ENERGY THAT MAKES A DIFFERENCE

INTERIM REPORT
31ST MARCH 2015

edp

ENERGY
THAT MAKES A DIFFERENCE

TRANSFORM, IMPROVE, MAKE THE WORLD MOVE...
THAT'S WHERE WE PUT ALL OF OUR ENERGY.
AN ENERGY THAT IS BUILT IN 14 COUNTRIES,
MADE OF PROXIMITY, OF COMMITMENT,
OF ENVOLVEMENT AND RESPONSIBILITY.

BUT ABOVE ALL,
AN ENERGY THAT MAKES A DIFFERENCE.

INDEX

AN ENERGY THAT TRANSFORMS THE ECONOMY

A commitment to an increase in the use of hydroelectric power plants, promoting the country's energy independence.

edp renováveis

PRESENT IN 14 COUNTRIES AND HAS 9.6 MILLION ELECTRICITY CUSTOMERS

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, organised 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 Praça Marquês de Pombal, no. 12, 1250-162 Lisbon, 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, EDPwas 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.

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 facilities for energy generation in the Iberian Peninsula, the United States, Canada, Brazil, France, Belgium, Italy, Poland and Romania and is developing wind projects in the United Kingdom and Mexico. Additionally, EDP generates solar photovoltaic energy in Portugal, Romania and the United States. In Brazil, EDP is the fourth largest private operator in electricity generation, has 2 electricity distribution concessions and is the third largest private supplier in the liberalised market.

EDP has a relevant presence in the world energy landscape, being present in 14 countries, with **9.6 million electricity customers**, **1.3 million gas customers** and more than **11 thousand employees** around the world. On March 31, 2015, EDP had an installed capacity of **22.4 GW** and generated **16.5 TWh** during the first quarter of 2015, of which **69%** came from **renewable sources**.

edp

IN THE WORLD

PORTUGAL

6,645	EMPLOYEES
5,477,266	ELECTRICITY CUSTOMERS
509,463	GAS CUSTOMERS
9,340	INSTALLED CAPACITY (MW)
6,532	NET GENERATION (GWh)
62%	GENERATION FROM RENEWABLE SOURCES[1]
11,687	ELECTRICITY DISTRIBUTED (GWh)
2,031	GAS DISTRIBUTED (GWh)
1,455	CAPACITY UNDER CONSTRUCTION (MW)

SPAIN

1,857	EMPLOYEES
974,892	ELECTRICITY CUSTOMERS
830,275	GAS CUSTOMERS
5,962	INSTALLED CAPACITY (MW)
4,555	NET GENERATION (GWh)
42%	GENERATION FROM RENEWABLE SOURCES[1]
2,381	ELECTRICITY DISTRIBUTED (GWh)
8,844	GAS DISTRIBUTED (GWh)

FRANCE

45	EMPLOYEES
340	INSTALLED CAPACITY (MW)
234	NET GENERATION (GWh)
100%	GENERATION FROM RENEWABLE SOURCES[1]

BELGIUM

2	EMPLOYEES
71	INSTALLED CAPACITY (MW)
46	NET GENERATION (GWh)
100%	GENERATION FROM RENEWABLE SOURCES[1]

ITALY

24	EMPLOYEES
90	INSTALLED CAPACITY (MW)
58	NET GENERATION (GWh)
100%	GENERATION FROM RENEWABLE SOURCES[1]

POLAND

38 EMPLOYEES
392 INSTALLED CAPACITY (MW)
273 NET GENERATION (GWh)
100% GENERATION FROM RENEWABLE SOURCES[1]

ROMANIA

33 EMPLOYEES
521 INSTALLED CAPACITY (MW)
317 NET GENERATION (GWh)
100% GENERATION FROM RENEWABLE SOURCES[1]

UNITED KINGDOM

38 EMPLOYEES

CHINA AND ANGOLA

OFFICES

BRAZIL

2,632 EMPLOYEES
3,181,984 ELECTRICITY CUSTOMERS
1,881 INSTALLED CAPACITY (MW)
547 INSTALLED CAPACITY MEP[2] (MW)
1,670 NET GENERATION (GWh)
100% GENERATION FROM RENEWABLE SOURCES[1]
6,764 ELECTRICITY DISTRIBUTED (GWh)
120 CAPACITY UNDER CONSTRUCTION (MW)
341 CAPACITY UNDER CONSTRUCTION MEP[2] (MW)

MEXICO

1 EMPLOYEE

UNITED STATES

312 EMPLOYEES
3,805 INSTALLED CAPACITY (MW)
2,786 NET GENERATION (GWh)
100% GENERATION FROM RENEWABLE SOURCES[1]
399 CAPACITY UNDER CONSTRUCTION (MW)

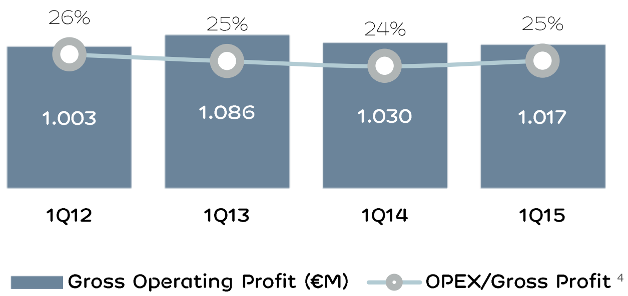
CANADA

4 EMPLOYEES
30 INSTALLED CAPACITY (MW)
22 NET GENERATION (GWh)
100% GENERATION FROM RENEWABLE SOURCES[1]

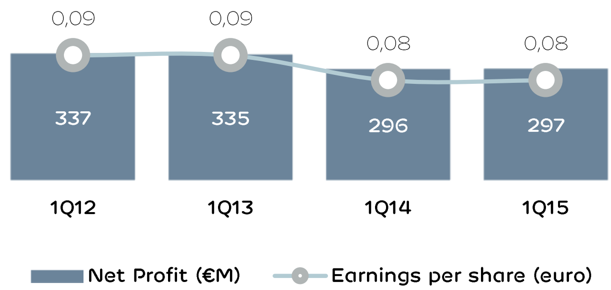
[1] Includes Hydro, Wind and Solar.
[2] Consolidated according to Equity Method.

EDP IN NUMBERS

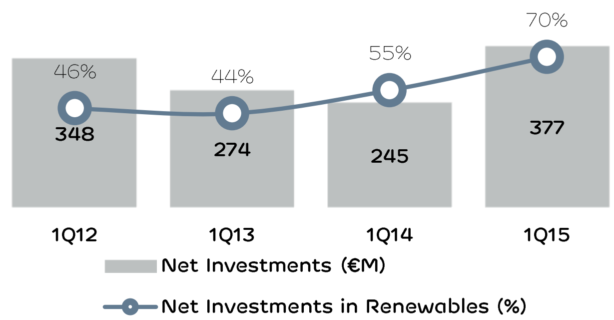
GROSS OPERATING PROFIT



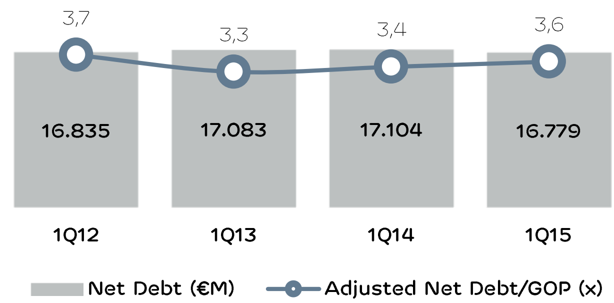
NET PROFIT [1]



NET INVESTMENTS [2]

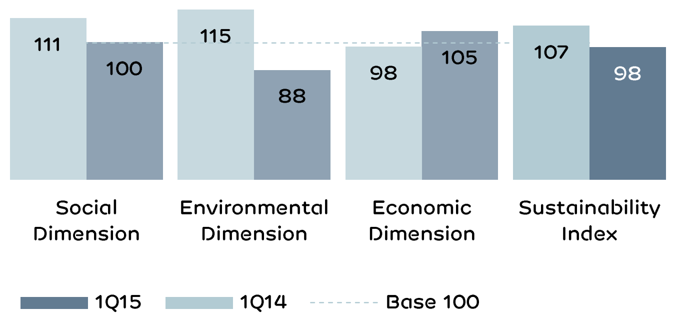


NET DEBT [3]

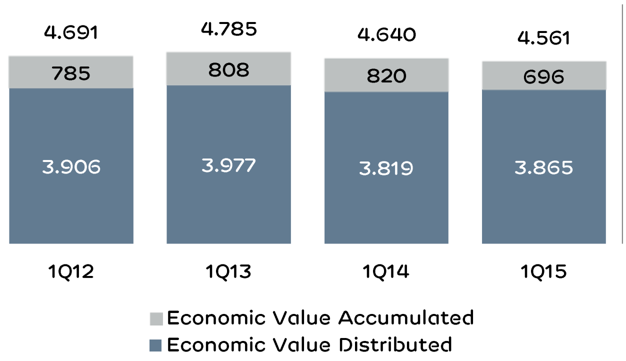


[1] Net Profit attributable to EDP Equity holders
[2] Includes Capex, Financial Investments and Divestments ("Asset Rotation")
[3] Includes Financial Debt, Cash and Equivalents, Short-term financial assets at fair-value, net investment and fair value hedge and collateral deposits associated to financial debt.
[4] (Supplies and Services + Personnel Costs and Employee Benefits – Curtailment) / (Gross Profit + Income arising from Institutional Partnerships)

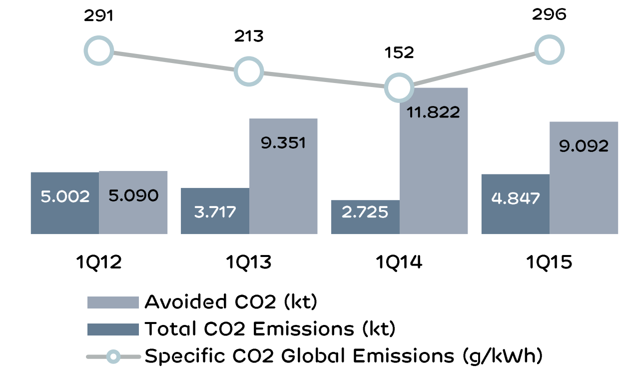
EDP SUSTAINABILITY INDEX



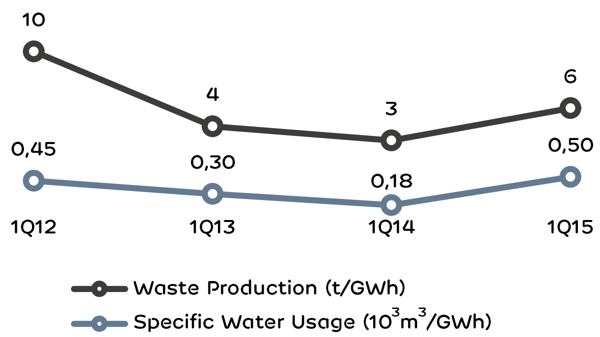
ECONOMIC VALUE GENERATED[1] (€M)



CO_2 EMITED AND AVOIDED

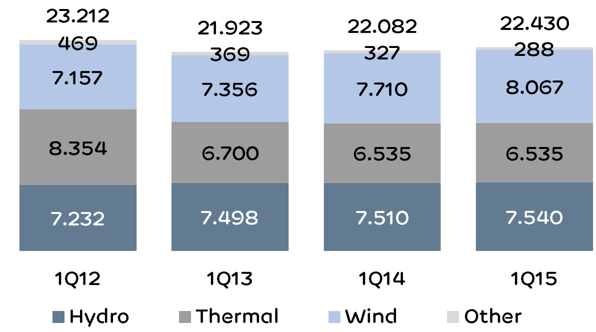


WATER USAGE AND WASTE PRODUCTION

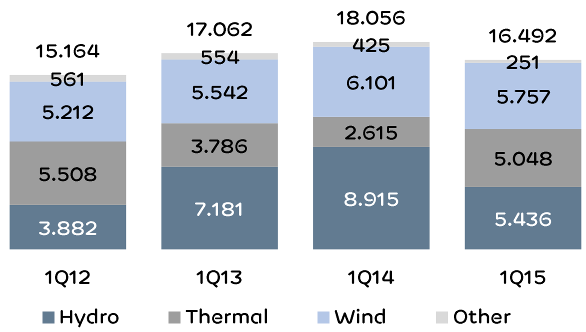


[1] Economic Value Generated: Turnover + Share of net profit in joint ventures and associates + Other operating income + Financial Income
Economic Value Distributed: Cost of energy sales and other + Operating costs + Other operating expenses + Financial expenses + Current Income tax + Dividend payments
Economic Value Accumulated: Economic Value Generated - Economic Value Distributed

