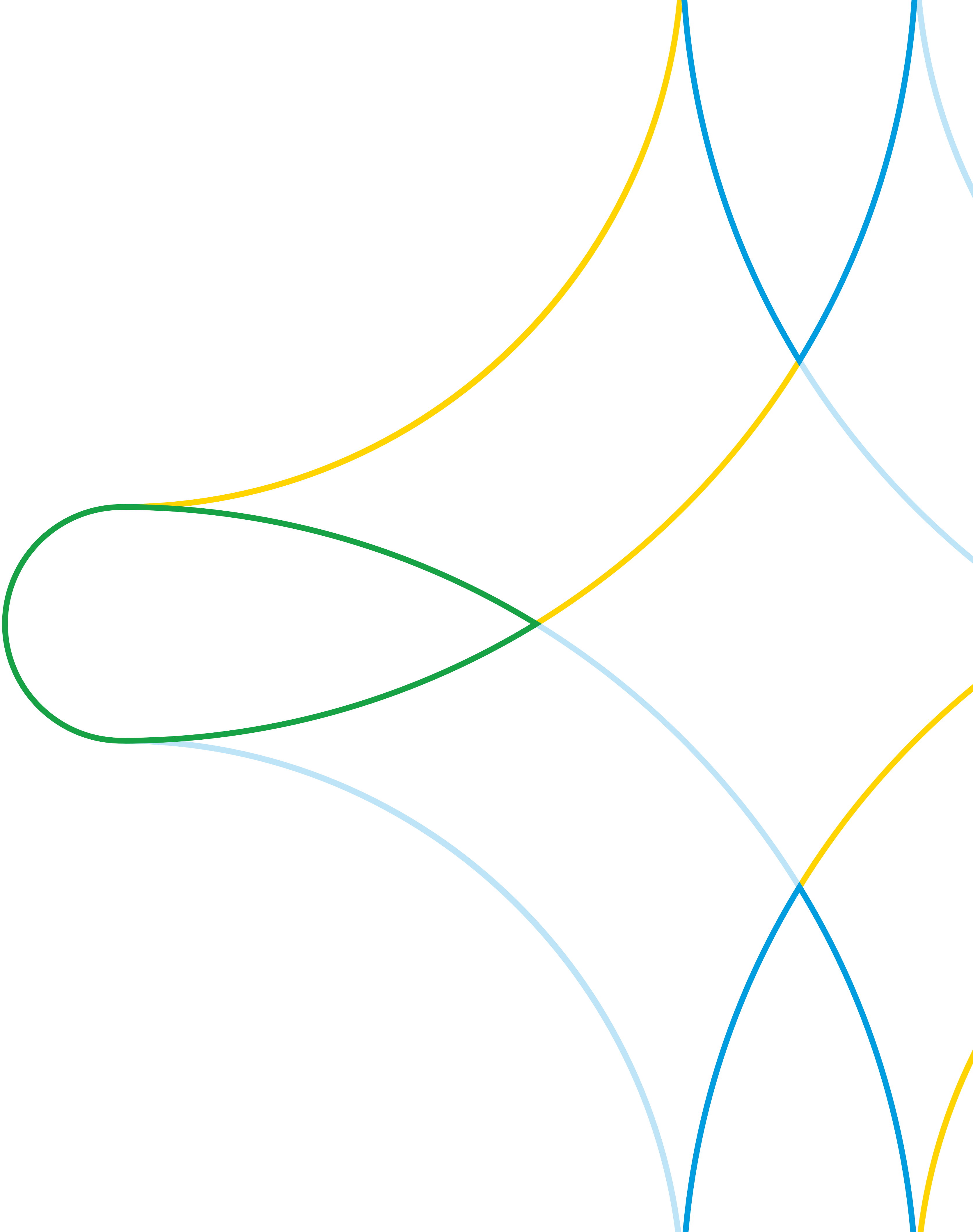
Redexis gas

2013 ANNUAL REPORT



Welcome to the Redexis Gas
2013 Annual Report

Come in and discover why Redexis Gas is an excellent company

This report integrates the financial and non-financial (social, environmental and Governance) aspects of Redexis Gas. This shows the Company's commitment to integrate Corporate Responsibility into its business.

By submitting this format, the Company seeks to improve communication with its stakeholders, presenting the information in a dynamic, summarized and visual manner.

Redexis gas

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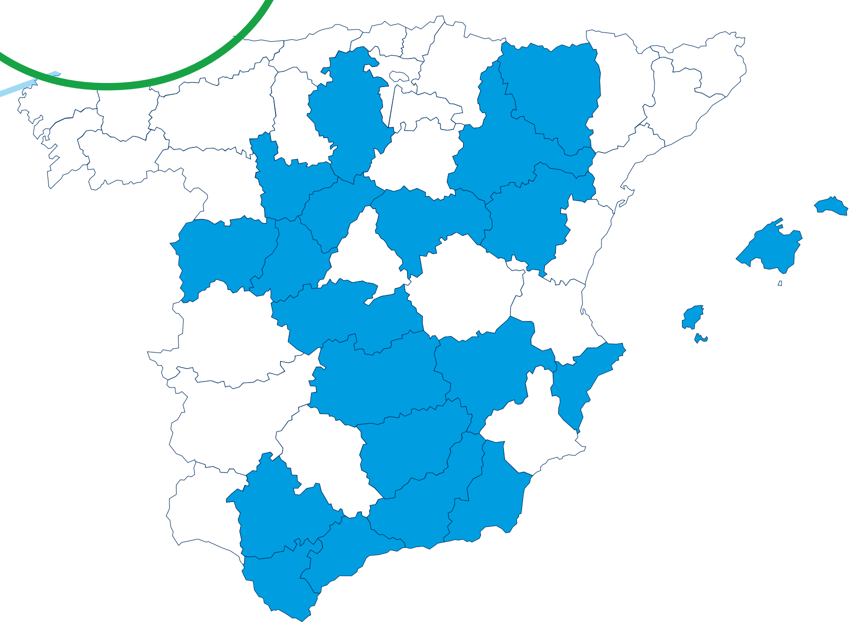
REDEXIS GAS IN 2013

THE COMPANY AT A GLANCE

Redexis Gas is one of the leading companies in the development and operation of natural gas transmission and distribution in Spain. It operates its own gas networks, of over 5,500 kilometers, throughout seven Autonomous Communities, by means of which it provides access to this source of safe, convenient and efficient energy to over three million and a half persons, industries and commercial establishments, in a total of 183 municipalities.

The Company, owned by Goldman Sachs Infrastructure Partners and co-investors, has a solid and continued plan to expand and roll out the network for the purpose of constantly creating value in the communities in which it operates, where it has already invested nearly €1 billion.

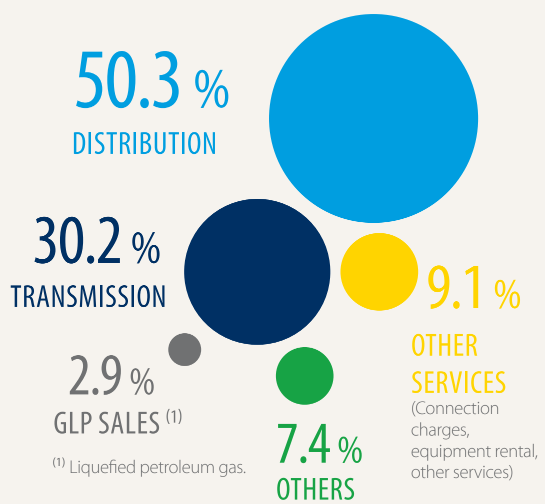
REGIONS WHERE **REDEXIS GAS** OPERATES



MAIN ACTIVITIES: TRANSMISSION AND DISTRIBUTION OF NATURAL GAS

KEY OPERATING DATA	UNIT	2011	2012	2013
Distribution Connection Points (CPs)	#	370,404	375,434	384,168
Provinces served	#	19	19	19
Municipalities served	#	175	181	183
Municipalities with authorisation granted, pending gas commissioning	#	134	123	125
Network length	Km	5,145	5,382	5,581
Transmission network length	Km	1,004	1,153	1,281
Distribution network length	Km	4,141	4,229	4,299
Energy distributed	GWh	8,239	9,503	10,018

SPLIT OF REVENUES(%)

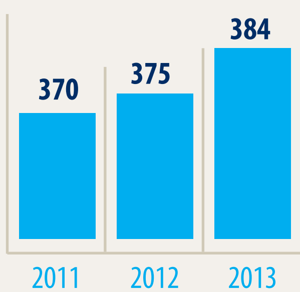


(1) Liquefied petroleum gas.

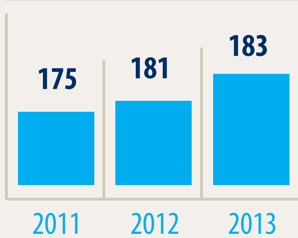
KEY FIGURES

OPERATING

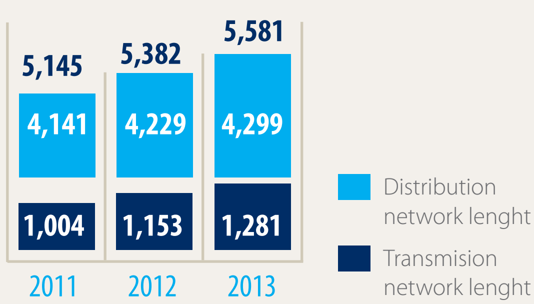
DISTRIBUTION CONNECTION POINTS (thousand)



MUNICIPALITIES SERVED (#)



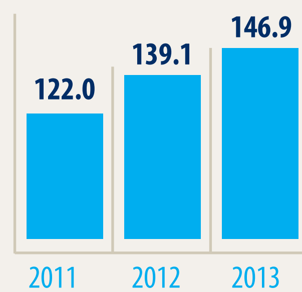
NETWORK LENGTH (km)



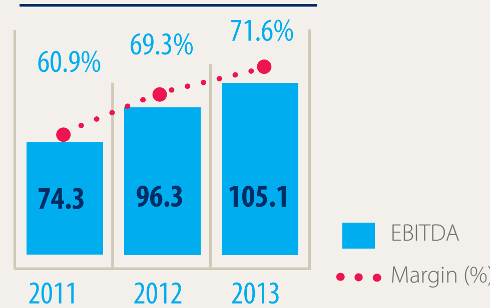
ENERGY DISTRIBUTED (GWh)

FINANCIAL

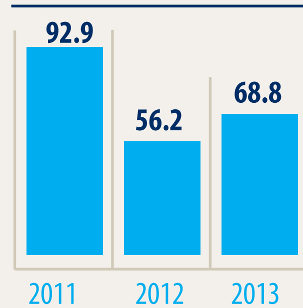
REVENUES (€m)



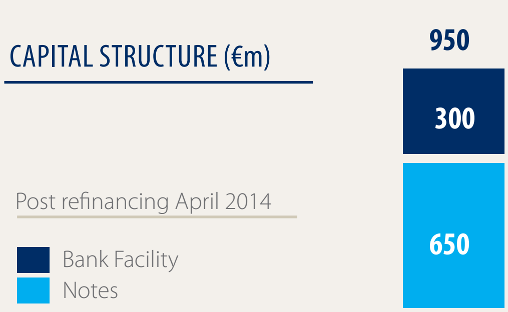
EBITDA (€m) / MARGIN (%)



CAPEX (€m)



CAPITAL STRUCTURE (€m)



MILESTONES IN THE YEAR

CORPORATE

APRIL 2014

- The shareholders of Redexis Gas capitalized the participating loan they had been granted for an amount of €459 million
- Redexis Gas successfully concluded a €300 million loan to promote the expansion of its networks
- Redexis Gas successfully completed an issue of notes, for an amount of €650 million, with maturity in 2021
- Redexis Gas obtained an investment grade rating from Moody's and Fitch for its refinancing

MARCH 2014

- Redexis Gas, S.L. changes its name to Redexis Gas, S.A..

FEBRUARY 2014

- Appointment of Cristina Ávila as General Manager of Redexis Gas

DECEMBER 2013

- Appointment of Fernando Bergasa as Chairman of Redexis Gas
- Endesa Gas T&D changed its name to Redexis Gas
- Two infrastructure funds managed by Goldman Sachs Infrastructure Partners acquired the remaining 20% and took control over 100% of Endesa Gas T&D

DISTRIBUTION ACTIVITY

DECEMBER 2013

Balearic Islands: Pipe laying works commenced for distribution networks in the municipality of Muro

Balearic Islands: Pipe laying works commenced for distribution networks in the municipality of Ibiza

Balearic Islands: Preliminary Administrative Authorisation was obtained to distribute natural gas in the municipality of Andratx

Balearic Islands: Preliminary Administrative Authorisation was obtained for the distribution of natural gas in the municipality of Felanitx

Andalusia: Construction and commissioning of gas in the Retamar-El Toyo distribution branch (first connection from gas pipeline for distribution to the city of Almería)

Andalusia: Execution of natural gas distribution network for distribution in Mengibar (Jaen)

Andalusia: Execution of natural gas distribution network commenced in Huércal Overa (Almería)

Aragon: LGP conversion and natural gas distribution commenced at the 'Centrovía' complex of La Muela Industrial Park

NOVEMBER 2013

Castile and Leon: Natural gas distribution commenced at the Vicolozano Industrial Park (Ávila)

Castile and Leon: Pipe laying works commenced at the Valverde del Majano Industrial Park (Segovia)

Aragon: Natural gas distribution commenced at La Puebla de Hijar (Teruel)

OCTOBER 2013

Castile and León: Natural gas distribution commenced in the town centre of Belorado

SEPTEMBER 2013

Aragon: LGP conversion and natural gas distribution commenced in Borja (Zaragoza)

APRIL 2013

Aragon: LGP conversion and natural gas distribution commenced in San Juan de Mozarrifar (Zaragoza)

MARCH 2013

Community of Valencia: LGP conversion and natural gas distribution commenced in Almoradí

FEBRUARY 2013

Castile-La Mancha: Distribution of natural gas commenced in Mondéjarr

TRANSMISSION ACTIVITY

DECEMBER 2013

Andalusia: Start-up Certificates obtained for the Huercal-Overa – Baza – Guadix gas pipeline (82.5km, Huercal-Overa-Baza tranche)

Community of Valencia: Start-up Certificate obtained for the Marina-Alta gas pipeline, Phase II

Balearic Islands: Authorisation obtained and approval of Son Reus-Andratx secondary transmission pipeline project (tranche between Can Valero and Andratx)

NOVEMBER 2013

Castile and Leon: Start-Up Certificate obtained for Arévalo-Sanchidrián gas pipeline

LETTER OF THE CHAIRMAN

In 2013, Redexis Gas obtained for the first time an operating profit exceeding €100 million, a 9.1% increase with regard to the one of 2012. This amount very clearly symbolizes the Group's success in the deployment of its growth strategy in an unfavourable macroeconomic environment. Therefore, I would like to begin by expressing my satisfaction and gratitude for the excellent work developed by the Redexis Gas team throughout the year that we are now closing, and my strong belief in our capacity to face the future.

The revenues of Redexis Gas grew 5.6% in 2013, to reach a figure of €147 million. The EBITDA increased 9.1% with regard to 2012, closing the year at €105 million, and the EBITDA margin was 71.6%, exceeding in 2.3 percentage points the one of 2012. These results are the consequence of a resolute investment policy that continued in 2013, a year in which the Group invested €68.8 million, 22.4% more than in 2012 and almost half of its total revenues, and of the effort made to improve the margins in all the activities. Looking ahead, Redexis Gas fully believes in its capacity to continue in this path of growth and efficiency, and many initiatives under way allow us to be optimistic with regard to the attainment of remarkable achievements.

I must also highlight that, during this year, a change has taken place in the shareholder structure of Redexis Gas, after the main shareholder in the company, Goldman Sachs Infrastructure Partners and their co/investors acquired the 20% share that the Endesa Group held in the same. As a consequence of such transaction, the company proceeded to change its name to Redexis Gas, while several initiatives were launched throughout 2014, aimed at replacing with its own platform all the support services that were previously provided by the Endesa Group. Redexis Gas has reaffirmed all of its investment commitments and the continuity of its strategy, regardless of the shareholder change.

The change in the shareholder structure led to new appointments to the Board of Directors, with two new members, Mr. Ulrik Dan Weuder and Mr. Stephen Alan John Deeley, representing the pension funds ATP and USS respectively. Additionally, the Board of Directors proceeded to my appointment as chairman of Redexis Gas.

In 2013, significant progress was also made in the field of corporate governance in Redexis Gas and, for the first time, the company prepared a complete Corporate Governance Report, showing the good practice of the company's governing bodies and our aim to achieve sustained compliance with the highest transparency standards.

Redexis gas

Also in 2013, Redexis Gas commenced the works to provide itself with an optimal financial structure, in accordance with the growth ambitions of its strategic plan. Such work successfully concluded in 2014 when it obtained bond financing and credit facilities for €950 million in a Company which is, at present, a rated investment grade in accordance with the analysis of Moody's and Fitch.

With regard to the operating performance of the Redexis Gas businesses in 2013, I believe it is fair to say that it can only be described as extraordinary. In transmission, with an increasingly complex regulatory framework, the Company not only built 132 kilometres of new gas pipelines, 30 more than it had initially planned, but it also obtained all authorizations required to comply with the 2014 strategic plan. In distribution, Redexis Gas proved with redoubled effort its willingness to grow, reaching a 2.3% growth rate, doubling in such process the average growth in the sector in the autonomous communities in which we operate. I want to congratulate the persons responsible for such success, trusting that in years to come we will not only match but also exceed the same.

One of the most thrilling challenges that the year 2013 set for us was our new brand Redexis Gas. Let me explain what we wanted to express when we chose the same: Redexis Gas aspires to be a benchmark for excellence in the deployment of gas networks, a modern company, intelligent, agile and dynamic, characterized by constant improvement in serving the community and the creation of value for the shareholder. Throughout 2014 and thereafter, our aspiration is that this internal desire will become a general perception, inside and outside the Company.

Redexis Gas is a company committed to best excellence practice in the scopes of quality, safety, health and the environment; its safety, health and working condition policies are audited and approved by AENOR. Especially noteworthy in 2013 were the commencement of the work to obtain the UNE-EN ISO 14001:2004 environmental certification and, very especially, to be able to adhere to the Spanish Network of the United Nations Global Compact. Both efforts were successfully completed in 2014, showing even further Redexis Gas' commitment to sustainability and the natural and human environment. We are very proud of this aspect of our identity, and we will continue working to reinforce it.

As I mentioned before, the Redexis Gas team is the key to the Company's success. Beyond mere expressions of gratitude, I want to assure the governing bodies' strong commitment to policies that will allow attracting, motivating and retaining the best professionals. Throughout 2013, the Redexis Gas team has reinforced itself with different professionals in key areas which, no doubt, will improve our capacity to tackle the future, and our organisation has taken the steps to prepare itself for a significant renewal, oriented towards the intensification of efficient growth.

I conclude these lines full of excitement with regard the future of Redexis Gas and assured that reading this Annual report will allow you to share the same with us. The horizon is no doubt filled with opportunities to fully establish Redexis Gas as benchmark group in the deployment and management of gas infrastructures. With the support from our shareholders, a clear concept of service to the community and a team such as the one of Redexis Gas, I am sure that we will take advantage of the same.

Fernando Bergasa
Executive Chairman

LETTER OF THE GENERAL MANAGER

I am proud to present in this 2013 Annual Report the excellent results that reflect the significant boost experienced by Redexis Gas this year. The achievement of these results is the product of the intense effort made by the Redexis Gas team in the implementation of the Strategic Plan, and increases the expectations and trust we have in the future.

Redexis Gas closed the year 2013 with a turnover of €147 million, 6% above the one of the previous year, and an EBITDA of €105 million, 9% higher than the previous year, improving the operational margin in 2.3 percentage points.

We have surpassed all the growth targets we had set at the beginning of the year, and in 2013 we are the leading company in Spain in terms of growth in gas transmission and distribution networks. Regarding distribution, we closed 2013 with a 2.3% increase in connection points compared to 2012, a figure that doubles the average in the industry, and a 1.7 increase in the length of the distribution network, up to 4,299 kilometres. Regarding transmission, in 2013 we commissioned 129 kilometres of gas pipelines, to reach a total of 1,281 kilometres, which represents an 11.2% increase in our transmission network compared to 2012.

All this growth is what has enabled us, by the end of 2013, to provide access to natural gas to over three million and a half persons, industries and commercial establishments, in a total of 183 municipalities throughout the Autonomous Communities of Aragón, Balearic Islands, Andalusia, Castile and León, Castile - La Mancha, Valencian Community and Madrid.

In 2013, our investments increased 22.4%, to reach €68.8 million, compared to €56.2 million invested in the previous year. This investment figure represents 47% of the revenues of Redexis Gas. Out of the €68.8 million, 57% went to investments made in the transmission network, while 41% related to investments in distribution networks.

In 2013, Redexis Gas invested in distribution networks 67% more than the previous year, reaching €29 million. The €39 million in transmission were used for the development and gas commissioning of the first 82 kilometres of the Huercal Overa-Baza-Guadix gas pipeline in Andalusia, 25 kilometres of the Arévalo-Sanchidrian gas pipeline in Castile and León and 21 kilometres of the Marina Alta gas pipeline, between Jávea and Calpe, in the Valencian Community.

We have an enormous potential for additional growth: permits have been granted to supply gas to 120 new municipalities, and authorisation has been obtained to build 479 additional kilometres of transmission gas pipelines, pursuant to the Planning Regulations for the electricity and gas industries, approved by the Council of Ministers for the 2008 – 2016 period. To capitalize such growth potential, we have developed an intense activity in 2013, which has allowed us to obtain authorizations for the execution of two additional gas pipelines, the one of Son Reus Andratx in the Balearic Islands and the one of Elche-Monovar-La Algueña in the Valencian Community, as well as permits to start supplying gas to numerous new municipalities.

In 2013, we have continued to improve our business. As significant examples, we have doubled the speed of construction of our gas pipelines at a rate of 92%, going from 7.2 kilometres per month to 13.8 kilometres in the same period, without increasing the cost. That has allowed us to commission an additional 30 kilometres with regard to the projections. We have become more agile in completing the administrative processing required for gas pipelines, making it 7.5% faster in 2013 with regard to the previous year, which shows the excellent relations that Redexis Gas has with the institutions, and we have increased the rate at which we attract users in 2.3% with regard to the previous year.

In 2013, Redexis Gas' commitment to safety in executing its activity has been characterised by a very low rate of accidents, as a result of our "zero accidents" policy. All companies in the Redexis Gas Group are OHSAS18001:2007 certified with regard to their health and safety management system. Regarding the environment, Redexis Gas started working in 2013 to obtain the UNE-EN ISO 14001:2004 certification for all gas transmission and distribution activities, an effort that was successfully completed in 2014.

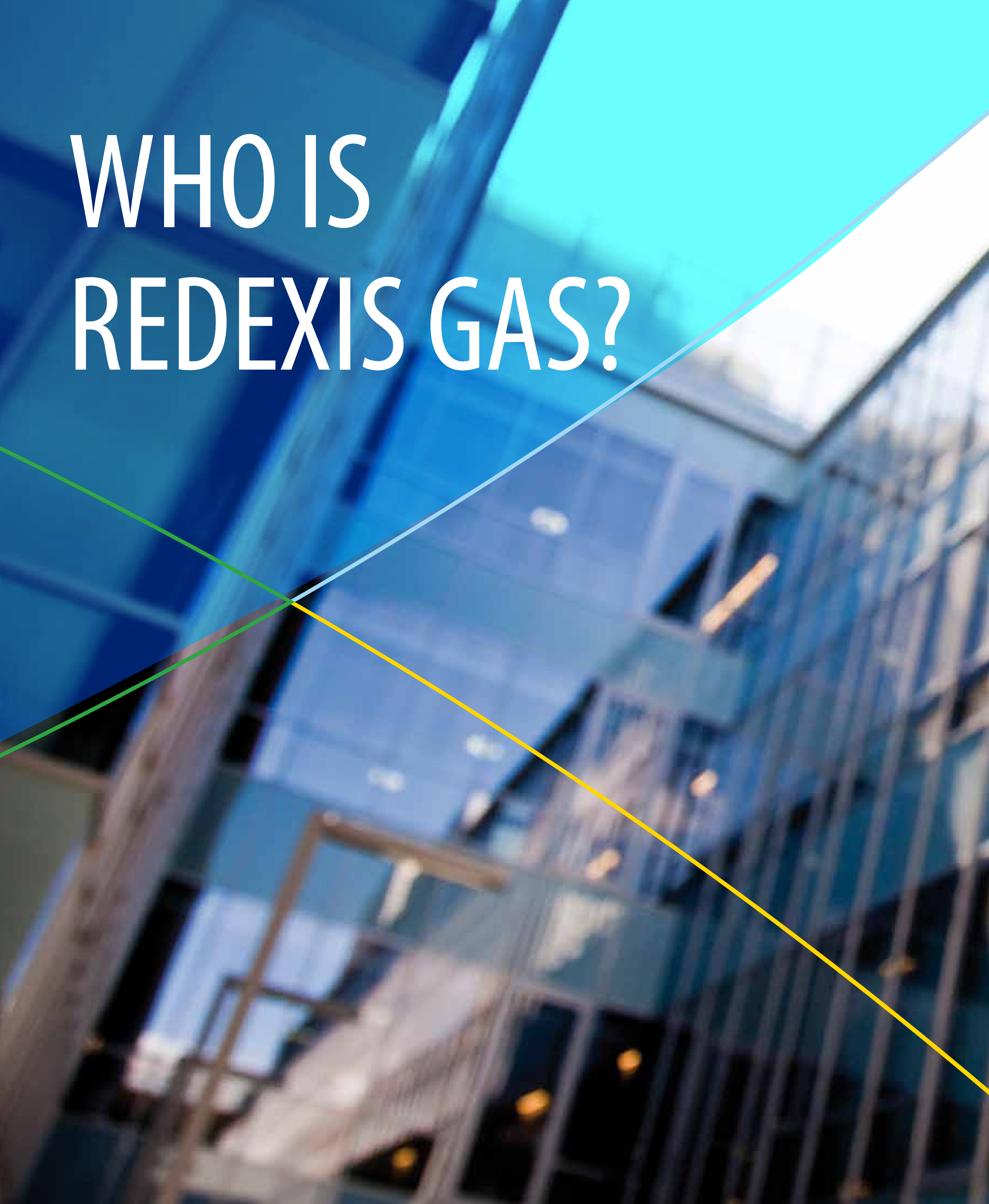
In December 2013, we launched an important transition project, as a result of the change in the shareholder structure, with two main goals: to implement the Redexis Gas brand at national level and to develop our own systems and lean processes. With regard to the first goal, we want Redexis Gas to become a benchmark of excellence in the development and operation of gas networks. With regard to the second goal, we are working so that the new systems and processes may increase the efficiency of our business and help us focus more accurately on the expansion of our networks.

Beyond figures and projects, the true reason for the results submitted in this Report is the excellent work performed by the team during 2013. The Company maintains a continued and constructive dialogue with the workers' representatives and proof of it is that in November 2013, an agreement was reached for the purpose of improving the working conditions for the workers, which at the same time contributes to a better alignment with the operational needs of Redexis Gas. I want to express my sincere gratitude to the team for their effort and dedication, and reiterate our strong commitment to continue promoting a working environment that favours personal and professional development, innovation, creativity and teamwork.

I am convinced that by keeping the same enthusiasm and effort that we have shown this year, Redexis Gas will have a promising future, with a great capacity to create value for our customers, employees and shareholders. We work with energy and optimism to make such future a reality.

Cristina Ávila
General Manager

WHO IS REDEXIS GAS?



CORPORATE PROFILE

Redexis Gas is one of the leading companies in the development and operation of natural gas transmission and distribution in Spain. With more than 384 thousand connection points, the Company provides service to over three and a half million persons, industries and commercial establishments in 183 municipalities of 19 provinces, through 5,500 kilometres of its own gas transmission and distribution networks. It operates in the Communities of Aragón, Balearic Islands, Andalusia, Castile and León, Castile-La Mancha, Community of Valencia and Madrid, where it provides access to this safe, convenient and efficient source of energy.

Redexis Gas, owned by Goldman Sachs Infrastructure Partners and co-investors, has a solid and continued plan to expand and roll out the network, for the purpose of creating value in the communities where it operates, in which it has invested nearly €1 billion.

In the year 2013, the Company generated revenues of €147 million and achieved an EBITDA (Gross operating profit) of €105 million, with a 72% margin.

Redexis Gas wants to develop and consolidate its corporate culture counting on all those who form part of the same. Therefore, in May 2014, together with its employees, it updated its mission, vision and values to adapt to the needs of the times and build long-term trust relationships.

MISSION, VISION AND VALUES

MISSION

To be a leader in the development and operation of gas infrastructures, maximizing growth and efficiency and contributing decisively to sustainable development and generation of value for clients, employees and shareholders.

VISION

To be a benchmark gas company, firmly committed to its clients, employees and shareholders, and admired for its capacity to excel and create value.

VALUES

Advance. To endeavor and take risks to reach ambitious targets, taking advantage of our strengths and making successful decisions, based on profitability, efficiency and quality criteria. All whilst using our professionalism and talent to obtain excellence and imagining future scenarios that will ensure sustainable development.

Live. Believe in what we do, reach even further, without limits. Feel proud of being part of Redexis Gas, making the Company´s needs ours, working as a team with passion and enthusiasm and internalizing and spreading our philosophy and our values. Ultimately, 'Live Redexis Gas'.

Overcome. To have a mindset that continuously overcomes obstacles to help us to grow, grow and grow, towards a bigger future, with global expansion and continuous success. Dynamism, flexibility and the ability to adapt quickly to change are essential to our positioning in the market. Our innovative approach, proactiveness and positive attitude, are necessary to distinguish us vis-à-vis our competitors.

Care. Caring for the things and people around us, respect for the community and the environment. A responsible attitude towards our stakeholders, keeping our promises and with the clear objective of always exceeding their expectations. Working as a team, so they feel a part of it, cared for and secure with us, based on principles of honesty, transparency and integrity.

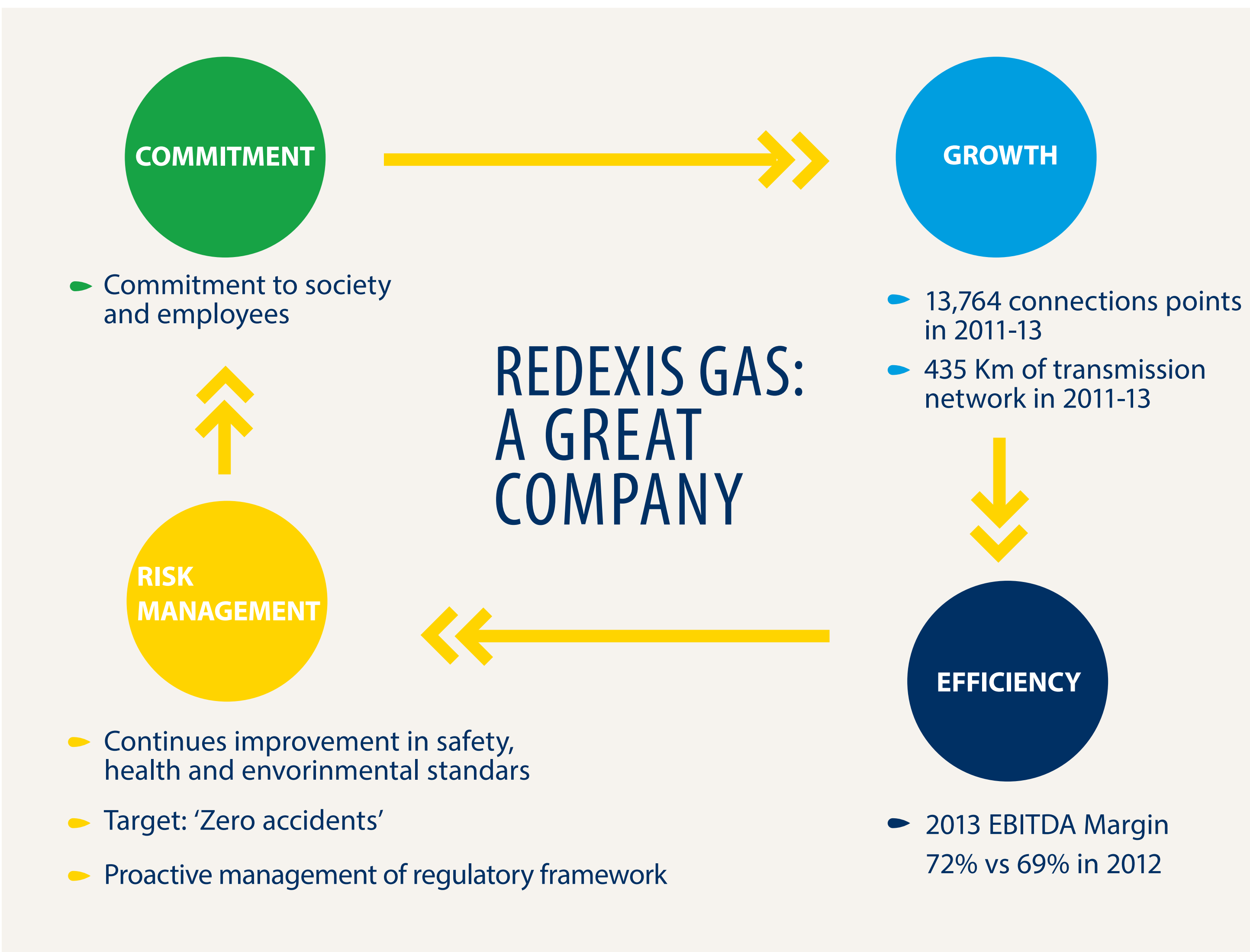
Inspire. To be a leader of reference, motivating and driving others to achieve their objectives. It is necessary that the inspirational leader assist the professional and personal development of those around them, promoting a culture of generosity and recognition, and spreading optimism. Ultimately, inspire to reach, believe, grow and care.

