

# Individual financial statements

## Red Eléctrica de España

Balance at 31 december 2007 (in thousands of euros)

ASSETS	2007	2006
<b>INTANGIBLE ASSETS</b>	<b>3,834</b>	<b>5,182</b>
Research and development expenses and software	38,563	36,403
Amortisation	(34,729)	(31,221)
<b>TANGIBLE ASSETS</b>	<b>4,694,768</b>	<b>4,331,303</b>
Land and buildings	60,541	59,959
Plant and machinery	6,282,317	5,899,480
Other installations, equipment and furniture	103,038	95,254
Plant and machinery under construction	611,443	455,793
Advances and tangible assets under construction	80,915	7,131
Provisions	(56,221)	(42,606)
Depreciation of plant and machinery	(2,297,808)	(2,066,151)
Other depreciation	(89,457)	(77,557)
<b>INVESTMENTS</b>	<b>171,542</b>	<b>79,004</b>
Investments in group companies	62,006	62,000
Loans to associated companies	98,822	-
Other loans	873	1,258
Long-term guarantee deposits	840	434
Logn-term balances recoverable from public entitie	21,036	19,795
Provisions	(12,035)	(4,483)
<b>OWN SHARES</b>	<b>2,518</b>	<b>12,710</b>
<b>TOTAL FIXED ASSETS</b>	<b>4,872,662</b>	<b>4,428,199</b>
<b>DEFERRED EXPENSES</b>	<b>9,697</b>	<b>10,506</b>
<b>STOCKS</b>	<b>32,145</b>	<b>28,378</b>
Raw materials and other supplies	38,559	33,978
Provisions	(6,414)	(5,600)
<b>DEBTORS</b>	<b>299,178</b>	<b>266,165</b>
Trade debtors	5,444	4,154
Group companies	269	272
Associated companies	59	68
Sundry debtors	284,367	252,676
Personnel	448	587
Public entities	8,650	8,477
Provisions	(59)	(69)
<b>SHORT-TERM INVESTORS</b>	<b>5,779</b>	<b>5,876</b>
Other loans	5,520	5,570
Short-term guarantee and deposits	259	306
<b>CASH AND BANKS</b>	<b>1,537</b>	<b>4,619</b>
<b>PREPAID EXPENSES</b>	<b>3,838</b>	<b>3,506</b>
<b>TOTAL CURRENT ASSETS</b>	<b>342,477</b>	<b>308,544</b>
<b>TOTAL ASSETS</b>	<b>5,224,836</b>	<b>4,747,249</b>

SHAREHOLDERS' EQUITY AND LIABILITIES	2007	2006
SHARE CAPITAL	270,540	270,540
REVALUATION RESERVE	247,022	247,022
RESERVES	444,194	335,109
PROFIT FOR THE YEAR	238,682	198,676
INTERIM DIVIDEND	(52,208)	(43,428)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,148,230</b>	<b>1,007,919</b>
Capital grants	93,591	81,898
Exchange gains	109	213
Other deferred income	266,796	249,691
<b>TOTAL DEFERRED INCOME</b>	<b>360,496</b>	<b>331,802</b>
Provisions for pensions and other liabilities	39,724	36,250
Provisions for taxes	165	171
Other provisions	17,825	18,995
<b>TOTAL PROVISIONS FOR LIABILITIES AND CHARGE</b>	<b>57,714</b>	<b>55,416</b>
BONDS	1,355,156	1,222,546
LOANS	1,261,862	1,261,862
OTHER CREDITORS	113,552	117,299
<b>LONG-TERM CREDITORS</b>	<b>2,730,570</b>	<b>2,601,707</b>
BONDS AND OTHER MARKETABLE SECURITIES	47,508	127,785
Non-convertible bonds	36,517	117,263
Interest payable	10,991	10,522
LOANS	26,667	22,391
Loans and other debt	26,667	22,391
TRADE CREDITORS	146,779	117,550
For purchases and services received	88,076	67,906
Bill payable	58,703	49,644
OTHER CREDITORS	677,830	459,308
Public entities	55,247	39,925
Other	620,356	418,045
Short-term guarantee deposits received	2,227	1,338
ACCRUALS	29,042	23,371
<b>SHORT-TERM CREDITORS</b>	<b>927,826</b>	<b>750,405</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>5,224,836</b>	<b>4,747,249</b>