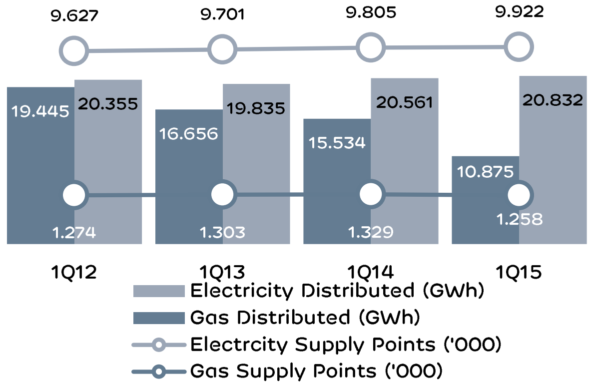
ELECTRICITY GENERATION
INSTALLED CAPACITY (MW)



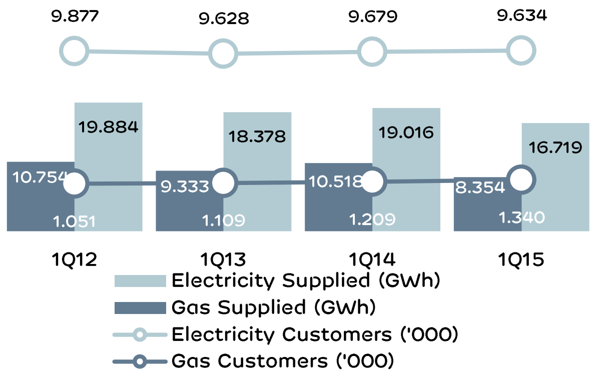
ELECTRICITY GENERATION
NET GENERATION (GWh)



ELECTRICITY AND GAS DISTRIBUTION



ELECTRICITY AND GAS SUPPLY



VALUE CHAIN


ELECTRICITY
SUPPLY
DISTRIBUTION
TRANSMISSION
GENERATION
GAS
SUPPLY
DISTRIBUTION
TRANSMISSION
EXPLOITATION AND GENERATION

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 GROUP BUSINESS STRUCTURE

IBERIA		EDP RENOVÁVEIS		EDP BRASIL	
Portugal	Spain				

ELECTRICITY GENERATION

IBERIA – Portugal	IBERIA – Spain	EDP RENOVÁVEIS		EDP BRASIL	
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)*
	HC Energía	EDP Renewables Polska	EDP Renewables Romania	Enerpeixe	Cachoeira Caldeirão*
		EDP Renewables North America	EDP Renewables Canada	São Manoel*	
		EDP Renewables Italia	EDP Renováveis Brasil		
		EDPR UK			

ELECTRICITY AND GAS DISTRIBUTION

IBERIA – Portugal	IBERIA – Spain	EDP RENOVÁVEIS	EDP BRASIL	
EDP Distribuição	HC Distribución		Bandeirante	Escelsa
EDP Gás Distribuição	Naturgas Distribución			

ELECTRICITY AND GAS SUPPLY AND TRADING

IBERIA – Portugal	IBERIA – Spain	EDP RENOVÁVEIS	EDP BRASIL	
EDP Serviço Universal	HC Energía		EDP Comercializadora	EDP Grid
EDP Comercial	CIDE HC Energia*			
EDP Gás Serviço Universal	NE Comercializ.			
EDP Gás.Com	HC Gas			

* Equity Consolidated Method

RECOGNITION

CORPORATE

February - Moody's raises EDP's rating.

Moody's raised its rating of EDP and its subsidiaries EDP Finance B.V. and Hidroelectrica del Cantabrico in Spain from "Ba1" to "Baa3". It also improved the short-term rating of EDP, EDP Finance B.V. and HC Energia from "Not-Prime" to "Prime-3". All the ratings were given a stable outlook. Moody's also considers that the tariff deficit borne by the electricity system in Portugal is gradually stabilising, thereby reducing the likelihood of new regulatory cuts being necessary.

March - António Mexia voted the best Utilities CEO in Europe

A group of analysts at Buy Side voted António Mexia the best CEO in Europe in the Utilities sector in an annual survey by Institutional Investor magazine. Nuno Alves, the EDP Group's Chief Financial Officer and Miguel Viana, Director of Investor Relations, were also recognised. EDP went up 71 places against last year in the overall assessment of listed European companies in all sectors and is now in 20th place.

March – EDP in the Ethisphere Institute 2015 rankings

For the fourth year running, EDP is part of the international rankings of The World's Most Ethical Companies – WME, voted by the Ethisphere Institute, which is the world leader in promoting ethical business standards. EDP was considered a benchmark in Energy and Utilities: Electric, along with four other companies worldwide.

PORTUGAL

January, 22 - Re:dy distinguished in the Green Project Awards

The Re:dy service was recognised in the Information Technology category. Re:dy allows customers to monitor the consumption of electrical devices at home from wherever they are using an internet portal and smartphone.

January, 29 - EDP receives the Green Fleet Award from Fleet Magazine, which goes to the company that has demonstrated the greatest commitment to reducing CO_2 when buying vehicles. It measures the percentage of electric and hybrid vehicles in the fleets of different Portuguese companies.

February, 4 - EDP wins first place in 2014 Excellence at Work Awards
An award has been given by Heidrick & Struggles in partnership with *Diário Económico* and INDEG-IUL to EDP in the category of large companies with more than 1,000 employees. It was also distinguished in the Industry and Energy category.

EDP RENOVÁVEIS

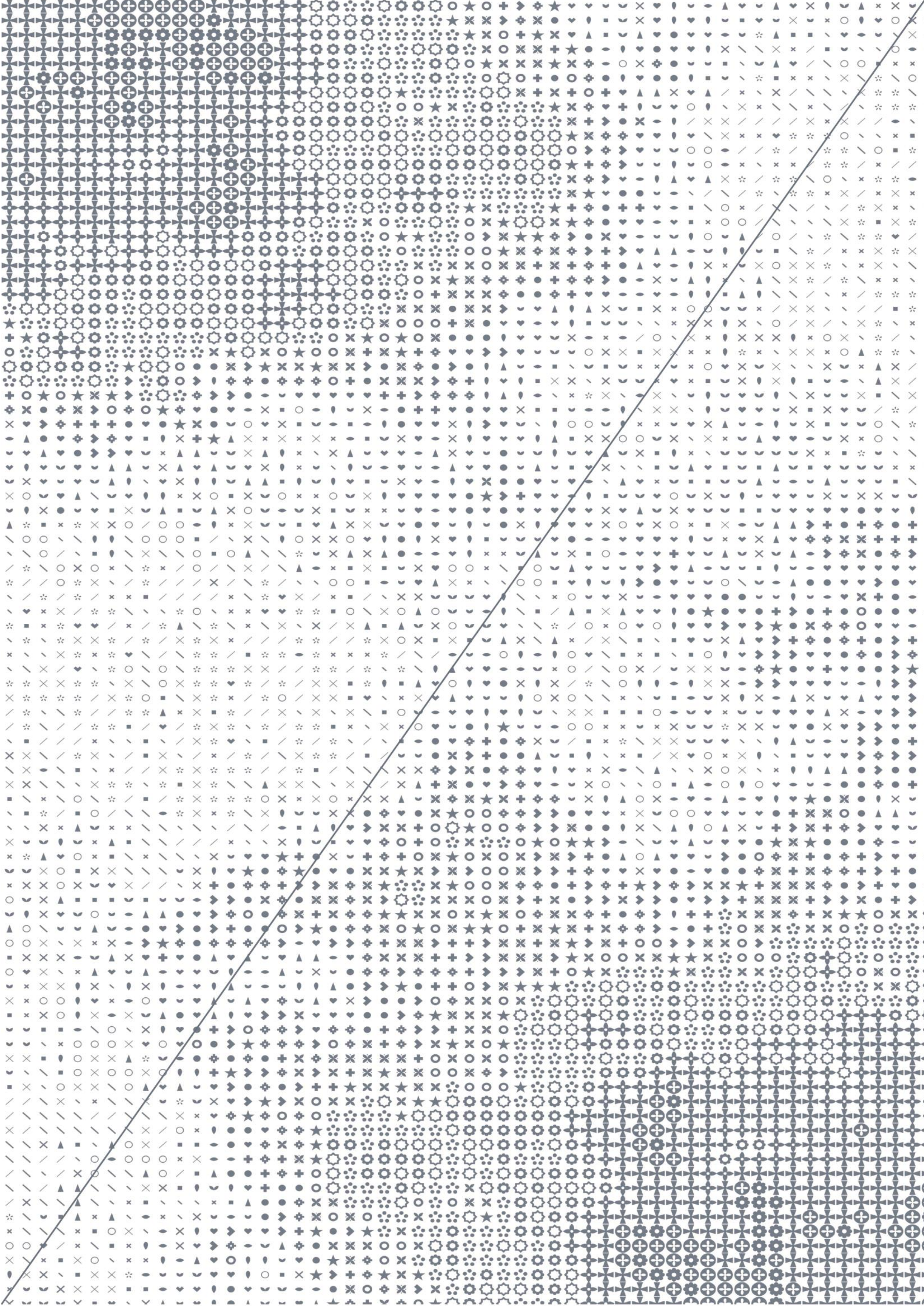
February - EDPR awarded at Euronext Lisbon Awards 2015

With the best stock market performance in 2014, EDP Renováveis saw a rise of 40% in its market capitalisation. The awards recognise institutions with excellent performance in Portugal's capital markets.

