



cmie



financial
report



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1. Audit Report



AUDIT REPORT

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

To the Shareholders of OMI-Polo Español, S.A. (OMIE)

We have audited the annual accounts of OMI-Polo Español, S.A. (OMIE), consisting of the balance sheet at 31 December 2013, the income statement, the statement of changes in equity, the cash flow statement and related notes for the year then ended. The Company's Directors are responsible for the preparation of these annual accounts in accordance with the financial reporting framework applicable to the Company (as identified in Note 2 to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying annual accounts for 2013 present fairly, in all material respects, the financial position of OMI-Polo Español, S.A. (OMIE) at 31 December 2013 and the results of its operations and cash flows for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

The accompanying Directors' Report for 2013 contains the explanations which the Company's Directors consider appropriate regarding the Company's situation, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the Directors' Report is in agreement with that of the annual accounts for 2013. Our work as auditors is limited to checking the Directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the Company's accounting records.

PricewaterhouseCoopers Auditores, S.L

Original signed by Iñaki Goiriena Basualdu
Partner

April 25th, 2014

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

2. Balance sheet



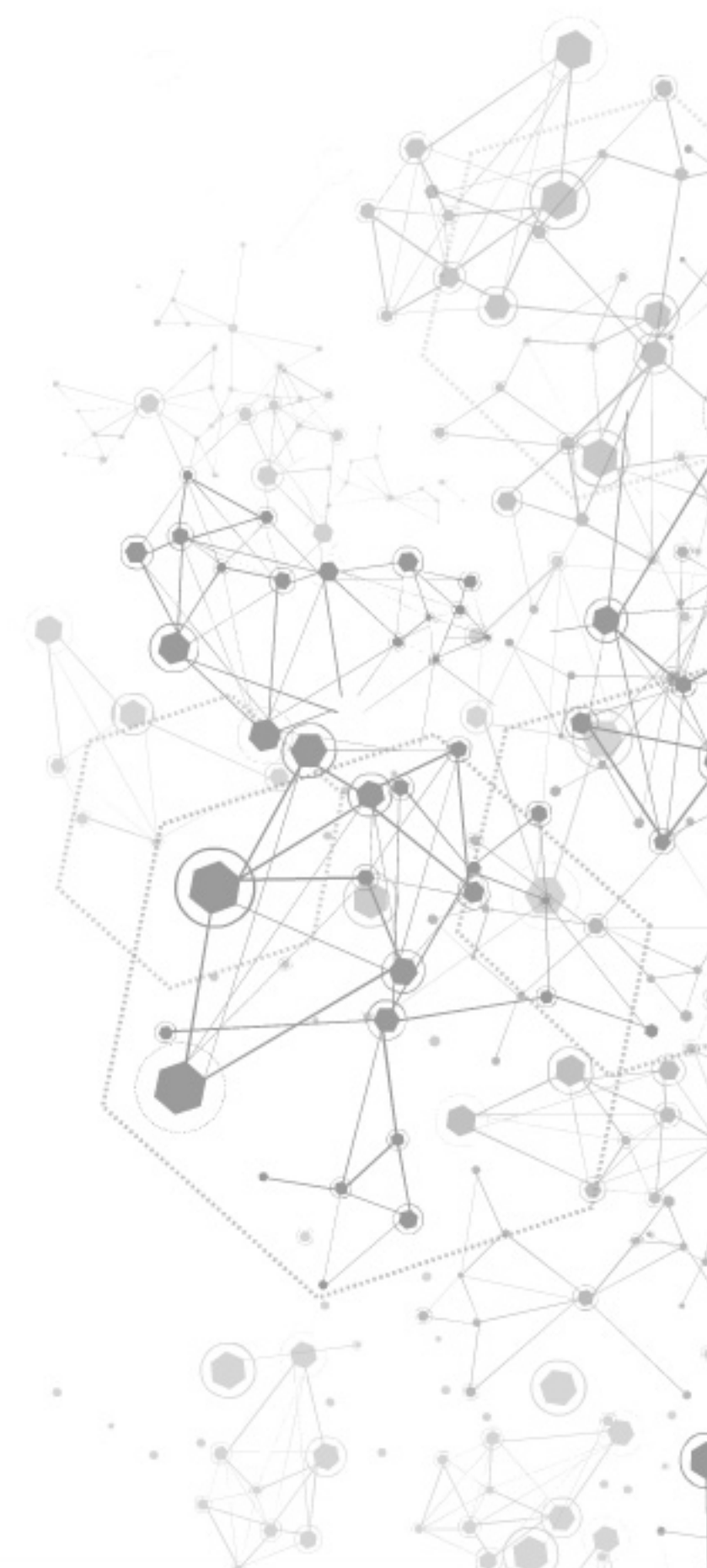
BALANCE SHEET AT 31 DECEMBER 2013 AND 2012 (euro)