THE STRATEGY: FORWARD THINKING

Redexis Gas wants to be a benchmark gas company, leader in efficiency and strongly committed to its clients, employees and shareholders.

For such reason, it makes an effort to better understand and connect with the company's actual needs; to create new capacities that enable the design of better sustainable solutions and strengthen the Company so that it may respond better, faster and more consistently to the challenges posed by market developments.

Its strategy focuses on the following objectives that aim for **global leadership, optimizing the rate of return of its resources and promoting sustainable development.**



THE HISTORY

The Redexis Gas Group has been supplying gas to its users for over 160 years, in a safe, convenient and clean manner. Since its origins, it has tried to provide innovative solutions by implementing advanced gas infrastructures, adapted to each moment in history.

Natural gas was introduced in Spain in mid 19th Century and was originally used for public lighting, replacing the former liquid petroleum and oil lamps and lanterns. The first gasworks plants were based on the dry distillation of coal, mainly hard coal. At the beginning of the 20th Century, water gas was produced and combined, for the first time, with the coal gas that was being manufactured up to such time.

In mid 20th Century, the authorization was obtained for the installation in Zaragoza of the Group's first compressed gas plant, which was awarded the concession of the city's lighting through piped coal gas. In this same period, Societé pour l'eclairage des villes de Biarritz et Saragosse acquired the plant and other assets.

The incorporation of Compañía del Gas de Zaragoza, S.A. did not take place until the year 1927, as part of Eléctricas Reunidas de Zaragoza.

In the 70's, with the arrival of natural gas through the Barcelona pipeline, the company Distribuidora del Gas de Zaragoza, S.A. was incorporated (1976), the maximum shareholder being Eléctricas Reunidas de Zaragoza.

At the beginning of the 80's, the concession of Gas de Zaragoza, S.A. was transferred to Distribuidora de Gas de Zaragoza, S.A. and the supply of carburized water gas began to be replaced with methane-air.

In 1985, the company Gas Huesca, S.A. was incorporated, and one year later, Endesa acquired Eléctricas Reunidas de Zaragoza and its respective investee companies. Four years later, the Company reached 100,000 connection points.

During the 90's, there was a significant transformation of all methane-air clients into natural gas clients. Throughout this period, Distribuidora de Gas de Zaragoza, S.A. and Gas Huesca, S.A. merged, giving rise to Gas Aragón, S.A. (1993).

In 1997, Endesa Gas was incorporated, formed by different distribution companies established throughout the Spanish territory.

In the year 2000, the Company commissioned its first pipeline to carry gas, and one year later, the transmission activity began with the incorporation of Endesa Gas Transportista, S.L. and Transportista Regional del Gas, S.A.

In 2006, the Company had more than 300,000 connection points, and one year later, it had built over 3,000 km of distribution network.

In 2009, the construction of the pipeline from the Peninsula to the Balearic Islands concluded, starting the progressive change from propane air to natural gas.

2010 was a significant year. Two investment funds managed by Goldman Sachs acquired 80% of the share capital in the parent asset-holding company of Endesa Gas, changing its name one year later to Endesa Gas T&D, S.L.

In the year 2011, the Company continued to grow and in 2012 it had a built transmission and distribution network of more than 1,100 km and 4,200 km, respectively, and reached more than 375,000 connection points, serving 181 municipalities in the Spanish territory.

From a corporate point of view, 2013 was the decisive year. The two international infrastructure investment funds of Goldman Sachs took control over the Company, which changed its name to Redexis Gas, S.L., thus concluding the process to acquire the Group.

On 6 March 2014, Redexis Gas, S.L. changed its corporate form to Redexis Gas, S.A..

One of the most significant milestones of Redexis Gas, S.A. in 2014 has been the refinancing of its share capital structure, including the conclusion of a note issue for an amount of €650 million and €300 million, which have provided the Redexis Gas group a mature and stable equity structure that allows the same to continue growing and generating value.

The combination of efforts, talent, expertise and competitiveness has entailed the consolidation of a Group with numerous goals, challenges and a broad portfolio of projects.

THE BRAND

The brand is everything that is perceived from a Company and makes it unique. It is an intangible asset of great value, the perception of which is built on the promise made to different stakeholders.

Being exceptional on a daily basis is vital for Redexis Gas, it is what allows the same to have a vision for the future and move one step ahead.

The keys for its brand positioning suggest the guidelines that define the conduct it must follow. They are present in everything it says, does and achieves. These values contribute to project and strengthen its brand spirit:

COMMITMENT

Commitment to the different stakeholders to achieve its goals.

CREATION OF VALUE

Creation of Value to achieve excellence.

GROWTH

Adaptation to change as the key of success.

EFFICIENCY

Personal and corporate responsibility driving all of its actions.

All of this provides its stakeholders the ease **of knowing that trusting Redexis Gas is always a wise decision.**

The symbol is inspired in the 4 cardinal points star, representing a clear course. Its vertices include the forms of (blue) gas flames, which represent the Company's activity, and a (green) leaf that represents its commitment to the environment, interconnected through lines that represent the transmission and distribution pipe layout.

The logotype conveys proximity and modernity.

"Excellent networks"

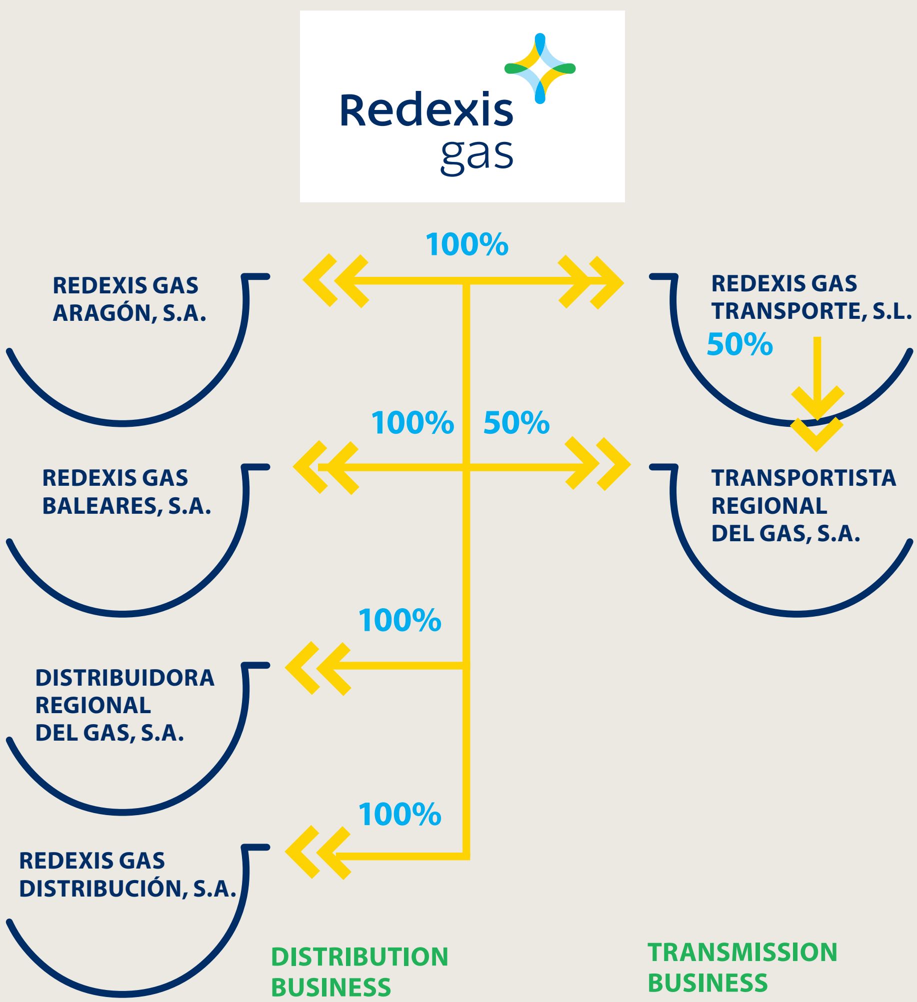
GOVERNING BODIES

THE SHAREHOLDERS AND STRUCTURE OF THE GROUP

Redexis Gas, S.A., with its registered office in Zaragoza, is the holding company of a set of companies owned by Goldman Sachs Infrastructure Partners and co-investors.

The Redexis Gas Group is formed by a series of companies whose main activity is to carry and distribute natural gas, as well as any other activity related to or resulting from the same.

STRUCTURE OF THE GROUP



THERE ARE THREE COMPANIES THAT REMAIN INACTIVE AND ALSO FORM PART OF REDEXIS GAS, S.A.: REDEXIS, S.L., REDEXIS INFRAESTRUCTURAS, S.L. AND REDEXIS GLP, S.L.

MEMBERS OF THE BOARD OF DIRECTORS OF REDEXIS GAS, S.A.

(as of 31 May 2014)

MR. FERNANDO BERGASA CÁCERES
EXECUTIVE CHAIRMAN

MR. PHILIPPE LOUIS HUBERT CAMU
DIRECTOR

MR. PETER ROBERT LYNEHAM
DIRECTOR

MR. MATTEO BOTTO POALA
DIRECTOR

MR. CLAUDIO AGUIRRE PEMÁN
DIRECTOR

MR. ULRIK DAN WEUDER
DIRECTOR

MR. STEPHEN ALAN JOHN DEELEY
DIRECTOR

MR. MARCUS HUBERTUS GERTRUDIS VENNEKENS
DIRECTOR

MR. GERARDUS NICOLAAS MEIJSSEN
DIRECTOR

MR. IGNACIO PEREÑA PINEDO
SECRETARY NON-DIRECTOR

MANAGEMENT COMMITTEE

MEMBERS OF THE MANAGEMENT COMMITTEE OF REDEXIS GAS, S.A.

FERNANDO BERGASA CÁCERES
EXECUTIVE CHAIRMAN

- Executive Chairman of Redexis Gas, S.A.
- PhD in Chemistry, University of Princeton, and executive training at the universities of Harvard and Chicago.
- Between 2007 and 2011 he held the office of Managing Director in Naturgas Energía and Director at HC Energía.
- Previously, he held different executive offices in Endesa S.A. and was a consultant at Mckinsey&Co.
- Fernando Bergasa is also a director at Sedigas and a member of the American Chemical Society.

CRISTINA ÁVILA GARCÍA
GENERAL MANAGER

- General Manager of Redexis Gas, S.A.
- Industrial Engineer Graduate from ICAI and MBA from IESE.
- Between 2007 and 2011 she was the General Manager of operations at Naturgas Energía and a Director at Naturgas Energía Transporte and Naturgas Energía Distribución.
- She previously held executive offices at Endesa Internacional and was a consultant at Arthur D. Little.
- Cristina Ávila is also a director at Sedigas.

DAVID FOLGADO DELGADO
CHIEF FINANCIAL OFFICER

- Chief Financial Officer at Redexis Gas, S.A.
- Graduate in Business Administration and Management from the Universidad Autónoma de Madrid, with a master degree in Accounting and Auditing from the Universidad de Salamanca and a Corporate Management Program from the Instituto de Empresa.
- From 2003 to 2012, he worked at Ono as Director of Corporate Financing, Investor Relations, Cash Management and Planning.
- From 1998 to 2003 he developed his professional activity at Deloitte, in the audit and consulting areas.
- David Folgado is also a director in Grupo Secuoya de Comunicación and in Redexis Gas Finance B.V.

Ignacio Montaner, General Manager for Aragón and Operations Director

Julio César Campillo, General Manager for Mediterranean Area

Javier Crespo, General Manager for Central Area and Distribution Director

Diego Sánchez Muslera, Transmission Director

Carlos Losada, Expansion Director

Ignacio Pereña, Regulatory and General Councel and Secretary of the Board

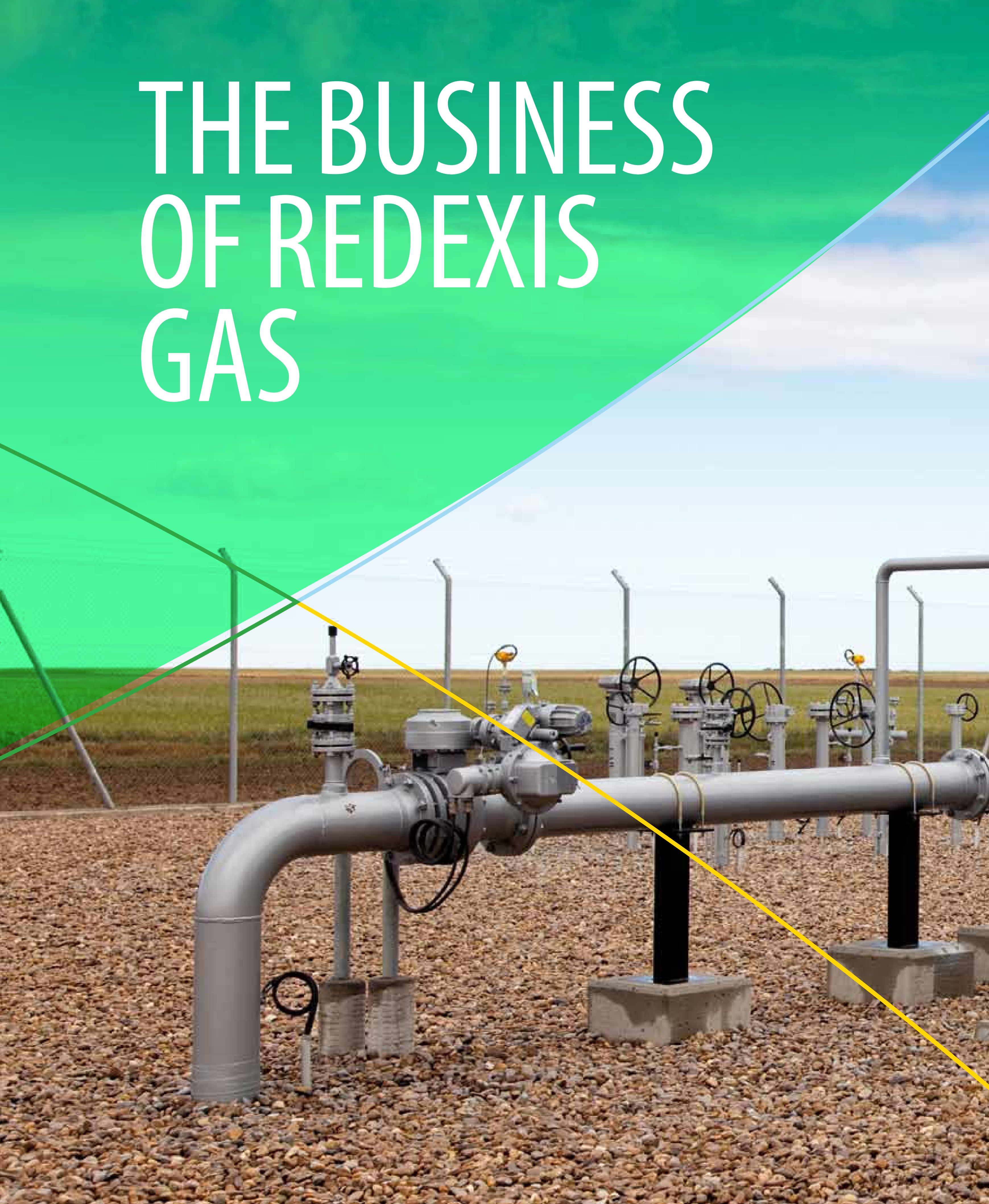
Mercedes Barreiro, Systems Director

Borja Polo, Business Development Director

Estefanía Somoza, Corporate Communication and IR Director

Juan García, HR Director

THE BUSINESS OF REDEXIS GAS




Redexis
gas

NATURAL GAS: CHARACTERISTICS, USES AND ADVANTAGES

Natural gas is a very competitive energy that plays a prominent role in a world concerned about the reduction of contaminant emissions. It is **one of the cleanest and most environmentally friendly sources of energy** given that it is the one that emits the least carbon dioxide to the atmosphere, both during the extraction, manufacturing and transmission phase and during its use phase.

It is composed of a combination of gases, in variable proportions, but in which methane represents a high percentage (more than 70%). Other gases that may be present in notable proportions are nitrogen, carbon dioxide and ethane. The **main use of gas** is as fuel to provide heat, drive power generating turbines or engines, although it is also used as raw material, for example, in the manufacturing of nitrogenous fertilizers.

The **atmospheric consequences** of its use are **substantially less than the ones of other fuels:**

• The smaller amount of residues produced during combustion allows the use of the same as a direct source of energy in manufacturing processes or in the services industry, avoiding the transformation processes that take place at crude oil refining plants.

• That same purity of the fuel makes it appropriate to be used with the most efficient technologies (for example, combined cycle power generation; simultaneous production of heat and electricity through cogeneration systems; heating and air-conditioning through compression and absorption devices, etc.).

• It can be used as fuel for vehicles, improving the environmental quality of air in large cities.

ADVANTAGES OF NATURAL GAS

Natural gas has a series of **functional, economic and environmental advantages** over the rest of fuels. It is an economic, reliable, convenient and ecological source of energy.

AFFORDABLE

Morte affordable supply of the energy

EQUIPMENT

Increases their useful life

CLEAR INVOICING

Official tariffs

SAVING

Maintenance actions are reduced

CONVENIENCE

Energy is always available

ENVIRON-MENTALLY FRIENDLY

It is a non-contaminant energy

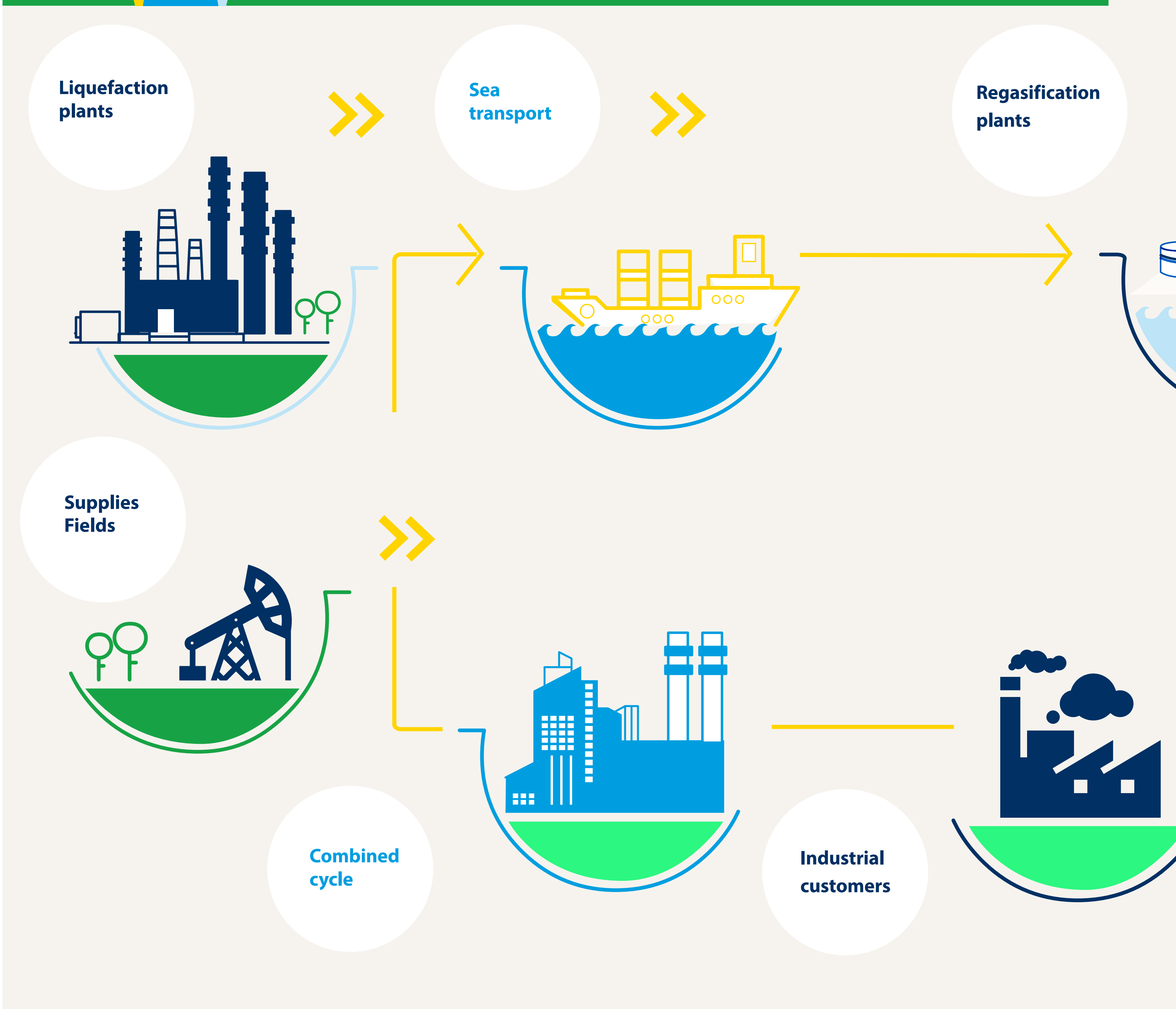
COMFORT

Constant temperature through out the household

NO STORAGE

The space occupied by the boiler is available

VALUE CHAIN OF NATURAL GAS

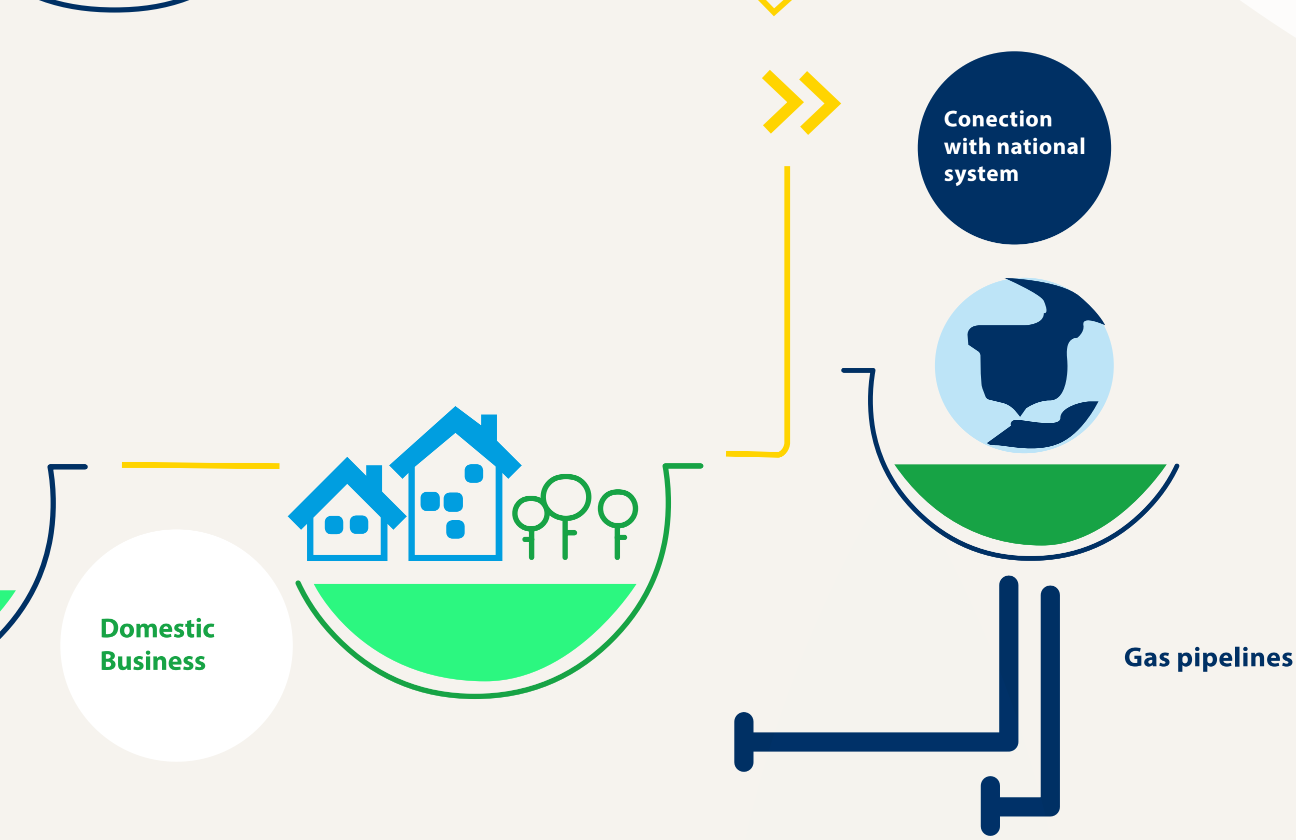


Redexis gas

Natural gas originates from the degradation of organic matter, and although it has often been associated with oil fields, sometimes it is discovered in isolation.

This energy is transported either in its original form, from the well or field, through gas pipelines or, in the case of long distances, in liquid form (LNG, Liquefied Natural Gas), through methane tank ships or trucks at a very low temperature, to later return the same to its original form at the regasification plants.

After its extraction from the gas wells, or treatment at the regasification plants, the gas can be stored underground or enter directly into the transmission network formed by high pressure (over 4 bar) gas pipelines, which lead to industries or distribution pipelines of lower pressure (lower 4 bar) to provide service to households and businesses.

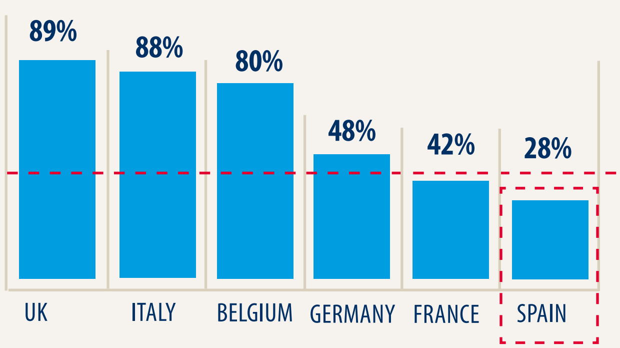


NATURAL GAS MARKET IN SPAIN: CONSUMPTION AND INFRASTRUCTURES

In Spain, the natural gas industry plays a relevant role within the energy mix, given that, in addition to society's energy needs, it ensures a sustainable environment.

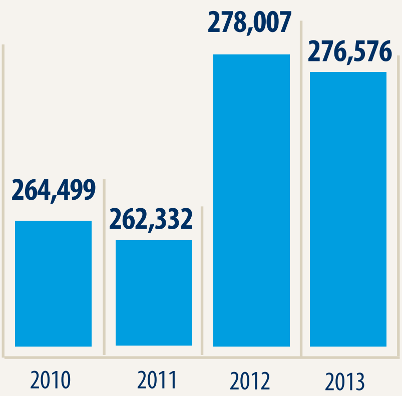
At present, natural gas enjoys great potential for upcoming years. Penetration is relatively low in Spanish households and represents an opportunity for the industry, business and families. The estimated average penetration ratio in Spain is 28%, while in the rest of European countries it is around 46%.

SPANISH GAS PENETRATION VS OTHER EUROPEAN COUNTRIES (%)



Source: Eurogas, Eurostat. Gas penetration (Gas Connection Points/Power Connection Points) – 2010.

GAS CONSUMPTION IN SPAIN(1) (TWh)



(1) Excludes other gases (propane-air) and power plants
Source: Sedigas.

According to Sedigas (Spanish Association of Gas), the consumption of natural gas in Spain during the year 2013 was 276,576 GWh (excluding power generation), 0.5% lower, compared to 2012. This decrease occurred due to a relatively low rate of industrial activity and a winter without significant cold waves, which are external factors to the gas industry that have a strong influence on the same.

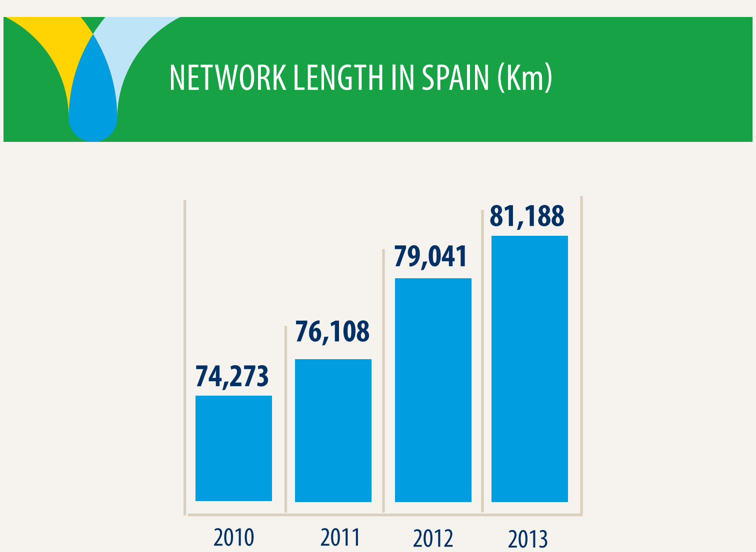
However, the expansion of gas to new municipalities, the consolidation in those in which the service is already provided and the search for new market opportunities and segments, are actions that have marked the year 2013, and provide positive perspectives of growth for 2014, particularly in the industrial market.

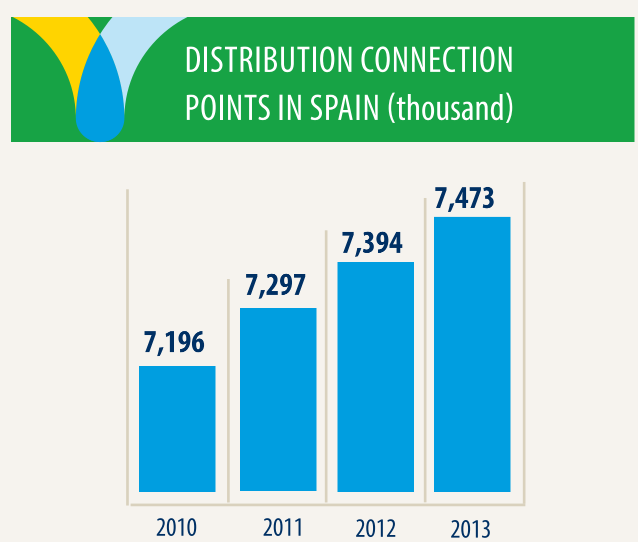
In Spain, natural gas is prepared to face future growth with sufficient and efficient capacity, since the country is equipped with modern and very flexible gas infrastructures, both with regard to its ability to diversify the supply and to provide a fast answer to demand from the different agents.

In 2013, the network that carries natural gas in Spain has increased in 2,147 km, reaching 81,188 km of transmission and distribution pipelines, a figure that represents a 2.7% increase compared to the existing one in 2012.

Also noteworthy is the increase in points of supply, which reached 7.47 million, a 1.1% increase compared to the year 2012.

Likewise, the evolution of the remaining variables during the year 2013 is another indication of the gas industry's intention to expand in the territory: an investment of €690 million, 1,600 municipalities with a natural gas network and 79,635 new consumption points, according to Sedigas.





THE ACTIVITIES OF REDEXIS GAS

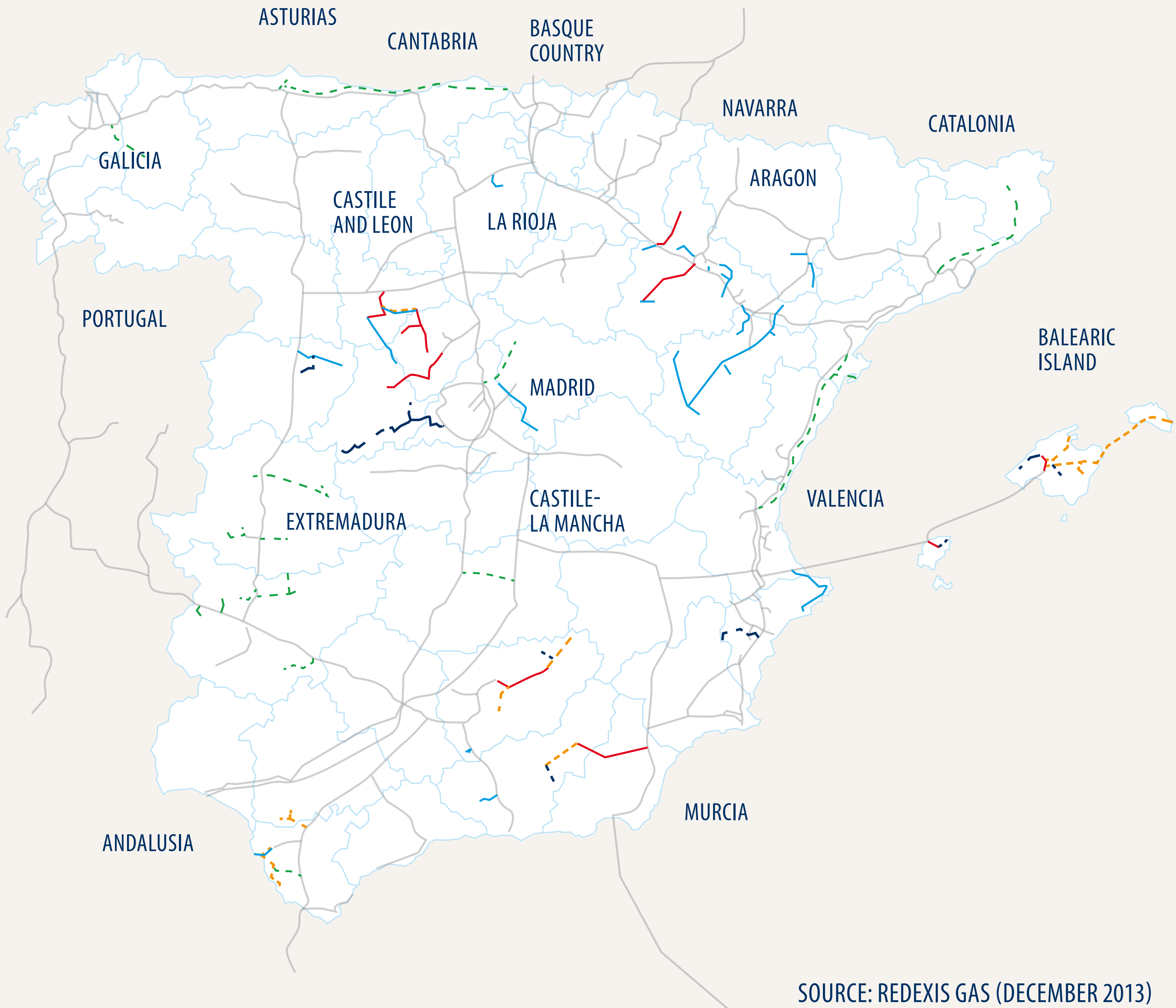
Redexis Gas is one of the leading companies in the development and operation of natural gas transmission and distribution in Spain. Its activity is regulated and oriented towards providing an optimum, safe and efficient service to the end user, by designing, constructing and maintaining excellent infrastructures, for the purpose of ensuring the supply of natural gas, one of the cleanest and most efficient existing energies.