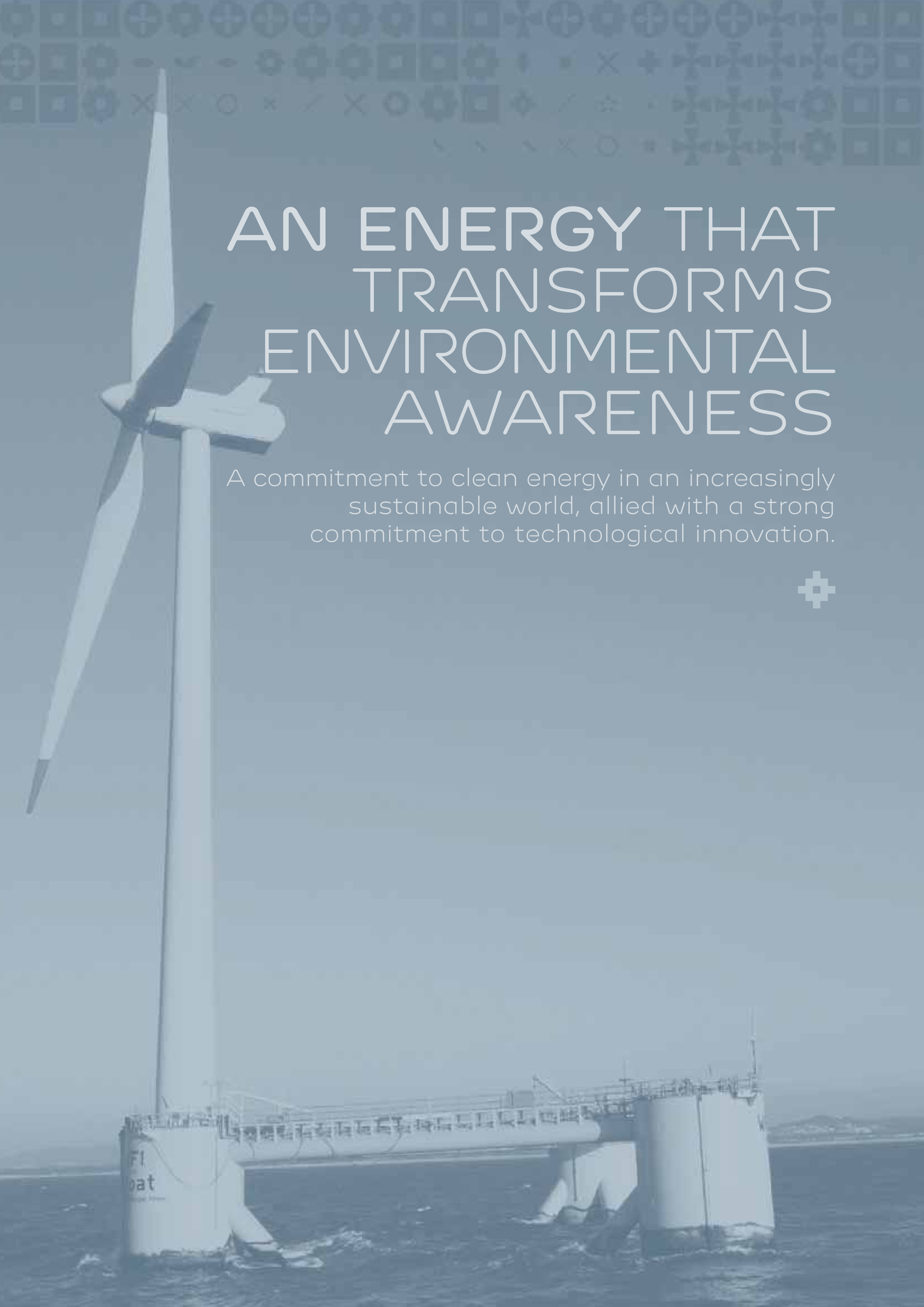
TARGETS AND GOALS

Targets	Goals	Date
1. ECONOMIC AND SOCIAL VALUE		
To focus on growth maintaining the financial deleveraging	EBITDA Average 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
	Average Annual Net Investments of ~€1.6bn per year	2014-2015
	Average Annual Net Investments of ~€1.2bn 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 €180M/year by 2017	2017
To keep an attractive dividend policy	Payout ratio between 55% and 65% of recurrent net profit, with a minimum of €0.185 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 2020, reduce CO_2 emissions by 70% in comparison with 2008 values	2020
To strenghten an appropriate environmental management of EDP's activities	Achieve 100% of certified installed capacity according to ISO 14001	2020
To contribute actively to the preservation of the environment and biodiversity	Globally extend environmental externalities evaluation	2017
3. INNOVATION		
To promote competitiveness and productivity through innovation	Maintain a financing budget of €20M/year for Research & Development projects	2017
	Extend Inovgrid project to more 100 thousand clients in seven new places in Portugal	2015
4. INTEGRITY AND GOOD GOVERNANCE		
To strenghten the ethics in all EDP's employees' culture	Maintain the incorporation in the World Most Ethical Companies list by the Ethisphere Institute	2017
	Identify and assess ethical risks of EDP Group	2015
	Exceed 80 points in the corporate index Ethicis	2020
Extend Sustainability to the supply chain	Develop new supply chain Indicators and comply with G4	2015
5. TRANSPARENCY AND DIALOGUE		
Transparência e diálogo	Complete the report of GHG emissions, scope 3	2015
Relatar de forma transparente e garantir um relacionamento aberto e de confiança com as partes interessadas	Report in accordance to the new Global Reporting Initiative Standards - G4	2015
6. HUMAN CAPITAL AND DIVERSITY		
To work towards "Zero accidents, no personal harm"	Reduce the frequency of on-duty accidents with EDP employees and service providers by 5% compared with 2013	2013-2015
To implement an action plan for the Diversity Policy	Between 10 and 15 initiatives	2015
Extend EDP's training model to the Group	Implement EDP's University in Brazil	2015
To keep a high level of employee satisfaction	Maintain employees' Global Satisfaction above 80%	2013-2015
7. ACCESS TO ENERGY		
To keep or improve the quality levels of technical and commercial services provided to our clients	Ensure an overall customer satisfaction above 80% in different segments	2020
	Ensure that ICEIT and DEC are above the levels set by Regulators	2014-2015
8. SOCIAL DEVELOPMENT AND CITIZENSHIP		
To enhance a close relationship between the company and the society	Guarantee an allocated budget to "Fundação EDP" up to 0.1% of the Group's turnover	2012-2015
	Increase the number of volunteering partnerships by 50% until 2015, compared to 2012	2012-2015
	Relaunch the Social Stock Exchange, reaching €2.5M and 10 client companies	2015

* Based in 2014 forecast of Investor's Day presentation
** Includes equity consolidated capacity



PERFORMANCE



AN ENERGY THAT TRANSFORMS ENVIRONMENTAL AWARENESS

A commitment to clean energy in an increasingly sustainable world, allied with a strong commitment to technological innovation.

EDP GROUP'S BUSINESS EVOLUTION

In the first quarter of 2015, **EDP Group's net profit attributable to EDP shareholders** reached EUR 297 million, compared with EUR 296 million in the first quarter of 2014.

Consolidated EBITDA fell by 1% year-on-year, to EUR 1,017 million in the first quarter of 2015, impacted by a tough comparison basis stemming from outstanding hydro and wind conditions in Iberia during the first quarter of 2014 (compared to below-the-average conditions in the first quarter of 2015); and by higher generation taxes in Spain, given higher volumes generated. Additionally, EBITDA performance reflected the sale of gas assets in Murcia, which led to a EUR 78 million gain.

EBITDA from Iberian operations (excluding EDP Renováveis) stood at EUR 570 million in the first quarter of 2015, falling EUR 45 million year-on-year, mainly reflecting: the normalisation of market conditions in the first quarter of 2015 versus the first quarter of 2014, which benefitted from outstanding hydro resources mitigated by low prices; a below-the-average hydro contribution to the production mix stemming from a dry quarter; fewer wholesale trading opportunities in the gas market; offset by a gain from the sale of gas assets in Murcia in the first quarter of 2015 (EUR 78 million).

The contribution from our international subsidiaries in the first quarter of 2015 was higher year-on-year. **EDP Brasil's EBITDA surged 2% year-on-year** impacted by higher regulated revenues at our distribution business, offset partially by an increase in hydro generation deficit, from 4% in the first quarter of 2014 to 21% in the first quarter of 2015, which resulted in a EUR 45 million year-on-year decrease in the gross margin. **EDP Renováveis' EBITDA increased 10% year-on-year**, propelled by higher average capacity on stream (+5% year-on-year), higher merchant prices in Spain and US; and by the appreciation of the US dollar versus Euro.

EDP Group operating costs (supplies and services, personnel costs and costs with employee benefits) were flat year-on-year, at EUR 368 million in the first quarter of 2015, driven by: a 4% decrease year-on-year in Iberia, driven by headcount reduction (mainly pre-retirements in Portugal); stability at EDP Renováveis (excluding ForEx impact) derived from tight cost control and larger portfolio: and +6% in Brazil (excluding ForEx impact), in line with inflation. **Other net operating costs stood at EUR 38 million in the first quarter of 2015**, reflecting higher generation taxes in Iberia (+EUR 17 million year-on-year, to EUR 43 million in the first quarter of 2015), prompted by higher conventional generation and higher prices in the pool, offset by the sale of gas assets in Murcia (EUR 78 million gain).

EBIT was 3% lower year-on-year in the first quarter of 2015, to EUR 680 million, mainly driven by the fall in EBITDA and higher amortisation and impairments. **Net amortisations and impairments increased 4% year-on-year to EUR 337 million in the first quarter of 2015**, mostly reflecting higher depreciations at EDP Renováveis level deriving from the new capacity installed over the last 12 months and the USD appreciation against the EUR (EUR 11 million).

Financial results totalled EUR -208 million in the first quarter of 2015, reflecting the impact from the US dollar appreciation against the Euro on US dollar denominated debt, resulting in an increase in the average cost of debt from 4.6% in the first quarter of 2014 to 4.7% in the first quarter of 2015. **Share of net profit in joint ventures and associates totalled a negative amount of EUR 2 million in the first quarter of 2015** mainly driven by the participation in ENEOP in Portugal (EUR 7 million in the first quarter of 2015), our stake in Porto do Pecém I (EUR -8 million in the first quarter of 2015), and our stake in Jari (EUR -4 million in the first quarter of 2015).

Income taxes totalled EUR 90 million in the first quarter of 2015, with an effective tax rate of 19% in the first quarter of 2015, mainly reflecting the decrease on corporate taxes in Portugal and Spain along with no taxation of the gain in the sale of gas assets in Murcia. Additionally, and according to the terms defined in Portugal's 2015 State Budget, EDP contributed with EUR 15 million in the first quarter of 2015 to the extraordinary tax on the energy sector in Portugal. **Non-controlling interests** were flat year-on-year, to EUR 68 million in the first quarter of 2015, as EDP Renováveis' sale of minority stakes in wind farms and the capital gain with the sale of gas assets at Naturgas level were offset by lower net profit at the level of EDP Brasil and its generation subsidiaries. **Overall, net profit attributable to EDP shareholders was stable year-on-year, at EUR 297 million in the first quarter of 2015.**

Net investments totalled EUR 377 million in the first quarter of 2015, of which EUR 362 million relate to capex**.** Expansion capex totalled EUR 260 million in the first quarter of 2015, driven by the ongoing construction of new hydro and wind capacity, while maintenance capex stood at EUR 102 million in the first quarter of 2015.

Net debt fell from EUR 17.0 billion in December 2014 to EUR 16.8 billion in March 2015, following a reduction in regulatory receivables given the securitisation executed in March 2015, partially mitigated by the impact of the devaluation of the euro against the US dollar on the US dollar denominated debt.

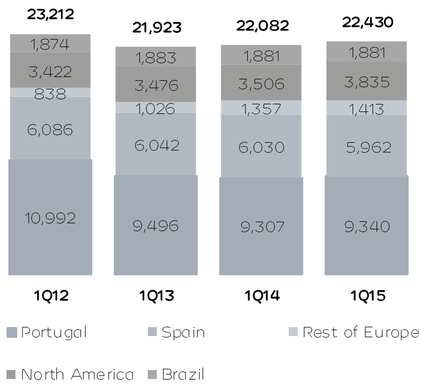
KEY INDICATORS

ELECTRICITY GENERATION

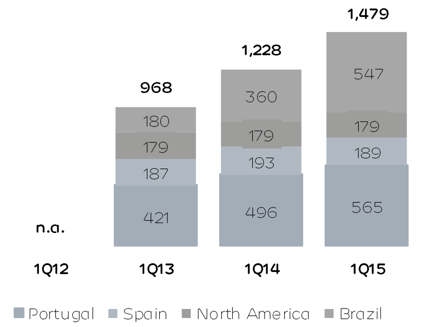
	Un.	1Q15	1Q14	1Q13	1Q12
INSTALLED CAPACITY	**MW**	**22,430**	**22,082**	**21,923**	**23,212**
Contracted Generation in Iberian Market	**MW**	**4,676**	**4,745**	**5,605**	**6,687**
PPA/CMEC	**MW**	**4,470**	**4,470**	**5,274**	**6,221**
Hydro	MW	3,290	3,290	4,094	4,094
Coal	MW	1,180	1,180	1,180	1,180
Fuel	MW	-	-	-	946
Special Regime	**MW**	**206**	**274**	**330**	**466**
Portugal - Hydro	MW	157	157	157	157
Portugal - Thermal	MW	24	24	68	167
Spain - Thermal	MW	25	93	106	142
Liberalised Electricity Generation in Iberian Market	**MW**	**7,808**	**7,777**	**7,125**	**7,574**
Portugal	**MW**	**4,065**	**4,035**	**3,382**	**3,835**
Hydro	MW	2,026	1,996	1,178	921
CCGT	MW	2,039	2,039	2,039	2,039
Fuel	MW	-	-	165	875
Spain	**MW**	**3,743**	**3,743**	**3,743**	**3,740**
Hydro	MW	426	426	426	426
CCGT	MW	1,698	1,698	1,698	1,698
Coal	MW	1,463	1,463	1,463	1,460
Nuclear	MW	156	156	156	156
EDP Renováveis	**MW**	**8,149**	**7,762**	**7,395**	**7,160**
Portugal	MW	624	621	615	613
Spain	MW	2,194	2,194	2,194	2,204
Rest of Europe	MW	1,413	1,357	1,026	838
North America	MW	3,835	3,506	3,476	3,422
Brazil	MW	84	84	84	84
EDP Brasil	**MW**	**1,797**	**1,797**	**1,799**	**1,790**
Hydro	MW	1,797	1,797	1,799	1,790
Capacity under Construction	**MW**	**2,051**	**1,717**	**1,966**	**2,900**
Portugal [1]	MW	1,449	1,468	1,468	1,710
EDP Renováveis	MW	601	249	86	448
Brazil [1]	MW	0	0	412	742
Installed Capacity Equity [2]	**MW**	**1,479**	**1,228**	**968**	**n.a.**
Portugal [1]	MW	32	32	32	n.a.
Spain [1]	MW	15	19	19	n.a.
EDP Renováveis	MW	886	817	737	n.a.
Brazil [1]	MW	547	360	180	n.a.
Capacity under Construction Equity [2]	**MW**	**341**	**609**	**476**	-
Brazil	MW	341	609	476	-
NET ELECTRICITY GENERATION	**GWh**	**16,492**	**18,056**	**17,062**	**15,164**
Contracted Generation in Iberian Market	**GWh**	**4,374**	**5,416**	**5,608**	**3,761**
PPA/CMEC	**GWh**	**4,151**	**5,002**	**5,053**	**3,200**
Hydro	GWh	1,903	3,739	3,307	846
Coal	GWh	2,248	1,263	1,747	2,353
Fuel	GWh	-	-	-	2
Special Regime	**GWh**	**222**	**414**	**554**	**561**
Portugal - Hydro	GWh	138	278	268	41
Portugal - Thermal	GWh	52	69	132	301
Spain - Thermal	GWh	33	67	154	219
Liberalised Electricity Generation in Iberian Market	**GWh**	**4,709**	**4,186**	**3,620**	**3,544**
Portugal	GWh	**1,686**	**2,436**	**1,241**	**751**
Hydro	GWh	1,495	2,399	1,104	234
CCGT	GWh	191	36	137	517
Fuel	GWh	-	-	-	0
Spain	GWh	**3,023**	**1,751**	**2,379**	**2,793**
Hydro	GWh	414	435	477	156
CCGT	GWh	220	122	200	456
Coal	GWh	2,058	862	1,371	1,846
Nuclear	GWh	331	332	331	335
EDP Renováveis	**GWh**	**5,786**	**6,112**	**5,542**	**5,213**
Portugal	GWh	505	580	509	314
Spain	GWh	1,499	1,750	1,703	1,317
Rest of Europe	GWh	928	802	552	477
North America	GWh	2,808	2,930	2,726	3,056
Brazil	GWh	46	49	52	48
EDP Brasil	**GWh**	**1,624**	**2,341**	**2,292**	**2,647**
Hydro	GWh	1,624	2,341	2,292	2,647
Steam	GWh	225	278	445	543