| ASSETS | NOTE | 2013 | 2012 |
|---|-------|-------------------|-------------------|
| A) NON-CURRENT ASSETS | | 10,254,475 | 2,189,467 |
| Intangible assets | 5 | 166,797 | 323,275 |
| Property, plant and equipment | 6 | 814,961 | 900,717 |
| Non-current investments in group and associated companies | | 6,800,000 | 800,000 |
| Equity instruments | 7 | 6,800,000 | 600,000 |
| Loans to group companies | 8 | - | 200,000 |
| Non-current financial investments | 9 | 2,472,717 | 165,475 |
| Other financial assets | | 2,472,717 | 165,475 |
| B) CURRENT ASSETS | | 7,376,471 | 8,487,921 |
| Trade and other receivables | 10.11 | 2,911,171 | 3,218,313 |
| Trade receivables for sales and services rendered | | 1,450,104 | 1,619,632 |
| Trade receivables from Group companies and associates | | 1,456,840 | 1,519,000 |
| Sundry receivables | | - | 40,823 |
| Accrued wages and salaries | | 1,916 | 36,547 |
| Current tax assets | | 2,311 | 2,311 |
| Current investments in group companies and associates | 8 | 216,072 | 84,348 |
| Current financial investments | | 17,758 | - |
| Cash and other cash equivalents | | 4,231,470 | 5,185,260 |
| TOTAL ASSETS | | 17,630,946 | 10,677,388 |

2. Balance sheet

| EQUITY AND LIABILITIES | NOTE | 2013 | 2012 |
|--|-------------|-------------------|-------------------|
| EQUITY | | 11,185,785 | 4,877,074 |
| Capital and reserves | 12 | 11,185,785 | 4,877,074 |
| Share capital | | 8,200,000 | 2,000,000 |
| Share premium account | | 738,235 | 738,235 |
| Legal reserve | | 384,721 | 189,685 |
| Prior year profits and losses brought forward | | - | (1,200) |
| Result for the year | | 1,862,829 | 1,950,354 |
| NON-CURRENT LIABILITIES | 13 | 2,711,815 | 2,146,533 |
| Non-current provisions | | 2,711,815 | 2,146,533 |
| CURRENT LIABILITIES | | 3,733,346 | 3,653,781 |
| Current payables | 14 | 10 | 10 |
| Current payables to Group companies | | 1,200 | 1,200 |
| Trade and other payables | 14 | 3,732,136 | 3,652,571 |
| Suppliers | | 1,184,918 | 1,505,558 |
| Trade payables, Group and associated companies | | 302,500 | 250,000 |
| Accrued wages and salaries pending payment | | 1,214,264 | 1,117,771 |
| Current tax liabilities | | 475,588 | 391,573 |
| Other payables to public administrations | | 554,866 | 387,669 |
| TOTAL EQUITY AND LIABILITIES | | 17,630,946 | 10,677,388 |

Notes 1 through 23 form an integral part of the annual accounts at 31 December 2013.



3. Income statement



INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012 (euro)

| | Year ended 31 December | | |
|---|------------------------|--------------------|--------------------|
| | NOTE | 2013 | 2012 |
| CONTINUED OPERATIONS | | | |
| Net revenue | 16 | 16,402,761 | 16,625,280 |
| Sales | | 3,248 | 2,142 |
| Services rendered | | 16,399,513 | 16,623,138 |
| Personnel expenses | 17 | (7,413,226) | (7,272,478) |
| Wages, salaries and similar compensation | | (6,206,913) | (6,148,129) |
| Social welfare expenses | | (1,206,313) | (1,124,349) |
| Other operating expenses | 18 | (5,540,939) | (5,637,514) |
| External services | | (5,398,033) | (5,563,582) |
| Impairment losses | | (67,414) | |
| Taxes | | (75,492) | (73,932) |
| Asset depreciation/amortisation | 5 and 6 | (542,668) | (646,778) |
| Profit/(loss) obtained on the disposal of assets | | 1,227 | - |
| OPERATING PROFIT/(LOSS) | | 2,907,155 | 3,068,512 |
| Financial income | | 43,000 | 4,706 |
| FINANCIAL INCOME/(EXPENSE) | | 43,000 | 4,706 |
| RESULT BEFORE INCOME TAX | | 2,950,155 | 3,073,218 |
| Corporate income tax | 15 | (1,087,326) | (1,122,864) |
| PROFIT/(LOSS) FOR THE YEAR | | 1,862,829 | 1,950,354 |

Notes 1 through 23 form an integral part of the annual accounts at 31 December 2013.

