS	28.400		28.400	43.886		43.886
OMIClear	258.882	-	258.882	478.267	-	478.267
REN Armazengem	-	-	-	53.325	-	53.325
Other creditors	20.143	-	20.143	62.389	-	62.389
Creditors due to accrued expenses						
Remunerations awaiting liquidation	167.506	-	167.506	287.742	-	287.742
Credit Licenses	76.422	-	76.422	40.043	-	40.043
Market Maker	9.190		9.190			
Others	17.740	-	17.740	87.987	-	87.987
Total	**578.283**	**-**	**578.283**	**1.055.781**	**-**	**1.055.781**

13 Sales and Services

At 31 December 2014, the income for "Sales and Services" had the following breakdown:

	31-12-2014	31-12-2013
Services rendered - Natural gas	389.162	394.959
Services rendered - Electricity	100.000	75.000
Management Systems Maintenance Services	413.300	377.822
Commissions	700.141	897.596
Licences	173.681	126.851
Other services	47.262	243.515
	1.823.546	**2.115.742**

"Management Systems Maintenance Services" were recorded under "Other Income and Profits".

The difference in "Other services", is due to the fact that in 2013 the business fees were listed under "Services Rendered" and in 2014 they have been placed under the heading "Other Income and Profits".

14 Supplies and External Services

In 2013 and 2014, the breakdown of costs incurred with "Supplies and External Services" was as follows:

	31-12-2014	31-12-2013
Costs with specialised work	515.613	486.505
Fees	26.035	10.433
Maintenance and Repair	4.889	6.689
Materials	33.607	26.907
Water and Energy	15.266	11.635
Travel and accommodation	17.834	17.043
Rentals	35.207	37.275
Communication	9.094	8.630
Insurance	17.097	4.951
Representation expenses	89.170	120.363
Expenses with the Condominium	6.524	4.897
Others (individually inferior to 5.000 €)	14.152	8.469
	784.488	743.797

The most relevant items under "Supplies and Services" are: *(i)* costs with specialized work which includes the maintenance of systems and access to IT platforms and *(ii)* management fees that offset the efforts/work in favour of OMIP by collaborators of other OMI Group companies.

15 Costs with Staff

At 31 December 2013 and at 31 December 2014, the Company had incurred the following "Costs with Staff":

	31-12-2014	31-12-2013
Remuneration of Governing Bodies' members	335.978	424.464
Remuneration of staff	554.796	648.548
Severance compensation / package	4.000	111.939
Charges without compensation	198.666	164.585
Health and Safety work insurance	10.707	15.338
Benefit costs	320	107
Other expenses	1.173	55
	1.105.639	**1.365.035**

The number of collaborators at 31 December 2014 was 13 (2013:9).

16 Other Operating Costs / Expenses

"Other Operating Costs / Expenses" can be broken down as follows:

	31-12-2014	31-12-2013
Indirect Taxes	**6.981**	**9.619**
- VAT - Value Added Tax	5.870	9.074
- Stamp Duty	62	52
- Tax on Road Transport	726	-
- Rates and Taxes	307	22
- Other	17	471
Corrections of previous year's accounts	76	73
Donations	-	2.000
Contributions / Levies	20.362	20.382
Estimated shortfall for taxes	-	6.410
Market Operations	152.100	257.869
Others	8.869	28.512
	188.389	324.865

"Market Operations" includes fixed monthly fees/commissions charged by *market makers*. These members ensure adequate levels of liquidity and depth of market offers. The variations recorded result from the re-negotiation of commissions in the year under review.

"Contributions / Levies" includes the costs borne by the company in 2014 as a result of being a member of representative entities in the sector, namely APE (Association of Power Exchanges), EUROPEX, among others.

17 Other Operating Income / Revenue

The breakdown of "Other Operating Income / Revenue", at 31 December 2014, was as follows:

	31-12-2014	31-12-2013
Gains on Fixed Assets	22.833	-
Gains on previous years' adjustments	2.380	192
Management Fees	110.986	623.785
Management Fees	152.444	-
Omiclear Services Contract	94.051	-
Other income	33.338	9.748
	416.033	**633.725**

"Management Fees" includes the amounts that were debited by OMIP to the other group companies, as a result of it making available human resources to carry out work arising from the activities of these companies.Business fees invoiced to OMIClear are included under this section. This value is charged because all OMIP's trading is cleared by OMIClear.