[1] Excludes EDP Renováveis | [2] Consolidation by the Equity Method

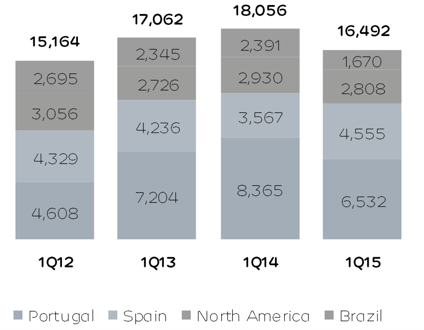
INSTALLED CAPACITY
(MW)



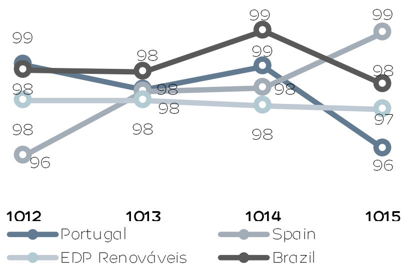
INSTALLED CAPACITY EQUITY[2]
(MW)



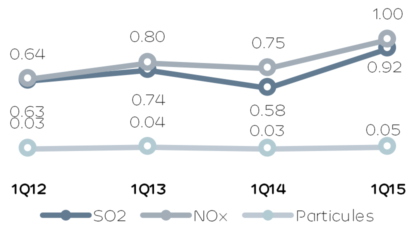
NET ELECTRICITY GENERATION
(GWh)



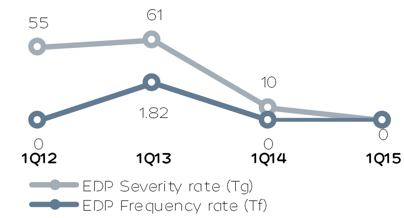
TECHNICAL AVAILABILITY (%)



SPECIFIC EMISSIONS FROM THERMAL (g/kWh)



ACCIDENTS AT WORK



	Un.	1Q15	1Q14	1Q13	1Q12
TECHNICAL AVAILABILITY					
Portugal [1]	%	**96**	**99**	**98**	**99**
Hydro	%	99	99	98	98
CCGT	%	99	96	97	96
Coal	%	90	100	99	100
Mini-hydro	%	95	94	92	89
Cogeneration	%	100	100	95	94
Spain [1]	%	**99**	**98**	**98**	**96**
Hydro	%	100	100	100	100
CCGT	%	100	98	97	86
Coal	%	98	98	98	96
Nuclear	%	100	100	100	100
Cogeneration	%	98	99	79	n.d.
Waste	%	95	90	94	n.d.
EDP Renováveis	%	**97**	**98**	**98**	**98**
Portugal	%	98	98	97	98
Spain	%	96	97	98	98
Rest of Europe	%	97	97	97	97
North America	%	98	98	98	98
Brazil	%	98	98	98	98
Brazil [1]	%	**98**	**99**	**98**	**98**
ENVIROMENTAL INDICATORS					
Certified Installed Capacity	%	96	77	75	70
Primary Energy Consumption	TJ	47,613	25,812	38,742	53,706
Total Emissions					
CO_2	kt	4,847	2,725	3,717	5,002
NOx	kt	5	2	3	4
SO_2	kt	5	2	3	4
Particles	kt	0	0	0	0
Avoided CO_2	kt	9,092	11,822	9,351	5,090
Waste sent for final disposal	t	92,113	56,737	71,986	173,617
Dangerous waste	t	1,539	683	1,078	768
Waste valorization	%	71	60	59	55
Sub-products	t	121,003	80,309	69,657	96,809
Cooling water	m^3x10^3	430,341	350,965	396,111	425,520
Raw water	m^3x10^3	1,460	1,075	1,684	2,069
EMPLOYEES AND SECURITY					
Employees	#	2,945	3,098	3,093	2,651
On-duty accidents	#	0	0	3	0
On-duty accidents of contracted workers	#	18	17	44	41
Fatal on-duty accidents	#	0	0	0	0
Fatal accidents of contracted workers	#	0	0	2	3

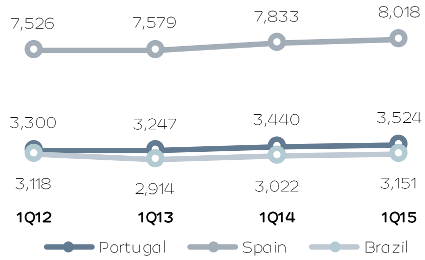
[1] Excludes EDP Renováveis

ELECTRICITY AND GAS DISTRIBUTION

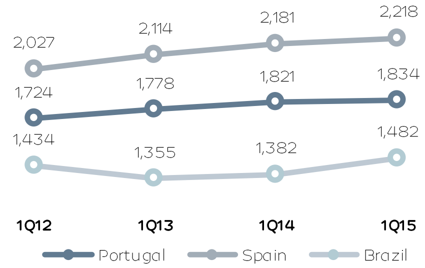
	Un.	1Q15	1Q14	1Q13	1Q12
ELECTRICITY					
ELECTRICITY DISTRIBUTED	**GWh**	**20,832**	**20,561**	**19,835**	**20,355**
Portugal	GWh	11,687	11,470	11,102	11,716
Spain	GWh	2,381	2,365	2,357	2,435
Brazil	GWh	6,764	6,726	6,376	6,204
ELECTRICITY SUPPLY POINTS	**'000**	**9,922**	**9,805**	**9,701**	**9,627**
Portugal	'000	6,082	6,070	6,079	6,119
Spain	'000	659	659	657	656
Brazil	'000	3,182	3,076	2,964	2,853
GRID EXTENSION	**Km**	**333,295**	**331,641**	**334976**	**332,117**
Portugal	**Km**	**223,976**	**222,965**	**224,595**	**223,180**
Overhead lines	Km	175,897	175,133	n.a.	n.a.
Underground lines	Km	48,079	47,831	n.a.	n.a.
Spain	**Km**	**20,309**	**20,196**	**23,007**	**22,692**
Overhead lines	Km	15,567	15,515	18,403	n.a.
Underground lines	Km	4,741	4,681	4,603	n.a.
Brazil	**Km**	**89,010**	**88,480**	**87,375**	**86,245**
GRID LOSSES					
Portugal	%	11	11	14	11
Spain	%	5	5	4	4
Brazil	%	11	11	12	12
SERVICE QUALITY					
Portugal					
Installed Capacity Equivalent Interruption Time[1]	Min	12	23	19	8.4
Spain					
Installed Capacity Equivalent Interruption Time[1]	Min	14	7	16	13
Brazil					
Average Interruption Duration per Consumer					
Bandeirante	Hours	7.7	7.5	9.7	9.0
Escelsa	Hours	9.6	9.8	10.7	10.5
Frequency of Interruptions per Consumer					
Bandeirante	#	5.1	5.6	5.8	6.3
Escelsa	#	5.6	6.2	6.5	6.4
ENVIRONMENTAL INDICATORS					
Certified Installed Capacity	%	32	30	27	25
Waste sent for final disposal	t	3,308	2,655	4,700	2,412
Dangerous waste	t	747	776	295	61
Waste valorization	%	84	80	100	98
EMPLOYEES AND SECURITY					
Employees	#	5,760	5,862	5,918	5,864
On-duty accidents	#	8	3	6	8
On-duty accidents of contracted workers	#	7	12	12	12
Fatal on-duty accidents	#	0	0	0	0
Fatal accidents of contracted workers	#	1	0	1	2

[1] ICEIT in MV grid, excluding extraordinary effects.

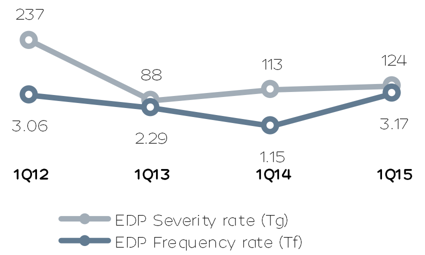
ELECTRICITY DISTRIBUTED PER EMPLOYEE (MWh/#)



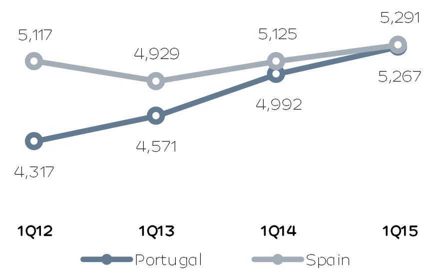
ELECTRICITY SUPPLY POINTS PER EMPLOYEE (#)



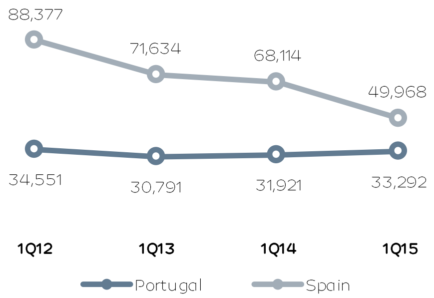
ACCIDENTS AT WORK



GAS SUPPLY POINTS PER EMPLOYEE (#)



GAS DISTRIBUTED PER EMPLOYEE (MWh/#)



	Un.	1Q15	1Q14	1Q13	1Q12
GAS					
GAS DISTRIBUTED	**GWh**	**10,875**	**15,534**	**16,656**	**19,445**
Portugal	GWh	2,031	1,979	1,971	2,211
Spain	GWh	8,844	13,555	14,685	17,233
GAS SUPPLIED	**'000**	**1,258**	**1,329**	**1,303**	**1,274**
Portugal	'000	321	309	293	276
Spain	'000	936	1,020	1,010	998
GRID EXTENSION	**Km**	**12,824**	**14,521**	**14,243**	**14,353**
Portugal	Km	4,677	4,513	4,349	4,165
Spain [1]	Km	8,147	10,008	9,894	10,188
ENVIRONMENTAL INDICATORS					
Installed power certified	%	100	100	100	100
Waste sent for final disposal	t	1	11	9	34
Dangerous waste	t	0	0	1	2
Waste valorization	%	100	99	97	100
EMPLOYEES AND SECURITY					
Employees	#	238	261	269	259
On-duty accidents	#	0	1	2	0
On-duty accidents of contracted workers	#	0	1	2	10
Fatal on-duty accidents	#	0	0	0	0
Fatal accidents of contracted workers	#	0	0	0	0

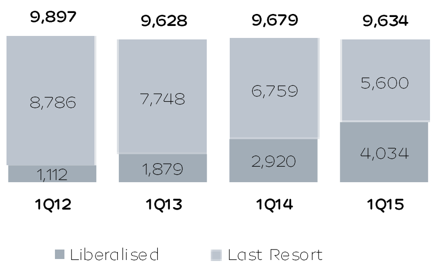
[1] The number of km in 2012 includes the gas transport in Spain.