Redexis Gas transports natural gas from the delivery points within Spain's main or primary network, to the consumption points, in the best safety and quality conditions.

VALUE CHAIN OF THE GAS INDUSTRY

PRODUCER OR IMPORTER It performs the exploration, investigation and exploitation of hydrocarbon fields.	Non-regulated activity
REGASIFICATION Owner of the regasification plants that transform the liquefied natural gas carried in ships and introduce the same into the system.	Regulated activity
UNDERGROUND STORAGE Owner of facilities to store natural gas in gaseous form.	Regulated activity
CARRIER Owner of the main and secondary infrastructure for natural gas transmission in the Spanish territory.	Regulated activity
DISTRIBUTOR Owner of the natural gas distribution infrastructure that connects the transmission system with the consumption points.	Regulated activity
SUPPLIER Purchases natural gas from producers and then sells to consumers. It uses the national gas system to deliver gas at the consumption points.	Non-regulated activity

TRANSMISSION AND DISTRIBUTION INFRASTRUCTURE OF NATURAL GAS IN SPAIN (DECEMBER 2013)



SOURCE: REDEXIS GAS (DECEMBER 2013)

- Other operators network
- Other operators transmission network (in a project stage)
- Primary transmission network of Redexis Gas
- Primary transmission network of Redexis Gas (in a project stage)
- Secundary transmission network of Redexis Gas
- Secundary transmission network of Redexis Gas (in a project stage)

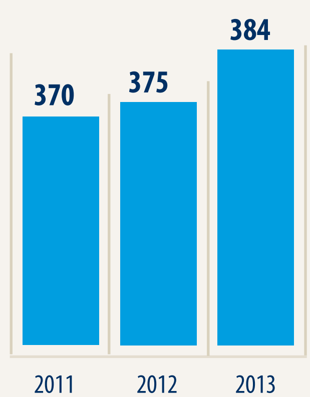
1.1 % connection points growth in the industry

VS

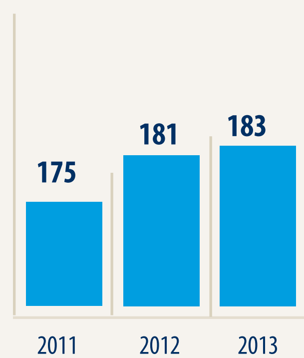
2.3 % connection points growth in Redexis Gas

Its scope of action is developed in seven Autonomous Communities within the Spanish territory (Andalusia, Aragon, Balearic Islands, Castile and León, Castile-La Mancha, Community of Valencia and Catalonia) providing service, by the end of 2013, to more than 384,000 users (supply or connection points) in 183 municipalities of 19 provinces through 5,581 km of constructed network, which carries over 10,000 GWh of natural gas.

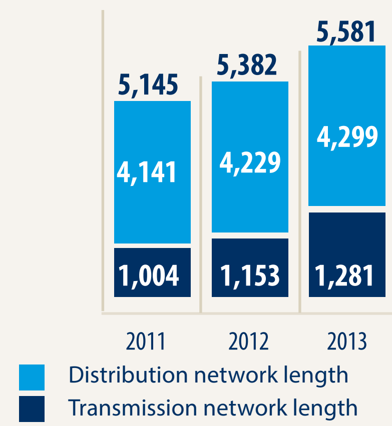
DISTRIBUTION CONNECTION POINTS (thousand)



MUNICIPALITIES SERVED



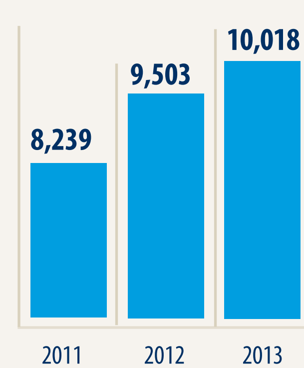
NETWORK LENGTH (Km)



KEY OPERATING DATA

	Unit	2011	2012	2013
Distribution Connection Points	#	370,404	375,434	384,168
P<4bar	#	370,299	375,317	384,040
P>4bar	#	105	117	128
Provinces served	#	19	19	19
Municipalities served	#	175	181	183
Municipalities with authorisation granted, pending gas commissioning	#	134	123	125
Network length	Km	5,145	5,382	5,581
Transmission network length	Km	1,004	1,153	1,281
Distribution network length	Km	4,141	4,229	4,299
Energy distributed	GWh	8,239	9,503	10,018
P<4bar	GWh	3,863	4,524	4,698
P>4bar	GWh	4,376	4,980	5,320

ENERGY DISTRIBUTED (GWh)



Redexis Gas develops its activities through two transmission companies and four distribution companies

THE INVESTEE COMPANIES IN REDEXIS GAS, S.A.

TRANSMISSION COMPANIES

REDEXIS GAS TRANSPORTE, S.L

TRANSPORTISTA REGIONAL DEL GAS, S.A.

DISTRIBUTION COMPANIES

REDEXIS GAS ARAGÓN, S.A.

REDEXIS GAS BALEARES, S.A.

DISTRIBUIDORA REGIONAL DEL GAS, S.A.

REDEXIS GAS DISTRIBUCIÓN, S.A

I. TRANSMISSION

Redexis Gas operates and maintains a natural gas transmission network through two transmission companies: Redexis Gas Transporte, S.L. and Transportista Regional de Gas, S.A. (TRG), and provides access to the same for the marketers, so that they may transport such energy to the end consumer.

By the end of 2013, the transmission companies of Redexis Gas had a 1,281 Km network formed by 44 gas pipelines, through which gas is transported at a pressure exceeding 4 bar to industrial centres or to the connection points with distribution networks, in accordance with the provisions of the rules and legislation in force.

KEY OPERATING AND FINANCIAL DATA OF TRANSMISSION ACTIVITY

	Unit	2011	2012	2013
Transmission network length	Km	1,004	1,153	1,281
Gas pipelines	#	37	42	44

TRANSMISSSION

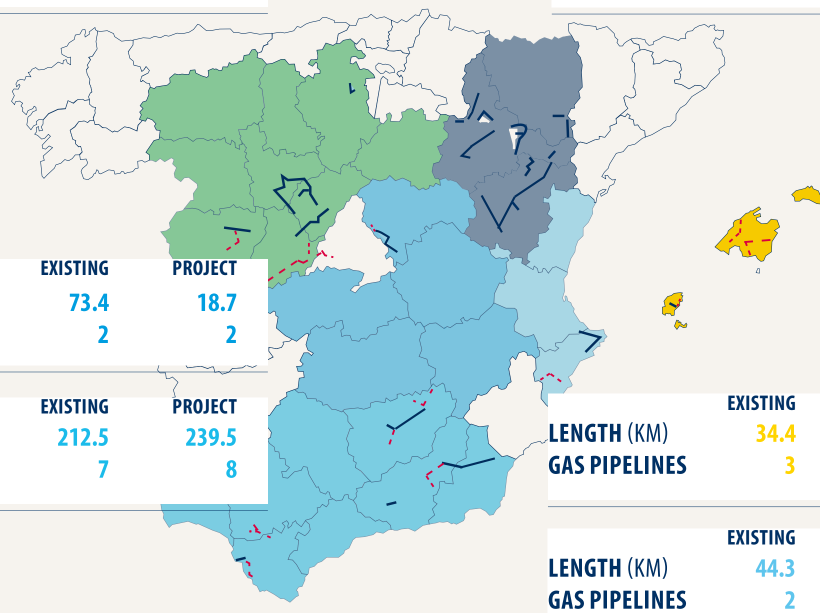
Gas pipelines: ——
Projects: – – –

CASTILE AND LEON

	EXISTING	PROJECT
LENGTH (KM)	358.1	0.0
GAS PIPELINES	10	0

ARAGON

	EXISTING	PROJECT
LENGTH (KM)	554.0	0.0
GAS PIPELINES	19	0



CASTILE-LA MANCHA

	EXISTING	PROJECT
LENGTH (KM)	73.4	18.7
GAS PIPELINES	2	2

ANDALUSIA

	EXISTING	PROJECT
LENGTH (KM)	212.5	239.5
GAS PIPELINES	7	8

BALEARIC ISLANDS

	EXISTING	PROJECT
LENGTH (KM)	34.4	161.2
GAS PIPELINES	3	4

COMMUNITY OF VALENCIA

	EXISTING	PROJECT
LENGTH (KM)	44.3	59.1
GAS PIPELINES	2	1

Note 1:
Additionally, Redexis Gas operates a 4.7Km primary gas pipeline as a connection to a combined cycle plant in Tarragona

Nota 2:
Data at 2013 closing

The Group has several projects to continue rolling out such transmission network, with developments that will entail a total of 479 km and 16 additional gas pipelines.

II. DISTRIBUTION

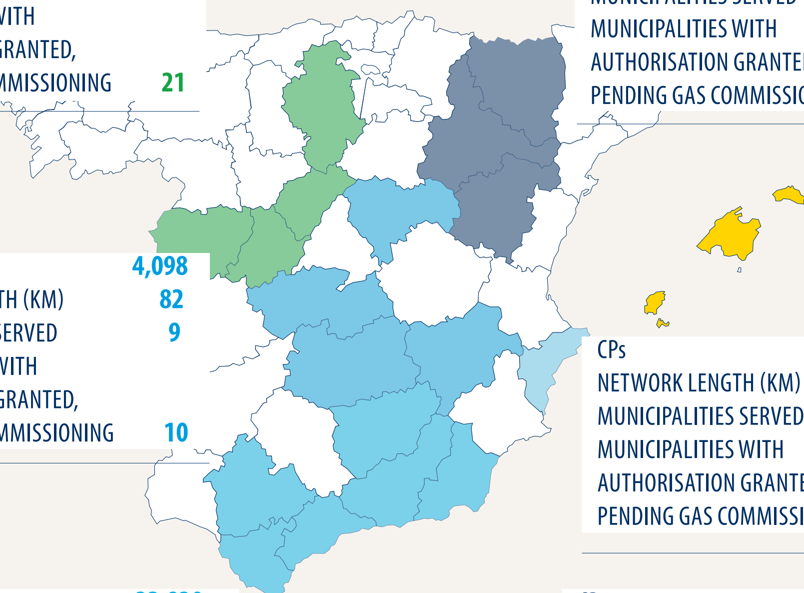
Redexis Gas also carries out distribution activities by building, operating and maintaining the necessary facilities used to supply natural gas at the consumption points, through four distribution companies: Redexis Gas Aragón, S.A., Redexis Gas Baleares, S.A., Distribuidora Regional del Gas, S.A.U. and Redexis Gas Distribución, S.A.. Likewise, it provides access to its network to third parties (marketers).

Its functions are:

- To efficiently and effectively manage its regulated distribution assets, including the planning of new infrastructures, their development and construction, as well as operation, maintenance and optimization services.
- To distribute gas to the end user and guarantee superior service.
- To incentivize the use of natural gas, stressing its advantages compared to other more expensive and pollutant energies.

By the end of 2013, Redexis Gas distributed more than 10,000 GWh of gas through 4,299 km of network in 183 municipalities of 19 provinces. Currently, it has an Administrative Authorisation to distribute natural gas in 120 additional municipalities.

DISTRIBUTION



CASTILE AND LEON

CPs	29,128
NETWORK LENGTH (KM)	502
MUNICIPALITIES SERVED	30
MUNICIPALITIES WITH AUTHORISATION GRANTED, PENDING GAS COMMISSIONING	21

ARAGON

CPs	212,449
NETWORK LENGTH (KM)	1,761
MUNICIPALITIES SERVED	75
MUNICIPALITIES WITH AUTHORISATION GRANTED, PENDING GAS COMMISSIONING	11

CASTILE-LA MANCHA

CPs	4,098
LNETWORK LENGTH (KM)	82
MUNICIPALITIES SERVED	9
MUNICIPALITIES WITH AUTHORISATION GRANTED, PENDING GAS COMMISSIONING	10

BALEARIC ISLANDS

CPs	95,797
NETWORK LENGTH (KM)	866
MUNICIPALITIES SERVED	9
MUNICIPALITIES WITH AUTHORISATION GRANTED, PENDING GAS COMMISSIONING	8

ANDALUSIA

CPs	32,830
NETWORK LENGTH (KM)	865
MUNICIPALITIES SERVED	43
MUNICIPALITIES WITH AUTHORISATION GRANTED, PENDING GAS COMMISSIONING	62

COMMUNITY OF VALENCIA

CPs	9,866
NETWORK LENGTH (KM)	224
MUNICIPALITIES SERVED	16
MUNICIPALITIES WITH AUTHORISATION GRANTED, PENDING GAS COMMISSIONING	5

Note 1: Additionally, Redexis Gas has obtained administrative authorisations to distribute natural gas in 3 municipalities of the Community of Madrid

Note 2: Data at 2013 closing

The Group plans to expand its distribution networks to new municipalities in the upcoming years.

Additionally, Redexis Gas offers a series of services to final users, guaranteeing at all times the safety, quality and excellence of the work performed.

1. It develops reception facilities in condominiums and households.

2. It rents metering equipment.

3. It performs readings of meters at households where its facilities are installed, in order to measure the consumption of gas made by the user during a certain period.

4. It guarantees the efficiency and safety in the use of its gas reception facilities through periodic inspections.

5. It provides different services at homes: connection, verification of facilities, reconnection, etc.

THE REDEXIS GAS NETWORK

Redexis Gas has a very young transmission and distribution network: more than 60% of the transmission network has been built in the last five years and a significant proportion of the distribution network has been constructed between 2005 and 2008. This means that the Company only requires a limited investment to maintain its asset base, while allowing the same to offer magnificent safety ratios.

The transmission gas pipelines are built with steel pipes, a suitable material for this type of infrastructures, capable of operating at high pressure. All pipes have an exterior coating to prevent corrosion, reducing the need for their replacement in the short term.

The distribution pipelines are usually built with steel (when the pressure in the network is high) and polyethylene (when the pressure in the network is low). All steel pipelines in the Redexis Gas network are protected with cathodic protection, increasing their durability and reducing the maintenance expenses.

Redexis Gas has significantly developed its distribution network in the last years, and thus no need to implement an asset replacement program is foreseen for the long term.

INVESTMENT PROGRAMME

The Group undertakes major investments in the regions where it has a significant presence and in those which allow the same to have access to the greatest number of final clients through its distribution networks.

The Redexis Gas distribution network expansion program is aligned with the connections in the regions that benefit from a new transport network. The amount of the investment required to expand the distribution network depends on the type of final connection to the network, which may be:

- **New Households.** New connection points in new housing developments.
- **Vertical Saturation.** New connection points within a building already connected to the Group's distribution network, which requires only individual installation for the targeted customer.
- **Horizontal Saturation.** New connection points in buildings not connected to the distribution network placed in a street already provided with a gas main. This requires a service pipe connecting the building and further individual installations to reach each customer.
- **Network Extension.** New connection points in neighbourhoods where no distribution network exists. Further infrastructure is required to supply these points, such as gas mains, service pipes to connect the builds and individual installations to meet each consumer.
- **Commercial / Industrial.** New connection points for industrial and commercial users not previously connected to the network.

The Group analyzes each investment opportunity internally, using models, and performs a series of tests and sensitivities. Finally, it is the Investments Committee (formed by the majority of the members of the Management Committee), who approves the same pursuant to certain investment criteria.

APPLICABLE REGULATION TO THE ACTIVITIES OF REDEXIS GAS

Multiple agents intervene within the Spanish gas sector, and although the whole of the supply and commercialization of such energy is non-regulated, the rest of the phases are regulated.

In recent years, the natural gas industry in Spain has undergone relevant changes regarding its structure and operation, caused to a great extent by the adjustment of its regulatory framework to the principles set out in the **European Directives concerning common rules for the internal market in natural gas** – Directive 1998/30/EC, Directive 2003/55/EC and the latest Directive 2009/73/EC – and its implementing Regulations.

The changes have intensified with the progressive incorporation of the new provisions provided for in the latest EU legislative package concerning energy matters.

The ultimate goal sought by the European Regulation is to create the framework required for the operation of an internal gas market in 2014, erected on the basis of effective competition among agents, safety of supply, and transparency.

At national level such principles have been implemented and incorporated into different legislative developments, resulting in a deep evolution of the gas business.

Act 34/1998, of 7 October, on the Hydrocarbon Sector involved a fundamental modification of the gas market model in Spain, developing the framework necessary to promote competition among agents, and the separation of the different activities that make up the business. The current regulatory framework promotes the separation of the different non-regulated activities from regulated ones, for the purpose of guaranteeing efficiency and competition among the different market players.

Third-party access to the Basic Network facilities and to the natural gas transmission and distribution facilities is guaranteed by the legislation, for reasons of efficiency of the whole system, given that it is a natural monopoly. The consideration for the use of such facilities is determined by

the tolls approved by the Government for the whole set of infrastructures within the Spanish territory.

In **August 2001, Royal Decree 949/2001** was published, which implements the process for third-party access to the facilities, and which:

- provides a remuneration system for regulated activities,
- sets the tariffs structure for the sale of natural gas and the tolls to access gas facilities, and
- establishes the settlement system for regulated activities carried out by subjects who operate in the system.

In **December 2002, Royal Decree 1434/2002 was published** which regulates transmission, distribution, commercialization and supply activities, as well as authorization procedures for natural gas facilities.

This Royal Decree provides, among other matters, the rules to change from the regulated to the non-regulated market and to change supplier, in order to address the

new situations that were taking place in the gas market, given that, **since 1 January 2003, all consumers were entitled to choose the supplier.** Additionally, it introduced a series of measures for the purpose of avoiding the underuse of the capacity contracted by the different agents. Since the year 2002, transmission infrastructures planning documents have been prepared and updated, with a 10-year horizon, regarding the needs for gas infrastructures in the national territory.

In **2005, Order ITC/3126/2005** was passed, whereby the Rules for the Technical Management of the Gas System **(Normas de Gestión Técnica del Sistema Gasista -NGTS-)** were approved, for the purpose of setting the procedures and mechanisms for the technical management of the system, coordinating the activity of all subjects or players who intervene in the system to guarantee the correct technical operation of the gas system, and the continuity, quality and safety of the natural gas supply, observing, in any case, the principles of objectivity, transparency and non-discrimination.

Very relevant is the publication of **Act 12/2007, of 2 July,** which modifies Act 34/1998 on the Hydrocarbon Sector, for the purpose of adapting the same to the provisions of Directive 2003/55/EC of the European Parliament and Council, of 26 June 2003, concerning common rules for the internal market in natural gas.

This Act further distinguishes, from a legal and operational standpoint, the so-called network activities from the production and supply activities, eliminating potential competition among distributors and marketers in the supply sector, and creating a last resort tariff[1]. Also, the Independence of the System Technical Manager is strengthened, requiring the legal and functional separation of the latter, and the Office for Changes of Supplier is set up, for the purpose of ensuring that the right to change supplier is exercised under principles of objectivity, transparency and non-discrimination.

In the year **2008, Royal Decree 326/2008,** of 29 February was approved, which establishes the remuneration of the natural gas transmission activity for facilities commissioned after 1 January 2008.

In **2012, Royal Decree-law 13/2012** was approved, which transposes the Directives concerning the internal market in electricity and gas, advancing with regard to the separation of functions among the agents, in particular, the network manager. Among the modifications made is the requirement for effective separation of the transmission, supply and/or production activity from the transmission activity.

Lastly, it must be indicated that the remuneration for regulated activities every year, the tolls that will apply to such period, and which allow for the system to be economically sustainable, as well as certain regulatory developments, are established via ministerial orders that are published at the end of each year. The tolls and remuneration set forth therein apply during the following year. The last of such orders was **IET/2446/2013.**

This documentation, as well as the rest of related rules, can be found in different legal data bases, as well as in the websites of the Spanish Commission for Markets and Competition (CNMC), the Ministry of Industry, Energy and Tourism and Technical Manager of the System (GTS).

[1] The LRT or Last Resort Tariff is the Government regulated price for the mandatory supply to clients who do not want or cannot seek other offers in the market. It is set up as a "shelter" tariff for consumers who receive supply under 4 bar of pressure and with a consumption of less than 50 MWh/year, a segment into which practically all household consumers fall into.

THE ECONOMIC-FINANCIAL VISION OF REDEXIS GAS

The operating and economic-financial results of Redexis Gas for the year 2013 were very positive, showing a significant growth in its activity.

KEY OPERATING DATA

	Unit	2011	2012	2013
Distribution Connection Points	#	370,404	375,434	384,168
Provinces served	#	19	19	19
Municipalities served	#	175	181	183
Municipalities with authorisation granted, pending gas commissioning	#	134	123	125
Network length	Km	5,145	5,382	5,581
Transmission network length	Km	1,004	1,153	1,281
Distribution network length	Km	4,141	4,229	4,299
Energy distributed	GWh	8,239	9,503	10,018
P<4bar	GWh	3,863	4,524	4,698
P>4bar	GWh	4,376	4,980	5,320

KEY FINANCIAL DATA

Data in €million unless otherwise stated	2012	2013	% change
Revenues	139.1	146.9	5.6%
Transporte	38.1	44.4	16.6%
Distribución	76.7	73.9	(3.6%)
Otros [1]	24.3	28.6	17.8%
EBITDA	**96.3**	**105.1**	**9.1%**
Margin (%)	*69.3%*	*71.6%*	*2.3pp*
Capex	56.2	68.8	22.4%

(1) Other income includes inspections, LPG sales, capitalized expenses and other income

The main activities of Redexis Gas are the transmission and distribution of natural gas, Inspection services, rentals, activation and deactivation of service accounts, among others, and to a lesser extent, the distribution of liquefied petroleum gas (LPG).

REVENUES

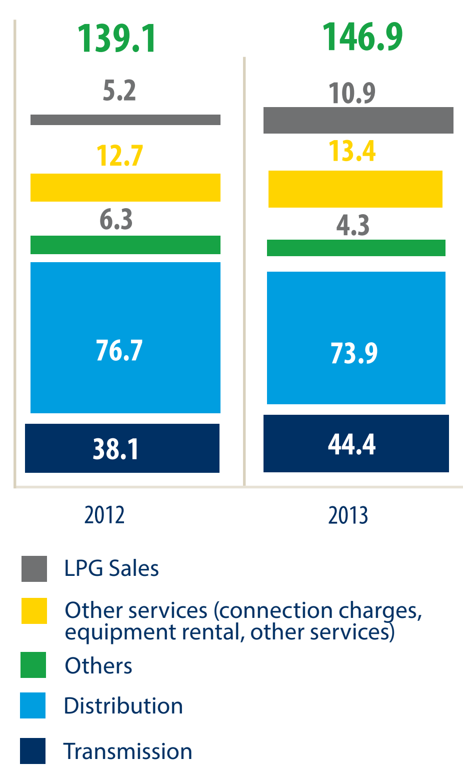
The most important revenue source of Redexis Gas consist of regulated remuneration received from the gas system for carrying the transmission and distribution activities, acknowledged by the national regulatory authorities: Ministry of Industry, Energy and Tourism and the National Commission for Markets and Competition, allowing the Group to recover the investment made, obtain a reasonable return and promote efficient management.

In 2013, 90% of the Group's revenues came from regulated activities, and the remaining 10%, non-regulated activities. The following table breaks down the Group's revenues according to the activities carried out:

REVENUES BREAKDOWN

Services	Description	% of revenues for the year ended 31 December 2013
REGULATED		
TRANSMISSION Remuneration derived from parametric formula	Remuneration based on the parametric formula	30.2%
DISTRIBUTION Remuneration derived from parametric formula	Remuneration based on the parametric formula	50.3%
OTHER REGULATED ACTIVITIES Mainly including inspections, Meter Rents, Activation Royalties and Service Line Royalties	Remuneration from ancillary services	9.1%
NON-REGULATED		
LPG, self-constructed non-current assets and others	Remuneration from non-regulated activities	10.3%

SPLIT OF REVENUES (€m)

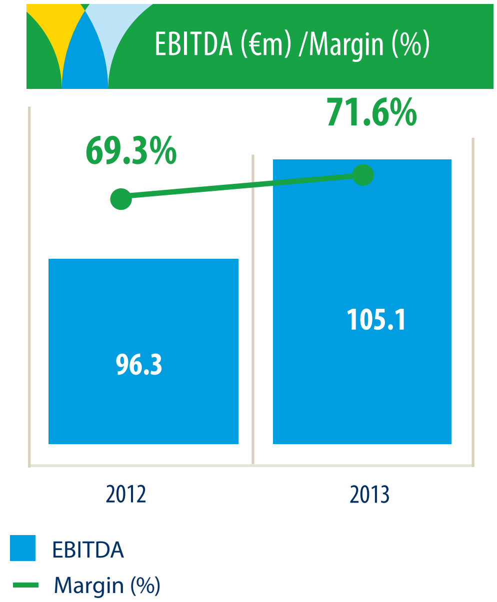


Redexis Gas was able to close the year 2013 with a 5.6% increase in revenues, reaching the amount of €147 million.

EBITDA

The EBITDA for the year 2013 amounted to €105 million, with a 9.1% increase compared to the one of 2012 and a 72% EBITDA margin, thanks to the good performance of the revenues and continued improvement of efficiency.

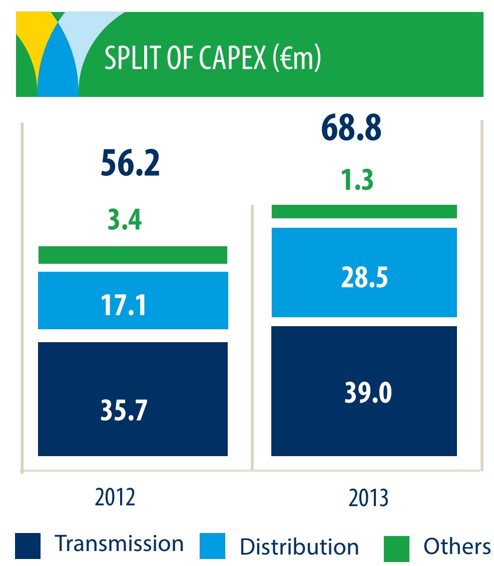
In a very demanding macroeconomic, energetic and financial environment, these results have been achieved thanks to the adequate balance between regulated and non-regulated activities within the gas market.



CAPEX

The investments of Redexis Gas reached €68.8 million in the year 2013. Out of this amount, 57% was for investments made in the transmission network, while 41% in the distrbiution network.

The following table includes the breakdown of the Group's investment in its gas network, according to its activity:



CAPEX BREAKDOWN

Data in €million unless otherwise stated	2012	2013	% change
Transmission	35.7	39.0	9.2%
Distribution	17.1	28.5	66.7%
Intangible Assets	3.4	1.3	(61.8%)
Capex	**56.2**	**68.8**	**22.4%**

The Group plans to expand its transmission network during the year 2014. It has obtained an authorisation to build in the area of "Huercal Overa-Baza-Guadix" (one of the first regional transmission gas pipelines to obtain authorisation for execution after Royal Decree-Law 13/2012) and has recently obtained authorizations in "Elche-Monóvar -Algueña" and "Son Reus-Andratx".

Likewise, Redexis Gas continues to expand its distribution network for the purpose of taking natural gas to new municipalities.

FINANCIAL STRUCTURE

One of the greatest milestones in the beginning of the year 2014 has been the completion of the first note issue of Redexis Gas, which together with the €300 million bank credit facility, has provided the company a mature and stable capital structure.

On 8 April 2014 Redexis Gas Finance BV successfully concluded a **note issue for an amount of €650 million and maturity in 2021, with a 2.75% annual coupon.** The funds obtained from the issue, which received a warm welcome in the capital market, were used to refinance the debt of Redexis Gas, S.A. More than 240 investors requested to participate in the transaction, with an approximate order volume of €2,750 million, representing a demand four times the issued volume, which places the group as a reliable and safe security for the financial community.

The funds obtained with this transaction were used to refinance the syndicated bank loan, strengthening the Company's solid financial structure.

This transaction shows the investors' trust in the Group, due to, among other factors, the good operating and financial results obtained, the return to revenue growth and the sound cash-generation profile.

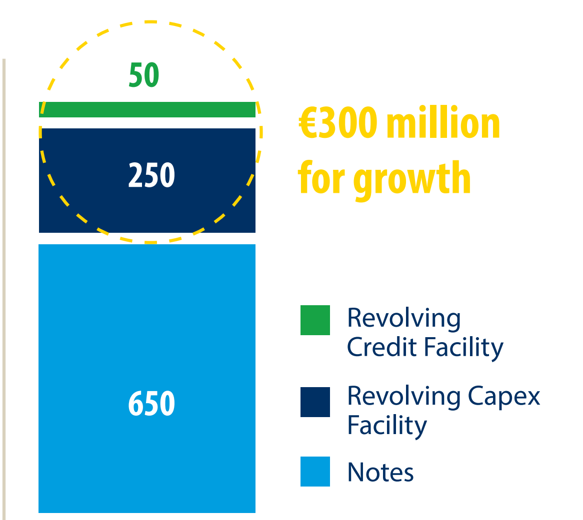
The credit ratings given to Redexis Gas by Moody's y Fitch were «Baa3» and «BBB», respectively, all of them with a stable perspective.

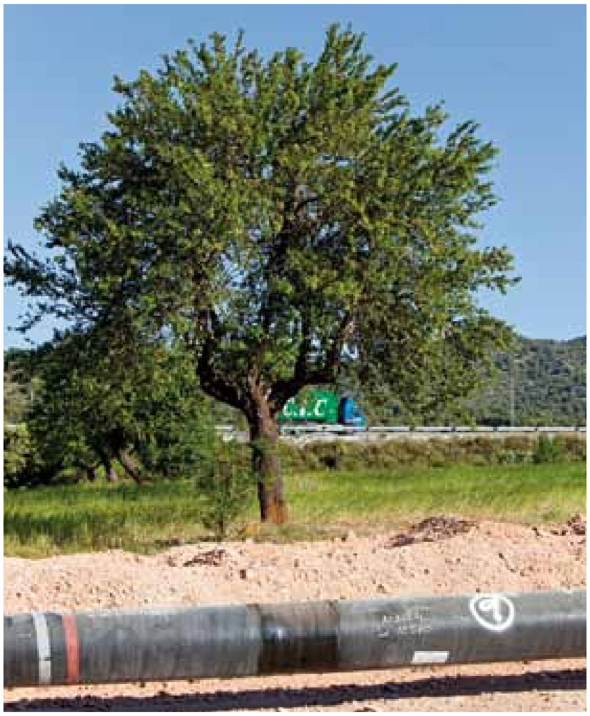
This new capital structure allows Redexis Gas to enter a new stage, essentially characterised by its flexibility and stability.

CAPITAL STRUCTURE

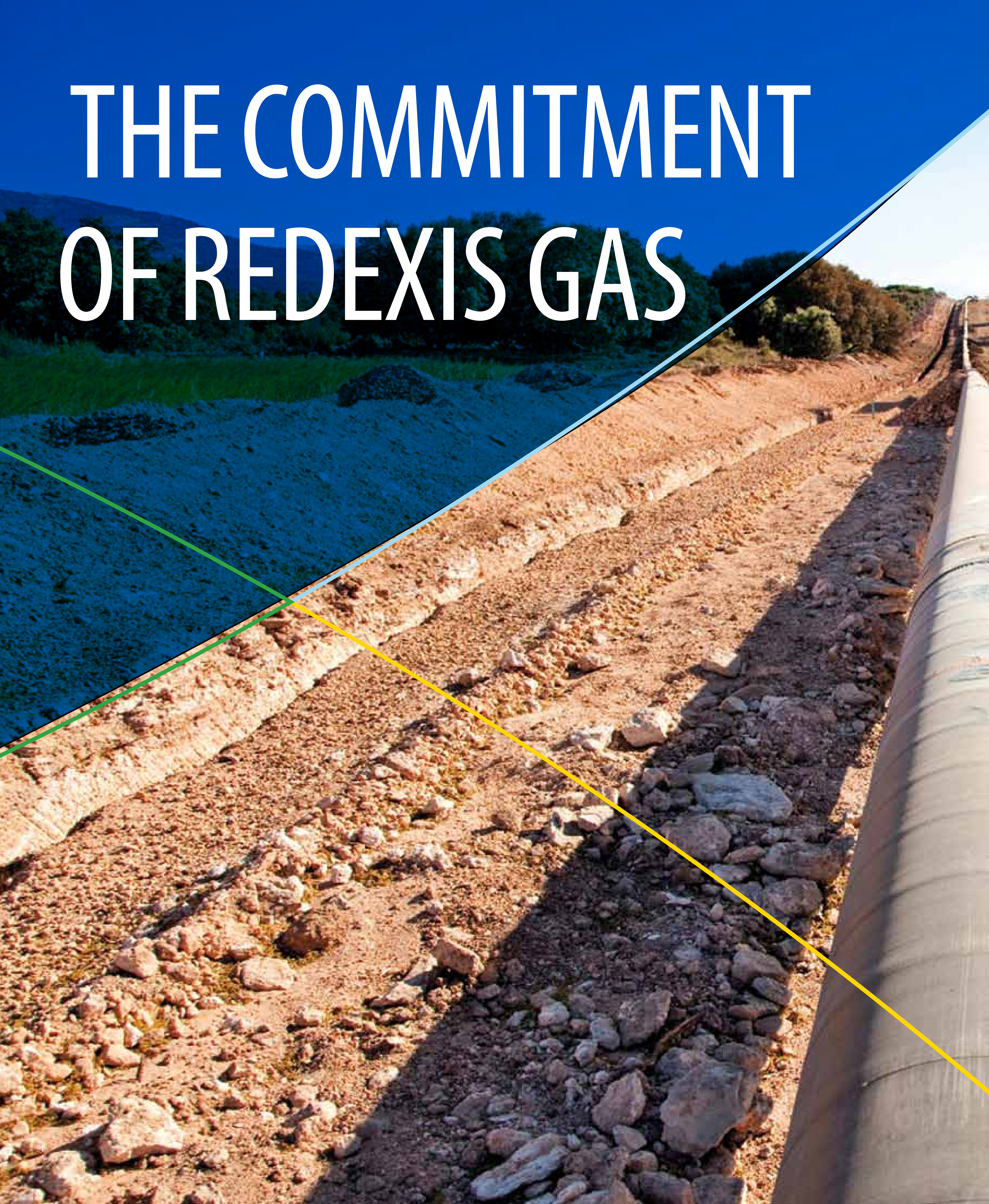
Tranch	Type	Amount	Maturity
Notes	Fixed	€650 million	2021
Revolving Capex Facility	Floating	€250 million	2019
Revolving Credit Facility	Floating	€50 million	2019

Financing (million of Euros)





THE COMMITMENT OF REDEXIS GAS



Initiatives concerning the commitment of Redexis Gas to its stakeholders

- It has approved and internal Code of Conduct that ensures regulatory compliance.