"Other Operating Income / Revenue" shows the following values: *(i)* 22 833,34 EUR resulting from the sale of a vehicle; *(ii)* a 25 343,46 EUR credit note issued by *REN Armagenagem* which reduces the value in debt to this entity since 2011, relative to the payment of a vehicle.

18 Expenses and Financial Income

In this respect, income and expenses undertaken in 2013 and 2014 showed the following differences:

	31-12-2014	31-12-2013
Interest and similar income / revenue		
Interest on Fixed Deposits	25.352	33.257
Favourable variations in Exchange Rate	-	-
	25.352	**33.257**
Interest and similar costs / expenses		
Interest paid on leasing contracts	(31)	(533)
Default and compensatory interest	(363)	-
Bank services	(42)	(42)
Others	-	(38)
	(436)	**(613)**
	24.916	**32.644**

In 2014, the Company's financial income was lower than in 2013 due to the low interest rates on investments paid by banks.

19 Tax period

The breakdown of the tax amount for the period recorded in the financial statements is as follows:

	31-12-2014	31-12-2013
Current income tax	58.289	90.058
Deferred income tax	-	-
Total	**58.289**	**90.058**

The tax rate used for the valuation of taxable differences at the date of the Balance Sheet for the year ended 31 December 2014 was 17% for taxable values up to 15 000 EUR, and 24,5% for values in excess of this amount, in addition to a surcharge of 1,5% (it was 26,5% in 2013).

The reconciliation of the tax amount for the period is as follows:

	31-12-2014	31-12-2013
Pre-Tax results	250.117	685.388
Tax Rate	17,0%	
Tax Rate	23,0%	26,5%
Surcharge	1,5%	
	60.379	181.628
Non-deductable expenses	11.865	5.713
Non-taxable income	(39.317)	(120.946)
Separate settlement	25.363	23.664
	58.289	90.058
Current income tax	58.289	90.058
Deferred income tax	-	-
Income tax	58.289	90.058
Effective Tax Rate	**23,30%**	**13,14%**

The tax rate used to determine the amount of tax in the financial statements is as follows:

	31-12-2014	31-12-2013
Tax rate		25,00%
upto 15.000€	17,00%	
Remaining taxable income	23,00%	
Surcharge	1,50%	1,50%
	21,50%	**26,50%**

20 Transactions with Related Companies

At 31 December 2014, OMIP was 50% owned by *OMIP SGPS* and 50% owned by *OMEL*. Following is a list of the related entities:

Companies within the Group

OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.
OMEL - Operador del Mercado Ibérico de Energia, Pólo Español, S.A.
OMIClear C.C., S.A.
OMI - Pólo Español, S.A.

Other Related Parties

REN – Rede Electrica Nacional, S.A.
REN Gasodutos, S.A.
REN Serviços, S.A.
Caixa Geral de Depósitos
Banco Comercial Português, S.A.
EDP - Energias de Portugal, S.A.
Gás Natural SDG, S.A.
Iberdrola Generación España, S.A.U.

During the period, the Company had the following transactions with these related entities:

20.1. Revenue – Companies within the Group

	31-12-2014	31-12-2013
Services Rendered		
REN - Rede Eléctrica Nacional	75.000	-
REN Gasodutos	351.816	203.340
REN Serviços	38.556	146.078
OMIP SGPS	19.930	181.068
OMIClear	337.552	586.694
	822.854	**1.117.180**

20.2. Expenses – Companies within the Group

	31-12-2014	31-12-2013
Purchase of Services		
OMIClear	92.025	131.637
OMIP SGPS	15.866	9.429
REN Serviços	-	6.495
	107.891	**147.561**

20.3. Remuneration of the Board of Directors

During the period ended 31 December 2014, the remuneration of OMIP's Board of Directors was as follows:

	31-12-2014	31-12-2013
Governing Bodies		
Salaries and other short-term benefits	335.978	424.464
	335.978	**424.464**

There are no existing loans to the members of the Board of Directors.
For the period ended 31 December 2014, the balance resulting from transactions with related parties is:

20.4. Balances with related parties – Companies within the Group

Clients and other receivable accounts		
REN Serviços	5.250	5.250
REN Gasodutos	202.164	21.516
OMIP SGPS	120.638	136.085
OMIClear	225.521	478.364
	553.572	**641.216**
Suppliers and other accounts payable		
REN Armazenagem	-	(53.325)
OMIP SGPS	(28.400)	(43.886)
OMIClear	(258.882)	(478.267)
	(287.282)	**(575.477)**

21 Contingencies

As at 31 December 2014, there is no knowledge of any contingency or commitment undertaken.

22 Subsequent Events

No significant facts occurred after the date of the Balance Sheet.

Lisbon, 25 March 2015

.....

Manuela Lopes dos Santos
As per Registered Accountant (T.O.C.), n.º 85946

The Board of Directors,

.....

Pedro Jesus Mejía Gómez

.....

José Isidoro d'Oliveira Carvalho Netto

.....

Abengoa, S.A.
Ana Raquel Díaz Vázquez

.....

Banco Santander, S.A.
Carlos Martin de los Santos Bernardos

.....

E.ON España, S.L.
Javier Anzola Pérez

.....

EDP – Energias de Portugal, S.A.
Carlos Manuel Sola Pereira da Mata

.....

Endesa Generación Portugal, S.A.
Adolfo Javier de Rueda Villén

.....

Gas Natural, SDG, S.A.
Rosa María Sanz García

.....

Iberdrola Generación España, S.A.U.
Gregorio Relaño Cobián

.....

Parcaixa, SGPS, S.A.
Paulo Alexandre da Rocha Henriques

.....

REN – Redes Energéticas Nacionais, SGPS, S.A.
Maria José Menéres Duarte Pacheco Clara

.....

REN Serviços, S.A.
Pedro Henriques Gomes Cabral

10

ANNEX

AUDITOR'S REPORT

Statutory Audit Report

(Free translation from the original in Portuguese)

Introduction

1 We have audited the financial statements of OMIP – Pólo Português, S.G.M.R., S.A., comprising the balance sheet as at December 31, 2014 (which shows total assets of Euro 6,975,174 and total shareholder's equity of Euro 6,191,623, including a net profit of Euro 191,829), the statement of income by nature, the statement of changes in equity and the statement of cash flows for the year then ended, and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Board of Directors to prepare the Directors' Report and the financial statements which present fairly, in all material respects, the financial position of the Company, the results of its operations, the changes in equity and the cash flows, as well as to adopt appropriate accounting policies and criteria and to maintain an appropriate system of internal control.

3 Our responsibility is to express an independent and professional opinion on these financial statements based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample basis, of the evidence supporting the amounts and disclosures in the financial statements and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the financial statements; (ii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; and (iv) assessing the overall presentation of the financial statements.

5 Our audit also covered the verification that the financial information included in the Directors' Report is consistent with the financial statements.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of OMIP – Pólo Português, S.G.M.R., S.A. as at December 31, 2014, the results of its operations, the changes in equity and the cash flows for the year then ended, in accordance with generally accepted accounting principles in Portugal.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
Tel +351 213 599 000, Fax +351 213 599 999, www.pwc.com.pt
Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 9077

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que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

Report on other legal requirements

8 It is also our opinion that the financial information included in the Directors' Report is consistent with the financial statements for the year.

May 6, 2015

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Jorge Manuel Santos Costa, R.O.C.

This is a translation, not to be signed

OMIP – Pólo Português, S.G.M.R., S.A.
Av. Casal Ribeiro, n.º 14 – 8.º // 1000-092 Lisboa - Portugal
www.omip.eu // omip@omip.pt
Tel: +351 21 000 6000 // Fax: +351 21 000 6001