



INDEPENDENT
AUDITORS'
REPORT

CONSOLIDATED
STATEMENT
OF FINANCIAL
POSITION

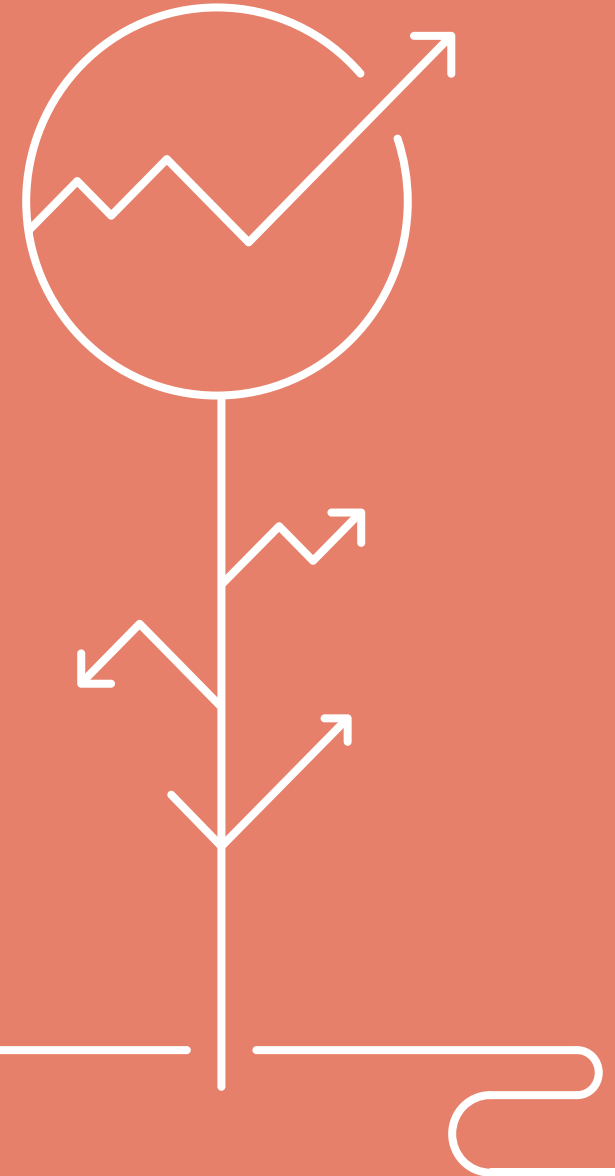


CONSOLIDATED
ANNUAL ACCOUNTS



CONSOLIDATED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION





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RED ELÉCTRICA GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 december 2015 and 2014

(In thousands of euros)

	31/12/2015	31/12/2014
ASSETS		
Intangible assets (note 5)	118,471	109,069
Property, plant and equipment (note 6)	8,884,598	8,923,262
Investment property (note 7)	2,473	2,517
Non-current financial assets (note 15)	119,986	71,998
Deferred tax assets (note 19)	30,111	30,938
Other non-current assets	902	380
NON-CURRENT ASSETS	9,156,541	9,138,164
Inventories (note 8)	41,755	46,445
Trade and other receivables (note 9)	1,010,265	1,072,690
Trade receivables	14,023	28,400
Other receivables	993,784	1,003,501
Current tax assets	2,458	40,789
Other current financial assets (note 15)	2,522	1,304
Cash and cash equivalents	386,861	299,368
CURRENT ASSETS	1,441,403	1,419,807
TOTAL ASSETS	10,597,944	10,557,971





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(In thousands of euros)

EQUITY AND LIABILITIES

Capital and reserves

	31/12/2015	31/12/2014
Capital	270,540	270,540
Reserves	2,051,350	1,723,852
Own shares [-]	(33,076)	(10,390)
Profit attributable to the Parent	606,013	717,821
Interim dividend [-]	(120,082)	(112,463)

Valuation adjustments

	31/12/2015	31/12/2014
Available-for-sale financial assets	15,480	7,950
Hedging transactions	(48,613)	(69,273)
Translation differences and other	3,651	1,429