- It has voluntarily adopted Corporate Governance recommendations for listed companies.

- It supports the Ten Principles of the United Nations Global Compact.

- It has drawn up a Protocol to communicate irregular events and has an internal Channel for Complaints, which allows any employee or person related to the Company to report to Management any behaviour that may be irregular.

- Its safety, health and working conditions, and environmental policies have been audited and approved by AENOR.

- It has reinforced the terms of procurement and intensified the follow-up of its contractors, to ensure compliance with these policies.

- It has reinforced its internal safety, health and environment team with the incorporation of highly qualified personnel and with the implementation of a new organization structure, for the purpose of developing new initiatives in these scopes.

- It has significantly improved its operational metrics in matters of accidents, number of emergencies and response times, improving the statistics in the industry.

- It has commenced a multi-annual investment program for the purpose of eliminating all confined spaces existing in its network.

- All Group companies are OHSAS 18001 certified, and plan to obtain ISO 14001 certification throughout the year 2014.

- It plans to certify its environmental management system throughout the year 2014.

- All the transmission assets of Redexis Gas have obtained, or it is foreseen that they will obtain in the short term, the environmental authorisation from the Ministry for Environment.

- Redexis Gas actively contributes to the development of local communities by launching energy efficiency and natural gas promotion campaigns, as well as by creating jobs.

For Redexis Gas, generating and maintaining a Corporate Responsibility (CR) culture is a challenge that requires long-term management, given that it involves: reinforcing the Company's values, so that they are known and assumed, framing actions within a conforming policy, carrying out training and actions to raise awareness with employees, and implementing instruments that contribute to establish, measure and manage the progress made.

Redexis Gas, through its activity, can contribute to promote a more sustainable lifestyle. The facilities and services it offers contribute to improve competitiveness and quality of life of persons, achieving at the same time a reduction of the environmental impact. Therefore, the Group has established, as one of the goals in its strategy for the next years, the consolidation of "Corporate Responsibility" ("CR") into its corporate culture.

In order to achieve such goal, the Board of Directors of Redexis Gas approved a **"Code of Conduct"** on 19 March 2013, which s**ets out the company's commitment to the principles of ethics in business and transparency in all scopes of action,** defining a set of guidelines for conduct, values and good practice that must govern business conduct as a whole, and the conduct of persons directly and indirectly related to the company in the performance of their functions and their professional relationships.

For these purposes, the Group's main objective is to adopt a business strategy framed within an ethical, social, environmental and economically responsible conduct.

Such conduct entails awareness of the existing economic, social and environmental circumstances and thus reinforces the commitment of Redexis Gas to responsible, efficient and full management of the company, thereby strengthening the soundness of the values and business culture, reinforcing its strategy and prestige.

For their approval and implementation to be effective, Redexis Gas has carried out a correct and orderly dissemination of the same among all the professionals who are a part of the different companies. Such communication has been scaled, allowing all collaborators to know the same, as well as its governing principles and purpose.

On 7 May 2013, and after the approval of the Code of Conduct, the **procedure for the communication of allegedly irregular events** was approved, in order to set a way to communicate to the Redexis Gas management any events that may be irregular or potentially constitute an offence, by any person in the organisation.

It may be highlighted that such procedure applies to all professionals who are part of the Group, regardless of their level and qualification within the organisation, and refers to actions regarding non-compliance with the applicable legislation, good corporate practice and the implementation of the above described Code of Conduct.

It is thus an objective for Redexis Gas to make all its collaborators participate in the exercise of correct practices, which benefit all.

To guarantee its objective, the procedure itself sets out a series of means to carry out the communication of allegedly irregular events, materialising in a **channel to formalise complaints,** with the possibility of sending an email to a mailbox set up for such purpose.

It must be noted that, up to this date, no complaint has been received from any of the company's collaborators.

Just as the Code of Conduct, the communication and dissemination of the procedure and its channel for complaints are essential elements for it to operate correctly and meet its purpose. Therefore, such communication has also been scaled within the organisation, allowing all collaborators to become acquainted with the same.

Likewise, to be up to date and continue responding to the corporate needs, the Company adhered, on June 2014 to the **United Nations Global Compact initiative,** for the purpose of integrating, as part of its strategy, the ten principles related to human rights, labour, the environment and anti-corruption.

THE GLOBAL COMPACT
Network Spain
WE SUPPORT

TO STAKEHOLDERS

Redexis Gas acknowledges that all stakeholders in connection with its activity have a legitimate interest in the different aspects of the Company's day-to-day management and it is aware that it plays an important role in economic, social and environmental development. The current economic and social reality involves new challenges in the dialogue with stakeholders. It is important to analyse this relationship as a continued improvement and constant changing process, and verify whether the strategy to be followed and changes in context (social and economic) have maintained, modified or generated any type of stakeholder, taking as a reference the corporate values, the impact and the capacity to mutually influence each other.

Redexis Gas endeavours to ensure open and constructive communication with all parties involved, studying and creating dialogue and mutual understanding mechanisms so that all the needs of all groups are taken into account in its sustainable development.

Accordingly, the Company has different communication channels to handle the expectations and opinions of the stakeholders for the purpose of providing answers that generate value for the business and for the stakeholders. In addition to using the Group's website (www.redexisgas.es), the users have different communication channels available, according to their field of interest.

1. INVESTORS

The basis to trust Redexis Gas resides in the constant search for transparent, easy and close dialogue with the financial community and in the application of certain values: credibility, value and market orientation. It is important to generate realistic expectations in the financial community, as well as to publish adequate and pertinent information for the purpose of avoiding uncertainties.

To handle this relationship, Redexis Gas has an **Investor Relations Department**, integrated within the Financial Department. The tasks of this department are to identify and adequately solve the concerns and demands for information from shareholders, analysts, current and potential investors, bondholders, credit rating agencies and other market players, supported by a combination of communication means and channels that facilitate such relationship.

Through the Investor Relations department, support is given to the management team when taking decisions; it is a matter of increasing the Company's visibility in the financial markets, and the different parties are kept up to date with regard to the Company's and the industry's most relevant information, the competitive dynamics of the markets and the company's operational and financial evolution.

Investors and shareholders, as well as other market agents, may find more information about Redexis Gas on its website: www.redexisgas.es.

2. CLIENTS

Client satisfaction is essential, both to maintain the current client base and to ensure a lasting relationship. Redexis Gas considers that this relationship and client satisfaction depend on the value and quality of the service it provides. It is fully committed to its clients and thus it invests in improving safety and customer service, as well as in optimizing all processes oriented towards the same. The Company focuses its efforts on identifying possible anomalies, needs and requirements that contribute to improve the efficiency of the processes and quality of the services it provides.

Redexis Gas establishes a necessary relationship with its clients, or connection points served, to provide its services as gas system operator, distinguishing:

- Commercialising companies.
- Consumers connected to the network.
- Other groups that request from Redexis Gas the management (installation, maintenance, activation of connection…) of their transmission or distribution facilities.

The commitment with the clients is handled from a clear strategy with regard to the following matters:

- Orientation towards preventing incidents and solving problems.
- Feedback from relationship with client.
- Information about the Group's abilities.
- Identification of future needs.

For the purpose of carrying out the distribution of gas to households or businesses in an optimum manner, and improving day-to-day the service quality level, the Redexis Gas Group makes different means available to the client, specifically designed to optimize communication with each one of the segments in which it develops its activity.

1. Customer Service through which the customer can pass on all its doubts and suggestions, whenever it considers it necessary.

2. Emergency Service (CAT) through which the Redexis Gas specialists classify the actions according to the risk or severity of the situation and indicate how to act (See Section Commitment of Redexis Gas to safety).

3. Website: **www.redexisgas.es.**

3. EMPLOYEES

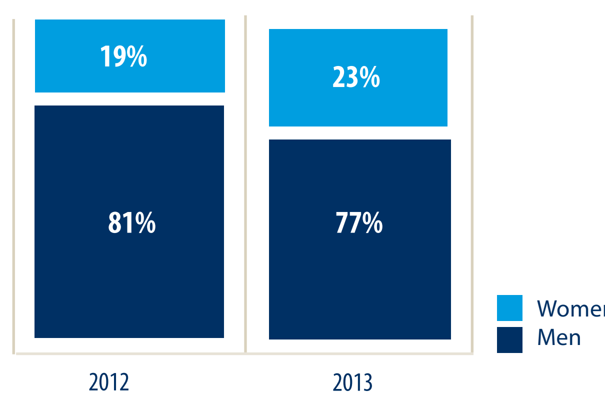
The Company's personnel management department is oriented towards recognizing, promoting and strengthening the strong points of its professionals to facilitate compliance with the business strategy.

By the closing of 2013, Redexis Gas had an average of 200 professionals distributed throughout the Spanish territory who, on a day-to-day basis, show their high level of commitment to well-done work and to assuming and overcoming the new social and economic challenges.

SOCIAL DATA

	2012	2013
Number of employees (average workforce)	204	200
Number of employees (as of 31 December)	199	207
% men/women	81% / 19%	78% / 22%
Average age of employees	42	42
Average time in Redexis Gas	12.9	12.6
Employees with permanent contract (%)	98.5%	97.6%
Turnover rate (%)	6.9%	6.8%

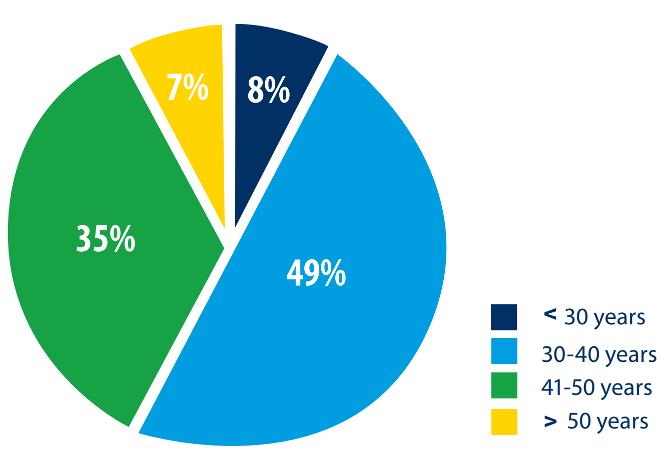
BREAKDOWN OF WORKFORCE BY SEX



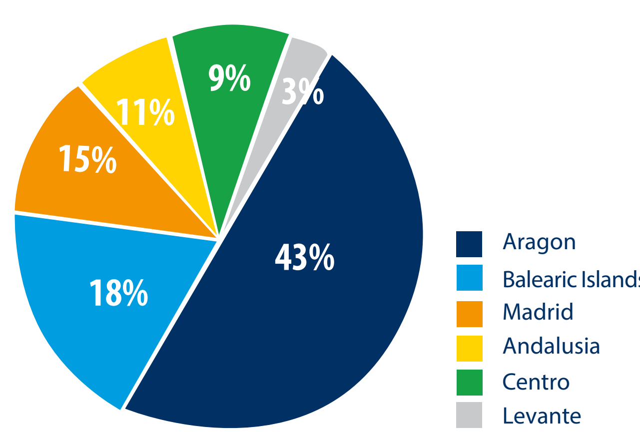
It can be highlighted that Redexis Gas has a highly qualified team, which is perfectly prepared to develop its work and make Redexis Gas a benchmark company.

In 2013, the average age of employees was 41 years, which reveals that it is a young staff, with expertise and great potential.

BREAKDOWN OF WORKFORCE BY AGE GROUPS IN 2013



BREAKDOWN OF WORKFORCE BY REGIONAL CLUSTERS IN 2013

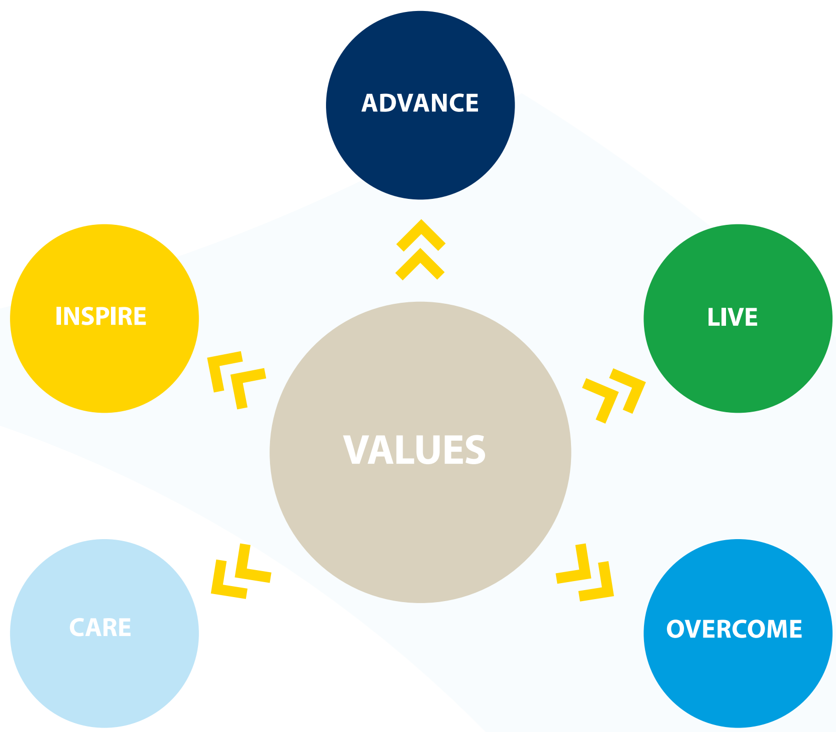


Employees are one of the strategic assets of Redexis Gas. Therefore, the Company puts special emphasis on taking care of the same, developing and implementing initiatives through a series of actions that show the company's commitment to its human capital.

Its efforts and activities within this scope are headed towards the personal and professional development of all those who form part of the group and to create a corporate culture that identifies the same as a responsible company.

"Persons are the most influential tool for the creation of value"

Part of the work it does to promote the growth of its employees is undertaken with its identity, for which reason, in May 2014 and after the contribution made by all employees, the mission, the vision and the corporate values were approved, for the purpose of consolidating them as its flagship.



"It is not a matter of ENUNTIATING values, it is a matter of MAKING the VALUES LIVE"

Redexis Gas is aware that its success resides in its team of people and maintains its commitment to continuously improving the skills, abilities and degree of responsibility and motivation of the same.

Its challenges for 2014 are ambitious, but it knows it can achieve the same and this will be a key year, since it is designing and implementing a people management system that will allow linking the work of professionals to the competences demanded by the Organisation.

HEALTH AND SAFETY

At Redexis Gas, the health and safety of all persons working at the same are of vital importance. For such reason, there is a department dedicated to guaranteeing well-being at work. From there, preventive plans and programs are implemented, which take care of the employee's health and safety, disseminating and consolidating a culture for the purpose of raising awareness with regard to the risks and promoting responsible conducts among all of its collaborators.

Once again, the year 2013 has been characterized by its zero accidents rate. This evidences that Redexis Gas knows how to identify the risks that can affect its staff, ensuring at all times their health and safety.

Likewise, the Company has a **Safety, Health and Working Conditions Policy** aimed at achieving the continuous improvement of the working conditions and the protection of health, as fundamental values of the corporate culture of Redexis Gas. Through this policy, the Company assumes commitments with regard to:

- The nature and magnitude of the risks,
- Compliance with the legal provisions,
- The improvement of the health and safety and working conditions,
- Professional and personal conduct,
- Contractor companies,
- Information,
- Training,
- Consultation and participation,
- Costuners and
- Citizens.

These **commitments, based on the OHSAS 18001:2007 standard,** are duly documented and available for the company's stakeholders; are reviewed from time to time to adapt and modify the same, if necessary, and provide the framework of reference to establish and measure the company's objectives in matters of health and safety at the workplace.

To fulfil these commitments, Redexis Gas carries out **preventive actions** in order to protect its own assets, human, and financial resources, constantly seeking the synergies required not only within the Group, but also with the suppliers, contractors, partners and customers involved in the activity.

For this purpose, Redexis Gas performs interventions of technical and organizational nature to continuously improve its processes, systems and capacities to guarantee the quality and safety of the goods, services and installations it offers. Notable among such interventions are:

- The continued improvement of its occupational health and safety management system.
- The continued analysis of the risk and critical points of the processes and the resources to be protected.
- The adoption of the best technologies.
- The monitoring, updating and improvement of the work methodologies.
- The organisation of training and informative interventions.

Likewise, all companies in the Redexis Gas Group are certified for health and safety management under the **OHSAS18001:2007 certification.**

4. SUPPLIERS

Working together with suppliers appears as an indispensable tool to create greater added value through the implementation of more efficient processes.

Redexis Gas tries to improve its purchasing management model to guarantee the maximum transparency possible and maintain durable, stable and reliable commercial relationships that guarantee the excellence of its facilities.

The final objective is to achieve sustainable growth through collaborative dialogue based on an exercise of transparency between the parties.

Its focus on supplier management has evolved from the traditional commercial relationship to a broader vision, in a search for value throughout the different stages of the operating processes, opting for reliable partners who contribute competitiveness to its strategic plan.

Working with certified suppliers is, for Redexis Gas, a guarantee of professionalism, quality and sustainability. By the end of 2013, the Company purchased goods and services from third parties for approximately €40 million, which is a significant source of wealth creation, as well as an opportunity to build productive relationships with suppliers, under the commitment of effectiveness, efficiency, flexibility, equal opportunities and transparency.

The **sourcing strategy** implemented has allowed the Company to be more efficient and achieve significant savings thanks to the following initiatives:

1. Promote competition through competitive bidding processes for practically all activities.

2. Take advantage of scale economies through long term contracts and by pooling volumes at times of uncertainty.

3. Strategic approaches to negotiation processes.

4. Understanding the evolution of the cost of materials and raw materials.

5. Continuous benchmarking with best practices in the industry.

6. Logistics control at group level.

7. Implementation of the SAP purchasing module in all companies.

SUPPLIERS

PURCHASING VOLUME »
€40-50
MILLION PER YEAR

CONTRACTS, PORTFOLIO AND USER ORDERS »
>150
CONTRACTS/YEAR
> 1,000
ORDERS FROM USER/ YEAR

VOLUME OF SUPPLIERS »
>200
SUPPLIERS

NEW SOURCING STRATEGY:

- SIGNIFICANT SAVINGS NEAR 30%
- GREATER EFFICIENCY IN SOURCING LOGISTICS

5. PUBLIC AUTHORITIES AND REGULATORY ENTITIES

The 1998 Act on Hydrocarbons, when transposing European Directive 1998/30/EC, introduced deep changes in the development of gas activities, deregulating the activities of sourcing and supply, and regulating the rest of the intermediate stages, which include transmission and distribution. The successive European Directives 2003/54/EC and 2009/73/EC and their transposition to Spanish law have advanced in this deregulation process.

These reforms have opened the way to a free competition, objective and transparent energy system, but regulated by entities due to its technical complexity.

Administrative management of the gas sector facilities/infrastructures is carried out by the Central and Regional Governments, under the supervision of the National Commission for Markets and Competition (a body that depends on the Government Authorities), which also has as a purpose to ensure the proper operation of the system from a technical and economic standpoint, ensuring competition and consumer protection. Remuneration of regulated activities is paid with the revenues obtained from regulated prices for the use of the same, through tolls and royalties.

Due to the type of activities developed by Redexis Gas, the Group has always been at the service of the Public Authorities and the regulator, participating, collaborating and taking advantage of its experience in the implementation and adjustment of legislation.

The above mentioned **public Authorities and regulatory entities** are the ones with which Redexis Gas establishes a necessary relationship to provide its services as carrier and distributor of the Spanish gas system. They are in charge of regulating its activity, as well as evaluating its management and remunerating its services.

6. LOCAL COMMUNITIES

In its pursuit to favour competitiveness and an adequate environment for its activity, Redexis Gas tries to promote and maintain an ongoing dialogue with the different players, both government and private entities, at different local, regional, national and European levels.

The Company keeps a very close relationship with its local communities, supported by a strategy of dialogue and cooperation that develops different communication platforms. Therefore, the Group tries to develop initiatives to improve the visibility and knowledge by communitieis of the activities and results of Redexis Gas.

In recent years, the corporate website has been consolidated as the most used channel to disseminate information. Together with the website, the Group's divisions maintain a continued dialogue through e-mails, bulletins, campaigns, surveys, among others.

7. MEDIA

Aware of the importance of maintaining an on-going contact with its stakeholders, Redexis Gas has strengthened its relationship with the media, both with regard to the dissemination of its activity as gas transmission and distribution operator, and to give an answer to the media's needs for information.

So it has maintained direct contact with the media through meetings and publications on its corporate website, informing about its projects and results, not only the media professionals, but also all those interested in knowing the different aspects of the supply of natural gas and all the elements that form part of the same.

TO SOCIETY AND ENVIRONMENT

Redexis Gas is aware of the need to give an answer to the great challenges of today's society and to collaborate with the environment in which it works. For such reason, it orients all its sustainable development efforts towards working under two principles:

- Commitment to society
- Respect for the environment

Redexis Gas develops its activity in seven Autonomous Communities, reaching 183 municipalities. It is a priority for the Group to be able to guarantee and maintain the supply of gas in all of them, and thus it works actively in the development of its transmission and distribution networks, to offer a service in adequate safety and quality conditions.

Due to the activity it is engaged in, decision-making requires a responsible exercise, considering the positions of the affected agents, and thus it is essential to enable the participation of enterprises and agents in the industry, through dialogue with competitors and the authorities involved.

To facilitate such dialogue and form part of the same, Redexis Gas is present and actively collaborates with different associations within the gas industry, seeking positions that are in accordance with its vision. So, the Company actively participates in the Safety and Sustainable Development Committee of the Spanish Gas Association (Sedigas), in its commitment to develop the gas industry. Such association is a non-profit entity that brings together all companies, entities and persons committed to the development of the piped gas industry. Likewise, it acts as a representative body of the industry and liaisons with the regional, national and international government authorities.

Also, Redexis Gas considers environmental excellence a fundamental value, and thus there is a department dedicated to guaranteeing that the activities developed by the Company are carried out in a sustainable and environmentally friendly manner.

Driven by the Senior Management, an **Environmental Policy** has been defined which concerns all those who work for the Company, its circle of value and third parties, according to principles of sustainable development, and strongly committed with the preservation of the environment and efficient use of resources.

Among the **environmental commitments** included in the policy, we can highlight:

- The integration of environmental management and sustainable development into the Company's corporate strategy.
- The preservation of the natural environment at its facilities and works, adopting measures to minimize possible impacts, paying special attention to the obligations resulting from the Environmental Impact Statements for exceptional works.
- The rational use of resources, and the minimization of environmental impact and generation of waste, emissions and discharges.
- The performance of training actions to sensitize and raise awareness among the persons who form part of the Company.
- The implementation of environmental policies on its contractors and suppliers, including environmental criteria in the procurement specifications, establishing environmental controls for the activities developed at the works, the activities and the facilities owned by Redexis Gas.

To develop these commitments, Redexis Gas establishes environmental management programs, environmental goals and objectives, making a permanent effort for continued improvement.

During 2013, the Company developed and implemented an **environmental management system** based on its Environmental Policy and compliant with the UNE-EN ISO

14001:2004 standard. In December 2013 it passed the first phase of the audit process to become certified.

The **main goals** set for the year 2014, focus on obtaining the **UNE-EN ISO 14001:2004 certification** for all investee companies, by completing the second phase of the environmental management system audit. Obtaining such certification entails the assignment of economic and organizational resources which show, once again, the commitment of Redexis Gas to the environment and sustainable development.

Additionally, in 2013 and the beginning of 2014, the Company has promoted the development of initiatives and actions oriented towards reducing and offsetting its environmental footprint, for the purpose of meeting its goals and commitments with the environment, performing a permanent effort to continuously improve. Among such actions, the following are worth mentioning:

- The environmental sensitivization campaign addressed to its employees, for the purpose of promoting the responsible consumption of resources and contributing to improve the environment.
- The improvements in waste management:
    - The agreement signed with an authorized waste manager.
    - Registration and control of waste generated at the offices.
    - Communications made as small producers of hazardous waste at the offices.
- Notices given with regard to activities that can potentially pollute the atmosphere and the relevant sources of emission in the different territories in which it operates, in accordance with the obligations set out in Act 34/2007 and Royal Decree 100/2011.
- Environmental inspections made

The strategy of Redexis Gas in environmental matters inherently leads to the integral treatment of the impacts it causes, with a **preventive attitude** towards the generation thereof, correcting the ones that have inevitably occurred and, if appropriate, adequately offsetting the ones that have taken place.

TO INNOVATION

Redexis Gas is an organization in constant evolution, adapting to the needs of its clients and society's demands. The diversification process it is undergoing in recent years has led the same to undertake a wide range of activities which take on innovation and development in different, but purposeful ways.

Innovation is one of the drives of progress and growth in Redexis Gas, since it allows the solutions put forward by the Company to reach a notable competitive position within the Spanish gas market. The involvement in research, development and innovation is obvious from the increase of the investment and R&D&i effort made by the Group. This effort translates into tangible improvements in productivity, quality, customer satisfaction, occupational safety, obtaining new and better materials and goods and more efficient design.

The year 2013 was a year marked by a changing environment in terms of innovation, the increasing pace in technological innovation and change of model in the way businesses work. In this context, Redexis Gas has redesigned its innovation activity adding competitiveness to the business lines.

For Redexis Gas, innovation must be understood both with regard to its strictly technological component and its operational dimension, for the purpose of providing competitive advantages in its main activities.

The strategic decision to support innovation by Redexis Gas is reflected on the different **commitments assumed:**

- To increase coordination and synergies between the R&D&i activity of the different business lines.
- To promote the safety and efficiency of the Group's activities.
- To reorganise the activity to focus on profitability.

To meet the above, Redexis Gas has started different **innovative initiatives** focused on a direct application to the businesses:

a) In its technological dimension, Redexis Gas is carrying out a migration process, for the purpose of dissociating itself from Endesa's former systems, migrating the same to its own last generation platform.

b) In its operational dimension, Redexis Gas has implemented strategies and actions that contribute to the efficiency of its operations and to reduce the environmental footprint generated.

During **the last years** and with particular intensity in 2013, a series of technological standards have become standard in the transmission and distribution activity, which have allowed to:

- Generate scale economies, optimising the final cost of the facilities.
- Establish and clarify the implementation requirements, improving performance and the company's know-how, in addition to allowing fast and orderly growth.
- Boost the quality of facilities and the components that make up the same, favouring technological progress.
- Ensure strict compliance with the Technical and Safety Standards (Regulations) for facilities.
- Rationalise facilities creating operating advantages to optimise the facilities' Operation and Maintenance processes.

EXAMPLES OF ACTIONS TAKEN IN 2013

CONSTRUCTION OF TRANSMISSION FACILITIES

- Selection of optimum materials for the construction (steel pipe and coating).
- Adoption of best execution practices in the construction of the line.
- Adjustment of positions and traditionally built MRSs to compact designs.

Example:

The positions of valves and MRSs have been totally redesigned, opting for prefabricated and compact design construction solutions, all of it without giving up functionality and current operating capacity. This new layout has allowed a reduction of the size of the facilities to less than half. Their cost has also been reduced up to 35% on average, compared to the previous standards.

REVIEW OF PROCESSES AND TECHNICAL SPECIFICATIONS

- Optimisation of work processes (procedures) in all the Company's departments, such as Projects, Maintenance and Operation of Facilities, Safety, Environment, etc.
- Review and adjustment of all Bidding and Technical Specifications for construction and competitive bidding to the new construction standards.
- Opting for introducing new materials for distribution piping, technologically more advanced and with improved technical features, even ahead of the rest of the industry.

As an **example**, the studies to introduce the PE 100 - RC (Resistant to Crack) on resistance to slow crack growth.

CONSTRUCTION OF DISTRIBUTION FACILITIES

- More rational design of the LNG satellite plants, adjusting to the actual needs of the new towns to which the company intends to provide gas service.
- Optimisation of the size of distribution MRSs and their equipment
- Adoption of best civil works practice in urban distribution piping.

Example:

Cost and time of execution of civil works linked to piping are optimized, by prescribing automatic trenching machines and reduced width trenches.

ADDITIONAL TECHNOLOGICAL INNOVATIONS

- New solutions for renewable energy self-consumption in gas positions, through photo-voltaic energy for the purpose of advancing technologically in conceiving new solutions that allow the sourcing of electric energy for self-consumption of gas positions, from photo-voltaic renewable energies.
- Technological improvement of operations tools and control centre communications for the purpose of improving the technologies involved in the tools used for communications and management of operations at the control centre.

TO SAFETY

Consistent with the activity developed by Redexis Gas, one of its main **commitments** is to **ensure and improve** on a continued basis, throughout its entire chain of value, the **quality and safety** of its facilities and of the services it provides.

The safety of its facilities is a key objective, and for such reason, Redexis Gas has a **prevention strategy** that tries to reduce the risk of incidents in the network, both from an operational and a safety standpoint, analyzing the condition of its assets to reduce the likelihood of failures in the same and their consequences.

The conditions of a transmission or distribution network depend mainly on:

- The quality of the materials used for the construction of the infrastructure (for example, the use of high density polyethylene).
- The standards and technical specifications of the design of the infrastructures (for example, the elimination of confined spaces).
- The quality in the execution of the project (for example, adjusting to the project's technical specifications).
- The preventive and corrective maintenance activities carried out on the assets throughout their life.

The Company monitors and controls the operation of its assets, identifying any incident or anomaly that may occur on its network through tools that allow identifying the same in the different operating parameters in real time.

Redexis Gas has a **Control Centre** at national level, staffed with qualified technical personnel, who provide permanent service 24 hours, 7 days a week. This Centre consists of:

- A **Standardised Remote Control System** for the purpose of optimising the functions regarding the operation of transmission and distribution networks, with a view to obtaining greater safety and effectiveness in the operation and maintenance of the same, as well as providing support in operation management.
- A **Graphic and alphanumeric information system** enabling an integral management of the set of networks and facilities of Redexis Gas.
- A permanent **Telemonitoring and Anti-intruder System** for authorized accesses and undesired intrusions of the facilities.

With such set of systems, total safety of the facilities is achieved, as well as a greatly helpful tool to manage the operation of the facilities.

Also, Redexis Gas has a centralized **Emergency Call-Centre (CAT)**, which allows managing emergencies reported by consumers at their reception facilities, as well as the ones of other emergency bodies (police, firemen, 112, etc.) with regard to the rest of the facilities. With this Centre, emergencies are dealt with and handled in a more efficient manner.

The CAT liaises between the Consumer, the Emergency Care team and the Control Centre, identifying and classifying the emergencies, so that they may be notified to the care team to solve the same.

CORPORATE GOVERNANCE REPORT


Redexis
gas

The corporate governance of a company can be understood as the set of practices, whether or not formally expressed, which regulate relationships between the different players in a company, mainly between the governance bodies of such company, and those who invest resources in the same (shareholders, investors, etc.). Therefore, corporate governance reflects the way a company is conducted, revealing the observance or not of principles such as responsibility, regulatory compliance, transparency or equity.

Redexis Gas has assumed as **fundamental principles**, **transparency and responsibility** in its actions, providing **true and comprehensible information** to the shareholders, investors and to markets in general.

In this context, last 13 February 2014, the Board of Directors of Redexis Gas approved the Annual Report on Corporate Governance, which is reproduced below, and which includes the Company's most relevant legal information.

ANNUAL CORPORATE GOVERNANCE REPORT FOR THE COMPANY

REDEXIS GAS, S.L. AS OF 31 DECEMBER 2013

1. INTRODUCTION

Corporate governance regulations have evolved substantially in recent years, both at EU and national level. Their relevance and usefulness in ensuring proper operation of the markets have led the public authorities to increase and perfect the pertinent obligations, mainly focused on listed corporations and saving banks, without prejudice to the introduction of regulatory provisions with regard to other entities which issue securities traded on official stock markets.

In this regard, and although the applicable legislation does not require limited companies to issue a corporate governance report, the Board of Directors of Redexis Gas, S.L. (the "Company") has, in the interests of transparency and diligence, resolved to issue this Annual Corporate Governance Report (the "Report").