4. Statement of recognised income and expenses



STATEMENT OF RECOGNISED INCOME AND EXPENSE AND STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012 (euro)

Year ended 31 December

2013 2012

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

| | | |
|---|------------------|------------------|
| Profit/ loss for the year | 1,862,829 | 1,950,354 |
| Revenues and expenses attributed directly to equity | - | - |
| Amounts transferred to the income statement | - | - |
| TOTAL RECOGNISED INCOME AND EXPENSE | 1,862,829 | 1,950,354 |

B) TOTAL STATEMENT OF CHANGES IN EQUITY

| | Authorised Capital | Share premium | Reserves Legal | Other reserves | Prior Years | Result for the year | TOTAL |
|-------------------------------------|--------------------|----------------|----------------|----------------|-------------|---------------------|-------------------|
| ENDING BALANCE 2011 | 2,000,000 | 738,235 | - | (1,200) | - | 1,896,846 | 4,633,881 |
| (Note12) | | | | | | | |
| Total recognised income and expense | - | - | - | - | - | 1,950,354 | 1,950,354 |
| Transactions with shareholders | | | | | | | |
| Dividend distribution | - | - | - | - | (1,707,161) | - | (1,707,161) |
| Other changes in equity | - | - | 189,685 | - | 1,707,161 | (1,896,846) | - |
| ENDING BALANCE 2012 | 2,000,000 | 738,235 | 189,685 | (1,200) | - | 1,950,354 | 4,877,074 |
| (Note12) | | | | | | | |
| Total recognised income and expense | - | - | - | - | - | 1,862,829 | 1,862,829 |
| Share capital increase | 6,200,000 | - | - | - | - | - | 6,200,000 |
| Transactions with shareholders | | | | | | | |
| Dividend distribution | - | - | - | - | (1,754,118) | - | (1,754,118) |
| Other changes in equity | - | - | 195,036 | 1,200 | 1,754,118 | (1,950,354) | - |
| ENDING BALANCE 2013 | 8,200,000 | 738,235 | 384,721 | - | - | 1,862,829 | 11,185,785 |
| (Note12) | | | | | | | |

Notes 1 through 23 form an integral part of the annual accounts at 31 December 2013.