EQUITY ATTRIBUTABLE TO THE PARENT

Non-controlling interests 15,350 22,986

TOTAL EQUITY (note 10) **2,760,613** **2,552,452**

Grants and other (note 11) 548,598 482,442

Non-current provisions (note 12) 84,528 105,522

Non-current financial liabilities (note 15) 4,827,113 5,037,125

Loans and borrowings, bonds and other marketable securities 4,770,841 4,955,001

Other non-current financial liabilities 56,272 82,124

Deferred tax liabilities (note 19) 512,286 482,584

Other non-current liabilities (note 13) 68,196 70,726

NON-CURRENT LIABILITIES **6,040,721** **6,178,399**

Current financial liabilities (note 15) 1,313,328 1,549,431

Loans and borrowings, bonds and other marketable securities 648,156 844,057

Other current financial liabilities 665,172 705,374

Trade and other payables (note 17) 483,282 277,689

Suppliers 402,334 200,128

Other payables 74,672 57,445

Current tax liabilities 6,276 20,116

CURRENT LIABILITIES **1,796,610** **1,827,120**

TOTAL EQUITY AND LIABILITIES **10,597,944** **10,557,971**

Notes 1 to 31 and Appendices I and II form an integral part of these consolidated annual accounts.



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(In thousands of euros)

CONSOLIDATED INCOME STATEMENT

	2015	2014
Revenues (note 20-a)	1,938,939	1,846,714
Self-constructed assets	20,719	17,710
Supplies (note 20-b)	(47,865)	(59,711)
Other operating income	12,506	7,288
Personnel expenses (note 20-c)	(139,635)	(132,967)
Other operating expenses (note 20-b)	(326,237)	(293,641)
Depreciation and amortisation (notes 5, 6 and 7)	(489,533)	(440,699)
Non-financial and other capital grants (note 11)	20,084	13,651
Impairment and gains/(losses) on disposal of fixed assets (6 y 20-d)	40	(9,146)
RESULTS FROM OPERATING ACTIVITIES	989,018	949,199
Finance income	8,932	11,973
Finance costs (note 20-e)	(167,457)	(160,240)
Exchange gains/(losses)	(41)	253
Impairment and gains/(losses) on disposal of financial instruments (note 20-f)	(730)	52,311
NET FINANCE COST	(159,296)	(95,703)
Share in profit of equity-accounted investees	-	-
PROFIT BEFORE INCOME TAX	829,722	853,496
Income tax (note 19)	(222,962)	(134,434)
CONSOLIDATED PROFIT FOR THE YEAR	606,760	719,062
A) CONSOLIDATED PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT	606,013	717,821
B) PROFIT FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	747	1,241
EARNINGS PER SHARE IN EUROS		
Basic earnings per share in Euros (note 29)	4.49	5.31
Diluted earnings per share in Euros (note 29)	4.49	5.31

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RED ELÉCTRICA GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2015 and 2014

(In thousands of euros)

	2015			2014		
	Total Group	Attributable to the Parent	Non-controlling interests	Total Group	Attributable to the Parent	Non-controlling interests
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
CONSOLIDATED PROFIT FOR THE YEAR	606,760	606,013	747	719,062	717,821	1,241
ITEMS THAT COULD BE RECLASSIFIED TO PROFIT OR LOSS	32,233	30,413	1,820	(15,532)	(17,853)	2,321
Translation differences	5,389	2,962	2,427	6,347	3,252	3,095
Cash flow hedges	28,428	28,428	-	(27,115)	(27,115)	-
Available-for-sale financial assets	10,039	10,039	-	4,486	4,486	-
Other items that could be reclassified to profit or loss	-	-	-	(816)	(816)	-
Tax effect of items that could be reclassified to profit or loss	(11,623)	(11,016)	(607)	1,566	2,340	(774)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	12,182	12,182	-	(13,170)	(13,170)	-
Actuarial gains and losses and other adjustments	16,242	16,242	-	(17,051)	(17,051)	-
Tax effect of items that will not be reclassified to profit or loss	(4,060)	(4,060)	-	3,881	3,881	-
TOTAL OTHER COMPREHENSIVE INCOME	651,175	648,608	2,567	690,360	686,798	3,562
A) TOTAL OTHER COMPREHENSIVE INCOME	651,175	648,608	2,567	690,360	686,798	3,562

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY at 31 december 2015 and 2014

(In thousands of euros)