ELECTRICITY AND GAS SUPPLY

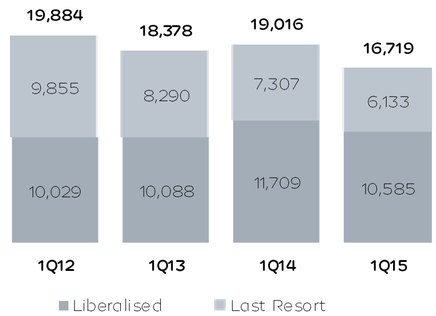
	Un.	1Q15	1Q14	1Q13	1Q12
ELECTRICITY					
NUMBER OF CUSTOMERS	'000	9,634	9,679	9,628	9,897
Portugal	'000	5,477	5,687	5,817	6,015
Last Resort	'000	2,174	3,431	4,515	5,627
Liberalised Market	'000	3,303	2,256	1,302	388
Market Share EDP - Liberalised Market	%	n.a.	85	83	79
Spain	'000	975	916	847	1,028
Last Resort	'000	245	252	269	305
Liberalised Market	'000	730	664	577	723
Market Share EDP - Liberalised Market	%	n.a.	n.a.	n.a.	n.a.
Brazil	'000	3,182	3,077	2,964	2,853
Last Resort[1]	'000	3,182	3,076	2,964	2,853
Liberalised Market	'000	0.43	0.47	0.29	0.17
Social Tariff	'000	300	333	265	263
Portugal	'000	44	57	65	90
Spain	'000	61	62	61	57
Brazil	'000	196	214	139	115
Special Needs	'000	1	1	1	1
Portugal	'000	0.5	0.6	0.5	0.6
Brazil	'000	0.5	0.3	0.3	0.3
Green Tariff	'000	771	683	586	519
Portugal	'000	4	5	5	5
Spain	'000	767	679	581	515
ENERGY SUPPLIED	GWh	16,719	19,016	18,378	19,884
Portugal	GWh	6,489	6,929	7,207	8,070
Last Resort	GWh	1,845	3,074	4,286	5,748
Liberalised Market	GWh	4,644	3,854	2,922	2,322
Market Share EDP - Liberalised Market	%	47	46	43	39
Spain	GWh	3,576	4,557	4,427	5,400
Last Resort	GWh	149	161	183	205
Liberalised Market	GWh	3,427	4,397	4,244	5,195
Market Share EDP - Liberalised Market	%	7	10	11	12
Brazil	GWh	6,654	7,530	6,743	6,413
Last Resort[1]	GWh	4,139	4,072	3,822	3,902
Liberalised Market	GWh	2,514	3,458	2,922	2,512
Social Tariff	GWh	152	170	139	121
Portugal	GWh	14	27	35	47
Spain	GWh	39	38	37	23
Brazil	GWh	99	105	67	52
Special Needs	GWh	n.a.	n.a.	n.a.	n.a.
Green Tariff	GWh	5,953	1,245	1,234	1,217
Portugal	GWh	3	3	3	3
Spain	GWh	5,950	1,242	1231	1,214
Energy Services Invoicing	€M	14	14.75	12	11
Portugal	M€	3	3	2	2
Espanha	M€	10	12	10	9
Brasil	M€	0.01	0.02	0.04	0.10
GAS					
NUMBER OF CUSTOMERS	GWh	1,340	1,209	1,109	1,051
Portugal	GWh	509	401	331	281
Last Resort	'000	79	132	215	274
Liberalised Market	'000	430	269	116	6
Spain	'000	830	808	778	770
Last Resort	'000	63	72	80	98
Liberalised Market	'000	767	736	698	672
ENERGY SUPPLIED	GWh	8,354	10,518	9,333	10,754
Portugal	GWh	1,526	1,345	1,976	2,142
Last Resort	GWh	189	272	401	509
Liberalised Market	GWh	1,337	1073	1,575	1,633
Market Share EDP - Liberalised Market	%	n.a.	11	16	n.a.
Spain	GWh	6,828	9,173	7,357	8,612
Last Resort	GWh	133	133	149	168
Liberalised Market	GWh	6,695	9,040	7,208	8,444
Market Share EDP - Liberalised Market	%	4	5	6	n.a.

[1] Regulated Customers supplied by Distribution

ELECTRICITY NUMBER OF CUSTOMERS
('000)



ELECTRICITY SUPPLIED
(GWh)



GAS NUMBER OF CUSTOMERS
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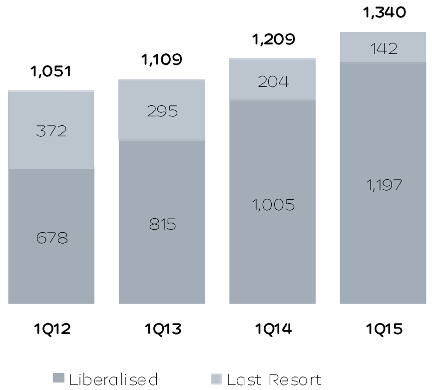
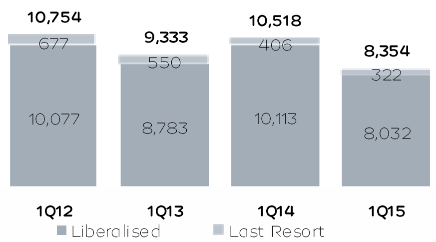


GAS SUPPLIED
(GWh)



COMPLEMENTARY INDICATORS

ENVIRONMENTAL INDICATORS

	Un.	1Q15	1Q14	1Q13	1Q12
ENVIRONMENTAL CERTIFICATION (ISO 14001)					
Revenues from certified installations	%	53	33	31	32
PRIMARY ENERGY CONSUMPTION	**TJ**	**47,682**	**25,872**	**38,816**	**53,794**
Coal	TJ	39,193	19,982	28,858	38,383
Fuel Oil	TJ	117	176	172	196
Natural Gas	TJ	4,321	2,795	5,962	11,365
Diesel Oil	TJ	30	30	27	24
Forestry waste	TJ	n.a.	n.a	932	801
Residual gases	TJ	3,957	2,836	2,800	2,966
Fuel for vehicle fleet	TJ	64	53	66	61
ELECTRICITY CONSUMPTION					
Generation internal consumption	MWh	813,346	568,972	749,583	636,708
Administrative services	MWh	8,538	261,085	9,578	11,268
Grid losses	%	9.7	10.4	12.3	9.9
GHG EMISSION					
Direct Emissions (scope 1)	$ktCO_{2eq}$	4,855	2,730	3,727	5,017
Indirect emissions (scope 2)	$ktCO_{2eq}$	544	601	458	431
OVERALL SPECIFIC EMISSIONS					
CO_2 [1]	g/kWh	296	152	213	291
NO_x	g/kWh	0.31	0.11	0.20	0.23
SO_2	g/kWh	0.28	0.09	0.18	0.23
Particules	g/kWh	0.01	0.00	0.01	0.01
USE OF WATER					
Potable water	$10^3 x m^3$	45	60	62	54
WASTE SENT TO FINAL DISPOSAL					
Total waste	t	95,608	59,536	76,881	176,483
Total hazard waste	t	2,294	1,461	1,375	986
Recovered Waste	%	71	61	62	55
ENVIRONMENTAL INVESTMENT AND EXPENSES					
Investment	'000€	6,785	9,357	7,199	n.a.
Expenses	'000€	15,362	8,299	9,331	n.a.
COMPLIANCE					
Environmental fines ans penalties [2]	'000€	0.8	35	103	n.a.

[1] Excludes fleet and consumption and loss of natural gas. This information is included in GHG emissions.

[2] 2012 and 2013 figures were restated so as to reflect compensations paid to third parties related with past pollution.

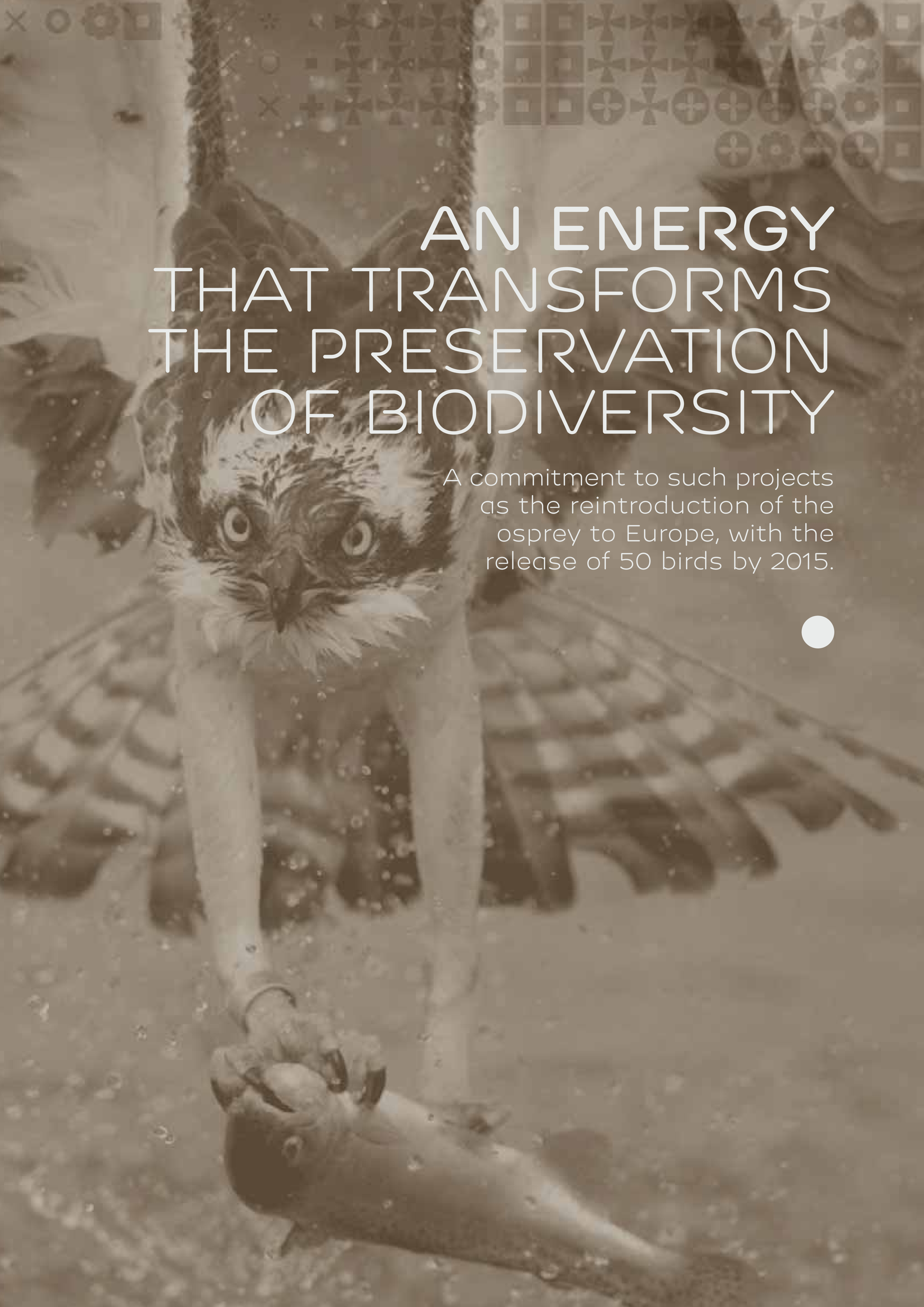
SOCIAL INDICATORS

	Un.	1Q 15	1Q 14	1Q 13	1Q 12
EMPLOYMENT					
Employees	#	11,632	12,047	12,107	11,998
Portugal	#	6,645	6,812	6,967	7,161
Spain	#	1,857	1,921	1,951	1,983
Brazil	#	2,632	2,848	2,745	2,444
USA	#	317	300	292	281
Rest of Europe	#	181	166	152	129
Permanent	#	11,423	11,804	11,961	11,868
Fixed-term contract	#	158	186	100	80
Part-time	#	33	31	30	28
Male employees	%	77	77	77	78
Portugal	%	79	79	79	80
Spain	%	74	75	75	76
Brazil	%	77	76	77	76
USA	%	67	67	65	62
Rest of Europe	%	66	66	65	69
Turnover	%	1.71	2.12	2.28	1.88
Employees average age		45.6	45.0	45.6	45.7
Absenteeism rate	%	3.48	3.47	3.18	2.71
Personnel costs	'000€	145,477	151,119	155,781	154,544
Employee benefits	'000€	15,045	12,891	13,844	14,970
HC ROI	€	24	25	24	25
Produtividade do trabalho	€/h	258	238	229	220
TRAINING					
Total hours of training	hours	74,866	78,564	72,003	86,726
Average training per employee (h/p)	h/p	6.4	6.5	5.9	7.2
Employees with training	%	55	24	29	50
Training costs	'000€	1,723	972	702	1,196
HEALTH AND SAFETY					
On-duty accidents	#	9	7	13	9
Fatal on-duty accidents	#	0	0	0	0
EDP frequency rate	Tf	1.71	1.24	2.35	1.60
EDP severity rate	Tg	82	98	84	130
Total days lost due to accidents	#	430	551	465	707
Fatal accidents of contracted workers	#	1	1	2	5
Contracters frequency rate	Tf	3.56	4.25	5.58	1.31
EDP and contracters frequency rate	Tf	2.86	3.22	4.49	4.90
SOCIAL CONTRIBUTIONS (LBG MODEL)					
Volunteer contributions/EBITDA	%	0.19	0.36	0.34	0.26

FINANCIAL STATEMENTS

AN ENERGY THAT TRANSFORMS THE PRESERVATION OF BIODIVERSITY

A commitment to such projects as the reintroduction of the osprey to Europe, with the release of 50 birds by 2015.



