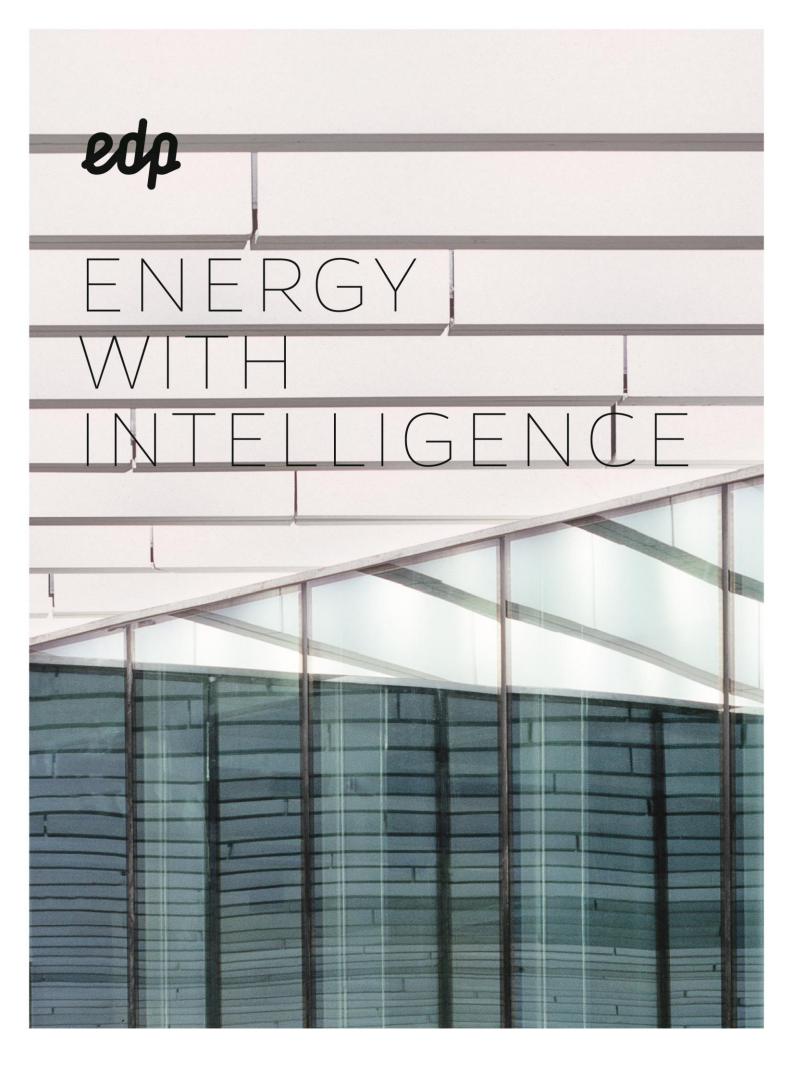


# ENERGY WITH INTELLIGENCE

INTERIM REPORT

31<sup>st</sup> march 2016



#### Energy with inherent intelligence. Energy that goes beyond.

It stretches boundaries and is part of the EDP Universe. It is in every structure, building and piece of equipment within our Group, and in the people who work here and make us unique.

Taken from across the different latitudes where we are present, the following images reflect the values that define who we are: human, sustainable and innovative.

Join us on this tour through the universe of a global company that never stops seeking intelligent energy in any form.

# edp ENERGY WITH INTELLIGENCE



#### EDP

- 06 EDP IN THE WORLD
- EDP IN NUMBERS
   VALUE CHAIN
- 13 VISION, VALUES AND COMMITMENTS
- 14 BUSINESS STRUCTURE
- 15 RECOGNITION 16 GOALS AND TARGETS

- PERFORMANCE 21 EDP GROUP BUSINESS EVOLUTION
- 23 KEY INDICATORS
- 28 COMPLEMENTARY INDICATORS
- **31 FINANCIAL STATEMENTS**

ANNEXES



ENERGY WITH Intelligence



# **Reflecting ingenuity**



# Present in 14 countries

UNITED KINGDOM

SPAIN

PORTUGAI

BELGIUM

POLAND

ITALY

ROMANIA

CANADA

UNITED STATES OF AMERICA

MEXICO

# and has 9.7MILLION electricity costumers

EDP – Energias de Portugal, S.A. is a listed company ("sociedade aberta"), whose ordinary shares are publicly traded in the "Eurolist by NYSE Euronext Lisbon, Mercado de Cotações Oficiais". EDP is established in Portugal, organized under the laws of Portugal and registered with the Commercial Registry Office of Lisbon, under no. 500.697.256. Its registered head office is located at Avenida 24 de Julho, nr. 12, 1249-300 Lisboa, Portugal.

EDP was initially incorporated as a public enterprise ("empresa pública") in 1976 pursuant to Decree-Law no. 502/76, of 30 June, as a result of the nationalisation and merger of the main Portuguese companies in the electricity sector in mainland Portugal. Subsequently, EDP was transformed into a limited liability company ("sociedade anónima") pursuant to Decree-Law no. 7/91, of 8 January, and Decree-Law no. 78-A/97, of 7 April.

CHINA

EDP is a vertically integrated utility company. It is the largest generator, distributor and supplier of electricity in Portugal, the third largest electricity generation company in the Iberian Peninsula and one of the largest gas distributors in the Iberian Peninsula.

EDP is one of the largest wind power operator worldwide with windfarms for energy generation in the Iberian Peninsula, the United States, Canada, Brazil, France, Belgium, Italy, Poland and Romania, has capacity under construction in Mexico and is developing wind projects in the United Kingdom. Additionally, EDP generates solar photovoltaic energy in Portugal, Romania and the United States. In Brazil, EDP in the fifth largest private operator in electricity generation, has 2 electricity distribution concessions and is the forth largest private supplier in the liberalised market.

EDP has a relevant presence in the world energy landscape, being present in 14 countries, with **9.7 million electricity customers, 1.4 million gas customers** and about **12 thousand employees** around the world. On the first quarter 2016, EDP had an installed capacity of **24 GW** and generated **21TWh**, of which **76%** from **renewable sources**.

# edp

# in the world

# PORTUGAL

#### 6,559 employees

electricity 5,431,321

customers

#### 594,868 gas customers

10,394 MW installed

9,288 GWh net generation

2,027 GWh



11,655 GWh electricity distributed

gas distributed

1,019 MW capacity under construction

## FRANCE

#### 53 employees

364 MW 307 GWh net generation



24 MW capacity under construction

# BELGIUM

#### 3 employees

71 MW capacity 54 GWh net generation



# SPAIN

#### 1,855 employeess



#### 840,434 gas customers

5,723 MW capacity

4,040 GWh net generation

186 MW

2,363 GWh distributed

7,539 GWh gas distributed



### ITALY

#### 23 employees

100 MW installed capacity 73 GWh

net generation



### POLAND

40 employees

418 MW installed capacity

**306 GWh** net generation



### ROMANIA

32 employees

521 MW installed capacity

**350 GWh** net generation



# UNITED KINGDOM

**36 employees** 

CHINA

2 employees

### ANGOLA

office

### MEXICO

2 employees

200 MW capacity under construction

### BRAZIL

2,948 employees



2,670 MW installed capacity

2,818 GWh net generation

**187 MW** installed capacity equity<sup>2</sup>

**6,255 GWh** electricity distributed

341 MW capacity under construction equity<sup>2</sup>

#### USA

#### 379 employees

4,203 MW installed capacity

3,671 GWh net generation



**179 MW** installed capacity equity<sup>2</sup>

250 MW capacity under construction

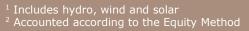
### CANADA

#### 4 employees

**30 MW** installed capacity

23 GWh net generation

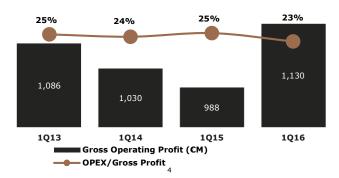




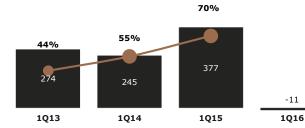


# edp in numbers

#### **GROSS OPERATING PROFIT**

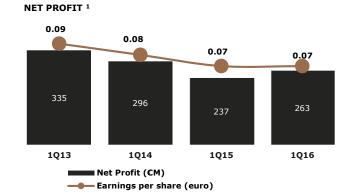


#### **NET INVESTMENTS 2**

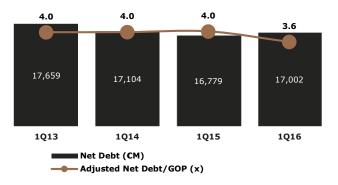


■ Net Investments (€M)

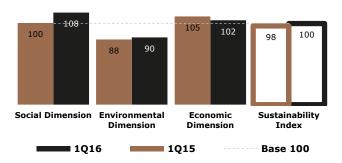
Net Investments in Renewables (%)



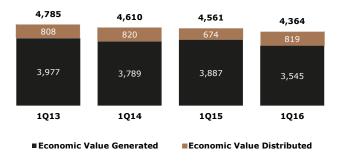
NET DEBT <sup>3</sup>



#### EDP SUSTAINABILITY INDEX



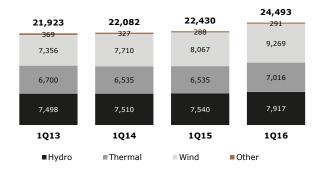
#### ECONOMIC VALUE GENERATED (€M)



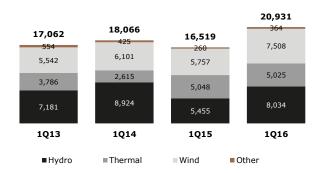
<sup>1</sup> Net Profit attributable to EDP Equity holders.
 <sup>2</sup> From 2016, includes Capex, organic Financial Investments and Divestments ("Asset Rotation").
 <sup>3</sup> Includes Financial Debt, Cash and Equivalents, Short-term financial assets at fair-value, net investment and fair value hedge and

collateral deposits associated to financial debt. <sup>4</sup> (Supplies and Services + Personnel Costs and Employee Benefits – Curtailment) / (Gross Profit + Income arising from Institutional Partnerships).

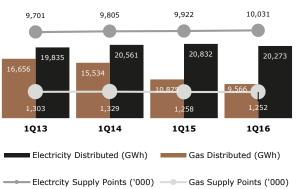
#### ELECTRICITY GENERATION INSTALLED CAPACITY (MW)



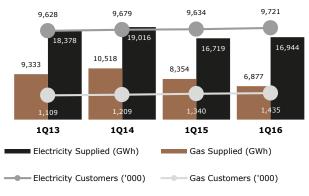
ELECTRICITY GENERATION **NET GENERATION (GWh)** 



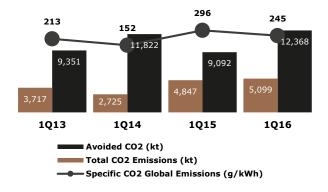
ELECTRICITY AND GAS DISTRIBUTION



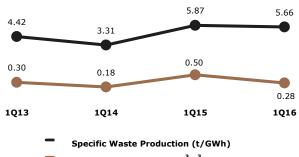
ELECTRICITY AND GAS SUPPLY



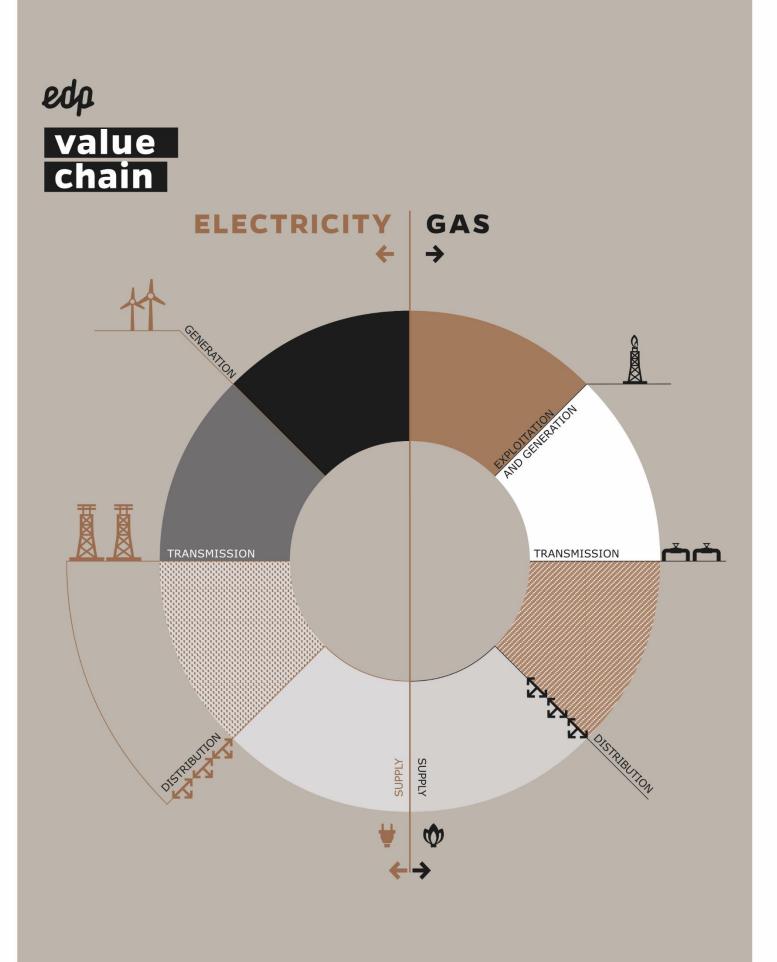
**CO<sub>2</sub> EMITED AND AVOIDED** 



#### WATER USAGE AND WASTE PRODUCTION



Specific Water Usage (10<sup>3</sup>m<sup>3</sup>/GWh)



# edp Vision

A global energy providing company, leader in creating value, innovation and sustainability.

# values

#### INITIATIVE

Demonstrated through the behaviour and attitude of our people.

#### TRUST

Of shareholders, customers, suppliers and other stakeholders.

#### **EXCELLENCE**

In the way we perform.

#### SUSTAINABILITY

Aimed at improving the quality of life for present and future generations.

#### **INNOVATION**

With the objective of creating value within the various areas in which we operate.

# commitments

#### SUSTAINABILITY

. We assume the social and environmental responsibilities that result from our performance thus contributing toward the development of the regions in which we are operating. . We avoid specific greenhouse gas emissions

with the energy we produce.

. We ensure the participatory, competent and honest governance of our business.

#### PEOPLE

. We join conduct and professional rigour to enthusiasm and initiative, emphasizing team work.

. We promote the development of skills and merit.

. We believe that the balance between private and professional life is fundamental in order to be successful.

#### RESULTS

. We fulfil the commitments that we embraced in the presence of our shareholders.

- . We are leaders due to our capacity
- of anticipating and implementing.
- . We demand excellence in everything that we do.

#### **CLIENTS**

- . We place ourselves in our clients' shoes whenever a decision has to be made.
- . We listen to our clients and answer
- in a simple and clear manner.
- . We surprise our clients by anticipating their needs.

# edp business structure

IBERIA		EDP RENOVÁV	EIS	EDP BRASIL	
Portugal	Spain				
ELECTRICI	TY GENERAT	ION			
EDP Produção	HC Cogeneración	EDP Renováveis Portugal	EDP Renewables España	Energest	Porto do Pecém
EDP Produção Bioeléctrica*	Bioastur	EDP Renewables France	EDP Renewables Belgium	Lajeado Energia	CEJA (Jari)*
Bioelectrica		EDP Renewables Polska	EDP Renewables Romania	Enerpeixe	Cachoeira Caldeirão*
	HC Energía	EDP Renewables North America	EDP Renewables Canada	São Manoel*	
		EDP Renewables Italia	EDP Renováveis Brasil		
		EDPR UK			
				_	
ELECTRICI	TY AND GAS	DISTRIBUTI	ON		
EDP Distribuição	HC Distribución			Bandeirante	Escelsa
EDP Gás Distribuição	Naturgas Distribución				
ELECTRICI	TY AND GAS	SUPPLY AN	D TRADING		000000000000000000000000000000000000000
EDP Serviço Universal	HC Energía			EDP Comercializadora	EDP Grid
EDP Comercial	CIDE HC Energia*			APS-Soluções de	Energia
EDP Gás Serviço Universal	NE Comercializ.				
EDP Gás.Com	HC Gas				

\* Equity Consolidated Method

# RECOGNITION CORPORATE

#### MAR - EDP IN THE ETHISPHERE INSTITUTE RANKING

For the fifth consecutive year, EDP has been included in the international rankings of the most ethical companies in the world, "The World's Most Ethical Companies - WME", by the Ethisphere Institute, an organisation that is a world leader in promoting standards of ethical business practices. EDP is the only Portuguese company to feature in the international rankings and one of the four electricity utilities globally.

## PORTUGAL

#### JAN - EDP COMERCIAL IS HONOURED IN THE GREEN PROJECT AWARDS 2015

EDP Comercial's Autoconsumption Solar Energy service has been awarded an Honourable Mention in the Green Project Awards 2015 in the "Products and Services" category. This service allows the massification of energy production in a decentralised, economically attractive way (15% to 30% savings on bills), that is environmentally clean and promotes local economic development by using local partners for the installation of solutions.

#### JAN - EDP WINS FIVE STAR AWARD

EDP's Solar Energy solution and Funciona service were the winners in the "Solar Energy - Domestic Use" and "Energy - Technical Assistance" categories. This review focused on trust in the brand and innovation of products and services, respectively.

#### MAR - EDP RECOGNISED AS A TRUSTED BRAND BY READERS DIGEST SELECTIONS

EDP was recognised as the most trusted brand in the 16th edition of the study by Reader's Digest Selections in the "public utilities" category. This is an annual study whose purpose is to identify the "Trusted Brands" amongst the Portuguese in 65 categories of products or services. The brands are mentioned "spontaneously, through a questionnaire with open questions without any suggestion, targeted at the 13,200 subscribers to the magazine".

# EDP RENOVÁVEIS

#### JAN - EDP RENOVÁVEIS VOTED THE BEST RENEWABLE ENERGY COMPANY IN FRANCE BY WEALTH & FINANCE INTERNATIONAL

The aim of these awards is to honour companies that have used innovative methods and exceptional results to transform how the sector is perceived. The award is based on an analysis carried out by a research team from the publication Wealth & Finance International. Currently, EDP Renováveis is one of the largest players on the French market, with an installed capacity of 340MW through 170 wind turbines scattered across the country.

### EDP BRASIL

#### ROLAND BERGER PUTS EDP BRAZIL AMONG THE BEST ELECTRICITY COMPANIES IN THE WORLD

In a study conducted by the German consulting firm, Roland Berger, EDP was placed among the top 20 electricity companies in the world in terms of performance. The companies that make up the Group had a return on invested capital and growing revenues of at least double the world average. The study involved an analysis of 230 energy companies worldwide.

# **GOALS AND TARGETS**

GOAL	TARGET	DATE
1. ECONOMIC AND SOCIAL VALUE		
	EBITDA A verage Annual Growth Rate: ~5% per year *	2014-2017
	Net Profit Average Annual Growth Rate: ~5% per year *	2014-2017
	Installed capacity of 26.7 GW **	2017
Fo focus on growth maintaining the financial deleveraging	Average Annual Net Investments of ~€6bn per year	2014-2015
	Average Annual Net Investments of ~€2bn per year	2016-2017
	Adjusted Net Debt/EBITDA: ~3.0x	2017
To preserve a low risk business profile	Regulated & LT Contracted EBITDA > 70% of total EBITDA	2017
	Renewable installed capacity > 75% of total installed capacity	2017
To promote internal efficiency	OPEX III cost savings of 480M/year by 2017	2017
To keep an attractive dividend policy	P ayout ratio between 55% and 65% of recurrent net profit, with a minimum of ❶.185 per share	2014-2017
To improve the integration of sustainability practices in the internal management systems	Keep the SAM Gold Class	2017
2. ECO-EFFICIENCY AND ENVIRONMENTAL PROTECTION		
To focus growth on a cleaner production	Until 2030, reduce CO $_{\rm 2}$ emissions by 75% in comparison with 2005 values	2030
To strenghten an appropriate environmental management of EDP's activities	100% of installed capacity certified according with ISO 14001	2020
To contribute actively to the preservation of the environment and biodiversity	Globally extend environmental externalities evaluation	2017
Promote eco-efficiency in customer	M ore than 1TWh induced energy savings in final customer by products and service	2020
3. INNOVATION		
To promote competitiveness and productivity through incovation	200M €investment in Iow carbon R&D 2015 e 2020	2020
To promote competitiveness and productivity through innovation	90% smart meters installed in the Iberian Peninsula	2030
I. INTEGRITY AND GOOD GOVERNANCE		
Fo strenghten the ethics in all EDP's employees' culture	M aintain the incorporation in the World M ost Ethical Companies list by the Ethisphere Institute	2017
	Exceed 80 points in the corporate index Ethicis	2020
5. TRANSPARENCY AND DIALOGUE		
Fransparency and dialogue	n.a.	n.a.
6. HUMAN CAPITAL AND DIVERSITY		
Diversity Policy	Review the Diversity Policy	2016
Performance assessment	Define Sustainability KP Is for all employees	2016
7. ACCESS TO ENERGY		
Fo keep or improve the quality levels of technical and commercial services provided o our clients	Ensure an overall customer satisfaction above 80% in different segments	2020
3. SOCIAL DEVELOPMENT AND CITIZENSHIP		
Developing the integration of EDP in society, through the promotion of the quality of	20% of volunteer investment aimed at local communities by 2020	2020
life of the communities	Guaranteeing the allocation of a budget for the EDP Foundation of up to 0.1% of the turnover of the EDP Group by 2020	2020

\* Based in 2014 forecast of Investor's Day presentation

\*\* Includes equity consolidated capacity

# edp ENERGY WITH INTELLIGENCE

# **02.** performance

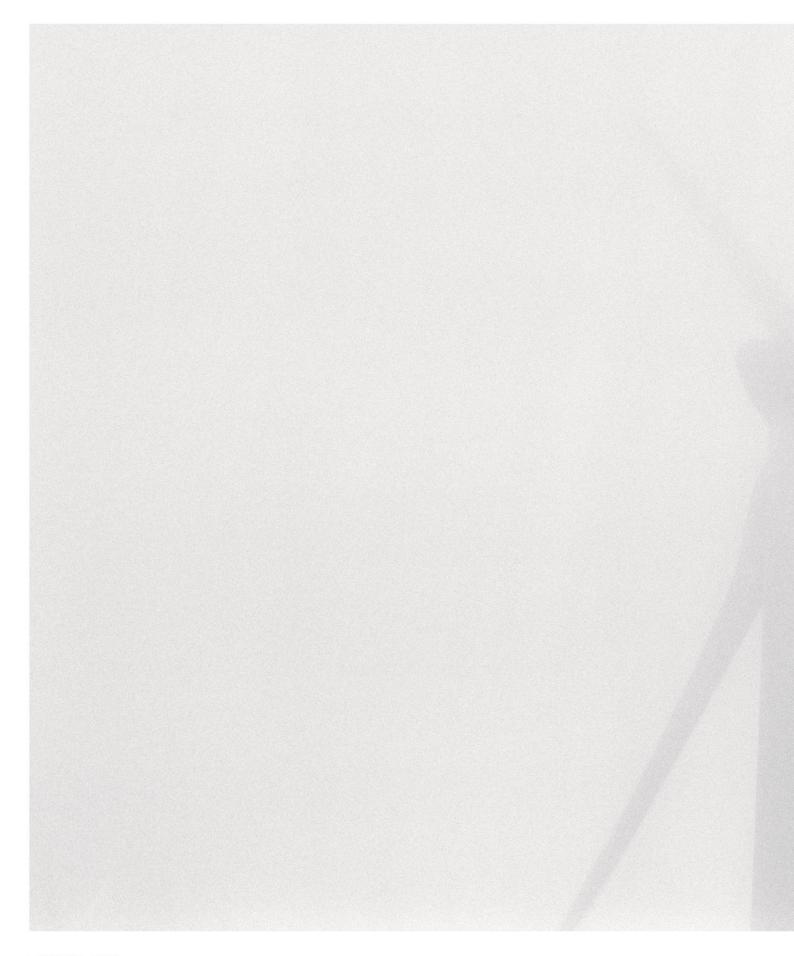
#### 21 EDP GROUP BUSINESS EVOLUTION

#### **KEY INDICATORS**

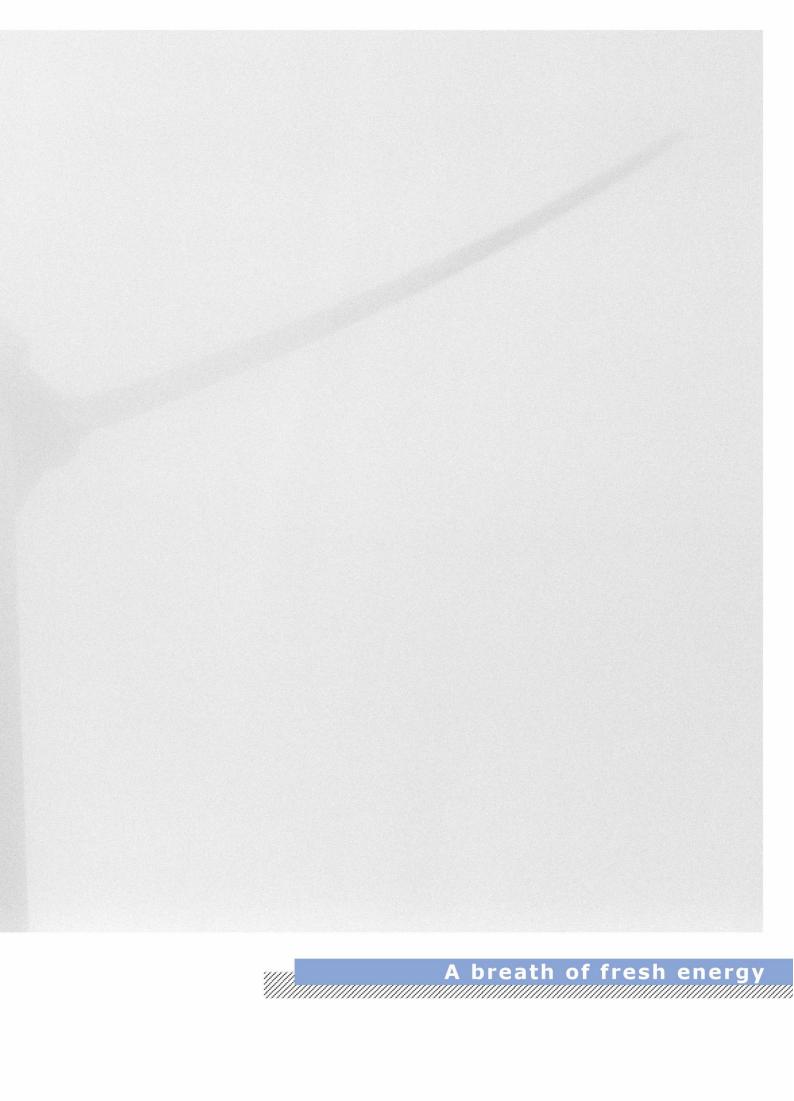
- 23 ELECTRICITY GENERATION25 ELECTRICITY AND GAS DISTRIBUTION
- 27 ELECTRICITY AND GAS SUPPLY

#### COMPLEMENTARY INDICATORS

- 28 ENVIRONMENTAL INDICATORS
- 29 SOCIAL INDICATORS30 ECONOMIC INDICATORS



ENERGY WITH Intelligence





## EDP GROUP BUSINESS EVOLUTION

In the first quarter of 2016, **EDP Group's net profit attributable to EDP shareholders** reached EUR 263 million, compared with EUR 237 million in the first quarter of 2015.

**Consolidated EBITDA** rose by 14% year-on-year, to EUR 1,130 million in the first quarter of 2016, reflecting portfolio expansion (+9%) and improving weather conditions in Iberia and Brazil. Note that the first quarter EBITDA includes: (i) in 2015, +EUR 78 million derived from the sale of gas assets in Spain and (ii) in 2016, +EUR 61 million gain booked in the sale of Pantanal mini-hydro plants, in Brazil. Excluding these impacts, EBITDA would have risen by 17% year-on-year, to EUR 1,069 million in the first quarter of 2016, capped by an unfavourable ForEx impact (-EUR 61 million, mainly due to BRL 25% depreciation vs. Euro).

In Iberia, EBITDA adjusted by the capital gain with the sale of gas assets in Spain advanced 16% year-on-year, propelled by new capacity on stream, strong hydro resources and price volatility, particularly when compared to 2015's poor hydro and price context. EDP Renováveis' 29% rose in EBITDA, to EUR 379 million, was prompted by higher average capacity on stream (+15% year-on-year) and stronger wind resources (avg. load factor was 7% higher than the avg. scenario, versus -3% in the first quarter of 2015). EDP Brasil's contribution to recurrent EBITDA was 43% higher year-on-year due to the capital gain with the sale of Pantanal mini-hydro plants (+EUR 61 million), although impacted by devaluation of the BRL vs. Euro. EBITDA was also impacted by the full consolidation (as of May-15) of the good-performer Pecém I plant. The impact of the hydro deficit in first quarter of 2016 was negligible reflecting improving reservoir levels and lower demand.

EDP Group **operating costs** were stable at EUR 367 million in first quarter of 2016 driven by: (i) 2% year-onyear fall in Iberia, mainly impacted by headcount reduction (-1%); (ii) 12% year-on-year increase at EDP Renováveis level, mainly reflecting portfolio expansion; (iii) 11% year-on-year fall in Brazil, reflecting BRL depreciation vs. Euro and tight cost control on one hand; and the full consolidation of Pecém I, on the other hand. **Other net operating costs/(revenues)** fell from EUR 67 million in first quarter of 2015 to EUR 51 million in first quarter of 2016, mostly supported by greater revenues from the tax equity partnerships in the US by EDP Renováveis.

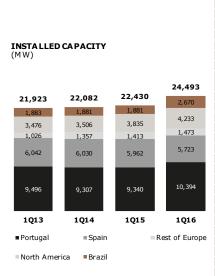
**EBIT** rose 17%, to EUR 760 million in first quarter of 2016, reflecting EBITDA growth and higher depreciation, mainly backed by portfolio expansion. **Net financial costs** worth EUR 180 million in first quarter of 2016, down from EUR 208 million in first quarter of 2015, reflecting a decline in the avg. cost of debt from 4.7% in first quarter of 2015 to 4.5% in first quarter of 2016. **Non-controlling interests** reached EUR 100 million in the first quarter of 2016 (+EUR 38 million year-on-year), reflecting the share of minorities in the gain booked on the sale of Pantanal at EDP Brasil's level and higher net profit at the level of EDP Renováveis.

# Overall, net profit attributable to EDP shareholders stood at EUR 263 million in the first quarter of 2016.

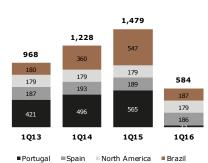
**Net investments totalled EUR -11 million in the first three months of 2016**, of which EUR 233 million relate to capex, which was more than offset by the asset rotation by EDP Renováveis following the deal with Fiera Axium. Expansion capex totalled EUR 127 million in the first three months of 2016, driven by the ongoing construction of new hydro and wind capacity, while maintenance capex stood at EUR 106 million in the first three months of 2015.

**Net debt decreased from EUR 17.4 billion in December 2015 to EUR 17 billion in March 2016**, mainly supported by proceeds from asset rotation deals signed with Fiera Axium in October 2015 and from institutional partnership structure signed in the USA by EDP Renováveis in November 2015.

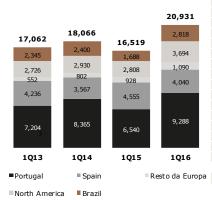
# **KEY INDICATORS**



#### INSTALLED CA PACITY EQUITY<sup>2</sup> (MW)



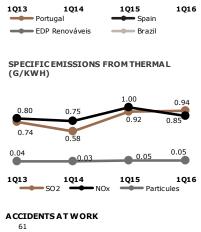
# **NET ELECTRICITY GENERATION** (GWh)