EQUITY	Current period								Total equity
	Subscribed capital	Reserves	Interim dividend	Own shares	Profit attributable to the Parent	Valuation adjustments	Equity attributable to the Parent	Non-controlling interests	
Balances at 1 January 2015	270,540	1,723,852	(112,463)	(10,390)	717,821	(59,894)	2,529,466	22,986	2,552,452
I. Comprehensive income for the year	-	12,183	-	-	606,013	30,412	648,608	2,567	651,175
II. Transactions with shareholders or owners	-	2,890	(7,619)	(22,686)	(405,687)	-	(433,102)	(853)	(433,955)
Distribution of dividends (note 10)	-	-	(7,619)	-	(405,687)	-	(413,306)	(853)	(414,159)
Transactions with own shares (note 10)	-	2,890	-	(22,686)	-	-	(19,796)	-	(19,796)
III. Other changes in equity	-	312,425	-	-	(312,134)	-	291	(9,350)	(9,059)
Transfers between equity line items	-	312,134	-	-	(312,134)	-	-	-	-
Other changes	-	291	-	-	-	-	291	(9,350)	(9,059)
Balances at 31 December 2015	270,540	2,051,350	(120,082)	(33,076)	606,013	(29,482)	2,745,263	15,350	2,760,613
Balances at 1 January 2014	270,540	1,548,523	(97,867)	(1,707)	529,139	(42,041)	2,206,587	18,061	2,224,648
I. Comprehensive income for the year	-	(13,170)	-	-	717,821	(17,853)	686,798	3,562	690,360
II. Transactions with shareholders or owners	-	3,142	(14,596)	(8,683)	(343,856)	-	(363,993)	-	(363,993)
Distribution of dividends (note 11)	-	-	(14,596)	-	(343,856)	-	(358,452)	-	(358,452)
Transactions with own shares (note 11)	-	3,142	-	(8,683)	-	-	(5,541)	-	(5,541)
III. Other changes in equity	-	185,357	-	-	(185,283)	-	74	1,363	1,437
Transfers between equity line items	-	185,283	-	-	(185,283)	-	-	-	-
Other changes	-	74	-	-	-	-	74	1,363	1,437
Balances at 31 December 2014	270,540	1,723,852	(112,463)	(10,390)	717,821	(59,894)	2,529,466	22,986	2,552,452

Notes 1 to 31 and Appendices I and II form an integral part of these consolidated annual accounts.

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RED ELÉCTRICA GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS 2015 and 2014

(In thousands of euros)

	2015	2014
CONSOLIDATED STATEMENT OF CASH FLOWS		
CASH FLOWS FROM OPERATING ACTIVITIES	1,326,140	511,985
Profit before tax	829,722	853,496
Adjustments for:	639,039	538,303
Depreciation and amortisation (notes 5, 6 and 7)	489,533	440,699
Other adjustments (net)	149,506	97,604
Gains/losses on disposal/impairment of non-current assets and financial instruments (note 20-f)	770	(52,311)
Accrued finance income (note 20-e)	(8,932)	(11,973)
Accrued finance costs (note 20-e) (note 20-e)	167,457	160,240
Charge to/surplus provisions for liabilities and charges (note 12)	7,432	19,497
Capital and other grants taken to income (note 11)	(17,221)	(17,849)
Changes in operating assets and liabilities	196,879	(497,681)
Changes in inventories, receivables, prepayments for current assets and other current assets	25,409	(493,291)
Changes in trade payables, current revenue received in advance and other current liabilities	171,470	(4,390)
Other cash flows used in operating activities:	(339,500)	(382,133)
Interest paid	(173,135)	(159,738)
Dividends received (note 20-e)	4,566	4,566
Interest received	4,366	7,407
Income tax received/(paid)	(163,112)	(227,442)
Other proceeds from and payments for operating activities	(12,185)	(6,926)

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CONSOLIDATED STATEMENT OF CASH FLOWS / Continuation 2015 and 2014

(In thousands of euros)

CONSOLIDATED STATEMENT OF CASH FLOWS**CASH FLOWS USED IN INVESTING ACTIVITIES****Payments for investments**

Property, plant and equipment, intangible assets and investment property (notes 5, 6 and 7)	(458,890)	(1,104,920)
Other financial assets (note 15)	(10,300)	(4,720)

Proceeds from sale of investments

Property, plant and equipment, intangible assets and investment property (notes 5, 6 and 7)	59	-
Other financial assets (note 15)	3,287	739
Other assets (note 20-f)	-	28,897

Other cash flows from investing activities

Other proceeds from investing activities (note 11)	81,587	30,909
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CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES**Proceeds from and payments for equity instruments** (note 10)

Acquisition	(156,457)	(107,416)
Disposal	136,661	101,875

Proceeds from and payments for financial liability instruments (note 15)

Issue and drawdowns	1,198,485	1,943,673
Redemption and repayment	(1,619,222)	(974,314)

Dividends and interest on other equity instruments paid (note 10)

	(404,825)	(343,782)
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Other cash flows from (used in) financing activities (note 10)

	(9,236)	1,362
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EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS

	204	219
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NET INCREASE IN CASH AND CASH EQUIVALENTS

	87,493	84,507
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Cash and cash equivalents at beginning of year

	299,368	214,861
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Cash and cash equivalents at year end

	386,861	299,368
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