CONDENSED FINANCIAL STATEMENTS
31 March 2015

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EDP - Energias de Portugal

Condensed Consolidated Income Statement
for the three-month period ended at 31 March 2015 and 2014

Thousands of Euros	Notes	2015	2014
Revenues from energy sales and services and other	6	4,135,337	4,327,213
Cost of energy sales and other	6	-2,712,092	-2,844,174
		1,423,245	1,483,039
Other income	7	147,705	71,312
Supplies and services	8	-207,238	-202,357
Personnel costs and employee benefits	9	-160,522	-164,010
Other expenses	10	-185,777	-157,583
		-405,832	-452,638
		1,017,413	1,030,401
Provisions	11	-532	-6,885
Amortisation and impairment	12	-336,669	-324,022
		680,212	699,494
Financial income	13	279,621	229,525
Financial expenses	13	-487,616	-376,456
Share of net profit in joint ventures and associates	20	-1,650	11,661
Profit before income tax and CESE		470,567	564,224
Income tax expense	14	-89,848	-185,868
Extraordinary contribution to the energy sector (CESE)	15	-15,374	-14,700
		-105,222	-200,568
Net profit for the period		**365,345**	**363,656**
Attributable to:			
Equity holders of EDP		**297,062**	**296,089**
Non-controlling Interests	33	**68,283**	**67,567**
Net profit for the period		**365,345**	**363,656**
Earnings per share (Basic and Diluted) - Euros	30	0.08	0.08

LISBON, 7 MAY 2015

THE OFFICIAL ACCOUNTANT
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THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated Statement of Comprehensive Income as at 31 March 2015 and 2014

Thousands of Euros	2015 Equity holders of EDP	2015 Non-controlling Interests	2014 Equity holders of EDP	2014 Non-controlling Interests
Net profit for the period	297,062	68,283	296,089	67,567
Items that will never be reclassified to profit or loss (i)				
Actuarial gains / (losses)	-	-	-982	-939
Tax effect from the actuarial gains / (losses)	-	-	334	319
	-	-	-648	-620
Items that are or may be reclassified to profit or loss (i)				
Exchange differences arising on consolidation	-49,610	-64,465	33,592	53,087
Fair value reserve (cash flow hedge)	31,111	720	-9,097	-3,406
Tax effect from the fair value reserve (cash flow hedge)	-8,820	-276	2,919	902
Fair value reserve (available for sale investments)	41,979	-	37,329	-569
Tax effect from the fair value reserve (available for sale investments)	-10,033	-	-9,866	193
Share of other comprehensive income of joint ventures and associates, net of taxes	9,110	2,992	-3,284	-2,469
	13,737	-61,029	51,593	47,738
Other comprehensive income for the period, net of income tax	13,737	-61,029	50,945	47,118
Total comprehensive income for the period	310,799	7,254	347,034	114,685

(i) See Condensed Consolidated Statement of Changes in Equity

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EDP - Energias de Portugal

Condensed Consolidated Statement of Financial Position
as at 31 March 2015 and 31 December 2014

Thousands of Euros	Notes	2015	2014
Assets			
Property, plant and equipment	16	21,202,161	20,523,100
Intangible assets	17	5,722,849	5,813,026
Goodwill	18	3,403,115	3,321,286
Investments in joint ventures and associates	20	890,607	872,974
Available for sale investments	21	267,654	224,457
Investment property	22	36,679	37,399
Deferred tax assets	23	201,518	218,747
Trade receivables	25	163,333	174,591
Debtors and other assets from commercial activities	26	2,988,359	3,052,139
Other debtors and other assets	27	876,794	780,877
Collateral deposits associated to financial debt	35	236,392	388,808
Total Non-Current Assets		35,989,461	35,407,404
Inventories	24	233,297	266,456
Trade receivables	25	1,976,985	1,945,103
Debtors and other assets from commercial activities	26	1,546,182	1,734,129
Other debtors and other assets	27	312,855	318,848
Current tax assets	28	314,613	371,653
Financial assets at fair value through profit or loss		13,208	10,665
Collateral deposits associated to financial debt	35	40,502	40,362
Cash and cash equivalents	29	2,236,129	2,613,995
Assets held for sale	42	46,507	164,402
Total Current Assets		6,720,278	7,465,613
Total Assets		42,709,739	42,873,017
Equity			
Share capital	30	3,656,538	3,656,538
Treasury stock	31	-67,205	-69,931
Share premium	30	503,923	503,923
Reserves and retained earnings	32	4,604,254	3,550,487
Consolidated net profit attributable to equity holders of EDP		297,062	1,040,448
Total Equity attributable to equity holders of EDP		8,994,572	8,681,465
Non-controlling Interests	33	3,246,651	3,287,679
Total Equity		12,241,223	11,969,144
Liabilities			
Financial debt	35	16,162,237	16,400,827
Employee benefits	36	1,633,705	1,682,988
Provisions	37	452,756	463,975
Deferred tax liabilities	23	756,351	804,744
Institutional partnerships in USA wind farms	38	1,990,447	1,801,963
Trade and other payables from commercial activities	39	1,401,730	1,269,476
Other liabilities and other payables	40	551,591	517,486
Total Non-Current Liabilities		22,948,817	22,941,459
Financial debt	35	3,346,977	3,897,356
Employee benefits	36	194,527	197,285
Provisions	37	22,248	21,564
Hydrological correction account	34	3,568	1,010
Trade and other payables from commercial activities	39	3,037,893	3,182,255
Other liabilities and other payables	40	264,800	235,795
Current tax liabilities	41	649,449	415,821
Liabilities held for sale	42	237	11,328
Total Current Liabilities		7,519,699	7,962,414
Total Liabilities		30,468,516	30,903,873
Total Equity and Liabilities		42,709,739	42,873,017

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THE EXECUTIVE BOARD OF DIRECTORS

The following notes form an integral part of these condensed consolidated financial statements

EDP - Energias de Portugal

Condensed Consolidated Statement of Changes in Equity as at 31 March 2015 and 31 December 2014

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)	Exchange differences (ii)	Treasury stock (iii)	Equity attributable to equity holders of EDP	Non-controlling Interests (iv)
Balance as at 31 December 2013*	**11,527,902**	**3,656,538**	**503,923**	**620,069**	**3,859,171**	**-53,016**	**72,935**	**-128,291**	**-85,573**	**8,445,756**	**3,082,146**
Comprehensive income:											
Net profit for the period	363,656	-	-	-	296,089	-	-	-	-	296,089	67,567
Changes in the fair value reserve (cash flow hedge) net of taxes	-8,682	-	-	-	-	-6,178	-	-	-	-6,178	-2,504
Changes in the fair value reserve (available for sale investments) net of taxes	27,087	-	-	-	-	-	27,463	-	-	27,463	-376
Share of other comprehensive income of joint ventures and associates net of taxes	-5,753	-	-	-	-	-1,005	-	-2,279	-	-3,284	-2,469
Actuarial gains/(losses) net of taxes	-1,268	-	-	-	-648	-	-	-	-	-648	-620
Exchange differences arising on consolidation	86,679	-	-	-	-	-	-	33,592	-	33,592	53,087
Total comprehensive income for the period	461,719	-	-	-	295,441	-7,183	27,463	31,313	-	347,034	114,685
Dividends attributable to non-controlling interests	-31,107	-	-	-	-	-	-	-	-	-	-31,107
Purchase and sale of treasury stock	5,572	-	-	-	-1,721	-	-	-	7,293	5,572	-
Sale without loss of control of EDPR France subsidiaries	28,256	-	-	-	2,954	1,627	-	-	-	4,581	23,675
Changes resulting from acquisitions/sales and equity increases	-9,366	-	-	-	-205	-	-	-	-	-205	-9,161
Balance as at 31 March 2014	**11,982,976**	**3,656,538**	**503,923**	**620,069**	**4,155,640**	**-58,572**	**100,398**	**-96,978**	**-78,280**	**8,802,738**	**3,180,238**
Comprehensive income:											
Net profit for the period	900,154	-	-	-	744,359	-	-	-	-	744,359	155,795
Changes in the fair value reserve (cash flow hedge) net of taxes	6,398	-	-	-	-	11,257	-	-	-	11,257	-4,859
Changes in the fair value reserve (available for sale financial assets) net of taxes	-53,159	-	-	-	-	-	-52,522	-	-	-52,522	-637
Share of other comprehensive income of joint ventures and associates net of taxes	-8,683	-	-	-	-	-1,296	-	-8,779	-	-10,075	1,392
Actuarial gains/(losses) net of taxes	-123,021	-	-	-	-131,322	-	-	-	-	-131,322	8,301
Exchange differences arising on consolidation	-26,347	-	-	-	-	-	-	-27,705	-	-27,705	1,358
Total comprehensive income for the period	695,342	-	-	-	613,037	9,961	-52,522	-36,484	-	533,992	161,350
Transfer to legal reserve	-	-	-	39,544	-39,544	-	-	-	-	-	-
Dividends paid	-671,879	-	-	-	-671,879	-	-	-	-	-671,879	-
Dividends attributable to non-controlling interests	-130,598	-	-	-	-	-	-	-	-	-	-130,598
Purchase and sale of treasury stock	6,570	-	-	-	-463	-	-	-	7,033	6,570	-
Share-based payments	1,460	-	-	-	144	-	-	-	1,316	1,460	-
Sale without loss of control of EDPR France subsidiaries	-611	-	-	-	-473	-	-	-	-	-473	-138
Sale without loss of control of EDPR France	68,971	-	-	-	6,781	830	-	-	-	7,611	61,360
Sale without loss of control of South Dundas	15,494	-	-	-	1,748	-	-	162	-	1,910	13,584
Changes resulting from acquisitions/sales and equity increases	1,222	-	-	-	-706	-	-	-	-	-706	1,928
Other reserves arising on consolidation	197	-	-	-	242	-	-	-	-	242	-45
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	365,345	-	-	-	297,062	-	-	-	-	297,062	68,283
Changes in the fair value reserve (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 consolidation	-114,075	-	-	-	-	-	-	-49,610	-	-49,610	-64,465
Total comprehensive income for the period	318,053	-	-	-	297,062	22,467	31,946	-40,676	-	310,799	7,254
Dividends attributable to non-controlling interests	-34,112	-	-	-	-	-	-	-	-	-	-34,112
Purchase and sale of treasury stock	2,877	-	-	-	151	-	-	-	2,726	2,877	-
Changes resulting from acquisitions/sales and equity increases	-14,717	-	-	-	-554	-	-	-	-	-554	-14,163
Other reserves arising on consolidation	-22	-	-	-	-15	-	-	-	-	-15	-7
Balance as at 31 March 2015	**12,241,223**	**3,656,538**	**503,923**	**659,613**	**4,361,171**	**-25,314**	**79,822**	**-173,976**	**-67,205**	**8,994,572**	**3,246,651**