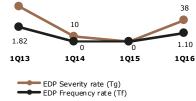


PP ALCM IEC         MW         3.843         4.470         5.470         5.273         5.300         3.280         3.271         7.27         7.27         7.27         7.27         7.27         7.28         7.777         7.7.28         7.777         7.7.28         7.777         7.7.28         7.777         7.7.28         7.777         7.7.28         7.777         7.28         7.777         7.28         7.777         7.28         7.308         7.777         7.28         7.308         7.777         7.72         7.72         7.72         7.72         7.72         7.72         7.72         7.76         7.76         7.76         7.76         7.777         7.72         7.76         7.76         7.777         7.76         7.76         7.777         7.77	ELECTRICITY GENERATION (1/2)	UN	1Q16	1Q15	1Q14	1Q13
Contracted Generation in Berian Market         MW         4.052         4.676         4.745         5.70           Hydro         MW         2663         3.200         2	INSTALLED CAPACITY	MW	24.493	22.430	22.082	21.923
PP ALCM IEC         MW         38.84         4.470         5.470         5.273           Hydro         MW         2663         3.230         3.241         3.743         3.747         7.127         7.127         7.127         7.128         3.743         3.74						5,605
Coal         MW         180         180         180         180           Fuel         MW         209         206         274         33           Portugal-Thermal         MW         24         24         24         34           Spain-Thermal         MW         24         24         24         33           Spain-Thermal         MW         5,120         4,055         4,035         3,38           Hydro         MW         5,120         4,055         4,035         3,38           Hydro         MW         3,062         2,026         1996         11           CCGT         MW         2,039         2,039         2,03         2,03           Fuel         MW         3,063         3,743         3,743         3,743           Spain         MW         1264         1463         1485         148           Nuclear         MW         1264         1463         1485         148           Dortugal         MW         1244         1463         1485         148           NorthAmerica         MW         1247         624         621         621           Spain         MW         1244		_			, -	5,274
Fuel         MW             Special Regime         MW         205         206         274         33           Portugal-Hydro         MW         205         25         33         1           Special Regime         MW         225         25         33         1           Dertugal-Themal         MW         8,624         7,808         7,777         7,727           Market         MW         8,624         7,808         7,777         7,723           Portugal-Themal         MW         3,082         2,025         1998         1,1           CCGT         MW         3,082         2,039         2,009         2,009         2,009         2,039         2,00         1,0 </td <td>Hydro</td> <td>MW</td> <td>2,663</td> <td>3,290</td> <td>3,290</td> <td>4,094</td>	Hydro	MW	2,663	3,290	3,290	4,094
Special Regime         MW         209         206         274         33           Portugal-Thermal         MW         24         24         24         24           Span-Thermal         MW         25         25         30         1           Ibbrailsed Electricity Generation in Iberian         MW         8,624         7,808         7,777         7,12           Portugal-Thermal         MW         3,082         2,005         4,055         3,38           Hydro         MW         3,062         2,002         1096         11           CCGT         MW         2,039         2,039         2,03         2,03           Fuel         MW         3,063         3,743         3,743         3,743           Hydro         MW         1098         1698         1698         1698           Coal         MW         124         1463         1485         148           Nuclear         MW         124         1463         1485         148           Rest of Europe         MW         1247         624         621         62           Spain         MW         1247         624         621         62           Spain		_	1,180	1,180	1,180	1,180
Portugal-Hydro         MW         50         57         57         57           Portugal-Thermal         MW         24         24         24         24           Spain-Thermal         MW         26         25         39         7           Market         MW         8,624         7,806         7,777         7,727           Hydro         MW         3,602         2,225         1996         2,103           Portugal-Hydro         MW         3,603         3,743			-	-	-	-
Portugal-Thermal         MW         24         24         24         24           Spain-Thermal         MW         25         25         30         17           Portugal         MW         5,624         7,008         7,777         7,123           Portugal         MW         3,062         2,006         14,055         3,38           Hydro         MW         3,063         3,743         3,743         3,743           Spain         MW         3,050         3,743         3,743         3,743           Nuclear         MW         4,065         56         56         7,55           COG1         MW         1244         1463         1463         1463           Nuclear         MW         9,351         5,440         7,752         7,33           Portugal         MW         2,434         2,244         2,244         2,244         2,244         2,244         2,244         2,244         2,244         2,244         2,335         3,356         3,44         7,777         1,777         1,777         1,777         1,777         1,777         1,777         1,777         1,777         1,777         1,777         1,777         1,777         1,						330
Spann-Thermal         MW         25         25         393         1           Market         MW         8,624         7,806         7,777         7,727           Portugal         MW         3,062         2,026         1996         11           CCGT         MW         3,062         2,039         2,039         2,039         2,039         2,039         2,039         2,039         2,039         2,039         2,039         2,039         2,039         2,039         2,039         2,037         3,743         3,756         34           Broadi         MW         9,244         2,94         2,94         2,94         2,94         2,94         2,94         2,94         2,94 <td< td=""><td></td><td></td><td></td><td></td><td></td><td>157 68</td></td<>						157 68
Liberalised Electricity Generation in Iberian Market         M.W         8,624         7,808         7,777         7,727           Portugal         M.W         5,120         4,065         4,035         3,38           Hydro         M.W         3,082         2,039         2,039         2,039         2,039         2,039         2,039         2,039         2,039         2,030         3,773         3,773         3,773         3,773         3,773         3,774         4,066         4,426	-					106
Market         MW         5,70         4,065         3,305           Portugal         MW         5,700         4,065         4,035         3,31743         3,7143	•			7		
Hydro         MW         3.082         2.026         136           CCGT         MW         2.039	Market		8,624	7,808	1,111	7,125
CCGT         MW         2.039         2.039         2.039         2.039         2.039         2.039         2.03         2.03         3.773         3.773         3.773         3.773         3.773         3.773         3.773         3.773         3.773         3.774         MW         3.763         3.773         3.773         3.773         3.773         3.773         3.773         3.773         3.773         3.773         3.773         3.773         3.774         MW         MW         MW         0.201         MW         1.201         MW <td>-</td> <td>_</td> <td></td> <td></td> <td></td> <td>3,382</td>	-	_				3,382
Fuel         MW         J.         J.         O         J.           Spain         MW         3.503         3.743         3.743         3.743           Hydro         MW         426         426         426         426         426           CGGT         MW         1598         16977         1.797			- ,			1,178
Spain         M W         3.503         3.743         3			2,039	2,039		2,039
Hydro         MW         426         426         426         426         426         426         426         426         426         426         426         426         426         426         483         4463         4473         443         1433         13357         100         4473         1443         1337         100         4464         4477         1,797<		_	2 502	2 7 4 2		165 2 7 4 2
CCGT         MW         11988         1998         1998         1998         1998         1998         1493         1443         1443         1443         1443         1443         1443         1443         1443         1443         1443         1443         1443         1443         1443         1443         1437         143         1357         100	•	_				3,7 <b>4</b> 3 426
Coal         MW         1224         1463         546         56         756           EDP Renováveis         MW         9,351         8,149         7,762         7,39           Portugal         MW         1247         624         621         6           Spain         MW         1247         624         621         6           North America         MW         1473         1413         1357         10.           North America         MW         4473         1433         3335         3,506         3,44           Brazil         MW         204         84         84         4         4           Onto America         MW         1475         1797         1,797         1,797           Hydro         MW         1495         2,051         1,717         1,96           Capacity under Construction         MW         1495         1448         1448           EDP Renováveis         MW         1495         14,179         1,1228           Spain         MW         32         32         32         32           Spain         MW         344         1479         1,228         96           Portugal<	-					1,698
EDP Renováveis         MW         9,351         8,149         7,762         7,782           Portugal         MW         1247         624         66           Spain         MW         1247         624         62           Notrh America         MW         1473         143         1357         100           Notrh America         MW         4233         3435         3506         3,44           Brazil         MW         204         84         1479         1797		MW				1,463
Portugal         MW         1247         624         621         621           Spain         MW         2,194         2,94         3,835         3,306         3,4           Brazil         MW         2,466         1,797         1,7		MW				156
Spain         MW         2.84         2.94         2.285         286         2877         2776 <td></td> <td>MW</td> <td>9,351</td> <td>8,149</td> <td>7,762</td> <td>7,395</td>		MW	9,351	8,149	7,762	7,395
Rest of Europe         MW         1473         143         143         1357         100           North America         MW         4233         3353         3566         3.4           Brazit         MW         204         84         84         84           EDP Erastit         MW         21466         1,797         1,797         1,797           Coal         MW         7175         1,797         1,797         1,797           Coal         MW         1019         1449         1468         144           EDP Renováveis         MW         4076         601         249         14           Brazil         MW         476         601         249         14           Brazil         MW         32         32         32         32         32         32         32         33         556         86         87         7         7         87         87.83         143         609         44         4341         609         44         341         609         44         341         609         44         343         609         44         343         609         44         341         609         44         34	5					615
North America         MW         4233         3.835         3.506         3.44           Brazil         MW         204         84         84         64           Brazil         MW         2,466         1,797         1,797         1,797           Hydro         MW         1745         1,797         1,797         1,797           Caal         MW         1745         1,797         1,797         1,797           Coal         MW         1,495         2,051         1,717         1,966           Portugal 1         MW         1,019         1,449         1,428         96           Installed Capacity Equity 2         MW         584         1,479         1,228         96           Portugal 1         MW         32         33         33		_				2,194
Brazil         MW         204         84         84           EDP Brasil         MW         2,466         1,797         1,797         1,797           Coal         MW         1745         1797         1,797         1,797           Coal         MW         1745         1717         1,966           Portugal 1         MW         1019         1449         1468         144           EDP Renováveis         MW         476         601         249         4           Brazil         MW         476         601         249         4           Brazil         MW         584         1,479         1,228         96           Portugal 1         MW         32         2         32         3           Portugal 1         MW         356         886         817         7           Brazil         MW         366         886         817         7           Brazil         MW         366         886         817         7           Brazil         MW         341         609         47           Brazil         MW         341         547         560           Contracted Construction						1,026
EDP Brasil         MW         2.466         1,797         1,797         1,797           Hydro         MW         1745         1797         1,797         1,797           Capacity under Construction         MW         1495         2,051         1,717         1,96           Pontugal 1         MW         109         1449         1468         144           EDP Renováveis         MW         -         0         0         4           Brazil 1         MW         -         0         0         4           Instailed Capacity Equity 2         MW         384         1,479         1,228         96           Portugal 1         MW         32         33         37         33         33         33 <t< td=""><td></td><td></td><td></td><td></td><td></td><td>3,476</td></t<>						3,476
Hydro         MW         1745         1797         1797           Coal         MW         720         -         -         -           Capacity under Construction         MW         1495         2,051         1,717         1,96           Portugal 1         MW         1005         1449         1468         144           EDP Renováveis         MW         -         0         0         0         4           Brazil 1         MW         -         0         0         0         4           Installed Capacity Equity 2         MW         554         1,479         1,228         96           Portugal 1         MW         32         32         32         32         32         32         32         32         32         32         32         32         32         32         32         32         33         50         33         7         7         7         7         7         360         4         4         341         669         4,352         5,466         5,60         7         5002         5002         5002         5002         5002         5002         5002         5002         5002         5002		_				84 1 700
Coal         MW         720         -         -           Capacity under Construction         MW         1,495         2,051         1,777         1,566           Portugal 1         MW         1009         1,449         1,466         1,449           EDP Renováveis         MW         476         601         249         1,449           Brazil 1         MW         -         0         0         4           Installed Capacity Equity 2         MW         32         32         32         32         32         32         32         32         32         32         32         32         32         32         33         33         33         33         33         33         33         34         609         47         341         341         609         47         343         341         609         47         343         341         609         47         343         341         609         47         343         341         609         47         343         341         609         47         353         353         353         353         353         353         353         354         354         3503         3733		_				1,799
Capacity under Construction         M W         1,495         2,051         1,717         1,96           Portugal 1         MW         1019         1449         1486         144           EDP Renováveis         MW         476         601         249         34           Brazil 1         MW         -         0         0         44           Installed Capacity Equity 2         MW         584         1,479         1,228         96           Portugal 1         MW         584         1,479         1,228         96           Portugal 1         MW         32         32         32         33           Spain 1         MW         10         5         19         77           Brazil         MW         324         341         609         47           Brazil 1         MW         341         341         609         47           Net ELECT RICITY GENERATION         GWh         4,964         4,382         5,416         5,60           PA/CM EC         GWh         4,964         4,382         5,416         5,60           Portugal -Hydro         GWh         327         2244         1283         17           <	<u>,</u>			-	-	-
Pontugal 1         MW         10.99         14.49         14.68         14.4           EDP Renováveis         MW         476         601         249         14           Brazil         MW         476         601         249         14           Brazil         MW         584         1,479         1,228         96           Pontugal 1         MW         32         32         32         32           Spain 1         MW         3056         886         817         7           Brazil         MW         366         886         817         7           Brazil         MW         341         341         609         47           Brazil         MW         341         341         609         47           NET ELECTRICITY GENERATION         GWh         4,964         4,382         5,416         5,600           Portugal-Mydro         GWh         4,867         4,151         5,002         5,050           Portugal-Hydro         GWh         2,2931         16,519         18,066         17,06           Spain Thermal         GWh         2,852         5,46         1,24         1,25         1,66         1,73		MW		2 051	1 7 17	1,966
EDP Renováveis         MW         476         601         249           Brazil 1         MW         -         0         0         0           Brazil 1         MW         -         0         0         0           Portugal 1         MW         32         32         32         32           Spain 1         MW         30         5         19         177           Brazil 1         MW         36         886         817         7.           Brazil 1         MW         367         547         380         14           Capacity under Construction Equity 2         MW         341         609         47           Brazil         MW         341         547         380         17           Brazil 1         MW         341         609         47           Met 341         341         609         47           Brazil 1         MW         341         341         609         47           Met 320         GWh         4,964         4,382         5,416         5,60           Portugal Theremai         GWh         2,262         69         14         144         55           Port			,			1,468
Installed Capacity Equity <sup>2</sup> MW         584         1,479         1,228         96           Portugal 1         MW         32         33						86
Portugal 1         MW         32         32         32         32           Spain 1         MW         10         15         19           EDP Renováveis         MW         366         886         817         7.7           Brazil 1         MW         187         547         360         1           Capacity under Construction Equity 2         MW         181         341         609         47           Brazil         MW         341         341         609         47           Brazil         MW         341         341         609         47           MW         341         341         609         47           Brazil         MW         341         341         609         47           Contracted Generation in Iberian Market         GWh         4,627         4,151         5,002         5,05           Hydro         GWh         2,854         1903         3,739         3,33         Coal         1/7         502         502         69         17         502         502         69         17         502         502         69         14         55         503         67         14         55         76		MW	-			412
Spain 1         MW         10         15         19           EDP Renováveis         MW         366         886         817         7.           Brazil         MW         187         547         360         14           Capacity under Construction Equity 2         MW         341         341         609         47           Brazil         MW         341         341         609         4           NET ELECTRICITY GENERATION         GWh         4,962         4,182         5,416         5,60           Contracted Generation in Iberian Market         GWh         4,962         4,151         5,002         5,05           Hydro         GWh         2,854         1903         3,739         3,33         Coal         5,416         5,60           Coal         GWh         1,773         2,248         1,263         1,77         5         5,416         5,60         1,72           Special Regime         GWh         4,827         4,151         5,002         5,02         69         1           Portugal Thermal         GWh         25         52         69         1         1         5         2         69         1         1         5 <td>Installed Capacity Equity <sup>2</sup></td> <td>MW</td> <td>584</td> <td>1,479</td> <td>1,228</td> <td>968</td>	Installed Capacity Equity <sup>2</sup>	MW	584	1,479	1,228	968
EDP Renovaveis         MW         356         886         817         72           Brazil 1         MW         87         547         360         1           Capacity under Construction Equity 2         MW         341         341         609         47           Brazil         MW         341         341         609         47           MW         341         341         609         47           Brazil         MW         341         341         609         47           MU         341         619         18,066         17,06         17,06           Contracted Generation in Iberian Market         GWh         4,964         4,382         5,416         5,00           P A/CMEC         GWh         2,854         1903         3,739         3,31           Coal         GWh         17.7         2,248         1263         17           Fuel         GWh         2,55         6.99         14         55           Portugal - Hydro         GWh         25         2.69         1         5           Spain Thermal         GWh         3,311         1,686         2,436         1,24           Hydro         GWh<	Portugal 1	MW			-	32
Brazil 1         MW         187         547         360         17           Capacity under Construction Equity 2         MW         341         341         609         47           Brazil         MW         341         341         609         47           Brazil         MW         341         341         609         47           MW         341         341         609         47           MW         341         341         609         47           MW         341         341         609         4           NET ELECTRICITY GENERATION         GWh         4,964         4,382         5,416         5,60           Contracted Generation in Iberian Market         GWh         4,627         4,151         5,002         5,05           Hydro         GWh         2,854         1,903         3,739         3,31           Coal         GWh         2,854         1,903         3,739         3,31           Coal         GWh         2,854         1,903         3,739         3,31           Portugal-Hydro         GWh         337         231         414         55           Portugal Thermal         GWh         5,668 <td></td> <td></td> <td></td> <td></td> <td></td> <td>19</td>						19
Capacity under Construction Equity <sup>2</sup> MW         341         341         609         47           Brazil         MW         341         341         609         4           NET ELECT RICITY GENERATION         GWh         20,931         16,519         18,066         17,06           Contracted Generation in Iberian Market         GWh         4,964         4,382         5,416         5,605           P P A/CM EC         GWh         4,2854         1903         3,739         3,31           Coal         GWh         2,854         1903         3,739         3,31           Coal         GWh         1773         2,248         1263         17           Fuel         GWh         337         231         414         55           Portugal-Hydro         GWh         325         569         16         278         22           Portugal-Thermal         GWh         25         269         17         16         1666         2,436         1,22           Portugal         Thermal         GWh         3,311         1,686         2,436         1,22           Portugal         GWh         3,080         1,495         2,399         11						737 180
Brazi         MW         341         341         609         4           NET ELECTRICITY GENERATION         GWh         20,931         16,519         18,066         17,06           Contracted Generation in Iberian Market         GWh         4,964         4,382         5,416         5,60           PP A/C M EC         GWh         2,854         1903         3,739         3,33           Coal         GWh         1,773         2,248         1263         1,7           Fuel         GWh         -         -         -         -           Special Regime         GWh         337         231         414         55           Portugal-Hydro         GWh         259         146         278         22           Portugal-Thermal         GWh         26         33         67         14           Liberalised Electricity Generation in Iberian         GWh         3,611         1,666         2,436         1,24           Hydro         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,311         36.62 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td>476</td>						476
Contracted Generation in Iberian Market         GWh         4,964         4,382         5,416         5,600           PPA/CMEC         GWh         2,854         1903         3,739         3,31           Coal         GWh         2,854         1903         3,739         3,31           Coal         GWh         1773         2,248         1263         177           Fuel         GWh         -         -         -         -           Special Regime         GWh         337         231         444         55           Portugal-Hydro         GWh         525         69         16         278         22           Portugal-Thermal         GWh         5,568         4,709         4,186         3,62           Spain -Thermal         GWh         5,568         4,709         4,186         3,62           Portugal         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,323         1,751         2,375      <		MW	341	341	609	476
Contracted Generation in Iberian Market         GWh         4,964         4,382         5,416         5,600           PPA/CMEC         GWh         2,854         1903         3,739         3,31           Coal         GWh         2,854         1903         3,739         3,31           Coal         GWh         1773         2,248         1263         177           Fuel         GWh         -         -         -         -           Special Regime         GWh         337         231         444         55           Portugal-Hydro         GWh         525         69         14         55           Spain -Thermal         GWh         5,668         4,709         4,186         3,62           Portugal -Thermal         GWh         5,668         4,709         4,186         3,62           Portugal -Thermal         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,323         1,751         2,371	NET ELECTRICITY GENERATION	GWh	20.931	16.519	18.066	17,062
PPA/CMEC         GWh         4,627         4,151         5,002         5,055           Hydro         GWh         2,854         1903         3,739         3,33           Coal         GWh         2,854         1903         3,739         3,33           Coal         GWh         1,773         2,248         1,263         1,77           Fuel         GWh         -         -         -         -           Special Regime         GWh         337         231         414         55           Portugal-Hydro         GWh         259         146         278         22           Portugal-Thermal         GWh         26         33         67         1           Liberalised Electricity Generation in Iberian         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         2,357         3,023         1,751         2,37           Fuel         GWh         2,357         3,023         1,751         2,37           Hydro         GWh         1333         2,058         862         13           Nu	Contracted Generation in Iberian Market	GWh		4.382	5.416	5,608
Coal         GWh         1773         2,248         1263         177           Fuel         GWh         -		GWh				5,053
Fuel         GWh         -         -         -           Special Regime         GWh         337         231         414         55           Portugal-Hydro         GWh         259         146         278         22           Portugal-Thermal         GWh         52         52         69         1           Spain - Thermal         GWh         26         33         67         1           Liberalised Electricity Generation in Iberian         GWh         5,668         4,709         4,186         3,62           Portugal         GWh         3,311         1,686         2,436         1,22           Hydro         GWh         3,080         1495         2,399         11           CCGT         GWh         2,317         3,023         1,751         2,37           Spain         GWh         2,357         3,023         1,751         2,37           Hydro         GWh         460         414         435         4           CCGT         GWh         400         414         435         4           CCGT         GWh         303         331         332         232           Nuclear         GWh <td< td=""><td>Hydro</td><td>GWh</td><td>2,854</td><td>1,903</td><td>3,739</td><td>3,307</td></td<>	Hydro	GWh	2,854	1,903	3,739	3,307
Special Regime         GWh         337         231         414         555           Portugal-Hydro         GWh         259         446         278         22           Portugal-Thermal         GWh         250         52         69         11           Spain-Thermal         GWh         26         33         67         15           Liberalised Electricity Generation in Iberian         GWh         5,668         4,709         4,186         3,62           Portugal         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         2,322         191         36         1           Fuel         GWh         2,357         3,023         1,751         2,37           Hydro         GWh         2,34         200         122         22           Coal         GWh         1333         2,058         862         13           Nuclear         GWh         1333         2,058         862         13           Nuclear         GWh         1333         331         332         33           Spain </td <td></td> <td></td> <td>1,773</td> <td>2,248</td> <td>1,263</td> <td>1,747</td>			1,773	2,248	1,263	1,747
Portugal-Hydro         GWh         259         146         278         22           Portugal-Thermal         GWh         52         52         69         1           Spain - Thermal         GWh         26         33         67         1           Liberalised Electricity Generation in Iberian         GWh         5,668         4,709         4,186         3,62           Portugal         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,080         1495         2,399         11           CCGT         GWh         3,080         1495         2,399         11           CCGT         GWh         -         -         -         -           Spain         GWh         -         -         -         -           Spain         GWh         2,357         3,023         1,751         2,37           Hydro         GWh         1333         2,058         862         133           Nuclear         GWh         1333         2,058         862         133           Nuclear         GWh         1333         3,055         5,80         55           Spain         GWh			-	-	-	-
Portugal - Thermal         GWh         52         52         69         11           Spain - Thermal         GWh         26         33         67         1           Liberalised Electricity Generation in Iberian         GWh         5,668         4,709         4,186         3,62           Portugal         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,080         1,495         2,399         1,1           CCGT         GWh         3,080         1,495         2,399         1,1           CCGT         GWh         2,327         191         36         1           Fuel         GWh         -         -         -         -           Spain         GWh         2,357         3,023         1,751         2,37           Hydro         GWh         460         414         435         44           CCGT         GWh         303         331         332         333           Muclear         GWh         330         331         332         333           EDP Renováveis         GWh         1039         505         580         55           Spain         GW		-				554
Spain - Thermal         GWh         26         33         67         14           Liberalised Electricity Generation in Iberian Market         GWh         5,668         4,709         4,186         3,62           Portugal         GWh         3,311         1,686         2,436         1,22           Hydro         GWh         3,080         1495         2,399         1,11           CCGT         GWh         232         191         36         1           Fuel         GWh         2,357         3,023         1,751         2,37           Spain         GWh         460         414         435         4           CCGT         GWh         400         414         435         4           CCGT         GWh         400         414         435         4           CCGT         GWh         400         414         435         4           CCGT         GWh         333         2,058         862         13           Nuclear         GWh         330         331         332         23           Portugal         GWh         1039         505         580         55           Spain         GWh         <		-				268
Liberalised Electricity Generation in Iberian Market         GWh         5,668         4,709         4,186         3,62           Portugal         GWh         3,311         1,666         2,436         1,24           Hydro         GWh         3,080         1,495         2,399         1,14           CCGT         GWh         232         191         36         1           Fuel         GWh         2,357         3,023         1,751         2,377           Hydro         GWh         460         414         435         44           CCGT         GWh         234         220         122         22           Coal         GWh         1333         2,058         8622         13           Nuclear         GWh         1333         2,058         6612         5,54           Portugal         GWh         1333         303         331         332         33           Spain         GWh         1039         505         580         59         59           Spain         GWh         1039         505         580         59         59           Spain         GWh         1,658         1,499         1,750         1,	0	_				132 154
Market         GWh         5,668         4,709         4,86         3,62           Portugal         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         3,311         1,686         2,436         1,24           Hydro         GWh         232         191         36         1           CCGT         GWh         232         191         36         1           Fuel         GWh         -         -         -         -           Spain         GWh         2,357         3,023         1,751         2,37           Hydro         GWh         460         414         435         4           CCGT         GWh         1333         2,058         662         13           Nuclear         GWh         1333         2,058         662         13           Nuclear         GWh         1333         355         5,546         6,112         5,54           Portugal         GWh         1039         505         580         55           Spain         GWh         1039         928         802         55           North America         GWh         3,694	•					
Hydro         GWh         3,080         1,495         2,399         1,1           CCGT         GWh         232         191         36         1           Fuel         GWh         2,327         191         36         1           Spain         GWh         2,357         3,023         1,751         2,37           Hydro         GWh         460         414         435         4           CCGT         GWh         460         414         435         4           CCGT         GWh         234         220         122         22           Coal         GWh         333         331         332         33           BDP Renováveis         GWh         7,535         5,786         6,112         5,54           Portugal         GWh         1039         505         580         55           Spain         GWh         1039         928         802         55           North America         GWh         3,694         2,808         2,930         2,77           Brazil         GWh         54         46         49         45           EDP Brasil <sup>3</sup> GWh         54         46	-	GWh	5,668	4,709	4,186	3,620
CCGT         GWh         232         191         36         1           Fuel         GWh         -		GWh	3,311	1,686	2,436	1,241
Fuel         GWh         -         -         -           Spain         GWh         2,357         3,023         1,751         2,37           Hydro         GWh         460         414         435         44           CCGT         GWh         234         220         122         22           Coal         GWh         1333         2,058         862         13           Nuclear         GWh         1333         2,058         862         13           Nuclear         GWh         330         331         332         33           EDP Renováveis         GWh         1039         505         580         55           Spain         GWh         1039         505         580         55           Spain         GWh         1039         928         802         55           North America         GWh         1090         928         802         57           Brazil         GWh         3.694         2,808         2,930         2,77           Brazil         GWh         3.694         2,808         2,930         2,77           Brazil         GWh         2,764         1,642         2,351<				1,495	2,399	1,104
Spain         GWh         2,357         3,023         1,751         2,37           Hydro         GWh         460         414         435         44           CCGT         GWh         234         220         122         22           Coal         GWh         1333         2,058         862         13           Nuclear         GWh         330         331         332         33           EDP Renováveis         GWh         7,535         5,786         6,112         5,54           Portugal         GWh         1039         505         580         55           Spain         GWh         1039         909         28         802         55           North America         GWh         3,694         2,808         2,930         2,77           Brazil         GWh         3,694         2,808         2,930         2,77           Brazil         GWh         54         46         49         45           EDP Brasil <sup>3</sup> GWh         2,764         1,642         2,351         2,29           Hydro         GWh         1,640         1,642         2,351         2,29           Hydro         G			232	191		137
Hydro         GWh         460         414         435         44           CCGT         GWh         234         220         122         22           Coal         GWh         1333         2,058         862         13           Nuclear         GWh         330         331         332         3           EDP Renováveis         GWh         7,535         5,786         6,112         5,54           Portugal         GWh         1039         505         580         55           Spain         GWh         1039         505         580         57           Rest of Europe         GWh         1090         928         802         55           North America         GWh         3,694         2,808         2,930         2,77           Brazil         GWh         54         46         49         45           EDP Brasil <sup>3</sup> GWh         2,764         1,642         2,351         2,29           Hydro         GWh         1,640         1,642         2,351         2,29			-	-		-
CCGT         GWh         234         220         122         24           Coal         GWh         1333         2,058         862         13           Nuclear         GWh         330         331         332         33           EDP Renováveis         GWh         7,535         5,786         6,112         5,54           Portugal         GWh         1039         505         580         55           Spain         GWh         10658         1499         1,750         1,77           Rest of Europe         GWh         1090         928         802         55           North America         GWh         3,894         2,808         2,930         2,77           Brazil         GWh         54         46         49         45           Hydro         GWh         1,642         2,351         2,29           Hydro         GWh         1,124         -         -	•					2,379
Coal         GWh         1,333         2,058         862         1,33           Nuclear         GWh         330         331         332         33           EDP Renováveis         GWh         7,535         5,786         6,112         5,54           Portugal         GWh         1039         505         580         59           Spain         GWh         1658         1499         1,750         1,77           Rest of Europe         GWh         1,090         928         802         55           North America         GWh         3,694         2,808         2,930         2,75           Brazil         GWh         2,764         1,642         2,351         2,29           Hydro         GWh         1,642         2,351         2,29           Hydro         GWh         1,642         2,351         2,29						477
Nuclear         GWh         330         331         332         333           EDP Renováveis         GWh         7,535         5,786         6,112         5,54           Portugal         GWh         1039         505         580         55           Spain         GWh         1658         1499         1,750         1,77           Rest of Europe         GWh         1,090         928         802         55           North America         GWh         3,694         2,808         2,930         2,77           Brazil         GWh         54         46         49         49         49         49           EDP Brasil <sup>3</sup> GWh         2,764         1,642         2,351         2,29         4,46         49         40         40         40         40						200 1,371
EDP Renováveis         GWh         7,535         5,786         6,112         5,54           Portugal         GWh         1039         505         580         56           Spain         GWh         1039         505         580         57           Rest of Europe         GWh         1039         928         802         55           North America         GWh         3,694         2,808         2,930         2,77           Brazil         GWh         54         46         49         45           EDP Brasil <sup>3</sup> GWh         2,764         1,642         2,351         2,29           Hydro         GWh         1,640         1,642         2,351         2,29           Coal         GWh         1,124         -         -						331
Portugal         GWh         1039         505         580         560           Spain         GWh         1058         1499         1,750         1,77           Rest of Europe         GWh         1090         928         802         550           North America         GWh         3,694         2,808         2,930         2,77           Brazil         GWh         54         46         49         49         40						5,542
Spain         GWh         1658         1499         1,750         1,770           Rest of Europe         GWh         1,090         928         802         55           North America         GWh         3,694         2,808         2,930         2,77           Brazil         GWh         54         46         49         45           EDP Brasil <sup>3</sup> GWh         2,764         1,642         2,351         2,29           Hydro         GWh         1,640         1,642         2,351         2,29						509
North America         GWh         3,694         2,808         2,930         2,72           Brazil         GWh         54         46         49         4           EDP Brasil <sup>3</sup> GWh         2,764         1,642         2,351         2,29           Hydro         GWh         1,640         1,642         2,351         2,29           Coal         GWh         1,124         -         -						1,703
Brazil         GWh         54         46         49           EDP Brasil <sup>3</sup> GWh         2,764         1,642         2,351         2,29           Hydro         GWh         1640         1642         2,351         2,29           Coal         GWh         1/124         -         -						552
EDP Brasil <sup>3</sup> GWh         2,764         1,642         2,351         2,29           Hydro         GWh         1,640         1,642         2,351         2,29           Coal         GWh         1,124         -         -						2,726
Hydro         GWh         1.640         1.642         2.351         2.21           Coal         GWh         1.124         -         -         -						52
Coal GWh 1,124		_				2,292
				1,642	2,351	2,292
Steam GWb 220 225 279 4	USa	<b>G</b> WII	i, 124	-	-	-
	Steam	GWh	229	225	278	445

<sup>1</sup> Excludes EDP Renováveis |<sup>2</sup> Accounted by the Equity M ethod |<sup>3</sup> 2014 and 2015 figures revised in the light of "Câmara de Comercialização de Energia Eléctrica" settlements

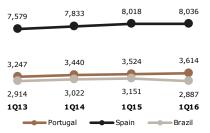
ELECTRICITY GENERATION (2/2)	UN	1Q16	1Q15	1Q14	1Q13			
ECHNICAL AVAILABILITY						TECHNICA		
Portugal <sup>1</sup>	%	99	96	99	98	TECHNICA	LAVAILABIL	
Hydro	%	99	99	99	98			
CCGT	%	100	90	96	97			
Coal	%	96	99	100	99			
Mini-hydro	%	98	95	94	92		• • • •	
Cogeneration	%	99	100	100	95	_	99	
pain <sup>1</sup>	%	98	99	98	98	98	99	
Hydro	%	100	100	100	100	98	98	
CCGT	%	99	100	98	97	50		
Coal	%	95	98	98	98	98	98	
Nuclear	%	100	100	100	100			
Cogeneration	%	98	98	99	79			
Waste	%	94	95	90	94			
DP Renováveis	%	98	97	98	98			
Portugal	%	98	98	98	97	1Q13	1Q14	10
0	%	98	96	98	97	-Por	5	-
Spain	%	97	90	97	98	EDI	P Renováveis	-
Rest of Europe North America	%	98	97 98	97	97			
Brazil	%		98	98	98			
		99				SPECIFIC	EMISSIONS	FROM
razil <sup>1</sup>	%	96	98	99	98	(G/KWH	)	
Hydro	%	100	98	99	98			
Coal	%	89		-	-			1.
NVIROMENTAL INDICATORS						0.80	0.75	
ertified Installed Capacity	%	59	96	77	75			
rimary Energy Consumption			_			0.74	0.58	
Total Emissions	kt	5,099	4,847	2,725	3,717		0.58	
CO2	kt	4	5	2	3	0.04	0.03	
NOx	kt	5	5	2	3		0.05	
SO2	kt	0.26	0.23	0.07	0.16	1013	1014	10
articles	kt	12,368	9,092	11,822	9,351			
voided CO2	t	112,439	92,113	56,737	71,986		502 - N	0
/aste sent for final disposal	t	519	1,539	683	1,078			
angero us waste	%	58	71	60	59	ACCIDEN	SATWORK	
/aste valorization	t	205,118	121,003	80,309	69,657	61		
Sub-products	t	38,807	73,317	40,912	24,641			
Cooling water	t	166,312	47,686	39,397	45,015			
CCUPATIONAL HEALTH AND SAFETY							10	
mployees	#	3,234	2,945	3,098	3,093	1.82		
n-duty accidents <sup>2</sup>	#	2	0	0	3		•	
			18	17	44	1Q13	1Q14	1
	#	31						
n-duty accidents n-duty accidents of contracted workers <sup>2</sup> atal on-duty accidents	#	31	ю 0	0	0			





<sup>1</sup> Excludes EDP Renováveis |<sup>2</sup> Includes accidents with one or more days of absence and fatal accidents.

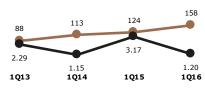
24 INTERIM RPORT 1Q2016



SUPPLY	POINTS PER EMPLOYEE	
(#)		

(#) 2,114	2,181	2,218	2,245
1,778	1,821	1,834	1,895
1,355	1,382	1,482	1,505
	<b>1Q14</b> ortugal oain	1Q15	1Q16

A CCIDENTS AT WORK



EDP Severity rate (Tg)
EDP Frequency rate (Tf)

ELECTRICITY DISTRIBUTION	UN	1Q16	1Q15	1Q14	1Q13
ELECTRICITY DISTRIBUTED	GWh	20,273	20,832	20,561	19,835
Portugal	GWh	11,655	11,687	11,470	11,102
Spain	GWh	2,363	2,381	2,365	2,357
Brazil	GWh	6,255	6,764	6,726	6,376
ELECTRICITY SUPPLY POINTS	'000	10,031	9,922	9,805	9,701
Portugal	'000	6,110	6,082	6,070	6,079
Spain	'000	660	659	659	657
Brazil	'000	3,262	3,182	3,076	2,964
GRID EXTENSION	Km	335,868	333,879	331,641	334,982
Portugal	Km	224,837	223,976	222,965	224,595
Overhead lines	Km	176,464	175,897	175,133	n.d.
Undergro und lines	Km	48,373	48,079	47,831	n.d.
Spain 1	Km	20,407	20,309	20,196	23,007
Overhead lines	Km	15,633	15,567	15,515	18,403
Undergro und lines	Km	4,774	4,741	4,681	4,603
Brazil	Km	90,624	89,594	88,480	87,380
Overhead lines	Km Km	90,392 232	89,396 198	88,308	87,231
Undergro und lines	KIII	232	198	172	149
GRID LOSSES					
Portugal	%	10.1	10.9	11.2	14.4
Spain	%	4.9	5.1	5.0	4.1
Brazil	%	11.2	11.2	11.6	11.6
SERVICE QUALITY					
Portugal					
Installed Capacity Equivalent Interruption Time <sup>2</sup>	Min	20	12	22	19
Spain		7		-	10
Installed Capacity Equivalent Interruption Time <sup>2</sup> Brazil	Min	7	14	7	16
Average Interruption Duration per Consumer					
Bandeirante	Hours	9.0	7.7	7.5	9.7
Escelsa	Hours	9.2	9.6	9.8	10.7
Frequency of Interruptions per Consumer	"	5.4	5.4	5.0	5.0
Bandeirante Escelsa	#	5.4 5.2	5.1	5.6 6.2	5.8
ESCEISA	#	5.2	5.6	0.2	6.5
ENVIRONMENTAL INDICATORS					
Certified Installed Capacity	%	35	32	30	27
Waste sent for final disposal	t	5,194	3,308	2,655	4,700
Dangero us waste	t	712	747	776	295
Waste valorization	%	93	84	80	100
OCCUPATIONAL HEALTH AND SAFETY					
Employees	#	5,686	5,760	5,862	5,918
On-dutv accidents 3	#	3	8	3	6
On-duty accidents of contracted workers <sup>3</sup>	#	10	7	12	12
Fatal on-duty accidents	#	0	0	0	0
Fatal accidents of contracted workers	#	1	1	0	1

<sup>1</sup> 2014 figures was revised during the inventory of assets under the new distribution model definition. | <sup>2</sup> ICEIT in M V grid, excluding extraordinary effects. | <sup>3</sup> Includes accidents with one or more days of absence and fatal accidents.

GAS DISTRIBUTION	UN	1Q16	1Q15	1Q14	1Q13	CUDDI	LY POINTS PER E		
GAS DISTRIBUTED	GWh	9,566	10,875	15,534	16,656	(#)	LIPOINISPERE	MPLOTEE	
Portugal Spain	GWh GWh	2,027 7,539	2,031 8,844	1,979 13,555	1,971 14,685	4,929	5,125	5,291	5,541
GASSUPPLIED	'000	1,252	1,258	1,329	1,303	4,525		5,267	
Portugal Spain	'000 '000	332 920	321 936	309 1,020	293 1,010	4,571	4,992	-,	5,112
GRID EXTENSION	Km	12,607	12,824	14,521	14,243				
Portugal Spain	Km Km	4,888 7,719	4,677 8,147	4,513 10,008	4,349 9,894	1013	1014 Portugal	1015 	1Q16
ENVIRONMENTAL INDICATORS						GASD	ISTRIBUTED PER		
Installed power certified	%	100	100	100	100	(MWh,			
Waste sent for final disposal	t	1	1	11 0	9	71,634	68,114		
Dangerous waste Waste valorization	%	100	0 100	99	97	•		49,968	45,416
OCCUPATIONAL HEALTH AND SAFETY									
Employees	#	228	238	261	269	•		_	
On-duty accidents <sup>1</sup>	#	1	0	1	2	30,791	31,921	33,292	31,188
On-duty accidents of contracted workers	#	2	0	1	2				
Fatal on-duty accidents	#	0	0	0	0	1013	1014	1015	1016
Fatal accidents of contracted workers	#	0	0	0	0		Portugal		-

 $^{\scriptscriptstyle 1}$  Includes accidents with one or more days of absence and fatal accidents.



1Q14

1Q15

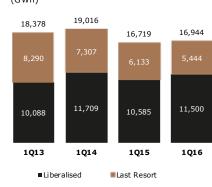
Last Resort

1Q16

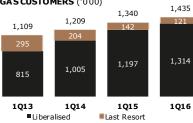
ELECTRICITY SUPPLIED (GWh)

■ Liberalised

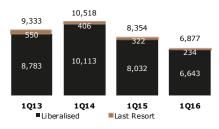
1Q13



#### GASCUSTOMERS ('000)



#### $\textbf{GASSUPPLIED}\left(\text{GWh}\right)$



ELECTRICITY SUPPLY	UN	1Q16	1Q15	1Q14	1Q13
NUMBER OF CUSTOMERS	'000	9,721	9,634	9,679	9,628
Portugal	'000	5,431	5,477	5,687	5,817
Last Resort	'000	1,628	2,174	3,431	4,515
Liberalised Market	'000	3,803	3,303	2,256	1,302
Market Share EDP - Liberalised Market	%	n.a.	85	85	83
Spain	'000	1,028	975	9 16	847
Last Resort	'000	235	245	252	269
Liberalised Market	'000	793	730	664	577
Market Share EDP - Liberalised Market	%	n.a.	n.a.	n.a.	n.a.
Brazil	'000	3,262	3,182	3,077	2,964
Last Resort1	'000	3,261	3,182	3,076	2,964
Liberalised Market	'000'	0.5	0.4	0.5	0.3
Social Tariff	'000	362	300	333	265
Portugal	'000	124	44	57	65
Spain	'000	60	61	62	61
Brazil	'000	177	196	214	139
Special Needs	'000	0.98	0.97	0.91	0.82
Portugal	'000	0.5	0.5	0.6	0.5
Brazil	'000	0.5	0.5	0.3	0.3
Green Tariff	'000	829	771	683	586
Portugal	'000	4	4	5	5
Spain	'000	825	767	679	581
ENERGY SUPPLIED	GWh	16,944	16,719	19,016	18,378
Portugal	GWh	6,193	6,489	6,929	7,207
Last Resort	GWh	1,363	1,845	3,074	4,286
Liberalised Market	GWh	4,830	4,644	3,854	2,922
Market Share EDP - Liberalised Market	%	n.a.	45	46	43
Spain	GWh	4,254	3,576	4,557	4,427
Last Resort	GWh	140	149	161	183
Liberalised Market	GWh	4,114	3,427	4,397	4,244
Market Share EDP - Liberalised Market	%	9	7	10	11
Brazil	GWh	6,497	6,654	7,530	6,743
Last Resort1	GWh	3,941	4,139	4,072	3,822
Liberalised Market	GWh	2,556	2,514	3,458	2,922
Social Tariff	GWh	129	152	170	139
Portugal	GWh	10	14	27	35
Spain	GWh	35	39	38	37
Brazil	GWh	84	99	105	67
Special Needs	GWh	n.a.	n.a.	n.a.	n.a.
Green Tariff	GWh	1,205	5,953	1,245	1,234
Portugal	GWh	8	3	3	3
Spain	GWh	1,197	5,950	1,242	1,231

GAS SUPPLY	UN	1Q16	1Q15	1Q14	1Q13
NUMBER OF CUSTOMERS	'000	1,435	1,340	1,209	1,109
Portugal	'000	595	509	401	331
Last Resort	'000	63	79	132	215
Liberalised Market	'000	532	430	269	116
Spain	'000	840	830	808	778
Last Resort	'000	58	63	72	80
Liberalised Market	'000	782	767	736	698
ENERGY SUPPLIED	GWh	6,877	8,354	10,518	9,333
Portugal	GWh	1,479	1,526	1,345	1,976
Last Resort	GWh	137	189	272	401
Liberalised Market	GWh	1,342	1,337	1,073	1,575
Market Share EDP - Liberalised Market	%	n.d.	13	11	16
Spain	GWh	5,398	6,828	9,173	7,357
Last Resort	GWh	97	133	133	149
Liberalised Market	GWh	5,301	6,695	9,040	7,208
Market Share EDP - Liberalised Market	%	4	4	5	6

<sup>1</sup> Regulated Customers supplied by Distribution

# COMPLEMENTARY INDICATORS

ENVIRONMENTAL INDICATORS	UN	1Q16	1Q15	1Q14	1Q13
ENVIRONMENTAL CERTIFICATION (ISO 14001)					
Revenues from certified installations	%	70	53	33	31
PRIMARY ENERGY CONSUMPTION	ТJ	48,858	47,682	25,872	37,885
Coal	TJ	40,709	39,193	19,982	28,858
Fueloil	TJ	169	117	176	172
Natural gas	TJ	4,431	4,321	2,795	5,962
Residual gases	TJ	3,413	3,957	2,836	2,800
Diesel oil	TJ	81	30	30	27
Fuel for vehicle fleet	TJ	55	64	53	66
ENERGY INTENSITY 1	M J/EUR	12.9	11.5	6.0	8.6
ELECTRICITY CONSUMPTION					
Generation internal consumption	M Wh	938,573	813,346	568,972	749,583
Administrative service	M Wh	8,044	8,538	261,085	9,578
Grid losses	%	10.2	9.7	10.4	12.3
GHG EMISSION					
Direct emissions (scope 1)	ktCO <sub>2eq</sub>	4,972	4,855	2,730	3,727
Stationary combustion	ktCO <sub>2eq</sub>	4,966	4,845	2,725	3,717
SF6 Emissions	ktCO <sub>2eq</sub>	0	1	1	3
Companyfleet	ktCO <sub>2eq</sub>	4	4	4	5
Natural gas consumption	ktCO <sub>2eq</sub>	0	0	0	0
Natural gas losses	ktCO <sub>2eq</sub>	2	3	1	2
Indirect emissions (scope 2) <sup>2</sup>	ktCO <sub>2eq</sub>	759	544	601	458
Electricity consumption in office buildings	ktCO <sub>2eq</sub>	3	3	2	2
Electricity losses	ktCO <sub>2eq</sub>	188	52	107	41
Renewable plants self-consumption	ktCO <sub>2eq</sub>	567	489	491	415
GHG EMISSIONS INTENSITY <sup>3</sup>	kgCO₂/EUR	1.5	1.3	0.8	0.9
SPECIFIC OVERALL EMISSIONS					
CO <sub>2</sub> <sup>4</sup>	g/kWh	245	296	152	213
NO <sub>x</sub>	g/kWh	0.20	0.31	0.11	0.20
SO <sub>2</sub>	g/kWh	0.23	0.28	0.09	0.18
Particulate matter	g/kWh	0.01	0.01	0.00	0.01
USE OF WATER					
Potable water	10 <sup>3</sup> x m <sup>3</sup>	45	45	60	62
WASTE SENT TO FINAL DISPOSAL					
Total waste	t	117,853	95,608	59,536	76,881
Total hazard waste	t	1,235	2,294	1,461	1,375
Recovered Waste	%	60	71	61	62

<sup>1</sup> Primary energy consumption by turnover.  $|^{2}$  Calculation according with GHG Protocol based location methodology.  $|^{3}$  Scope 1 and Scope 2 GHG emissions by turnover.  $|^{4}$  Excludes fleet and consumption and loss of natural gas. This information is included in GHG emissions.

SOCIAL INDICATORS	UN	1Q16	1Q15	1Q14	1Q13
EMPLOYMENT					
Employees	#	11,939	11,632	12,047	12,114
Executive Board of Directors	#	8	7	7	7
Senior Management	#	736	698	769	737
Supervisors	#	755	723	895	910
Specialists	#	3,910	3,736	3,436	3,32
Technicians	#	6,531	6,469	6,941	7,140
Male employees	%	77	77	77	77
Female employees	%	23	23	23	23
Employees by types of contract	#	11,939	11,632	12,047	12,114
Executive bodies	#	53	51	57	54
Male	#	50	50	55	5
Female	#	3	1	2	3
Permanent workforce	#	11,784	11,423	11,804	11,96
Male	#	9,051	8,772	9,083	9,263
Female	#	2,733	2,651	2,722	2,698
Fixed-term contracts	#	102	158	186	100
Male	#	63	135	160	73
	#	39	23	26	27
Employees by occupational contract	#	11,939	11,632	12,047	12,114
Full-Time	#	11,910	11,599	12,016	12,085
Male Female	#	9,159 2,751	8,951	9,294	9,380 2,705
			2,648 33	2,723	
Part-time Male	#	29 5	33 6	31 4	30
Female	#	24	27	27	23
New employees	#	137	133	193	201
Male	#	101	91	193	153
Female	#	36	42	49	48
Rácio F/M de novas entradas	×	0.36	0.46	0.34	0.31
Employees leaving	#	307	267	320	353
Male	#	249	209	268	318
Female	#	58	58	52	35
Turnover	%	1.88	1.71	2.12	2.28
Average age of workforce	vears	45.1	45.6	45.0	45.6
Absenteeism rate <sup>1</sup>	%	3.46	3.48	3.47	3.18
Pay ratio by gender (F/M)	x	1.03	1.00	1.01	1.02
TRAINNING					
Total hours of training	houro	49,326	74,866	78,564	72,003
A verage training per employee (h/p)	hours	49,326	74,800 6.4	78,564	72,003
Employees with training	h/p %	34	6.4 55	24	29
	70	- 34	55	24	28
HEALTH AND SAFETY (H&S)					
Employees		0	0	-	
Accidents <sup>2</sup>	#	6 0	9 0	7	1: (
Fatalaties Total lost days due to accidents	#	554	430	551	465
Frequency rate	Tf	1.1	430	1.2	2.3
Severity rate	Тg	99	82	98	84
Contracted workers	5				
Accidents <sup>2</sup>	#	46	30	45	59
Fatalaties	#	1	1	1	
Total lost days due to accidents	#	1,692	2,515	2,299	2,902
Frequency rate	Tf	5.5	3.6	4.2	5.6
Severity rate	Tg	199	288	212	265
Employees + Contracted workers					200
Frequency rate	Tf_total	3.8	2.9	3.2	4.5
	Tg_total	159	211	212	204
Severity rate			0	0	
Fatal electrical accidents envolving third parties <sup>3</sup>	#	1	6	3	2
	#	89	6 46	3 34	4

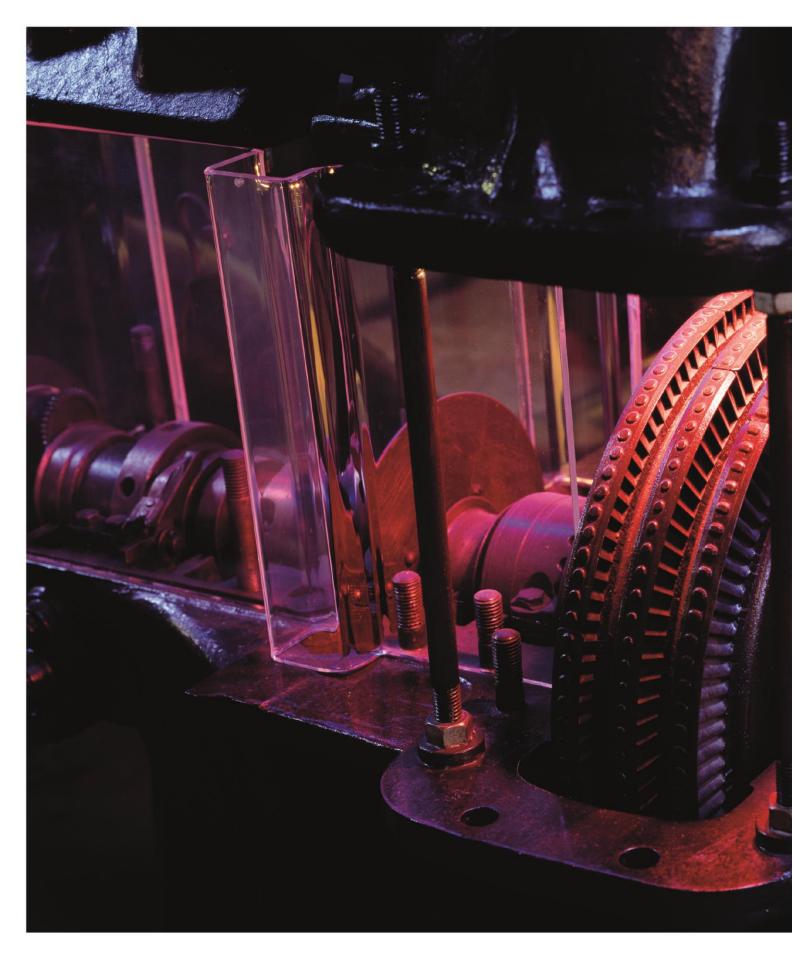
1 EDP Brasil doesn't have data available for this indicator. EDP consolidates with the last available value (2013). | 2 Accidents leading to an absence of one more calender day,  $|\,{}^{\scriptscriptstyle 3}\mbox{Accidents}$  ocurred in the permises of the company plants or equipment.

ECONOMIC INDICATORS	UN	1Q16	1Q15	1Q14	1Q13
ECONOMIC VALUE GENERATED	<b>'000€</b>	4,364,243	4,561,014	4,609,881	4,784,761
Economic value distributed Economic value accumulated	)000€	3,545,315 818,928	3,886,606 674,408	3,789,460 820,421	3,976,580 808,181
ENERGY EFFICIENCY AND SUPLEMENTARY ENERGY SE	F'000€	319,531	297,763	n.d.	n.d.
Energy efficiency services revenues <sup>2</sup> Suplementary energy services revenues <sup>3</sup>	)000€	20,513 299,018	15,559 282,204	14,747 n.d.	11,279 n.d.
FINES AND PENALTIES	<b>'000€</b>	2,279	1,667	1,388	3,826
ENVIRONMENTAL MATTERS	<b>'000€</b>	17,597	22,147	17,656	16,530
Investments Expenses	'000€ '000€	4,707 12,891	6,785 15,362	7,100 10,556	4,207 12,323
SOCIAL MATTERS		_,	,	,	_,
Personnal costs	'000€	146,446	145,477	15 1, 119	155,781
Employee benefits	'000€	14,657	15,045	12,891	13,844
Direct training investment	<b>'</b> 000€	640,553	890,773	971,859	702,311
Direct training investment per employee	€p	54	77	81	58
HC ROI per employee	%	0.19	0.21	0.21	0.20

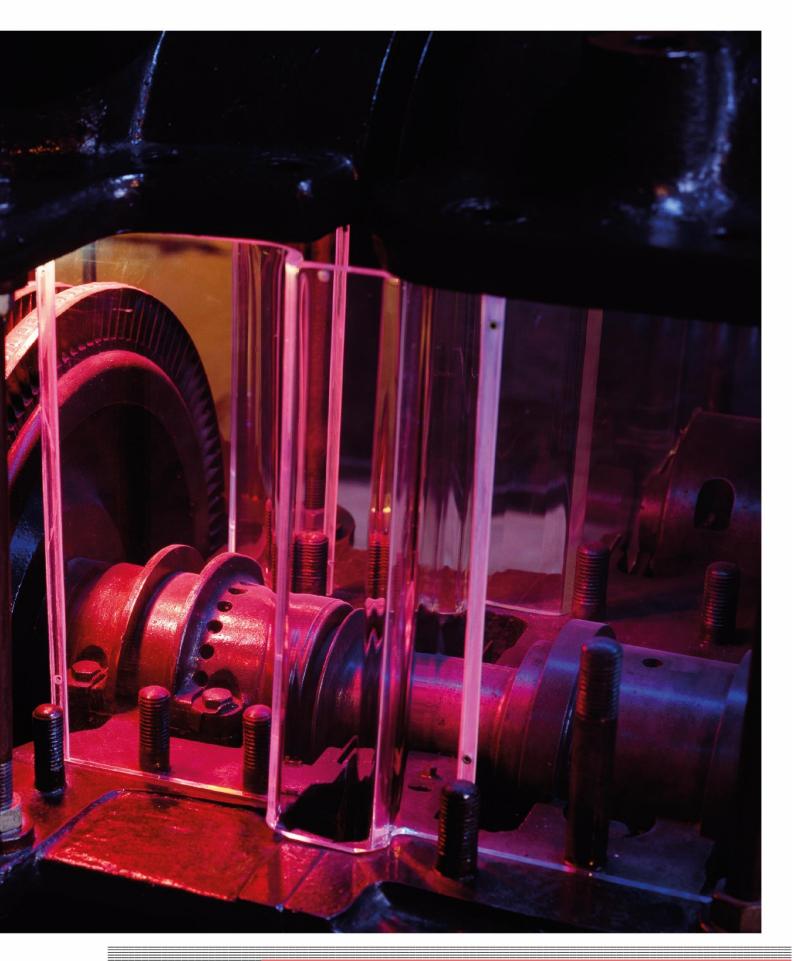
<sup>1</sup> Energy Efficiency and Suplementary Energy Services: services provided under energy supply, instalation of more efficient and/or building retrofit, and sustainable mobility, which generate revenues for the company. |<sup>2</sup> Efficiency Energy Services: Indicator formely known as Energy Services Invoicing. The 2015 figure is restated to reflect the methodological changes introduced to calculate the indicator, such as a greater range of energy efficiency revenues. |<sup>3</sup> Suplementary energy services revenues include the following categories: Energy Management, Maintenance and Operation, Property/Facility Management, Energy and/or Equipment Supply, Provision of Service (example: steam) and other.