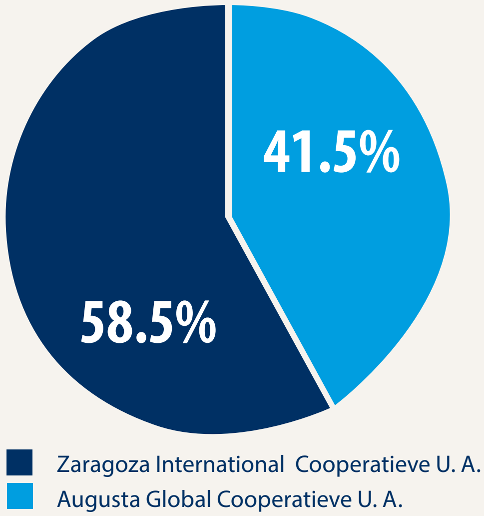
2. SHARE CAPITAL STRUCTURE

The Company's share capital is ONE HUNDRED MILLION EUROS (€100,000,000.00), represented by ten million (10,000,000) shares, which are indivisible and cumulative, having a face value of ten Euros (€10) each, correlatively numbered from 1 to 10,000,000, both inclusive.

As at 31 December 2013, the share capital is fully subscribed and paid-up, with the following ownership structure:

- Augusta Global Cooperatieve U.A.: 41.50%
- Zaragoza International Cooperatieve U.A.: 58.50%

SHARE CAPITAL



It should be noted that, during the 2013 financial year, the share capital structure changed to the current one as a result of the sale and purchase of share executed on 10 December 2013 between the shareholders and Endesa Gas, S.A. By virtue of such sale and purchase agreement, the current shareholders acquired the 20% share in the Company previously held by Endesa Gas, S.A.

3. BOARD OF DIRECTORS STRUCTURE

3.1. COMPOSITION

The administration of the Company corresponds to a Board of Directors composed of a minimum of three and a maximum of twelve members, in accordance with the provisions of article 9 of the Articles of Association.

The Board of Directors is currently composed of seven Directors and a Non-Director Secretary.

3.2. MEMBERS OF THE BOARD OF DIRECTORS

As at 31 December 2013, the Board of Directors was composed of the following members:

EXECUTIVE CHAIRMAN
Mr. FERNANDO BERGASA CÁCERES

DIRECTORS
Mr. PHILIPPE LOUIS HUBERT CAMU
Mr. PETER ROBERT LYNEHAM
Mr. MATTEO BOTTO POALA
Mr. CLAUDIO AGUIRRE PEMÁN
Mr. ULRIK DAN WEUDER
Mr. STEPHEN ALAN JOHN DEELEY

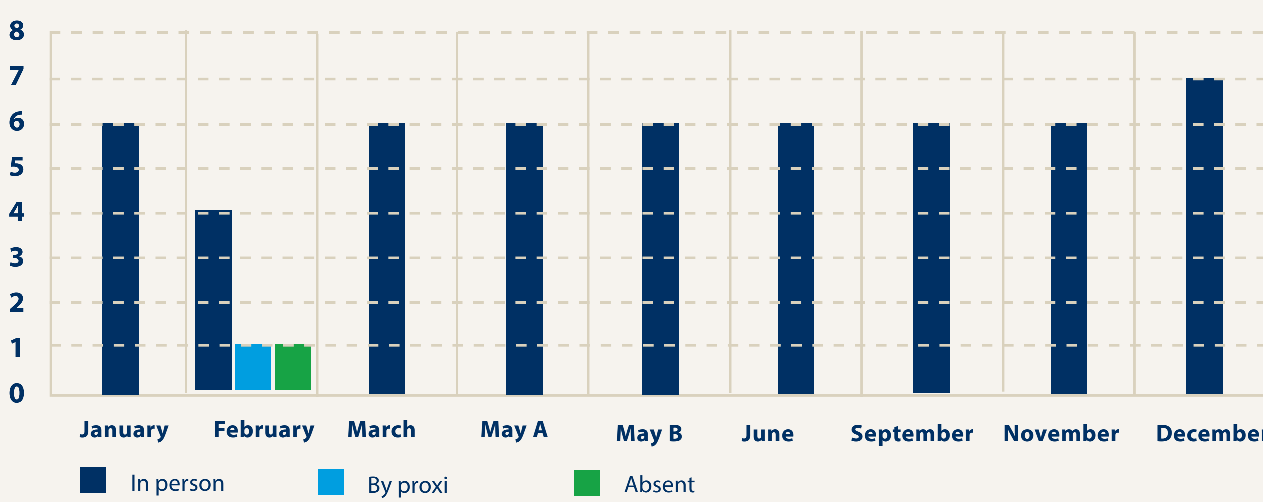
NON-DIRECTOR SECRETARY
Mr. IGNACIO PEREÑA PINEDO

During the 2013 financial year, the following changes in the composition of the Company's Board of Directors were approved:

- On 9 December 2013, Mr José Luis Marín López-Otero presented his resignation as Chairman and member of the Company's Board of Directors.
- On 10 December 2013, (i) Mr. Stephen Alan John Deeley; and (ii) Mr. Ulrik Dan Weuder, were appointed members of the Board of Directors at the General Shareholders' Meeting.
- On 10 December 2013, the Board of Directors appointed Mr Fernando Bergasa Cáceres as Chairman.

The Board of Directors has held nine sessions during the 2013 financial year. In this regard, the Board members commitment in the exercise of their functions should be noted, highlighting the high participation and attendance at them, which was 98.18% during such period.

ATTENDANCE AT THE MEETINGS OF THE COMPANY´S BOARD DIRECTORS



3.3. TERM OF OFFICE OF DIRECTOR

The term of office of Director is five years. The directors can be re-elected for equal periods, without prejudice to their resignation or removal at the request of the shareholders acting at the General Shareholders Meeting.

3.4. BOARD OF DIRECTORS COMMITTEES

No committees of the Board of Directors were set up during the 2013 financial year.

3.5. CONFLICT OF INTERESTS

The Directors must inform the Secretary of the Board of Directors, giving due notice, about any situation which could lead to a conflict of interest with the Company. The Directors must refrain from attending and participating in the deliberation on issues in which they have a direct or indirect personal interest or in which any conflict of interest becomes apparent.

It shall also be considered that the Directors have a personal interest when the issue affects a person related to them, or a Company with which they have any employment or professional relationship or when they perform a management role or have a significant holding.

In the 2013 financial year no Director reported the existence of any conflict of interest with the Company.

Furthermore, at the time of the appointment or the re-election of the Directors, all of them stated that they were not affected by any grounds for incompatibility which prevent or hinder them from exercising any of their functions and, particularly, those set out in the Act 5/2006, of 10 April, regulating the conflicts of interests of the members of the Government and the Senior Positions in the General State Administration, as well as those established in articles 227, 228, 229, 230 and 231 of Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Text of the Corporate Enterprises Act.

3.6. REMUNERATION OF THE DIRECTORS

The office of Director is not remunerated, without prejudice to the right to a reimbursement by the Company of the reasonable expenses they incur due to their office.

For these purposes, during the 2013 financial year, none of the members of the Board of Directors has received any remuneration for attending the meeting of the Board of Directors.

3.7. NOTICE OF THE MEETINGS

The meetings of the Board of Directors were called giving sufficient notice, making available to the Directors the documentation explaining each of the items included on the agenda.

3.8. INFORMATION TO THE DIRECTORS

Before holding each of the meetings of the Board of Directors, the company management provided to each of the Directors relevant information about the Company and the Group, such as the financial evolution of the companies in the Group, regulatory issues and on-going tenders, occupational health and safety matters and any other relevant information which they should know.

4. GENERAL SHAREHOLDERS' MEETING

4.1. GENERAL SHAREHOLDERS' MEETINGS HELD

ANNUAL GENERAL MEETING DATED 8 MAY 2013
AGENDA

1. Approval of the company's Annual Accounts and Management Report and the consolidated Annual Accounts and Management Report for the 2012 financial year.
2. Approval of the allocation of profits or losses for the 2012 financial year.
3. Approval of the management of the Board of Directors for 2012.
4. Appointment of auditors.
5. Approval of the creation of the corporate website.
6. Approval of the minutes of the session.

In such session, the ordinary and consolidated accounts, and the management by the Board of Directors were approved, and the distribution of dividends to the shareholders was resolved.

EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING DATED 9 DECEMBER 2013
AGENDA

1. Amendment of article 6.1 of the Articles of Association.
2. Approval of the minutes of the session.

In such session, article 6.1 of the Articles of Association was amended, relating to the transfer of company shares.

EXTRAORDINARY GENERAL SHAREHOLDERS MEETING DATED 10 DECEMBER 2013
AGENDA

1. Appointment and removal of Directors.
2. Change of the corporate name and amendment of article 1 of the Articles of Association.
3. Amendment of article 5.2 in fine of the Articles of Association in order to eliminate the reference to Endesa Gas S.A. as owner of the Company's Class B shares.
4. Modification of the Company's corporate website.
5. Approval of the minutes of the session.

In such session, it was resolved to modify the Articles of Association with regard to (i) the change of the corporate name and (ii) the elimination of the reference to Endesa Gas S.A. as owner of the company's Class B shares.

As a result of the holding of such Meeting, it was also agreed to modify (i) the corporate website; and (ii) the composition of the Board of Directors.

4.2. INFORMATION TO THE SHAREHOLDERS

The Company has strictly complied with the obligations established in article 196 of the Restated Text of the Companies Act in relation to the duty to inform shareholders and for the purposes of facilitating and ensuring the exercise of the shareholders' rights.

5. CORPORATE NAME

Within the context of the sale of the 20% shareholding that Endesa Gas, S.A. held in the share capital of the company Redexis Gas, S.L., the shareholders at the General Shareholders Meeting of the Company resolved to modify the corporate image and change and adapt the name and graphics of the Company and the rest of companies in the Redexis Gas Group.

Such modification of the corporate image has led to variations in different areas of the Group's public sphere such as (i) corporate names of Redexis Gas Group; (ii) commercial name and distinctive signs; or (iii) Internet domain names.

5.1. CORPORATE NAME

Since 10 December 2013 the corporate names of all of the companies of Redexis Gas Group have been gradually changed in order to make them consistent with the new corporate image, except for "Distribuidora Regional del Gas S.A." and "Transportista Regional del Gas S.A." which keep their corporate name without variations.

5.2. CHANGE OF TRADEMARK AND DISTINCTIVE SIGNS

The new corporate image implemented in the Group has led to modify the distinctive signs and trademarks which were used up to this moment.

In fact, the Company has approved "Redexis Gas" as the Group's new trademark, using it both at group level and for each of the transport and distribution companies.

It has also changed the distinctive sign of the Company and the Group, standardising it as follows:

Redexis
gas

5.3. CHANGE OF INTERNET DOMAIN NAMES

The Company has been performing significant work to communicate the new corporate name and, for such purpose, a new websites being prepared **"www. redexisgas.es"** which is aimed at disseminating the company's activity, work and values.

The website is expected to be operative during the first quarter of the 2014 financial year.

6. ACTIONS IN RELATION TO CORPORTATE GOVERNANCE

The Company has been performing significant work with regard to this matter throughout the 2013 financial year. It should be noted that, among other actions carried out, the Code of Conduct for Redexis Gas Group has been approved. Such Code of Conduct includes the Redexis Gas Group companies' commitment to ethics and good governance as main points in the actions of all of the companies of the Group.

6.1 CODE OF CONDUCT

The Code of Conduct of Redexis Gas Group was approved on 19 March 2013 and contains the Group's commitment to the principles of business ethics and transparency in all areas of action. This Code of Conduct establishes a set of principles and guidelines of conduct aimed at guaranteeing the ethical and responsible behaviour by all of its professionals in the performance of their activity.

For these purposes, it should be indicated that the Group's main objective is to adopt business practices in line with responsible ethical, social, environmental and financial behaviour.

In order to correctly disseminate this Code of Conduct it was communicated and delivered to the managers of the respective departments of the Group companies, who then passed it on to the remaining employees of each of such companies.

6.2. PROCEDURE FOR REPORTING ALLEGEDLY IRREGULAR EVENTS

On 7 May 2013, the Company approved the procedure for reporting allegedly irregular events for the purpose of establishing a procedure to report to the Redexis Gas Group management circumstances which could be irregular or potentially criminal committed by any person in the organization.

It is therefore the objective of Redexis Gas to have all the employees comply with the good corporate practices and in the implementation of the Code of Conduct.

For these purposes, and just like for the Code of Conduct, it was communicated to the department managers of the Group companies and then given to the rest of the employees.

6.3. PREPARATION OF THE RULES OF THE BOARD OF DIRECTORS

The Board of Directors has started work aimed at drafting and approving Internal Rules of Operation for the Company's Board of Directors (the "Rules"), with the objective of ensuring more rigorous and transparent management. For these purposes, on the date hereof, the Company has prepared a proposal of Rules which is being debated amongst the members of the Board of Directors.

Such proposal of Rules establishes that the criteria which must govern at all times the actions of the Board of Directors are:

a) Compliance with the applicable legal regulations.
b) Compliance with the corporate purpose.
c) Defending the company's long-term viability.
d) Duty of transparency vis-à-vis the shareholders and respect for the rights of the minority shareholders.
e) Protecting and promoting the Company's general interests.
f) Environmental commitment.

Such proposal of Rules also contain rules on:

a) Composition of the Board of Directors.
b) Structure of the Board of Directors.
c) Operation of the Board of Directors.
d) Appointment and removal of Directors.
e) The committees of the Board of Directors.
f) Rights and duties of the members of the Board of Directors.

It is expected that such Rules will be approved in the first quarter of the 2014 financial year.

The Report was approved by the Board of Directors of Redexis Gas, S.L. at the meeting held on 13 February 2014.

RISK MANAGEMENT AND CONTROL

When exercising the activity of the Redexis Gas Group, such entities face a range of risks derived both from external as well as internal sources, which must be valued and minimized to the extent possible with an appropriate risk management and control policy.

a) Integral risks management scheme

The activity carried out by the Group involves a series of risks, which must be identified in order to establish adequate policies to reduce the same.

The main risks identified:

a) **Market risks** darising from changes in market prices and variables, such as the exchange rate, interest rate, and prices of raw materials, etc.

b) **Credit risks** arising from the possibility of a counterparty (suppliers, contractors, etc) defaulting its contractual obligations and causing an economic or financial loss to the group.

c) **Business risks** arising from the uncertainty with regard to the performance of the key business drivers, such as the characteristics of the demand, weather conditions or strategies of the different agents.

d) **Regulatory risks** arising from regulatory changes established by the different regulators, such as changes in the remuneration of regulated activities, environmental legislation or tax laws.

e) **Operational risks** referred to the direct or indirect economic loss caused by inadequate internal procedures, technological failures, human errors or as a consequence of certain external facts, including their economic, social, environmental and reputational impact, as well as the legal risk.

f) **Reputational risks** referred to the potential negative impact on the value of the Group resulting from performing below the expectations created with the different stakeholders.

b) Risk management

For the purposes of minimising the above-described risks, Redexis Gas is implementing an ambitious risk control and management policy, with the main aim of establishing the basic principles and general framework for the management and control of risks of all kinds faced by the Company and its group of companies.

For these purposes, it can be highlighted that Redexis Gas, in the exercise of its functions and corporate responsibility, has initiated a significant task in connection with the risk management and control policies, which is currently being strengthened substantially to provide the Group with the best means to gain effective control, within the limits set out in the legislation applicable to the activities developed by the Company.

Such task has materialized, among other measures, in the approval of a (i) Code of Conduct of the Redexis Gas Group, in which the commitments of the Group companies to ethics and good governance appear as cardinal points of the actions of each of the companies; and (ii) a procedure to report allegedly irregular events that includes, as an essential point thereof, a channel for complaints for the purposes of implementing such procedure to communicate allegedly irregular events.

THE FIGURES

Redexis gas

ANNUAL ACCOUNTS

ANNUAL REPORT 2013

REDEXIS GAS, S.L. AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS AND
CONSOLIDATED DIRECTORS' REPORT

31 December 2013
Prepared in accordance with International Financial Reporting Standards as adopted by the European Union
(With Auditors' Report Thereon)

KPMG Auditores S.L.
Centro Empresarial de Aragón
Avda. Gómez Laguna, 25
50009 Zaragoza

Auditors' Report on the Consolidated Annual Accounts

To the Shareholders of
Redexis Gas, S.L.

We have audited the consolidated annual accounts of Redexis Gas, S.L. (the Company) and subsidiaries (the Group), which comprise the consolidated balance sheet at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto. As mentioned in note 2 to the accompanying consolidated annual accounts, the Company's directors are responsible for the preparation of the consolidated annual accounts of the Group in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS), and other provisions of the financial information reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying consolidated annual accounts for 2013 present fairly, in all material respects, the consolidated equity and consolidated financial position of Redexis Gas, S.L. and subsidiaries at 31 December 2013 and the consolidated results of their operations and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and other applicable provisions of the financial information reporting framework.

The accompanying consolidated directors' report for 2013 contains such explanations as the Directors of Redexis Gas, S.L. consider relevant to the situation of the Group, the evolution of its business and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2013. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Redexis Gas, S.L. and subsidiaries.

KPMG Auditores, S.L.

Auditores
Miembro ejerciente:
KPMG AUDITORES, S.L.
Año 2014 Nº 08/14/00034
COPIA GRATUITA

E. Bilbao

Estibaliz Bilbao

25 February 2014

CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED DIRECTORS' REPORT

Consolidated Statements of Financial Position at 31 December 2013 and 2012 (Expressed in thousands of Euros)

ASSETS	NOTE	2013	2012
Property, plant and equipment	5	640,382	606,677
Goodwill	6	213,053	213,053
Other intangible assets	6	526,610	526,855
Deferred tax assets	11	48,612	57,168
Non-current financial assets	10	4,595	4,356
Total non-current assets		**1,433,252**	**1,408,109**
Inventories	12	535	1,832
Trade and other receivables	13	42,596	38,591
Other current financial assets	10	131	152
Other current assets	14	7,557	10,787
Cash and cash equivalents	15	72,998	70,242
		123,817	**121,604**
Non-current assets held for sale		-	578
Total current assets		**123,817**	**122,182**
Total assets		**1,557,069**	**1,530,291**

EQUITY AND LIABILITIES	NOTE	2013	2012
Capital		100,000	100,000
Share premium		105,433	105,433
Other reserves		(16,763)	4,550
Cash flow hedges		(25,790)	(37,897)
Loss for the year		(17,253)	(23,888)
Other comprehensive income		(43,043)	(61,785)
Equity attributable to equity holders of the Parent		145,627	148,198
Non-controlling interests		2,760	6,133
Total equity	**16**	**148,387**	**154,331**
Financial liabilities from bank borrowings	18	616,019	576,421
Financial liabilities with related companies	18	361,697	361,695
Derivative financial instruments	9	36,844	54,138
Other financial liabilities	17	4,286	4,184
Deferred tax liabilities	11	220,058	223,060
Provisions for employee benefits	22	3,766	4,839
Other provisions	23	2,232	1,772
Deferred income	25	4,238	3,459
Total non-current liabilities		**1,249,140**	**1,229,568**
Financial liabilities from bank borrowings	18	20,463	12,309
Financial liabilities with related companies	18	89,307	74,393
Trade and other payables	19	43,758	50,778
Current income tax liabilities	11	1,736	2,239
Provisions for employee benefits	22	2,504	4,588
Other current liabilities	26	1,774	2,085
Total current liabilities		**159,542**	**146,392**
Total equity and liabilities		**1,557,069**	**1,530,291**

The accompanying consolidated notes form an integral part of the consolidated annual accounts.

Consolidated Income Statements for the years ended 31 December 2013 and 2012 (Expressed in thousands of Euros)

	NOTE	2013	2012
Revenue	27	136,052	133,843
Other operating income	28	4,697	2,028
Self-constructed non-current assets		6,160	3,200
Supplies		(5,149)	(7,392)
Salaries and wages		(11,735)	(12,863)
Other employee benefits		(3,286)	(4,097)
Restructuring		-	(3,000)
Employee benefits expense	30	(15,021)	(19,960)
Amortisation and depreciation	5 and 6	(35,064)	(33,023)
Other operating expenses	29	(21,544)	(18,371)
Results from operating activities		70,131	60,325
Finance income		672	895
Finance costs		(76,271)	(74,784)
Net finance cost	31	(75,599)	(73,889)
Loss before income tax		(5,468)	(13,564)
Income tax expense	11	(11,630)	(9,947)
Loss for the year		(17,098)	(23,511)
Loss for the year attributable to equity holders of the Parent		(17,253)	(23,888)
Profit for the year attributable to non-controlling interests		155	377

Consolidated Statements of Comprehensive Income for the years ended 31 December 2013 and 2012 (Expressed in thousands of Euros)

	NOTA	2013	2012
Loss for the year		(17,098)	(23,511)
Other comprehensive income:			
Cash flow hedges	9	17,296	(27,891)
Actuarial gains/(losses) on defined benefit plans		53	(13)
Tax effect	11	(5,205)	8,371
Other comprehensive income for the year, net of tax		12,144	(19,533)
Total comprehensive income for the year		(4,954)	(43,044)
Total comprehensive income attributable to:			
Equity holders of the Parent		(5,109)	(43,421)
Non-controlling interests		155	377
		(4,954)	**(43,044)**

The accompanying consolidated notes form an integral part of the consolidated annual accounts.

Consolidated Statement of Changes in Equity for the year ended 31 December 2013 (Expressed in thousands of Euros)

	Equity attributable to equity holders of the Parent							
				OTHER COMPREHENSIVE INCOME				
	Capital	Share premium	Other reserves	Cash flow hedges	Loss for the year	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	100,000	105,433	4,550	(37,897)	(23,888)	148,198	6,133	154,331
Loss for 2013	-	-	-	-	(17,253)	(17,253)	155	(17,098)
Additions of cash flow hedges, net of tax	-	-	-	12,107	-	12,107	-	12,107
Actuarial gains/ (losses) on defined benefit plans	-	-	37	-	-	37	-	37
Acquisition of non-controlling interests	-	-	2,538	-	-	2,538	(3,528)	(990)
Application of losses for 2012	-	-	(23,888)	-	23,888	-	-	-
Balance at 31 December 2013	**100,000**	**105,433**	**(16,763)**	**(25,790)**	**(17,253)**	**145,627**	**2,760**	**148,387**

Consolidated Statement of Changes in Equity for the year ended 31 December 2012 (Expressed in thousands of Euros)

	Equity attributable to equity holders of the Parent							
				OTHER COMPREHENSIVE INCOME				
	Capital	Share premium	Other reserves	Cash flow hedges	Loss for the year	Total	Non-controlling interests	Total equity
Balance at 1 January 2012	100,000	105,433	18,250	(18,373)	(19,123)	186,187	13,311	199,498
Loss for 2012	-	-	-	-	(23,888)	(23,888)	377	(23,511)
Additions of cash flow hedges, net of tax	-	-	-	(19,524)	-	(19,524)	-	(19,524)
Actuarial gains/ (losses) on defined benefit plans	-	-	(9)	-	-	(9)	-	(9)
Acquisition of non-controlling interests	-	-	5,432	-	-	5,432	(7,555)	(2,123)
Application of losses for 2011	-	-	(19,123)	-	19,123	-	-	-
Balance at 31 December 2012	**100,000**	**105,433**	**4,550**	**(37,897)**	**(23,888)**	**148,198**	**6,133**	**154,331**

The accompanying consolidated notes form an integral part of the consolidated annual accounts.

Consolidated Statements of Cash Flows for the years ended 31 December 2013 and 2012 (Indirect Method)
(Expressed in thousands of Euros)

	NOTE	2013	2012
Cash flows from operating activities			
Loss for the period before tax		(5,468)	(13,564)
Adjustments for:			
Amortisation and depreciation	5 and 6	35,064	33,023
Impairment losses on trade receivables	29	(20)	(284)
Change in provisions	22 and 23	(2,697)	2,574
Deferred Income taken to income	28	(355)	(242)
Finance income		(672)	(895)
Finance costs		76,271	74,784
Gains on sale of property, plant and equipment	28	(1,851)	(329)
		100,272	**95,067**
Changes in working capital		**(977)**	**(9,382)**
Inventories		1,297	(52)
Trade and other receivables		(3,985)	(6,754)
Other current assets		3,251	443
Trade and other payables		(2,296)	(4,731)
Other current liabilities		(284)	3
Other non-current assets and liabilities		1,040	1,709
Cash generated from operations		**99,295**	**85,685**
Interest paid		(57,163)	(33,370)
Interest received		516	670
Income tax paid		(12,243)	(7,429)
Net cash from/(used in) operating activities		**30,405**	**45,556**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,489	-
Acquisition of property, plant and equipment		(73,524)	(81,619)
Net cash used in investing activities		**(71,035)**	**(81,619)**
Cash flows from financing activities			
Acquisition of non-controlling interests		(990)	(2,133)
Payments of loans and borrowings		(15,074)	(3,588)
Proceeds from loans and borrowings		59,450	57,910
Net cash from financing activities		**43,386**	**52,189**
Net increase in cash and cash equivalents		2,756	16,126
Cash and cash equivalents at 1 January		70,242	54,116
Cash and cash equivalents at 31 December		72,998	70,242

The accompanying consolidated notes form an integral part of the consolidated annual accounts.

(1) NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

Redexis Gas, S.L. (formerly Endesa Gas T&D, S.L.) (hereinafter the Company) was incorporated with limited liability under Spanish law in Madrid on 6 April 2000. The Company's registered offices are located at C/Doctor Aznar Molina, 2, Zaragoza.

The statutory activity of Redexis Gas, S.L. comprises the holding, purchase, subscription, swap and sale of Spanish and foreign securities, on its own behalf and without brokerage intervention, in order to govern, administrate and manage these entities. These activities do not include those expressly restricted by law to collective investment undertakings, or those activities restricted to stock exchange member brokers and brokerage firms by the Spanish Stock Market Law. The principal activity of the Group companies is the distribution and transmission of gas and oil-based products for domestic, commercial and industrial purposes, the use of any by-products, and related activities.

On 1 December 2010, the Company gained control over the following companies, by acquisition and as result of increasing its share capital through a non-monetary contribution by the Endesa Group. These companies are engaged in gas transmission and distribution:

THOUSANDS OF EUROS

COMPANY	NUMBER OF SHARES	INITIAL ACQUISITION VALUE AND CONTRIBUTION
Redexis Gas Baleares, S.A.U. (formerly Gesa Gas, S.A.U.)	285,000	84,865
Redexis Gas Distribución, S.A.U. (formerly Endesa Gas Distribución, S.A.U.)	243,111	27,886
Distribuidora Regional del Gas, S.A.U.	60,000	33,521
Redexis Gas Aragón, S.A. (formerly Gas Aragón, S.A.)	118,876	202,899
Redexis Gas Transporte, S.L.U. (formerly Endesa Gas Transportista, S.L.U.)	5,445,000	268,031
Transportista Regional del Gas, S.A.	478,215	58,858
TOTAL		**676,060**

Details of Group companies are provided in Appendix I.

On 16 January 2013 the Company acquired a 1.08% interest in Redexis Gas Aragón, S.A. from non-controlling shareholders and, at the reporting date, holds a 99.13% interest in the share capital of that company.

On 9 December 2013, Endesa Gas, S.A.U. sold 2,000,000 B-class shares in the Company to the following companies:

- 1,170,000 shares, representing 11.7% of share capital, to Zaragoza International Coöperatieve, U.A.
- 830,000 shares, representing 8.3% of share capital, to Augusta Global Coöperatieve, U.A.

Also on that date, Endesa Gas, S.A.U. assigned and transferred all the balances receivable from the Company to the aforementioned purchasers. Details are as follows:

- Zaragoza International Coöperatieve, U.A. acquired balances receivable from the Company totalling €42,319 thousand.
- Augusta Global Coöperatieve, U.A. acquired balances receivable from the Company totalling €30,021 thousand.

The sale price for the shares and receivables referred to above was €130 million, of which €89,749 thousand was the price of the receivables transferred, which in turn included €17,409 thousand in interest accrued prior to the date of the transaction, and €40,251 thousand for the price of the shares.

As a result, at 31 December 2013 Redexis Gas, S.L. is 58.5% owned by Zaragoza International Coöperatieve, U.A. and 41.5% owned by Augusta Global Coöperatieve, U.A., both subsidiaries of private equity funds managed by Goldman Sachs & Co.

At 31 December 2012 Redexis Gas, S.L. was 46.8% owned by Zaragoza International Coöperatieve, U.A., 33.2% owned by Augusta Global Coöperatieve, U.A. (subsidiaries of private equity funds managed by Goldman Sachs & Co.), and 20% owned by Endesa Gas, S.A.U., a wholly owned subsidiary of Endesa Red, S.A.U., in turn a wholly owned subsidiary of the parent, Endesa, S.A.

In November 2012 the Company incorporated the following three companies with a view to improving their operating efficiency and the consolidated structure:

- Redexis Infraestructuras, S.L.U. (formerly Eg Administrador de Transporte de Gas, S.L.U.)
- Redexis, S.L.U. (formerly Eg Administrador de Distribución de Gas, S.L.U.)
- Redexis GLP, S.L.U. (formerly Eg Actividades de GLP, S.L.U.)

(2) BASIS OF PRESENTATION

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Redexis Gas, S.L. and of the consolidated subsidiaries. The consolidated annual accounts for 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to present fairly the consolidated equity and consolidated financial position of Redexis Gas, S.L. and subsidiaries at 31 December 2013 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.

The directors of the Parent consider that the consolidated annual accounts for 2013, authorised for issue on 13 February 2014, will be approved with no changes by the shareholders at their annual general meeting.

The annual accounts for 2013 have been prepared using the same accounting principles as those applied to the approved annual accounts for 2012, except for the presentation of other recognised income and expense that may be recycled to profit or loss separately from those that will never be recycled to profit or loss, as required by the Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income", which is of mandatory application from 1 July 2012. This recognised income and expense has been presented separately in the information for 2013 and comparative information in these annual accounts.

The Company has applied in advanced the modifications required by the IAS 36.

The standards or interpretations adopted by the European Union and obligatory in coming years are not expected to have a significant impact on the Group's financial statements, although they may entail more in-depth disclosures.

(A) BASIS OF PREPARATION OF THE ANNUAL ACCOUNTS

These consolidated annual accounts have been prepared on a historical cost basis, except for derivative financial instruments, which have been recognised at fair value.

(B) COMPARATIVE INFORMATION

(I) RECLASSIFICATION OF COMPARATIVE FIGURES FOR THE PREVIOUS YEAR

Certain amounts for 2012 have been reclassified in the accompanying consolidated annual accounts to make them comparable with those for the current year and facilitate comparison. The most significant reclassifications have been as follows:

	THOUSANDS OF EUROS	
	DEBIT	CREDIT
Other current assets	10,736	-
Trade and other receivables	-	10,736
Trade and other payables	2,073	-
Other current liabilities	-	2,073

The balances reclassified comprise the Group's receivables from and payables to public entities, which have been reclassified to other current assets and other current liabilities so that they are presented in line with their nature.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, the Group's functional and presentation currency, rounded off to the nearest thousand.

(D) RELEVANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS USED WHEN APPLYING ACCOUNTING PRINCIPLES

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting principles to prepare the consolidated annual accounts in conformity with IFRS-EU. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts, is as follows:

- Useful lives of property, plant and equipment and intangible assets (see notes 3.d and 3.e).
- Assessment of the recoverability of intangible assets with indefinite useful lives and goodwill to determine any impairment losses (see note 3.g).
- The market value of certain financial instruments (see note 3.i).
- Recognition of income (see note 3.m).
- The probability of occurrence and amount of liabilities for uncertain amounts, contingent and/or decommissioning liabilities (see note 3.o).

- The assumptions used in the actuarial calculation of pensions and other obligations to employees (see note 3.q).
- The assessment of whether deferred tax assets are likely to be recovered based on business plan for the coming years and the recovery periods foreseen in Spanish tax legislation.

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2013, future events may require changes to these estimates in subsequent years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

(E) GOING CONCERN BASIS

At 31 December 2013 and 2012 the Group's working capital is negative in an amount of €35,725 thousand and €24,210 thousand, respectively, including the outstanding interest accrued on the participating loans extended by the shareholders to the Company for amounts of €89,307 thousand and €74,393 thousand, respectively (see note 18).

(3) SIGNIFICANT ACCOUNTING PRINCIPLES

(A) SUBSIDIARIES

Subsidiaries are entities over which the Company, either directly or indirectly through subsidiaries, exercises control. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

Information on the subsidiaries included in the consolidated Group is presented in Appendix I.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date of acquisition, which is when the Group takes control, until the date that control ceases.

Transactions and balances with Group companies and unrealised gains or losses have been eliminated upon consolidation. Nevertheless, unrealised losses have been considered as an indicator of impairment of the assets transferred.

The subsidiaries' accounting policies have been adapted to Group accounting policies, for like transactions and other events in similar circumstances.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

(B) SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(C) NON-CONTROLLING INTERESTS

Non-controlling interests in subsidiaries acquired are recognised at the acquisition date at the proportional part of the fair value of the identifiable net assets.

Non-controlling interests are disclosed in consolidated equity separately from equity attributable to shareholders of the

Parent. Non-controlling interests' share in consolidated profit or loss for the year and in consolidated total comprehensive income for the year is disclosed separately in the consolidated income statement and the consolidated statement of comprehensive income.

The consolidated profit or loss for the year, consolidated total comprehensive income for the year and changes in equity of the subsidiaries attributable to the Group and non-controlling interests after consolidation adjustments and eliminations, are determined in accordance with the percentage ownership at year end.

(D) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost or deemed cost, less accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets is determined using the same principles as for an acquired asset, while also considering the criteria applicable to production costs of inventories. Capitalised production costs are recognised by allocating the costs attributable to the asset to self-constructed non-current assets in the consolidated income statement.