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

* Restated for IFRS 10 and 11 purposes

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THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated and Company Statement of Cash Flows
as at 31 March 2015 and 2014

	Group		Company	
Thousands of Euros	**Mar 2015**	**Mar 2014**	**Mar 2015**	**Mar 2014**
Operating activities				
Cash receipts from customers	3,785,673	4,027,382	721,335	629,791
Proceeds from tariff adjustments sales	499,461	149,647	-	-
Payments to suppliers	-2,903,566	-3,090,656	-848,599	-617,039
Payments to personnel	-214,545	-216,719	-7,099	-2,574
Concession rents paid	-68,803	-69,235	-	-
Other receipts / (payments) relating to operating activities	133,342	-224,416	-15,768	152
Net cash flows from operations	1,231,562	576,003	-150,131	10,330
Income tax received / (paid)	46,335	-10,720	61,512	25,184
Net cash flows from operating activities	1,277,897	565,283	-88,619	35,514
Investing activities				
Cash receipts relating to:				
Sale of assets / subsidiaries with loss of control (i)	186,799	-	-	-
Other financial assets and investments (i)	245	620	-	-
Property, plant and equipment and intangible assets	6,244	426	-	-
Other receipts relating to tangible fixed assets	1,831	9,656	19,447	-
Interest and similar income	14,474	16,584	72,629	35,592
Dividends	3,664	8,109	-	89,880
	213,257	35,395	92,076	125,472
Cash payments relating to:				
Acquisition of assets / subsidiaries (i)	-1,482	-4,794	-	-
Other financial assets and investments (i)	-13,230	-166	-	-
Property, plant and equipment and intangible assets	-477,330	-392,580	-14,890	-4,508
	-492,042	-397,540	-14,890	-4,508
Net cash flows from investing activities	-278,785	-362,145	77,186	120,964
Financing activities				
Receipts / (payments) relating to loans	-1,035,913	-466,703	-140,741	-358,758
Interest and similar costs including hedge derivatives	-265,363	-238,431	-113,550	-111,538
Share capital increases / (decreases) by non-controlling interests	-15,105	-9,364	-	-
Receipts / (payments) relating to derivative financial instruments	-20,410	7,505	-7,321	-4,546
Dividends paid to non-controlling interests	-392	-322	-	-
Treasury stock sold / (purchased) (ii)	2,877	5,572	2,877	5,572
Sale of assets / subsidiaries without loss of control (i)	-	28,261	-	-
Receipts / (payments) from wind activity institutional partnerships - USA	-17,652	-12,103	-	-
Net cash flows from financing activities	-1,351,958	-685,585	-258,735	-469,270
Changes in cash and cash equivalents	-352,846	-482,447	-270,168	-312,792
Effect of exchange rate fluctuations on cash held	-25,020	10,620	382	14
Cash and cash equivalents at the beginning of the period	2,613,995	2,156,707	1,344,731	1,183,405
Cash and cash equivalents at the end of the period *	2,236,129	1,684,880	1,074,945	870,627

(i) Transactions at a Group level are included in note 5
(ii) See Condensed Consolidated and Company Statement of Changes in Equity

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

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EDP - Energias de Portugal, S.A.

Condensed Company Income Statement of
for the three-month period ended at 31 March 2015 and 2014

Thousands of Euros	Notes	2015	2014
Revenues from energy sales and services and other	6	730,896	561,764
Cost of energy sales and other	6	-682,613	-504,163
		48,283	57,601
Other income		2,733	2,785
Supplies and services	8	-41,090	-44,477
Personnel costs and employee benefits	9	-9,697	-3,816
Other expenses	10	-3,123	-1,012
		-51,177	-46,520
		-2,894	11,081
Provisions	11	-122	-289
Amortisation and impairment	12	-3,446	-3,605
		-6,462	7,187
Financial income	13	440,845	344,896
Financial expenses	13	-417,120	-323,052
Profit before income tax		17,263	29,031
Income tax expense	14	3,277	1,788
Net profit for the period		**20,540**	**30,819**

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The following notes form an integral part of these condensed consolidated financial statements

EDP - Energias de Portugal, S.A.

Company Condensed Statement of Comprehensive Income as at 31 March 2015 and 2014

Thousands of Euros	2015	2014
Net profit for the period	20,540	30,819
Items that are or may be reclassified to profit or loss (i)		
Fair value reserve (cash flow hedge)	10,782	-24,319
Tax effect from the fair value reserve (cash flow hedge)	-3,178	7,671
Fair value reserve (available for sale investments)	6,463	11,681
Tax effect from the fair value reserve (available for sale investments)	-1,908	-3,680
Other comprehensive income for the period (net of income tax)	12,159	-8,647
Total comprehensive income for the period	32,699	22,172

(i) See Condensed Company Statement of Changes in Equity

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EDP - Energias de Portugal, S.A.

Condensed Company Statement of Financial Position
as at 31 March 2015 and 31 December 2014

Thousands of Euros	Notes	2015	2014
Assets			
Property, plant and equipment	16	146,208	137,492
Intangible assets		2	2
Investments in subsidiaries	19	10,036,969	10,036,969
Investments in joint ventures and associates	20	6,595	6,595
Available for sale investments	21	53,390	46,926
Investment property	22	103,750	104,393
Deferred tax assets	23	56,523	27,434
Debtors and other assets from commercial activities		1,074	1,097
Other debtors and other assets	27	7,096,620	6,650,873
Collateral deposits associated to financial debt	35	160,897	311,990
Total Non-Current Assets		17,662,028	17,323,771
Inventories		11	11
Trade receivables	25	137,559	178,647
Debtors and other assets from commercial activities	26	303,392	300,623
Other debtors and other assets	27	1,730,113	1,925,647
Current tax assets	28	95,227	141,421
Collateral deposits associated to financial debt	35	22,507	22,507
Cash and cash equivalents	29	1,074,945	1,344,731
Assets held for sale		2	2
Total Current Assets		3,363,756	3,913,589
Total Assets		21,025,784	21,237,360
Equity			
Share capital	30	3,656,538	3,656,538
Treasury stock	31	-61,110	-63,836
Share premium	30	503,923	503,923
Reserves and retained earnings	32	3,066,653	2,268,563
Net profit for the period		20,540	785,780
Total Equity		7,186,544	7,150,968
Liabilities			
Financial debt	35	6,689,000	7,188,672
Employee benefits		1,221	1,346
Provisions	37	23,019	22,540
Trade and other payables from commercial activities		1,793	1,744
Other liabilities and other payables	40	1,964,504	1,685,230
Total Non-Current Liabilities		8,679,537	8,899,532
Financial debt	35	3,388,107	3,628,645
Provisions	37	271	271
Hydrological correction account	34	3,568	1,010
Trade and other payables from commercial activities	39	484,846	638,820
Other liabilities and other payables	40	1,274,379	912,911
Current tax liabilities	41	8,532	5,203
Total Current Liabilities		5,159,703	5,186,860
Total Liabilities		13,839,240	14,086,392
Total Equity and Liabilities		21,025,784	21,237,360

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The following notes form an integral part of these condensed consolidated financial statements

EDP - Energias de Portugal, S.A.

Company Condensed Statement of Changes in Equity as at 31 March 2015 and 31 December 2014

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 2013	**7,033,084**	**3,656,538**	**503,923**	**620,069**	**2,316,620**	**-868**	**16,280**	**-79,478**
Comprehensive income:								
Net profit for the period	30,819	-	-	-	30,819	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-16,648	-	-	-	-	-16,648	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	8,001	-	-	-	-	-	8,001	-
Total comprehensive income for the period	22,172	-	-	-	30,819	-16,648	8,001	-
Purchase and sale of treasury stock	5,572	-	-	-	-1,721	-	-	7,293
Share-based payments	-	-	-	-	-	-	-	-
Balance as at 31 March 2014	**7,060,828**	**3,656,538**	**503,923**	**620,069**	**2,345,718**	**-17,516**	**24,281**	**-72,185**
Comprehensive income:								
Net profit for the period	754,961	-	-	-	754,961	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	5,378	-	-	-	-	5,378	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	-5,160	-	-	-		-	-5,160	-
Actuarial gains / (losses) net of taxes	-911	-	-	-	-911	-	-	-
Total comprehensive income for the period	754,268	-	-	-	754,050	5,378	-5,160	-
Transfer to legal reserve	-	-	-	39,544	-39,544	-	-	-
Dividends paid	-672,158	-	-	-	-672,158	-	-	-
Purchase and sale of treasury stock	6,570	-	-	-	-463	-	-	7,033
Share-based payments	1,460	-	-	-	144	-	-	1,316
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**

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

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NOTES TO THE CONDENSED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the three-month period ended at 31 March 2015

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 Praça Marquês de Pombal, 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 2014 with reference to the activities undertaken in 2014.

During the three-month period ended at 31 March 2015, we emphasize the following changes, with significant impact in the economic activity of the EDP Group:

Activity in the energy sector in Brazil

Electricity - Brazil

On 13 March 2014, the Ministries of Mines and Energy (MME) and Treasury announced the following measures to support the national electricity sector: (i) Establishment of Centralized Account (Account-ACR), administer by the CCEE (Electricity Trading Chamber) with the aim of preserving the consumer tariff volatility, besides relieving distributors cash flow for 2014 expenses; (ii) 4 billions of Reais of additional Financial Contribution from the National Treasury in the Energy Development Account (CDE); and (iii) performance of Existing Energy Auction of the Year "A", with energy delivery in 2014, expected to be held in April and supply starting from 1 May 2014.

These measures were implemented by Decree 8,221/2014, of 2 April 2014 related with the cover of the extra costs for 2014, with retroactive effects to February, which defines the financing method and the subsequent effect on electricity tariffs. This is a non-refundable contribution cost.

On 25 April 2014, CCEE signed contracts with some banks to finance 11.2 billions of Reais for the ACR-Account to cover the disbursements of the electricity distributors with exposure to the spot market and the energy power stations dispatch. The Energy Development Account - CDE was incharge for the funds for the loan payment, present in the energy tariffs and the reimbursement will be made starting on November 2015. The ACR-Account resources obtained throught bank loans sold out in April 2014. Therefore, in August 2014 a new loan of 6.5 billions of Reais was approved. EDP Escelsa received 596 millions of Reais in November, related with the months of February to October 2014, while, for the same period EDP Bandeirante received 309 millions of Reais. The value of the Account-ACR was insufficient to cover the November and December deficit, forcing ANEEL to defer payment for 2015. In March 2015, CCEE signed a new loan of 3.4 billions of Reais. Thus, EDP Escelsa and EDP Bandeirante received 104.2 millions of Reais and 64.4 millions of Reais, respectively, to cover the deficits of November and December 2014. The amounts received by the ACR-Account to cover the 2014 deficit will be considered in the energy tariffs from the 2015 ordinary tariff processes.

From January 2015, entered into force the Flags Tariff System. This system signals to consumers the real costs of electricity generation, and consists on three flags: green, yellow and red. The green flag indicates that the cost of energy production is lower and, therefore no changes are applied to the energy tariffs. The yellow and red flags represent the increase in energy production cost, and is added an additional amount to the energy tariff. Only consumers classified as low income residential subclass will have discount on the additional amount applied by the yellow and red flags. Monthly, the operating system conditions are reassessed by the National Electric System Operator - ONS, which defines the best strategy for power generation to meet the demand.

On 4 February 2014, the Tariff Flags Resources Account was created , through the Decree 8,401. Distributors should collect the proceeds from the application of this system to this account, managed by the CCEE. Proceeds are allocated to cover the costs that are not included in the distribution tariff, such as: Energy Security of the System Service Charge - ESS, thermal dispatch, Itaipu hydrological risk and quotas, exposure to spot market and the Power Reserve Account - CONER surplus.

ANEEL should approve on a monthly basis, the transfers to the distribution companies. Any costs not covered by revenue will be considered in the next tariff process.