# edp ENERGY WITH INTELLIGENCE

03. financial statements



ENERGY WITH Intelligence



The past projected into the future

#### ENERGY WITH Intelligence

CONDENSED FINANCIAL STATEMENTS 31 March 2016

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## Condensed Consolidated Income Statement for the three-month period ended at 31 March 2016 and 2015

Thousands of Euros	Notes	2016	2015*
Revenues from energy sales and services and other	6	3,786,918	4,135,337
Cost of energy sales and other	6	-2,239,963	-2,712,092
		1,546,955	1,423,245
Other income	7	159,903	147,705
Supplies and services	8	-205,496	-207,238
Personnel costs and employee benefits	9	-161,103	-160,522
Other expenses	10	-210,650	-215,078
		-417,346	-435,133
		1,129,609	988,112
Provisions	11	-3,330	-532
Amortisation and impairment	12	-365,874	-336,669
		760,405	650,911
		,	,-
Financial income	13	314,975	279,621
Financial expenses		-495,017	-487,616
Share of net profit in joint ventures and associates	20	-7,628	-1,650
<u> </u>		,	,
Profit before income tax and CESE		572,735	441,266
Income tax expense	14	-151,580	-82,242
Extraordinary contribution to the energy sector (CESE)	15	-58,834	-60,863
		-210,414	-143,105
Net profit for the period		362,321	298,161
Attributable to:			
Equity holders of EDP		262,762	236,516
Non-controlling Interests	33	99,559	61,645
Net profit for the period		362,321	298,161
Earnings per share (Basic and Diluted) - Euros	30	0.07	0.07

\* Restated for IFRIC 21 purposes

LISBON, 4 MAY 2016

THE CERTIFIED ACCOUNTANT N.º 17,713 THE MANAGEMENT

# Condensed Consolidated Statement of Comprehensive Income for the three-month period ended at 31 March 2016 and 2015

	20	16	20	15*
	Equity holders	Non-controlling	Equity holders	Non-controlling
Thousands of Euros	of EDP	Interests	of EDP	Interests
Net profit for the period	262,762	99,559	236,516	61,645
Items that will never be reclassified to profit or loss (i)				
Actuarial gains/(losses)	-2,184	-2,091		
Tax effect from the actuarial gains/(losses)	743	711	-	
	-1,441	-1,380		
I tems that are or may be reclassified to profit or loss (i)				
Exchange differences arising on consolidation	32,220	18,320	-49,610	-64,465
Fair value reserve				
(cash flow hedge)	6,357	-1,378	31,111	720
Tax effect from the fair value reserve				
(cash flow hedge)	-2,086	245	-8,820	-276
Fair value reserve	16 422		41.070	
(available for sale investments) Tax effect from the fair value reserve	-16,423		41,979	
(available for sale investments)	1,068		-10,033	_
Share of other comprehensive income of	1,000		10,033	
joint ventures and associates, net of taxes	-698	1,238	9,110	2,992
	20,438	18,425	13,737	-61,029
Other comprehensive income for the period, net of	.,	.,	- ,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
income tax	18,997	17,045	13,737	-61,029
Total comprehensive income for the period	281,759	116,604	250,253	616

(i) See Consolidated Statement of Changes in Equity

\* Restated for IFRIC 21 purposes

LISBON, 4 MAY 2016

THE CERTIFIED ACCOUNTANT N.º 17,713 THE MANAGEMENT

#### Condensed Consolidated Statement of Financial Position as at 31 March 2016 and 31 December 2015

Thousands of Euros	Notes	2016	2015
Assets	Notes	2016	2015
Property, plant and equipment	16	22,469,452	22,773,716
Intangible assets		5,526,286	5,524,634
Goodwill		3,358,487	3,388,588
Investments in joint ventures and associates	20	685,621	664,011
Available for sale investments	21	186,181	200,206
Investment property	22	36,470	36,465
Deferred tax assets	23	303,686	272,498
Trade receivables	25	103,210	101,087
Debtors and other assets from commercial activities	26	3,027,607	3,211,231
Other debtors and other assets	20	485,104	444,257
Collateral deposits associated to financial debt	35	71,423	66,855
Total Non-Current Assets		36,253,527	36,683,548
Inventories	24	208,156	204,206
Trade receivables	24	2,040,032	1,895,51
Debtors and other assets from commercial activities	25	1,921,908	1,573,383
Other debtors and other assets	20	321,667	443,118
Current tax assets	27	278,778	314,867
Financial assets at fair value through profit or loss	50	8,403	9,288
Collateral deposits associated to financial debt	35	18,007	13,060
Cash and cash equivalents Assets held for sale	42	1,568,671	<u>1,245,449</u> 154,529
Total Current Assets	42	6,365,622	5,853,41
Total Assets		42,619,149	42,536,96
		.2/023/213	12,000,000
E <b>quity</b> Share capital	30	3,656,538	3,656,538
Treasury stock	31	-62,031	-62,69
Share premium	30	503,923	503,923
Reserves and retained earnings	32	4,589,077	3,659,302
Consolidated net profit attributable to equity holders of EDP	52	262,762	912,703
Total Equity attributable to equity holders of EDP		8,950,269	8,669,77
Non-controlling Interests	33	3,692,203	3,451,71
Total Equity		12,642,472	12,121,493
Liabilities Financial debt	35	16 267 547	15 652 974
		16,267,547	15,653,876
Employee benefits Provisions		<u>1,615,897</u> 486,216	1,647,730 481,439
Deferred tax liabilities	23	852,684	794,98
Institutional partnerships in USA		1,999,160	1,956,21
Trade and other payables from commercial activities	39	1,330,495	1,237,27
Other liabilities and other payables	40	481,733	548,130
Total Non-Current Liabilities	40	23,033,732	22,319,65
	25		
Financial debt	35	2,990,546	3,616,664
Employee benefits	36	174,846	175,763
Provisions	37	27,396	24,633
Hydrological correction account	34	8,998	11,417
Trade and other payables from commercial activities		2,812,288	3,380,358
Other liabilities and other payables	40	286,982	311,57
Current tax liabilities	41	641,889	517,380
Liabilities held for sale	42	-	58,028
Total Current Liabilities		6,942,945	8,095,81
Total Liabilities		29,976,677	30,415,472
Total Equity and Liabilities		42,619,149	42,536,965

LISBON, 4 MAY 2016

THE CERTIFIED ACCOUNTANT N.º 17,713

THE MANAGEMENT

#### Condensed Consolidated Statement of Changes in Equity as at 31 March 2016 and 31 December 2015

Thousands of Euros	Total Equity			Legal reserve (ii)	Reserves and retained earnings	Fair value reserve (Cash flow hedge) (ii)	Fair value reserve (AFS investments) (ii)	Exchange differences (ii)	Treasury stock (iii)	EDP	Non-controlling Interests (iv)
Balance as at 31 December 2014	11,969,144	3,656,538	503,923	659,613	4,064,527	-47,781	47,876	-133,300	-69,931	8,681,465	3,287,679
Comprehensive income:											
Net profit for the period Changes in the fair value reserve	298,161	-	-	-	236,516	-	-	-	-	236,516	61,645
(cash flow hedge) net of taxes	22,735	-	-	-	-	22,291	-	-	-	22,291	444
Changes in the fair value reserve (available for sale investments)											
net of taxes	31,946	-	-	-	-	-	31,946	-	-	31,946	-
Share of other comprehensive income of joint ventures and associates											
net of taxes	12,102	-	-	-	-	176	-	8,934	-	9,110	2,992
Exchange differences arising on								10 (10			CA 465
consolidation Total comprehensive income for the period	-114,075 250,869				236,516	22,467	31,946	-49,610 -40,676		-49,610 250,253	-64,465
Dividends attributable to non-controlling	250,005				250,510	22,407	51,540	40,070		250,255	010
interests	-34,112	-	-	-	-	-	-	-	-	-	-34,112
Purchase and sale of treasury stock Changes resulting from acquisitions/sales	2,877	-	-	-	151		-	-	2,726	2,877	-
and equity increases/decreases	-14,717	-	-	-	-554	-	-	-	-	-554	-14,163
Other reserves arising on consolidation	-22	-	-	-	-15	-	-		-	-15	-7
Balance as at 31 March 2015*	12,174,039	3,656,538	503,923	659,613	4,300,625	-25,314	79,822	-173,976	-67,205	8,934,026	3,240,013
Comprehensive income:											
Net profit for the period	948,981	-	-	-	676,187	-	-	-	-	676,187	272,794
Changes in the fair value reserve (cash flow hedge) net of taxes	-43,424	-	-	-	-	-45,337	-	-	-	-45,337	1,913
Changes in the fair value reserve	,					,				,	-,
(available for sale investments) net of taxes	-21,363						-21,485			-21,485	122
Share of other comprehensive	-21,505						-21,405			-21,405	122
income of joint ventures and associates										. 500	
net of taxes Actuarial gains/(losses)	-3,637	-		-		19,989	-	-18,461		1,528	-5,165
net of taxes	-43,260	-	-	-	-33,006	-	-	-	-	-33,006	-10,254
Exchange differences arising on consolidation	-445,732			_				-200,078		-200,078	-245,654
Total comprehensive income for the period	391,565		-	-	643,181	-25,348	-21,485	-218,539		377,809	13,756
Transfer to legal reserve	-	-	-	39,289	-39,289	-	-	-	-	-	-
Dividends paid	-672,308	-	-	-	-672,308	-	-		-	-672,308	-
Dividends attributable to non-controlling interests	-112,441	-	-	-	-	-	-	-	-	-	-112,441
Purchase and sale of treasury stock	3,346	-	-	-	333	-	-	-	3,013	3,346	-
Share-based payments Sale without loss of control of	1,501	-	-	-	-		-	-	1,501	1,501	
windfarms in the USA	304,372	-	-	-	-9,475	-1,141	-	-4,189	-	-14,805	319,177
Sale without loss of control of solar farms in the USA	25,546				407		_	-737		-330	25,876
Sale without loss of control of											25,670
windfarms in Brazil Changes resulting from acquisitions/sales	61,280	-	-	-	4,993		-	5,344	-	10,337	50,943
and equity increases/decreases	-54,584	-	-	-	33,811	-4,501	1,042	-	-	30,352	-84,936
Other reserves arising on consolidation	-823	-	-	-	-153		-	-	-	-153	-670
Balance as at 31 December 2015	12,121,493	3,656,538	503,923	698,902	4,262,125	-56,304	59,379	-392,097	-62,691	8,669,775	3,451,718
Comprehensive income:											
Net profit for the period	362,321	-	-	-	262,762	-	-	-	-	262,762	99,559
Changes in the fair value reserve (cash flow hedge) net of taxes	3,138				_	4,271	_	_		4,271	-1,133
Changes in the fair value reserve	5,150					4,271				4,271	1,155
(available for sale investments) net of taxes	-15,355						-15,355			15 255	
Share of other comprehensive	-15,355	-	-	-	-		-15,355		-	-15,355	-
income of joint ventures and associates											
net of taxes Actuarial gains/(losses)	540	-	-	-	-	-1	-	-697		-698	1,238
net of taxes	-2,821	-	-	-	-1,441	-	-	-	-	-1,441	-1,380
Exchange differences arising on consolidation	50,540	_	_	_		-	-	32,220	_	32,220	18,320
Total comprehensive income for the period	398,363			-	261,321	4,270	-15,355	31,523		281,759	116,604
Dividends attributable to non-controlling							-,	. ,,		. ,	
interests	-30,378	-	-	-	-		-	-	- 660	-	-30,378
Purchase and sale of treasury stock Sale without loss of control of	259	-	-	-	-401		-		660	259	-
windfarms in the USA	261,660	-	-	-	20,661	-1,037	-	1,021	-	20,645	241,015
Changes resulting from acquisitions/sales and equity increases/decreases	-108,796	_	_	-	-21,936	-136	_	12	_	-22,060	-86,736
Other reserves arising on consolidation	-108,798		-	-	-21,936	-130	-	-		-22,080	-86,736 -20
other reserves anoing on consolidation											

(i) See note 30 (ii) See note 32 (iii) See note 31 (iv) See note 33

\* Restated for IFRIC 21 purposes

LISBON, 4 MAY 2016

THE CERTIFIED ACCOUNTANT N.º 17,713 THE MANAGEMENT

#### Condensed Consolidated and Company Statement of Cash Flows as at 31 March 2016 and 2015

Operating activities3,532,761Cash receipts from customers3,532,761Proceeds from tariff adjustments sales100,000Payments to suppliers-2,635,912Payments to personnel-206,648Concession rents paid-72,619Other receipts/(payments) relating to operating activities-92,227Net cash flows from operations625,355Income tax received/(paid)-60,512Net cash flows from operating activities564,843Investing activities564,843Cash receipts relating to:Sale of assets/subsidiaries with loss of control (i)Sale of assets/subsidiaries with loss of control (i)95,434Other receipts relating to:2,240Sale of assets/subsidiaries with loss of control (i)95,434Other receipts relating to tangible fixed assets2,240Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to:-32,848Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9574-664,983-664,983Net cash flows from investing activities-511,660Financing activities-511,660	lar 2015 3,785,673 499,461 -2,903,566 -214,545 -68,803 133,342 1,231,562 46,335 1,277,897 1,277,97	Comp: Mar 2016 759,059 	Mar 2015 Mar 2015 721,335 - -848,599 -7,099 - -15,768 -150,131 61,512 -88,619 - - - - - - - - - - - - -
Operating activities3,532,761Cash receipts from customers3,532,761Proceeds from tariff adjustments sales100,000Payments to suppliers-2,635,912Payments to personnel-206,648Concession rents paid-72,619Other receipts/(payments) relating to operating activities-92,227Net cash flows from operations625,355Income tax received/(paid)-60,512Net cash flows from operating activities564,843Investing activities564,843Cash receipts relating to:Sale of assets/subsidiaries with loss of control (i)Sale of assets/subsidiaries with loss of control (i)95,434Other rinancial assets and investments (ii)34,684Property, plant and equipment and intangible assets2,240Other receipts relating to:36Loans to related parties24,758Dividends36Loans to related parties-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9574-6684,983-664,983Net cash flows from investing activities-511,660Financing activities-511,660	3,785,673 499,461 -2,903,566 -214,545 -68,803 133,342 1,231,562 46,335 1,277,897 186,799 245 6,244 1,831 14,474 14,474 	759,059 - 785,000 - 13,315 - 0 50,892 11,636 17,502 29,138 - 16 2,992  51,792  23,498	721,335 
Cash receipts from customers3,532,761Proceeds from tariff adjustments sales100,000Payments to suppliers-2,635,912Payments to personnel-206,648Concession rents paid-72,619Other receipts/(payments) relating to operating activities-92,227Net cash flows from operations625,355Income tax received/(paid)-60,512Net cash flows from operating activities564,843Investing activities564,843Cash receipts relating to:564,843Sale of assets/subsidiaries with loss of control (i)95,434Other financial assets and investments (ii)34,684Property, plant and equipment and intangible assets2,210Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to:-84,214Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574-684,983-684,983Net cash flows from investing activities-511,660	499,461 -2,903,566 -214,545 -68,803 133,342 1,231,562 46,335 1,277,897 186,799 245 6,244 1,831 14,474 3,664 -	 -785,000 -13,315  50,892 11,636 17,502 29,138 - - - - - - - - - - - - - - - - - - -	
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Payments to personnel-206,648Concession rents paid-72,619Other receipts/(payments) relating to operating activities-92,227Net cash flows from operations625,355Income tax received/(paid)-60,512Net cash flows from operating activities564,843Investing activities564,843Cash receipts relating to:95,434Other financial assets and investments (ii)95,434Property, plant and equipment and intangible assets2,240Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to:-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-557,380Loans to related parties-557,380Financing activities-511,660	-214,545 -68,803 133,342 1,231,562 46,335 1,277,897 1,277,897 186,799 245 6,244 1,831 14,474 3,664	-13,315 50,892 11,636 17,502 29,138 29,138 - - - - - - - - - - - - - - - - - - -	-7,099 - -15,768 -150,131 61,512 -88,619 - - - - - - - - - - - - - - - - - - -
Concession rents paid-72,619Other receipts/(payments) relating to operating activities-92,227Net cash flows from operations625,355Income tax received/(paid)-60,512Net cash flows from operating activities564,843Investing activities564,843Cash receipts relating to: Sale of assets/subsidiaries with loss of control (i)95,434Other financial assets and investments (ii)34,684Property, plant and equipment and intangible assets2,240Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to: Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574-684,983-684,983Net cash flows from investing activities-511,660Financing activities-511,660	-68,803 133,342 1,231,562 46,335 1,277,897 1,277,97	- 50,892 11,636 17,502 29,138 - - - - - - - - - - - - - - - - - - -	
Other receipts/(payments) relating to operating activities-92,227Net cash flows from operations625,355Income tax received/(paid)-60,512Net cash flows from operating activities564,843Investing activities564,843Cash receipts relating to: Sale of assets/subsidiaries with loss of control (i)95,434Other financial assets and investments (ii)34,684Property, plant and equipment and intangible assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to: Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574-684,983-684,983Net cash flows from investing activities-511,660Financing activities-511,660	133,342 1,231,562 46,335 1,277,897 186,799 245 6,244 1,831 14,474 3,664	11,636 17,502 29,138 - - - - - - - - - - - - -	-150,131 61,512 -88,619 - - - - - - - - - - - - - - - - - - -
Net cash flows from operations625,355Income tax received/(paid)-60,512Net cash flows from operating activities564,843Investing activities564,843Cash receipts relating to:95,434Sale of assets/subsidiaries with loss of control (i)95,434Other financial assets and investments (ii)34,684Property, plant and equipment and intangible assets2,240Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to:-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574-684,983-684,983Net cash flows from investing activities-511,660Financing activities-511,660	1,231,562 46,335 1,277,897 186,799 245 6,244 1,831 14,474 3,664 -	11,636 17,502 29,138 - - - - - - - - - - - - -	-150,131 61,512 -88,619 - - - - - - - - - - - - - - - - - - -
Income tax received/(paid)-60,512Net cash flows from operating activities564,843Investing activities564,843Cash receipts relating to: Sale of assets/subsidiaries with loss of control (i)95,434Other financial assets and investments (ii)34,684Property, plant and equipment and intangible assets2,240Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to: Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574-684,983-684,983Net cash flows from investing activities-511,660Financing activities-511,660	46,335 1,277,897 186,799 245 6,244 1,831 14,474 3,664 -	17,502 29,138 - - - - - - - - - - - - - - - - - - -	61,512 -88,619 - - - - - - - - - - - - - - - - - - -
Net cash flows from operating activities564,843Investing activitiesS64,843Cash receipts relating to:Sale of assets/subsidiaries with loss of control (i)Other financial assets and investments (ii)34,684Property, plant and equipment and intangible assets2,240Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to:173,323Cash payments relating to:-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574-684,983-684,983Net cash flows from investing activities-511,660Financing activities-511,660	1,277,897 186,799 245 6,244 1,831 14,474 3,664 -	29,138 - 16 2,992 - 51,792 - 23,498	-88,619 
Net cash flows from operating activities564,843Investing activitiesCash receipts relating to:95,434Cash receipts relating to:34,684Property, plant and equipment and intangible assets2,240Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to:36Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574Financing activities-511,660Financing activities-511,660	1,277,897 186,799 245 6,244 1,831 14,474 3,664 -	29,138 - 16 2,992 - 51,792 - 23,498	-88,619 - - - - - - - - - - - - - - - - - - -
Investing activitiesCash receipts relating to:Sale of assets/subsidiaries with loss of control (i)Other financial assets and investments (ii)Attraction of the end of	186,799 245 6,244 1,831 14,474 3,664	16 2,992 51,792 23,498	- - 19,447 - 72,629 - -
Cash receipts relating to:95,434Sale of assets/subsidiaries with loss of control (i)95,434Other financial assets and investments (ii)34,684Property, plant and equipment and intangible assets2,240Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to:24,758Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574Financing activities-511,660	245 6,244 1,831 14,474 3,664	2,992 - 51,792 - 23,498	- 72,629 - -
Sale of assets/subsidiaries with loss of control (i)95,434Other financial assets and investments (ii)34,684Property, plant and equipment and intangible assets2,240Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to:173,323Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574Met cash flows from investing activities-511,660Financing activities-511,660	245 6,244 1,831 14,474 3,664	2,992 - 51,792 - 23,498	- 72,629 - -
Other financial assets and investments (ii)34,684Property, plant and equipment and intangible assets2,240Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to: Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574Financing activities-511,660	245 6,244 1,831 14,474 3,664	2,992 - 51,792 - 23,498	- 72,629 - -
Property, plant and equipment and intangible assets2,240Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to: Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574Financing activities-511,660	6,244 1,831 14,474 3,664	2,992 - 51,792 - 23,498	- 72,629 - -
Other receipts relating to tangible fixed assets2,212Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to: Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574Net cash flows from investing activities-511,660Financing activities-511,660	1,831 14,474 3,664 -	- 51,792 - 23,498	- 72,629 - -
Interest and similar income13,959Dividends36Loans to related parties24,758Cash payments relating to:173,323Cash payments relating to:-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574-684,983-684,983Net cash flows from investing activities-511,660Financing activities-511,660	14,474 3,664 -	- 23,498	-
Dividends36Loans to related parties24,758Cash payments relating to: Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574-684,983-684,983Net cash flows from investing activities-511,660	3,664	- 23,498	-
Loans to related parties24,758Cash payments relating to:173,323Cash payments relating to:-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574Net cash flows from investing activities-511,660Financing activities-511,660	-		- - 92,076
Cash payments relating to:       173,323         Acquisition of assets/subsidiaries (iii)       -84,214         Other financial assets and investments       -32,848         Changes in cash resulting from consolidation perimeter variations       -967         Property, plant and equipment and intangible assets       -557,380         Loans to related parties       -9,574         -684,983       -684,983         Financing activities       -511,660	- 213,257		- 92,076
Cash payments relating to:       -84,214         Acquisition of assets/subsidiaries (iii)       -84,214         Other financial assets and investments       -32,848         Changes in cash resulting from consolidation perimeter variations       -967         Property, plant and equipment and intangible assets       -557,380         Loans to related parties       -9,574         Net cash flows from investing activities       -511,660         Financing activities       -511,660	213,257	78,298	92,076
Acquisition of assets/subsidiaries (iii)-84,214Other financial assets and investments-32,848Changes in cash resulting from consolidation perimeter variations-967Property, plant and equipment and intangible assets-557,380Loans to related parties-9,574Net cash flows from investing activities-511,660Financing activities-			
Other financial assets and investments       -32,848         Changes in cash resulting from consolidation perimeter variations       -967         Property, plant and equipment and intangible assets       -557,380         Loans to related parties       -9,574         Net cash flows from investing activities       -511,660         Financing activities       -511,660			
Other financial assets and investments       -32,848         Changes in cash resulting from consolidation perimeter variations       -967         Property, plant and equipment and intangible assets       -557,380         Loans to related parties       -9,574         Net cash flows from investing activities       -511,660         Financing activities       -511,660	-1,482	-	-
Changes in cash resulting from consolidation perimeter variations       -967         Property, plant and equipment and intangible assets       -557,380         Loans to related parties       -9,574         Net cash flows from investing activities       -511,660         Financing activities       -911,000	-13,230	-	-
variations     -967       Property, plant and equipment and intangible assets     -557,380       Loans to related parties     -9,574       Net cash flows from investing activities     -684,983       Financing activities     -511,660	· · ·		
Property, plant and equipment and intangible assets       -557,380         Loans to related parties       -9,574         Net cash flows from investing activities       -684,983         Financing activities       -511,660	-	-	-
Loans to related parties       -9,574         Net cash flows from investing activities       -684,983         Financing activities       -511,660	-477,330	-6,521	-14,890
-684,983       Net cash flows from investing activities       -511,660	-	-7,086	
Net cash flows from investing activities     -511,660       Financing activities     -511,660	-492,042	-13,607	-14,890
5	-278,785	64,691	77,186
5			
Receipts/(payments) relating to loans 125,475 -			
	-1,035,913	-142,514	-140,741
Interest and similar costs including hedge derivatives -237,866	-265,363	-112,304	-113,550
Share capital increases/(decreases) by non-controlling -11,942	-15,105	-	-
Receipts/(payments) relating to derivative financial -46,005	-20,410	-7,812	-7,321
Dividends paid to non-controlling interests -20,987	-392	-	-
Treasury stock sold/(purchased) (iv) 259	2,877	259	2,877
Sale of assets/subsidiaries without loss of control (v) 278,819	-	-	-
Receipts/(payments) from institutional partnerships - USA 164,371	-17,652	-	-
Net cash flows from financing activities 252,124 -	1,351,958	-262,371	-258,735
	,,		
Changes in cash and cash equivalents 305,307	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-168,542	-270,168
Effect of exchange rate fluctuations on cash held 17,915	-352,846		382
	-352,846	-585	387
Cash and cash equivalents at the end of the period * 1,568,671		-585 523,270	1,344,731

(i) On a consolidated basis, refers to the sale of the assets of the business of electricity generation of Pantanal and J&Z (transactions included in the notes 5, 7 and 42);

 (ii) On a consolidated basis, includes the sale of the business of electricity generation of Tejo Energia and Inch Cape (transactions included in the notes 5, 13 and 42);

(iii) On a consolidated basis, mainly refers to payments for the acquisition of the companies disclosed in the note 5;

(iv) See Consolidated and Company Statement of Changes in Equity;

(v) On a consolidated basis, refers to the sale without loss of control by EDPR NA of part of shareholding in several american companies as disclosed in the note 5.

\* See details of Cash and cash equivalents in note 29 of the Condensed Financial Statements.

LISBON, 4 MAY 2016

THE CERTIFIED ACCOUNTANT N.º 17,713

THE MANAGEMENT

## Condensed Company Income Statement for the three-month period ended at 31 March 2016 and 2015

Thousands of Euros	Notes	2016	2015
Revenues from energy sales and services and other	6	674,851	730,896
Cost of energy sales and other	6	-605,175	-682,613
		69,676	48,283
Other income		2,889	2,733
Supplies and services	8	-35,298	-41,090
Personnel costs and employee benefits	9	-15,807	-9,697
Other expenses		-1,066	-3,123
		-49,282	-51,177
		20,394	-2,894
Provisions	11	-108	-122
Amortisation and impairment	12	-5,502	-3,446
		14,784	-6,462
Financial income	13	867,346	440,845
	13		
Financial expenses	13	-557,699	-417,120
Profit before income tax		324,431	17,263
Income tax expense	14	3,225	3,277
Net profit for the period		327,656	20,540

LISBON, 4 MAY 2016

THE CERTIFIED ACCOUNTANT N.º 17,713

THE MANAGEMENT

# Company Condensed Statement of Comprehensive Income for the three-month period ended at 31 March 2016 and 2015

Thousands of Euros	2016	2015
Net profit for the period	327,656	20,540
Items that are or may be reclassified to profit or loss (i)		
Fair value reserve (cash flow hedge)	-19,782	10,782
Tax effect from the fair value reserve (cash flow hedge)	5,836	-3,178
Fair value reserve (available for sale investments)	1,944	6,463
Tax effect from the fair value reserve (available for sale investments)	-573	-1,908
Other comprehensive income for the period (net of income tax)	-12,575	12,159
Total comprehensive income for the period	315,081	32,699

(i) See Company Condensed Statement of Changes in Equity

LISBON, 4 MAY 2016

THE CERTIFIED ACCOUNTANT N.º 17,713 THE MANAGEMENT

## **Condensed Company Statement of Financial Position** as at 31 March 2016 and 31 December 2015

Thousands of Euros	Notes	2016	2015
Assets			
Property, plant and equipment	16	204,335	206,054
Intangible assets		2,316	2,371
Investments in subsidiaries	19	10,965,580	10,965,580
Investments in joint ventures and associates	20	6,597	6,597
Available for sale investments	21	55,623	53,679
Investment property	22	32,634	32,522
Deferred tax assets	23	31,855	35,140
Debtors and other assets from commercial activities		1,660	1,659
Other debtors and other assets	27	7,640,605	7,799,328
Total Non-Current Assets		18,941,205	19,102,930
Trade receivables	25	145,585	167,089
Debtors and other assets from commercial activities	26	301,936	427,621
Other debtors and other assets	27	2,630,814	2,126,996
Current tax assets	28	33,151	89,603
Cash and cash equivalents	29	354,143	523,270
Total Current Assets		3,465,629	3,334,579
Total Assets		22,406,834	22,437,509
Equity			
Share capital	30	3,656,538	3,656,538
Treasury stock	31	-55,936	-56,596
Share premium	30	503,923	503,923
Reserves and retained earnings	32	3,182,794	2,393,324
Net profit for the period		327,656	802,446
Total Equity		7,614,975	7,299,635
Liabilities			
Financial debt	35	9,504,007	9,540,894
Employee benefits	36	23,264	22,828
Provisions	37	12,424	12,207
Trade and other payables from commercial activities		3,669	4,037
Other liabilities and other payables	40	2,601,691	2,739,715
Total Non-Current Liabilities		12,145,055	12,319,681
Financial debt	35	1,849,319	1,803,482
Employee benefits	36	346	346
Provisions	37	1,262	1,262
Hydrological correction account	34	8,998	11,417
Trade and other payables from commercial activities	39	415,310	550,616
Other liabilities and other payables	40	360,211	396,852
Current tax liabilities	41	11,358	54,218
Total Current Liabilities		2,646,804	2,818,193
Total Liabilities		14,791,859	15,137,874
Total Equity and Liabilities		22,406,834	22,437,509

LISBON, 4 MAY 2016

THE CERTIFIED ACCOUNTANT N.º 17,713

THE MANAGEMENT THE EXECUTIVE BOARD OF DIRECTORS

# Company Condensed Statement of Changes in Equity as at 31 March 2016 and 31 December 2015

Thousands of Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings	Fair value reserve (Cash flow hedge) (ii)	Fair value reserve (AFS investments) (ii)	Treasury stock (iii)
Balance as at 31 December 2014	7,150,968	3,656,538	503,923	659,613	2,387,747	-12,138	19,121	-63,836
Comprehensive income: Net profit for the period	20,540	-			20,540	-		
Changes in the fair value reserve (cash flow hedge) net of taxes	7,604	-	-	-	-	7,604	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	4,555	-					4,555	
Total comprehensive income for the period	32,699	-	-	-	20,540	7,604	4,555	-
Purchase and sale of treasury stock	2,877	-	-	-	151	-	-	2,726
Balance as at 31 March 2015	7,186,544	3,656,538	503,923	659,613	2,408,438	-4,534	23,676	-61,110
Comprehensive income: Net profit for the period	781,906	-			781,906			
Changes in the fair value reserve (cash flow hedge) net of taxes	-1,298	-				-1,298		
Changes in the fair value reserve (available for sale investments) net of taxes	369				-145		369	
Actuarial gains / (losses) net of taxes								
Total comprehensive income for the period	780,832	-	-	-	781,761	-1,298	369	-
Transfer to legal reserve	-			39,289	-39,289			
Dividends paid Purchase and sale of treasury stock	-672,588 3,346				-672,588			3,013
Share-based payments	1,501							1,501
Balance as at 31 December 2015	7,299,635	3,656,538	503.923	698.902	2.478.655	-5.832	24,045	-56,596
Comprehensive income: Net profit for the period	327,656				327,656			
Changes in the fair value reserve (cash flow hedge) net of taxes	-13,946	-			-	-13,946	-	
Changes in the fair value reserve (available for sale investments) net of taxes	1,371						1,371	
Total comprehensive income for the period	315,081	-	-	-	327,656	-13,946	1,371	-
Purchase and sale of treasury stock	259	-	-		-401	-	-	660
Balance as at 31 March 2016	7,614,975	3,656,538	503,923	698,902	2,805,910	-19,778	25,416	-55,936

(i) See note 30(ii) See note 32(iii) See note 31

LISBON, 4 MAY 2016

THE CERTIFIED ACCOUNTANT N.º 17,713

THE MANAGEMENT

## NOTES TO THE CONDENSED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

1.	. Economic activity of EDP Group	47
2.	Accounting policies	47
3.	. Critical accounting estimates and judgements in preparing the financial statements	61
4.	. Financial risk management policies	65
5.	. Consolidation perimeter	69
6.	. Revenues from energy sales and services and other	70
7.	. Other income	71
8.	. Supplies and services	72
9.	Personnel costs and employee benefits	72
10.	Other expenses	72
11.	Provisions	73
12.	. Amortisation and impairment	73
13.	. Financial income and expenses	74
14.	Income tax	75
15.	. Extraordinary contribution to the energy sector (CESE)	77
16.	. Property, plant and equipment	77
17.	. Intangible assets	80
18.	. Goodwill	82
19.	. Investments in subsidiaries (Company basis)	83
20.	Investments in joint ventures and associates	83
21.	Available for sale investments	83
22.	. Investment property	84
23.	. Deferred tax assets and liabilities	84
24.	. Inventories	85
	. Trade receivables	85
26.	. Debtors and other assets from commercial activities	86
~ 7	Other debters and other access	
27.	. Other debtors and other assets	88
-	. Current tax assets	<u> </u>
28.		
28. 29.	. Current tax assets	88
28. 29. 30. 31.	. Current tax assets . Cash and cash equivalents . Share capital and share premium . Treasury stock	88 88
28. 29. 30. 31.	. Current tax assets . Cash and cash equivalents . Share capital and share premium	88 88 89 90 90
28. 29. 30. 31. 32. 33.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests	88 88 90 90 92
28. 29. 30. 31. 32. 33. 34.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account	88 88 90 90 90 92 92
28. 29. 30. 31. 32. 33. 33. 34. 35.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt	88 88 90 90 90 92 92 92 93
28. 29. 30. 31. 32. 33. 34. 35. 36.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits	88 88 90 90 90 92 92 93 93 96
28. 29. 30. 31. 32. 33. 34. 35. 36. 37.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges	88 88 90 90 92 92 92 93 93 96 97
28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA	88 88 90 90 92 92 92 93 93 96 97 99
28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities	88 88 90 90 90 92 92 92 93 93 96 97 99 99
28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities and other payables	88 88 90 90 90 92 92 93 93 96 97 99 99 100
28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities         Current tax liabilities	88 88 89 90 90 92 92 92 93 96 97 97 99 100 101
28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities and other payables         Current tax liabilities         Assets and liabilities held for sale	88 88 89 90 90 92 92 93 93 96 97 97 99 100 101 102 102
28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities         Assets and liabilities held for sale         Derivative financial instruments	88 88 89 90 90 92 92 93 96 97 97 99 100 101 101 102 102 103
28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities and other payables         Current tax liabilities         Assets and liabilities held for sale         Derivative financial instruments         Commitments	88           88           89           90           90           92           92           93           96           97           99           100           101           102           103
28.           29.           30.           31.           32.           33.           34.           35.           36.           37.           38.           39.           40.           41.           42.           43.           44.           45.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities         Assets and liabilities held for sale         Derivative financial instruments         Commitments         Related parties	88           88           89           90           92           92           93           96           97           99           100           101           102           103           104
28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 44.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities         Assets and liabilities held for sale         Derivative financial instruments         Commitments         Related parties         Fair value of financial assets and liabilities	88           88           89           90           90           92           92           93           96           97           99           100           101           102           103
28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities and other payables         Current tax liabilities         Assets and liabilities held for sale         Derivative financial instruments         Commitments         Related parties         Fair value of financial assets and liabilities         Relevant or subsequent events	88           88           89           90           92           92           93           96           97           99           100           101           102           103           104           110
28.         29.           30.         31.           32.         33.           34.         35.           36.         37.           38.         39.           40.         41.           41.         43.           44.         45.           46.         47.           48.         48.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities         Assets and liabilities held for sale         Derivative financial instruments         Commitments         Related parties         Fair value of financial assets and liabilities	88           88           89           90           92           92           93           96           97           99           100           101           102           103           104           110           111
28.         29.           30.         31.           32.         33.           34.         35.           36.         37.           38.         39.           40.         41.           41.         43.           44.         45.           46.         47.           48.         49.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities         Assets and liabilities         Assets and liabilities         Related parties         Feirvative financial instruments         Commitments         Related parties         Fair value of financial assets and liabilities         Relevant or subsequent events         Recent accounting standards and interpretations issued	88           88           89           90           92           92           93           96           97           99           100           101           102           103           104           110           111
28.         29.           30.         31.           32.         33.           34.         35.           37.         37.           38.         39.           40.         41.           42.         43.           44.         45.           44.         45.           47.         48.           49.         50.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities and other payables         Current tax liabilities         Assets and liabilities held for sale         Derivative financial instruments         Commitments         Related parties         Fair value of financial assets and liabilities         Relevant or subsequent events         Recent accounting standards and interpretations issued	88           88           89           90           90           92           93           96           97           99           100           101           102           103           104           106           111           113
28.         29.           30.         31.           32.         33.           34.         35.           36.         36.           37.         37.           38.         39.           40.         41.           42.         43.           44.         45.           44.         45.           47.         48.           49.         50.           51.         51.	Current tax assets         Cash and cash equivalents         Share capital and share premium         Treasury stock         Reserves and retained earnings         Non-controlling interests         Hydrological account         Financial debt         Employee benefits         Provisions for liabilities and charges         Institutional partnerships in USA         Trade and other payables from commercial activities         Other liabilities and other payables         Current tax liabilities         Assets and liabilities held for sale         Derivative financial instruments         Commitments         Related parties         Fair value of financial assets and liabilities         Revent accounting standards and interpretations issued         EDP Branch in Spain         Tranfers of financial assets - Tariff adjustments	88           88           89           90           90           92           93           96           97           99           100           101           102           103           104           105           111           113           114

## 1. ECONOMIC ACTIVITY OF EDP GROUP

The Group's parent company, EDP - Energias de Portugal, S.A. (EDP, S.A.), was incorporated in 1976 as a result of the nationalisation and merger of the major Portuguese companies in the electricity sector operating in mainland Portugal. EDP S.A.'s head office is located in Lisbon at Avenida 24 de Julho, 12. During 1994, as established by Decree-laws 7/91 and 131/94, the EDP Group (EDP Group or Group) was set up following the split of EDP, S.A., which led to a number of directly or indirectly wholly owned subsidiaries of EDP, S.A.

The Group's businesses are currently focused on the generation, distribution and supply of electricity and distribution and supply of gas. Although complementary, the Group also operates in related areas such as engineering, laboratory tests, vocational training, energy services and property management.

The EDP Group operates essentially in the European (Portugal, Spain, France, Poland and Romania) and American (Brazil and the United States of America) energy sectors, whose scope and framework is adequately detailed in note 1 of the Notes to Consolidated Financial Statements of 2015 with reference to the activities undertaken in 2015.

During the three-month period ended 31 March 2016, we emphasize the following changes, with significant impact in the economic activity of the EDP Group:

#### Activity in the energy sector in Portugal

## Electricity - Portugal

#### Generation

In 2016, the criteria of social tariff attribution was amended by Law 7-A/2016 of 30 March, "Law on State Budget 2016". This amendment allows the extension of the current number of effective beneficiaries, pursuant to Decree-Law 138-A/2010 of 28 December, as amended by Decree-Law 172/2014, of 14 November, and Decree-Law 102/2011, of 30 September, without reducing the applicable current discount.

The existing social discounts, until the entry into force of this regulatory change, comprise the regime of extraordinary social support to the energy consumer (ASECE) and social tariff of 13.8% and 20% of the invoice, respectively. On 8 April 2016, Order 5138-A/2016 repeal ASECE and approves that the social tariff start to include this component. Therefore, the social discount rate supported by the social tariff will be 33.8% of the invoice from 1 July 2016. The social tariff is supported by the electricity suppliers under the ordinary regime and by the hydroelectric plants with capacity greater than 10MW, in proportion of the installed capacity in each electric power plant.

On 8 March 2016, ERSE Directive 6/2016 was published in the Official Gazette 47, series 2, concerning the booking and reporting of power transactions by market participants in specific remuneration schemes. Such measure turns mandatory for producers of electricity covered by CMEC in accordance with the Commercial Relations Regulation (RRC) and the Tariff Regulation, to send to ERSE information on trading transactions and orders.

## 2. ACCOUNTING POLICIES

#### a) Basis of presentation

The accompanying consolidated and company condensed financial statements of EDP - Energias de Portugal, S.A. reflect the results of the company's operations and its subsidiaries (EDP Group or Group) and the Group's interest in its joint ventures and associated companies, for the three-month period ended 31 March 2016.

EDP S.A.'s Executive Board of Directors approved the condensed consolidated and company financial statements (referred to as "financial statements") on 4 May 2016. The financial statements are presented in thousands of Euros, rounded to the nearest thousand.

In accordance with Regulation (EC) 1606/2002 of the European Council and Parliament, of 19 July 2002, as transposed into Portuguese legislation through Decree-law 158/2009 of 13 July with changes updated by the Decree-law 98/2015 of 2 June, the company's financial statements and the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies. The EDP Group's consolidated and company condensed financial statements for the three-month period ended 31 March 2016 were prepared in accordance with IFRS as adopted by the E.U. until 31 March 2016 and considering the International Financial Reporting. These financial statements do not include all the information required to be published on the annual financial statements, and should, therefore, be read together with the consolidated financial statements of the Group as of and for the year ended 31 December 2015.

The new standards and interpretations recently issued but not yet effective and that the Group has not yet applied on its consolidated financial statements, can also be analysed in note 48.

The financial statements were prepared under the historical cost convention, modified by the application of the fair value accounting to derivative financial instruments, financial assets and liabilities at fair value through profit or loss and available-for-sale investments, except those for which fair value is not available. Assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the hedged risk. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell. Liabilities for defined benefit plans are recognised at the present value of the obligation net of plan assets fair value.

In accordance with IFRS 3 - Business Combinations, if the initial purchase price allocation of assets, liabilities and contingent liabilities acquired is identified as provisional, in the subsequent 12 months after the business combination transaction, the legal acquirer should make the final allocation of the purchase price related to the fair value of the assets, liabilities and contingent acquired. These adjustments with impact on the amount of goodwill determined and booked in previous periods, originates a restatement of the comparative information, which are reflected on the Statement of financial position, with effect from the date of the business combinations transactions liabilities.

The preparation of financial statements in conformity with IFRS requires the Executive Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity, or where assumptions and estimates are considered to be significant, are presented in note 3 (Critical accounting estimates and judgments in preparing the financial statements).

Accounting policies have been applied consistently by all Group companies and in all periods presented in the consolidated financial statements.

#### Adoption of IFRIC 21

As from 30 June 2015 onwards, the EDP Group has adopted IFRIC 21 when preparing the condensed consolidated financial statements, with effective date of application as at 1 January 2015.

As a result of the change in the timing of recognition of certain levies (mainly property tax and extraordinary contribution to the energy sector), the amounts for the three-month period ended 31 March 2015, presented for comparative purposes, were restated to include the same recognition criteria, incorporating impacts on Other expenses in the amount of 29,301 thousands of Euros (see note 10), on Income tax expenses in the amount of 7,606 thousands of Euros (see note 14) and on extraordinary contribution to the energy sector (CESE) in the amount of 45,489 thousands of Euros (see note 15). The adoption of this interpretation does not affect the annual consolidated financial statements, but only those published on an interim basis. As a consequence, no restatement is applicable for Consolidated Statement of Financial Position as at 31 December 2015.

#### b) Basis of consolidation

The accompanying consolidated financial statements reflect the assets, liabilities and results of EDP, S.A. and its subsidiaries (Group or EDP Group) and the equity and results attributable to the Group, through the investments in associates and jointly controlled entities.

As from 1 January 2010 onwards, the EDP Group applied IFRS 3 (revised) for the accounting of business combinations. The changes in accounting policies resulting from the application of IFRS 3 (revised) were applied prospectively.

#### Controlled entities

Investments in subsidiaries where the EDP Group has control are fully consolidated from the date the Group assumes control over their financial and operating activities until the moment that control ceases to exist.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held.

Until 31 December 2009, when the accumulated losses of a subsidiary attributable to non-controlling interests exceed the non-controlling interests in its equity, the excess was attributed to the Group and charged to the income statement as incurred. Profits subsequently reported by the subsidiary were recognised as profits of the Group until the losses attributable to the non-controlling interests previously recognised by the Group have been recovered. As from 1 January 2010, the due proportion of accumulated losses are attributed to non-controlling interests, implying that the Group can recognise negative non-controlling interests.

As from 1 January 2010, on a step acquisition process resulting in the acquisition of control the revaluation of any investee previously held is booked against the income statement when goodwill is calculated. On a partial disposal resulting in loss of control over a subsidiary, any participation retained is revalued at market value on the sale date and the gain or loss resulting from this revaluation is booked against the income statement, as well as any gain or loss resulting from the disposal.

#### Jointly controlled entities

EDP Group classifies an arrangement as a joint arrangement when the jointly control is contractually established. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

After determining the existence of joint control, the Group classifies joint arrangements into two types - joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement, so the assets and liabilities (and related revenues and expenses) in relation to its interest in the arrangement are recognised and measured in accordance with relevant IFRSs applicable.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement, so this investment is included in the consolidated financial statements under the equity method.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of joint ventures, included under the equity method. When the Group's share of losses exceeds its interest in a jointly controlled entity, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of that entity.

#### Entities over which the Group has significant influence

Investments in associates are included in the consolidated financial statements under the equity method from the date the Group acquires significant influence to the date it ceases. Associates are entities over which the Group has significant influence, but not control, over its financial and operating policies.

The existence of significant influence by the Group is usually evidenced by one or more of the following:

- Representation on the Executive Board of Directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Existence of material transactions between the Group and the investee;
- Interchange of managerial personnel; and
- Provision of essential technical information.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of associates, included under the equity method. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of the associate.

#### Accounting for investments in subsidiaries in the company's financial statements

Investments in subsidiaries not classified as held for sale or not included in a disposal group which is classified as held for sale are accounted for at cost in the company's financial statements, and are subject to periodic impairment tests, whenever indication exists that certain financial investment may be impaired.

#### Goodwill

Following the transition to International Financial Reporting Standards (IFRS) on 1 January 2004 and as permitted under IFRS 1 - Firsttime Adoption of International Financial Reporting Standards, the EDP Group decided to maintain the goodwill resulting from business combinations that occurred prior to the transition date, calculated in accordance with the Group's previous accounting policies.

Business combinations that occurred after 1 January 2004 are accounted for using the purchase method of accounting. The acquisition cost corresponds to the fair value determined at the acquisition date, of the assets given and liabilities incurred or assumed including the costs directly attributable to the acquisition, for acquisitions up to 31 December 2009.

As from 1 January 2010 onwards, costs directly attributable to the acquisition of a subsidiary are booked directly in the income statement.

As from the transition date to IFRS (1 January 2004), positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation. Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the corresponding share of the fair value of the net assets acquired.

As from 1 January 2010 onwards, the EDP Group has the possibility to book non-controlling interests at fair value or at cost, implying that the full amount of goodwill can be booked in the financial statements, including the portion attributable to the non-controlling interests, against non-controlling interests, if the first option is chosen. Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the total or corresponding share of the fair value of the net assets acquired, depending on the option taken.

Negative goodwill arising on an acquisition is recognised directly in the income statement in the period the business combination occurs.

The recoverable amount of the goodwill in subsidiaries is assessed annually, regardless of the existence of any impairment triggers. Impairment losses are recognised in the income statement. The recoverable amount is determined based on the value in use of the assets, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Until 31 December 2009, contingent acquisition prices were determined based on the best estimate of probable future payments, being the future changes in the estimate booked against goodwill. As from 1 January 2010, goodwill is no longer adjusted due to changes in the initial estimate of the contingent purchase price and the difference is booked in the income statement.

#### Purchases of non-controlling interests and dilution

Until 31 December 2009, in the acquisition of non-controlling interests, the difference between the fair value of the non-controlling interests acquired and the consideration paid, was accounted against goodwill. The acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, were recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. The difference between the non-controlling interests acquired and the fair value of the liability, was recorded as goodwill. The fair value of the liability was determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability were recognised as an adjustment to the cost of the business combination against goodwill and the effect of the financial discount of the liability (unwinding) was recognised as a financial expense in the consolidated income statement. This accounting treatment is maintained for all options contracted until 31 December 2009.

Until 31 December 2009, when an interest in a subsidiary was disposed, without a loss of control, the difference between the sale price and the book value of the net assets held by the Group, plus the carrying value of goodwill in that subsidiary, was recognised in the income statement of the period as a gain or loss resulting from the disposal. The dilution effect occurs when the percentage of interest in a subsidiary decreases without any sale of interest in that subsidiary, for example, if the Group does not participate proportionally in the share capital increase of that subsidiary. Until 31 December 2009, the Group recognised the gains or losses resulting from a dilution of the interest in a subsidiary following a sale or capital increase, in the income statement.