The cost of an item of property, plant and equipment includes the estimated costs of dismantling or removal and restoration of the site on which it is located, provided that the obligation is incurred as a consequence of having used the item and for purposes other than to produce inventories.

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Group determines the depreciation charge separately for each component.

Property, plant and equipment are depreciated using the following criteria:

	DEPRECIATION METHOD	ESTIMATED YEARS OF USEFUL LIFE
Buildings	Straight-line	20
Technical installations and machinery:		
Liquefied natural gas plant	Straight-line	20
Regulating and metering stations	Straight-line	20-30
Shared gas installations	Straight-line	20
Distribution grids	Straight-line	20
Meter-reading equipment	Straight-line	10
Gas pipelines	Straight-line	30-40
Regasification plant	Straight-line	20
Other items of property, plant and equipment	Straight-line	2-20
Other installations, equipment and furniture	Straight-line	4-20
Transmission equipment	Straight-line	7-9

In accordance with Royal Decree 326/2008 of 29 February 2008, which stipulates the remuneration from natural gas transmission activities for facilities entering into service since 1 January 2008, items of property, plant and equipment at the technical installations of the subsidiaries Redexis Gas Transporte, S.L.U. and Transportista Regional de Gas, S.A. are depreciated over the useful life of the transmission facilities (40 years in the case of pipelines, and 30 years for regulating and metering stations),

The Group reviews residual values, useful lives and depreciation methods at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

Subsequent to initial recognition of the asset, only those costs incurred which will generate probable future profits and for which the amount may reliably be measured are capitalised. Costs of day-to-day servicing are recognised in profit and loss as incurred.

Replacements of property, plant and equipment that qualify for capitalisation are recognised as a reduction in the carrying amount of the items replaced. Where the cost of the replaced items has not been depreciated independently and it is not possible to determine the respective carrying amount, the replacement cost is used as indicative of the cost of items at the time of acquisition or construction.

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (g).

(E) INTANGIBLE ASSETS

- **Goodwill**

Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs) or groups of CGUs which are expected to benefit from the synergies of the business combination and the criteria described in section (g) (impairment) are applied. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Internally generated goodwill is not recognised as an asset.

- **Licences**

This item reflects the amounts incurred to obtain government authorisation to distribute and transmit gas in the various areas in which the subsidiaries perform or will perform their activities, less any impairment. The costs incurred prior to and in connection with obtaining government authorisation are initially recognised under intangible assets, and are taken to profit and loss if the Group has reasonable doubts as to whether the government authorisation will be obtained.

- **Computer software**

Computer software is carried at cost, less any accumulated amortisation and impairment losses. Computer software maintenance costs are charged as expenses when incurred.

(I) USEFUL LIFE AND AMORTISATION RATES

The Group assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

Intangible assets with indefinite useful lives are not amortised, but are instead tested for impairment on an annual basis or whenever there is an indication that the intangible asset may be impaired. The Group considers that the licences for gas distribution and transmission have an indefinite useful life because, although they are renewed every 25 years, such renewals are purely administrative and these authorisations cannot be awarded to another company.

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis over its useful life, by applying the following criteria:

	AMORTISATION METHOD	ESTIMATED YEARS OF USEFUL LIFE
Computer software	Straight-line	4-5
Concessions	Straight-line	20

The depreciable amount is the cost or deemed cost of an asset, less its residual value.

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(II) IMPAIRMENT

lThe Group measures and determines impairment to be recognised or reversed based on the criteria in section (g).

(F) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets for which the carrying amount will be recovered principally through a sale transaction rather than through continuing use are classified as held for sale, provided that these are available for sale in their present condition subject to terms that are usual and customary for sales of such assets and that the transaction is highly probable.

Non-current assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell and are not depreciated.

(G) IMPAIRMENT OF NON-FINANCIAL ASSETS SUBJECT TO AMORTISATION OR DEPRECIATION

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group tests goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet ready to enter service for potential impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

Negative differences resulting from comparison of the carrying amounts of the assets with their recoverable amount are recognised in profit and loss.

Impairment losses for cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs of disposal, its value in use and zero.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in profit or loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

A reversal of an impairment loss for a CGU is allocated to the assets of each unit, except goodwill, pro rata with the carrying amounts of those assets. The carrying amount of an asset may not be increased above the lower of its recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

(H) LEASES

Leases that, on inception, transfer substantially all the risks and rewards incidental to ownership of the assets to the lessee are classified as finance leases, otherwise they are classified as operating leases.

The Group had no finance leases during 2013 or 2012.

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term.

The Group recognises initial direct costs incurred on operating leases as an expense when incurred.

(I) FINANCIAL INSTRUMENTS

Loans and receivables

Trade and other receivables are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

The amount of the impairment loss is measured on the basis of the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The impairment loss is recognised in profit and loss and may be reversed in subsequent periods. The loss can only be reversed to the limit of the amortised cost of the assets had the impairment loss not been recognised.

Financial liabilities

Trade payables and loans and borrowings are initially recognised at fair value less any transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

Participating loans

Upon initial recognition, the Company prepares its best estimate of the cash flows to be paid under these loans, based on business projections, and determines the effective interest rate. The Company subsequently applies the effective interest rate method, which requires adjusting the carrying amount of the cash flows, with a charge or credit to the income statement, for variations in the estimated cash flows discounted at the original effective interest rate.

(J) HEDGE ACCOUNTING

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments.

The Group only designates as hedged items liabilities that involve a party external to the Group.

In cash flow hedges, the Group recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in other comprehensive income. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised with a debit or credit to finance costs or finance income.

The separate component of other comprehensive income associated with the hedged item is adjusted to the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in fair value or present value of the expected future cash flows on the hedged item from inception of the hedge. However, if the Group expects that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, it reclassifies into finance income or finance costs the amount that is not expected to be recovered.

(K) INVENTORIES

Inventories are measured at the lower of acquisition or production cost and net realisable value.

The Group uses the same cost model for all inventories of the same nature and with a similar use.

(L) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and demand deposits in financial institutions.

(M) INCOME AND EXPENSES

Income is recognised at the fair value of the consideration received, net of discounts and taxes. Specifically, consideration receivable for regulated distribution and transmission activities is calculated as described below.

Customer contract fees are recognised as revenues in the year in which the supply is contracted.

Distribution activities:

Order IET/2812/2012 of 27 December 2012 stipulates the remuneration for distribution activities for 2013. In 2012 this remuneration was established in Order IET/3587/2011 of 30 December 2011.

The notes to the Order define the criteria used to calculate remuneration for distribution activities in 2013 based on the adjusted remuneration for the prior year, the average increase in the number of consumers and the year-on-year rise in kWh distributed by pressure level range, and stipulates the unit ratios attributable to these increases.

In accordance with accounting criteria in force, at year end the Group calculated and recognised the remuneration for distribution activities for 2013 based on the actual average increase in the number of consumers and the actual increase in kWh distributed as compared with 2012.

Remuneration for distribution activities will be adjusted once the final amounts of this remuneration have been set by the Spanish Ministry of Industry, Energy and Tourism. The Group does not expect significant differences to arise between the amounts recognised and the final settlements. Nevertheless, any differences will be recognised as a change in accounting estimate in the consolidated income statement when they arise.

The National Energy Commission Resolution of 18 September 2012 approved the final settlement for regulated activities in the gas sector for 2010. The difference between the amount recognised and the final settlement, i.e. €2,616 thousand, was taken to consolidated profit and loss in 2012.

At the date of authorisation for issue of these consolidated annual accounts, the definitive settlements for regulated activities in the gas sector for 2011, 2012 and 2013 have yet to be collected.

In accordance with Order ITC/3126/2005 and the technical gas system management standards (NGTS), the distribution companies in the Group have prudently recognised measurement differences (known as unaccounted-for gas) as revenue in the consolidated income statements for 2013 and 2012 (see note 27).

Transmission activity:
Order ITC/3802/2008 of 26 December 2008 ratifies Order ITC/3863/2007 of 28 December 2007, specifying the fixed costs applicable to transmission activities of facilities that entered into service prior to 1 January 2008, and Royal Decree 326/2008 of 29 February 2008, establishing remuneration of natural gas transmission activities for facilities that came into service subsequent to 1 January 2008.

To calculate this remuneration, the Order states that prior to 15 September each year, energy companies are required to submit a list of their installations, distinguishing between those registered as having entered into service and those expected to be registered during the year.

Order IET/2812/2012 of 27 December 2012, establishing the tolls and charges for third-party access to gas facilities in 2013, updates certain matters relating to remuneration for regulated activities within the gas sector. Specifically, Appendix V to this Order establishes the reference unit values for the investment in and operation and maintenance of transmission facilities in 2013.

Order IET/3587/2011 of 30 December 2011, establishing the tolls and charges for third-party access to gas facilities in 2012, updates certain matters relating to remuneration for regulated activities within the gas sector. Specifically, Appendix V to this Order establishes the reference unit values for the investment in and operation and maintenance of transmission facilities in 2012.

In the case of facilities that have entered into service since 1 January 2008 and for which remuneration has yet to be received as the Spanish Ministry of Industry, Energy and Tourism has not yet issued its resolution, fixed remuneration has been calculated based on the unit values indicated and the technical characteristics of each facility, in accordance with the Appendices to the corresponding Orders.

These Orders acknowledge, update and publish the remuneration on account for transmission facilities that have come into service since 1 January 2008. However, since the Ministry of Industry, Energy and Tourism did not have access to sufficient information at the date of preparation of the Orders, remuneration on account was calculated using the proposal put forward by the National Energy Commission published in the notes to the proposed order dated 10 December 2012, which establishes the tolls and charges for third-party access to gas facilities in 2013.

In accordance with article 5 of Order ITC/3128/2011 of 17 November 2011 on matters relating to third-party access to gas facilities and remuneration for regulated activities, the transmission companies in the Group have prudently recognised measurement differences (known as unaccounted-for gas) as a decrease in revenue in the consolidated income statements for 2013 and 2012 (see notes 23 and 27).

The Group is also subject to the following regulatory framework:

- Royal Decree 949/2001 of 3 August 2001, which regulates third-party access to gas facilities and establishes an integrated economic system for the natural gas sector, in accordance with the mandate in article 8 of Royal Decree-Law 6/2000 of 23 June 2000.

- Order ECO/2692/2002 of 28 October 2002, which regulates the settlement procedure for remuneration from regulated activities in the natural gas sector and for specifically allocated payments, and establishes the information system to be implemented by companies.
- Order ITC/3993/2006 of 29 December 2006, which updates the remuneration from regulated activities in the gas sector. This Order sets out the methods for calculating remuneration from distribution and transmission activities (in this case, for facilities entering into service subsequent to 1 January 2008).
- Royal Decree 326/2008 of 29 February 2008, which stipulates the remuneration for natural gas transmission activities for facilities entering into service since 1 January 2008.
- Order IET/2812/2012 of 27 December 2012, establishing the tolls and charges for third-party access to gas facilities and the remuneration for regulated activities in 2013.
- Order IET 2446/2013 of 27 December 2013, establishing the tolls and charges for third-party access to gas facilities and the remuneration for regulated activities in 2014.

(N) ENVIRONMENTAL ISSUES

Environmental assets are those items that the Group uses in its activities on a permanent basis to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution.

By its nature, the Group's activity does not have a significant impact on the environment and as such no provisions have been recorded for this contingency.

Costs incurred in replacing road surfaces or land related to the extension of the gas pipeline with the purpose of eliminating, limiting and controlling the potential impact of the Group's ordinary activities on the environment, particularly laying its pipelines, are considered as capital expenditure.

Environmental expenses other than those incurred in purchasing property, plant and equipment are classified as expenses for the year.

(O) PROVISIONS

The amount recognised as a provision is the best estimate of the expenditure required to settle present obligations at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

The financial effect of provisions is recognised as a finance cost in profit or loss.

Provisions for decommissioning, restoration and similar liabilities

These provisions are measured in accordance with the general criteria for provisions and are recognised as an increase in the cost of the associated property, plant and equipment (see note 3.d).

Changes in provisions resulting from changes in the amount, timing of the outflow of resources or the discount rate increase or reduce the cost of fixed assets up to the carrying amount thereof, whilst any excess is recognised in profit or loss.

(P) DEFERRED INCOME

Deferred income are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached.

Capital grants awarded to the Group are essentially to carry out works and are non-refundable. These grants are measured at the fair value of the sum received, are recognised under deferred income in the consolidated statement of financial position and taken to other income over the same period and in proportion to the depreciation of the subsidised assets or when the assets are disposed of or impaired.

This item also includes connection charges as monetary consideration for the implementation of the facilities and operations necessary to serve new gas supply points or extend existing ones. These connection charges are recognised as income in proportion to the depreciation of financial assets for the year (20 years).

(Q) EMPLOYEE BENEFITS

Defined benefit plans

Redexis Gas Aragón, S.A., Redexis Gas Baleares, S.A. and Redexis Gas, S.L., have pension obligations with their personnel, which vary depending on the company at which they work. These obligations, including both defined benefits and defined contributions, are basically arranged through pension plans or insurance policies, except for certain benefits in kind, mainly electricity supply commitments, which due to their nature have not been externalised and are covered by in-house provisions.

Defined benefit liabilities recognised in the consolidated statement of financial position reflect the present value of defined benefit obligations at the reporting date, minus the fair value at that date of plan assets.

The Group recognises actuarial losses and gains in other comprehensive income in the year in which they occur. These actuarial losses and gains are recognised immediately in retained earnings. They are not recorded in profit or loss in a subsequent year.

Income or expense related to defined benefit plans is recognised as employee benefits expense and is the sum of the net current service cost and the net interest cost of the net defined benefit asset or liability.

The present value of defined benefit obligations and the related current service cost and past service cost are calculated annually by independent actuaries using the Projected Unit Credit Method. The discount rate is calculated based on the yield on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.

Assets and liabilities arising from defined benefit plans are recognised as current or non-current based on the period of realisation of related assets or settlement of related liabilities.

Defined contribution plans

The Group recognises the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered service to the Group. The contributions payable are recognised as an expense for employee remuneration, and as a liability after deducting any contribution already paid.

Provisions for personnel restructuring

Restructuring-related termination benefits are recognised when the Group has a constructive obligation; that is, when it has a detailed formal plan for the restructuring process (which identifies, as a minimum, the business activities (or part thereof) and main locations affected, the location, function and approximate number of employees whose services are to be terminated, the termination benefits to be paid, and the dates on which the plan will be implemented) and there is valid expectation in those affected that the restructuring will be carried out by starting to implement that plan or announcing its main features to those affected by it.

Redexis Gas Aragón, S.A., Redexis Gas Baleares, S.A. and Redexis Gas, S.L. have a "voluntary redundancy plan" approved in 2000 for which they have recorded a provision of €3,727 thousand at 31 December 2013 (€4,417 thousand at 31 December 2012).

The Group recognises the full amount of the expenditure relating to these plans when the obligation is accrued by performing the appropriate actuarial studies to calculate the actuarial obligation at year end. The actuarial gains and losses disclosed each year are recognised in the consolidated income statement for that year.

(R) INCOME TAXES

The income tax expense or tax income for the year comprises current and deferred tax.

Current tax is the amount of income taxes payable or recoverable in respect of the consolidated taxable profit or consolidated tax loss for a period. Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws prevailing at the reporting date.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

Taxable temporary differences are recognised in all cases except where they arise from the initial recognition of goodwill.

Deductible temporary differences are recognised provided that it is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

Tax planning opportunities are only considered when assessing the recoverability of deferred tax assets and if the Group intends to use these opportunities or it is probable that they will be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

The carrying amounts of deferred tax assets are reviewed by the Group at each reporting date to reduce these amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of the deferred tax assets to be utilised.

Deferred tax assets that do not meet the aforementioned conditions are not recognised in the consolidated statement of financial position. At each year end the Group assesses whether the conditions for recognising deferred tax assets not previously recognised have been met.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right, when they relate to income taxes levied by the same taxation authority and on the same taxable entity and when the taxation authority permits the Group to settle on a net basis, or to realise the asset and settle the liability simultaneously for each of the future years in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

The Redexis Gas Group, which comprises the companies listed in Appendix I, files consolidated tax returns.

In addition to the factors to be considered for individual taxation set out above, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

(4) SECTOR REGULATION

The regulatory framework for the natural gas sector in Spain is based on Hydrocarbon Law 34/1998, enacted, inter alia, by Royal Decrees 949/2001 and 1434/2002. Royal Decree 949/2001 regulates third-party access to gas facilities and specifies an integrated economic system for the natural gas sector. Royal Decree 1434/2002 regulates transmission, distribution, sale and supply activities and the authorisation procedures for natural gas facilities.

Over the years, as the sector was gradually liberalised, the aforementioned Hydrocarbon Law was amended on numerous occasions. The most recent amendment came in Royal Decree-Law 13/2012 of 30 March 2012, which introduced to Spanish law directives on the domestic electricity and gas markets and on electronic communications and adopting measures to correct mismatches between remuneration and costs in the electricity and gas sectors. As regards the natural gas sector, this Royal Decree-Law amended and adapted the Hydrocarbon Law to Directive 2009/73/EC of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC. The main changes introduced in this legislation include:

- Introduction into Spanish law of the concept of ownership unbundling, which implies the appointment of the network owner as the system operator and its independence from any supply and production interests.

- The assignation of greater functions to the National Energy Commission (NEC), including various powers to monitor the gas sector. This legislation also stipulated that the NEC will be responsible for establishing, via circulars, the methodology used to calculate, inter alia, the tolls and charges for basic access services for gas facilities and the methodology for access to cross-border infrastructures, following a consultation process and under criteria of economic efficiency, transparency, objectivity and non-discrimination.

- The introduction of a transmission system operator. Companies that will be classified as such will be those authorised to construct, operate and maintain backbone grid facilities and certified under the procedure set forth to this end in the new article 63 bis of the Hydrocarbon Sector Law.

- Certain measures aimed at strengthening the obligations stipulated in the Hydrocarbon Sector Law regarding the unbundling of activities, with particular emphasis placed on the unbundling of regulated and deregulated activities.

Law 3/2013, of 4 June 2013, on the creation of the Spanish National Markets and Competition Commission, was approved in 2013. The new Commission incorporates the Telecommunications Market Commission, the National Competition Authorities, the Railway Regulation Committee, the National Postal Sector Commission and the National Energy Commission. The Commission's board comprises a Regulatory Oversight committee and a Competition committee. The Commission's functions as regards the gas sector are basically those already assigned under the enactment of Directive 2009/73/EC, although the Ministry of Industry, Energy and Tourism has also acquired certain powers, for example in connection with settlements (which will be implemented gradually). As regards its functional structure, the Commission comprises the Directorates for Competition, Telecommunications and the Audiovisual Sector, Transport and the Postal Sector, and Energy, which in turn encompasses the Sub-directorate for Natural Gas.

(5) PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment and movement during the years ended 31 December 2013 and 2012 are as follows:

THOUSANDS OF EUROS

	LAND AND BUILDINGS	TECHNICAL INSTALLATIONS AND OTHER ITEMS	UNDER CONSTRUCTION AND ADVANCES	TOTAL
Balance at 1 January 2013	3,079	576,650	26,948	606,677
Additions	-	561	66,964	67,525
Transfers	-	59,684	(59,684)	-
Depreciation	(8)	(33,536)	-	(33,544)
Disposals	-	(276)	-	(276)
Balance at 31 December 2013	**3,071**	**603,083**	**34,228**	**640,382**

THOUSANDS OF EUROS

	LAND AND BUILDINGS	TECHNICAL INSTALLATIONS AND OTHER ITEMS	UNDER CONSTRUCTION AND ADVANCES	TOTAL
Balance at 1 January 2012	3,423	547,106	36,767	587,296
Additions	375	12	52,442	52,829
Transfers	(609)	62,256	(62,224)	(578)
Depreciation	(5)	(32,004)	-	(32,009)
Disposals	(105)	(1,281)	(37)	(1,423)
Impairment	-	561	-	561
Balance at 31 December 2012	**3,079**	**576,650**	**26,948**	**606,677**

The most significant additions reflect the construction of transmission pipelines.

At 31 December 2013, under construction and advances reflect investments in gas transmission and distribution grids that the Group expects to complete in the coming months.

The individual values of the buildings and land are €15 thousand and €3,056 thousand, respectively, at the 2013 year end (€23 thousand and €3,056 thousand, respectively, at the 2012 year end).

At 31 December 2013, the Group had recognised gas plant decommissioning costs of €880 thousand under property, plant and equipment (€885 thousand at 31 December 2012). These expenses were determined based on the Group's best estimate of the market costs of the various physical units involved in decommissioning these plants.

The Group has taken out insurance policies to cover the potential risks to which the Group's property, plant and equipment are exposed. The coverage of these policies is considered sufficient.

The cost of fully depreciated property, plant and equipment in use at 31 December 2013 and 2012 is as follows:

THOUSANDS OF EUROS

	2013	2012
Technical installations and machinery	74,473	67,060
Other installations, equipment and furniture	404	381
Other assets	89	274
	74,966	**67,715**

(6) INTANGIBLE ASSETS

Details of intangible assets and movement during the years ended 31 December 2013 and 2012 are as follows:

	THOUSANDS OF EUROS				
	GOODWILL	LICENCES	COMPUTER SOFTWARE	CONCESSIONS	TOTAL
Balances at 1 January 2013	213,053	520,397	5,039	1,419	739,908
Additions	-	-	1,218	57	1,275
Amortisation	-	-	(1,509)	(11)	(1,520)
Balances at 31 December 2013	**213,053**	**520,397**	**4,748**	**1,465**	**739,663**

	THOUSANDS OF EUROS				
	GOODWILL	LICENCES	COMPUTER SOFTWARE	CONCESSIONS	TOTAL
Balances at 1 January 2012	213,053	520,397	2,611	1,444	737,505
Additions	-	-	3,417	1	3,418
Amortisation	-	-	(989)	(26)	(1,015)
Balances at 31 December 2012	**213,053**	**520,397**	**5,039**	**1,419**	**739,908**

The goodwill arising on the business combination mentioned in note 1 amounts to €213,053 thousand and essentially comprises the future economic benefits from the ordinary activities of the subsidiaries listed in Appendix I, which did not qualify for recognition as a separate asset.

Details of the allocation of goodwill at 31 December 2013 and 2012, by cash-generating unit (CGU), are as follows:

	THOUSANDS OF EUROS
Gas distribution	
Redexis Gas Aragón, S.A. (formerly Gas Aragón, S.A.)	31,248
Redexis Gas Distribución, S.A. (formerly Endesa Gas Distribución, S.A.)	12,951
Redexis Gas Baleares, S.A. (formerly Gesa Gas, S.A.)	5,447
Distribuidora Regional de Gas, S.A.	1,005
Gas transmission	
Redexis Gas Transporte, S.L. (formerly Endesa Gas Transportista, S.L.)	155,457
Transportista Regional de Gas, S.A.	6,945
	213,053

A summary of the CGUs to which intangible assets with indefinite useful lives, namely licences for gas distribution and transmission, have been allocated at 31 December 2013 and 2012 is as follows:

	THOUSANDS OF EUROS
Gas distribution	
Redexis Gas Baleares, S.A. (formerly Gesa Gas, S.A.)	45,179
Distribuidora Regional del Gas, S.A.	19,812
Redexis Gas Aragón, S.A. (formerly Gas Aragón, S.A.)	257,955
Gas transmission	
Redexis Gas Transporte, S.L. (formerly Endesa Gas Transportista, S.L.)	139,420
Transportista Regional del Gas, S.A.	58,031
	520,397

The cost of fully amortised intangible assets in use at 31 December 2013 and 2012 is as follows:

THOUSANDS OF EUROS

	2013	2012
Computer software	8,653	7,331
Other intangible assets	94	94
	8,747	**7,425**

(7) IMPAIRMENT AND ALLOCATION OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES TO CGUS

For impairment testing purposes, goodwill and intangible assets with indefinite useful lives have been allocated to the companies detailed in note 6.

The recoverable amount of a CGU is determined based on its fair value less costs to sell. These calculations are based on cash flow projections from the financial budgets approved by management for 2014. A growth rate of 2% was used for the remaining years (up to 2029 in the case of gas distributors and up to 2022 for gas transmitters). The recoverable amount includes a terminal value calculated for 2030 onwards in the case of distributors and from 2023 onwards in the case of transmission companies. A discount rate of 7.40% was used.

The Group determines budgeted gross margins based on past experience and forecast market performance. The weighted average growth rates are consistent with the forecasts included in sector reports. The discount rates used are pre-tax values and reflect specific risks related to the relevant segments.

According to the projections and estimates available to the directors of the Group, the companies to which goodwill and various intangible assets with indefinite useful lives are allocated are expected to generate sufficient cash flow to recover the value of the goodwill, intangible assets with indefinite useful lives and property, plant and equipment recognised at 31 December 2013.

The impairment test performed at 31 December 2013 reveals that the recoverable amount of goodwill exceeds its carrying amount by €362 million. The discount rate (WACC), the growth rate (g) and the budgeted EBIT margin are considered key assumptions in the impairment test.

Following a sensitivity analysis entailing different scenarios, impairment of the recoverable amount would only occur by increasing the discount rate (WACC) by 19%. Alternatively, the discount rate could be increased by 5% while simultaneously bringing the growth rate (g) down to zero.

(8) FINANCIAL ASSETS BY CATEGORY

The classification of financial assets by category and class and details of the fair value, which does not differ from the carrying amount, are as follows:

THOUSANDS OF EUROS

	NON-CURRENT		CURRENT	
	2013	2012	2013	2012
Loans and receivables				
Loans	96	162	87	95
Deposits and guarantees	4,494	4,188	44	45
Other financial assets	5	6	-	12
Trade and other receivables				
Trade receivables	-	-	25,115	23,243
Other receivables	-	-	17,481	15,348
Total financial assets	**4,595**	**4,356**	**42,727**	**38,743**

Net losses and gains on loans and receivables are as follows:

THOUSANDS OF EUROS

	2013	2012
Impairment losses (note 29)	20	(1,067)
	20	**(1,067)**

(9) DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2013 the Company has contracted derivative financial instruments to manage its exposure to interest rate fluctuations on bank loans. These financial instruments comprise 12 interest rate swaps arranged on 17 December 2010, which exchange floating interest (3-month Euribor) for a fixed rate (2.43%) and expire on 25 September 2017.

The fair value of financial swaps is based on the market values of equivalent derivative financial instruments at the reporting date, following standards of fair value level three.

Details of derivative financial instruments are as follows:

2013

THOUSANDS OF EUROS

			FAIR VALUE	
	AMOUNT CONTRACTED	EXPIRY	ASSETS	LIABILITIES
Interest rate swap	41,356	25.09.2017	-	2,345
Interest rate swap	30,077	25.09.2017	-	1,706
Interest rate swap	30,077	25.09.2017	-	1,706
Interest rate swap	105,270	25.09.2017	-	5,970
Interest rate swap	65,418	25.09.2017	-	3,710
Interest rate swap	82,712	25.09.2017	-	4,691
Interest rate swap	52,635	25.09.2017	-	2,985
Interest rate swap	60,154	25.09.2017	-	3,411
Interest rate swap	82,711	25.09.2017	-	4,691
Interest rate swap	30,077	25.09.2017	-	1,706
Interest rate swap	18,798	25.09.2017	-	1,066
Interest rate swap	50,379	25.09.2017	-	2,857
TOTAL	**649,664**		**-**	**36,844**

2012

THOUSANDS OF EUROS

			FAIR VALUE	
	AMOUNT CONTRACTED	EXPIRY	ASSETS	LIABILITIES
Interest rate swap	39,314	25.09.2017	-	3,446
Interest rate swap	28,592	25.09.2017	-	2,506
Interest rate swap	28,592	25.09.2017	-	2,506
Interest rate swap	100,073	25.09.2017	-	8,772
Interest rate swap	62,188	25.09.2017	-	5,453
Interest rate swap	78,629	25.09.2017	-	6,893
Interest rate swap	50,036	25.09.2017	-	4,386
Interest rate swap	57,184	25.09.2017	-	5,013
Interest rate swap	78,629	25.09.2017	-	6,893
Interest rate swap	28,592	25.09.2017	-	2,506
Interest rate swap	17,870	25.09.2017	-	1,566
Interest rate swap	47,892	25.09.2017	-	4,198
TOTAL	**617,592**		**-**	**54,138**

During 2013 an amount of €14,207 thousand has been transferred from other in the consolidated statement of comprehensive income to finance costs in the consolidated income statement (€9,874 thousand in 2012).

No ineffectiveness was recognised in the consolidated income statement in 2013 or 2012.

The classification of cash flow hedges by the reporting periods in which the cash flows are expected to occur and the reporting periods in which they are expected to impact the consolidated income statement is as follows:

THOUSANDS OF EUROS

	2013				
	OCCURRENCE OF CASH FLOWS AND IMPACT ON PROFIT AND LOSS				
	EXPECTED CASH FLOWS	2014	2015	2016	2017
Interest rate swaps					
Payables	(2,345)	(851)	(770)	(512)	(213)
Payables	(1,706)	(619)	(560)	(372)	(155)
Payables	(1,706)	(619)	(560)	(372)	(155)
Payables	(5,970)	(2,166)	(1,959)	(1,303)	(543)
Payables	(3,710)	(1,346)	(1,218)	(810)	(337)
Payables	(4,691)	(1,702)	(1,539)	(1,024)	(426)
Payables	(2,985)	(1,083)	(980)	(651)	(271)
Payables	(3,411)	(1,237)	(1,119)	(744)	(310)
Payables	(4,691)	(1,702)	(1,539)	(1,024)	(426)
Payables	(1,706)	(619)	(560)	(372)	(155)
Payables	(1,066)	(387)	(350)	(233)	(97)
Payables	(2,857)	(1,035)	(937)	(622)	(260)
Total	**(36,844)**	**(13,366)**	**(12,091)**	**(8,039)**	**(3,348)**

THOUSANDS OF EUROS

	2012					
	OCCURRENCE OF CASH FLOWS AND IMPACT ON PROFIT AND LOSS					
	EXPECTED CASH FLOWS	2013	2014	2015	2016	2017
Interest rate swaps						
Payables	(3,447)	(911)	(890)	(752)	(583)	(311)
Payables	(2,507)	(663)	(647)	(547)	(424)	(226)
Payables	(2,507)	(663)	(647)	(547)	(424)	(226)
Payables	(8,772)	(2,320)	(2,265)	(1,914)	(1,483)	(790)
Payables	(5,450)	(1,441)	(1,407)	(1,190)	(921)	(491)
Payables	(6,893)	(1,823)	(1,780)	(1,504)	(1,165)	(621)
Payables	(4,385)	(1,160)	(1,132)	(957)	(741)	(395)
Payables	(5,013)	(1,326)	(1,294)	(1,094)	(847)	(452)
Payables	(6,893)	(1,823)	(1,780)	(1,504)	(1,165)	(621)
Payables	(2,507)	(663)	(647)	(547)	(424)	(226)
Payables	(1,566)	(414)	(404)	(342)	(265)	(141)
Payables	(4,198)	(1,110)	(1,084)	(916)	(710)	(378)
Total	**(54,138)**	**(14,317)**	**(13,977)**	**(11,814)**	**(9,152)**	**(4,878)**

(10) CURRENT AND NON-CURRENT FINANCIAL ASSETS

Details of current and non-current financial assets at 31 December 2013 and 2012 are as follows:

THOUSANDS OF EUROS

	2013		2012	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Security deposits paid	4,494	44	4,188	45
Loans to employees and other	96	87	162	96
Other financial assets	5	-	6	11
Total	**4,595**	**131**	**4,356**	**152**

Security deposits paid essentially comprise the balances lodged with public entities in respect of deposits received from customers upon contracting a service, as required by legislation in force. These security deposits are maintained throughout the duration of the customer's contract with the supplier and while their distribution company is a Group company.

(11) INCOME TAX

At the annual general meeting held on 17 December 2010 the Company's shareholders agreed that, with effect as of 1 January 2011, the Company would apply the consolidated taxation regime regulated in Title VII, Chapter VII of Royal Legislative Decree 4/2004 of 5 March 2004, which approves the Revised Spanish Income Tax Law, as the parent of a new tax group formed by the subsidiaries listed in Appendix I hereto.

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

	THOUSANDS OF EUROS		
	2013		
	ASSETS	LIABILITIES	NET
Property, plant and equipment	-	(56,871)	(56,871)
Goodwill	-	(85)	(85)
Deferred income	-	(8,086)	(8,086)
Intangible assets	-	(155,016)	(155,016)
Cash flow hedges	11,053	-	11,053
Provisions	1,801	-	1,801
Amortisation and depreciation	2,575	-	2,575
Personnel remuneration	446	-	446
	15,875	**(220,058)**	**(204,183)**
Unused deductions	481	-	481
Tax loss carryforwards	32,256	-	32,256
Net assets and liabilities	**48,612**	**(220,058)**	**(171,446)**

	THOUSANDS OF EUROS		
	2012		
	ASSETS	LIABILITIES	NET
Property, plant and equipment	-	(60,573)	(60,573)
Goodwill	-	(73)	(73)
Deferred income	-	(8,112)	(8,112)
Intangible assets	-	(154,302)	(154,302)
Cash flow hedges	16,241	-	16,241
Provisions	2,910	-	2,915
	19,151	**(223,060)**	**(203,904)**
Unused deductions	1,773	-	1,773
Tax loss carryforwards	36,244	-	36,244
Net assets and liabilities	**57,168**	**(223,060)**	**(165,887)**

Deferred tax liabilities relating to property, plant and equipment mostly derive from the application of the tax incentive approved in the 11th additional provision of Law 4/2008 of 23 December 2008 and in Royal Decree-Law 13/2010 of 3 December 2010, on accelerated depreciation of non-current property, plant and equipment, which most of the Group's subsidiaries applied in 2009, 2010 and 2011, as well as from the fair value measurement of assets in the business combination.