5. Cash flow Statement



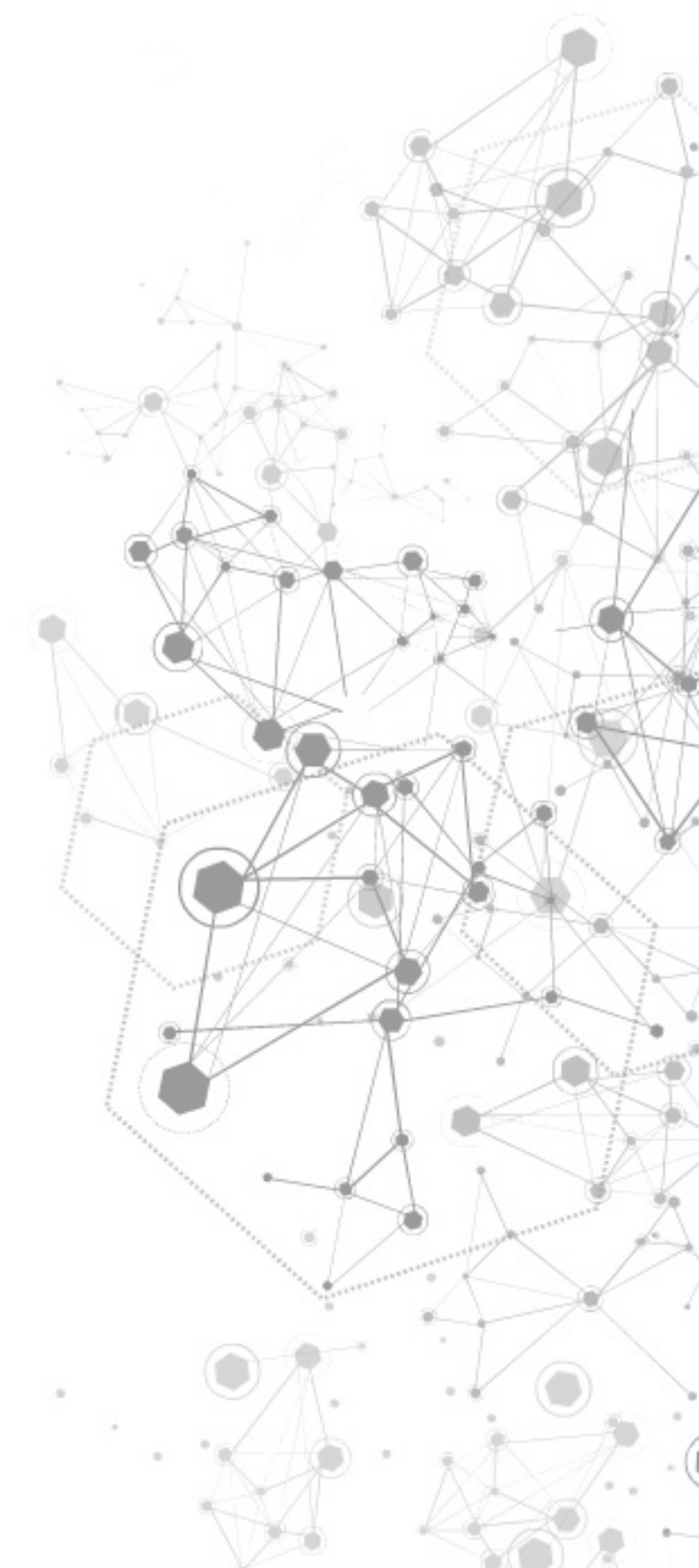
CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012 (euro)

| CASH FLOWS FROM OPERATING ACTIVITIES | 2013 | 2012 |
|---|--------------------|--------------------|
| Profit before taxes | 2,950,155 | 3,073,218 |
| Adjustments | 1,131,137 | 1,242,072 |
| Asset depreciation/amortisation | 542,668 | 646,778 |
| Change in provisions | 565,282 | 600,000 |
| Impairment losses | 67,414 | - |
| Gains/losses on disposals of assets | (1,227) | - |
| Financial income | (43,000) | (4,706) |
| Changes in working capital | 235,278 | (360,948) |
| Loans and other receivables | 239,728 | (362,032) |
| Trade and other payables | (4,450) | 1,084 |
| Other cash flows from operating activities | (989,084) | (1,047,717) |
| Interest collection | 26,928 | 4,706 |
| Corporate income tax income/(expense) | (1,016,012) | (1,052,423) |
| Cash flows from operating activities | 3,327,486 | 2,906,625 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Amounts paid on investments | (8,805,263) | (461,507) |
| Intangible assets | (11,599) | (196,847) |
| Property, plant and equipment | (336,940) | (264,660) |
| Financial investments | (2,325,000) | - |
| Group and associated companies | (6,131,724) | - |
| Amounts collected from divestments | 78,105 | 35,354 |
| Property, plant and equipment | 78,105 | 14,100 |
| Other financial assets | - | 21,254 |
| Cash flows from investing activities | (8,727,158) | (426,153) |



5. Cash flow Statement

| CASH FLOWS FROM FINANCING ACTIVITIES | 2013 | 2012 |
|---|------------------|--------------------|
| Payments made and received for equity instruments | 4,445,882 | (1,707,161) |
| Issue of equity instruments | 6,200,000 | - |
| Dividends paid | (1,754,118) | (1,707,161) |
| Payments made and received for financial liability instruments | - | (134,534) |
| a) Issue | - | - |
| Other payables | - | - |
| b) Redemption | - | (134,534) |
| Other payables | - | (134,534) |
| Cash flows from financing activities | 4,445,882 | (1,841,695) |
| NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS | (953,790) | 638,777 |
| Cash and cash equivalents at beginning of the year | 5,185,260 | 4,546,483 |
| Cash and cash equivalents at end of the year | 4,231,470 | 5,185,260 |





Operating the Iberian
Electricity Market

Committed to Europe

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