As from 1 January 2010 onwards, in an acquisition (dilution) of non-controlling interests not resulting in a loss of control, the difference between the fair value of the non-controlling interests acquired and the consideration paid, is accounted against reserves. The acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, are recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. The fair value of the liability is determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised against the income statement as well as the effect of the financial discount of the liability (unwinding).

#### Investments in foreign operations

The financial statements of the foreign subsidiaries and associates of the Group are prepared using their functional currency, defined as the currency of the primary economic environment in which they operate. In the consolidation process, the assets and liabilities of foreign subsidiaries are translated into Euros at the official exchange rate at the balance sheet date.

Regarding the investments in foreign operations that are consolidated using the full consolidation method and equity method, the exchange differences between the amount of equity expressed in Euros at the beginning of the period and the amount translated at the official exchange rates at the end of the period, on a consolidated basis, are booked against reserves.

Foreign currency goodwill arising on the acquisition of these investments is remeasured at the official exchange rate at the balance sheet date directly against reserves.

The income and expenses of foreign subsidiaries are translated into Euros at the approximate exchange rates at the dates of the transactions. Exchange differences from the translation into Euros of the net profit for the period, arising from the differences between the rates used in the income statement and those prevailing at the balance sheet date are recognised in reserves.

On disposal of a foreign subsidiary, the related exchange differences previously recognised in reserves, are accounted for in the income statement.

## Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between Group companies, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising on transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

#### Business combinations achieved in stages

In a business combination achieved in stages, on the date of obtaining control, the excess of the aggregate of (i) the consideration transferred, (ii) the amount of any non-controlling interest recognized in the acquiree (iii) the fair value of the previously held equity interest in the acquired business; over the net of amounts of the identifiable assets acquired and liabilities assumed, is recognised as goodwill.

If applicable, the negative difference, after evaluating the consideration transferred, of the amount of any non-controlling interest recognised in the acquiree, the fair value of the previously held equity interest in the acquired business; over the net value of the indentifiable assets acquired and liabilities assumed, is recognised in the income statement. The Group recognises the difference between the fair value of the previously held equity interest in the acquired business and the carrying value in consolidated results according to its previous classification. Additionally, the Group reclassifies the deferred amounts in other comprehensive income relating to the previously held equity interest to the income statement or consolidated reserves, according to their nature.

#### c) Foreign currency transactions

Foreign currency transactions are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rates at the balance sheet date. These exchange differences arising on translation are recognised in the income statement.

Foreign currency non-monetary assets and liabilities accounted for at historical cost are translated using the exchange rates at the dates of the transactions. Foreign currency non-monetary assets and liabilities stated at fair value are translated into Euros at the exchange rates at the dates the fair value was determined.

#### d) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is remeasured on a regular basis, being the gains or losses on remeasurement recognised directly in the income statement, except for derivatives designated as cash flow hedging instruments. Recognition, in the income statement, of the resulting gains and losses on remeasurement of hedging derivatives depends on the hedge model used.

The fair value of derivative financial instruments corresponds to their market value, if available, or is determined by external entities through the use of valuation techniques.

#### Hedge accounting

The Group uses financial instruments to hedge interest rate risk, exchange rate risk and price risk resulting from its operational and financing activities. Derivatives not qualified for hedge accounting under IAS 39 are accounted for as trading instruments.

Hedging derivatives are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model applied by the Group. Hedge relationship exist when:

(i) At the inception of the hedge there is formal documentation of the hedge;

(ii) The hedge is expected to be highly effective;

(iii) The effectiveness of the hedge can be reliably measured;

(iv) The hedge is revalued on an on-going basis and is considered to be highly effective throughout the reporting period; and

(v) The forecast transaction being hedged must be highly probable and must be exposed to changes in cash flows that could ultimately affect profit or loss.

#### Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets and liabilities or group of hedged assets and liabilities that are attributable to the hedged risk. When the hedging relationship ceases to comply with the requirements for hedge accounting, the accumulated gains or losses concerning the fair value of the risk being hedged are amortised over the residual period to maturity of the hedged item.

#### Cash flow hedge

Changes in the fair value of derivatives qualified as cash flow hedges are recognised in reserves.

The cumulative gains or losses recognised in reserves are reclassified to the income statement when the hedged item affects the income statement.

When a hedging relation of a future transaction is discontinued, the changes in the fair value of derivative recognised in reserves remain recognised in reserves until the future hedged transaction occurs. When the future transaction is no longer expected to occur, the cumulative gains or losses recognised in reserves are recorded immediately in the income statement.

#### Net investment hedge

The net investment hedge model is applied on a consolidated basis to investments in subsidiaries in foreign currencies. This model allows that the exchange differences recognised in the exchange differences consolidated reserves to be offset by the foreign exchange differences in foreign currency loans or currency derivatives contracted. The ineffective portion of the hedging relationship is recognised in the income statement.

The accumulated foreign exchange gains and losses regarding the net investment and the related hedging instrument recognised in equity are transferred to the income statement when the foreign entity is sold, as part of the gain or loss resulting from the disposal.

#### Effectiveness

For an hedge relationship to be classified as such, in accordance with IAS 39, its effectiveness must be demonstrated. Therefore, the Group performs prospective tests at the inception date of the hedge and prospective and retrospective tests in each balance sheet date, to demonstrate its effectiveness, showing that any adjustments to the fair value of the hedged item attributable to the risk being hedged are offset by adjustments to the fair value of the hedging instrument. Any ineffectiveness is recognised in the income statement when it occurs.

#### e) Other financial assets

The Group classifies its other financial assets at acquisition date, considering the underlying purpose, in the following categories:

#### Financial assets at fair value through profit or loss

This category includes: (i) financial assets at fair value through profit or loss, acquired for the purpose of being traded in the short term, and (ii) other financial assets designated at fair value through profit or loss at inception (fair value option).

#### Available-for-sale investments

Available-for-sale investments are non-derivative financial assets which: (i) the Group intends to hold for an undetermined period of time, or (ii) are designated as available-for-sale on initial recognition.

#### Initial recognition, measurement and derecognition

Purchases and sales of: (i) financial assets at fair value through profit or loss, and (ii) available-for-sale investments, are recognised on the trade date, which is the date on which the Group commits to purchase or sell these financial assets.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, in which the transaction costs are recognised directly in the income statement.

Financial assets are derecognised when: (i) the contractual rights to receive their future cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially all of, the risks and rewards of ownership, the Group has transferred control over the assets.

#### Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value recognised in the income statement in the period in which they arise.

Available-for-sale investments are also subsequently carried at fair value. However, gains and losses arising from changes in their fair value are recognised directly in equity until the financial assets are derecognised or impaired. When this occurs, the cumulative gains or losses previously recognised in equity are immediately recognised in the income statement. Foreign exchange differences relating to these assets are also recognised in fair value reserves if arising from shares, and in the income statement if arising from debt instruments. Interest, calculated using the effective interest rate method, as well as dividends received, are recognised in the income statement.

The fair value of listed investments in active markets is based on current bid prices. The Group determines the fair value of unlisted securities through (i) valuation methodologies, such as the price of similar recent arm's length transactions and discounted cash flow techniques, and (ii) valuation assumptions based on market information.

The remaining financial assets whose fair value cannot be reliably measured are stated at cost, with any subsequent impairment loss being booked against the income statement.

#### **Reclassifications between categories**

The Group does not transfer financial instruments into or out of fair value through profit or loss.

#### Impairment

At each balance sheet date, an assessment is performed as to whether there is objective evidence of impairment, including any impairment resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets and when it can be reliably measured.

For the financial assets that present evidence of impairment, the respective recoverable amount is determined, and the impairment losses are recognised in the income statement.

A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after their initial recognition, such as: (i) in the case of listed securities, a significant or prolonged decline in the listed price of the security, and (ii) in the case of unlisted securities, when that event (or events) has an impact on the estimated amount of the future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

If there is objective evidence of impairment on available-for-sale investments, the cumulative potential loss recognised in fair values reserves, corresponding to the difference between the acquisition cost and the fair value at the balance sheet date, less any impairment loss on that financial asset previously recognised in the income statement, is transferred to the income statement.

For debt instruments, if in a subsequent period the amount of the impairment loss decreases, the previously recognised impairment loss is reversed in the income statement up to the amount of the acquisition cost, if the increase is objectively related to an event occurring after the impairment loss was recognised. In the case of equity instruments, impairment losses can not be reversed and any subsequent event that results in a fair value increase is recognised in equity under fair value reserves.

#### f) Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for the issuer to liquidate capital and/or interests, through delivering cash or other financial asset, regardless of its legal form. Financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest method. All financial liabilities are booked at amortised cost, with the exception of the financial liabilities hedged at fair value hedge, which are stated at fair value on risk component that is being hedged.

#### g) Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or other financial asset to another entity, regardless of its legal form, and there is a residual interest in the assets of an entity after deducting all its liabilities.

Costs directly attributable to the issuance of equity instruments are recognised in equity, as a deduction to the amount issued. Amounts paid or received relating to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Distributions related to equity instruments are deducted from equity, as dividends, when declared.

Preference shares issued by the Group are considered as an equity instrument when there is no contractual obligation to redeem the shares and dividends are paid at the discretion of the Group. Preference shares issued by subsidiaries, classified as equity instruments and held by third parties, are recognised as non-controlling interests.

#### h) Property, plant and equipment

Property, plant and equipment is stated at acquisition cost less accumulated depreciation and impairment losses. On transition to IFRS, on 1 January 2004, the Group decided to consider as deemed cost the revalued amount of Property, plant and equipment in accordance with the Group's previous accounting policy, which was comparable in general terms to the depreciated cost determined in accordance with IFRS.

Subsequent costs are recognised as property, plant and equipment only when it is probable that future economic benefits associated with the item will flow to the Group. Repair and maintenance costs are charged in the income statement as incurred, according to the accrual principle.

The Group carries out impairment tests whenever events or circumstances may indicate that the book value of an asset exceeds its recoverable amount, being any impairment recognised in the income statement.

The recoverable amount is the higher of fair value less costs to sell and value in use, the latter being calculated by the present value of the estimated future cash flows obtained from continued use of the asset and its sale at the end of its useful life.

Land is not depreciated. Depreciation of tangible assets is calculated on a straight-line basis over their estimated useful lives, as follows:

	Number of years
Buildings and other constructions	8 to 50
Plant and machinery:	
- Hydroelectric generation	30 to 75
- Thermoelectric generation	25 to 45
- Renewable generation	25
- Electricity distribution	10 to 40
- Other plant and machinery	4 to 25
Transport equipment	4 to 25
Office equipment and tools	2 to 16
Other property, plant and equipment	3 to 50

According to IFRS, the estimate of the useful life of assets should be reviewed whenever a change in the expected economic benefits flowing from the assets occurs as well as when the technical use planned for the assets differs from previous estimates. Changes occurring in the depreciation charge for the year are accounted prospectively.

#### Capitalisation of borrowing costs and other directly attributable costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that needs a substantial period of time to be ready for its intended use or sale. The amount of interest costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on those assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the outstanding borrowings during the period. The capitalisation of borrowing costs begins when expenditure for the assets is being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the gualifying assets for their intended use or sale are completed. Other expenses directly attributable to the acquisition and construction of the assets, such as cost of consumed materials and personnel costs, are also capitalised as part of the cost of the assets.

## Government grants

Government grants are initially booked as deferred revenue, under non current liabilities only when there is reasonable certainty that the grant will be received and that the Group will fulfil the grant term conditions. Grants that compensate the Group for expenses incurred are booked in the income statement on a linear basis, on the same period in which the expenses are incurred. Grants that compensate the Group for the acquisition of assets are recognised in the income statement over the related assets useful life.

#### Transfers of assets from customers

The International Financial Reporting Interpretations Committee (IFRIC) issued in November 2008, the interpretation IFRIC 18 -Transfers of Assets from Customers. This interpretation was approved by the European Commission on 27 November 2009, being applicable for periods beginning after 31 October 2009. For EDP Group, the first period after the approval of this interpretation is the year 2010.

IFRIC 18 is applicable for agreements in which an entity receives from a customer an item of Property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of energy. This interpretation clarifies:

- the conditions in which an asset is under this interpretation;
- recognition of the asset and its initial measurement;
- identification of the services identified (one or more services in exchange for assets transferred);
- income recognition; and
- accounting for the transfer of money from customers.

The Group adopted this interpretation for the allowances received from customers, recognising the assets received by its estimated construction cost against operating income. The assets are depreciated based on its useful life.

#### i) Intangible assets

The Group's intangible assets are booked at acquisition cost less accumulated amortisation and impairment losses.

The Group performs impairment tests whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, being any impairment recognised in the income statement. The recoverable amount is the higher of fair value less costs to sell and value in use, the latter being calculated by the present value of the estimated future cash flows obtained from continued use of the asset and its sale at the end of its useful life.

#### Acquisition and development of software

The costs of purchasing software and the costs incurred by the Group to implement it are capitalised and amortised on a straight-line basis over the expected useful life of the asset.

Costs incurred by the Group directly related to the development of software, that are expected to generate economic benefits beyond one year, are recognised as intangible assets. Such costs include employee costs directly associated to the project and are amortised on a straight-line basis over its estimated useful life.

Software maintenance costs are charged to the income statement when incurred.

#### Concession rights on distribution of electricity and gas

The concession rights on distribution of electricity in Brazil and the concession rights related to the distribution of gas in Portugal, are recorded as intangible assets and amortised on a straight-line basis over the concessions period, not exceeding 30 and 40 years, respectively.

#### Concession rights to use the public hydric domain

Portuguese concession rights to use the public hydric domain are booked as intangible assets and depreciated on a straight-line basis over the concession period, which currently does not exceed 45 years. EDP Group records as concession rights the financial compensations for the use of public domain assets, whenever these compensations are paid and for all the Group subsidiaries.

The accounting policy related to intangible assets assigned to concessions is described in note 2aa), Group concession activities.

#### Industrial property and other rights

Industrial property and other rights are amortised on a straight-line basis over the estimated useful life of the assets, which does not exceed 6 years.

#### j) Leases

The Group classifies its lease transactions as finance leases or operating leases based on the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

#### **Operating** leases

Lease payments under operating lease contracts are recognised as an expense in the period to which they relate.

#### Finance leases

Finance leases are recognised by the lessee, at the inception of the lease, as assets and liabilities at the fair value of the leased assets which is equivalent to the present value of the future lease payments.

Lease payments include the interest charges and the amortisation of the outstanding principal. The interest charges are recognised as costs over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability.

Lessors record assets held under finance leases as leased capital, by the net amount invested in the lease.

Lease payments include the financial income and the amortisation of the outstanding principal.

Financial results recognised reflect a constant periodic rate of return on the outstanding net balance of the lessor.

#### Determining whether an Arrangement contains a Lease

Following the issuance by International Financial Reporting Interpretations Committee (IFRIC) of IFRIC 4 - Determining whether an arrangement contains a lease, applicable from 1 January 2006, arrangements including transactions that, although do not take the form of a lease, convey the right to use an asset in return for a payment, are recognised as leases, provided that, in substance, they comply with the requirements defined in the interpretation.

#### k) Investment property

The Group classifies as investment property, property held for capital appreciation and/or for rental purposes.

Investment property is recognised initially at acquisition or production cost, including directly attributable transaction costs, and is subsequently measured at cost less accumulated depreciation and any impairment losses.

Subsequent expenditures on investment property are only added to the cost of the asset when it is probable that additional future economic benefits will arise when compared to initial recognition.

#### I) Inventories

Inventories are measured at the lower of acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The cost of inventories is determined by using the weighted average method.

CO2 licences held by the Group for trade purposes are booked as inventories and measured at fair value, at each balance sheet date, against the income statement.

#### m) Accounts receivable

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost and being presented in the statement of financial position net of impairment losses which are associated.

Impairment losses are recorded based on the regular assessment of the existence of objective evidence of impairment resulting from doubtful accounts receivable as of the balance sheet date. Impairment losses are recognised in the income statement, being subsequently reversed through the income statement if the estimated losses decrease, in a later period.

#### n) Employee benefits

According to IAS 34 and IAS 19 no updated actuarial valuations are obtained for interim periods, except if there have been significant changes in the plans or unexpected significant changes in market conditions.

#### Pensions

Some EDP Group companies grant post-retirement benefits to employees under defined benefit and defined contribution plans, namely pension plans that grant complementary retirement benefits for age and early retirement pensions.

#### Defined benefit plans

In Portugal, the defined benefit plan is assured by (i) a closed pension fund managed by an external entity, covering responsibilities with benefits that are complementary to those provided under the Social Security System (namely retirement and early retirement pensions), and (ii) by a complementary specific provision, recognised in EDP Group company's statement of financial position. Benefits are generally determined and assigned through the combination of one or more factors, such as age, years of service and the relevant base retribution (pensionable salary).

In Brazil, Bandeirante and Escelsa have defined benefit plans managed by a closed complementary welfare entity, external to EDP Group, covering responsibilities associated with retirement and early retirement pensions, according to factors such as age, years of service and the relevant base retribution.

The Group's pension liability for each plan is calculated by independent experts annually, for each plan, at the balance sheet date, using the projected unit credit method. The discount rate used in the calculation is determined based on market interest rates of high quality corporate bonds denominated in the currency in which the benefits will be paid and that have similar maturity to the related pension liability.

Actuarial gains and losses resulting from: (i) differences between financial and actuarial assumptions used and actual amounts; and (ii) changes in the actuarial assumptions are recognised against equity.

The increase in past service costs arising from early retirements (retirements before the normal retirement age) or plan amendments are recognised in the income statement when incurred.

The Group recognises as operational results, in the income statement, current and past service costs. Net interest on the net defined benefit liability (asset) is recognised in financial results.

The assets of the plan comply with the recognition criteria established by IFRIC 14 - IAS 19 and the minimum funding requirements established by law or by contract.

#### Defined contribution plans

In Portugal, Spain and Brazil, some companies have defined contribution social benefit plans that complement those granted by the Social Security System, under which they pay an annual contribution to the plans, calculated in accordance with the rules established in each plan. These contributions represent a percentage of the fixed and variable remuneration of the employees included in this plan and are accounted for as cost for the period in which they are due.

#### Other benefits granted

#### Medical benefits

Some EDP Group companies provide medical benefits under which employees and covered direct family have favorable conditions in medical assistance and health care services, namely:

- Concerning to EDP Group companies in Portugal, through the provision of medical assistance that is complementary to the one provided under the National Health System, provided using infrastructures owned and managed internally; and,

- Concerning to EDP Group companies in Brazil, through the share of costs in eligible medical and heath expenses, in an external agreed network.

The medical benefits plans are classified as defined benefit plans, the liability being covered by provisions booked in the Group's statement of financial position. Measurement and recognition of the medical benefits liabilities are similar to the defined benefit pension plans liabilities, explained above.

#### Other benefits

In addition, EDP Group grants other benefits, supporting charges arising from responsibilities for disability benefit's complements, death benefits, survival benefits, life insurance, antiquity and retirement benefits, power and gas tariff discounts, among others.

Benefits included in each Plan for Portugal and Brazil are detailed in EDP's Collective Labor Agreement, published in the Labor Bulletin of 8 October 2014 and in the website of the Plan management entity Enerprev (www.enerprev.com.br), respectively.

#### o) Provisions

Provisions are recognised when: (i) the Group has a present legal, or constructive obligation; (ii) it is probable that settlement will be required in the future; and (iii) a reliable estimate of the obligation can be made.

#### Provisions for dismantling and decommissioning in electric power plants

The Group accounts for provisions for dismantling and decommissioning of assets when there is a legal, contractual or constructive obligation at the end of the assets' useful life. Therefore, such provisions have been booked for the electric power plants to cover the cost of restoring the location and land to their original condition. The provisions are calculated at the present amount of the expected future liability and are accounted for as part of the cost of the related property, plant and equipment being depreciated on a straight-line basis over the useful life of those assets.

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. The unwinding of the discount at each balance sheet date is charged to the income statement.

#### p) Recognition of costs and revenues

Costs and revenues are recognised in the period to which they relate regardless of when paid or received, in accordance with the accrual basis. Differences between amounts received and paid and the corresponding revenue and costs are recognised under Other assets or other liabilities.

Revenue in EDP Group arises essentially from electricity generation and energy (electricity and gas) distribution and supply activities.

Revenue related to the sale of energy and access tariffs to energy distribution network is measured at fair value of the consideration received or receivable, net of value added tax, rebates and discounts and after elimination of intra-group sales.

Revenue recognition occurs when the significant risks and rewards of ownership are transferred to the buyer, the entity retains neither continuing managerial involvement to the extent usually associated with ownership nor effective control over the goods sold, the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

The moment when an entity has transferred the significant risks and rewards of ownership to the buyer varies depending on the activities carried out by the Group companies.

Regarding the **electricity generation**, this transfer occurs when the energy is generated and injected into the transport/distribution grids. The electricity generated is sold under free market conditions or through the establishment of medium/long term power purchase agreements.

The **energy distribution** is a regulated activity, which is remunerated through tariffs set by each country Regulatory Body (ERSE in Portugal, CNE in Spain and ANEEL in Brazil).

In Portugal and Spain, revenue arises mainly from the sale of access tariffs, as well as from the recovery, from the commercialisation entities, of the costs related to the global management activity of the system. In Brazil, revenue results from the electricity sales to final consumers, in the regulated market, based on the tariffs determined by ANEEL, which are included the use of the distribution and transport system tariff, among other components. In Portugal and Brazil, these activities are subject to public service concession arrangements (see aa)).

The **energy supply** is carried out in regulated and non-regulated markets. In non-regulated market, revenue is recognised based on commercial agreements. In regulated market, revenue is recognised according to the tariffs determined by each country Regulatory Body.

Revenue recognition includes two components: (i) energy sales already invoiced, based on actual consumption readings and/or in estimated consumption based on the historical data of each consumer; and (ii) estimates of energy supplied and not yet invoiced (energy into energy meter). Differences between estimated and actual amounts are recorded in subsequent periods.

Additionally, it should be noted that, in energy distribution and supply activities, there is a tariff adjustment mechanism through which gains or losses of a certain year are recognised in the period to which they relate and recovered in the future years tariffs – Tariff Adjustments (see x)).

The revenue recognition related with **services rendered** is based on the percentage of completion of the transaction at the reporting date. This occurs when the amount of revenue can be reliably measured, when it is probable the existence of economic benefits associated with the transaction to the entity who sells, when the percentage of completion of the transaction at the reporting date can be reliably measured and the costs incurred with the transaction and the costs to be incurred to complete the transaction can be reliably measured. Whenever it is not possible to reliably measure the completion of a transaction involving services rendered, revenue is only recognised to the extent of the expenses recognised as recoverable.

## q) Financial results

Financial results include interest costs on borrowings, interest income on funds invested, dividend income, foreign exchange gains and losses, realised gains and losses, as well as gains and losses on financial instruments and changes in the fair value of hedged risks, when applicable.

Interest is recognised in the income statement on an accrual basis. Dividend income is recognised on the date the right to receive is established.

Financial results also include impairment losses on available-for-sale investments.

## r) Income tax

Income tax recognised in the income statement includes current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is also recognised in equity.

Deferred taxes arising from the revaluation of available-for-sale investments and cash flow hedge derivatives recognised in equity are recognised in the income statement in the period the results that originated the deferred taxes are recognised.

Current tax is the tax expected to be paid on the taxable income for the period, using tax rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the balance sheet liability method, considering temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis, using the tax rates enacted or substantively enacted at the balance sheet date for each jurisdiction and that are expected to be applied when the temporary difference is reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not be reversed in the future. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available to absorb deductible temporary differences for taxation purposes.

The Group offsets, as established in IAS 12, the deferred tax assets and liabilities if, and only if: (i) the entity has a legally enforceable right to offset current tax assets against current tax liabilities; and (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in future periods in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### s) Earnings per share

Basic earnings per share are calculated by dividing the consolidated and the company net profit attributable to the equity holders of EDP, S.A. by the weighted average number of ordinary shares outstanding during the period, excluding the average number of shares held by the Group and by EDP, S.A., respectively.

For the diluted earnings per share calculation, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares, such as convertible debt and stock options granted to employees. The dilution effect corresponds to a decrease in earnings per share resulting from the assumption that the convertible instruments are converted or the options granted are exercised.

## t) Share based payments

The stock options remuneration program enables the Group's employees to acquire EDP, S.A. shares. The exercise price of the options is calculated based on the listed price of the shares at the grant date.

The fair value of the options granted, determined at the grant date, is recognised in the income statement against equity during the vesting period, based on their market value calculated at the grant date.

If the option is exercised, the Group acquires shares in the market to grant them to employees.

## u) Non-current assets held for sale and discontinued operations

Non-current assets or groups of non-current assets held for sale (groups of assets and related liabilities that include at least one noncurrent asset) are classified as held for sale when their carrying amounts will be recovered mainly through sale, the assets or groups of assets are available for immediate sale and the sale is highly probable.

The Group also classifies as non-current assets held for sale, non-current assets or groups of assets acquired exclusively for its subsequent resale, that are available for immediate sale and the sale is highly probable.

The measurement of all non-current assets and all assets and liabilities included in a disposal group, is adjusted in accordance with the applicable IFRS standards, immediately before their classification as held for sale. Subsequently, these assets or disposal groups are measured at the lowest between their carrying amount and fair value less costs to sell.

#### v) Cash and cash equivalents

Cash and cash equivalents include balances with maturity of less than three months from the balance sheet date, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships in U.S.A.

#### w) Operating segments

The Group presents the operating segments based on internal management information.

In accordance with IFRS 8, an operating segment is a Group component: (i) that engages in business activities from which it may earn revenues and incur expenses; (ii) whose operating results are reviewed regularly by the entity's chief operating decision maker in order to make decisions about resources to be allocated to the segment and assess its performance; and (iii) for which discrete financial information is available.

#### x) Tariff adjustments

In regulated activities, the regulator establishes, through the tariff adjustment mechanism, the criteria to recognise gains or losses of one period in future periods. The tariff adjustments accounted for in the EDP Group financial statements represent the difference between the amounts invoiced by Portuguese regulated companies (based on the applicable tariffs published by ERSE in December of the previous year) and the regulated revenue calculated based on actual costs. The assets or liabilities resulting from the tariff adjustments are recovered or returned through the electricity and gas tariffs charged to customers in subsequent periods.

Decree-Law 165/2008 of 21 August recognised the unconditional right of the regulated operators of the electric sector to recover the tariff adjustments under a regime identical to the one used for the tariff deficits. Consequently, EDP Group booked under the income statement caption Revenues from energy sales and services and other - Electricity and network access, the effects resulting from the recognition of tariff adjustments, against Debtors and other assets from commercial activities. According to the referred Decree-Law, the tariff adjustments determined annually, will be recovered by the regulated operators even in case of insolvency or cease of operations. ERSE is the entity responsible to establish the method to ensure that the entity entitled to these rights continues to recover the tariff adjustments until its complete payment. The Decree-Law also allows the transfer of the right to receive the tariff adjustment to third parties, in whole or in part, through future electricity tariffs.

Decree-Law 87/2011 of 18 July establishes the unconditional right of regulated operators in the natural gas sector to recover tariff adjustments and related interest expenses, notwithstanding the form of the future payment or situations of insolvency and cessation of operations, and allows the transfer to third parties of the right to receive tariff adjustments. The EDP Group recorded in the income statement, under the caption Revenues from energy sales and services and other - Gas and network access, the effects of the recognition of tariff adjustments of Natural Gas, against Debtors and other assets from commercial activities and Trade and other payables from commercial activities.

## y) CO2 licences and greenhouse gas emissions

The Group holds CO2 licences in order to deal with gas emissions resulting from its operational activity and licences for trading. The CO2 and gas emissions licences held for its own use are booked as intangible assets and are valued at the quoted price in the market on the date of the transaction.

The licences held by the Group for trading purposes are booked under Inventories at acquisition cost, and are subsequently adjusted to the lower of the acquisition cost or the net realisable value. Gains and losses resulting from these adjustments are recognised in the income statement of the period.

## z) Statement of Cash Flow

The Statement of Cash Flow is presented under the direct method, by which gross cash flows from operating, financing and investing activities are disclosed.

The Group classifies cash flows related to interest and dividends paid as financing activities and interest and dividends received as investing activities.

#### aa) Group concession activities

The International Financial Reporting Committee (IFRIC) issued in July 2007, IFRIC 12 - Service Concession Arrangements. This interpretation was approved by the European Commission on 25 March 2009 and is applicable for the annual periods beginning after that date.

In the case of the EDP Group, the first annual period after the approval date is 2010 and, therefore, the EDP Group adopted IFRIC 12 for comparative purposes as of 1 January 2009. IFRIC 12, was applied prospectively since it was impracticable to apply it retrospectively.

IFRIC 12 is applicable to public-private concession contracts in which the public entity controls or regulates the services rendered through the utilisation of certain infrastructure as well as the price for such services and also controls any significant residual interest in the infrastructure.

According to IFRIC 12, the infrastructures allocated to concessions are not recognised by the operator as tangible fixed assets or as financial leases, as the operator does not control the assets. These infrastructures are recognised according to one of the following accounting models, depending on the type of remuneration commitment of the operator assumed by the grantor within the terms of the contract:

#### Financial Asset Model

This model is applicable when the operator has an unconditional right to receive certain monetary amounts regardless the level of use of the infrastructure within the concession and results in a financial asset recognition, booked at amortised cost.

#### Intangible Asset Model

This model is applicable when the operator, within the concession, is remunerated on the basis of the level of use of the infrastructure (demand risk) and results in an intangible asset recognition.

#### Mixed Model

This model is applicable when the concession includes simultaneously guaranteed remuneration and remuneration based on the level of use of the infrastructure within the concession.

Under the terms of concession contracts of the EDP Group to which IFRIC 12 is applicable, construction activities are outsourced to external specialised entities, and therefore the EDP Group has no margin associated with the construction of assets assigned to concessions. Therefore, the revenue and the expenditure from the acquisition of these assets are equivalent (see note 6).

Intangible assets within concessions are amortised over their respective useful lives during the concession period.

The Group carries out impairment tests to the intangible assets within concessions whenever events or circumstances may indicate that the book value of an asset exceeds its recoverable amount, being any impairment recognised in the income statement.

Grants received from customers related to assets within concessions are delivered to the Group on a definitive basis, and, therefore, are not reimbursable. These grants are deducted from the value of the assets allocated to each concession.

The concession contracts that exist currently in EDP Group are based in the mixed model, namely in the electricity and gas distribution concessions in Portugal and electricity distribution in Brazil.

#### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN PREPARING THE FINANCIAL STATEMENTS

IFRS require the use of judgement and the making of estimates in the decision process regarding certain accounting treatments, with impact in total assets, liabilities, equity, costs and income. The actual effects may differ from these estimates and judgements, namely in relation to the effect of actual costs and income.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how its application affects the Group's reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in note 2 to these consolidated financial statements.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Group, the reported results could differ if a different treatment was chosen. The Executive Board of Directors believes that the choices made are appropriate and that the financial statements present fairly the Group operations in all material respects.

#### Impairment

#### Impairment of available-for-sale investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in their fair value.

Determination of a significant or prolonged decline requires judgement. In making this judgement, the Group assesses, among other factors, the normal share price volatility, assuming as significant a decline of more than 20% in listed shares. In addition, valuations are generally obtained through market prices or determined by external entities, or through valuation models that require assumptions or judgment in making the fair value estimates.

Alternative methodologies and the use of different assumptions and estimates could result in different impairment losses recognised with a consequent impact in results.

#### Impairment of long term assets and Goodwill

Impairment tests are performed whenever there is a trigger that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of the assets.

On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in goodwill resulting from acquisitions of shares in subsidiaries. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management. The net interest in associates is reviewed when circumstances indicate the existence of impairment.

Considering the uncertainties regarding the recoverable amount of property, plant and equipment, intangible assets and goodwill as they are based on the best information available, changes in the assumptions could result in changes on the determination of the amount of impairment and, consequently, in results.

#### Impairment of receivables

Impairment losses related to doubtful debts are estimated by EDP based on the estimated recoverable amounts, the date of default, debt write offs and other factors. Certain circumstances and facts may change the estimated impairment losses of doubtful debts, namely changes in the economic environment, economic sector trends, client's credit risk and increases in the rate of defaults. Changes in the estimates and judgement could change the impairment test results, thereby affecting results.

#### Fair value of financial instruments

Fair values are based on listed market prices, if available, otherwise fair value is determined either by the price of similar recent transactions under market conditions or determined by external entities, or by pricing models based on net present value of estimated future cash flows techniques considering market conditions, time value, yield curves and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair values.

Consequently, the use of different methodologies and different assumptions or judgements in applying a particular model, could generate different financial results from those reported.

## **Contractual Stability Compensation - CMEC**

Following a Portuguese Government decision to extinguish the Power Purchase Agreement (PPA), EDP and REN agreed to the early termination of the PPAs, with effect from 1 July 2007.

As a result of the PPAs termination and in accordance with the applicable legislation, a contractual stability compensation (CMEC) was granted to EDP Group. The mechanism for granting this compensation includes three types of compensation: initial compensation, compensation resulting from the revisable mechanism and final compensation.

Initial compensation was recognised when the PPAs terminated as an account receivable of 833,467 thousands of Euros, booked at its net present value, against deferred income. Part of the initial compensation is recognised as operating income each year against a reduction of the deferred initial compensation. According to the applicable legislation, securitisation of this amount is possible. Compensation resulting from the revisable mechanism refers to the correction of the initial compensation for each period considering the actual conditions and is recognised as a loss or gain in the period to which it relates. Final compensation will be calculated in accordance with the terms defined by the legislation relating to the termination of the PPAs, after the end of the revisable mechanism period (10 years). Interest resulting from the discount rate used is booked in the period to which it relates, based on the respective implicit rate, against income for each period.

#### **Contractual Stability Compensation - Revisable mechanism**

The revisable mechanism consists in correcting on an annual basis, during a 10-year period after the termination of the PPAs, the positive and negative variations between the estimates made for the initial stability compensation calculation and the actual amounts occurred in the market for each period. This mechanism gives rise to compensation resulting from the correction of the estimate referred to as CMEC revisable mechanism. In each period, EDP Group calculates the CMEC considering market prices and the actual quantities sold, using the assumptions defined in the "Valor água" model defined in the Decree-Law 240/2004 and the guidelines of the revisibility calculation according to the Order 4694/2014. Consequently, the use of different methodologies and assumptions from the used model, could give rise to different financial results from those considered.

#### Review of the useful life of the assets

The Group reviews annually the reasonableness of the assets' useful lives that are used to determine the depreciation rates of assets assigned to the activity, and prospectively changes the depreciation charge of the year based on such review.

In the second quarter of 2011, EDPR Group changed the useful life of its wind farms from 20 to 25 years. The redefinition of the useful life of the wind generation assets was based on a technical study performed by an independent entity which considered the technical availability for an additional period of 5 years of useful life of these assets. The referred study covered 95% of wind installed capacity of EDPR Group, in its different geographies (Europe and North America), based on assumptions and estimates that required judgement.

The regulatory authority of Brazil, ANEEL, issued Normative Resolution 474 on 7 February 2012, which revised the economic useful life of assets assigned to distribution concessions, and established new annual depreciation rates with retroactive effect from 1 January 2012. The implementation of this change in annual depreciation rates led to an increase in the average useful life of Bandeirante's and Escelsa's assets from 22 to 24 years and 20 to 22 years, respectively.

In the third quarter of 2013, the Group reviewed and extended the useful life of the combined cycle plants from 25 to 35 years based on a technical study conducted by an independent entity that considered the technical availability for an additional period of 10 years. This study covered the combined cycle plants in Portugal (Lares and Ribatejo) and Spain (Castejon 1 and 3, Grupo 4 and Soto 5).

#### Useful lives of generation assets - Hydro independent generator in Brazil

The hydro generation assets in Brazil for Independent generators are amortised during their estimated useful lives, considering the existing facts and circumstances at the date of preparation of the financial statements. This includes, among other issues, EDP's best estimates of the useful lives of such assets, which are consistent with the useful lives defined by ANEEL, the respective contractual residual indemnification values at the end of each concession period, as well as related technical and legal opinions. The remaining period of amortisation and the indemnification values at the end of the concessions may be influenced by changes in the regulatory legal framework in Brazil.

#### Tariff adjustments

#### Portugal

Tariff adjustments in Portugal represent the difference between costs and income of the National Electricity and Gas System, estimated at the beginning of each period for purposes of calculating the tariff, and the actual costs and income of the System established at the end of each period. The tariff adjustments assets or liabilities are recovered or returned through electricity tariffs to customers in subsequent periods.

Decree-Law 237-B/2006 of 19 December, and Decree-Law 165/2008 of 21 August, recognised an unconditional right of the operators of the electricity sector to recover the tariff adjustments and related interest expenses, notwithstanding the form of the future payment or situations of insolvency and cessation of operations. Additionally, the legislation allows the transfer to third parties of the right to receive tariff adjustments. Therefore, under this legislation, regulated companies may provide to third parties, in whole or in part, the right to receive the tariff adjustments through the electricity and gas tariffs. In accordance with the accounting policy in force, the EDP Group books under the caption Revenues from energy sales and services and other - Electricity and network access, the effects of the recognition of tariff adjustments in the electricity sector, against Debtors and other assets from commercial activities and Trade and other payables from commercial activities.

Decree-Law 87/2011 of 18 July also establishes the unconditional right of regulated operators in the natural gas sector to recover tariff adjustments and related interest expenses, notwithstanding the form of the future payment or situations of insolvency and cessation of operations, and allows the transfer to third parties of the right to receive tariff adjustments. EDP Group books under the caption Revenues from energy sales and services and other - Gas and network access, the effects of the recognition of tariff adjustments of Natural Gas, against Debtors and other assets from commercial activities and Trade and other payables from commercial activities.

#### Spain

Royal Decree Law 6/2009, published on 7 May 2009, established, among other matters: (i) the possibility to securitise the Spanish tariff deficit supported by the electricity sector companies using a State guarantee through the tariff deficit amortisation fund; (ii) the calendar for the elimination of the tariff deficit, such that on 1 January 2013 access tariffs would be sufficient to cover the cost of regulated activities, without the creation of an ex-ante tariff deficit and, in order to ease this gradual elimination, Royal Decree Law 6/2009 also provided for the passage of some costs included in the electricity tariff to the Spanish State Budget; (iii) the revocation, as from 1 July 2009, of Royal Decree Law 11/2007, which established the obligation to return the additional revenues obtained from the incorporation of CO2 costs in market prices, and which was to be in force until 2012; (iv) the creation of a social subsidy, which translates to a lower tariff for low income consumers and (v) the charge to electric companies of the costs associated with the management and treatment of radioactive waste from nuclear power plants and fuels consumed. However, Royal Decree Law 29/2012, endorsed on 28 December, abolished the regulatory requirement mentioned in paragraph (ii) above. The direct consequence of this suppression is that access tariffs will not be related to the sufficiency of the tariffs, so there may be temporary imbalances, to be recovered in a single annual fee in subsequent years.

In 2010, Royal Decree Law 14/2010 addressed the correction of the tariff deficit of the electricity sector. Under this decree, the temporal mismatch of the settlements for 2010 tariff deficits came to be considered as a revenue deficit of the electricity system and a set of measures was established so that the various industry players contribute to the reduction of the tariff deficit. These measures included the establishment of generation rates, financing plans energy efficiency savings by the generation companies and various regulatory measures that help reduce the additional costs of certain technologies in the special regime.

In 2012, two decrees were adopted to reduce the tariff deficit in order to reach the limit set by Royal Decree Law 14/2010: (i) Royal Decree Law 1/2012, which temporarily suspended the inclusion of new facilities in the "pre-asignación" registrations maintained by the Minister of Industry, Energy and Tourism before the power plant is entitled to make use of the Spanish special regime; and (ii) Royal Decree Law 13/2012, which provided for reductions in the remuneration for distribution activity and an extraordinary decrease on other regulated activities.

In 2014, Royal Decree Law 1054/2014, establishes the procedures for the transfer of the right to receive the deficit of 2013 from the Spanish system, as well as, the methodology to define the interest rate applicable to this deficit, which main guidelines are: (i) definition of a 15 years time frame during which the deficit amount will cumulate interest. This time frame consists in two periods: the first, which began in 1 January 2014 ending on the date of the additional liquidation of the provisional liquidation 14 of the year 2013; and the final period, from which the additional liquidation of the provisional liquidation 14 of the year 2013, is made, until 31 December 2028; and

(ii) the rights to receive (base amount plus interests) are expressly recognised, with their respective taxes and will be considered as system costs. These rights can be total or partially assigned, transferred, transmitted, discounted pledged to third parties, if properly communicated to CNMC ("Comisión Nacional de los Mercados y la Competencia").

#### Brazil

On 25 November 2014, ANEEL made addendums to the concession contracts with brazilian electric distribution companies to reduce significant uncertainties regarding to the recognition and realization of regulatory assets/liabilities that existed since 2010, when the IFRS were adopted in Brazil. As a consequence, the CPC issued on 28 November 2014, the OCPC 08 (Recognition of Certain Assets and Liabilities in Accounting and Financial Reports of Electric Distribution) which determines how to treat these regulatory assets/liabilities in the financial statements.

Therefore, on 10 December 2014, EDP Brasil signed the Fourth and Fifth Addendum to the Concession Agreement, where it was established that, in the case of concession termination, the outstanding balances of any failure of payment or reimbursement by the tariff (assets and liabilities), will be considered on the indemnity calculation, based on the regulator pre-established regulations.

EDP Group considers, based on the issued legislation (Portugal, Spain and Brazil), that the requirements for the recognition of tariff deficits as receivables and payables against the income statement have been satisfied.

#### **Revenue recognition**

Energy sales revenue is recognised when the monthly energy invoices are issued, based on actual meter readings or estimated consumption based on the historical data of each consumer. Revenue relating to energy to be invoiced, regarding consumption up to the balance sheet date but not measured, is booked based on estimates that take into consideration factors such as consumption in prior periods and analysis relating to the energy balance of the operations.

The use of different estimates and assumptions could affect the Group's revenue and, consequently, its reported results.

#### Income taxes

The Group is subject to income taxes in several jurisdictions. Certain interpretations and estimates are required in determining the global amount of income tax.

There are several transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates could result in a different level of income taxes, current and deferred, recognised in the period.

In Portugal, the tax authorities are entitled to review EDP, S.A. and its subsidiaries' determination of their annual taxable earnings for a period of four years. In case of tax losses carried forward, this period is twelve years for annual periods starting from 2014, five years for 2013 and 2012, four years for 2011 and 2010 and six years for previous annual periods. In Spain the period is four years and in Brazil it is five years. In the United States of America, in general, for the IRS (Internal Revenue Service) to issue additional income tax assessments for an entity, the period is three years from the date that the income tax return is filed by the taxpayer. As a result, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, the EDP Group and its subsidiaries do not anticipate any significant changes to the income tax booked in the financial statements.

#### Pensions and other employee benefits

Determining pension and other employee benefits liabilities requires the use of assumptions and estimates, including actuarial projections, estimated rates of return on investments, discount rates and pension and salary growth and other factors that can impact the cost and liability of pension plans, medical plans and other benefits. Changes in the assumptions could materially affect the amounts determined.

#### Provisions for dismantling and decommissioning of power generation units

There are legal, contractual or constructive obligations to dismantle and decommission of property, plant and equipment assets allocated to electricity generation operations. The Group records provisions in accordance with existing obligations to cover the present value of the estimated cost to restore the locations and land where the electricity generation units are located. The calculation of the provisions is based on estimates of the present value of the expected future liabilities.

The use of different assumptions in the estimates and judgement from those referred could lead to different financial results than those considered.

#### Measurement criteria of the concession financial receivables under IFRIC 12

In 2012, the Provisional Measure 579/12 was published in Brazil, meanwhile converted into Law 12,783/13, which determines the amount of the indenisation payable to the distribution companies regarding the assets not amortised or depreciated at the end of each concession, that should be determined based in the methodology of the new replacement value. This methodology determined an increase in the indenisation amount (financial asset IFRIC 12) of Bandeirante and Escelsa, booked under IFRIC 12 terms, against Other income. This amount corresponds to the difference between the new replacement value versus the historical cost.

#### Entities included in the consolidation perimeter

In order to determine which entities must be included in the consolidation perimeter, EDP Group evaluates whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee ("de facto" control).

This evaluation requires judgement, assumptions and estimates in order to conclude whether the Group is in fact exposed to the variability of returns and has the ability to affect those returns through its control over the investee.

Other assumptions and estimates could lead to a different consolidation perimeter of the Group, with direct impact on the consolidated financial statements.

#### **Business combination**

Under IFRS 3 (Business Combination) in a business combination, the acquirer shall recognise and measure in the consolidated financial statements the assets acquired and liabilities assumed at fair value at the acquisition date. The difference between the purchase price and the fair value of the assets and liabilities acquired leads to the recognition of goodwill or a gain from a purchase at a low price (bargain purchase).

The fair value determination of the assets acquired and liabilities assumed is carried out internally or by independent external evaluators, using the discounted cash flows method, using the replacement cost or other fair value determination techniques, which rely on the use of assumptions and estimates including macroeconomic indicators such as inflation rates, interest rates, exchange rates, discount rates, sale and purchase prices of energy, cost of raw materials, production estimates and business projections. Consequently, the determination of the fair value and goodwill or gain from a purchase at a low price is subject to numerous estimates and judgments and therefore changes in assumptions could result in different impacts on results.

## Fair value measurement of contingent consideration

The contingent consideration, from a business combination or a sale of a financial investment is measured at fair value at the acquisition date as part of the business combination or at the date of the sale in the event of a sale of a financial investment . The contingent consideration is subsequently remeasured at fair value at balance sheet date. Fair value is based on discounted cash flows. The main assumptions consider the probability of achieving each objective and the discount factor, corresponding to the best estimates of management at each balance sheet date. Changes in assumptions could have significant impact on the values of contingent assets and liabilities recognised in the financial statements.