Accelerated depreciation is only applied to investments brought into service in the 2009, 2010 and 2011 tax periods that originated as new assets commissioned under works execution contracts or investment projects with an execution period, in both cases, of less than two years between the commission or investment start date and the date on which the asset becomes available or enters service. The distributors that have applied this system depreciate the assets over a period of 20 years for accounting purposes and one year for tax purposes. The transmission companies that have applied this system depreciate the assets over a period of 40 years for accounting purposes and one year for tax purposes.

In accordance with Law 4/2008 of 23 December 2008, in order to avail of accelerated depreciation the Company's average headcount must remain the same in the 24 months following the start of the tax period during which the acquired assets enter service as in the preceding 12 months. Royal Decree-Law 13/2010 of 3 December 2010, on tax, labour and deregulation initiatives to promote investment and create employment, allows for accelerated depreciation for new investments in fixed assets associated with economic activities. However, unlike the previous legislation, it does not impose any obligation to maintain the headcount in order to avail of this tax incentive.

All deferred tax liabilities associated with intangible assets and deferred income derive from the business combination.

Pursuant to tax legislation, for 2013 and 2014 property, plant and equipment and intangible assets may only be depreciated or amortised up to 70% of the assets' depreciation/amortisation for accounting purposes. Consequently, the Group has recognised €2,575 thousand as deferred tax assets.

Based on the best estimate of future consolidated profits, recovery of the deferred tax assets is considered probable and they have therefore been recognised in the consolidated statement of financial position.

In light of the application of deductions arising from the accelerated depreciation referred to above, the Group has committed to maintaining its average total headcount at a certain number.

Details of total current and deferred income tax in relation to items recognised directly in equity during 2013 and 2012 are as follows:

THOUSANDS OF EUROS

	2013		2012	
	CURRENT	DEFERRED	CURRENT	DEFERRED
Actuarial gains and losses	-	(16)	-	3
Cash flow hedges	-	(5,189)	-	8,367
	-	**(5,205)**	**-**	**8,370**

Details of the income tax expense are as follows:

THOUSANDS OF EUROS

	2013	2012
Current tax		
Present year	16,099	13,423
Prior year adjustments	(142)	(15)
Deferred tax		
Source and reversal of temporary differences	(3,549)	(2,683)
Income tax expense for the year (companies)	12,408	10,725
Adjustments and eliminations on consolidation	(778)	(778)
Income tax expense for the year (Group)	**11,630**	**9,947**

The reconciliation between current tax and current tax liabilities is as follows:

THOUSANDS OF EUROS

	2013	2012
Current tax	16,099	13,423
Tax loss carry fowards recognised and offset in prior years	(4,022)	(3,352)
Consolidation adjustments	(11)	(13)
Income tax expense for the year	12,066	10,058
Payments on account during the year	(10,201)	(7,639)
Withholdings	(129)	(180)
Current tax liabilities	**1,736**	**2,239**

The relationship between the tax expense and accounting loss for the year is as follows:

THOUSANDS OF EUROS

	2013	2012
Loss for the year before tax	**(5,468)**	**(13,564)**
Permanent differences	-	14
Tax at 30%	(1,640)	(4,065)
Temporary differences not recognised during the year	13,412	14,031
Other net movements	(142)	(19)
Income tax expense for the year (Group)	**11,630**	**9,947**

The Group has recognised the tax effect of tax loss carryforwards as deferred tax assets, the amounts and reversal periods of which are as follows:

AT 31 DECEMBER 2013

COMPANY / YEAR	THOUSANDS OF EUROS	FINAL YEAR
Redexis Gas Transporte, S.L. / 2010	17,881	2028
Redexis Gas Distribución, S.A. / 2010	11,958	2028
Redexis Gas, S.L. Group / 2011	77,688	2029
	107,527	

AT 31 DECEMBER 2012

COMPANY / YEAR	THOUSANDS OF EUROS	FINAL YEAR
Redexis Gas Transporte, S.L. / 2010	17,881	2028
Redexis Gas Distribución, S.A. / 2010	11,958	2028
Redexis Gas, S.L. Group / 2011	91,128	2029
	120,967	

The Group has not recognised the following tax loss carryforwards at 31 December 2013 and 2012:

COMPANY / YEAR	THOUSANDS OF EUROS	FINAL YEAR
Redexis Gas Distribución, S.A. / 1997	4	2015
Redexis Gas Distribución, S.A. / 1998	4	2016
Redexis Gas Distribución, S.A. / 1999	339	2017
Redexis Gas Distribución, S.A. / 2000	93	2018
	440	

At 31 December 2013 and 2012, the Group has recognised deductions of €481 thousand and €1,773 thousand, respectively, as deferred tax assets.

Royal Legislative Decree 12/2012 establishes a limit on the deductibility of interest for tax periods beginning on or after 1 January 2012. As a result, net finance costs are deductible up to a limit of 30% of operating profit for the year or otherwise up to an amount of €1 million. Consequently, in its provisional calculation of income tax for 2013, the tax group has estimated that net finance costs totalling €44,707 thousand in 2013 will not be considered deductible (€45,689 thousand in the definitive income tax return for 2012). However, the tax group can deduct these non-deductible net finance costs in the tax periods ending in the 18 consecutive years immediately following.

The Group has not recognised as deferred tax assets the tax effect of non-deductible finance costs arising on the income tax settlements for 2012 or 2013, amounting to €90,396 thousand, the reversal periods of which expire in 2030 and 2031, respectively.

Pursuant to Royal Legislative Decree 20/2012, for 2012 to 2015 the Company's tax loss carryforwards may only be offset up to a maximum of 25% of taxable income prior to offset. In its provisional calculation of income tax for 2013, the tax group has offset tax losses of €13,407 thousand (€11,755 thousand offset in the definitive income tax return for 2012).

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. At the end of 2013, the Group companies have income tax for 2009 and subsequent years and other applicable taxes for 2010 and subsequent years open to inspection by the taxation authorities.

In December 2013, the taxation authorities notified Redexis Gas, S.L., Redexis Gas Aragón, S.A. and Redexis Gas Transporte, S.L. of an inspection of value added tax and income tax for 2011 and 2012.

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any event, the directors of the Parent do not consider that any such liabilities that could arise would have a significant effect on the consolidated annual accounts.

(12) INVENTORIES

Details of inventories are as follows:

	THOUSANDS OF EUROS	
	2013	2012
Gas inventories	153	1,222
Inventories of liquefied propane gas	382	609
Other inventories	-	1
	535	**1,832**

At 31 December 2013, the Group has no commitments to purchase or sell gas.

(13) TRADE AND OTHER RECEIVABLES

Details of trade and other receivables are as follows:

	THOUSANDS OF EUROS	
	31.12.13	31.12.12
Trade receivables	26,702	20,254
Trade receivables, related companies	-	5,572
Receivables, settlements pending collection	17,003	14,856
Other receivables	477	491
Advances to personnel	-	1
Less valuation allowances due to uncollectibility	(1,586)	(2,583)
Total	**42,596**	**38,591**

Trade receivables primarily comprise balances receivable from suppliers of natural gas for tolls invoiced. Receivables, settlements pending collection reflect settlements receivable from the gas system.

Movement in allowances for impairment and uncollectibility is as follows:

THOUSANDS OF EUROS

	2013	2012
Balance at 1 January	(2,583)	(2,057)
Impairment	(1,221)	(1,067)
Applications for impairment	1,990	-
Eliminations against the accounting balance	228	541
Balance at 31 December	**(1,586)**	**(2,583)**

There are no trade balances past due for which impairment has not been recorded at 31 December 2013 or 2012.

(14) OTHER CURRENT ASSETS

Details of other current assets are as follows:

THOUSANDS OF EUROS

	2013	2012
Public entities		
VAT recoverable	7,337	10,379
Grants receivable	189	189
Security deposits, Andalusia Regional Government	31	219
Total	**7,557**	**10,787**

(15) CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

THOUSANDS OF EUROS

	2013	2012
Cash in hand and at banks	72,998	70,242
	72,998	**70,242**

The loan described in note 18 has a DSCR (debt service coverage ratio) guarantee account of €15 million established at the start of the contract term, with the possibility of release from 31 December 2012 and a DSRA (debt service reserve account) established for a period of six months, taking into account the €29.4 million debt payment at 2013 year end (€22.7 million at 2012 year end). At 31 December 2013 and 2012 these amounts are included as cash.

(16) EQUITY

Details of equity and movement during the year are shown in the consolidated statement of changes in equity.

(A) CAPITAL

At 31 December 2013 and 2012 the Company's share capital totals €100,000 thousand, represented by 10,000,000 shares with a par value of €10 each. The first 8,000,000 of these shares are class A and the remaining 2,000,000 are class B. They were issued with a share premium of €10.5433262 each, and have been subscribed and fully paid through the contribution of the shares mentioned in note 1.

At 31 December 2012 Redexis Gas, S.L. was 46.8% owned by Zaragoza International Coöperatieve, U.A., 33.2% owned by Augusta Global Coöperatieve, U.A. (subsidiaries of private equity funds managed by Goldman Sachs & Co.), and 20% owned by Endesa Gas, S.A.U., a wholly owned subsidiary of Endesa Red, S.A.U., in turn a wholly owned subsidiary of the parent, Endesa, S.A.

On 9 December 2013, Endesa Gas, S.A.U. sold 2,000,000 B-class shares in the Company to the following companies:

- 1,170,000 shares, representing 11.7% of share capital, to Zaragoza International Coöperatieve U.A.
- 830,000 shares, representing 8.3% of share capital, to Augusta Global Coöperatieve U.A.

Also on that date, Endesa Gas, S.A.U. assigned and transferred all the balances receivable from the Company to the aforementioned purchasers. Details are as follows:

- Zaragoza International Coöperatieve U.A. acquired balances receivable from the Company totalling €42,319 thousand.
- Augusta Global Coöperatieve U.A. acquired balances receivable from the Company totalling € 30,021 thousand.

The sale price for the shares and receivables referred to above was €130 million, of which €89,749 thousand related to the price of the receivables transferred, which in turn included €17,409 thousand in interest accrued prior to the date of the transaction, and €40,251 thousand for the price of the shares.

As a result, at 31 December 2013 Redexis Gas, S.L. is 58.5% owned by Zaragoza International Coöperatieve, U.A. and 41.5% owned by Augusta Global Coöperatieve, U.A., both subsidiaries of private equity funds managed by Goldman Sachs & Co.

(B) SHARE PREMIUM

This reserve is freely distributable provided that the Company's equity is not reduced to below its share capital.

(C) OTHER RESERVES

Legal reserve

The legal reserve is appropriated in compliance with article 274 of the Revised Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

Other reserves

These reserves include the €26,010 thousand difference between the fair value of non-controlling interests and the fair value of the €74,530 thousand consideration paid for the acquisition of 34.99% of Redexis Gas Aragón, S.A. on 17 December 2010, as the Parent already exercised control over that company.

These reserves also include the €5,432 thousand difference between the fair value of non-controlling interests and the fair value of the €2,123 thousand consideration paid for the acquisition of 2.39% of Redexis Gas Aragón, S.A. in 2012, as the Parent already controlled that company and this was a transaction between shareholders.

These reserves also include the €2,538 thousand difference between the fair value of non-controlling interests and the fair value of the €990 thousand consideration paid for the acquisition of 1.08% of Redexis Gas Aragón, S.A. on 16 January 2013, as the Parent already controlled that company and this was a transaction between shareholders.

Details of other reserves contributed by each Group company at 31 December 2013 and 2012 are as follows:

	THOUSANDS OF EUROS	
	2013	2012
Holding company		
Redexis Gas, S.L.	(54,279)	(9,910)
Gas distribution		
Redexis Gas Baleares, S.A.	4,883	3,761
Distribuidora Regional del Gas, S.A.	5,389	2,339
Redexis Gas Aragón, S.A.	36,659	16,928
Redexis Gas Distribución, S.A.	(13,904)	(9,093)
Gas transmission		
Redexis Gas Transporte, S.L.	101	(1.001)
Transportista Regional del Gas, S.A.	4,388	1,526
	(16,763)	**4,550**

(D) RESTRICTIONS ON DISTRIBUTION OF DIVIDENDS

In accordance with the terms of the loan described in note 18 no dividends were distributed in 2013 or 2012.

(E) PROFIT/(LOSS) FOR THE YEAR

Details of profit/loss for the year contributed by each Group company at 31 December 2013 and 2012 are as follows:

	THOUSANDS OF EUROS	
	2013	2012
Holding company		
Redexis Gas, S.L.	(49,896)	(44,369)
Gas distribution		
Redexis Gas Baleares, S.A.	7,200	1,122
Distribuidora Regional del Gas, S.A.	3,078	3,050
Redexis Gas Aragón, S.A.	16,537	17,533
Redexis Gas Distribución, S.A.	(2,862)	(4,811)
Redexis, S.L.	(2)	-
Redexis GLP, S.L.	(2)	-
Gas transmission		
Redexis Gas Transporte, S.L.	4,158	1,102
Transportista Regional del Gas, S.A.	4,693	2,862
Redexis Infraestructuras, S.L.	(2)	-
	(17,098)	**(23,511)**

(17) FINANCIAL LIABILITIES BY CATEGORY

(A) CLASSIFICATION OF FINANCIAL LIABILITIES BY CATEGORY

A classification of financial liabilities and their carrying amounts by category and class is as follows:

THOUSANDS OF EUROS

	2013	
	NON-CURRENT CARRYING AMOUNT	CURRENT CARRYING AMOUNT
Debts and payables		
Loans and borrowings	616,019	20,463
Variable rate		
Guarantees and deposits received	4,232	-
Other financial liabilities	54	-
Payables to related companies	361,697	89,325
Trade and other payables		
Suppliers and other payables	-	3,146
Suppliers of fixed assets	-	31,260
Other payables	-	10,005
Total financial liabilities	**982,002**	**154,199**

THOUSANDS OF EUROS

	2012	
	NON-CURRENT CARRYING AMOUNT	CURRENT CARRYING AMOUNT
Debts and payables		
Loans and borrowings		
Variable rate	576,421	12,309
Guarantees and deposits received	4,130	-
Other financial liabilities	54	-
Payables to related companies	361,695	73,349
Trade and other payables		
Suppliers and other payables	-	7,195
Suppliers of fixed assets	-	34,221
Other payables	-	9,362
Total financial liabilities	**942,300**	**137,480**

At 31 December 2013 the fair value of loans and borrowings is €686,528 thousand (€659,446 thousand at 31 December 2012), including nominal amount and derivative financial instruments. The fair value of the Group's other liabilities is similar to their carrying amount.

(B) NET LOSSES AND GAINS BY FINANCIAL LIABILITY CATEGORY

Net losses and gains by financial liability category for 2013 comprise finance costs at amortised cost and total €76,209 thousand (€74,362 thousand in 2012).

(18) FINANCIAL LIABILITIES FROM BORROWINGS

(A) LOANS AND BORROWINGS

The terms and conditions of loans and borrowings are as follows:

2013

THOUSANDS OF EUROS

TYPE	CURRENCY	NOMINAL RATE	MATURITY	NOMINAL AMOUNT	CARRYING AMOUNT	
					CURRENT	NON-CURRENT
Loans and borrowings:						
Tranche A	Euro	(1)	24.09.2017	500,000	19,660	449,147
CAPEX Tranche	Euro	(1)	24.09.2017	344,000	803	166,872
Revolving Tranche	Euro	(1)	24.09.2017	20,000	-	-
				864,000	**20,463**	**616,019**

(1) 3-month Euribor plus a spread of 2.75% until 31 December 2013, 3.25% from 31 December 2013 until 31 December 2015 and 3.50% from 31 December 2015 until 24 September 2017.

2012

THOUSANDS OF EUROS

TYPE	CURRENCY	NOMINAL RATE	MATURITY	NOMINAL AMOUNT	CARRYING AMOUNT	
					CURRENT	NON-CURRENT
Loans and borrowings:						
Tranche A	Euro	(1)	24.09.2017	500,000	11,838	477,250
CAPEX Tranche	Euro	(1)	24.09.2017	344,000	448	99,171
Revolving Tranche	Euro	(1)	24.09.2017	20,000	23	-
				864,000	**12,309**	**576,421**

(1) 3-month Euribor plus a spread of 2.75% until 31 December 2013, 3.25% from 31 December 2013 until 31 December 2015 and 3.50% from 31 December 2015 until 24 September 2017.

Details of the nominal amount of loans and borrowings, maturity tranche and annualised cost, are as follows:

2013

Type of borrowing	Average interest rate	A.P.R. (*)	Extended at arrangement date	Drawn down at	Maturity				Total debt	Drawable
(Thousands of Euros)	**2013**	**2013**		**31.12.13**	**2014**	**2015**	**2016**	**2017**		
Tranche A	2.96%	5.39%	500,000	482,812	19,500	25,800	29,500	408,012	482,812	-
CAPEX	3.06%	5.49%	344,000	166,872	-	-	-	166,872	166,872	175,653
Revolving	-	-	20,000	-	-	-	-	-	-	20,000
Total		**5.43%**	**864,000**	**649,684**	**19,500**	**25,800**	**29,500**	**574,884**	**649,684**	**195,653**

(*) Includes financing cost of arranging hedge swaps Total as a weighted average

2012

Type of borrowing	Average interest rate	A.P.R. (*)	Extended at arrangement date	Drawn down at	Maturity					Total debt	Drawable
(Thousands of Euros)	2012	2012		31.12.12	2013	2014	2015	2016	2017		
Tranche A	3.43%	5.30%	500,000	496,927	10,800	19,500	25,800	29,500	411,327	496,927	-
CAPEX	3.30%	5.75%	344,000	108,381	-	-	-	-	108,381	108,381	235,104
Revolving	-	-	20,000	-	-	-	-	-		-	20,000
Total		**5.38%**	**864,000**	**605,308**	**10,800**	**19,500**	**25,800**	**29,500**	**519,708**	**605,308**	**255,104**

(*) Includes financing cost of arranging hedge swaps

At 31 December 2013 and 2012 financial liabilities from bank borrowings comprise the amounts drawn down at those dates on the loan initially for an amount of €864,000 thousand extended by a syndicate of 12 financial institutions, the final maturity date of which is 24 September 2017. At 31 December 2013 the Company has not drawn down the full balance of the CAPEX or revolving tranches of this loan, and €195,653 thousand were still drawable. Drawdowns may be made up to 31 December 2014.

The terms of the aforementioned loan contract require the Group to maintain a certain financial structure and to comply with a number of financial covenant ratios, in addition to restricting the distribution of dividends in 2012 and 2013. At 31 December 2013, the directors of the Group consider that these obligations have been met.

The hedging instruments contracted in relation to this loan are detailed in note 9.

Accrued interest that had not yet fallen due at 31 December 2013 and 2012 has been recognised within current liabilities in the consolidated statement of financial position, under financial liabilities from bank borrowings.

(B) RELATED COMPANIES

The terms and conditions of payables to related companies are as follows:

2013

THOUSANDS OF EUROS

TYPE	CURRENCY	EFFECTIVE RATE	NOMINAL RATE	MATURITY	NOMINAL AMOUNT	CARRYING AMOUNT CURRENT	CARRYING AMOUNT NON-CURRENT
Payables to related companies:							
Zaragoza International Coöperatieve U.A.	Euro	10%	(1)	17.12.2020	211,595	52,238	211,595
Augusta Global Coöperatieve U.A.	Euro	10%	(1)	17.12.2020	150,102	37,069	150,102
Total					**361,697**	**89,307**	**361,697**

2012

THOUSANDS OF EUROS

TYPE	CURRENCY	EFFECTIVE RATE	NOMINAL RATE	MATURITY	NOMINAL AMOUNT	CARRYING AMOUNT CURRENT	CARRYING AMOUNT NON-CURRENT
Payables to related companies:							
Zaragoza International Coöperatieve U.A.	Euro	10%	(1)	17.12.2020	169,277	34,817	169,277
Augusta Global Coöperatieve U.A.	Euro	10%	(1)	17.12.2020	120,081	24,907	120,081
Endesa Gas, S.A.	Euro	10%	(1)	17.12.2020	72,339	14,670	72,337
Total					**361,697**	**74,393**	**361,695**

(1) Fixed interest rate of 8% plus a variable interest rate of 2% depending on the Group's results from 2011 onwards.

At 31 December 2013 and 2012 financial liabilities with related parties reflect the participating loans that the shareholders extended to the Company on 1 October and 17 December 2010. These participating loans, which fall due on 17 December 2020, accrue interest at a fixed annual rate of 8%, plus a variable rate of 2% depending on the revenues generated by the Redexis Gas Group from 2011 onwards, with thresholds set at €100 million for 2013 and €90 million for 2012.

As mentioned in notes 1 and 16, on 9 December 2013 Endesa Gas, S.A.U. assigned and transferred all its balances receivable from the Company to the other shareholders of the Parent. Details are as follows:

- Zaragoza International Coöperatieve U.A. acquired balances receivable from the Company totalling €42,319 thousand.
- Augusta Global Coöperatieve U.A. acquired balances receivable from the Company totalling €30,021 thousand.

The estimated future cash flows of payables to related companies, by year, at 31 December 2013 and 2012 are as follows:

2013

(Thousands of Euros)	MATURITY							
Type of borrowing	2014	2015	2016	2017	2018	2019	2020	TOTAL
Interest	125,477	36,170	36,170	36,170	36,170	36,170	36,170	342,497
Capital	-	-	-	-	-	-	361,697	361,697
Total	**125,477**	**36,170**	**36,170**	**36,170**	**36,170**	**36,170**	**397,867**	**704,194**

2012

(Thousands of Euros)	MATURITY								
Type of borrowing	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
Interest	109,896	36,169	36,169	36,169	36,169	36,169	36,169	35,080	361,990
Capital	-	-	-	-	-	-	-	361,697	361,697
Total	**109,896**	**36,169**	**36,169**	**36,169**	**36,169**	**36,169**	**36,169**	**396,777**	**723,687**

Accrued interest that had not yet fallen due at 31 December 2013 and 2012 has been recognised within current liabilities in the consolidated statement of financial position, under financial liabilities with related companies.

(C) HEDGED FINANCIAL LIABILITIES

Details of the notional amount of interest rate swaps designated as hedges at 31 December 2013 and 2012 are as follows (see note 9):

THOUSANDS OF EUROS

CLASS OF FINANCIAL LIABILITY	TYPE OF HEDGE	2013	2012
Loans and borrowings	Cash flow hedges	**649.664**	**617.592**

(19) TRADE AND OTHER PAYABLES

Details of trade and other payables are as follows:

THOUSANDS OF EUROS

	2013	2012
Suppliers	840	2,185
Suppliers, related companies	-	1,954
Trade payables	4,142	3,056
Payables, settlements pending	7,054	6,829
Salaries payable	2,225	2,533
Suppliers of fixed assets	29,497	34,221
	43,758	**50,778**

Payables, settlements pending primarily comprise the provisional settlements received from the gas companies, which are pending final settlement by the regulatory body for 2011, 2012 and 2013.

(20) LATE PAYMENTS TO SUPPLIERS

Pursuant to "Reporting Requirement", the third additional provision of Law 15/2010 of 5 July 2010, the information on late payments to suppliers by Spanish consolidated companies is as follows:

PAYMENTS MADE AND OUTSTANDING AT THE REPORTING DATE

	2013		2012	
	THOUSANDS OF EUROS	%	THOUSANDS OF EUROS	%
Within maximum legal period	30,447	82%	42,232	89%
Other	6,744	18%	5,409	11%
Total payments for the year	37,191	100%	47,641	100%
Weighted average late payment days	20		17	
Late payments exceeding the maximum legal period at the reporting date	89	4,2%	40	0,3%

(21) RISK MANAGEMENT POLICY

Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including interest rate risk in fair value and price risk), credit risk, liquidity risk, and interest rate risk in cash flows. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise the potential adverse effects on the Group's profits.

Certain interest rate risks are hedged by derivative instruments.

Risks are managed by the Group's Administration Department in accordance with policies approved by the board of directors. This department identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units. The board of directors issues policies on global risk management and on specific issues such as interest rate risk and liquidity risk, and authorises the contracting of long-term financing facilities where applicable, on an individual basis.

Credit risk

Due to its activities and the particular characteristics of the customers in the sector in which it operates, the Group has no significant concentrations of credit risk.

These tables present an analysis of the ageing of financial assets at 31 December 2013 and 2012:

2013

	THOUSANDS OF EUROS				
	LESS THAN 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	MORE THAN 1 YEAR	TOTAL
Trade and other receivables with fixed rates	26,462	-	16,134	-	42,596
Other financial assets	-	-	131	4,595	4,726
Total assets	**26,462**	**-**	**16,265**	**4,595**	**47,322**

2012

	THOUSANDS OF EUROS				
	LESS THAN 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	MORE THAN 1 YEAR	TOTAL
Trade and other receivables with fixed rates	23,243	441	14,907	-	38,591
Other financial assets	-	64	88	4,356	4,508
Total assets	**23,243**	**505**	**14,995**	**4,356**	**43,099**

Liquidity risk

The Group applies a prudent policy to cover its liquidity risks based on having sufficient cash and financing through credit facilities. The Group's Administration Department aims to be flexible with regard to financing through drawdowns on contracted credit facilities.

The Group's exposure to liquidity risk at 31 December 2013 and 2012 is shown below. These tables present an analysis of financial liabilities by remaining contractual maturity dates.

2013

	THOUSANDS OF EUROS				
	LESS THAN 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	MORE THAN 1 YEAR	TOTAL
Financial liabilities from bank borrowings	963	9,750	9,750	616,019	636,482
Variable rate	963	9,750	9,750	616,019	636,482
Principal	-	9,750	9,750	616,019	635,519
Interest	963	-	-	-	963
Trade and other payables	27,914	7,601	8,896	-	44,411
Variable rate	27,914	7,601	8,896	-	44,411
Principal	27,914	7,601	8,896	-	44,411
Interest	-	-	-	-	-
Financial liabilities with related companies and other financial liabilities	-	-	89,325	365,983	455,308
Principal	-	-	-	365,983	365,983
Interest	-	-	89,325	-	89,325
Total liabilities	**28,877**	**17,351**	**107,971**	**982,002**	**1,136,201**

2012

	THOUSANDS OF EUROS				
	LESS THAN 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	MORE THAN 1 YEAR	TOTAL
Financial liabilities from bank borrowings	1,575	5,367	5,367	576,421	588,730
Variable rate	1,575	5,367	5,367	576,421	588,730
Principal	-	5,367	5,367	576,421	587,155
Interest	1,575	-	-	-	1,575
Trade and other payables	27,389	12,335	12,098	-	51,822
Variable rate	27,389	12,335	12,098	-	51,822
Principal	27,389	12,335	12,098	-	51,822
Interest	-	-	-	-	-
Financial liabilities with related companies and other financial liabilities	-	-	73,349	365,879	439,228
Principal	-	-	-	365,879	365,879
Interest	-	-	73,349	-	73,349
Total liabilities	**28,964**	**17,702**	**90,814**	**942,300**	**1,079,780**

Interest rate risk in cash flows

As the Group does not have a considerable amount of remunerated assets, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

The Parent's interest rate risks arise from other non-current borrowings. Borrowings at variable interest rates expose the Parent to cash flow interest rate risks. Fixed-interest loans expose the Group to fair value interest rate risks.

The Parent manages interest rate risks in cash flows through variable to fixed interest rate swaps. These interest rate swaps convert variable interest rates on borrowings to fixed interest rates. Generally the Company obtains other non-current borrowings with variable interest rates and swaps these for fixed interest rates. These are generally at lower rates than those which would have been obtained had the financing been obtained directly with fixed interest rates. Through interest rate swaps the Company undertakes to exchange the difference between fixed interest and variable interest with other parties periodically (generally quarterly). The difference is calculated based on the contracted notional principal.

(22) PROVISIONS FOR EMPLOYEE BENEFITS

Details of provisions for employee benefits and their classification as current and non-current are as follows:

THOUSANDS OF EUROS

	31.12.13		31.12.12	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Long-term employee benefits	2,013	-	2,010	-
Provisions for early retirement benefits	1,753	1,974	2,829	1,588
Provisions for restructuring costs	-	530	-	3,000
Total	**3,766**	**2,504**	**4,839**	**4,588**

(A) LONG-TERM EMPLOYEE BENEFITS

Certain Group company employees participate in the Endesa Group Employee Pension Scheme of which they were members at that date (defined contribution plans for retirement and defined benefit plans for disability and death of serving employees). Insurance policies have been taken out to cover the plan.

There are also certain benefit obligations to employees during their retirement, mainly electricity supply benefits. These obligations have not been externalised and are covered by the related in-house provisions.

At 31 December 2013 and 2012 commitments with personnel for which provision has been made through internal funds are as follows:

- Electricity consumption during retirement for serving and retired personnel, amounting to €1,764 thousand and €1,667 thousand, respectively.
- Long-service bonuses for serving personnel, totalling €194 thousand and €272 thousand, respectively.
- Health insurance policies for retired personnel, totalling €55 thousand and €71 thousand, respectively.

Details (in thousands of Euros) of provisions for employee benefits and movement are as follows:

OTHER LONG-TERM EMPLOYEE BENEFITS

	2013	2012
Balance at 1 January	2,010	1,791
Charges recognised in profit or loss		
Personnel expenses	(2)	386
Finance costs	56	185
Other expenses	(55)	-
Applications		
Payments	(18)	(7)
Transfers	12	-
Actuarial gains and losses	10	(345)
Balance at 31 December	**2,013**	**2,010**

The present value of the commitments has been determined by qualified independent actuaries applying the Projected unit credit method and using the following actuarial assumptions:

Technical interest rate	3.64%
Annual pension review rate	2.3%
Expected rate of salary increase	2.3%
Retirement age	65

The mortality tables used to calculate the defined benefit obligation were PER MF 2000P.

The contributions made by the Company to the pension plan amounted to €496 thousand in the year ended 31 December 2013 and are included under personnel expenses in the consolidated income statement (see note 32) (€574 thousand in the year ended 31 December 2012).

At 31 December 2013 no accrued contributions are pending.

(B) PROVISIONS FOR EARLY RETIREMENT BENEFITS AND RESTRUCTURING

The liability recognised in the statement of financial position at 31 December 2013 and 2012 reflects an early retirement plan in which the company undertakes to supplement the public social security system benefits in the event of termination of the employment relationship as a result of an agreement between the parties. This plan affects 16 employees who have all already taken early retirement.

The assumptions used in the actuarial calculation of the obligations arising under these collective redundancy procedures are as follows:

Technical interest rate	1.72%
Expected rate of salary increase	2.3%
Mortality tables	PER MF 200 P

Movement in this non-current provision in 2013 and 2012 is as follows:

	THOUSANDS OF EUROS	
	2013	2012
Balance at 1 January	2,829	4,934
Charges recognised in profit or loss		
Personnel expenses	335	77
Finance costs	3	238
Applications		
Payments	(1,339)	(1,127)
Transfers and other	(38)	(1,293)
Actuarial gains and losses	(37)	-
Balance at 31 December	**1.753**	**2.829**

At 31 December 2012 the Group opted to discontinue synthetic natural gas activities at its subsidiary Redexis Gas Baleares, S.A., and consequently recorded a corresponding restructuring provision.

Movement in current provisions during 2013 and 2012 was as follows:

THOUSANDS OF EUROS

	2013		2012	
	EARLY RETIREMENT	RESTRUCTURING	EARLY RETIREMENT	RESTRUCTURING
Balance at 1 January	1,588	3,000	633	-
Charges recognised in profit or loss	-	-	955	3,000
Aplicaciones				
Payments	-	(2,470)	-	-
Transfers and other	386	-	-	-
Balance at 31 December	**1,974**	**530**	**1,588**	**3,000**

(23) OTHER PROVISIONS

Movement in other provisions in 2013 and 2012 was as follows:

THOUSANDS OF EUROS

	PROVISION FOR DECOMMISSIONING	ENVIRONMENTAL REHABILITATION	UNACCOUNTED-FOR GAS IN TRANSMISSION	TOTAL
Balance at 1 January 2013	885	107	780	1,772
Charges	-	28	500	528
Applications	(5)	(36)	(27)	(68)
At 31 December 2013	**880**	**99**	**1,253**	**2,232**

THOUSANDS OF EUROS

	PROVISION FOR DECOMMISSIONING	ENVIRONMENTAL REHABILITATION	UNACCOUNTED-FOR GAS IN TRANSMISSION	TOTAL
Balance at 1 January 2012	938	320	9	1,267
Charges	-	-	771	771
Applications	(53)	(213)	-	(266)
At 31 December 2012	**885**	**107**	**780**	**1,772**

Guarantees

The Group has extended guarantees to several government bodies totalling €16,413 thousand (€13,825 thousand in 2012) to secure compliance with its obligations as a holder of authorisation to distribute gas in a number of municipalities and to carry out works on public thoroughfares. The Group does not expect any significant liabilities to arise from these guarantees.

(24) ENVIRONMENTAL INFORMATION

The Group is aware of its responsibility to protect the environment and has undertaken a number of initiatives with this purpose within its area of influence. The Group's activities are carried out in full compliance with prevailing environmental legislation.

The Group renders an important energy advisory service to its customers, including active participation in campaigns to replace other energies with natural gas, as well as supporting and facilitating the renewal of facilities, with consequent improvements in energy efficiency and reductions in pollutant emissions.

Furthermore, when so required by law due to the characteristics of the project in question, the Group commissions mandatory reports by independent environmental consultants when carrying out works to extend the network, recognising the related costs as an increase in the value of the investment.