## Red Eléctrica de España

### Profit and loss accounts for the year 2006 (in thousands of euros)

DEBIT	2007	2006
<b>EXPENSES</b>		
<b>MATERIALS CONSUMED</b>	<b>206,719</b>	<b>185,443</b>
Purchases of energy and power	146,654	149,387
Maintenance and repair materials	60,065	36,056
<b>PERSONNEL EXPENSES</b>	<b>85,682</b>	<b>80,934</b>
Wages and salaries	64,972	60,350
Social security	13,797	13,222
Pensions and similar obligations	1,079	1,035
Other social charges	5,834	6,327
<b>AMORTISATION AND DEPRECIATION</b>	<b>245,026</b>	<b>249,826</b>
<b>CHANGES IN TRADE PROVISIONS AND BAD DEBTS WRITTEN OFF</b>	<b>805</b>	<b>1,447</b>
Change in provisions for stocks	815	1,436
Change in provision for bad debts	(10)	11
<b>OTHER OPERATING EXPENSES</b>	<b>186,861</b>	<b>190,752</b>
External services	178,725	177,854
Local taxes	4,117	2,969
Other operating expenses	318	1,337
Provision for liabilities and charges	3,701	8,592
<b>TOTAL OPERATING EXPENSES</b>	<b>725,093</b>	<b>708,402</b>
<b>OPERATING PROFIT</b>	<b>473,270</b>	<b>392,544</b>
<b>FINANCIAL AND SIMILAR EXPENSES</b>	<b>117,519</b>	<b>107,341</b>
On debt with group companies	60,033	62,269
On debt with third parties	57,486	45,072
<b>EXCHANGE LOSSES</b>	<b>5</b>	<b>10</b>
<b>TOTAL FINANCIAL EXPENSES</b>	<b>117,524</b>	<b>107,351</b>
<b>PROFIT ON ORDINARY ACTIVITIES</b>	<b>360,081</b>	<b>288,069</b>
<b>CHANGES IN PROVISIONS FOR FIXED ASSETS</b>	<b>21,659</b>	<b>18,408</b>
<b>LOSSES ON TANGIBLE ASSETS</b>	<b>888</b>	<b>121</b>
<b>EXTRAORDINARY EXPENSES</b>	<b>180</b>	<b>612</b>
<b>PRIOR YEARS' EXPENSES AND LOSSES</b>	<b>4,165</b>	<b>825</b>
<b>TOTAL EXTRAORDINARY EXPENSES</b>	<b>26,892</b>	<b>19,966</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>352,484</b>	<b>281,751</b>
<b>INCOME TAX</b>	<b>113,694</b>	<b>82,956</b>
<b>TAXES OTHER THAN INCOME</b>	<b>108</b>	<b>119</b>
<b>PROFIT FOR THE YEAR</b>	<b>238,682</b>	<b>198,676</b>

CREDIT	2007	2006
<b>INCOME</b>		
<b>NET SALES</b>	<b>1,156,945</b>	<b>1,078,044</b>
Services rendered (Transmission and system operation)	973,985	893,005
Sales of energy and power	150,302	153,115
Other service income	32,658	31,924
<b>SELF-CONSTRUCTED ASSETS</b>	<b>15,413</b>	<b>17,578</b>
<b>OTHER OPERATING INCOME</b>	<b>26,005</b>	<b>5,324</b>
Other income	23,651	2,941
Grants	1,050	300
Surplus provision for liabilities	1,304	2,083
<b>TOTAL OPERATING INCOME</b>	<b>1,198,363</b>	<b>1,100,946</b>
<b>INVESTMENTS INCOME</b>	<b>920</b>	<b>653</b>
Group companies	920	653
<b>REVENUES FROM OTHER MARKETABLE SECURITIES AND NON-CURRENT LOANS</b>	<b>30</b>	<b>-</b>
Group and associated companies	30	-
<b>OTHER INTEREST AND SIMILAR INCOME</b>	<b>3,223</b>	<b>2,121</b>
Group companies	2,625	2,121
Other interest	598	-
<b>EXCHANGE GAINS</b>	<b>162</b>	<b>102</b>
<b>TOTAL FINANCIAL INCOME</b>	<b>4,335</b>	<b>2,876</b>
<b>NET FINANCIAL EXPENSES</b>	<b>113,189</b>	<b>104,475</b>
<b>PROFIT ON DISPOSAL OF TANGIBLE FIXD ASSETS</b>	<b>657</b>	<b>173</b>
<b>PROFIT ON OWN SHARE OPERATION</b>	<b>6,341</b>	<b>1,732</b>
<b>CAPITAL GRANTS TAKEN TO INCOME</b>	<b>3,597</b>	<b>3,296</b>
<b>EXTRAORDINARY INCOME</b>	<b>3,754</b>	<b>2,617</b>
<b>PRIOR YEARS' PROFIT AND INCOME</b>	<b>4,946</b>	<b>5,830</b>
<b>TOTAL EXTRAORDINARY INCOME</b>	<b>19,295</b>	<b>13,648</b>
<b>NET EXTRAORDINARY LOSS</b>	<b>7,597</b>	<b>6,318</b>