## 4. FINANCIAL RISK MANAGEMENT POLICIES

#### Financial risk management

The EDP Group's business is exposed to a variety of financial risks, including the effect of changes in market prices, foreign exchange and interest rates. The Group's exposure to financial risks arises essentially from its debt portfolio, resulting in interest and exchange rate exposures. The status and evolution of the financial markets are analysed on an on-going basis in accordance with the Group's risk management policy. Derivative financial instruments are used to minimise potential adverse effects, resulting from interest rate and/or foreign exchange rate risks on EDP Group's financial performance.

The management of financial risks of EDP, S.A. and other EDP Group entities is undertaken centrally by the Financial Department of EDP, S.A., in accordance with policies approved by the Executive Board of Directors. The Financial Department identifies, evaluates and submits to the Board for approval, hedging mechanisms appropriate to each exposure. The Executive Board of Directors is responsible for the definition of general risk management principles and the establishment of exposure limits.

As for the subsidiaries in Brazil, the Local Risk Management Department is responsible for the management of financial risks arising from fluctuation in interest and exchange rates. This management is performed according to the principles/policies set by the EDP Group for this geographical area.

#### Exchange-rate risk management

EDP, S.A.'s Financial Department is responsible for managing exchange rate risk exposure resulting from foreign currency financial debt, entered into with the aim of funding the EDP Group's investments in the currency of its respective cash flows. Seeking to mitigate the impact of exchange rate fluctuations on the financial costs of the EDP Group companies and, consequently, on the consolidated results the Group resorts to exchange rate derivative financial instruments and/or other hedging structures.

The policy implemented by the EDP Group consists of undertaking derivative financial instruments to hedge exchange rate risk with characteristics similar to those of the hedged asset or liability. The operations are revalued and monitored throughout their useful lives and, periodically, their effectiveness in controlling and hedging the risk that gave rise to them is evaluated.

EDP Group is exposed to exchange rate risk in US Dollars (USD), Brazilian Reais (BRL), Romanian Leu (RON), Polish Zloty (PLN) and Canadian Dollars (CAD). Currently, the exposure to USD/EUR, PLN/EUR, RON/EUR and CAD/EUR exchange rate risk results essentially from investments of EDP Group in wind parks in the USA, Poland, Romania and Canada, respectively. The majority of these investments were financed with debt contracted in the respective local currency which allows to mitigate the exchange rate risk related to these assets.

The Brazilian subsidiaries exposed to the USD/BRL exchange rate risk as a result of their USD debt, use derivative financial instruments to hedge this risk. Additionally, investments in the Brazilian subsidiaries of EDP Energias do Brasil, whose net assets expressed in BRL are exposed to exchange rate risks, are monitored through analysis of the evolution of the BRL/EUR exchange rate. Regarding investments in wind farms of EDP Renováveis in Brazil, the Group also contracted financial derivatives to cover exchange rate exposure of these assets.

The exchange rate and interest rate risk on the GBP, CHF and JPY bonds issued by EDP Finance B.V. under the Medium Term Notes Program for the Issuance of Debt Instruments has been hedged as from their issuing date.

#### Sensitivity analysis - exchange rate

Regarding the financial instruments that result in an exchange rate risk exposure, a fluctuation of 10% in the Euro exchange rate in relation to the following currencies, as at 31 March 2016 and 2015, would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

	Mar 2016				
	Profit o	r loss	Equi	ty	
Thousands of Euros	+10%	-10%	+10%	-10%	
USD	23,201	-28,357	-30,085	36,770	
	23,201	-28,357	-30,085	36,770	
			—		
		Mar 2	015		
	Profit o	r loss	Equi	ty	
Thousands of Euros	+10%	-10%	+10%	-10%	
USD	-8,647	10,569	-11,208	13,698	
	-8,647	10,569	-11,208	13,698	

This analysis assumes that all other variables, namely interest rates, remain unchanged.

#### Interest rate risk management

The aim of the interest rate risk management policies is to manage the financial charges and to reduce the exposure to interest rate risk from market fluctuations through the settlement of derivative financial instruments.

In the floating rate financing context, the EDP Group enters into interest rate derivative financial instruments to hedge the cash flows associated with future interest payments, which have the effect of converting floating interest rate loans into fixed interest rate loans.

Long-term loans engaged at fixed rates are, when appropriate, converted into floating rate loans through interest rate derivative financial instruments designed to level them to current and expected market conditions.

All the operations are undertaken on liabilities in the EDP Group's debt portfolio and mainly involve perfect hedges, resulting in a high level of correlation between the changes in the fair value of the hedging instrument and the changes in fair value of the interest rate risk or future cash flows.

The EDP Group has a portfolio of interest rate derivatives with maturities up to 13 years. The Group's Financial Departments undertake sensitivity analyses of the fair value of financial instruments to interest rate fluctuations. After the hedging effect of the derivatives 53% of the Group's liabilities are at fixed rate.

#### Sensitivity analysis - Interest rates (excluding the Brazilian operations)

Based on the debt portfolio engaged by the Group, except for Brazil and the related derivative financial instruments used to hedge the related interest rate risk, a 50 basis points change in the reference interest rates at 31 March 2016 and 2015 would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

		Mar 2016				
	Profit	Profit or loss		ity		
	50 bp	50 bp	50 bp	50 bp		
Thousands of Euros	increase	decrease	increase	decrease		
Cash flow effect:						
Hedged debt	-16,421	16,421	-	-		
Unhedged debt	-21,098	21,098	-	-		
Fair value effect:						
Cash flow hedging derivatives	-	-	14,274	-15,176		
Trading derivatives (accounting perspective)	-229	-7,750		-		
	-37,748	29,769	14,274	-15,176		

	Mar 2015					
	Profit	Profit or loss		ity		
	50 bp	50 bp	50 bp	50 bp		
Thousands of Euros	increase	decrease	increase	decrease		
Cash flow effect:						
Hedged debt	-13,421	13,421	-	-		
Unhedged debt	-26,602	26,602	-	-		
Fair value effect:						
Cash flow hedging derivatives	-	-	16,371	-17,558		
Trading derivatives (accounting perspective)	1,476	-1,506	-	-		
	-38,547	38,517	16,371	-17,558		

This analysis assumes that all other variables, namely exchange rates, remain unchanged.

#### Brazil - Interest rate and exchange rate risk management

The main tool used to monitor and control market risk in the Brazilian subsidiaries is Value at Risk (VaR).

VaR is the maximum expected loss on the operations portfolio over a specific period of time, resulting from an adverse movement in the market that has a specific confidence interval. The VaR model used is based on a confidence interval of 95% and assumes a 10 day time frame for settlement of positions, based essentially on historical data. Considering market data for the last 2 years and observation of the relationship between the different prices and markets, the model generates a series of scenarios for changes in market prices.

The VaR methodology used in Brazil considers a series of stress tests with the objective of monitoring the financial impact of the different market scenarios.

The summary of VaR on the operations of the Brazilian subsidiaries is as follows:

	VaR		
Thousands of Euros	Mar 2016	Dec 2015	
Exchange rate risk	238	202	
Interest rate risk	8,437	4,870	
Diversification effect	-381	-240	
	8,294	4,832	

## Counterparty credit risk management

EDP Group's policy in terms of counterparty risk on financial transactions is managed through an analysis of the technical capacity, competitiveness, credit rating and exposure to each counterparty, avoiding significant concentrations of credit risk. Counterparties in derivative financial instruments are credit institutions with high credit rating so the risk of counterparty default is not considered to be significant. Therefore, guarantees and other collaterals are not typically required for these transactions.

EDP Group has documented its financial operations in accordance with international standards. Derivative financial instruments are mainly contracted under ISDA Master Agreements.

Regarding third-party receivables generated by the Group's day-to-day business, the credit risk arises essentially from customers default, which exposure is limited to the energy supplied until the supply interruption occurs. The very criterious credit risk analysis made for new costumers, as well as the large number of customers and their diversity in terms of sectors of activity are some of the main factors that mitigate the concentration of counterparty credit risk.

EDP Group believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of trade receivables and other debtors, net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exists that have not been recognised as such and provided for.

## Liquidity risk management

The EDP Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with a firm underwriting commitment with national and international financial institutions as well as term deposits, allowing immediate access to funds. These credit lines are used to complement and backup national and international commercial paper programmes, allowing the EDP Group's short-term financing sources to be diversified (see notes 29 and 35).

## Energy market risk management

In its operations in the non-regulated Iberian electricity market, EDP Group purchases fuel to generate electric energy and sells the electric energy generated by its plants in the organised market (OMIE and OMIP) as well as to third parties. The Group is exposed to energy market risks namely in its operations in the non-regulated market. Some electricity generating plants despite operating in the market, are subject to the CMEC legislation, and the changes in the operating margins are determined essentially by the difference between the prices in the market and the reference indexes defined in the contracts.

As a result of its energy management operations, EDP Group has a portfolio of operations related to electric energy, carbon emissions (CO2) and fuel (coal, fuel and gas). The portfolio is managed through the engagement of operations with financial and physical settlement on the forward energy markets. The objective of the operations is to reduce volatility of the financial impact resulting from the managed positions and also to benefit from arbitration or positioning within the trading limits approved by the Executive Board of Directors. The financial instruments traded include swaps (electricity, fuel and coal) and forwards to fix prices.

The activity of energy management is subject to a series of variables which are identified and classified based on their common uncertainty characteristics (or risk). Such risks include market price evolution risk (electricity and fuel) and hydroelectric production volume risk (price and volume risk), as well as credit risk of the counterparties.

Monitoring the price, volume and credit risks includes their quantification in terms of positions at risk which can be adjusted through market operations. This quantification is made by using specific models that value positions so as to determine the maximum loss that can be incurred, with a given probability and a determined time frame.

Risks are managed in accordance with the strategies defined by the Executive Board of Directors, which are subject to a periodic review based on the evolution of the operations, in order to change the profile of the positions and adjust them to the established management objectives.

Risks are monitored by means of a series of actions involving daily monitoring of the different risk indicators, of the operations grouped in the systems and the prudence limits defined by management area and risk component, as well as regular backtesting and supplementary validation of the models and assumptions used. This monitoring not only ensures the effectiveness of the strategies implemented, but also provides elements to enable initiatives to be taken to correct them, if necessary.

The principal price and volume risk indicator used is the margin at risk (P@R), which estimates the impact of the variation of the different risk factors (price of electricity and hydrological) on the following year's margin, P@R corresponding to the difference between an expected margin and a pessimistic scenario with a probability to occur of 5% (confidence interval of 95%) considering a time frame of 1 year. Both the volumes which are certain and those, which although uncertain, are expected, namely production of the plants and the corresponding consumption of fuel, are considered. The P@R distribution by risk factor is as follows:

		P@R Distribution by risk factor		
Thousands of Euros	Mar 2016	Mar 2016 Dec 2015		
Risk factor				
Negotiation	2,000	2,000		
Fuel	19,000	20,000		
C02	19,000	10,000		
Electricity	15,000	47,000		
Hydrological	68,000	123,000		
Diversification effect	-56,000	-119,000		
	67,000	83,000		

Regarding credit risk, the quantification of exposure considers the amount and type of transaction (e.g. swap or forward), the rating of the counterparty risk that depends on the probability of default and the expected value of credit to recover, which varies depending on the guarantees received or the existence of netting agreements. The EDP Group's exposure to credit risk rating is as follows:

	Mar 2016	Dec 2015
Credit risk rating (S&P)		
AAA to AA-	-	15.32%
A+ to A-	45.08%	60.38%
BBB+ to BBB-	34.20%	14.04%
BB+ to B-	0.26%	0.24%
No rating assigned	20.46%	10.02%
	100.00%	100.00%

#### Capital management

EDP is not an entity subject to regulation in terms of capital or solvency ratios. Therefore, capital management is carried out within the financial management process of the entity.

Additionally, management describes this aspect of its strategic objectives in the chapters "Strategic Agenda" and "Value Creation to Shareholders" of the Annual Report of 2015.

The Group's goal in managing equity is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established objectives and maintain an optimum capital structure to reduce equity cost.

In conformity with other groups operating in this sector, the Group controls its financing structure based on several control mechanisms and ratios.

## 5. CONSOLIDATION PERIMETER

During the three-month period ended 31 March 2016, the following changes occurred in the EDP Group consolidation perimeter:

#### Companies acquired:

- EDP Renovables España, S.L acquired 15% of the share capital of Eólica La Brújula, S.A.;
- EDPR UK, S.L. acquired 33% of the share capital of Moray Offshore Renewables Ltd. with the subsequent increase to 100% of share interest in: MacColl Offshore Windfarm Ltd., Stevenson Offshore Windfarm Ltd. and Telford Offshore Windfarm Ltd.;
- EDP Gás S.G.P.S., S.A. acquired 25% of the share capital of Portgás Sociedade de Produção e Distribuição de Gás, S.A. with the subsequent increase of 25% of share interest in EDP Gás GPL - Comércio de Gás de Petróleo Liquefeito, S.A. and EDP Gás Serviço Universal, S.A.;
- EDP Renewables Polska S.P. ZO.O acquired 35% of the share capital of Molen Wind II S.P. ZO.O., helding 100% of the share capital.

#### Disposal of non-controlling interests without loss of control:

- EDP Renewables North America LLC. concluded the sale to Axium Infrastructure, L.L.C., by 278,819 thousands of Euros equivalent to 307,199 thousands of US Dollars (corresponding to a sale price of 307,500 thousands of US Dollars deducted from 301 thousands of US Dollars of transaction costs), of:
  - (i) 49% of its interests in the following companies:
    - Waverly Wind Farm, L.L.C.;
    - Arbuckle Mountain Wind Farm, L.L.C.;
    - Rising Tree Wind Farm III, L.L.C.;
  - 2015 Vento XIV, L.L.C.;
  - 2015 Vento XIII, L.L.C.;
  - EDPR Wind Ventures XIV, L.L.C.;
  - EDPR Wind Ventures XIII, L.L.C.
  - (ii) 24% of its interests in the following companies:
  - Cloud County Wind Farm, L.L.C.;
  - Pioneer Prairie Wind Farm I, L.L.C.;
  - Arlington Wind Power Project L.L.C.;
  - 2008 Vento III, L.L.C.;
  - Horizon Wind Ventures IC, L.L.C.

This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 20,645 thousands of Euros, was booked against reserves under the corresponding accounting policy.

#### Companies sold and liquidated:

- EDPR UK, S.L. sold 49% of Inch-Cape Offshore Ltd. by 15,979 thousands of Euros and generated a gain of 2,324 thousands of Euros (see note 13);
- EDP Renewables Polska S.P. ZO.O. sold 60% of J&Z Wind Farms Sp. Z O.O. by 12,690 thousands of Euros and generated a gain of 6,476 thousands of Euros (see note 7);
- EDP Energias do Brasil, S.A. sold 100% of Pantanal Energética, Lda. by 90,661 thousands of Euros and generated a gain of 60,916 thousands of Euros (see note 7);
- EDP MOP Operações de Pontos de Carregamento de Mobilidade Elétrica, S.A. liquidated IME IE Mobil Electrica, ACE;
- EDP Gas Iberia, S.L. liquidated Cogeración Bergara, A.I.E. and Cogeración Montjuic, S.L.U.

#### Companies incorporated:

• EDPR Vento IV Holding, L.L.C.

#### 6. REVENUES FROM ENERGY SALES AND SERVICES AND OTHER

Revenues from energy sales and services and other are analysed by sector as follows:

		Group		Company	
Thousands of Euros		Mar 2016	Mar 2015	Mar 2016	Mar 2015
Electricity and network access		3,396,175	3,618,670	586,512	645,908
Gas and network access		300,422	407,915	35,460	48,803
Sales of CO2 licences		-	-	13,664	-
Revenue from assets assigned to concessions		69,565	75,370	-	-
Other		20,756	33,382	39,215	36,185
		3,786,918	4,135,337	674,851	730,896

Revenues from energy sales and services and other by geographical market, for the Group, are analysed as follows:

		Mar 2016			
Thousands of Euros	Iberia	Brazil	U.S.A.	Other	Group
Electricity and network access	2,662,621	478,311	159,250	95,993	3,396,175
Gas and network access	300,422	-	-	-	300,422
Revenue from assets assigned to concessions	53,281	16,284	-	-	69,565
Other	16,441	3,162	48	1,105	20,756
	3,032,765	497,757	159,298	97,098	3,786,918

	Mar 2015				
Thousands of Euros	Iberia	Brazil	U.S.A.	Other	Group
Electricity and network access	2,758,026	648,151	128,865	83,628	3,618,670
Gas and network access	407,915	-	-	-	407,915
Revenue from assets assigned to concessions	58,363	17,007	-	-	75,370
Other	29,204	3,771	37	370	33,382
	3,253,508	668,929	128,902	83,998	4,135,337

During the first quarter of 2016, the caption Electricity and network access in Iberia, on a consolidated basis, includes a net revenue of 404,043 thousands of Euros (income in 31 March 2015: 389,662 thousands of Euros) regarding the tariff adjustments of the period in Portugal (see notes 26 and 39), as described under accounting policy - 2 x). This caption also includes a net cost of 58,815 thousands of Euros related to recognition of tariff adjustments for the period in Brazil, booked as Debtors and other assets from commercial activities (31 March 2015: net profit of 8,779 thousands of Euros).

Additionally, the caption Electricity and network access includes, on a consolidated basis, 33,509 thousands of Euros (31 March 2015: 26,061 thousands of Euros) related to the contractual stability compensation (CMEC) as a result of the power purchase agreements (PPA) termination.

The Revenues from energy sales and services and other, in Iberia, includes 2,106,268 thousands of Euros in Portugal and 926,497 thousands of Euros in Spain (31 March 2015: 2,122,275 thousands of Euros in Portugal and 1,131,233 thousands of Euros in Spain).

The breakdown of Revenues from energy sales and services and other by segment is presented in the Operating segments report (see Annex I).

Cost of energy sales and other are analysed as follows:

	Group		Com	pany
Thousands of Euros	Mar 2016	Mar 2015	Mar 2016	Mar 2015
Cost of electricity	1,767,103	2,084,450	556,046	633,807
Cost of gas	201,364	297,227	_	
Expenditure with assets assigned to concessions	69,565	75,370	-	
Changes in inventories and cost of raw materials and consumables used				
Fuel, steam and ashes	97,922	116,529	-	-
Gas	54,047	71,534	35,460	48,803
CO2 licences	17,176	33,713	13,664	-
Own work capitalised	-19,019	-14,334	-	-
Other	51,805	47,603	5	3
	201,931	255,045	49,129	48,806
	2,239,963	2,712,092	605,175	682,613

On a company basis, Cost of electricity includes costs of 293,821 thousands of Euros (31 March 2015: 298,897 thousands of Euros) with the purchase of energy under the agreement for management, purchase and resale of energy signed between EDP, S.A. and EDP Gestão da Produção de Energia, S.A.

Under the terms of concession contracts of EDP Group to which IFRIC 12 is applicable, the construction activities are outsourced to external specialised entities. Therefore, EDP Group has no margin in the construction of assets assigned to concessions. The revenue and the expenditure with the acquisition of these assets have equal amounts, being analysed as follows:

	G	Group		
Thousands of Euros	Mar 2016	Mar 2015		
Revenue from assets assigned to concessions	69,56	5 75,370		
Expenditure with assets assigned to concessions				
Subcontracts and other materials	-45,129	-50,070		
Personnel costs capitalised (see note 9)	-22,69	-23,456		
Capitalised borrowing costs (see note 13)	-1,74	-1,844		
	-69,56	-75,370		

# 7. OTHER INCOME

Other income, for the Group, is analysed as follows:

	Gro	oup
Thousands of Euros	Mar 2016	Mar 2015
Income arising from institutional partnerships - EDPR NA	55,452	42,898
Gains on disposals - electricity and gas business assets	67,392	77,745
Gains from contractual indemnities and insurance companies	14,822	4,306
Other	22,237	22,756
	159,903	147,705

Gains on disposals - electricity and gas business assets are related with (i) the gain on the sale of 100% of Pantanal Energética, Ltda to Cachoeira Escura Energética, S.A. in the amount of 60,916 thousands of Euros; and (ii) the gain on the sale of 60% of J&Z Wind Farms, SP. ZO.O. to Geo Renewables Limited in the amount of 6,476 thousands of Euros (see notes 5 and 42). During the first quarter of 2015, this caption is related with the gain on the sale of the assets allocated to gas transmission business in Murcia to Redexis Gas, S.A.

# 8. SUPPLIES AND SERVICES

# Supplies and services are analysed as follows:

	Group		Com	pany
Thousands of Euros	Mar 2016	Mar 2015	Mar 2016	Mar 2015
Consumables and communications	11,618	13,121	2,092	2,125
Rents and leases	29,827	26,679	10,835	10,661
Maintenance and repairs	75,253	71,231	5,332	4,050
Specialised works:				
- Commercial activity	40,308	40,447	1,717	907
- IT services, legal and advisory fees	12,934	17,815	4,594	4,883
- Other services	11,049	11,617	4,363	4,587
Provided personnel	-	-	3,927	9,858
Other supplies and services	24,507	26,328	2,438	4,019
	205,496	207,238	35,298	41,090

# 9. PERSONNEL COSTS AND EMPLOYEE BENEFITS

# Personnel costs and employee benefits are analysed as follows:

	Gro	Group		oany
Thousands of Euros	Mar 2016	Mar 2015	Mar 2016	Mar 2015
Personnel costs				
Board of Directors remuneration	3,540	3,788	1,478	1,430
Employees' remuneration	124,836	126,300	8,462	4,035
Social charges on remuneration	29,640	30,137	2,020	1,008
Performance, assiduity and seniority bonus	18,008	14,809	2,938	2,218
Other costs	6,153	6,548	69	21
Own work capitalised:				
- Assigned to concessions (see note 6)	-22,691	-23,456	-	-
- Other	-13,040	-12,649	-	-
	146,446	145,477	14,967	8,712
Employee benefits				
Pension plans costs	6,277	6,972	387	215
Medical plans costs and other benefits	2,047	2,070	146	15
Other	6,333	6,003	307	755
	14,657	15,045	840	985
	161,103	160,522	15,807	9,697

Pension plans costs include 2,436 thousands of Euros (31 March 2015: 3,330 thousands of Euros) related to defined benefit plans (see note 36) and 3,841 thousands of Euros (31 March 2015: 3,642 thousands of Euros) related with defined contribution plans. Medical plans costs and other employee benefits is related with the charge of the period (see note 36).

In the first quarter of 2016, no treasury stocks were granted to employees.

# **10. OTHER EXPENSES**

Other expenses, are analysed as follows:

	Gro	bup
Thousands of Euros	Mar 2016	Mar 2015
Concession rents paid to local authorities and others	73,103	68,598
Direct and indirect taxes	104,188	107,616
Donations	2,863	5,600
Impairment losses:		
- Trade receivables	9,106	9,563
- Debtors	-1,794	1,930
Other	23,184	21,771
	210,650	215,078

The caption Concession rents paid to local authorities and others includes essentially the rents paid to the local authorities under the terms of the low tension electricity distribution concession contracts and rents paid to city councils where the power plants are located.

The caption Direct and indirect taxes includes a tax of 7% over electricity generation in Spain from 1 January 2013, following the publication of Law 15/2012 on 27 December.

As at 31 March 2015, the caption Direct and indirect taxes, includes the amount of 29,301 thousands of Euros related with the impact of the IFRIC 21 adoption.

# **11. PROVISIONS**

Provisions are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2016	Mar 2015	Mar 2016	Mar 2015
Charge for the period	6,183	6,676	108	122
Write-back for the period	-2,853	-6,144	-	-
	3,330	532	108	122

# 12. AMORTISATION AND IMPAIRMENT

Amortisation and impairment are analysed as follows:

	Gro	Group		pany
Thousands of Euros	Mar 2016	Mar 2015	Mar 2016	Mar 2015
Property, plant and equipment				
Buildings and other constructions	3,601	2,615	1,180	42
Plant and machinery	261,163	231,439	3	3
Other	15,868	15,051	4,519	2,757
Impairment loss	-	-5,000	-	-
	280,632	244,105	5,702	2,802
Intangible assets				
Concession rights and impairment	19,704	21,380	-	-
Intangible assets assigned to concessions - IFRIC 12	72,007	77,617	-	-
Other intangibles	1,071	620	74	1
Impairment loss	-	-	-	-
	92,782	99,617	74	1
Investment property	132	418	60	643
	373,546	344,140	5,836	3,446
Compensation of amortisation and depreciation				
Partially-funded property, plant and equipment	-7,672	-7,471	-334	-
	365,874	336,669	5,502	3,446

The partially-funded property, plant and equipment is depreciated on the same basis and at the same rates as the Group's remaining assets, being the corresponding cost compensated through the amortisation of the amounts received (booked under Trade and other payables from commercial activities) on the same basis and at the same rates as the corresponding partially-funded assets.

#### **13. FINANCIAL INCOME AND EXPENSES**

Financial income and expenses, for the Group, are analysed as follows:

	Group	
Thousands of Euros	Mar 2016	Mar 2015
Financial income		<u> </u>
Interest income from bank deposits and other investments	8,482	7,117
Interest income from loans to joint ventures and associates	1,032	7,964
Interest from derivative financial instruments	33,781	44,104
Derivative financial instruments	151,550	99,897
Other interest income	16,028	13,429
Foreign exchange gains	47,278	31,483
CMEC	10,465	11,431
Gains on the sale of financial investments	13,283	-
Other financial income	33,076	64,196
	314,975	279,621
Financial expenses		
Interest expense on financial debt	215,705	255,708
Capitalised borrowing costs:		· · · · · · · · · · · · · · · · · · ·
- Assigned to concessions (see note 6)	-1,745	-1,844
- Other	-12,010	-30,329
Interest from derivative financial instruments	28,421	34,074
Derivative financial instruments	169,459	111,078
Other interest expense	4,994	6,457
Impairment of available-for-sale financial assets	8,578	-
Foreign exchange losses	23,132	60,125
CMEC	3,357	3,899
Unwinding of liabilities	34,747	29,898
Net interest on the net pensions plan liability (see note 36)	3,470	4,203
Net interest on the medical liabilities and other benefits (see note 36)	6,390	7,215
Other financial expenses	10,519	7,132
	495,017	487,616
Financial income/(expenses)	-180,042	-207,995

The caption Financial income - CMEC is related to interest on the initial CMEC included in the annuity for 2016 in the amount of 7,176 thousands of Euros (31 March 2015: 7,613 thousands of Euros) and the financial effect considered in the calculation of the initial CMEC in the amount of 3,289 thousands of Euros (31 March 2015: 3,805 thousands of Euros).

The caption Gains on the sale of financial investments includes the gain on the sale of 49% of Inch Cape Offshore Limited in the amount of 2,324 thousands of Euros and the gain on the sale of the shareholding of 11.11% in Tejo Energia, S.A., in the amount of 10,907 thousands of Euros (see note 42).

The caption Other financial income includes essentially 17,443 thousands of Euros related with interest income on tariff adjustment and tariff deficit in the national electricity system in Portugal (31 March 2015: 23,502 thousands of Euros), 5,527 thousands of Euros related with interest income on tariff deficit in Brazil (31 March 2015: 5,023 thousands of Euros) and 6,141 thousands of Euros related to gains, on sale of part of the electricity tariff deficit related to the over cost with the acquisition of electricity from Special Regime Generators in Portugal of 2014 (31 March 2015: 31,737 thousands of Euros) (see note 26).

Capitalised borrowing costs includes the interest capitalised in assets under construction according to the accounting policy described in paragraph 2 h). In what concerns the rate applicable to borrowing costs related with tangible/intangible assets under construction that is used in the determination of the amount of borrowing costs eligible for capitalization (see note 16 and 17), it varies depending on the country and currency, since EDP Group incorporates in the scope of consolidation a significant number of subsidiaries over several geographies with different currencies.

Financial expenses - CMEC, in the amount of 3,357 thousands of Euros (31 March 2015: 3,899 thousands of Euros), relates mainly to the unwinding of the initial CMEC, booked against Deferred Income (see note 39).

The Unwinding of discounted liabilities refers essentially to: (i) the unwinding of the dismantling and decommissioning provision for generation assets of 1,908 thousands of Euros (31 March 2015: 1,796 thousands of Euros), (ii) the implied financial return in institutional partnership in USA which amounted to 23,874 thousands of Euros (31 March 2015: 19,538 thousands of Euros) (see note 38), and (iii) the financial expenses related to the discount of the concessions of Alqueva/Pedrógão, Investco and Enerpeixe associated debt, in the total amount of 5,474 thousands of Euros (31 March 2015: 6,135 thousands of Euros).

Financial income and expenses, for the Company, are analysed as follows:

	Company	
Thousands of Euros	Mar 2016	Mar 2015
Financial income		
Interest income from loans to subsidiaries and related parties	102,134	117,621
Interest from derivative financial instruments	41,875	41,961
Derivative financial instruments	384,808	276,020
Income from equity investments	324,500	-
Other financial income	14,029	5,243
	867,346	440,845
Financial expenses		
Interest expense on financial debt	115,514	113,527
Interest from derivative financial instruments	33,760	37,584
Derivative financial instruments	403,896	236,925
Foreign exchange losses	3,285	27,604
Other financial expenses	1,244	1,480
	557,699	417,120
Financial income/(expenses)	309,647	23,725

# 14. INCOME TAX

The guiding principles regarding EDP Group's tax mission and policy are disclosed in EDP's site, in <a href="http://www.edp.pt/en/aedp/sobreaedp/principlosepoliticas/Pages/MissaoPoliticaFiscal.aspx">http://www.edp.pt/en/aedp/sobreaedp/principlosepoliticas/Pages/MissaoPoliticaFiscal.aspx</a>

#### Main features of the tax systems of the countries in which EDP Group operates

The statutory corporate income tax rates applicable in the main countries in which EDP Group operates are as follows:

	Mar 2016	Mar 2015
Europe:		
Portugal	21% - 29.5%	21% - 29.5%
Spain	25% - 28%	25% - 28%
Netherlands	25%	25%
America:		
Brazil	34%	34%
United States of America	38.2%	38.2%

The EDP Group companies are taxed, whenever possible, on a Group consolidated basis as allowed by the tax legislation of the respective countries.

As per the currently applicable legislation, in general terms, tax periods may be subject to review and reassessment by the various tax authorities during a limited number of years. Statutes of limitation differ from country to country, as follows: Portugal 4 years or, if tax losses or credits have been used, the number of years that such tax losses or credits may be carried forward; Spain: 4 years; USA and the Netherlands: 3 years; Brazil: 5 years.

Tax losses generated in each year are also subject to tax authorities review and reassessment and may be used to offset yearly taxable income assessed in the subsequent periods, as follows: In Portugal, 4 years (for tax losses of 2010 and 2011), 5 years (for tax losses of 2012 and 2013), and 12 years (for tax losses of 2014, 2015 and 2016), 9 years in the Netherlands, 20 years in the USA and without term in Brazil and Spain. Moreover, in the Netherlands the tax losses of a year may be used to recover current tax of the previous year and in the USA of the 2 previous years. However, the deduction of tax losses in Portugal, Spain and Brazil may be limited to a percentage of the taxable income of each period.

EDP Group companies may, in accordance with the law, benefit from certain tax benefits or incentives in specific conditions, namely the Production Tax Credits in the USA, which are the dominant form of wind remuneration in this country, and represent an extra source of revenue per unit of electricity (\$23/MWh in 2015 and 2014), over the first 10 years of the asset's life.

EDP Group's transfer pricing policy follows the rules, guidelines and international best practices applicable in the geographies where the Group operates, in strict compliance with the applicable Law.

# Changes in the law with relevance to the EDP Group in the first quarter of 2016

In Spain, the Law 27/2014, published in the Official State Gazette on 28 November 2014, reduced the CIT rate from 30% to 25% in 2016 (with an interim 28% rate applicable in 2015), introduced limits on the deduction of tax losses carried forward up to a maximum of 60% of taxable income in 2016, and 70% from 2017 onwards and eliminated the time limit in which tax losses can be carried forward. In addition, this Law established that the impairment losses on property, plant and equipment and intangible assets including goodwill, as well as capital losses generated in intra-group transactions becomes non-deductible and replaced the tax deduction of goodwill, limited to 5%. In Navarra, the CIT was also reduced from 28% to 25%, as per Foral Law 29/2014 of 24 December, with effect from 1 January 2015 onwards.

# Corporate income tax provision

Income tax expense is analysed as follows:

	Gro	Group		oany
Thousands of Euros	Mar 2016	Mar 2015	Mar 2016	Mar 2015
Current tax	-144,303	-104,059	-724	-5,130
Deferred tax	-7,277	21,817	3,949	8,407
	-151,580	-82,242	3,225	3,277

As at 31 March 2015, Current tax includes a positive variation in the amount of 7,606 thousands of Euros related with the IFRIC 21 adoption.

### Reconciliation between the nominal and the effective income tax rate

The effective income tax rate is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2016	Mar 2015	Mar 2016	Mar 2015
Profit before tax	572,735	441,266	324,431	17,263
Income tax	-151,580	-82,242	3,225	3,277
Effective income tax rate	26.5%	18.6%	-	-

The difference between the nominal and the effective tax rate, results from the application of the law provisions in the determination of the tax base, as demonstrated below.

The reconciliation between the nominal and the effective income tax rate for the Group, as at March 2016, is analysed as follows:

		Mar 2016				
Thousands of Euros	Rate %	Tax basis	Тах			
Nominal rate and income tax *	29.5%	572,735	168,957			
Different tax rates (includes state surcharge)	-0.6%	-11,339	-3,345			
Tax losses and tax credits	-1.4%	-26,346	-7,772			
Tax benefits	-0.8%	-15,705	-4,633			
Differences between tax and accounting gains and losses	-0.4%	-8,675	-2,559			
Other adjustments and changes in estimates	0.2%	3,159	932			
Effective tax rate and total income tax	26.5%	513,829	151,580			

\* Statutory Corporate Income Tax rate applicable in Portugal (21%), municipal surcharge (1.5%) and the state surcharge (7%)

# The reconciliation between the nominal and the effective income tax rate for the Group, as at March 2015, is analysed as follows:

	Mar 2015			
Thousands of Euros	Rate %	Tax basis	Тах	
Nominal rate and income tax *	22.5%	441,266	99,285	
Different tax rates (includes state surcharge)	5.0%	97,400	21,915	
Tax losses and tax credits	-1.0%	-19,489	-4,385	
Tax benefits	-1.3%	-25,369	-5,708	
Differences between tax and accounting gains and losses	-4.9%	-96,644	-21,745	
Other adjustments and changes in estimates	-1.7%	-31,643	-7,120	
Effective tax rate and total income tax	18.6%	365,521	82,242	

\* Statutory Corporate Income Tax rate applicable in Portugal (21%) and municipal surcharge (1.5%)

# 15. EXTRAORDINARY CONTRIBUTION TO THE ENERGY SECTOR (CESE)

The Law no. 83-C/2013, of 31 December (State Budget for 2014), established the Extraordinary Contribution to the Energy Sector (CESE). The application of this Contribution has been extended for the years 2015 and 2016, by Law no. 82-B/2014, of 31 December (State Budget for 2015) and Law no. 159-C/2015, of 30 December (Extension of revenue provided in the State Budget for 2015). Note that the Stability Programme 2015-2019, published in April 2015 by the Portuguese Government had already provided the duration of the CESE until 2018.

This Contribution aims to finance mechanisms that promote the systemic sustainability of the energy sector, through the establishment of a fund that aims to contribute for the reduction of tariff debt and to finance social and environmental policies in the energy sector. The contribution is due by EDP companies that operate in the generation and distribution of electricity and in the distribution of natural gas.

CESE is calculated based on the assets value with reference to the first day of financial year 2016 (1 January 2016) which respect, cumulatively, to Tangible assets; Intangible assets, with the exception of elements of industrial property; Financial assets assigned to concessions or licensed activities. In the case of regulated activities, CESE focuses on the value of regulated assets (i.e the amount recognised by ERSE for the calculation of allowed revenues as at 1 January 2016) if it is higher than the value of the previous referred assets. Given its legal framework, CESE is not considered a deductible expense in determining the taxable income.

Therefore, the Group booked under the caption Current tax liabilities - Other taxes, against results, the estimated responsibility concerning to CESE for the period 2016, in the amount of 58,834 thousands of Euros (31 March 2015: 60,863 thousands of Euros) (see note 41). As at 31 March 2015, the impact related with the IFRIC 21 adoption amounted to 45,489 thousands of Euros.

This contribution is also applicable to EDP Gestão da Produção de Energia, S.A. power plants that are subject to the legal regime that establishes the compensation mechanism to maintain the contractual balance, and so this contribution amount was recognised according to the Decree-Law n.º 240/2004 of 27 December.

# 16. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

	Gro	oup	Company	
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Cost				
Land and natural resources	98,487	99,487	21,388	23,877
Buildings and other constructions	520,208	489,377	134,362	114,411
Plant and machinery:				
- Hydroelectric generation	9,636,469	8,746,274	254	5,912
- Thermoelectric generation	8,613,095	8,569,641	-	-
- Renewable generation	15,302,136	15,171,961	-	-
- Electricity distribution	1,546,515	1,544,519	-	-
- Gas distribution	992,780	990,047	-	-
- Other plant and machinery	72,925	72,598	196	196
Other	972,113	980,409	163,054	170,395
Assets under construction	2,023,732	3,212,012	14,011	15,068
	39,778,460	39,876,325	333,265	329,859
Accumulated amortisation and impairment losses				
Amortisation charge	-280,632	-1,053,992	-5,702	-13,251
Accumulated amortisation in previous periods	-16,902,808	-15,922,931	-118,446	-105,772
Impairment losses	-	-24,043	-	-
Impairment losses in previous periods	-125,568	-101,643	-4,782	-4,782
	-17,309,008	-17,102,609	-128,930	-123,805
Carrying amount	22,469,452	22,773,716	204,335	206,054

The movements in Property, plant and equipment, for the Group, for the three-month period ended 31 March 2016 are analysed as follows:

Thousands of Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regulari- sations	Balance at 31 March
Cost							
Land and natural resources	99,487	-	-	-	1,488	-2,488	98,487
Buildings and other constructions	489,377	309	-772	21,110	10,171	13	520,208
Plant and machinery	35,095,040	10,979	-3,661	1,295,513	-235,170	1,219	36,163,920
Other	980,409	9,523	-4,512	-10,193	-2,124	-990	972,113
Assets under construction	3,212,012	142,798	-2,065	-1,306,430	-22,947	364	2,023,732
	39,876,325	163,609	-11,010	-	-248,582	-1,882	39,778,460

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### EDP - Energias de Portugal, S.A. Notes to the Condensed Consolidated and Company Financial Statements for the three-month period ended 31 March 2016

		Charge/				Perimeter Variations/	
Thousands of Euros	Balance at 1 January	Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Regulari- sations	Balance at 31 March
Accumulated amortisation	r Sandar y	105565	write-ons	in ansiers	Differences	Sations	
and impairment losses							
Land and natural resources	4,032	-	-	-	-	-	4,032
Buildings and other constructions	133,133	3,601	-588	163	2,154	-15	138,448
Plant and machinery	16,208,258	261,163	-3,170	-33	-64,116	-1,282	16,400,820
Other	757,186	15,868	-4,474	-130	-1,710	-1,032	765,708
	17,102,609	280,632	-8,232	-	-63,672	-2,329	17,309,008

Assets under construction are analysed as follows:

Thousands of Euros	Mar 2016	Dec 2015
Wind farms in USA	431,363	698,693
Wind farms in Europe	211,680	335,292
Hydric Portugal	945,201	1,755,399
Other assets under construction	435,488	422,628
	2,023,732	3,212,012

The capitalised costs for Property, plant and equipment for the period, except Land and natural resources, are as follows:

Thousands of Euros	Mar 2016
Subcontracts and other materials	135,495
Dismantling and decommissioning costs	3,064
Personnel costs (see note 9)	13,040
Borrowing costs (see note 13)	12,010
	163.609

As at 31 March 2016, the expected entry into operation, the accumulated capitalised costs and the commitments for the principal hydroelectric investments, are as follows:

	Expected entry into		
Thousands of Euros	operation	Capitalised costs	Commitments
Foz Tua	1st Semester 2017	388,250	63,950
Venda Nova III	2nd Semester 2016	401,319	21,330
		789,569	85,280

The entry into operation of hydroelectric investments depends of external factors to EDP Group.

Additions include the investment in wind farms by the subgroups EDPR NA, EDPR EU, EDPR BR and EDPR Poland. In the Portuguese generation activity, the Group is carrying out hydroelectric investments in the construction of several new power plants and power enhancement projects (Foz Tua and Venda Nova III).

Transfers refer mainly to wind farms of EDP Renováveis that become operational in United States of America, Poland, France and Portugal and to the entry into operation of the Baixo Sabor upstream hydroelectric plant and the Salamonde II hydroelectric plant. Additionally, and after further analysis during the first quarter of 2016, certain items, initially classified as plant and machinery and administrative equipment, were identified as an integrant part of the new headquarters in Lisbon, and therefore, were transferred to Buildings and other constructions.

The movement in Exchange differences in the period results mainly from the net effect of the appreciation of Brazilian Real and the depreciation of US Dollar, against the Euro.

As at 31 March 2016, the Group has an agreement in place, which constitutes a financial lease as defined by IFRIC 4, which net value of the assets allocated amounts to 19,214 thousands of Euros (31 March 2015: 20,610 thousands of Euros).

The movements in Property, plant and equipment, for the Group, for the three-month period ended 31 March 2015 are analysed as follows:

Thousands of Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regulari- sations	Balance at 31 March
Cost							
Land and natural resources	129,589	135	-268	7	-2,434	-426	126,603
Buildings and other constructions	450,017	32	-63	1,977	-18,068		433,895
Plant and machinery	31,466,143	49,683	-2,104	626,776	756,455	-1,512	32,895,441
Other	871,444	2,180	-1,107	7,415	5,108	1,592	886,632
Assets under construction	3,436,839	234,206	-5,777	-636,175	68,097	-1,735	3,095,455
	36,354,032	286,236	-9,319	-	809,158	-2,081	37,438,026

Thousands of Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regulari- sations	Balance at 31 March
Accumulated amortisation							
and impairment losses							
Land and natural resources	4,032	-	-	-	-	-	4,032
Buildings and other constructions	145,987	2,615	-14	-	-4,244	-	144,344
Plant and machinery	14,977,971	226,439	-1,559	-	164,540	-2,177	15,365,214
Other	702,942	15,051	-1,075		3,789	1,568	722,275
	15,830,932	244,105	-2,648	-	164,085	-609	16,235,865

Additions include the investment in wind farms by the subgroups EDPR BR, EDPR EU and EDPR NA. In Portugal, the additions relate to hydroelectric investments in the construction of several new power plants and power enhancement projects (Baixo Sabor, Foz Tua, Ribeiradio-Ermida, Venda Nova III and Salamonde II).

Transfers from assets under construction into operation, refer mainly to solar and wind farms of EDP Renováveis that become operational in Romania, France, and United States of America and to the entry into operation of the Baixo Sabor downstream hydroelectric plant in the amount of 203,907 thousands of Euros.

The movement in Exchange differences in the period results mainly from the net effect of the appreciation of US Dollar and the depreciation of Brazilian Real, against the Euro.

As at 31 March 2016, future lease payments from Property, plant and equipment financed through lease contracts, are detailed as follows: (i) less than 1 year: 3,488 thousands of Euros, (ii) from 1 to 3 years: 3,704 thousands of Euros; and (iii) from 3 to 5 years: 249 thousands of Euros.

The movements in Property, plant and equipment, for the Company, for the three-month period ended 31 March 2016 are analysed as follows:

Thousands of Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Regulari- sations	Balance at 31 March
Cost						
Land and natural resources	23,877	-	-2,489	-	-	21,388
Buildings and other constructions	114,411	-	-773	20,724	-	134,362
Other	176,503	5,504	-156	-18,343	-4	163,504
Assets under construction	15,068	1,324	-	-2,381		14,011
	329,859	6,828	-3,418	-	-4	333,265

Thousands of Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Regulari- sations	Balance at 31 March
Accumulated amortisation and						
impairment losses						
Land and natural resources	4,032	-	-	-	-	4,032
Buildings and other constructions	14,940	1,180	-588	163	170	15,865
Other	104,833	4,522	-156	-163	-3	109,033
	123,805	5,702	-744	-	167	128,930

The movements in Property, plant and equipment, for the Company, for the three-month period ended 31 March 2015 are analysed as follows:

Thousands of Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Regulari- sations	Balance at 31 March
Cost						
Land and natural resources	24,130	-	-	-	-	24,130
Buildings and other constructions	16,536	-	-	-	-	16,536
Other	126,942	355	-245	1,686	-	128,738
Assets under construction	81,910	11,167	-	-1,686	-	91,391
	249,518	11,522	-245	-	-	260,795

Thousands of Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Regulari- sations	Balance at 31 March
Accumulated amortisation and						
impairment losses						
Land and natural resources	4,032	-	-	-	-	4,032
Buildings and other constructions	15,052	42	-	-	-	15,094
Other	92,942	2,760	-241	-	-	95,461
	112,026	2,802	-241	-	-	114,587

Additions include the investment in the new head-office of EDP Group in Lisbon in the amount of 10,240 thousands of Euros.

As at 31 March 2016, future lease payments from Property, plant and equipment financed through lease contracts for the Company, are detailed as follows: (i) less than 1 year: 970 thousands of Euros, (ii) from 1 to 3 years: 1,010 thousands of Euros; and (iii) from 3 to 5 years: 73 thousands of Euros.

# **17. INTANGIBLE ASSETS**

This caption is analysed as follows:

	Gro	oup
Thousands of Euros	Mar 2016	Dec 2015
Cost		
Concession rights	14,912,388	14,808,407
CO2 licences	143,114	142,509
Other intangibles	251,350	243,879
Intangible assets in progress	594,025	560,553
	15,900,877	15,755,348
Accumulated amortisation and impairment losses		
Amortisation of concession rights	-91,711	-384,442
Amortisation of other intangibles	-1,071	-3,283
Accumulated amortisation in previous periods	-10,241,740	-9,803,051
Impairment losses	-	-14,780
Impairment losses in previous periods	-40,069	-25,158
	-10,374,591	-10,230,714
Carrying amount	5,526,286	5,524,634

The concession rights over the electricity distribution networks in Brazil, namely Bandeirante (State of São Paulo) and Escelsa (State of Espírito Santo) are amortised on a straight-line basis over the concession period until 2028 and 2025, respectively. Concession rights in Portugal relate to the natural gas distribution network (Portgás), being amortised on a straight-line basis over the concession period, until 2047, as well as the concession of the public hydric domain for hydroelectric generation (EDP Produção and Hidroeléctrica do Guadiana), which useful life currently does not exceed 75 years.