(25) DEFERRED INCOME

Movement in non-refundable deferred income is as follows:

2013

		THOUSANDS OF EUROS			
BODY/ITEM	SCOPE[1]	BALANCE AT 1 JANUARY	ADDITIONS	TRANSFER TO PROFIT AND LOSS	BALANCE AT 31 DECEMBER
Aragón Regional Government	RG	652	127	(35)	744
Andalusian Energy Agency	RG	200	87	(19)	268
Spanish Ministry of Industry, Tourism and Trade	CG	881	-	(46)	835
Connection charges	Private	1,726	813	(148)	2,391
		3,459	**1,027**	**(248)**	**4,238**

2012

		THOUSANDS OF EUROS			
BODY/ITEM	SCOPE[1]	BALANCE AT 1 JANUARY	ADDITIONS	TRANSFER TO PROFIT AND LOSS	BALANCE AT 31 DECEMBER
Aragón Regional Government	RG	482	203	(33)	652
Andalusian Energy Agency	RG	88	127	(15)	200
Spanish Ministry of Industry, Tourism and Trade	CG	168	748	(35)	881
Connection charges	Private	1,336	477	(87)	1,726
		2,074	**1,555**	**(170)**	**3,459**

(1) RG: regional government; CG: central government

The capital grants awarded by regional and central governments are earmarked for investment in gas pipelines.

(26) OTHER CURRENT LIABILITIES

Details of other current liabilities are as follows:

THOUSANDS OF EUROS

	2013	2012
Public entities, other		
Taxation authorities, withholding tax on salaries	352	320
Social Security payables	250	224
Public utility rates, taxes and city council payables	1,172	1,541
Total	**1,774**	**2,085**

(27) REVENUE

Details of revenue are as follows:

THOUSANDS OF EUROS

	2013	2012
Remuneration for distribution activities	73,928	76,719
Remuneration for transmission activities	44,407	38,092
Remuneration for regulated activities	118,335	114,811
Unregulated energy sales	4,286	6,329
Other revenue (connection charges, equipment rental, other services)	13.431	12.703
	136,052	**133,843**

(28) OTHER INCOME

Details of other income are as follows:

	THOUSANDS OF EUROS	
	2013	2012
Operating grants	-	74
Transfer of deferred income to profit and loss (note 25)	355	167
Termination benefits	-	121
Profit on sale of non-current assets held for sale and property, plant and equipment	1,911	3
Other income	2.431	1.663
	4,697	**2,028**

(29) OTHER EXPENSES

Details of other expenses are as follows:

	THOUSANDS OF EUROS	
	2013	2012
Operating lease expenses	531	509
Repairs and maintenance	3,397	2,659
Independent professional services	2,236	524
Advertising and publicity	209	83
Utilities	471	153
Other expenses	14,784	13,705
Impairment losses and uncollectibility of trade and other receivables (note 8)	(20)	1,067
Losses on sale of property, plant and equipment	(64)	(329)
	21,544	**18,371**

(30) PERSONNEL EXPENSES

Details of personnel expenses during 2013 and 2012 are as follows:

	THOUSANDS OF EUROS	
	2013	2012
Salaries and wages	11,735	12,863
Social Security payable by the company	2,392	2,575
Contributions to defined contribution pension plans (note 22)	485	574
Restructuring expenses	-	3,000
Other employee benefits	409	948
	15,021	**19,960**

In 2012 the Group terminated the activity carried out by its subsidiary Redexis Gas Baleares, S.A., comprising the production and distribution of synthetic natural gas, and therefore restructured the positions corresponding to this activity. With a view to covering this eventuality and the discontinuance of certain activities at the subsidiary Redexis Gas Aragón, S.A., the Group recognised a €3,000 thousand provision in the income statement for termination benefits payable to employees engaged in this activity.

The average headcount of the Group in 2013 and 2012, distributed by category, is as follows:

	NUMBER	
	2013	2012
Management	12	9
Technicians	94	106
Administrative staff	94	89
	200	**204**

At the 2013 and 2012 year ends, the distribution by gender of Group personnel and the members of the board of directors, by category, is as follows:

	2013			2012		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Board members	7	-	7	6	-	6
Management	11	2	13	10	1	11
Technicians	81	13	94	104	10	114
Administrative staff	67	33	100	46	28	74
	166	**48**	**214**	**166**	**39**	**205**

(31) FINANCE INCOME AND COSTS

Details of finance income and costs are as follows:

	THOUSANDS OF EUROS	
	2013	2012
Finance income	672	895
Interest on loans and borrowings	(21,486)	(24,106)
Interest on swap settlements	(14,207)	(9,874)
Interest on participating loans	(36,170)	(36,170)
Other finance costs and interest at amortised cost	(4,346)	(4,212)
Finance costs arising from provision adjustments (note 24)	(62)	(422)
Net finance income/(cost)	**(75,599)**	**(73,889)**

(32) RELATED PARTY BALANCES AND TRANSACTIONS

Balances receivable from and payable to related parties by category, and the main details of these balances, are provided in notes 13, 18 and 19.

The Group's transactions with related parties are as follows:

2013

THOUSANDS OF EUROS

	SHAREHOLDERS	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL
Expenses				
Employee benefits expense	-	1,315	-	1,315
Other services received	-	-	10,770	10,770
Finance costs	29,372	-	6,719	36,091
	29,372	**1,315**	**17,489**	**48,176**
Investments				
Technical installations	-	-	105	105
	-	**-**	**105**	**105**

2012

THOUSANDS OF EUROS

	SHAREHOLDERS	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL
Income				
Other services rendered	-	-	744	744
Expenses				
Employee benefits expense	-	851	-	851
Other services received	-	-	6,446	6,446
Finance costs	36,170	-	-	36,170
	36,170	**851**	**6,446**	**43,467**
Investments				
Other intangible assets	-	-	3,200	3,200
Technical installations	-	-	866	866
	-	**-**	**4,066**	**4,066**

(33) INFORMATION ON THE PARENT'S DIRECTORS AND THE GROUP'S SENIOR MANAGEMENT PERSONNEL

At 31 December 2013 the board of directors of the Parent is formed by seven individuals, all males (six males at 31 December 2012).

Remuneration received by senior management and by the members of the governing body in 2013 amounts to €1,315 thousand (€851 thousand in 2012).

No advances or loans were granted during 2013 and 2012, nor were any guarantees extended on their behalf.

The Group has no pension or life insurance obligations with the Parent's former or current directors.

In 2013 and 2012 the directors of the Parent have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Parent or any other Group company.

Details of investments held by the directors of the Parent or their related parties in companies with identical, similar or complementary statutory activities to that of the Company, as well as positions held and functions and activities performed in these companies, are as follows:

2013

NAME	NO. OF SHARES / % OWNERSHIP	COMPANY
Mr. Fernando Bergasa Cáceres	14,250 shares	EDP-Energías de Portugal, S.A.
	2,291 shares	Repsol, S.A.

2012

NAME	NO. OF SHARES / % OWNERSHIP	COMPANY
Mr. Fernando Bergasa Cáceres	14,250 shares	EDP-Energías de Portugal, S.A.
Mr. José Luis Marín López-Otero	100 shares	Acciona, S.A.
	6,550 shares	Enel Green Power S.p.A.

2013

DIRECTOR	POSITION/DUTIES	COMPANY
Mr. Philippe Louis Hubert Camu	Board member	Redexis Gas Baleares, S.A.U.
	Board member	Redexis Gas Distribución, S.A.U.
	Board member	Distribuidora Regional del Gas, S.A.U.
	Board member	Redexis Gas Aragón, S.A.
	Board member	Redexis Gas Transporte, S.L.U.
	Board member	Transportista Regional del Gas, S.A.
	Board member	Redexis, S.L.
	Board member	Redexis Infraestructuras, S.L.
	Board member	Redexis GLP, S.L.
Mr. Peter Robert Lyneham	Board member	Redexis Gas Baleares, S.A.U.
	Board member	Redexis Gas Distribución, S.A.U.
	Board member	Distribuidora Regional del Gas, S.A.U.
	Board member	Redexis Gas Aragón, S.A.
	Board member	Redexis Gas Transporte, S.L.U.
	Board member	Transportista Regional del Gas, S.A.
	Board member	Redexis, S.L.
	Board member	Redexis Infraestructuras, S.L.
	Board member	Redexis GLP, S.L.
Mr. Matteo Botto Poala	Board member	Redexis Gas Baleares, S.A.U.
	Board member	Redexis Gas Distribución, S.A.U.
	Board member	Distribuidora Regional del Gas, S.A.U.
	Board member	Redexis Gas Aragón, S.A.
	Board member	Redexis Gas Transporte, S.L.U.
	Board member	Transportista Regional del Gas, S.A.
	Board member	Redexis, S.L.
	Board member	Redexis Infraestructuras, S.L.
	Board member	Redexis GLP, S.L.
Mr. Fernando Bergasa Cáceres	Chairman	Redexis Gas Baleares, S.A.U.
	Chairman	Redexis Gas Distribución, S.A.U.
	Chairman	Distribuidora Regional del Gas, S.A.U.
	Chairman	Redexis Gas Aragón, S.A.
	Chairman	Redexis Gas Transporte, S.L.U.
	Chairman	Transportista Regional del Gas, S.A.
	Chairman	Redexis, S.L.
	Chairman	Redexis Infraestructuras, S.L.
	Chairman	Redexis GLP, S.L.

Continued

2013

DIRECTOR	POSITION/DUTIES	COMPANY
Mr. Claudio Aguirre Pemán	Board member	Redexis Gas Baleares, S.A.U.
	Board member	Redexis Gas Distribución, S.A.U.
	Board member	Distribuidora Regional del Gas, S.A.U.
	Board member	Redexis Gas Aragón, S.A.
	Board member	Redexis Gas Transporte, S.L.U.
	Board member	Transportista Regional del Gas, S.A.
	Board member	Redexis, S.L.
	Board member	Redexis Infraestructuras, S.L.
	Board member	Redexis GLP, S.L.

2012

DIRECTOR	POSITION/DUTIES	COMPANY
Mr. José Luis Marín López-Otero	Chairman of the board of directors	Redexis Gas Baleares, S.A.U.
	Chairman of the board of directors	Redexis Gas Distribución, S.A.U.
	Chairman of the board of directors	Distribuidora Regional del Gas, S.A.U.
	Chairman of the board of directors	Redexis Gas Aragón, S.A.
	Chairman of the board of directors	Redexis Gas Transporte, S.L.U.
	Chairman of the board of directors	Transportista Regional del Gas, S.A.
	Chairman of the board of directors	Endesa Red, S.A.
	Chairman of the board of directors	Redexis, S.L.
	Chairman of the board of directors	Redexis Infraestructuras, S.L.
	Chairman of the board of directors	Redexis GLP, S.L.
	Joint director	Endesa Operaciones y Servicios Comerciales, S.A. (solo 2011)
Mr. Philippe Louis Hubert Camu	Board member	Redexis Gas Baleares, S.A.U.
	Board member	Redexis Gas Distribución, S.A.U.
	Board member	Distribuidora Regional del Gas, S.A.U.
	Board member	Redexis Gas Aragón, S.A.
	Board member	Redexis Gas Transporte, S.L.U.
	Board member	Transportista Regional del Gas, S.A.
	Board member	Redexis, S.L.
	Board member	Redexis Infraestructuras, S.L.
	Board member	Redexis GLP, S.L.

Continued

2012

DIRECTOR	POSITION/DUTIES	COMPANY
Mr. Peter Robert Lyneham	Board member	Redexis Gas Baleares, S.A.U.
	Board member	Redexis Gas Distribución, S.A.U.
	Board member	Distribuidora Regional del Gas, S.A.U.
	Board member	Redexis Gas Aragón, S.A.
	Board member	Redexis Gas Transporte, S.L.U.
	Board member	Transportista Regional del Gas, S.A.
	Board member	Redexis, S.L.
	Board member	Redexis Infraestructuras, S.L.
	Board member	Redexis GLP, S.L.
Mr. Matteo Botto Poala	Board member	Redexis Gas Baleares, S.A.U.
	Board member	Redexis Gas Distribución, S.A.U.
	Board member	Distribuidora Regional del Gas, S.A.U.
	Board member	Redexis Gas Aragón, S.A.
	Board member	Redexis Gas Transporte, S.L.U.
	Board member	Transportista Regional del Gas, S.A.
	Board member	Redexis, S.L.
	Board member	Redexis Infraestructuras, S.L.
	Board member	Redexis GLP, S.L.
D. Fernando Bergasa Cáceres	Board member	Redexis Gas Baleares, S.A.U.
	Board member	Redexis Gas Distribución, S.A.U.
	Board member	Distribuidora Regional del Gas, S.A.U.
	Board member	Redexis Gas Aragón, S.A.
	Board member	Redexis Gas Transporte, S.L.U.
	Board member	Transportista Regional del Gas, S.A.
	Board member	Redexis, S.L.
	Board member	Redexis Infraestructuras, S.L.
	Board member	Redexis GLP, S.L.
Mr. Claudio Aguirre Pemán	Board member	Redexis Gas Baleares, S.A.U.
	Board member	Redexis Gas Distribución, S.A.U.
	Board member	Distribuidora Regional del Gas, S.A.U.
	Board member	Redexis Gas Aragón, S.A.
	Board member	Redexis Gas Transporte, S.L.U.
	Board member	Transportista Regional del Gas, S.A.
	Board member	Redexis, S.L.
	Board member	Redexis Infraestructuras, S.L.
	Board member	Redexis GLP, S.L.

(34) SEGMENT REPORTING

As described below, the Group is organised internally into operating segments, which are strategic business units. The strategic business units are managed separately due to their different remuneration systems.

At 31 December 2013, the Group comprises the following operating segments:

- Natural gas and LPG (liquefied petroleum gas) distribution activities.
- Natural gas transmission activities.

The Group also renders sundry services, sells LPG by pipeline and supplies synthetic natural gas. These activities do not meet the quantitative criteria to be presented separately.

Segment accounting policies are the same as those described in note 3.

A segment's performance is measured based on its profit before tax. Segment profit is used to measure performance as this information is regularly submitted to the Group's chief operating decision maker.

The main segment information is as follows:

31.12.13

	THOUSANDS OF EUROS			
	DISTRIBUTION	TRANSMISSION	ADJUSTMENTS AND OTHER	CONSOLIDATED
Goodwill	50,651	162,402	-	213,053
Non-current assets	679,713	505,626	34,860	1,220,199
Current assets	40,390	26,100	57,327	123,817
Total assets	**770,754**	**694,128**	**92,187**	**1,557,069**
Liabilities	166,955	115,661	-	282,616
Liabilities not distributable	-	-	1,126,066	1,126,066
Total liabilities	**166,955**	**115,661**	**1,126,066**	**1,408,682**

31.12.12

THOUSANDS OF EUROS

	DISTRIBUTION	TRANSMISSION	ADJUSTMENTS AND OTHER	CONSOLIDATED
Goodwill	50,651	162,402	-	213,053
Non-current assets	677,425	474,188	43,443	1,195,056
Current assets	32,159	21,138	68,885	122,182
Total assets	**760,235**	**657,728**	**112,328**	**1,530,291**
Liabilities	176,054	127,445	-	303,499
Liabilities not distributable	-	-	1,072,461	1,072,461
Total liabilities	**176,054**	**127,445**	**1,072,461**	**1,375,960**

Adjustments and other reflect consolidation adjustments and balances attributable to the corporate business which cannot be allocated to other segments.

31.12.13

THOUSANDS OF EUROS

	DISTRIBUTION	TRANSMISSION	ADJUSTMENTS AND OTHER	CONSOLIDATED
Revenues	91,645	44,407	-	136,052
Other operating income	4,447	250	-	4,697
Self-constructed non-current assets	5,336	824	-	6,160
Supplies	(4,899)	(250)	-	(5,149)
Personnel expenses	(10,766)	(242)	(4,013)	(15,021)
Amortisation and depreciation	(27,178)	(7,878)	(8)	(35,064)
Other operating expenses	(13,324)	(2,763)	(5,457)	(21,544)
Finance income	-	-	672	672
Finance costs	(8,513)	(12,875)	(54,883)	(76,271)
Profit/(loss) before income tax	**36,748**	**21,473**	**(63,689)**	**(5,468)**

31.12.12

THOUSANDS OF EUROS

	DISTRIBUTION	TRANSMISSION	ADJUSTMENTS AND OTHER	CONSOLIDATED
Revenues	99,646	34,197	-	133,843
Other operating income	1,477	490	61	2,028
Self-constructed non-current assets	2,730	470	-	3,200
Supplies	(7,117)	(275)	-	(7,392)
Personnel expenses	(15,255)	(232)	(4,473)	(19,960)
Amortisation and depreciation	(25,952)	(7,069)	(2)	(33,023)
Other operating expenses	(8,949)	(938)	(8,484)	(18,371)
Finance income	771	1	123	895
Finance costs	(11,611)	(15,470)	(47,703)	(74,784)
Profit/(loss) before income tax	**35,740**	**11,174**	**(60,478)**	**(13,564)**

(35) AUDIT FEES

KPMG Auditores, S.L., the auditors of the annual accounts of the Group, have invoiced the following fees for professional services during the years ended 31 December 2013 and 2012:

THOUSANDS OF EUROS

	2013	2012
Audit services	184	181
Other assurance services	57	26
	241	**207**

The amounts detailed above include the total fees for services rendered in 2013 and 2012, irrespective of the date of invoice.

Other KPMG Europe, LLP group companies have invoiced the Group the following fees and expenses for professional services during the years ended 31 December 2013 and 2012:

THOUSANDS OF EUROS	2013	2012
Tax advisory services	10	37
Other advisory services	-	156
	10	**193**

Other auditors have invoiced the Group the following fees and expenses for professional services during the years ended 31 December 2013 and 2012:

THOUSANDS OF EUROS	2013	2012
Other services	18	20
	18	**20**

(36) EVENTS AFTER THE REPORTING PERIOD

(A) ON 13 FEBRUARY 2014 THE COMPANY'S BOARD OF DIRECTORS PROPOSED TO THE SHAREHOLDERS AT THE ANNUAL GENERAL MEETING THAT THE COMPANY BE TRANSFORMED FROM A LIMITED LIABILITY COMPANY (SOCIEDAD LIMITADA IN SPANISH) INTO A CORPORATION (SOCIEDAD ANÓNIMA), AND THAT THE COMPANY BY-LAWS BE MODIFIED.

(B) THE COMPANY IS IN THE PROCESS OF ANALYSING VARIOUS PROJECTS TO MODIFY ITS CURRENT FINANCING STRUCTURE.

NAME	REGISTERED OFFICES	ACTIVITY	AUDITOR	COMPANY HOLDING INVESTMENT	PERCENTAGE OWNERSHIP	PERCENTAGE OF VOTING RIGHTS
Redexis Gas Baleares, S.A.U. (formerly Gesa Gas, S.A.U.)	Palma de Mallorca	Distribution of piped natural gas	KPMG Auditores, S.L.	Redexis Gas, S.L.	100	100
Redexis Gas Distribución, S.A.U. (formerly Endesa Gas Distribución, S.A.U.)	Madrid	Distribution and secondary transmission of natural gas and distribution and sale of LPG	KPMG Auditores, S.L.	Redexis Gas, S.L.	100	100
Distribuidora Regional del Gas, S.A.U.	Valladolid	Distribution and secondary transmission of natural gas	KPMG Auditores, S.L.	Redexis Gas, S.L.	100	100
Redexis Gas Aragón, S.A. (formerly Gas Aragón, S.A.).	Zaragoza	Distribution and secondary transmission of natural gas, distribution and sale of LPG through pipelines	KPMG Auditores, S.L.	Redexis Gas, S.L.	99.13(*)	99.13(*)
Redexis Gas Transporte, S.L.U. (formerly Endesa Gas Transportista, S.L.U.)	Zaragoza	Regasification of liquefied natural gas; transmission and storage of natural gas	KPMG Auditores, S.L.	Redexis Gas, S.L.	100	100
Transportista Regional del Gas, S.A.	Valladolid	Regasification of liquefied natural gas, transmission and storage of natural gas	KPMG Auditores, S.L.	Redexis Gas, S.L.	100	100
Redexis Infraestructuras, S.L. (formerly EG Administrador de Transporte de Gas, S.L.)	Madrid	Regasification of liquefied natural gas, transmission and storage of natural gas	KPMG Auditores, S.L.	Redexis Gas, S.L.	100	100
Redexis, S.L. (anteriormente (formerly EG Administrador de Distribución de Gas, S.L.)	Madrid	Distribution and secondary transmission of natural gas	KPMG Auditores, S.L.	Redexis Gas, S.L.	100	100
Redexis GLP, S.L. (formerly EG Actividades de GLP, S.L.).	Madrid	Regasification of liquefied natural gas, transmission and storage of natural gas	KPMG Auditores, S.L.	Redexis Gas, S.L.	100	100

(*) 98.05% at 31 December 2012.

CONSOLIDATED DIRECTORS' REPORT

REDEXIS GAS, S.L. AND SUBSIDIARIES

CONTENTS

(1) RELEVANT DATA

	2013	2012	%
Average headcount	200	204	(2.0%)
	2013	**2012**	**%**
Investees			
Length of the distribution network (km)	4,299	4,299	1.7%
Length of the transmission network (km)	1,281	1,153	11.2%
Total network length (km)	5,581	5,382	3.7%
Power distributed (MWh)	10,018,347	9,503,108	5.4%
Consumers (number)	384,168	375,434	2.3%
Towns	183	181	1.1%

(2) EVENTS AFTER THE REPORTING PERIOD

Events subsequent to the reporting date are described in note 36 to the consolidated annual accounts.

(3) ACTIVITIES

The activity of the Redexis Gas Group (formerly the Endesa Gas T&D Group) during 2013 has been linked to that of the companies comprising the control portfolio of the holding company Redexis Gas, S.L (formerly Endesa Gas T&D, S.L.). The most significant events in these companies, referred to individually, are as follows:

Redexis Gas Aragón, S.A.
Redexis Gas Aragón, S.A. currently distributes piped gas in 75 towns.

At year end, 5,576,598 MWh of power had been distributed to a total of 212,449 consumers (5,304,526 MWh and 209,573 consumers in 2012). The total length of the built network was 1,920 km (1,902 km in 2012).

The most significant events during the year were as follows:

- Commencement of natural gas supply in La Puebla de Hijar (Teruel) on 7 November 2013
- Conversion of LPG and commencement of natural gas supply in San Juan de Monzarrifar (Zaragoza), Borja (Zaragoza) and the Centrovía de La Muela industrial estate on 9 April 2013, 2 September 2013 and 3 December 2013, respectively.

Redexis Gas Baleares, S.A.U. (formerly Gesa Gas, S.A.)
Redexis Gas Baleares, S.A.U. distributes piped gas in nine towns.

At year end, 716,142 MWh of power had been distributed to a total of 95,797 consumers (698,954 MWh and 94,692 consumers in 2012). The total length of the built network was 866 km (858 km in 2012).

Redexis Gas Distribución, S.A.U. (formerly Endesa Gas Distribución, S.A.U.)
Redexis Gas Distribución, S.A.U. currently distributes piped gas in 68 towns.

At year end, 1.176.363 MWh of power had been distributed to a total of 46,794 consumers (1,333,556 MWh and 43,206 consumers in 2012). The total length of the built network was 1,171 km (1,106 km in 2012).

The most significant events during the year were as follows:

- Commencement of natural gas supply in Mondéjar.

Distribuidora Regional del Gas, S.A.
Distribuidora Regional del Gas, S.A. currently distributes piped gas in 30 towns.

At year end, 2,548,744 MWh of power had been distributed to a total of 29,128 consumers (2,166,072 MWh and 27,964 consumers in 2012). The total length of the built network was 502 km (491 km in 2012).

The most significant events during the year were as follows:

- Commencement of natural gas supply at the Vicolozano industrial estate (Avila).
- Commencement of pipeline works at the Valverde del Majano industrial estate (Segovia).

Redexis Gas Transportista, S.L. (formerly Endesa Gas Transportista, S.L.)
At year end, a total of 759 km of gas pipelines was in service.

Construction of the following has been completed during the year:

- Oliva-Altea gas pipeline (stage II) (Marina Alta II), with 21.7 km of pipeline brought into operation on 5/12/2013.
- Huercal Overa-Baza-Guadix gas pipeline, with 83.3 km of pipeline brought into operation on 29/11/2013.

Transportista Regional del Gas, S.A.
At year end, a total of 358 km of gas pipelines was in service.

Construction of the following has been completed during the year:

- Arévalo-Sanchidrián gas pipeline, with 25.1km of pipeline brought into operation on 29/11/2013.

(4) RESULTS ANALYSIS

The Group made a net loss of €17,253 thousand in 2013, which marks an improvement of 27.8% with respect to the previous year (loss of €23,888 thousand in 2012).

Main figures:

THOUSANDS OF EUROS	2013	2012	VAR.	%
Revenue	136,052	133,843	2,207	1.6%
Other operating income	4,697	2,028	2,669	131.6%
Self-constructed non-current assets	6,160	3,200	2,960	92.5%
Supplies	(5,149)	(7,392)	2,243	(30.3%)
Salaries, wages and other employee benefits	(15,021)	(16,960)	1,939	(11.4%)
Other operating expenses	(21,544)	(18,371)	(3,173)	17.3%
Gross result from operating activities (EBITDA)	**105,195**	**96,348**	**8,847**	**9.1%**
Restructuring	-	(3,000)	3,000	N/A
Amortisation and depreciation	**(35,064)**	**(33,023)**	**(2,041)**	**6.2%**
Net result from operating activities	**70,131**	**60,325**	**9,805**	**16.3%**

Revenue for the year amounted to €136,052 thousand, (compared to €133,843 thousand in 2012) and can be broken down as follows:

THOUSANDS OF EUROS	2013	2012	VAR.	%
Regulated distribution revenue	73,928	76,719	(2,791)	(3.6%)
Regulated transmission revenue	44,407	38,091	6,315	16.6%
LPG sales	4,286	6,329	(2,043)	(32.3%)
Other revenue	13,431	12,703	728	5.7%
Total	**136,052**	**133,843**	**2,209**	**1.6%**

As shown in the above chart, the increase of 1.6% in revenue is largely due to a sharp rise in regulated revenue from the gas transmission activity (a 16.6% increase on the previous year), mainly obtained as a result of new infrastructures built, offsetting the fall in revenue from LPG sales.

Revenue from distribution has fallen, essentially due to the fact that considerable non-recurring revenue was recorded in 2012 due to the definitive settlement for the 2010 supply (estimated to be much lower) and the commencement of remuneration for metering differences, regularising the figures for 2007 to 2011; furthermore, regulatory changes have led to a contraction in industrial consumption due to the increase in the associated tax burden (mainly in the case of cogeneration plants), and the efficiency factor has been reassessed: it was reduced from 0.85% in 2012 to 0% for 2013.

Falling LPG sales are largely the result of the gradual substitution of this gas for natural gas.

Operating expenses for the year totalled €41,714 thousand (compared to €42,723 thousand in 2012). The variation in these expenses is due to both reduced personnel expenses and the decrease in provisions in proportion to falling LPG sales, which more than offset the rest of the operating costs, resulting in an overall reduction of 2.2% with respect to the previous year.

The increase in other operating expenses is largely a consequence of the sale of lands in the Balearic Islands, which generated a profit of €1.9 million and, together with the increase in self-constructed assets, the growth in revenues and the reduction of operating expenses referred to above, have improved EBITDA by €8.8 million to €105.1 million, which constitutes a 9% increase on the previous year.

Finance costs amounted to €76,271 thousand (€74,784 thousand in 2012). These correspond to the interest payable on financing obtained from both Group shareholders and various financial institutions and the increase therein is the result of the Group having drawn down more credit during the year. This deterioration, combined with the rise in amortisation and depreciation expenses due to an increase in assets following hefty investments, has resulted in a pre-tax loss of €5,468 thousand.

(5) OUTLOOK

The Group will continue to engage in natural gas transmission and distribution activities via its various investee transmission companies and in the distribution of natural gas via various investee distribution companies.

The integrated system defines a framework of action for the various parties involved, setting the parameters for defining the remuneration of regulated activities. This will permit the continued operational development of the Redexis Gas Group project via:

- The maintenance of the most demanding health and safety standards.
- The growth of distribution activities in new areas and greater saturation in existing areas.
- The development of new transmission infrastructure projects.
- Ongoing optimisation in the performance of activities.

Furthermore, the Group must complete the development of the organisational supports and information and telecommunications systems that will be necessary to optimise its activities independently following its operational separation from the Endesa Group, which is planned for the end of 2014.

At the date of this report, the directors were unaware of the existence of any risks or uncertainties that could have significant effects for the Group. Having said this, the Group follows a risk hedging policy that is suitable for its activity.

(6) HUMAN RESOURCES

At 31 December 2013, the Group had a total of 207 employees, compared to a total of 199 at 31 December 2012.

(7) OWN SHARES

The Redexis Gas did not hold any own shares at 31 December 2013, nor did it perform any transactions with own shares during 2013.

(8) FINANCIAL INSTRUMENTS

The Group considers that it is exposed to extraordinary interest rate risks as a result of its activities and operations, and therefore uses derivative financial instruments to hedge the risks to its cash flows.

The risk management policy is set forth in note 21 to the consolidated annual accounts.

The fair value of derivative financial instruments is presented in note 9 to the consolidated annual accounts.

(9) RESEARCH AND DEVELOPMENT

The Redexis Gas Group takes a cost-efficient and environmentally responsible approach to network deployment. Some of the projects carried out during the year in this respect are as follows:

- **New renewable energy self-supply solutions in gas positions using photovoltaic energy.** Design and development of new solutions that permit the self-supply of electrical energy at gas positions, using photovoltaic renewable energy.

- **Study, design and development of new standards and designs for transmission and distribution facilities.** Study of and advancement in methodologies for the design and standardisation of secondary transmission (49.5 bar.) in gas pipeline infrastructures, adapting them to actual working pressure and the results of these studies; design and experimental development in pilot scenarios and extension to distribution facilities.

- **Study and analysis of the problems caused by deterioration of the protective coating on gas pipelines.** Study of the main problems affecting gas pipelines and the obtainment of the latest technology for the restoration and repair of damage caused.

- **Study of new materials for natural gas distribution pipes.** Study of new polyethylene materials for replacing ductile cast iron pipes in distribution networks.

- **New solutions to compensate for adiabatic expansion in gas positions.** Study and advancement of new boiler solutions to compensate for the fall in temperature caused by adiabatic expansion at gas positions.

- **New software solutions for the management and control of distribution and transmission operations.** Technological advancement of gas distribution management and control tools, including: infrastructures for power station-control centre telecommunications, the management of gas metering and balance distribution, the optimisation of graphical databases, real-time communication, remote regulation, the adaptation of databases for the purposes of traceability with markets and new lines of business, etc.

SCOPE OF THE REPORT

- **COMPANY:** Redexis Gas, S.A.
- **GEOGRAPHIC:** Spain
- **TIME FRAME:** 2013
- **ACTIVITY:** natural gas transmission and distribution
- **PERIODICITY OF THIS REPORT:** annual

DRAWING-UP THE REPORT

This document is the first Annual Report that the Company has published and covers the year 2013 of Redexis Gas. With the same, its evolution is reviewed, taking into account the economic, environmental and social impact of the business, as well as its contribution to help achieve the sustainability objectives.

Although this report is not subject to the verification of an independent third party, the object has been to report about the greatest number possible of indicators available, in order to be clear, concise and transparent.

All the business units in the Company have participated directly in the definition and delimitation of the contents of this Report. The following chart illustrates the process followed to produce the same.

PLANNING AND DISCUSSION WITH THOSE RESPONSIBLE FOR THE CONTENS TO SELECT THE MOST IMPORTANT SUBJECT-MATTERS THAT APPEAR IN THE REPORT » COMPILATION OF DATA AND PREPARING THE FIRST DRAFT » REVIEW OF CONTENTS BY INTERNAL DEPARTMENTS OF REDEXIS GAS » REVIEW BY THE HIGH MANAGEMENT » REVIEW BY THE SPANISH NETWORK OF THE UNITED NATIONS GLOBAL COMPACT » SUBMISSION TO THE BOARD AND PUBLICATION ON CORPORATE WEBSITE

With regard to the compilation of data and scope of the report, the material character of the information has been weighted with the effort involved in compiling the data.

Lastly, the report focuses on the relationship of Redexis Gas with its main stakeholders: shareholders, customers, employees, suppliers, media, Public Authorities and regulatory entities, local communities and, more generally, with society and the environment.

Likewise, Redexis Gas, in its effort to be respectful company with society and its environment, on June **2014 adhered to the Spanish Network of the United Nations Global Compact** undertaking to support, through its activities, the consolidation of this international project, given that it considers the same a proposal of great value to defend human rights, protect the environment, support social development and respect for labour regulations and fight corruption.

This Report has the function of a Progress Report.

PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

HUMAN RIGHTS

PRINCIPLE 1. Businesses should support and respect the protection of internationally proclaimed human rights;

PRINCIPLE 2. Make sure that they are not complicit in human rights abuses.

LABOUR

PRINCIPLE 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PRINCIPLE 4. the elimination of all forms of forced and compulsory labour;

PRINCIPLE 5. the effective abolition of child labour; and

PRINCIPLE 6. the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges;

PRINCIPLE 8: undertake initiatives to promote greater environmental responsibility; and

PRINCIPLE 9: encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery.

THE GLOBAL COMPACT
Network Spain
WE SUPPORT

CONTACT DETAILS

CONTACT DETAILS OF REDEXIS GAS, S.A.
C/ Mahonia 2. Planta 2
28043 Madrid

CENTRALIZED CALL-CENTRE: 902 515 651

SAFETY AND EMERGENCIES:

Castile and León area

DISTRIBUIDORA REGIONAL DEL GAS: 902 301 920

Balearic area

REDEXIS GAS BALEARES: 902 505 902

Aragón area

REDEXIS GAS ARAGÓN: 902 515 351

Andalusia area

REDEXIS GAS DISTRIBUCIÓN: 902 109 040

Castile-La Mancha area

REDEXIS GAS DISTRIBUCIÓN: 902 507 570

Community of Valencia area

REDEXIS GAS DISTRIBUCIÓN: 902 151 359

CORPORATE CONTACT ADDRESSES:

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Redexis gas

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