The concession rights over electricity production in Brazil, namely for Lajeado Energia and Investco, are amortised on a straight-line basis over the concession period, until 2032.

The movements in Intangible assets during the three-month period ended 31 March 2016, for the Group, are analysed as follows:

Thousands of Euros	Balance at 1 January	Additions	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisa- tions	Balance at 31 March
Cost							
Concession rights:							
- Distribution and generation Brazil	1,013,392	-	-	-	14,346		1,027,738
- Gas Portugal	138,354	-	-	-	-		138,354
- Hydric Portugal	1,419,988	106	-	-	-	-	1,420,094
CO2 licences	142,509	605	-	-	-	-	143,114
Assigned to concessions (IFRIC 12)	:						
- Intangible assets	12,236,673	96	-3,695	25,978	67,133	17	12,326,202
- Intangible assets in progress	134,643	69,469	-53	-38,050	1,557	-50	167,516
Other intangibles	243,879	7,184	-	-	-3,208	3,495	251,350
Other intangible in progress	425,910	3,752	-160	-	591	-3,584	426,509
	15,755,348	81,212	-3,908	-12,072	80,419	-122	15,900,877

Thousands of Euros	Balance at 1 January	Charge/ Impairment losses	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisa- tions	Balance at 31 March
Accumulated amortisation and							
impairment losses							
Concession rights:							
- Distribution and generation Brazil	565,750	8,330	-		4,974		579,054
- Gas Portugal	37,733	786	-	-	-	-	38,519
- Hydric Portugal	345,202	10,588	-	-	-	-	355,790
Assigned to concessions (IFRIC 12)	9,215,011	72,007	-2,322	-	48,671	8	9,333,375
Other intangibles	67,018	1,071	-	-	-235	-1	67,853
	10,230,714	92,782	-2,322	-	53,410	7	10,374,591

The contracts assigned to concessions (IFRIC 12) that currently exist in EDP Group fall within the Mixed Model, namely in the electricity and gas distribution concessions in Portugal and electricity distribution in Brazil, as referred to in note 2 aa).

Additions of CO2 Licences relates to licences granted free of charge to the EDP Group plants operating in Portugal.

The caption Other intangible in progress, includes the concession rights of hydric projects in Portugal namely Fridão and Foz Tua, in the amount of 287,343 thousands of Euros (31 December 2015: 287,343 thousands of Euros) and 88,393 thousands of Euros (31 December 2015: 87,974 thousands of Euros), respectively.

Transfers include the net transfers of intangible assets in progress assigned to concessions of 12,072 thousands of Euros relate to increases of financial assets under IFRIC 12, included under Debtors and other assets from commercial activities (see note 26).

The caption Other intangibles includes 96,570 thousands of Euros (31 December 2015: 100,987 thousands of Euros) related to wind generation licenses of EDPR NA Group and 61,892 thousands of Euros related with deferred green certificates in Romania (31 December 2015: 55,990 thousands of Euros).

The capitalised costs of the period related to construction of intangible assets are included in own work capitalised in notes 6, 9 and 13.

The movements in Intangible assets during the three-month period ended 31 March 2015, for the Group, are analysed as follows:

Thousands of Euros	Balance at 1 January	Additions	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisa- tions	Balance at 31 March
Cost							
Concession rights:							
- Distribution and generation Brazil	1,085,306	-	-	-	-29,583	-	1,055,723
- Gas Portugal	138,354	-	-	-	-	-	138,354
- Hydric Portugal	1,419,622	173	-	-	-	-	1,419,795
CO2 licences	162,389	-	-	-	-	-	162,389
Assigned to concessions (IFRIC 12):							
- Intangible assets	12,525,574	17	-5,831	38,677	-151,318	613	12,407,732
- Intangible assets in progress	107,335	75,353	-1,830	-53,272	455	-	128,041
Other intangibles	197,272	6,749	-	-	11,849	-1	215,869
Other intangible in progress	411,344	1,752	-	-	-1,263	-410	411,423
	16,047,196	84,044	-7,661	-14,595	-169,860	202	15,939,326

Thousands of Euros	Balance at 1 January	Charge/ Impairment Iosses	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisa- tions	Balance at 31 March
Accumulated amortisation and							
impairment losses							
Concession rights:							
- Distribution and generation Brazil	547,862	9,413	-	-	-9,960	-	547,315
- Gas Portugal	34,589	786	-	-	-		35,375
- Hydric Portugal	302,825	11,181	-	-	-	-	314,006
Assigned to concessions (IFRIC 12)	9,288,159	77,617	-3,304	-	-105,804	611	9,257,279
Other intangibles	60,735	620	-	-	1,137	10	62,502
	10,234,170	99,617	-3,304	-	-114,627	621	10,216,477

The caption Other intangible in progress, includes essentially the concession rights of hydric projects in Portugal namely Fridão (287,343 thousands of Euros) and Foz Tua (86,705 thousands of Euros).

Transfers include the net transfers of intangible assets in progress assigned to concessions of 14,595 thousands of Euros related to increases of financial assets under IFRIC 12, included under Debtors and other assets from commercial activities.

# 18. GOODWILL

Goodwill for the Group, resulting from the difference between the acquisition value and the corresponding share of the fair value of the assets acquired, at the acquisition date, is analysed as follows:

	Group	
Thousands of Euros	Mar 2016	Dec 2015
HC Energia Group	1,940,712	1,940,712
EDP Renováveis Group	1,330,316	1,361,305
EDP Brasil Group	46,941	46,053
Other	40,518	40,518
	3,358,487	3,388,588

The movements in Goodwill, during the three-month period ended 31 March 2016, are analysed as follows:

Thousands of Euros	Balance at 1 January	Increases	Decreases	Impairment	Exchange differences	Balance at 31 March
HC Energia Group	1,940,712		-	-	-	1,940,712
EDP Renováveis Group	1,361,305	-	-	-	-30,989	1,330,316
EDP Brasil Group	46,053	-	-	-	888	46,941
Other	40,518	-	-		-	40,518
	3,388,588	-	-		-30,101	3,358,487

The movements in Goodwill, during the three-month period ended 31 March 2015, are analysed as follows:

	Balance at				Exchange	Balance at
Thousands of Euros	1 January	Increases	Decreases	Impairment	differences	31 March
HC Energia Group	1,940,712	-	-	-	-	1,940,712
EDP Renováveis Group	1,287,004	2,494	-2,000	-	82,368	1,369,866
EDP Brasil Group	53,052	-	-	-	-1,033	52,019
Other	40,518	-	-	-	-	40,518
	3,321,286	2,494	-2,000	-	81,335	3,403,115

#### EDP Renováveis Group

During the first quarter of 2015, EDP Renováveis Group presents a decrease in goodwill movement in the amount of 2,000 thousands of Euros and an increase in the amount of 2,494 thousands of Euros, which are related to the contingent price revison under the purchase agreements of three projects in EDPR Spain and several projects in EDPR Poland, respectively. These contracts were signed before 1 January 2010, date of adoption of the revised IFRS 3 as mentioned in accounting policy 2 b).

# 19. INVESTMENTS IN SUBSIDIARIES (COMPANY BASIS)

# This caption is analysed as follows:

	Com	npany
Thousands of Euros	Mar 2016	Dec 2015
Acquisition cost	11,982,481	11,982,481
Effect of equity method (transition to IFRS)	-785,593	-785,593
Equity investments in subsidiaries	11,196,888	11,196,888
Impairment losses on equity investments in subsidiaries	-231,308	-231,308
	10,965,580	10,965,580

On the date of transition to IFRS, EDP, S.A. ceased to apply the equity method of accounting to its investments in its separate financial statements, having considered this method in the determination of the deemed cost at transition date.

# 20. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

# This caption is analysed as follows:

	Group		Com	pany
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Investments in joint ventures	636,981	615,223	6,597	6,597
Investments in associates	48,640	48,788	-	-
	685,621	664,011	6,597	6,597

The movement in Investments in joint ventures is mainly explained by the share of profits of these companies for the period (negative impact in the amount of 7,670 thousands of Euros), and by the capital increase in Empresa de Energia São Manoel, S.A. in the amount of 32,372 thousands of Euros.

As at 31 March 2016, for the Group, this caption includes goodwill in investments in joint ventures of 42,225 thousands of Euros (31 December 2015: 42,730 thousands of Euros) and goodwill in investments in associates of 9,203 thousands of Euros (31 December 2015: 9,248 thousands of Euros).

# 21. AVAILABLE FOR SALE INVESTMENTS

#### This caption is analysed as follows:

	Group Company		Group		oany
Thousands of Euros		Mar 2016	Dec 2015	Mar 2016	Dec 2015
Banco Comercial Português, S.A.		38,815	53,276	-	-
REN - Redes Energéticas Nacionais, SGPS, S.A.		53,864	51,920	53,864	51,920
Zephyr Fund (Energia RE portfolio)		61,165	61,277	-	-
Other		32,337	33,733	1,759	1,759
		186,181	200.206	55.623	53,679

During the first quarter of 2016, the market value of the financial investment held in BCP has decreased 14,461 thousands of Euros, which was recorded under fair value reserves (see note 32) and an impairment loss was recognised in the amount of 8,372 thousands of Euros under Other financial expenses (see note 13).

During 2016, the financial investment held in REN - Redes Energéticas Nacionais, SGPS, S.A., increased by 1,944 thousands of Euros being the increase booked against fair value reserves (see note 32).

The Zephyr Fund represents the participation units in a fund of stocks and bonds held by Energia RE, as a result of its reinsurance activity. During 2016, the financial investment decreased by 112 thousands of Euros being the decrease booked against fair value reserves (see note 32).

Under IFRS 13 (note 46), available for sale investments are classified into three levels of fair value: level 1 includes essencially financial investment held in Banco Comercial Português, S.A. and REN - Redes Energéticas Nacionais, SGPS, S.A. since they are indexed to market price; level 2 includes the fund of stocks and bonds held by Energia RE and level 3 covers all other available for sale investments.

Available-for-sale investments are booked at fair value being the changes since the date of acquisition, net of impairment losses, recorded against fair value reserves (see note 32). The fair value reserve attributable to the Group is analysed as follows:

Thousands of Euros	Mar 2016	Dec 2015
Banco Comercial Português, S.A.	-	6,089
REN - Redes Energéticas Nacionais, SGPS, S.A.	28,044	26,100
Tejo Energia, S.A.	-	10,859
Zephyr Fund (Energia RE portfolio)	6,795	6,907
Other	10,303	11,610
	45,142	61,565

In the first quarter of 2016, EDP Gestão da Produção de Energia, S.A. concluded the sale of 11.11% of share capital in Tejo Energia, S.A. The fair value reserves of 10,859 thousands of Euros was then transfered to results (see note 13 and 42).

# 22. INVESTMENT PROPERTY

This caption is analysed as follows:

Group		Group		pany
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Cost	60,142	58,821	41,261	40,127
Accumulated depreciation	-23,672	-22,356	-8,627	-7,605
Carrying amount	36,470	36,465	32,634	32,522

The investment properties are mainly land and buildings held to obtain rents or for capital appreciation and are not material.

#### 23. DEFERRED TAX ASSETS AND LIABILITIES

The EDP Group records the tax effect resulting from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which is analysed as follows:

	Net deferred	d tax assets	Net deferred	tax liabilities
Thousands of Euros	Mar 2016	Mar 2015	Mar 2016	Mar 2015
Balance as at 1 January	272,498	218,747	-794,983	-804,744
Tariff adjustment for the period	20,755	-39,993	-35,702	112,411
Provisions	4,954	-11,778	-	-
Property, plant and equipment, intangible assets and				
accounting revaluations	-7,355	-10,230	-2,679	-6,591
Deferred tax over CMECs in the period	-	-	23,363	273
Tax losses and tax credits	-41,622	34,397	-	-
Financial and available-for-sale investments	2,721	-9,270	134	-1,446
Fair value of derivative financial instruments	8,316	5,706	-6,263	-13,477
Other temporary differences	5,775	-3,937	1,090	-24,901
Netting of deferred tax assets and liabilities	37,644	17,876	-37,644	-17,876
Balance as at 31 March	303,686	201,518	-852,684	-756,351

On a company basis, EDP, S.A. records the tax effect resulting from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which is analysed as follows:

	Net deferre	Net deferred tax assets		Net deferred tax assets Net deferred tax liabiliti		tax liabilities
Thousands of Euros	Mar 2016	Mar 2015	Mar 2016	Mar 2015		
Balance as at 1 January	35,140	27,434	-	-		
Tax losses and tax credits	-8,676	33,777	-	-		
Financial and available-for-sale investments	-809	-1,882	-	-		
Fair value of derivative financial instruments	5,836	-3,058	-	-		
Other temporary differences	361	249	3	3		
Netting of deferred tax assets and liabilities	3	3	-3	-3		
Balance as at 31 March	31,855	56,523	-	-		

# 24. INVENTORIES

# This caption is analysed as follows:

	Group		
Thousands of Euros	Mar 2016	Dec 2015	
Merchandise	21,076	21,993	
Finished, intermediate products and sub-products	22,368	21,857	
Raw and subsidiary materials and consumables (coal and other fuels)	87,462	77,530	
Nuclear fuel	17,564	18,758	
Others	59,686	64,068	
	208,156	204,206	

# 25. TRADE RECEIVABLES

Trade receivables, for the Group, are analysed as follows:

	Group		
Thousands of Euros	Mar 2016	Dec 2015	
Trade receivables - Non-Current			
Corporate sector and individuals:			
- Iberia	7,533	4,407	
- Brazil	12,525	12,089	
Public Sector:			
- Iberia	107,394	109,226	
- Brazil	6,043	6,349	
	133,495	132,071	
Impairment losses	-30,285	-30,984	
	103,210	101,087	
Trade receivables - Current			
Corporate sector and individuals:			
- Iberia	1,612,645	1,464,827	
- Brazil	483,748	505,125	
- U.S.A.	73,014	65,353	
- Other	76,304	66,911	
Public Sector:			
- Iberia	71,693	61,587	
- Brazil	41,742	38,909	
	2,359,146	2,202,712	
Impairment losses	-319,114	-307,195	
	2,040,032	1,895,517	
	2,143,242	1,996,604	

Trade receivables, for the Company, are analysed as follows:

	Company		
Thousands of Euros	Mar 2016	Dec 2015	
Trade receivables - Current			
Corporate sector and individuals:			
- Iberia	155,542	177,046	
	155,542	177,046	
Impairment losses	-9,957	-9,957	
	145,585	167,089	

# 26. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities - Non-Current, are analysed as follows:

	Group		
Thousands of Euros	Mar 2016	Dec 2015	
Amounts receivable from tariff adjustments - Electricity - Portugal	1,190,085	1,440,282	
Amounts receivable from tariff adjustments - Electricity - Brazil	4,398	22,783	
Amounts receivable from tariff expenses - Gas - Spain	69,000	69,000	
Amounts receivable relating to CMEC	703,707	653,359	
Amounts receivable from concessions - IFRIC 12	982,382	949,914	
Sundry debtors and other operations	81,254	79,108	
	3,030,826	3,214,446	
Impairment losses on debtors	-3,219	-3,215	
	3,027,607	3,211,231	

Debtors and other assets from commercial activities - Current, are analysed as follows:

	Group		Com	oany
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Amounts receivable from tariff expenses - Electricity - Spain	1,000	1,000	-	-
Amounts receivable from tariff adjustments - Electricity - Portugal	1,247,582	791,662	-	-
Amounts receivable from tariff adjustments - Electricity - Brazil	113,188	154,095	-	-
Receivables relating to other goods and services	84,836	94,537	13,424	47,445
Amounts receivable relating to CMEC	127,418	174,470	-	-
Accrued income relating to energy sales activity	105,551	120,656	206,242	239,052
Sundry debtors and other operations	261,812	258,093	83,232	142,063
	1,941,387	1,594,513	302,898	428,560
Impairment losses on debtors	-19,479	-21,130	-962	-939
	1,921,908	1,573,383	301,936	427,621

The caption Amounts receivable relating to CMEC amounts to 831,125 thousands of Euros, and includes 703,707 thousands of Euros as non-current and 127,418 thousands of Euros as current. The amount receivable relating to the initial CMEC includes 559,121 thousands of Euros as non-current and 43,098 thousands of Euros as current, and corresponds to the initial CMEC granted to EDP Produção (833,467 thousands of Euros) deducted from the annuities for the years 2007 to 2016. The remaining 144,586 thousands of Euros as non-current and 84,320 thousands of Euros as current correspond to the receivable amounts through the revisibility calculation from 2014 to 2016.

As referred in the note 2 aa), the concession contracts currently in force in EDP Group are based in the Mixed Model, namely in the electricity and gas distribution concessions in Portugal and electricity distribution in Brazil. Therefore, the caption Amounts receivable from concessions - IFRIC 12 in the amount of 982,382 thousands of Euros relates to the financial asset to be received by the EDP Group regarding the electricity and gas concessions in Portugal and Brazil, resulting from the application of the mixed model. The variation in the period includes: (i) the effect of the appreciation of Brazilian Real against Euro in the amount of 13,959 thousands of Euros; (ii) transfers from intangible assets assigned to concessions in the amount of 12,072 thousands of Euros (see note 17).

The caption Amounts receivable from tariff adjustments - Electricity - Brazil corresponds to tariff adjustments booked in Bandeirante and Escelsa with the accumulated amount as at 31 March 2016 of 81,330 thousands of Euros (31 December 2015: 115,657 thousands of Euros) and 36,256 thousands of Euros (31 December 2015: 61,221 thousands of Euros), respectively. The period variation respects to tariff adjustment for the period with negative impact of 26,929 thousands of Euros (see note 6), unwinding of 5,324 thousands of Euros, receipts through the electric energy tariff with a negative impact of 43,099 thousands of Euros and exchange differences due to appreciation of Brazilian Real with a positive impact of 5,412 thousands of Euros.

The movement for the period in Amounts receivable from tariff adjustments - Electricity - Portugal (Current and Non-current) is analysed as follows:

		Non-
Thousands of Euros	Current	Current
Balance as at 1 January 2015	1,063,661	1,341,117
Receipts through the electric energy tariff	-287,440	-
Partial sale of 2014 over costs for the special regime generators	-465,418	-
Tariff adjustment of 2014	3,487	9,929
Tariff adjustment for the period	111,777	332,647
Interest income	23,208	294
Transfer from Non-Current to Current	476,129	-476,129
Balance as at 31 March 2015	925,404	1,207,858
Receipts through the electric energy tariff	-746,319	-
Partial sale of 2014 over costs for the special regime generators	-278,816	-
Partial sale of 2015 over costs for the special regime generators	-100,000	-
Tariff adjustment of 2014	51,644	-9,929
Tariff adjustment for the period	317,759	810,006
Transfer to/from tariff adjustment payable	4,394	-
Interest income	49,943	-
Transfer from Non-Current to Current	567,653	-567,653
Balance as at 31 December 2015	791,662	1,440,282
Receipts through the electric energy tariff	-195,668	-
Partial sale of 2014 over costs for the special regime generators	-93,844	-
Tariff adjustment of 2015	539	1,616
Tariff adjustment for the period	62,942	412,711
Transfer to/from tariff adjustment payable	-16	-
Interest income	17,310	133
Transfer from Non-Current to Current	664,657	-664,657
Balance as at 31 March 2016	1,247,582	1,190,085

During the first quarter of 2016, EDP Serviço Universal, S.A. (EDP SU), the last resort supplier for the Portuguese electricity system, agreed to sell a portion of the 2015 tariff deficit, which resulted from the deferral, for the period of 5 years, of the recovery of the 2014 over costs related to the acquisition of electricity from special regime generators (including the adjustments for 2012 and 2013), in the amount of 93,844 thousands of Euros. In this sale transaction of assets, EDP SU gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 100,000 thousands of Euros and generated a net gain of expenses with the transaction of 6,141 thousands of Euros (see note 13).

During the fourth quarter of 2015, EDP SU agreed to sell a portion of the 2015 tariff deficit, which resulted from the deferral, for the period of 5 years, of the recovery of the 2015 over costs related to the acquisition of electricity from special regime generators (including the adjustments for 2013 and 2014), in the amount of 100,000 thousands of Euros. In this sale transaction of assets, EDP SU gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 103,609 thousands of Euros and generated a net gain of expenses with the transaction of 2,960 thousands of Euros.

During the second and fourth quarter of 2015, EDP SU agreed to sell, in two independent operations, a portion of the 2014 tariff deficit, which resulted from the deferral, for the period of 5 years, of the recovery of the 2014 over costs related to the acquisition of electricity from special regime generators (including the adjustments for 2012 and 2013), in the amount of 278,816 thousands of Euros. In this sale transaction of assets, EDP SU gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 300,000 thousands of Euros and generated a net gain of expenses with the transaction of 20,903 thousands of Euros.

During the first quarter of 2015, EDP SU sold without recourse to Tagus – Sociedade de Titularização de Créditos, S.A., a portion of the 2014 tariff deficit in the amount of 465,418 thousands of Euros, and respective interest. The 2014 tariff deficit resulted from the deferral, for the period of 5 years, of the recovery of the 2014 over costs (including the adjustments for 2012 and 2013) related to the acquisition of electricity from special regime generators. The sale price amounted to 499,461 thousands of Euros and generated a gain net of transaction costs of 31,737 thousands of Euros (see notes 13 and 50).

The following table provides details for the caption Amounts receivable from tariff adjustments - Electricity - Portugal, by nature and year of establishment, as well as presents the amounts of tariff deficit that have been securitised during the first quarter of 2016:

Thousands of Euros	Deficit	Tariff	Securiti- sation	Total
Year:				
2012	4,691	-	-	4,691
2013	192,326	-	-	192,326
2014	367,052	132,500	-93,844	405,708
2015	1,299,744	63,416	-	1,363,160
2016	310,977	160,805	-	471,782
	2,174,790	356,721	-93,844	2,437,667

#### 27. OTHER DEBTORS AND OTHER ASSETS

### Other debtors and other assets are analysed as follows:

	Gro	Group		oany
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Debtors and other assets - Non-Current				
Loans to subsidiaries	-	-	7,046,042	7,065,870
Loans to related parties	8,820	8,413	91	90
Guarantees rendered to third parties	44,319	40,862	-	
Derivative financial instruments	274,219	261,894	594,313	733,209
Excess of the pension fund financing	58,724	58,724	159	159
Sundry debtors and other operations	99,022	74,364	-	-
	485,104	444,257	7,640,605	7,799,328
Debtors and other assets - Current				
Loans to subsidiaries	-	-	893,507	836,870
Dividends attributed by subsidiaries	-	-	324,500	
Loans to related parties	75,498	65,479	14,809	14,794
Receivables from the State and concessors	33,153	36,165	-	
Derivative financial instruments	171,582	271,436	408,227	461,786
Subsidiary companies	-	-	980,856	801,842
Sundry debtors and other operations	41,434	70,038	8,915	11,704
	321,667	443,118	2,630,814	2,126,996
	806,771	887,375	10,271,419	9,926,324

Loans to subsidiaries - Non-Current and Current, for the Company, mainly includes 4,297,836 thousands of Euros (31 December 2015: 4,295,300 thousands of Euros) of loans granted to EDP - Gestão da Produção de Energia, S.A., 2,327,356 thousands of Euros (31 December 2015: 2,297,781 thousands of Euros) of loans granted to EDP Distribuição de Energia, S.A. (see note 45). Additionally, this caption include 903,502 thousands of Euros (31 December 2015: 893,616 thousands of Euros) of loans granted to EDP Servicios Financieros España, S.A. through EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España (see notes 45 and 49).

Sundry debtors and other operations - Non-Current includes 33,780 thousands of Euros (31 December 2015: 33,717 thousands of Euros) of financial assets advance payments regarding to Banzi Project by EDP Renewables Italia S.R.L.

Subsidiary Companies - Current, for the Company, mainly includes receivables from the EDP Group's financial system in the amount of 938,157 thousands of Euros (31 December 2015: 772,630 thousands of Euros) (see note 45).

# **28. CURRENT TAX ASSETS**

Current tax assets are analysed as follows:

	Gro	Group		oany
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Income tax	68,582	118,240	11,916	34,366
Value added tax (VAT)	191,174	179,805	17,161	51,189
Other taxes	19,022	16,822	4,074	4,048
	278,778	314,867	33,151	89,603

# 29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

	Gro	Group		Company	
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015	
Cash	192	59	11	8	
Bank deposits					
Current deposits	567,110	395,639	71,125	15,937	
Term deposits	967,773	811,691	225,007	397,325	
Specific demand deposits in relation to institutional partnerships	27,584	38,048	-	-	
Other deposits	12	12	-	-	
	1,562,479	1,245,390	296,132	413,262	
Operations pending cash settlement					
Current deposits	6,000	-	58,000	110,000	
	1,568,671	1,245,449	354,143	523,270	

Specific demand deposits in relation to institutional partnerships corresponds to funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 38), under the accounting policy 2 v).

As at 31 March 2016, the caption Operations pending cash settlement represents commercial paper issued by EDP, S.A., which is booked as financial debt at the issuance trade date, under the Group accounting policy. This caption includes: (i) 52,000 thousands of Euros issued on 30 March 2016, acquired by EDP Finance B.V., which settlement date occurred on 1 April 2016; and (ii) 6,000 thousands of Euros issued on 31 March 2016, which settlement date occurred on 4 April 2016.

# **30. SHARE CAPITAL AND SHARE PREMIUM**

EDP, S.A. was incorporated as a State-owned company and started its privatisation process in 1997. The second and third phases of the privatisation process were carried out in 1998, the fourth phase in 2000, the fifth phase consisting of a capital increase in 2004 and a sixth phase in 2005. In December 2007, the State issued bonds convertible into shares of EDP, S.A. under the seventh phase of the privatisation process.

On 11 May 2012, regarding EDP's eighth reprivatisation phase, the Portuguese State sold to China Three Gorges (Europe), S.A. (former - CWEI (Europe), S.A.), the ownership of 780,633,782 shares representing 21.35% of the share capital of EDP, S.A.

On 21 February 2013, Parpública – Participações Públicas (SGPS) S.A. (Parpública) notified EDP that, on 19 February 2013, it sold 151,517,000 shares, which correspond to 4.14% of EDP's share capital.

As a result of this two last transactions, Parpública no longer has a qualified shareholding position in EDP share capital.

The share capital amounts to 3,656,537,715 Euros and is represented by 3,656,537,715 fully paid up ordinary shares of 1 Euro each.

EDP - Energias de Portugal S.A. shareholder structure as at 31 March 2016 is analysed as follows:

	Nr. of Shares	% Capital	% Voting
China Three Gorges	780,633,782	21.35%	21.35%
CNIC	110,435,491	3.02%	3.02%
Capital Group Companies, Inc.	620,583,780	16.97%	16.97%
Oppidum Capital, S.L.	263,046,616	7.19%	7.19%
BlackRock, Inc.	182,733,180	5.00%	5.00%
Senfora, BV	148,431,999	4.06%	4.06%
Millennium BCP Group and Pension Fund	89,139,594	2.44%	2.44%
Sonatrach	87,007,433	2.38%	2.38%
Qatar Investment Authority	82,868,933	2.27%	2.27%
EDP (Treasury stock)	21,384,398	0.58%	
Remaining shareholders	1,270,272,509	34.74%	
	3,656,537,715	100.00%	

This breakdown should be read together with note 47 – Relevant or subsequent events, where the changes occurred in the shareholder structure after 31 March 2016 are disclosed.

Share capital and Share premium are analysed as follows:

	Group and Company		
	Share Share		
Thousands of Euros	capital	premium	
Balance as at 1 January	3,656,538	503,923	
Movements during the period	-	-	
Balance as at 31 March	3,656,538	503,923	

The earnings per share (EPS) attributable to the equity holders of EDP are as follows:

	Group		Company	
	Mar 2016	Mar 2015	Mar 2016	Mar 2015
Net profit attributable to the equity holders of EDP (in Euros)	262,761,623	236,515,545	327,656,284	20,539,535
Net profit from continuing operations attributable to the equity holders of				
EDP (in Euros)	262,761,623	236,515,545		
Weighted average number of ordinary shares outstanding	3,635,099,581	3,633,538,433	3,636,612,581	3,635,051,433
Weighted average number of diluted ordinary shares outstanding	3,635,099,581	3,633,538,433	3,636,612,581	3,635,051,433
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.07	0.07		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.07	0.07		
Basic earnings per share from continuing operations (in Euros)	0.07	0.07		
Diluted earnings per share from continuing operations (in Euros)	0.07	0.07		

EDP Group calculates basic and diluted earnings per share attributable to equity holders of EDP using the weighted average number of ordinary shares outstanding during the period, net of changes in treasury stock during the period. As at 31 March 2015, net profit and earnings per share were restated for IFRIC 21 purposes.

# The average number of shares was determined as follows:

	Group		Company	
	Mar 2016	Mar 2015	Mar 2016	Mar 2015
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of shares issued during the period	-	-	-	-
Average number of realised shares	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of treasury stock	-21,438,134	-22,999,282	-19,925,134	-21,486,282
Average number of shares during the period	3,635,099,581	3,633,538,433	3,636,612,581	3,635,051,433
Effect of stock options	-	-	-	-
Diluted average number of shares during the period	3,635,099,581	3,633,538,433	3,636,612,581	3,635,051,433

# **31. TREASURY STOCK**

#### This caption is analysed as follows:

	Group		Company	
	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Book value of EDP, S.A.'s treasury stock (thousands of Euros)	62,031	62,691	55,936	56,596
Number of shares	21,384,398	21,424,972	19,871,398	19,911,972
Market value per share (in Euros)	3.126	3.321	3.126	3.321
Market value of EDP, S.A.'s treasury stock (thousands of Euros)	66,848	71,152	62,118	66,128

Shares' transactions occurred between 1 January and 31 March 2016:

	EDP, S.A.	Energia RE
Volume acquired (number of shares)	1,033,906	-
Average purchase price (in Euros)	2.932	-
Total purchases (thousands of Euros)	3,031	-
Volume sold (number of shares)	-1,074,480	-
Average selling price (in Euros)	3.068	-
Total sales (thousands of Euros)	3,297	-
Final position (number of shares)	19,871,398	1,513,000
Highest market price (in Euros)	3.267	-
Lowest market price (in Euros)	2.720	-
Average market price (in Euros)	3.014	-

The treasury stock held by EDP, S.A. is within the limits established by the Company's articles of association and by the "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code). The treasury stock is recognised at acquisition cost.

#### 32. RESERVES AND RETAINED EARNINGS

# This caption is analysed as follows:

	Group		Group Company	
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Legal reserve	698,902	698,902	698,902	698,902
Fair value reserve (cash flow hedge)	-68,715	-73,866	-27,998	-8,216
Tax effect of fair value reserve (cash flow hedge)	15,508	17,562	8,220	2,384
Fair value reserve (available for sale investments)	45,142	61,565	23,706	21,762
Tax effect of fair value reserve (available for sale investments)	-1,118	-2,186	1,710	2,283
Exchange differences arising on consolidation	-359,541	-392,097	-	-
Treasury stock reserve (EDP, S.A.)	55,936	56,596	55,936	56,596
Other reserves and retained earnings	4,202,963	3,292,826	2,422,318	1,619,613
	4,589,077	3,659,302	3,182,794	2,393,324

## Legal reserve

In accordance with Article 295 of "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code) and EDP, S.A.'s articles of association, the legal reserve must be increased by a minimum of 5% of the annual profit until it reaches 20% of the company's share capital. This reserve can only be used to cover losses or to increase share capital.

# Fair value reserve (cash flow hedge)

This reserve includes the effective portion of the cumulative net change in the fair value of the cash flow hedging financial derivative instruments.

# Fair value reserve (available-for-sale investments)

This reserve includes the accumulated net change in the fair value of available-for-sale investments as at the balance sheet date, net of impairment losses. The changes in this consolidated caption for the period are as follows:

	Group		
Thousands of Euros	Increases	Decreases	
Balance as at 1 January 2015	545,152	-498,175	
Changes in fair value	41,981	-5	
Transfer of impairment to profit or loss	3	-	
Balance as at 31 March 2015	587,136	-498,180	
Changes in fair value	-23,318	-26,903	
Changes in perimeter	1,042	-	
Transfer of impairment to profit or loss	21,993	-	
Transfer of reserves from assets sold to profit or loss	-	-205	
Balance as at 31 December 2015	586,853	-525,288	
Changes in fair value	1,944	-16,086	
Transfer of impairment to profit or loss	8,578	-	
Transfer of reserves from assets sold to profit or loss	-	-10,859	
Balance as at 31 March 2016	597,375	-552,233	

Changes in fair value reserve attributable to the EDP Group during the period ended 31 March 2016 are analysed as follows:

Thousands of Euros	Increases	Decreases
Banco Comercial Português, S.A.	-	-14,461
REN - Redes Energéticas Nacionais, SGPS, S.A.	1,944	-
Others	-	-1,625
	1,944	-16,086

#### Exchange differences on consolidation

Exchange differences on consolidation include the amounts resulting from changes in the value of shareholder's equity of subsidiaries, joint ventures and associated companies resulting from changes in exchange rates. The exchange rates used in the preparation of the financial statements are as follows:

		Exchange rates at Mar 2016		Exchange rates at Dec 2015		Exchange rates at Mar 2015	
Currency		Closing rates	Average exchange rate	Closing rates	Average exchange rate	Closing rates	Average exchange rate
US Dollar	USD	1.139	1.102	1.089	1.110	1.076	1.128
Brazilian Real	BRL	4.117	4.304	4.312	3.699	3.496	3.224
Macao Pataca	MOP	9.093	8.820	8.691	8.862	8.593	9.005
Canadian Dollar	CAD	1.474	1.515	1.512	1.419	1.374	1.396
Polish Zloty	PLN	4.258	4.364	4.264	4.184	4.085	4.194
Romanian Leu	RON	4.472	4.493	4.524	4.446	4.410	4.452
Pound Sterling	GBP	0.792	0.770	0.734	0.726	0.727	0.744
South African Rand	ZAR	16.787	17.447	16.953	14.172	13.132	13.241
Mexican Peso	MXN	19.590	19.883	18.915	17.617	16.512	16.844
Chinese Yuan	CNY	7.351	7.208	7.061	7.039	-	-

Treasury stock reserve (EDP, S.A.)

In accordance with the article 324.º of "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code), EDP, S.A. has created an unavailable reserve with an amount equal to the book value amount of treasury stock held.

#### Dividends

On 19 April 2016, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders of the net profit for the year 2015 in the amount of 676,459 thousands of Euros, corresponding to a dividend of 0.185 Euros per share (including the treasury stock dividend). Considering the resolution date, the correspondent accounting of this decision will be made during the second quarter of 2016.

#### 33. NON-CONTROLLING INTERESTS

# This caption is analysed as follows:

	Group		
Thousands of Euros	Mar 2016	Dec 2015	
Non-controlling interests in income statement	99,559	334,439	
Non-controlling interests in equity and reserves	3,592,644	3,117,279	
	3,692,203	3,451,718	

Non-controlling interests, by subgroup, are made up as follows:

	Group		
Thousands of Euros	Mar 2016	Dec 2015	
EDP Renováveis Group	2,408,617	2,203,157	
EDP Brasil Group	1,195,472	1,107,100	
Other	88,114	141,461	
	3,692,203	3,451,718	

During the first quarter of 2016, EDP Group generated profits of 99,559 thousands of Euros attributable to non-controlling interests (31 December 2015: 334,439 thousands of Euros).

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits attributable to non-controlling interests of 59,797 thousands of Euros; (ii) a negative impact of 26,903 thousands of Euros related to dividends attributable to non-controlling interests; (iii) a negative impact of 33,524 thousands of Euros resulting from exchange differences; (iv) a negative impact resulting from share capital increases/decreases of 12,997 thousands of Euros; (v) acquisition/sale without change of control of EDPR EU subsidiaries attributable to non-controlling interests with a negative impact of 21,002 thousands of Euros (see note 5); and (vi) sale without loss of control of EDPR NA subsidiaries attributable to non-controlling interests with a positive effect of 241,015 thousands of Euros (see note 5).

The movement booked in non-controlling interests of EDP Brasil Group includes: (i) 40,134 thousands of Euros of profits attributable to non-controlling interests; (ii) an increase of 53,081 thousands of Euros resulting from exchange differences; (iii) a negative impact of 3,475 thousands of Euros related to dividends attributable to non-controlling interests; and (iv) a negative impact of 1,380 thousands of Euros from actuarial losses net of taxes recognised.

The movement in non-controlling interests of Other is mainly related to acquisition without change of control of 25.34% of Portgás -Sociedade de Produção e Distribuição de Gás, S.A. with a negative impact of 52,975 thousands of Euros (see note 5).

### 34. HYDROLOGICAL ACCOUNT

The movements in the Hydrological account are analysed as follows:

	Group and Company		
Thousands of Euros	Mar 2016	Mar 2015	
Balance at the beginning of the period	11,417	1,010	
Amounts received/(paid) during the period	-2,536	2,537	
Financial charges	117	21	
Balance at the end of the period	8,998	3,568	

# 35. FINANCIAL DEBT

This caption is analysed as follows:

	Gro	bup	Company		
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015	
Debts and borrowings - Non-current					
Bank loans:					
- EDP, S.A.	383,884	413,002	395,252	422,115	
- EDP Finance B.V.	2,413,928	2,336,111	-	-	
- EDP Brasil Group	771,478	766,476	-	-	
- EDP Renováveis Group	969,369	935,218	-	-	
- EDP Produção	82,907	82,906	-	-	
- Others	20,559	21,329	-	-	
	4,642,125	4,555,042	395,252	422,115	
Non-convertible bond loans:					
- EDP, S.A.	300,000	300,000	8,150,000	8,150,000	
- EDP Finance B.V.	9,661,850	9,202,141	-	-	
- EDP Brasil Group	507,886	432,452	-	-	
	10,469,736	9,934,593	8,150,000	8,150,000	
Hybrid bond:					
- EDP, S.A.	739,168	739,147	739,168	739,147	
	739,168	739,147	739,168	739,147	
Commercial paper:					
- EDP, S.A.	219,587	229,632	219,587	229,632	
	219,587	229,632	219,587	229,632	
Other loans	20,941	20,669	-	-	
	16,091,557	15,479,083	9,504,007	9,540,894	
Accrued interest	4,275	3,033	-	-	
Other liabilities:		·			
- Fair value of the issued debt hedged risk	171,715	171,760	-	-	
Total Debt and borrowings	16,267,547	15,653,876	9,504,007	9,540,894	
-					
Collateral Deposits - Non-current *	-71,423	-66,855	-	-	
Total Collateral Deposits	16,196,124	15,587,021	9,504,007	9,540,894	

	Group		Com	pany
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Debt and borrowings - Current				
Bank loans:				
- EDP, S.A.	71,981	69,770	71,981	69,770
- EDP Finance B.V.	353,094	199,789	-	-
- EDP Brasil Group	87,703	83,241	-	
- EDP Renováveis Group	107,953	134,728	-	-
- Others	9,686	9,955	-	-
	630,417	497,483	71,981	69,770
Non-convertible bond loans:				
- EDP Finance B.V.	1,499,465	2,248,970	-	-
- EDP Brasil Group	94,207	108,036	-	-
	1,593,672	2,357,006	-	-
Commercial paper:				
- EDP, S.A.	488,690	418,352	1,677,190	1,633,352
	488,690	418,352	1,677,190	1,633,352
Other loans	16,343	14,669	-	-
	2,729,122	3,287,510	1,749,171	1,703,122
Accrued interest	261,424	329,154	100,148	100,360
Total Debt and borrowings	2,990,546	3,616,664	1,849,319	1,803,482
Collateral Deposits - Current *	-18,007	-13,060	-	-
	2,972,539	3,603,604	1,849,319	1,803,482

\* Deposits constituted as collateral for financial guarantee

Commercial Paper non-current refers to a Commercial Paper program with a firm underwriting commitment for a period of over one year, in the amount of 250,000 thousands of US Dollars.

# Main event of the period:

In March 2016, EDP issued a Eurobond of 600,000 thousands of Euros maturing in March 2023.

The nominal value of outstanding Bond loans placed with external counterparts, as at 31 March 2016, is analysed as follows:

Issuer	lssue date	Interest rate	Type of hedge	Conditions/ Redemption	Nominal Value in Million	Thousands	of Euroc
	date	Tate -	orneage	Redemption	Currency	Group	Company
Issued by EDP S.A.						oroup	company
EDP, S.A. (ii)	May-08	Variable rate (iii)	n.a.	May-18	300 EUR	300,000	300,000
	,			,		300,000	300,000
Hybrid by EDP S.A.							,
EDP, S.A. (iv)	Sep-15	Fixed rate EUR 5.375% (v)	n.a.	Sep-75	750 EUR	750,000	750,000
						750,000	750,000
Issued under the E	uro Mediun	n Term Notes program					
EDP Finance B.V. (i)	Aug-02	Fixed rate GBP 6.625%	Fair Value	Aug-17	200 GBP	320,000	-
EDP Finance B.V.	Dec-02	Fixed rate EUR (iii)	n.a.	Dec-22	93 EUR	93,357	-
EDP Finance B.V. (i)	Jun-05	Fixed rate EUR 4.125%	n.a.	Jun-20	300 EUR	300,000	-
EDP Finance B.V.	Jun-06	Fixed rate EUR 4.625%	n.a.	Jun-16	500 EUR	500,000	-
EDP Finance B.V.	Nov-07	Fixed rate USD 6.00%	Net Investment	Feb-18	1,000 USD	878,349	-
EDP Finance B.V. (i)	Nov-08	Fixed rate GBP 8.625%	Fair Value	Jan-24	325 GBP	410,314	-
EDP Finance B.V.	Nov-08	Zero coupon EUR (iii)	n.a.	Nov-23	160 EUR	160,000	-
EDP Finance B.V. (i)	Jun-09	Fixed rate JPY (iii)	n.a.	Jun-19	10,000 JPY	91,849	-
EDP Finance B.V.	Jun-09	Fixed rate EUR 4.75%	n.a.	Sep-16	1,000 EUR	1,000,000	-
EDP Finance B.V.	Sep-09	Fixed rate USD 4.90%	Net Investment	Oct-19	1,000 USD	878,349	-
EDP Finance B.V.	Sep-12	Fixed Rate EUR 5.75%	n.a.	Sep-17	750 EUR	750,000	-
	•		Fair Value/	· · · · ·			
EDP Finance B.V. (i)	Nov-12	Fixed Rate CHF 4.00%	Cash Flow	Nov-18	125 CHF	103,922	-
EDP Finance B.V. (i)	Sep-13	Fixed Rate EUR 4.875%	Fair Value	Sep-20	750 EUR	750,000	-
EDP Finance B.V. (i)	Nov-13	Fixed Rate EUR 4.125%	Fair Value	Jan-21	600 EUR	600,000	-
EDP Finance B.V.	Jan-14	Fixed Rate USD 5.25%	Net Investment	Jan-21	750 USD	658,762	-
EDP Finance B.V. (i)	Apr-14	Fixed Rate EUR 2.625%	Fair Value	Apr-19	650 EUR	650,000	-
EDP Finance B.V.	Jun-14	Variable rate (iii)	Net Investment	Jun-19	100 USD	87,835	-
EDP Finance B.V. (i)	Sep-14	Fixed Rate EUR 2.625%	Fair Value	Jan-22	1,000 EUR	1,000,000	-
EDP Finance B.V. (i)	Nov-14	Fixed Rate USD 4.125%	Net Investment	Jan-20	750 USD	658,762	-
EDP Finance B.V. (i)	Apr-15	Fixed Rate EUR 2.00%	Fair Value	Apr-25	750 EUR	750,000	-
EDP Finance B.V.	Mar-16	Fixed Rate EUR 2.375%	n.a.	Mar-23	600 EUR	600,000	-
						11,241,499	-
Issued by the EDP	Energias do	o Brasil Group in the Brazil	ian domestic n	narket			
Bandeirante	Jul-10	CDI + 1.50%	n.a.	Jul-16	78 BRL	18,944	-
Energest	Apr-12	CDI + 0.98%	n.a.	Apr-17	120 BRL	29,145	-
Energias do Brasil	Apr-13	CDI + 0.55%	n.a.	Apr-16	250 BRL	60,718	-
Lajeado Energia	Nov-13	CDI + 1.20%	n.a.	Nov-19	450 BRL	109,292	-
Bandeirante	Apr-14	CDI + 1.39%	n.a.	Apr-19	300 BRL	72,862	-
Escelsa	Aug-14	<u>CDI + 1.50%</u>	n.a.	Aug-20	177 BRL	42,940	-
Energias do Brasil	Oct-15	IPCA + 8.3201%	n.a.	Sep-21	189 BRL	45,892	-
Energias do Brasil	Oct-15	CDI + 1.74%	n.a.	Sep-18	664 BRL	161,328	-
Energias do Brasil	Oct-15	IPCA + 8.2608%	n.a.	Sep-24	51 BRL	12,272	-
Bandeirante	Feb-16	CDI + 2.30%	n.a.	Feb-20	100 BRL	24,287	-
Escelsa	Feb-16	CDI + 2.30%	n.a.	Feb-20	120 BRL	29,145	-
						606,825	-
						12,898,324	1,050,000

(i) These issues by EDP Finance B.V. are associated with interest rate swaps and/or currency swaps.

(ii) Fixed in each year, varies over the useful life of the loan.

(iii) These issues correspond to private placements.

(iv) There is a call option exercisable at par by EDP at March 2021, March 2026 and subsequently on each date of interest payment.

(v) Fixed rate in the first 5.5 years, subsequently updated every 5 years.

EDP Group has various credit facilities it uses for liquidity management. EDP Group has short-term credit facilities of 357,000 thousands of Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, and with a firm underwriting commitment, which as at 31 March 2016 are totally available. Also EDP Group has Commercial Paper programs of 100,000 thousands of Euros with guaranteed placement, being fully available as at 31 March 2016. EDP Group has a medium term Revolving Credit Facility (RCF) of 3,150 millions of Euros, with a firm underwriting commitment and maturing in 2019, which as at 31 March 2016 is totally available, and an RCF of 500,000 thousands of Euros, with a firm underwriting commitment and maturing in 2020, which as at 31 March 2016 is available in 250,000 thousands of Euros.

As at 31 March 2016, future debt and borrowing payments and interest by type of loan and currency are analysed as follows:

						Following	
Thousands of Euros	Mar-2017	Dec-2017	Dec-2018	Dec-2019	Dec-2020	years	Total
Bank loans:							
Euro	360,886	307,807	327,169	130,949	1,868,153	586,619	3,581,583
Brazilian Real	85,361	111,063	161,306	110,515	73,011	286,406	827,662
US Dollar	157,285	-	-	306,848	-	-	464,133
Others	55,256	32,751	39,696	39,338	38,075	226,910	432,026
	658,788	451,621	528,171	587,650	1,979,239	1,099,935	5,305,404
Bond loans:							
Euro	1,665,287	1,009,954	416,610	655,325	1,084,228	3,743,531	8,574,935
Brazilian Real	113,772	160,808	176,197	104,855	43,158	22,869	621,659
US Dollar	44,606	-	877,163	1,040,283	654,806	651,448	3,268,306
	1,823,665	1,170,762	1,469,970	1,800,463	1,782,192	4,417,848	12,464,900
Hybrid Bond:							
Euro	1,767	-	-	-	-	739,168	740,935
	1,767	-	-	-	-	739,168	740,935
Commercial paper:							
Euro	489,983	-	-	-	-	-	489,983
US Dollar	-	-	-	219,587	-	-	219,587
	489,983	-	-	219,587	-	-	709,570
Other loans:							
Euro	9,228	1,324	29	8	-	-	10,589
Brazilian Real	7,115	2,205	1,626	1,882	821	13,046	26,695
	16,343	3,529	1,655	1,890	821	13,046	37,284
	2,990,546	1,625,912	1,999,796	2,609,590	3,762,252	6,269,997	19,258,093

As at 31 December 2015, future debt and borrowing payments and interest by type of loan and currency are analysed as follows:

						Following	
Thousands of Euros	Dec-2016	Dec-2017	Dec-2018	Dec-2019	Dec-2020	years	Total
Bank loans:							
Euro	392,938	333,317	316,389	122,639	1,614,446	584,466	3,364,195
Brazilian Real	77,537	117,088	156,781	108,396	72,016	279,978	811,796
US Dollar	3,303	-	-	481,046	-	-	484,349
Others	43,911	39,451	37,634	38,392	37,264	218,950	415,602
	517,689	489,856	510,804	750,473	1,723,726	1,083,394	5,075,942
Bond loans:							
Euro	2,462,908	1,031,632	417,185	652,675	1,078,639	2,828,942	8,471,981
Brazilian Real	124,920	153,562	147,847	79,275	30,563	21,206	557,373
US Dollar	64,057	-	917,129	1,082,114	684,508	980,898	3,728,706
	2,651,885	1,185,194	1,482,161	1,814,064	1,793,710	3,831,046	12,758,060
Hybrid Bond:							
Euro	11,785	-	-	-	-	739,147	750,932
	11,785	-	-	-	-	739,147	750,932
Commercial paper:							
Euro	420,636	-	-	-	-	-	420,636
US Dollar	-	-	-	229,632	-	-	229,632
	420,636	-	-	229,632	-	-	650,268
Other loans:							
Euro	9,191	1,221	-	-	-	-	10,412
Brazilian Real	5,478	2,710	1,985	1,644	727	12,382	24,926
	14,669	3,931	1,985	1,644	727	12,382	35,338
	3,616,664	1,678,981	1,994,950	2,795,813	3,518,163	5,665,969	19,270,540

Some of the loans contracted by the EDP Group, mainly debt issued under the EMTN programme, include some usual clauses in this type of operations, namely, "change-of-control", "negative pledge", "pari-passu" and "cross-default" clauses, each one applicable under a resctricted set of circumstances.

The Group has project finance loans with the usual guarantees for such loans, namely pledges or promissory pledges over shares, bank accounts and assets relating to the projects. As at 31 March 2016 and 31 December 2015 these loans amounted to 1,856,378 thousands of Euros and 1,609,375 thousands of Euros, respectively (see note 44).

The fair value of EDP Group's debt is analysed as follows:

	Mar 2016		Dec 2	2015
	Carrying	Market	Carrying	Market
Thousands of Euros	amount	value	amount	value
Debt and borrowings - Non-Current	16,267,547	16,820,965	15,653,876	16,291,289
Debt and borrowings - Current	2,990,546	2,803,400	3,616,664	3,397,597
	19,258,093	19,624,365	19,270,540	19,688,886

In accordance with accounting policies - note 2 d) and f), the financial liabilities whose risks are being hedged by derivative financial instruments and that comply with hedge accounting requirements of IAS 39, are accounted at fair value. The financial liabilities are booked at amortised cost.

For fair value of debt purposes, the Hybrid bond was valued considering the maturity of the first call date (March 2021).

# 36. EMPLOYEE BENEFITS

Employee benefits are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Provisions for social liabilities and benefits	847,653	883,447	13,606	13,303
Provisions for medical liabilities and other benefits	943,090	940,046	10,004	9,871
	1,790,743	1,823,493	23,610	23,174

This caption is analysed as follows:

	Gro	up	Company		
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015	
Non-Current	1,615,897	1,647,730	23,264	22,828	
Current	174,846	175,763	346	346	
	1,790,743	1,823,493	23,610	23,174	

As at 31 March 2016, Provisions for social liabilities and benefits are related to retirement pension defined benefit plans in the amount of 846,957 thousands of Euros (31 December 2015: 882,269 thousands of Euros) and the estimated cost of services rendered by third parties under the human resources rationalisation program in the amount of 696 thousands of Euros (31 December 2015: 1,178 thousands of Euros).

The movement in Provisions for social liabilities and benefits is analysed as follows:

	Group	
Thousands of Euros	Mar 2016	Mar 2015
Balance at the beginning of the period	883,447	930,291
Charge for the period	5,906	7,533
Actuarial (gains)/losses	4,275	-
Charge-off	-46,227	-48,564
Transfers, reclassifications and exchange differences	252	-614
Balance at the end of the period	847,653	888,646

The components of the consolidated net cost of this pension plans recognised during the period are as follows:

		Mar 2016			
Thousands of Euros	Portugal	Spain	Brazil	Group	
Current service cost	2,324	153	-41	2,436	
Operational component (see note 9)	2,324	153	-41	2,436	
Net interest on the net pensions plan liability	3,202	399	-131	3,470	
Financial component (see note 13)	3,202	399	-131	3,470	
	5,526	552	-172	5,906	

		Mar 2015		
Thousands of Euros	Portugal	Spain	Brazil	Group
Current service cost	2,427	986	-83	3,330
Operational component (see note 9)	2,427	986	-83	3,330
Net interest on the net pensions plan liability	3,589	420	194	4,203
Financial component (see note 13)	3,589	420	194	4,203
	6,016	1,406	111	7,533

The movement in Provisions for medical liabilities and other benefits is analysed as follows:

	Group		
Thousands of Euros	Mar 2016	Mar 2015	
Balance at the beginning of the period	940,046	949,982	
Charge for the period	8,437	9,285	
Charge-off	-10,526	-11,024	
Transfers, reclassifications and exchange differences	5,133	-8,657	
Balance at the end of the period	943,090	939,586	

The components of the consolidated net cost of this medical and other benefits plans recognised during the period are as follows:

		Mar 2016			Mar 2015	
Thousands of Euros	Portugal	Brazil	Group	Portugal	Brazil	Group
Current service cost	1,932	115	2,047	1,920	150	2,070
Operational component (see note 9)	1,932	115	2,047	1,920	150	2,070
Net interest on the net medical liabilities						
and other benefits	3,912	2,478	6,390	3,958	3,257	7,215
Financial component (see note 13)	3,912	2,478	6,390	3,958	3,257	7,215
Net cost for the period	5,844	2,593	8,437	5,878	3,407	9,285

As at 31 March 2016, the net movement for the period in Provisions for social liabilities and benefits amounts to 35,794 thousands of Euros (31 March 2015: 41,645 thousands of Euros), from which 32,933 thousands of Euros correspond to the net movement occurred in Portugal (31 March 2015: 34,121 thousands of Euros) and 2,861 thousands of Euros correspond to the net movement occurred in Spain and Brazil (31 March 2015: 7,524 thousands of Euros). The variation in Portugal relates essentially to 5,526 thousands of Euros of charge for the period and 38,564 thousands of Euros related to benefit payments.

The net movement for the period in Provisions for medical liabilities and other benefits amounts to 3,044 thousands of Euros (31 March 2015: 10,396 thousands of Euros), from which 2,893 thousands of Euros correspond to the negative net movement occurred in Portugal (31 March 2015: 3,185 thousands of Euros) and 5,937 thousands of Euros correspond to the positive net movement occurred in Brazil (31 March 2015: 7,211 thousands of Euros).

For the Group, the commitments relating to pension and medical plans and other benefits are disclosed by maturity, as follows: (i) less than 1 year: 256,047 thousands of Euros, (ii) from 1 to 3 years: 470,988 thousands of Euros, (iii) from 3 to 5 years: 425,387 thousands of Euros, and (iv) more than 5 years: 862,333 thousands of Euros.

As at 31 March 2016, the current service cost and net interest cost recognised were based on the estimated cost for the period determined actuarially on 31 December 2015.

# 37. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges are analysed as follows:

	Gro	Group		oany
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Provision for legal and labour matters and other contingencies	79,388	75,991	-	-
Provision for customer guarantees under current operations	3,107	3,295	-	-
Provision for dismantling and decommissioning	278,486	276,072	-	-
Provision for other liabilities and charges	152,631	150,714	13,686	13,469
	513,612	506,072	13,686	13,469

This caption is analysed as follows:

		Group		Company	
Thousands of Euros	Ma	r 2016	Dec 2015	Mar 2016	Dec 2015
Non-Current		486,216	481,439	12,424	12,207
Current		27,396	24,633	1,262	1,262
		513,612	506,072	13,686	13,469

EDP and its subsidiaries' boards, based on the information provided by legal advisors and on the analysis of pending law suits, recognises provisions to cover the losses estimated as probable, related with litigations in progress.

Provision for legal and labour matters and other contingencies includes provisions for litigation in progress and other labour contingencies, which are related essentially with:

i) Requests for the refund of tariff increases paid by industrial consumers of the Brazilian subsidiaries Bandeirante and Escelsa in the amount of 10,006 thousands of Euros (31 December 2015: 9,363 thousands of Euros). These requests result from the application of Administrative Orders DNAEE no. 38 of 27 February 1986 and no. 45 of 4 March 1986 - Plano Cruzado, effective from March to November 1986;

ii) In 2012, following the decision by the arbitration court, which partially accepted Terriminas' claim, and condemned EDP Produção to pay the amount of 1,329 thousands of Euros regarding the price differential for 1985 and 1986, EDP Group has booked a provision to cover this contingency. Therefore, at 31 March 2016, the estimated liability amounts to 5,608 thousands of Euros, corresponding to indemnity discounted amount. This process is in a foreclosure stage and an appeal was filled by EDP Produção;

iii) During April 2015, ERSE has notified EDP Comercial on its decision regarding the opening of an administrative infraction proceeding, within the framework of the Energy Sector Sanctions Regime (RSSE), requesting several information. In July 2015, ERSE sent a statement of objection to EDP Comercial whose response with defense arguments was prepared and submitted within the deadlines set by law. On 10 December 2015, ERSE issued a decision condemning EDP Comercial to a fine of 7,500 thousands of Euros. It was decided to appeal the decision within the legal deadline set for this purpose, and a provision in the above mentioned amount has been recognised; and

iv) The remaining legal litigations correspond mainly to indemnities for fires, interruption of electricity supply, electrocution, as well as for other damages caused.

In accordance with IFRS 3, in the course of an acquisition, the acquiring company must recognise, at the acquisition date, a contingent liability for the present obligations resulting from past events which fair value can be reliably measured. In the acquisition of control of Porto do Pecém in 2015, the Board identified a contingency, which estimated responsibility amounts to 5,281 thousands of Euros (21,745 thousands of Reais) as at 31 March 2016.

As at 31 March 2016, Provision for dismantling and decommissioning includes the following situations:

i) The Group has recognised a provision of 35,668 thousands of Euros (31 December 2015: 35,471 thousands of Euros) to cover the cost of dismantling the Trillo Nuclear Plant from the final close down until its transfer to Enresa, the company that will dismantle it. Enresa has the responsibility of decommissioning nuclear power plants, as well as of treating and accommodating radioactive waste, within three years after the conclusion of the operational activity of nuclear power plants;

ii) Provisions for dismantling of wind farms of 118,797 thousands of Euros (31 December 2015: 117,228 thousands of Euros) to cover the costs of bringing the sites to their original conditions, of which 60,483 thousands of Euros refer to the wind farms of the EDPR NA Group, 57,503 thousands of Euros to the wind farms of the EDPR EU Group, 522 thousands of Euros to the wind farms of the EDPR Brasil Group and 290 thousands of Euros to the wind farms of the EDPR Canada Group;

iii) Under the current and future social/economical trends and the practices followed by the EDP Group in matters of sustainability and environment, the Group accounts for provisions to cover the costs with the decommissioning, dismantlement and environmental rehabilitation of electric power plants. As at 31 March 2016, the provision amounts to 79,749 thousands of Euros (31 December 2015: 79,455 thousands of Euros) and 42,328 thousands of Euros (31 December 2015: 42,100 thousands of Euros) for the electric power plants located in Portugal and Spain, respectively.

As at 31 de March 2016, the caption Provision for other liabilities and charges includes a provision related with an agreement between EDM - Eletricidade de Moçambique E.P and EDP. As part of the institutional collaboration, it was agreed in 2012 the rehabilitation and the conversion of 2 gas turbines of 16 MW decommissioned from Tunes Thermoelectric plant to be installed in Chokwé - Mozambique in open cycle mode. In 2014, EDM requested the transfer of the project to the Nacala area, where the turbines now need to be adapted to work on diesel. It is estimated that from this conversion a negative impact of 8,006 thousands of Euros will arise (31 December 2015: 8,006 thousands of Euros).

In their ordinary course of business, EDP Group subsidiaries are involved in several litigations and contingencies (of possible risk) of administrative, civil, tax, labour and other natures. These legal, arbitration or other actions, involve customers, suppliers, employees, administrative, central, municipal, tax, environmental or other authorities. In EDP Group and its legal advisors' opinion, the risk of a loss in these actions is not probable, and the outcome will not affect on a material way its consolidated financial position.

The losses of these processes, considered as possible, do not require the recognition of provisions and are periodically reassessed. At 31 March 2016, there were no signicant changes compared to 31 December 2015, with the following exceptions:

i) There is a civil judicial proceeding in Empresa Hidroeléctrica do Guadiana resulting from inconsistencies of interpretation of the exploration agreement of hydroelectric plant of Alqueva and Pedrógão, entered into with EDIA. In particular, regarding the determining of the investment made with the construction of power increase of Alqueva for the effects of adjustment of the annual financial compensation foreseen in the agreement. As at 31 March 2016, the contingency amounts approximately to 9,246 thousands of Euros;

ii) Bandeirante is involved in a lawsuit with the client White Martins, S.A., on the alleged existence of reflex effects of the Administrative Order 38/86 and 45/86 of the extinguished DNAEE, in the electricity tariff charged between 1986 and 2000. EDP Group classifies the risk of loss of this lawsuit as possible, considering that the customer complaint has no legal basis, in accordance with existing jurisprudence with regard to such complaints. In June 2015, the decision was favorable to Bandeirante. In December 2015, White Martins, S.A. was entitled to appeal against this decision, which did not occurred during the first quarter of 2016. Therefore, the favorable decision to Bandeirante became effective, and are not expected any losses for this process as at 31 March 2016 (31 December 2015: 30,020 thousands of Euros).

As at 31 March 2016, there were no significant changes in the contingencies classified as remote risk presented as at 31 December 2015, namely:

On 27 October 2009 and 5 January 2010, the EDP Group received two tax assessments regarding 2005 and 2006 taxable income for the EDP tax Group, which included an adjustment of 591 millions of Euros regarding its subsidiary, EDP Internacional SGPS, related to the tax treatment considered by the EDP Group in relation to a capital loss generated with the liquidation of a subsidiary, whose main assets consisted of investments in operating subsidiaries in Brazil, namely Escelsa and Enersul. As at 31 March 2016, the amount of this tax contingency totals 257 millions of Euros (31 December 2015: 255 millions of Euros).

Considering the analysis made, the technical advice received and a favourable binding opinion obtained from the tax authorities in relation to the nature of the transaction occurred in the year of the assessment, the EDP Group considers as remote the risk associated with this matter. Under this analysis, the capital loss is tax deductible for income tax purposes as established in article 75 number 2 of the Corporate Income Tax Code ("Código do IRC") based on the wording of the law in force at that date (actual article 81).

Bearing the above in mind, and given that the EDP Group's tax procedures comply with applicable Portuguese tax legislation at the date of the events, the Group is currently using all available legal means to contest these additional assessments. As a result of the administrative appeal dismissal, EDP presented a judicial claim, on 6 June 2012, which is still being analysed.

# 38. INSTITUTIONAL PARTNERSHIPS IN USA

The caption Institutional partnerships in USA is analysed as follows:

	Gro	bup
Thousands of Euros	Mar 2016	Dec 2015
Deferred income related to benefits provided	739,826	791,444
Liabilities arising from institutional partnerships in USA	1,259,334	1,164,773
	1,999,160	1,956,217

EDPR North America recognises the receipts of institutional investors associated with wind and solar projects. This liability is reduced by the amount of tax benefits provided and payments made to the institutional investors during the period. The amount of tax benefits provided is booked as a non-current deferred income, and recognised over the useful life of 25 years of the related projects (see note 7). Additionally, this liability is increased by the estimated interest based on the liability outstanding and the expected return rate of the institutional investors (see note 13).

The movements in Institutional partnerships in USA wind farms are analysed as follows:

	Group	
Thousands of Euros	Mar 2016	Mar 2015
Balance at the beginning of the period	1,956,217	1,801,963
Proceeds received from institutional investors	216,242	38,522
Cash paid for deferred transaction costs	-543	-474
Cash paid to institutional investors	-51,328	-55,700
Income (see note 7)	-55,452	-42,898
Unwinding (see note 13)	23,874	19,538
Exchange differences	-89,850	229,496
Balance at the end of the period	1,999,160	1,990,447

During 2015, EDPR Group, through its subsidiary EDPR NA, has secured 233 millions of US Dollars (approximately 210 millions of Euros) of institutional equity financing from MUFG Union Bank N.A. and another institutional investor in exchange for an interest in the Vento XIII portfolio. Additionally, the Group received proceeds amounting to 43 millions of US Dollars (approximately 39 millions of Euros) corresponding to the last tranche of institutional equity financing from MUFG Union Bank N.A secured in 2014 in exchange for an interest in the Vento XII portfolio.

Finally, EDPR Group has secured 238 millions of US Dollars (approximately 216 millions of Euros) of institutional equity financing from an affiliate of Google Inc. in exchange for an interest in the Vento XIV portfolio, which proceeds have been received in 2016.

# 39. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities - Non-Current are analysed as follows:

	Group		
Thousands of Euros	Mar 2016	Dec 2015	
Investment government grants	587,018	612,438	
Amounts payable for tariff adjustments - Electricity - Portugal	74,708	18,269	
Amounts payable for tariff adjustments - Electricity - Brazil	28,161	6,447	
Energy sales contracts - EDPR NA	21,969	24,223	
Deferred income - CMEC	291,155	260,233	
Amounts payable for concessions	215,547	208,823	
Other creditors and sundry operations	111,937	106,841	
	1,330,495	1,237,274	

Trade and other payables from commercial activities - Current are analysed as follows:

	Gro	Group		Company	
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015	
Suppliers	752,705	979,482	157,009	263,102	
Accrued costs related with supplies	426,956	451,891	197,680	252,424	
Property, plant and equipment suppliers and accruals	428,406	768,159	2,950	2,489	
Holiday pay, bonus and other charges with employees	170,852	165,133	28,515	27,198	
CO2 emission licences	142,806	124,354	-	-	
Amounts payable for tariff adjustments - Electricity - Portugal	162,713	196,662	-	-	
Amounts payable for tariff adjustments - Electricity - Brazil	12,086	-	-	-	
Deferred income - CMEC	42,070	45,921	-	-	
Other creditors and sundry operations	673,694	648,756	29,156	5,403	
	2,812,288	3,380,358	415,310	550,616	

The movement for the period in Amounts payable for tariff adjustments - Electricity - Portugal (Current and Non-current) is analysed as follows:

		Non-
Thousands of Euros	Current	Current
Balance as at 1 January 2015	214,227	15,409
Payment through the electricity tariff	-54,242	-
Tariff adjustment of the period	4,012	50,750
Interest expense	250	122
Transfer from Non-Current to Current	3,852	-3,852
Balance as at 31 March 2015	168,099	62,429
Payment through the electricity tariff	-162,729	-
Tariff adjustment of 2014	1,023	-
Tariff adjustment of the period	172,650	-32,482
Interest expense	1,547	-
Transfer to/from tariff adjustment receivable	4,394	-
Transfer from Non-Current to Current	11,678	-11,678
Balance as at 31 December 2015	196,662	18,269
Payment through the electricity tariff	-49,320	-
Tariff adjustment of the period	10,649	60,961
Interest expense	171	45
Transfer to/from tariff adjustment receivable	-16	-
Transfer from Non-Current to Current	4,567	-4,567
Balance as at 31 March 2016	162,713	74,708

The caption Amounts payable for tariff adjustments - Electricity - Brazil, refers to tariff adjustments booked in Bandeirante and Escelsa in the accumulated amount of 35,302 thousands of Euros and 4,945 thousands of Euros, respectively. The variation occurred includes the tariff deficit for the period in the amount of 31,886 thousands of Euros (see note 6), unwinding in the amount of 156 thousands of Euros and the exchange differences due to appreciation of Brazilian Real with a positive impact of 1,758 thousands of Euros.

Investment government grants are depreciated through the recognition of a revenue in the income statement over the useful life of the related assets (see note 12). This caption includes grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government.

At the moment of the EDPR NA acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousands of US Dollars, being booked as a non-current liability under Energy sales contract - EDPR NA, which is depreciated over the useful life of the contracts in Other operating income - Other.

Deferred income - CMEC Current and Non-Current in the amount of 333,225 thousands of Euros (31 December 2015: 306,154 thousands of Euros) refers to the initial CMEC amount (833,467 thousands of Euros) net of the amortisation of initial CMEC during the years 2007 to 2016 and including unwinding (see note 13).

Amounts payable for concessions includes the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA of 147,025 thousands of Euros (31 December 2015: 144,490 thousands of Euros) and to the financial compensation for the use of the public domain related to concession agreements of Investco, S.A. and Enerpeixe, S.A. in Brazil of 67,717 thousands of Euros (31 December 2015: 63,513 thousands of Euros).

The caption CO2 emission licenses includes the CO2 consumptions during 2015 and 2016 in Portugal and Spain, in the amount of 78,260 thousands of Euros and 64,546 thousands of Euros, respectively. These licenses will be returned, in 2016, to regulatory authorities for each country.

Other creditors and sundry operations - Current includes 14,317 thousands of Euros related to tariff adjustment payable (31 December 2015: 14,317 thousands of Euros).

# 40. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

	Group		Group Company		pany
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015	
Other liabilities and other payables - Non-Current					
Loans from non-controlling interests	177,443	208,082	-	-	
Put options over non-controlling interest liabilities	27	27	-	-	
Derivative financial instruments	224,852	267,354	179,534	209,096	
Group companies	-	-	2,392,898	2,497,923	
Amounts payable for acquisitions and success fees	28,465	15,978	-	-	
Lease contract with EDP Pension Fund	29,259	29,383	29,259	29,383	
Other creditors and sundry operations	21,687	27,312	-	3,313	
	481,733	548,136	2,601,691	2,739,715	
Other liabilities and other payables - Current					
Loans from non-controlling interests	94,555	87,057	-	-	
Dividends attributed to related companies	79,196	63,422	-	-	
Derivative financial instruments	79,668	122,131	228,794	260,859	
Group companies	-	-	102,861	102,603	
Put options over non-controlling interest liabilities	-	3,690	-	-	
Amounts payable for acquisitions and success fees	2,949	3,557	-	-	
Lease contract with EDP Pension Fund	2,484	2,484	2,484	2,484	
Other creditors and sundry operations	28,130	29,233	26,072	30,906	
	286,982	311,574	360,211	396,852	
	768,715	859,710	2,961,902	3,136,567	

The caption Loans from non-controlling interests includes the loan payable to CTG following the sale process of EDPR Portugal to CTG in 2013. The maturity date of this loan is December 2022, bearing interest at a fixed rate of 5.5% and its interest is paid half-yearly. At 31 March 2016 this loan amounts to 78,561 thousands of Euros (31 December 2015: 81,315 thousands of Euros), from which 71,490 thousands of Euros are classified as Non-Current and 7,071 thousands of Euros as Current (see note 45). This caption also includes loans from Sonatrach to Central Térmica Ciclo Combinado Grupo 4 in the amount of 58,220 thousands of Euros (31 December 2015: 58,220 thousands of Euros), from which 9,328 thousands of Euros are classified as Non-Current and 48,892 thousands of Euros as Current.

Additionally, the caption Loans from non-controlling interests Non-Current includes 77,379 thousands of Euros (31 December 2015: 76,328 thousands of Euros) of loans payable to Vortex, following the sale in 2014 of 49% of several interests of EDPR France and the fixed rates used for these loans vary between 3.1% and 7.18%.

The Amounts payable for acquisitions and success fees comprises the amounts related to the contingent prices of several European (mainly in Poland, Romania and Italy) and Brazilian projects. Additionally this caption includes the best estimation of the contingent price related with the acquisition of the 25.3% participation in Portgás - Sociedade de Produção e Distribuição de Gás, S.A. (see note 5).

The caption Group companies Non-Current, on a Company basis, corresponds to the financing obtained through EDP Finance BV and granted to EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España, following EDPR NA's acquisition and for the financing of the investment plan of EDP Renováveis Group (see notes 45 and 49).

The caption Group companies Current, on a Company basis, includes 31,064 thousands of Euros (31 December 2015: 36,705 thousands of Euros) related to the debt financing obtained by EDP S.A. Sucursal en España through EDP Finance BV and EDP Servicios Financieros España, S.A. (see note 49). Additionally, this caption includes the amounts to be paid under the EDP Group's financial system (see note 45).

The caption Lease Contract with EDP Pension Fund corresponds to the lease contract regarding the building units of Porto headquarters acquired by EDP Pension Fund in December 2015. Given the substance of this lease contract, the underlying assets corresponding to the building component were booked as an asset of EDP, S.A. in Property, Plant and Equipment - Buildings and other constructions at the present value of the minimum lease payments. The lease contract is for a period of 25 years, with a monthly income of 270 thousands of Euros and an implicit rate of 6.42%. As at 31 March 2016, it amounts to 31,743 thousands of Euros (31 December 2015: 31,867 thousands of Euros).

# 41. CURRENT TAX LIABILITIES

Current tax liabilities are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Income tax	186,116	140,723	8,906	50,753
Withholding tax	47,194	55,860	995	1,098
Value added tax (VAT)	131,821	96,103	612	1,558
Turnover tax (Brazil)	51,981	51,185	-	-
Social tax (Brazil)	28,064	40,900	-	-
Other taxes	196,713	132,609	845	809
	641,889	517,380	11,358	54,218

As at 31 March 2016, for the Group, the caption Other taxes includes essentially taxes regarding HC Energia Group (include NG Energia) of 95,318 thousands of Euros (31 December 2015: 99,080 thousands of Euros). Additionally, it includes the amount of 58,834 thousands of Euros, related with the Extraordinary Contribution to the Energy Sector (CESE) for the year 2016 (see note 15).

#### 42. ASSETS AND LIABILITIES HELD FOR SALE

The criteria for classifying assets and liabilities as held for sale and discontinued operations, as well as their presentation in the EDP Group's consolidated financial statements, are presented under accounting policies - note 2 u).

This caption is analysed as follows:

	Group	
Thousands of Euros	Mar 2016	Dec 2015
Assets held for sale		
Assets of the business of electricity generation - Pantanal	-	27,624
Assets of the business of electricity generation - Tejo Energia	-	17,214
Assets of the business of electricity generation - Inch Cape	-	40,164
Assets of the business of electricity generation - J&Z	-	69,527
	-	154,529
Liabilities held for sale		
Liabilities of the business of electricity generation - Pantanal	-	-2,622
Liabilities of the business of electricity generation - J&Z	-	-55,406
	-	-58,028
	-	96,501

On 15 July 2015, EDP – Energias do Brasil S.A. (EDP Brasil), 51% controlled by EDP, signed a sale and purchase agreement with Cachoeira Escura Energética S.A. for the sale of 100% of Pantanal Energética Ltda (Pantanal). The conclusion of the transaction occured in 29 January 2016 after the necessary regulatory approvals with a sale price of 90,661 thousands of Euros, generating a gain of 60,916 thousands of Euros (see notes 5 and 7). At the transaction date, Pantanal held 3,449 thousands of Euros in the caption Cash and cash equivalents.

On 20 July 2015, EDPR UK Limited signed a sale and purchase agreement with Repsol Nuevas Energías S.A. for the sale of 49% of Inch Cape Offshore Limited. The conclusion of the transaction was subject of the approval of the "The Crown Estate" and other regulatory approvals, being concluded at March 2016. The sale price of this financial interest amounted to 15,979 thousands of Euros, generating a gain of 2,324 thousans of Euros, see notes 5 and 13.

In October 2015, EDPR Group committed to a plan to do a cross sale of two wind farms in Poland. EDPR Group would be acquiring the remaining 35% in the Company Molen Wind II, S.P. ZO.O and would sell 60% of Company J&Z Wind Farms SP. ZO.O. At March 2016, the EDPR Group concluded the operation with Geo Renewables Limited with a sale price of 12,690 thousands of Euros, generating a gain of 6,476 thousands of Euros, see notes 5 and 7.

On 6 November 2015, EDP Gestão da Produção de Energia, S.A. reached an agreement with Trust Energy, B.V. for the sale of its 11.11% share capital in Tejo Energia, S.A. On 8 January 2016, it has completed the sale of 6.2% to Trust Energy, B.V. The conclusion of the sale of the remaining share capital occurred on 30 March 2016 to Endesa Generación, S.A., which had preemptive rights. The sale price amounted to 17,262 thousands of Euros, generating a gain of 10,907 thousands of Euros, as referred in note 13.

# 43. DERIVATIVE FINANCIAL INSTRUMENTS

In accordance with IAS 39, the Group classifies derivative financial instruments as fair value hedge of a recognised asset or liability (Fair value hedge), as cash flow hedge of recognised liabilities and highly probable future transactions (Cash flow hedge) and as net investment hedge in foreign operations (Net investment hedge).

The fair value of the derivative financial instruments portfolio as at 31 March 2016 and 31 December 2015 is analysed as follows:

	Gro	oup	Company	
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Derivatives held for trading	8,242	39,153	138,411	144,220
Fair value hedge	201,123	230,846	483,798	589,035
Cash flow hedge	-80,717	-70,092	-27,997	-8,215
Net Investment hedge	12,633	-56,062	-	-
	141,281	143,845	594,212	725,040

The fair value of the derivative financial instruments is booked in Other debtors and other assets (see note 27) and Other liabilities and other payables (see note 40), according to its nature.

Fair value of derivative financial instruments is based on quotes indicated by external entities, as such, according to IFRS 13 requirements, the fair value of the derivative financial instruments is classified as of level 2 (see note 46) and no changes of level were made during this period. These entities use generally accepted discounted cash flow techniques and data from public markets.

Derivative financial instruments classified as trading are financial hedging instruments contracted for economic hedging at EDP Group level (see note 4), however such instruments are not eligible for hedge accounting under IFRS.

During the first quarter of 2016 and the year 2015 the following market inputs were considered for the fair value calculation:

Instrument	Market input
Cross-curr. int. rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Libor 3M, Libor 6M, Daily CDI and Wibor 3M; and exchange rates: EUR/CHF, EUR/GBP, EUR/BRL, EUR/PLN, USD/BRL, USD/JPY and EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Wibor 6M, US Libor 6M and CAD Libor 3M.
Currency forwards	Fair value indexed to the following exchange rates: EUR/USD, EUR/RON, EUR/PLN, EUR/BRL and EUR/CAD.
Commodities swaps	Fair value indexed to the market quotes of the following commodities: Brent, NBP Natural Gas, Electricity, Fuel, Henry Hub, TTF, Coal, Freights, CER and CO2.

#### 44. COMMITMENTS

Financial, operating and real guarantees granted by the EDP Group, not included in the statement of financial position as at 31 March 2016 and 31 December 2015, are analysed as follows:

	Group		Com	pany
Thousands of Euros	Mar 2016	Dec 2015	Mar 2016	Dec 2015
Financial guarantees				
EDP, S.A.	8,527	35,970	8,527	35,970
EDP Brasil Group	1,207,311	1,209,612	-	
Other	66,017	16,066	-	-
	1,281,855	1,261,648	8,527	35,970
Operating guarantees				
EDP, S.A.	546,332	507,591	546,332	507,591
HC Energia Group	254,038	262,579	-	
EDP Brasil Group	384,409	408,345	-	
EDP Renováveis Group	2,199,332	2,276,476	-	-
Other	7,178	7,183	-	
	3,391,289	3,462,174	546,332	507,591
Total	4,673,144	4,723,822	554,859	543,561
Real guarantees	29,867	28,521	-	-

The financial guarantees contracted as at 31 March 2016 and 31 December 2015, 948,310 thousands of Euros and 947,145 thousands of Euros, respectively, are related with loans obtained by Group companies and already included in the consolidated debt.

The operating guarantees contracted as at 31 March 2016 and 31 December 2015, in the amounts of 268,033 thousands of Euros and 552,146 thousands of Euros, respectively, refer to corporate guarantees provided by EDP Renováveis relating to EDPR Renováveis Group commercial commitments already reflected in the Statement of Financial Position.

EDP and its subsidiaries are required to provide bank or corporate guarantees for the current generation and distribution activities. The total guarantees outstanding include, at 31 March 2016 and 31 December 2015, 328,486 thousands of Euros and 299,982 thousands of Euros, respectively, of guarantees provided to market operators to enable EDP and its subsidiaries to participate in the energy markets.

Additionally to the information disclosed above:

i) EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, willful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 March 2016 and 31 December 2015, EDPR's obligations under the tax equity agreements, in the amount of 1,114,299 thousands of Euros and 1,165,270 thousands of Euros, respectively, are reflected under the Institutional Partnerships in USA;

ii) The Group has also project finance loans and deposits constituted as collateral for financial guarantee, which are disclosed in note 35.

In the Group, the commitments relating to future lease payments under operating leases and purchase obligations are disclosed, by maturity, as follows:

	Mar 2016				
		Capital outstanding by maturity			
	Less From From More				
		than 1	1 to 3	3 to 5	than 5
Thousands of Euros	Total	year	years	years	years
Operating lease commitments	1,263,650	67,069	133,165	123,932	939,484
Purchase obligations	20,611,770	4,322,776	4,654,065	3,204,589	8,430,340
	21,875,420	4,389,845	4,787,230	3,328,521	9,369,824

			Dec 2015		
	Capital outstanding by maturity				
	Less From From More				
	than 1 1 to 3 3 to 5 than 5				
Thousands of Euros	Total	year	years	years	years
Operating lease commitments	1,128,896	52,282	97,521	90,268	888,825
Purchase obligations	20,445,948	4,231,498	4,540,816	3,282,775	8,390,859
	21,574,844	4,283,780	4,638,337	3,373,043	9,279,684

The Group's contractual commitments shown above relate essentially to agreements and commitments required for current business activities. Specifically, the majority of the commitments are established to guarantee adequate supply of fuel and energy to its customers in Europe, United States of America and Brazil and to comply with medium and long term investment objectives of the Group.

Purchase obligations include 12,253,551 thousands of Euros essentially related with very long-term contracts for energy acquisition in the brazilian market (by regulatory imposition) which are updated with the respective projected rates and discounted at present value by a rate that represents the weighted average cost of capital (WACC) of the EDP Brasil Group, as follows:

Thousands of Euros	Mar 2016	Dec 2015
Purchase obligation - Present value	12,253,551	11,893,858
Purchase obligation - Notional value	17,621,896	16,690,140

Purchase obligations also include obligations of long term contracts relating to the supply of products and services under the Group's ordinary course of business. Prices defined under forward contracts are used in estimating the amount of contractual commitments.

The nature of purchase obligations breaks down as follows:

Thousands of Euros	Mar 2016	Dec 2015
Fuel acquisitions	4,829,209	5,224,697
Electricity acquisition	11,573,780	11,235,011
O&M contracts	1,393,524	1,274,937
Fixed assets, equipment and miscellaneous materials acquisition	1,665,580	1,705,345
Work contracts	689,646	547,057
Other supplies and services	460,031	458,901
	20,611,770	20,445,948

The commitments for fuels and electricity acquisition are disclosed, by maturity, as follows:

		Mar 2016				
		Capital outstanding by maturity				
		Less From From More				
		than 1	1 to 3	3 to 5	than 5	
Thousands of Euros	Total	year	years	years	years	
Fuel acquisitions	4,829,209	975,373	1,351,593	1,203,454	1,298,789	
Electricity acquisition	11,573,780	1,100,218	1,998,816	1,759,473	6,715,273	
	16,402,989	2,075,591	3,350,409	2,962,927	8,014,062	

	Dec 2015						
	Capital outstanding by maturity						
		Less than 1	From 1 to 3	From 3 to 5	More than 5		
Thousands of Euros	Total	year	years	years	years		
Fuel acquisitions	5,224,697	1,043,572	1,393,116	1,306,895	1,481,114		
Electricity acquisition	11,235,011	1,087,575	1,965,927	1,714,876	6,466,633		
	16,459,708	2,131,147	3,359,043	3,021,771	7,947,747		

As at 31 March 2016, purchase obligations of fixed assets, equipment and miscellaneous materials acquisition corresponds to: (i) 1,379,066 thousands of Euros relating to property, plant and equipment acquisition; (ii) 150,919 thousands of Euros relating to intangible assets acquisition; and (iii) 135,595 thousands of Euros relating to equipment and miscellaneous materials acquisition.

The commitments relating to future lease payments under finance leases and to short and medium-long term financial debt are disclosed in notes 16 and 35, respectively. The commitments relating to pension and medical plans and other benefits are disclosed in note 36.

As at 31 March 2016, the EDP Group has the following liabilities/rights arising from call and put options on investments:

- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a call option over the remaining shareholders of Re Plus (WPG, Galilea and Grant Partners) for 10% of its share capital. The price of exercising this option is 7,500 thousands of Euros. The option can be exercised: (i) if a change occur in the shareholding structure of the remaining shareholders of Re Plus or (ii) always before the last project starts its operations;

- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousands of Euros. The exercise period is the earlier of: (i) two years following the beginning of construction date or (ii) 31 December 2019.

Some of the disposal of non-controlling interests transactions retaining control carried out in 2015 and in previous years, namely the disposal of 49% of EDPR Portugal and disposal of 49% of certain subsidiaries of EDPR Brasil, incorporate contingent assets and liabilities according to the terms of the corresponding agreements.

At company level, the commitments relating to future lease payments under operating leases and purchase obligations are disclosed, by maturity, as follows:

		Mar 2016					
		Capital outstanding by maturity					
		Less	From	From	More		
		than 1	1 to 3	3 to 5	than 5		
Thousands of Euros	Total	year	years	years	years		
Operating lease commitments	123,891	8,549	25,946	23,872	65,524		
Purchase obligations	1,015,794	320,819	418,643	276,332	-		
	1,139,685	329,368	444,589	300,204	65,524		

		Dec 2015 Capital outstanding by maturity				
		Less	From	From	More	
		than 1	1 to 3	3 to 5	than 5	
Thousands of Euros	Total	year	years	years	years	
Operating lease commitments	125,878	7,154	25,947	26,436	66,341	
Purchase obligations	946,074	218,722	411,544	315,808	-	
	1,071,952	225,876	437,491	342,244	66,341	

The purchase obligations breaks down by nature as follows: (i) fuel acquisitions in the amount of 750,044 thousands of Euros, (ii) O&M contracts in the amount of 141,350 thousands of Euros, and (iii) intangible assets acquisition in the amount of 124,400 thousands of Euros.

The commitments for fuel acquisitions are disclosed by maturity as follows: (i) less than 1 year: 157,904 thousands of Euros, (ii) from 1 to 3 years: 315,808 thousands of Euros, and (iii) from 3 to 5 years: 276,332 thousands of Euros.

## 45. RELATED PARTIES

# Balances and transactions with companies of China Three Gorges Group

In June 2013, in accordance with the EDP/CTG strategic partnership, EDP Renováveis Group has completed the sale, without loss of control, of 49% equity shareholding in EDP Renováveis Portugal, S.A. As a result, the Group recognised non-controlling interests of 111,231 thousands of Euros and an impact in reserves attributable to Group of 112,566 thousands of Euros. Following the conclusion of the sale, CTG became holder of a loan over EDPR Group in the amount of 111 millions of Euros. The maturity date of this loan is December 2022, bearing interest at a fixed rate of 5.5% and interests are paid half-yearly. At 31 March 2016, this loan amounts to 78,561 thousands of Euros (see note 40).

# **Balances with EDP Pension Fund**

In December 2015, EDP, S.A. signed a lease contract related with the building units of the Porto headquarters (sold to the EDP Pension Fund in late December) for a period of 25 years with an implicit rate of 6.42%.

As at 31 March 2016, the present value of the contract amounts to 31,743 thousands of Euros (31 December 2015: 31,867 thousands of Euros), which given the nature of it, was booked as Property, Plant and Equipment against Other creditors and other liabilities (see note 40).

### Balances and transactions with subsidiaries, joint ventures and associates

In their ordinary course of business, EDP Group companies established commercial transactions and operations with other Group companies, whose terms reflect current market conditions.

The credits and debits over subsidiaries, joint ventures and associates, at Company level, are analysed as follows:

# Credits held

		March 2016			
	Intra-Group	Loans and			
	Financial	Interests	Other		
Thousands of Euros	Mov.	receivable	Credits	Total	
Balwerk	10,003	200,060	13	210,076	
EDP Comercial	102,153	75,480	185,870	363,503	
EDP Distribuição	476,405	2,327,356	225,300	3,029,061	
EDP Finance BV	-	-	37,559	37,559	
EDP Produção	343,654	4,297,836	352,626	4,994,116	
EDP Imobiliária e Participações	-	105,907	207	106,114	
EDP Renováveis	-	-	488,641	488,641	
EDP Servicios Financieros España	-	903,502	3,053	906,555	
Other	5,942	44,216	272,501	322,659	
	938,157	7,954,357	1,565,770	10,458,284	

	December 2015			
	Intra-Group	Loans and		
	Financial	Interests	Other	
Thousands of Euros	Mov.	receivable	Credits	Total
Balwerk	854	206,193	917	207,964
EDP Comercial	43,934	75,457	207,930	327,321
EDP Distribuição	244,016	2,297,781	125,055	2,666,852
EDP Finance BV	-	-	132,760	132,760
EDP Produção	470,701	4,295,300	120,781	4,886,782
EDP Imobiliária e Participações	-	105,535	376	105,911
EDP Renováveis	-	-	597,504	597,504
EDP Servicios Financieros España	-	893,616	7	893,623
Other	13,125	43,652	323,464	380,241
	772,630	7,917,534	1,508,794	10,198,958

# Debits held

		March 2016			
Thousands of Euros	Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total	
EDP Finance BV	-	11,486,225	146,415	11,632,640	
EDP Produção	-	-	298,445	298,445	
EDP Soluções Comerciais	23,991	-	308	24,299	
Hidroeléctrica del Cantábrico	-	5	25,132	25,137	
Pebble Hydro	-	65,010	1,694	66,704	
Naturgas Comercializadora	-	-	88,869	88,869	
Other	47,802	-	93,321	141,123	
	71,793	11,551,240	654,184	12,277,217	

The amount of 11,486,225 thousands of Euros includes 5 intragroup bonds issuance by EDP Finance BV to EDP S.A. as at 31 March 2016, in the total amount of 7,938,720 thousands of Euros, of variable rate at medium-long term (5, 7 and 10 years).

		December 2015			
	Intra-Group	Loans and			
	Financial	Interests	Other		
Thousands of Euros	Mov.	payable	Debits	Total	
EDP Finance BV	-	11,618,920	111,774	11,730,694	
EDP Produção	-	-	330,002	330,002	
EDP Soluções Comerciais	31,508	-	1,233	32,741	
Hidroeléctrica del Cantábrico	-	7	34,270	34,277	
Pebble Hydro	-	64,014	1,575	65,589	
Naturgas Comercializadora	-	-	114,844	114,844	
Other	34,383	-	88,180	122,563	
	65,891	11,682,941	681,878	12,430,710	

Expenses and income related to subsidiaries, joint ventures and associates, at Company level, are analysed as follows:

# Expenses

		March 2016				
	Interest on					
	Intra-Group	Interest				
	Financial	on Loans	Other			
Thousands of Euros	Mov.	Obtained	Losses	Total		
EDP Finance BV	-	-94,899	-156,092	-250,991		
EDP Produção	-	-	-353,300	-353,300		
Naturgas Comercializadora	-	-	-32,940	-32,940		
Other	-17	-52	-45,728	-45,797		
	-17	-94,951	-588,060	-683,028		

		December 2015				
	Interest on Intra-Group Financial	Interest on Loans	Other			
Thousands of Euros	Mov.	Obtained	Losses	Total		
EDP Finance BV	-	-94,953	-49,434	-144,387		
EDP Produção	-	-	-312,609	-312,609		
Naturgas Comercializadora	-	-	-30,737	-30,737		
Other	-93	-159	-39,006	-39,258		
	-93	-95,112	-431,786	-526,991		

# Income

		March 2016			
Thousands of Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Gains	Total	
EDP Comercial	104	616	255,116	255,836	
EDP Distribuição	881	37,224	134,883	172,988	
EDP Gás.Com	4	-	29,061	29,065	
EDP Produção	1,418	50,909	264,104	316,431	
Hidroeléctrica del Cantábrico	-	-	57,552	57,552	
Other	81	10,897	144,220	155,198	
	2,488	99,646	884,936	987,070	

	March 2015			
	Interest on Intra-Group Financial	Interest on Loans	Other	
Thousands of Euros	Mov.	Granted	Gains	Total
EDP Comercial	31	395	263,165	263,591
EDP Distribuição	1,033	43,910	9,828	54,771
EDP Gás.Com	43	-	34,609	34,652
EDP Produção	367	68,202	33,032	101,601
Other	217	3,423	154,706	158,346
	1,691	115,930	495,340	612,961

Assets, liabilities and transactions with related companies, for the Group, are analysed as follows:

# Assets and Liabilities

		March 2016	
Thousands of Euros	Assets	Liabilities	Net Value
Joint Ventures			
EDP Produção Bioeléctrica	15,241	3,444	11,797
Eólica de Coahuila	15,229	-	15,229
Cide HC Energía	9,467	14,141	-4,674
HC Tudela Cogeneración	3,555	1,839	1,716
Other	23,077	2,353	20,724
	66,569	21,777	44,792
Associates			
Aprofitament D'Energies Renovables de L'Ebre	3,426	-	3,426
MABE Construção e Administração de Projectos	3,919	-	3,919
Parque Eólico Sierra del Madero	12,786	-	12,786
Other	6,587	741	5,846
	26,718	741	25,977
	93,287	22,518	70,769

	December 2015		
Thousands of Euros	Assets	Liabilities	Net Value
Joint Ventures			
EDP Produção Bioeléctrica	15,357	4,910	10,447
Cide HC Energía	9,185	2,290	6,895
HC Tudela Cogeneración	3,645	2,221	1,424
Other	31,195	3,451	27,744
	59,382	12,872	46,510
Associates			
MABE Construção e Administração de Projectos	3,582	2,231	1,351
Inch Cape Offshore Limited	25,731	-	25,731
Parque Eólico Sierra del Madero	12,787	-	12,787
Other	6,911	525	6,386
	49,011	2,756	46,255
	108,393	15,628	92,765

# Transactions

	March 2016			
	Operating	Financial	Operating	Financial
Thousands of Euros	Income	Income	Expenses	Expenses
Joint Ventures				
EDP Produção Bioeléctrica	416	55	-9,040	-
Cide HC Energía	24,024	10	-60	-
HC Tudela Cogeneración	24	27	-686	-
Other	900	678	-302	-
	25,364	770	-10,088	-
Associates				
MABE Construção e Administração de Projectos	26	120	-2	-
Korsokuntza, AIE	1,033	-		-
Parque Eólico Sierra del Madero	3	119	-	-
Other	480	23	-272	-3
	1,542	262	-274	-3
	26,906	1,032	-10,362	-3

	March 2015			
	Operating	Financial	Operating	Financial
Thousands of Euros	Income	Income	Expenses	Expenses
Joint Ventures				
EDP Produção Bioeléctrica	512	62	-10,625	-
Cide HC Energía	25,638	5	-17	-
Porto do Pecém	19,906	1,783	-6,407	-
Other	658	42	-1,184	-
	46,714	1,892	-18,233	-
Associates				
ENEOP - Eólicas de Portugal	-	5,707	-	-
Inch Cape Offshore Limited	-	-	-	-
Setgás	-	119	-1,003	-
Parque Eólico Sierra del Madero	3	127	-	-
Other	1,605	119	-367	-1
	1,608	6,072	-1,370	-1
	48,322	7,964	-19,603	-1

# 46. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of financial assets and liabilities, as at 31 March 2016 and 31 December 2015, is analysed as follows:

	G	roup Mar 201	6	G	roup Dec 201	5
Thousands of Euros	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available for sale investments	186,181	186,181	-	200,206	200,206	-
Trade receivables	2,143,242	2,143,242	-	1,996,604	1,996,604	-
Debtors/other assets from commercial						
activities	4,949,515	4,949,515	-	4,784,614	4,784,614	-
Other debtors and other assets	360,970	360,970	-	354,045	354,045	-
Derivative financial instruments	445,801	445,801	-	533,330	533,330	-
Financial assets at fair value through profit						
or loss	8,403	8,403	-	9,288	9,288	-
Collateral deposits/financial debt	89,430	89,430	-	79,915	79,915	-
Cash and cash equivalents	1,568,671	1,568,671	-	1,245,449	1,245,449	-
	9,752,213	9,752,213	-	9,203,451	9,203,451	-
Financial liabilities						
Financial debt	19,258,093	19,624,365	366,272	19,270,540	19,688,886	418,346
Suppliers and accruals	1,181,111	1,181,111	-	1,747,641	1,747,641	-
Institutional partnerships in USA	1,999,160	1,999,160	-	1,956,217	1,956,217	-
Trade/other payables from commercial						
activities	2,374,654	2,374,654	-	2,257,553	2,257,553	-
Other liabilities and other payables	464,195	464,195	-	470,225	470,225	-
Derivative financial instruments	304,520	304,520	-	389,485	389,485	-
	25,581,733	25,948,005	366,272	26,091,661	26,510,007	418,346

Given that EDP Group's financial assets and liabilities, recognised at amortised cost, are predominantly short-term and level 2, changes in fair value were not considered. Fair value of EDP Group's loans was determined considering current market interest rates.

The market value of loans is calculated based on the discounted cash flows at market interest rates at the balance sheet date, increased by the best estimate, at the same date, of market conditions applicable to Group's debt, based on its average term.

According to IFRS 13 requirements, EDP Group established the way it obtains the fair value of its financial assets and liabilities. The levels used are defined as follows:

- Level 1 Fair value based on the available listed price (not adjusted) in the identified active markets for assets and liabilities;
- Level 2 Fair value based in market inputs not included in level 1, but observable in the market for the asset or liability, either directly or indirectly; and
- Level 3 Fair value of the assets and liabilities calculated with inputs that are not based on observable market information.

	3	1 March 2016		31	December 20 <sup>°</sup>	15
Thousands of Euros	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale investments	92,679	61,165	32,337	105,196	61,277	33,733
Derivative financial instruments	-	445,801	-	-	533,330	-
Financial assets at fair value through profit						
or loss	-	-	8,403	-	-	9,288
	92,679	506,966	40,740	105,196	594,607	43,021
Financial liabilities						
Derivative financial instruments	-	304,520	-	-	389,485	-
	-	304,520	-	-	389,485	-

The movement in financial assets and liabilities included in Level 3 is analysed as follows:

	Available invest	e for sale ments	Financial as value thro or le	ugh profit
Thousands of Euros	Mar 2016	Mar 2015	Mar 2016	Mar 2015
Balance at beginning of period	33,733	48,490	9,288	10,665
Change in fair value	-1,307	546	-	-
Acquisitions	112	234	-	2,898
Disposals	-	-	-	-
Impairment	-206	-3	-	-
Other changes	5	-13	-885	-355
Balance at the end of the period	32,337	49,254	8,403	13,208

# 47. RELEVANT OR SUBSEQUENT EVENTS

# EDP Renováveis signs agreement to acquire licenses for 216 MW of wind energy in Portugal

On 7 October 2015, EDP Renováveis S.A. (EDPR), 77.5% controlled by EDP, informed that it has reached an agreement with Ventinveste S.A. (Ventinveste), a consortium led by Galp Energia, SGPS, S.A. and Martifer, SGPS, S.A., for the acquisition of a group of special purpose vehicles (SPVs) that hold licenses and interconnection rights corresponding to a total of 216.4 MW of wind energy capacity in Portugal, for a reference price of approximaly 17 millions of Euros.

This wind energy capacity was awarded with a long-term feed-in tariff in 2007, under the Phase B of a tender launched by the Portuguese Government. Following the agreement reached between the Portuguese Government and several operators in the wind energy sector in September 2012, the 216.4 MW will be remunerated according to a feed in-tariff for a 20-year period (or a maximum of 44 GWh/MW).

With this transaction EDPR intends to maximize the value created from projects since the early stages of development by applying its distinctive technical and wind assessment know-how. The commissioning and beginning of operations of EDPR's new wind farms is expected to occur until 2018.

Completion of this transaction is subject to approval from administrative and competition authorities in Portugal.

### EDPR announces the sale of minority stakes in Poland and Italy

On 28 December 2015, EDP Renováveis S.A. (EDPR), through its subsidiary EDP Renewables Europe, S.L., entered into an agreement with ACE Poland S.A.R.L. and ACE Italy S.A.R.L., both of which 100% owned by ACE Investment Fund LP – an entity participated of China Three Gorges Hong Kong Ltd, a fully-owned subsidiary of China Three Gorges (CTG) – to sell 49% of equity shareholding and shareholder loans in a portfolio of wind assets with 598 MW of capacity in Poland and Italy, for a total consideration of 392 millions of Euros.

The transaction scope covers 392 MW in operation in Poland and 100 MW in Italy, with an average age of 4 years, as well as 107 MW under construction in Poland and in Italy.

The transaction is subject to the customary regulatory and other approvals and is expected to be completed within the first half of 2016.

The agreement is made in the context of the 2.000 millions of Euros strategic partnership established in December of 2011 between EDPR's principal shareholder, EDP – Energias de Portugal, S.A., and CTG.

# EDP acquires gas distribution assets from Repsol in the north of Spain

On 25 January 2016, EDP, through its subsidiary for the gas business in Spain, Naturgas Energía Grupo, S.A. (Naturgas) has reached an agreement with Repsol, S.A. (Repsol), for the acquisition of gas distribution assets in the north of Spain.

The assets acquired comprise approximately 82,000 supply points of liquefied propane gas (LPG), in Naturgas incumbent areas (Basque Country, Cantabria and Asturias regions).

The agreed transaction price represents an enterprise value of 116 millions of Euros, with an expected incremental annual EBITDA of 13 millions of Euros.

The completion of the transaction, subject to due diligence and other conditions including authorizations by the competition authority and relevant regulatory authorities, is expected to occur in the second half of 2016.

The transaction will allow EDP to increase its gas distribution network in Spain by 9%, to approximately to 1 million of gas supply points, strengthening its strategic position as a leading player for gas distribution and supply in the Iberian market.

# Norges Bank notifies qualified shareholding in EDP

On 7 April 2016, Norges Bank notified EDP that, it was holding a qualifying shareholding of 73,217,712 ordinary shares of EDP, which corresponded to 2.002% of EDP's share capital and of the respective voting rights.

On 13 April 2016, there was a new notification to EDP about the qualifying shareholding to 73,533,472 ordinary shares of EDP, which corresponds to 2.01% of EDP's share capital and of the respective voting rights.

Of the 73,533,472 shares held by Norges Bank, 72,379,245 (corresponding to 1.98% of the share capital) are held directly, while the remaining 1,154,227 shares (corresponding to 0.03% of the share capital) are attributable to Norges Bank through financial instruments, namely through a "shares on loan (right to call)" instrument, exercisable at any moment.

# Auction 13/2015 - Investco

On 13 April 2016, was held the Auction 13/2015 by ANEEL, in which the company Transmissora Aliança de Energia Elétrica S.A. (Taesa), acquired the power transmission lines and part of Investco substation.

The approval of the result and award of the Auction object should occur until 31 May 2016, the signing of the concession agreement until June 2016 and the implementation and commercial operation of the new facilities is limited to 27 December 2019.

It was determined that the Investco assets will be transferred to Taesa until 180 days after the effective entry into commercial operation of the new facilities.

# EDP sells tariff deficit in Portugal

On 18 April 2016, EDP Serviços Universal, S.A., the last resort supplier of the Portuguese electricity system, 100% owned by EDP Group, agreed the sale of 700 millions of Euros of the 2015 tariff deficit related with special regime generation.

This tariff deficit resulted from the 5-year deferral of the recovery of the 2015 overcost with the acquisition of energy from special regime generation (including adjustments for 2013 and 2014).

# Asset rotation transaction in Europe

On 19 April 2016, EDP Renováveis S.A., 77.5% controlled by EDP, entered into an agreement with Vortex, a fund led by EFG Hermes which includes investments from the Gulf Cooperation Council (GCC) countries, to sell a 49% equity shareholding and outstanding shareholders loans in a portfolio of fully-owned wind onshore assets in Spain, Portugal, Belgium and France for a total consideration of 550 millions of Euros.

The portfolio totals 664 MW and has 4 years of average life. In detail, the transaction scope covers 348 MW in operation in Spain (with 6 years of average life), 191 MW in operation in Portugal (part of ex-ENEOP assets), 71 MW in operation in Belgium and 54 MW in France, of which 24 MW are expected to be operational during the second quarter of 2016.

The transaction is subject to regulatory and other precedent conditions and is expected to be completed in the second quarter of 2016.

# EDP Brasil aproves share capital increase

On 2 May 2016, EDP – Energias do Brasil S.A (EDPB), 51% owned by EDP, approved a capital increase addressed to its shareholders (i.e. private capital increase) of up to 1,500 millions of Brazilian Reais (approximately 375 millions of Euros) by issuing 130,434,782 new ordinary shares. The share price of the capital increase was fixed at 11.5 Reais, based on a 6% discount over the average price (average of the daily price weighted by the trading volume) of EDPB shares in the prior 30 trading days.

On the same date, EDP committed to subscribe the total number of shares it is entitled to, which represents an investment by EDP of 765 millions of Brazilian Reais (approximately 191 millions of Euros). EDP has signalled the intention to subscribe the remaining shares that may eventually become available in the subsequent share allotment.

The capital increase has as main objectives, at EDPB level, to strengthen its capital structure, to reduce financial costs and reinforce EDP's long-term commitment with the Brazilian market.

# 48. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED

The new standards and interpretations that have been issued and are already effective and that the Group has applied on its consolidated financial statements, with no significant impact, are the following:

- IFRS 11 (Amended) Accounting for Acquisitions of Interests in Joint Operations;
- IAS 1 (Amended) Disclosure Initiative;
- IAS 16 (Amended) and IAS 38 (Amended) Clarification of Acceptable Methods of Depreciation and Amortisation;
- IAS 19 (Amended) Employee Benefits: Defined Benefit Plans Employee Contributions;
- IAS 27 (Amended) Equity Method in Separate Financial Statements. EDP, S.A. did not change the measurement method of its investments in subsidiaries (see note 2b));
- Annual Improvement Project (2010-2012);
- Annual Improvement Project (2012-2014).

Standards, amendments and interpretations issued but not yet effective for the Group:

- IFRS 9 Financial Instruments;
- IFRS 10 (Amended), IFRS 12 (Amended) and IAS 28 (Amended) Investment Entities;
- IFRS 14 Regulatory Deferral Accounts;
- IFRS 15 Revenue from the Contracts with Customers;
- IFRS 16 Leases;
- IAS 7 (Amended) Initiative Disclosures;
- IAS 12 (Amended) Recognition of Deferred Tax Assets for Unrealised Losses.

# 49. EDP BRANCH IN SPAIN

The aim of EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España is to manage and coordinate the energy interests of subsidiaries depending from EDP Group in Spain, organised through managing and monitoring structures, in order to ensure the maximum synergy and value creation in the operations and activities in Spain, also assuming itself as an organizational platform to lead the Iberian integration of shared and support services (back and middle offices). On this basis, the majority interests in EDP Renováveis, S.A., EDP Servicios Financieros (España), S.A. and HC Energia (Hidroeléctrica del Cantábrico S.A.), as well as the indirect majority interest in NG Energia (Naturgás Energia Grupo S.A.), are directly allocated to the assets of EDP Sucursal.

The Spanish branch of EDP has offices in Madrid and Oviedo. From a formal and legal point of view, the representation of the Spanish branch of EDP before third parties is ensured through the permanent representatives, which are members of the Executive Board of Directors of EDP, mandated for that purpose.

The structure of direction, coordination, management and representation of the Spanish branch of EDP is composed of an Executive Committee, a Management Committee and direct representation on iberian ambit EDP Management Committee.

The Executive Committee is composed essentially of five permanent representatives, a Corporate General Director (Group Controller for the activities in Spain) and by first line directors of the business units in Spain, which constitute the main direction and coordination body of the Branch, being responsible for the coordination of the activities of the permanent representatives and of the Management Committee. The Management Committee is chaired by the Corporate General Director and is composed by the natural extension of the Departments of the Corporate Centre of EDP in Spain, namely the Department of M&A ("Direcção de Análise de Negócios"), Department of Legal Affairs ("Direcção de Assessoria Jurídica"), Department of Internal Audit ("Direcção de Auditoria"), Department of Administration and Finance ("Direcção de Administração e Finanças"), Department of Human Resources ("Direcção de Recursos Humanos"), Department of Commercial Shared Services ("Direcção de Sistemas de Informação") ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory, being provided with 165 human resources as at 31 March 2016, including 91 in its own payroll. Lastly, the Spanish branch of EDP has direct representation on iberian ambit EDP Management Committee particularly the Energy Planning Committees, Price and Volume, Markets, Distribution Networks, Commercial and Production.

The condensed statement of financial position of the Branch is analysed as follows:

	EDP B	ranch
Thousands of Euros	Mar 2016	Dec 2015
Investments in subsidiaries:		
- EDP Renováveis, S.A.	3,854,811	3,854,811
- Hidroeléctrica del Cantábrico, S.A. (HC Energia)	2,105,002	2,105,002
- EDP Servicios Financieros (España), S.A.	482,695	482,695
- EDP International Investments and Services, S.L.	281,854	281,854
Deferred tax assets	36,628	45,305
Other debtors and others assets (see note 27)	1,257,099	1,337,506
Total Non-Current Assets	8,018,089	8,107,173
Trade receivables	4,278	5,898
Debtors and other assets	179,616	185,802
Tax receivable	6,126	27,300
Cash and cash equivalents	1,467	1,494
Total Current Assets	191,487	220,494
Total Assets	8,209,576	8,327,667
Equity	5,722,843	5,734,304
Employee benefits	1,696	1,558
Trade and other payables (see note 40)	2,392,898	2,497,923
Provisions	5,929	5,820
Total Non-Current Liabilities	2,400,523	2,505,301
Trade and other payables	79,483	86,110
Tax payable	6,727	1,952
Total Current Liabilities	86,210	88,062
Total Liabilities	2,486,733	2,593,363
Total Equity and Liabilities	8,209,576	8,327,667

### **50. TRANSFERS OF FINANCIAL ASSETS - TARIFF ADJUSTMENTS**

As mentioned in note 3, in Portugal, Decree - Law 237-B/2006 of 19 December 2006 and Decree - Law 165/2008 of 21 August, refer to the transfer to third parties of the right to receive tariff adjustments (deviations and deficits) of the National Electricity System, through which the EDP Group has made, since 2008, a number of transfer operations of financial assets.

For the following operations, assets were transferred to securitisation companies, that financed their purchases trough debt securities registered in the Securities Commission (CMVM):

• In March 2009, EDP - Serviço Universal, S.A. sold without recourse to Tagus - Sociedade de Titularização de créditos, S.A. (Tagus), the right to receive the non-regular tariff adjustments (tariff deficit) related to 2007 and 2008 of 1,225,376 thousands of Euros. With the sale of those rights, EDP Group received 1,204,422 thousands of Euros, generating a loss of 22,969 thousands of Euros (including financial expenses incurred);

• In December 2009, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive the non-regular tariff adjustments (tariff deficit) related to the estimated special regime overcost related to 2009 of 447,469 thousands of Euros. The transaction totalised 434,720 thousands of Euros, net of expenses, and generated a loss of 12,749 thousands of Euros;

• In May 2013, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the electricity adjustment related to the 2012 overcost of the acquisition of electricity activity from special regime production, in the amount of 422,692 thousands of Euros. The transaction was performed by the amount of 450,000 thousands of Euros, generating a gain of 22,510 thousands of Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Service of Class R Notes issued by Tagus at par value in the amount of 400 thousands of Euros and Liquidity Notes issued by Tagus at par value in the amount of 4,695 thousands of Euros, both maturing in 2017. These Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses and are booked under financial assets at fair value through profit or loss, by the net amount of 1,231 thousands of Euros, as at 31 March 2016;

• In April 2014, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the electricity adjustment related to the 2013 overcost of the acquisition of electricity activity from special regime production, in the amount of 694,857 thousands of Euros. The transaction was performed by the amount of 750,000 thousands of Euros, generating a gain of 50,141 thousands of Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal Service of Class R Notes issued by Tagus at par value in the amount of 473 thousands of Euros and Liquidity Notes issued by Tagus at par value in the amount of 5,588 thousands of Euros, both maturing in 2018. These Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses and are booked under financial assets at fair value through profit or loss, by the net amount of 2,882 thousands of Euros, as at 31 March 2016;

• In December 2014, EDP Distribuição de Energia, S.A., sold without recourse to Tagus, the right to recover part of the 2012 CMEC compensation adjustment in the amount of 228,826 thousands of Euros. The transaction was performed by the amount of 239,832 thousands of Euros generating a gain of 10,711 thousands of Euros, net of expenses. This transaction also involved the acquisition by EDP Distribuição of Expense Reserve Notes issued by Tagus at par value in the amount of 317 thousands of Euros and Liquidity Notes issued by Tagus at par value in the amount of 2,690 thousands of Euros, both maturing in 2019. These Notes are instruments that aim to establish a reserve for administrative expenses and a liquidity reserve account and are booked under financial assets at fair value through profit or loss, by the net amount of 1,930 thousands of Euros, as at 31 March 2016; and

• In March 2015, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2014 overcost of the acquisition of electricity activity from special regime production, in the amount of 465,418 thousands of Euros. The transaction was performed by the amount of 499,461 thousands of Euros, generating a gain of 31,737 thousands of Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 410 thousands of Euros and Liquidity Notes issued by Tagus at par value in the amount of 2,488 thousands of Euros, both maturing in 2019. These Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses and are booked under financial assets at fair value through profit or loss, by the net amount of 2,360 thousands of Euros, as at 31 March 2016.

Under IAS 39, the assets (tariff adjustments) transferred in these operations were derecognised from the Statement of Financial Position of EDP Group.

### 51. OPERATING SEGMENTS REPORT

In accordance with IFRS 8, an operating segment is a Group component:

(i) that engages in business activities from which it may earn revenues and incur expenses;(ii) whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be

(ii) whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

(iii) for which discrete financial information is available.

The Group develops a set of regulated and liberalised activities in the energy sector, with special emphasis in generation, distribution and supply of electricity and gas.

The Group manages its activities based on several business segments, which includes the activities in Iberia. Moreover, the EDP Group also makes a separate analysis of the electricity generation business through renewable power sources, which is achieved in a specific segment (EDP Renováveis). Finally, taking into consideration the specificity of the Brazilian market, the Group also makes a separate analysis of the electricity generation, distribution and supply businesses in Brazil (EDP Brasil).

The Executive Board of Directors regularly reviews segmental reports, using Operating Profit to assess and release each business operating performance, as well as to allocate resources.

The management of financial activities of all EDP Group entities (except Brazil) is undertaken centrally by the Financial Department at holding level, in accordance with policies approved by the Executive Board of Directors. As a result of this management, all financial operations and financial results are disclosed only at Group level.

The segments defined by the Group are the following:

- Long Term Contracted Generation in Iberia;
- Liberalised Activities in Iberia;
- Regulated Networks in Iberia;
- EDP Renováveis; and
- EDP Brasil.

The Long Term Contracted Generation in Iberia segment corresponds to the activity of electricity generation of plants with CMEC and SRP plants in Portugal and Spain. This segment includes, namely, the following companies:

- EDP Gestão da Produção de Energia, S.A. (CMEC and SRP generation);
- Fisigen Empresa de Cogeração, S.A.; and
- Pebble-Hydro Consultoria, Investimentos e Serviços, Lda.

The Liberalised Activities segment in Iberia corresponds to the activity of unregulated generation and supply of electricity and gas in Portugal and Spain. This segment includes, namely, the following companies:

- EDP Gestão da Produção de Energia, S.A. (liberalised generation);
- Empresa Hidroeléctrica do Guadiana, S.A.;
- Hidroeléctrica Del Cantábrico, S.A.U.;
- Central Térmica Ciclo Combinado Grupo 4, S.A.;
- EDP Comercial Comercialização de Energia, S.A.;
- Hidrocantábrico Energia, S.A.U.;
- Naturgás Comercializadora, S.A;
- EDP Gás.Com Comércio de Gás Natural, S.A.;
- Greenvouga Sociedade Gestora do Aproveitamento Hidroeléctrico do Ribeiradio-Ermida, S.A.; and
- EDP Energía Gás S.L.

Additionally, this segment includes the Iberian energy management business unit (UNGE) as well as the elimination of transactions between companies identified above. UNGE is the EDP Group unit responsible for the management of purchases and sales of energy in the Iberian market, and also for the related hedging transactions.

The Regulated Networks segment in Iberia corresponds to the activities of electricity and gas distribution in Portugal and Spain and last resort supplier. This segment includes, namely, the following companies:

- EDP Distribuição Energia, S.A.;
- EDP Serviço Universal, S.A.;
- Electra de Llobregat Energía, S.L.;
- Hidrocantábrico Distribucion Eléctrica, S.A.U.;
- Portgás Soc. de Produção e Distribuição de Gás, S.A.;
- EDP Gás Serviço Universal, S.A.; and
- Naturgás Energia Distribución, S.A.U.

The EDP Renováveis segment corresponds to the power generation activity through renewable energy resources and includes all the companies of EDPR Europe, EDPR North America and EDPR Brasil subgroups. This segment also includes the holding company EDP Renováveis, S.A., and all the adjustments between the companies composing this segment, including consolidation adjustments.

The EDP Brasil segment includes the activities of electricity generation, distribution and supply in Brazil, and is composed by the holding EDP Energias do Brasil, S.A. and all its subsidiaries, with the exception of EDP Renováveis Brasil which is included in the EDP Renováveis segment. As in the EDP Renováveis segment, this segment includes all the adjustments for the companies composing this segment, including consolidation adjustments.

# Segment Definition

The amounts reported in each operating segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The statement of financial position captions of each subsidiary and business unit are determined based on the amounts booked directly in the companies that compose the segment, including the elimination of balances between companies of the same segment, and excluding the allocation in the segments of the adjustments between segments.

The income statement captions for each operating segment are based in the amounts booked directly in the companies financial statements and related business units, adjusted by the elimination of transactions between companies of the same segment.

Nevertheless, since EDP - Gestão da Produção de Energia, S.A.'s assets belong to more than one business segment, namely the CMEC and SRP generation plants - allocated to the Long Term Contracted Generation - and the liberalised generation plants - allocated to the Liberalised Activities, it was necessary to allocate all its gains, costs, assets and liabilities to those power plants.

Preferentially, it was used analytical accounting reports to allocate gains, costs, assets and liabilities by plant. For the remaining information, since those reports don't comprise all the costs - namely the shared costs in the Supplies and Services and Personnel Costs captions, and since the applicability of the previous criteria it's not possible, the shared costs were allocated in the proportion of costs directly allocated to each plant in the total costs and the remaining assets and liabilities were allocated following the proportion of each plant net assets in the total assets.

In each business segment, Assets include the Property, Plant and Equipment, Intangible Assets, Goodwill, Trade Receivables and Inventories captions. The captions Debtors and other assets are allocated to each segment according to its nature. The remaining assets are presented in the "Reconciliation of information between Operating Segments and Financial Statements".

In each business segment, Liabilities include the Provisions and Employee benefits captions. The captions Trade and other payables are allocated to each segment according to its nature. The remaining liabilities are presented in the "Reconciliation of information between Operating Segments and Financial Statements".

Under IFRS 8, the EDP Group discloses as Operating investment, additions in non-current assets, except for financial instruments, deferred tax assets and post-employment benefit assets. Therefore, in each business segment, the Operating Investment caption includes increases in Property, Plant and Equipment and in Intangible Assets, excluding CO2 licenses and Green certificates, net of increases in Government grants, customers contributions for investment and sales of properties in the period. Goodwill is disclosed in the note 18.

The EDP Group by operating segment report is presented in Annex I.

# 52. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Portuguese language version prevails.

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# EDP Group Operating Segments Report as at 31 March 2016

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Thousands of Euros	LT Contracted Generation	Liberalised Activities	Regulated Networks	EDP Renováveis	EDP Brasil	Total Segments
Receipts from energy sales and services and others	244,835	2,212,493	1,533,323	459,446	493,294	4,943,391
Gross Profit	160,796	349,345	417,123	452,461	176,544	1,556,269
Other income	295	2,840	5,911	66,836	80,349	156,231
Supplies and services	-11,214	-54,302	-84,149	-68,575	-32,404	-250,644
Personnel costs and employee benefits	-13,979	-18,730	-36,207	-23,720	-25,907	-118,543
Other costs	-2,952	-74,609	-68,467	-47,812	-13,716	-207,556
Gross Operating Profit	132,946	204,544	234,211	379,190	184,866	1,135,757
Provisions	-10	15	-1,465		-1,708	-3,168
Amortisation and impairment	-32,583	-58,877	-82,350	-147,395	-31,702	-352,907
Operating Profit	100,353	145,682	150,396	231,795	151,456	779,682
Equity method in joint ventures and associates	233	199	28	-7,206	-1,949	-8,695
Assets	3,581,232	10,280,029	10,398,014	14,382,537	3,752,993	42,394,805
Financial assets - Investments in joint ventures and associates	127,505	2,362,771	1,163,029	317,832	238,913	4,210,050
Liabilities	772,019	1,431,522	2,530,079	946,231	640,725	6,320,576

224,468

20,985

88,643

65,074

48,137

1,629

**Operating Investment** 

Reconciliation of information between Operating Segments and Financial Statements for March 2016

Thousands of Euros	
Total Receipts from energy sales and services and others of	
Reported Segments	4,943,391
Receipts from energy sales and services and others from Other Segments	115,896
Adjustments and Inter-segments eliminations*	-1,272,369
Total Receipts from energy sales and services and others of EDP Group	3,786,918
Total Gross Profit of Reported Segments	1,556,269
Gross Profit from Other Segments	111,046
Adjustments and Inter-segments eliminations* Total Gross Profit of EDP Group	-120,360
	1,546,955
Total Gross Operating Profit of Reported Segments	1,135,757
Gross Operating Profit from Other Segments	2,924
Adjustments and Inter-segments eliminations*	-9,072
Total Gross Operating Profit of EDP Group	1,129,609
Total Operating Profit of Reported Segments	779,682
Operating Profit from Other Segments	-6,251
Adjustments and Inter-segments eliminations*	-13,026
Total Operating Profit of EDP Group	760,405
Total Assets of Reported Segments	42,394,805
Assets Not Allocated	3,649,752
Financial Assets	1,852,685
Taxes Assets	582,464
Other Assets	1,214,603
Assets from Other Segments	11,579,249
Inter-segments assets eliminations* Total Assets of EDP Group	-15,004,657 <b>42,619,149</b>
	42,019,149
Total Financial assets - Investments in joint ventures and	
associates of Reported Segments	4,210,050
Inter-segments assets eliminations*	-3,524,429
Total Financial assets - Investments in joint ventures and	
associates	685,621
Total Liabilities of Reported Segments	6,320,576
Liabilities Not Allocated	23,879,662
Financial Liabilities	19,258,093
Institutional partnership in USA	1,999,160
Taxes Liabilities Other payables	1,494,573 1,118,838
Hydrological correction account	1,110,030
Liabilities from Other Segments	838,536
Inter-segments Liabilities eliminations*	-1,062,097
Total Liabilities of EDP Group	29,976,677
Total Operating Investment of Reported Segments	224,468
Operating Investment from Other Segments	8,499
Total Operating Investment of EDP Group	232,967

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	156,231	7,839	-4,167	159,903
Supplies and services	-250,644	-64,666	109,814	-205,496
Personnel costs and employee benefits	-118,543	-47,609	5,049	-161,103
Other costs	-207,556	-3,685	591	-210,650
Provisions	-3,168	-162	-	-3,330
Amortisation and impairment	-352,907	-9,013	-3,954	-365,874
Equity method in joint ventures and associates	-8,695	349	718	-7,628

 $\ensuremath{^*}$  Mainly related with intragroup balances and transactions eliminations

		Iberia				
Thousands of Euros	LT Contracted Generation	Liberalised Activities	Regulated Networks	EDP Renováveis	EDP Brasil	Total Segments
Receipts from energy sales and services and others	282,672	2,372,629	1,548,730	389,396	663,984	5,257,411
Gross Profit	185,612	233,103	430,512	374,969	205,227	1,429,423
Other income	1,805	1,175	86,888	52,438	6,663	148,969
Supplies and services	-14,044	-47,519	-86,055	-64,973	-35,896	-248,487
Personnel costs and employee benefits	-16,043	-18,707	-37,027	-17,196	-29,492	-118,465
Other costs	-4,232	-66,257	-70,450	-50,246	-17,499	-208,684
Gross Operating Profit	153,098	101,795	323,868	294,992	129,003	1,002,756
Provisions	-54	1,491	-93	ı	-2,266	-922
Amortisation and impairment	-39,005	-49,591	-81,790	-123,562	-28,093	-322,041
Operating Profit	114,039	53,695	241,985	171,430	98,644	679,793
Equity method in joint ventures and associates	158	93	86	8,958	-11,863	-2,556
Assets (31 December 2015)	4,027,641	9,828,729	10,118,790	14,723,990	3,688,379	42,387,529
Financial assets - Investments in joint ventures and associates (31 December 2015)	128,919	2,362,571	1,163,183	333,800	197,427	4,185,900
Liabilities (31 December 2015)	830,429	1,459,691	2,510,031	1,304,758	641,577	6,746,486
Operating Investment	3,526	92,729	69,042	162,933	20,729	348,959

Reconciliation of information between Operating Segments and Financial Statements for March 2015\*\*

Thousands of Euros	
Total Revenues from energy sales and services and other of	
Reported Segments	5,257,411
Segments	115,834
Adjustments and Inter-segments eliminations*	-1,237,908
Total Revenues from energy sales and services and other of EDP	
Group	4,135,337
	.,,
Total Gross Profit of Reported Segments	1,429,423
Gross Profit from Other Segments	107,358
Adjustments and Inter-segments eliminations*	-113,536
Total Gross Profit of EDP Group	1,423,245
Total Gross Operating Profit of Reported Segments	1,002,756
Gross Operating Profit from Other Segments	-7,286
Adjustments and Inter-segments eliminations*	-7,358
Total Gross Operating Profit of EDP Group	988,112
Tatal Operating Drofit of Departed Community	(70.700
Total Operating Profit of Reported Segments Operating Profit from Other Segments	679,793 -13,711
Adjustments and Inter-segments eliminations*	-13,711 -15,171
Total Operating Profit of EDP Group	650,911
	050,911
Total Assets of Reported Segments (31 December 2015)	42,387,529
Assets Not Allocated	3,552,120
Financial Assets	1,689,387
Taxes Assets	587,366
Other Assets	1,275,367
Assets from Other Segments	11,605,076
Inter-segments assets eliminations*	-15,007,760
Total Assets of EDP Group	42,536,965
Tatal Financial coasts Investments in joint ventures and	
Total Financial assets - Investments in joint ventures and associates of Reported Segments (31 December 2015)	4,185,900
Inter-segments assets eliminations*	-3,521,889
Total Financial assets - Investments in joint ventures and	-3,321,009
associates	664,011
Total Liabilities of Reported Segments (31 December 2015)	6,746,486
Liabilities Not Allocated	23,883,488
Financial Liabilities	19,328,566
Institutional partnership in USA	1,956,217
Taxes Liabilities	1,312,363
Other payables	1,274,924
Hydrological correction account	11,418
Liabilities from Other Segments	996,774
Inter-segments Liabilities eliminations*	-1,211,276
Total Liabilities of EDP Group	30,415,472
Total Operating Investment of Reported Segments	348,959
Operating Investment from Other Segments	13,516
Total Operating Investment of EDP Group	362,475

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	148,969	8,058	-9,322	147,705
Supplies and services	-248,487	-69,744	110,993	-207,238
Personnel costs and employee benefits	-118,465	-46,155	4,098	-160,522
Other costs	-208,684	-6,803	409	-215,078
Provisions	-922	-9	399	-532
Amortisation and impairment	-322,041	-6,415	-8,213	-336,669
Equity method in joint ventures and associates	-2,556	527	379	-1,650

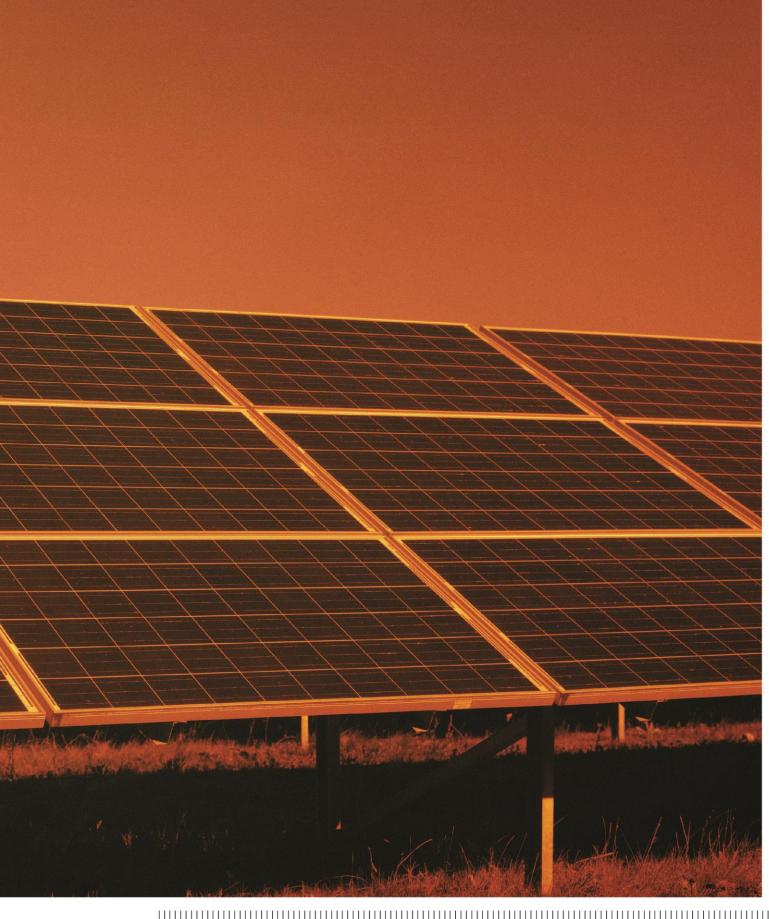
\* Mainly related with intragroup balances and transactions eliminations  $^{\star\star}$  Restated for IFRIC 21 purposes

# edp ENERGY WITH INTELLIGENCE

# 04. annexes



ENERGY WITH Intelligence



Harnessing inexhaustible energy

ENERGY WITH Intelligence

# THE EXECUTIVE BOARD OF DIRECTORS

António Luís Guerra Nunes Mexia (President)

Nuno Maria Pestana de Almeida Alves

João Manuel Manso Neto

António Fernando Melo Martins da Costa

João Manuel Veríssimo Marques da Cruz

Miguel Stilwell de Andrade

Miguel Nuno Simões Nunes Ferreira Setas

Rui Manuel Rodrigues Lopes Teixeira



KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. Edifício Monumental Av. Praia da Vitória, 71 - A, 11° 1069-006 Lisboa Portugal Telephone: +351 210 110 000 Fax: +351 210 110 121 Internet: www.kpmg.pt

# LIMITED REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION PREPARED BY INDEPENDENT AUDITOR

# (This report is a free translation to English from the Portuguese version)

# Introduction

- 1 In accordance with the requirements of the 'Código dos Valores Mobiliários' (CVM), we hereby present our limited review report on the interim consolidated financial information for the three month period ended 31 March 2016, of EDP Energias de Portugal, S.A. which includes: the condensed consolidated statement of financial position (with a total assets of Euros 42,619,149 thousand and total equity attributable to the shareholders of Euros 8,950,269 thousand including a consolidated net profit of Euros 262,762 thousand) and the condensed consolidated statements of income, cash flows, changes in equity and comprehensive income for the three month period then ended and the corresponding notes to the financial statements.
- 2 The amounts included in the consolidated financial statements and the additional financial information were extracted from the accounting records.

# **Responsibilities**

4

- 3 The Executive Board of Directors is responsible for:
  - a) the preparation of consolidated financial information which gives a true and fair view of the consolidated financial position of the Group and the consolidated result of its operations, the consolidated cash-flows, the consolidated changes in equity and the consolidated comprehensive income;
  - b) the preparation of historical financial information in accordance with IAS 34 Interim Financial Reporting and that is complete, true, current, clear, objective and lawful as established by CVM;
  - c) the adoption of adequate accounting policies and criteria;
  - d) the maintenance of an appropriate internal control system; and
  - e) the communication of any relevant fact that may have influenced its activity, financial position or results.
  - Our responsibility is to verify the above mentioned consolidated financial information, namely if it is complete, true, current, clear, objective and fair as required by the CVM, and issue an independent report based on our work.

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., a Portuguese company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG & Associados - S.R.O.C., S.A. Capital Social: 3.916.000 Euros - Pessoa Colectiva N° PT 502 161 078 - Inscrito na O.R.O.C. N° 189 - Inscrito na C.M.V.M. N° 20161489 Matriculada na Conservatória do registo Comercial de Lisboa sob o PT 502 161 078



# Scope

5 The work that we have performed was conducted with the objective of obtaining a moderate level of assurance about whether the consolidated financial information mentioned above is free of material misstatements. Our work was performed based on the Technical Standards and Review/Audit Guidelines issued by the 'Ordem de Revisores Oficiais de Contas', and planned in accordance with that objective and included the following procedures:

a) mainly, inquiries and analytical procedures performed to review:

- the reliability of the assertions included in the interim consolidated financial information;
- the adequacy of the accounting policies adopted, considering the circumstances and the consistency of their application;
- applicability of the going concern principle;
- the presentation of the interim consolidated financial information;
- if the interim consolidated financial information is complete, true, current, clear, objective and fair; and

b) substantive tests on non usual significant transactions.

6 We believe that our work provides a reasonable basis to issue the report on the interim financial information.

# Conclusion

7 Based on our review, which was performed with the objective of obtaining moderate assurance, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information for the three month period ended 31 March 2016, is not free of material misstatements that affect its compliance with IAS 34 – Interim Financial Reporting and that is not complete, true, current, clear, objective and lawful.

Lisbon, 4 May 2016

KPMG & Associados Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189) Represented by Vítor Manuel da Cunha Ribeirinho (ROC nr. 1081)



KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. Edifício Monumental Av. Praia da Vitória, 71 - A, 11º 1069-006 Lisboa Portugal

Telephone: +351 210 110 000 Fax: +351 210 110 121 Internet: www.kpma.pt

# LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION PREPARED BY INDEPENDENT AUDITOR

# (This report is a free translation to English from the Portuguese version)

# Introduction

- 1 In accordance with the requirements of the 'Código dos Valores Mobiliários' (CVM), we hereby present our limited review report on the interim financial information for the three month period ended 31 March 2016, of EDP – Energias de Portugal, S.A. which includes: the condensed statement of financial position (with a total assets of Euros 22,406,834 thousand and total equity of Euros 7,614,975 thousand including a net profit of Euros 327,656 thousand) and the condensed statements of income, cash flows, changes in equity and comprehensive income for the three month period then ended and the corresponding notes to the financial statements.
- 2 The amounts included in the condensed financial statements and the additional financial information were extracted from the accounting records.

# Responsibilities

- 3 The Executive Board of Directors is responsible for:
  - a) the preparation of financial information which gives a true and fair view of the financial position of EDP, the result of its operations, the cash-flows, the changes in equity and the comprehensive income;
  - b) the preparation of historical financial information in accordance with IAS 34 Interim Financial Reporting and that is complete, true, current, clear, objective and lawful as established by CVM;
  - c) the adoption of adequate accounting policies and criteria;
  - d) the maintenance of an appropriate internal control system; and
  - e) the communication of any relevant fact that may have influenced its activity, financial position or results.
- 4

Our responsibility is to verify the above mentioned financial information, namely if it is complete, true, current, clear, objective and fair as required by the CVM, and issue an independent report based on our work.

> KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., a Portuguese company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG & Associados - S.R.O.C., S.A Capital Social: 3.916.000 Euros - Pessoa Colectiva N° PT 502 161 078 - Inscrito na O.R.O.C. N° 189 - Inscrito na C.M.V.M. N° 20161489

Matriculada na Conservatória do registo Comercial de Lisboa sob o PT 502 161 078



# Scope

5

The work that we have performed was conducted with the objective of obtaining a moderate level of assurance about whether the financial information mentioned above is free of material misstatements. Our work was performed based on the Technical Standards and Review/Audit Guidelines issued by the 'Ordem de Revisores Oficiais de Contas', and planned in accordance with that objective and included the following procedures:

a) mainly, inquiries and analytical procedures performed to review:

- the reliability of the assertions included in the interim financial information;
- the adequacy of the accounting policies adopted, considering the circumstances and the consistency of their application;
- applicability of the going concern principle;
- the presentation of the interim financial information;
- if the interim financial information is complete, true, current, clear, objective and fair; and

b) substantive tests on non usual significant transactions.

6 We believe that our work provides a reasonable basis to issue the report on the interim financial information.

# Conclusion

7 Based on our review, which was performed with the objective of obtaining moderate assurance, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the three month period ended 31 March 2016, is not free of material misstatements that affect its compliance with IAS 34 – Interim Financial Reporting and that is not complete, true, current, clear, objective and lawful.

Lisbon, 4 May 2016

KPMG & Associados Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189) Represented by Vítor Manuel da Cunha Ribeirinho (ROC nr. 1081)



# contacts

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# INTITUTIONAL RELATIONS AND STAKEHOLDERS

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