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On 27 February 2015, through Ratifying Resolution 1,859, ANEEL established the new criteria for the additional tariff and the operation of the Flags Tariff System:

a) Green Flag: used in the months in which the value of the Variable Unit Cost - CVU of the last plant to be dispatched is less than the amount of 200 R$/MWh;

b) Yellow Flag: used in the months in which the value of the Variable Unit Cost - CVU of the last plant to be dispatched is equal to or greater than 200 R$/MWh and lower than the maximum value of the Differences Settlement Price - PLD, currently at 388.48 R$/MWh. For the period of 1 January to 1 March 2015, the consumption proportional increase is 1.5 R$ per 100 KWh. From 2 March 2015, the consumption proportional increase is 2.5 R$ per 100 KWh; and

c) Red Flag: used in the months in which the value of the Variable Unit Cost - CVU of the last plant to be dispatched is equal to or greater than the maximum value of the PLD. For the period from 1 January to 1 March 2015, the consumption proportional increase is 3 R$ per 100 KWh. From 2 March 2015, the consumption proportional increase is 5.5 R$ per 100 KWh.

At the same time, ANEEL accepted the request of Extraordinary Tariff Review - RTE from the distributors and defined the applicable methodology. The results of the RTEs Dealers of Electricity Distribution were approved , through the Resolution 1,858. For EDP Bandeirante the application of new tariffs, from 2 March, resulted in an average increase in its customers of 25.12% and for EDP Escelsa the effect was 26.83%.

Electricity - Renewable

Generation

Regulatory framework for the activities in Portugal

On 7 April 2015 the Administrative Order 102/2015 was published, which establishes the procedures for the placement of additional energy and for the repowering authorisation of wind farms previously defined by Decree-Law 94/2014 of 24 June.

The main measures introduced by this legislation are: (i) the energy produced by repowering wind farms (increasing the number of wind turbines in existing wind farms) is remunerated at a fixed rate of 60€/MW; (ii) the energy corresponding to the difference between installed capacity and the injected energy in the network is remunerated at 60€/MW; and (iii) Recognition of the wind farms repowering as an independent generator.

2. ACCOUNTING POLICIES

a) Basis of presentation

The accompanying consolidated and company 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 2015 and condensed consolidated and company statement of financial position as at 31 March 2015.

EDP S.A.'s Executive Board of Directors approved the consolidated and company financial statements (referred to as financial statements) on 7 May 2015. 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 35/2005 of 17 February, 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 2015 were prepared in accordance with IFRS as adopted by the E.U. until 31 March 2015 and considering the International Financial Reporting Standard IAS 34 - Interim 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 2014.

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

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.

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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).

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) are 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 acquired 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. 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. 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 and 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 venturers) have rights to the net assets of the arrangement, so this investment shall be accounted for using the equity method.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of joint ventures, accounted for 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 accounted for by 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.

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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;
- Provision of essential technical information.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of associates, accounted for 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 - First-time 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.

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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.

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.

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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;
(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.

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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.

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.

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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 qualifying 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.

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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.

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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.

l) 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.

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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, disability and surviving pensions, as well as early retirement pensions.

Defined benefit plans

In Portugal, the defined benefit plan is funded through a closed Pension Fund complemented by a specific provision. The Pension Fund covers the liabilities for retirement pension complementary benefits, as well as for early retirement.

In Brazil, Bandeirante has two defined benefit plans managed by the CESP Foundation, a closed complementary welfare entity with its own assets, segregated from those of its sponsors. Escelsa has a defined benefit plan that grants complementary benefits for retirement due to age, disability and survival pensions. Escelsa also has a special complementary benefit plan for retired employees who served in the Brazilian army.

The Group's pension plans are defined benefit plans, since the criteria used to determine the amount of the pension to be received by employees on retirement is usually dependent on one or more factors such as age, years of service and salary level.

The Group's pension liability for each plan is calculated annually at the balance sheet date, by independent experts individually for each plan, 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 expenses, 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.

Other benefits

Medical benefits and other plans

In Portugal and in Brazil some EDP Group companies provide medical benefits during retirement and early retirement, through complementary benefits to those provided by the Social Security system. 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 those of the defined benefit plans pension liabilities, explained above.

Variable remuneration paid to employees

In accordance with the by-laws of some Group companies, the shareholders approve in the Annual General Meeting a variable remuneration to be paid to the management and employees (bonus), following a proposal made by the Executive Board of Directors. The variable remuneration is charged to the income statement in the year to which it relates.

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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; (ii) and 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.

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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 non-current 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.

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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., in the next twelve months.

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.

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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.

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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 condensed 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, in all material respects, the Group's financial position and results.

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 or the use of different assumptions and estimates could result in different impairment losses being recognised with a consequent impact in the Group's income statement.

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 or 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 year considering the actual conditions and is recognised as a loss or gain in the year 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 or assumptions from the used model, could give rise to different financial results from those considered.

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Review of the useful life of the assets

The Group reviews annualy 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 recorded in the income statement 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. 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.

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 CO_2 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.

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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;
(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. As a consequence, Bandeirante and Escelsa booked in its financial statements a net profit of 112,433 thousands of Euros and 79,587 thousands of Euros, respectively.

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.

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 can result in changes in the determination of the amount of impairment and, consequently, on the Group's results.

Doubtful debts

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. The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgement. Changes in the estimates and judgement could change the impairment test results, thereby affecting the Group's reported results.

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.

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The use of different estimates and assumptions can 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 can 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 operating 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 power 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.

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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 unpredictability of the financial markets is 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.

All transactions undertaken using derivative financial instruments require prior approval by the Executive Board of Directors, which defines the parameters of each transaction and approves the formal documents describing their objectives.

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. Financial Department is responsible for managing exchange rate risk exposure resulting from foreign currency loans, seeking to mitigate the impact of exchange rate fluctuations on the financial costs of the EDP Group companies and, consequently, on the consolidated results, through 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 the exchange rate risk in US Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Swiss Francs (CHF), 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. These investments were financed with debt contracted in USD, PLN, RON and CAD, 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 decided to follow the strategy that has been adopted to hedge these investments in USA and Poland, by contracting a financial derivative instrument to cover the 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 have been hedged as from their issuing date. The EDP Group's remaining debt, except for the debt contracted by the Brazilian subsidiaries, is denominated in Euros.

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 2015 and 2014, would lead to an increase / (decrease) in the EDP Group results and / or equity as follows:

	Mar 2015			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD	-8,647	10,569	-11,208	13,698
	-8,647	10,569	-11,208	13,698

	Mar 2014			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD	36,131	-44,160	-8,530	10,426
	36,131	-44,160	-8,530	10,426

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

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Interest rate risk management

The aim of the interest rate risk management policies is to reduce 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 engages 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 reduce financial charges and to level them to market conditions. In addition to these operations, more structured collar operations are engaged, as necessary, to mitigate exposure of the debt cash flows to market rate fluctuations.

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 14 years. The Group's Financial Department undertakes sensitivity analyses of the fair value of financial instruments to interest rate fluctuations. After the covering effect of the derivatives 52% 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 2015 and 2014 would lead to the following increases / (decreases) in equity and / or results of the EDP Group:

	Mar 2015			
	Profit or loss		Equity	
Thousands of Euros	50 bp increase	50 bp decrease	50 bp increase	50 bp 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

	Mar 2014			
	Profit or loss		Equity	
Thousands of Euros	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Cash flow effect:				
Hedged debt	-11,671	11,671	-	-
Unhedged debt	-35,877	35,877	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	24,135	-25,157
Trading derivatives (accounting perspective)	-582	448	-	-
	-48,130	47,996	24,135	-25,157

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

Counterparty credit risk management

The 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 risk rating notation and therefore the risk of counterparty default is not considered to be significant. Guarantees and other collaterals are not required on these transactions.

The EDP Group has documented its financial operations in accordance with international standards. Therefore, generally, derivative financial instruments are contracted under ISDA Master Agreement.

Regarding the third-party debt generated by the Group's day-to-day business, the credit risk arises essentially from the legal obligation of providing continuous low-tension electricity supplies even when there are payment delays. This risk is considered to be mitigated by the large number of customers and by their diversity in terms of sectors of activity, as well as by the large volume of residential customers.

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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 allowing immediate access to funds. These 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 note 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 2015**	**Dec 2014**
Risk factor		
Negotiation	5,000	1,000
Fuel	36,000	25,000
CO2	17,000	10,000
Electricity	25,000	20,000
Hydrological	49,000	59,000
Diversification effect	-71,000	-54,000
	61,000	61,000

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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 2015	Dec 2014
Credit risk rating (S&P)		
AAA to AA-	1.56%	2.58%
A+ to A-	71.97%	63.18%
BBB+ to BBB-	12.97%	15.14%
BB+ to B-	0.15%	0.28%
No rating assigned	13.35%	18.82%
	100.00%	100.00%

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 2015	Dec 2014
Exchange rate risk	158	610
Interest rate risk	7,333	5,739
Covariation	-204	-825
	7,287	5,524

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 2014 Annual Report.

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 equity structure to reduce equity cost.

In conformity with other groups operating in this sector, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as of financial debt less cash and cash equivalents and financial assets at fair value through profit or loss.

5. CONSOLIDATION PERIMETER

During the three-month period ended at 31 March 2015, the following changes occurred in the EDP Group consolidation perimeter:

Companies acquired:
- EDP Distribuição de Energia, S.A. acquired 26% of the share capital of Ambertree - Tecnologias para Redes de Energia Eléctrica, Lda.

Disposal of non-controlling interests:
- EDP Renovables España, S.L. sold 6% of its interests in Iberia Aprovechamientos Eólicos, S.A.U. by 18 thousands of Euros.

Companies sold and liquidated:
- EDP Energias do Brasil, S.A. liquidated Terra Verde Bioenergia Participações S.A.;
- Naturgas Energía Distribución, S.A.U. sold the gas transmission businesses assets of Gás Energía Distribución Murcia, S.A. by 124,338 thousands of Euros, deducted of 2,925 thousands of Euros of transaction fees.

Companies incorporated:
- EDPR Servicios de México, S.de R.L. de C.V.;
- EDP Small Hydro, S.A.;
- Vientos de Coahuila, S.A. de C.V.

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6. REVENUES FROM ENERGY SALES AND SERVICES AND OTHER

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

	Group		Company	
Thousands of Euros	**Mar 2015**	**Mar 2014**	**Mar 2015**	**Mar 2014**
Electricity and network access	3,618,670	3,698,194	645,908	464,675
Gas and network access	407,915	487,549	48,803	52,878
Revenue from assets assigned to concessions	75,370	78,917	-	-
Other	33,382	62,553	36,185	44,211
	4,135,337	4,327,213	730,896	561,764

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

	Mar 2015					
Thousands of Euros	**Portugal**	**Spain**	**Brazil**	**U.S.A.**	**Other**	**Group**
Electricity and network access	1,966,120	791,906	648,151	128,865	83,628	3,618,670
Gas and network access	86,557	321,358	-	-	-	407,915
Revenue from assets assigned to concessions	58,363	-	17,007	-	-	75,370
Other	11,235	17,969	3,771	37	370	33,382
	2,122,275	1,131,233	668,929	128,902	83,998	4,135,337

	Mar 2014					
Thousands of Euros	**Portugal**	**Spain**	**Brazil**	**U.S.A.**	**Other**	**Group**
Electricity and network access	2,199,711	702,822	615,824	102,067	77,770	3,698,194
Gas and network access	77,433	410,116	-	-	-	487,549
Revenue from assets assigned to concessions	56,762	-	22,155	-	-	78,917
Other	18,481	7,608	36,204	16	244	62,553
	2,352,387	1,120,546	674,183	102,083	78,014	4,327,213

During the first quarter of 2015, the caption Electricity and network access in Portugal, on a consolidated basis, includes a net revenue of 389,662 thousands of Euros (income in 31 March 2014: 729,872 thousands of Euros) regarding the tariff adjustments of the period (see notes 26 and 39), as described under accounting policy - note 2 x). In 2015, this caption also includes, a net profit of 8,779 thousands of Euros related to recognition of tariff adjustments for the period in Brazil, booked as Debtors and other assets from commercial activities and Trade and other payables from commercial activities - Other.

Additionally, the caption Electricity and network access includes, on a consolidated basis, 26,061 thousands of Euros (31 March 2014: 43,164 thousands of Euros) related to the Contractual Stability Compensation (CMEC) as a result of the Power Purchase Agreements (PPA) termination.

The breakdown of Revenues from energy sales and services and other by segment is presented in the segmental reporting (see note 51).

Cost of energy sales and other are analysed as follows:

	Group		Company	
Thousands of Euros	**Mar 2015**	**Mar 2014**	**Mar 2015**	**Mar 2014**
Cost of electricity	2,084,450	2,238,711	633,807	441,611
Cost of gas	297,227	360,412	-	-
Expenditure with assets assigned to concessions	75,370	78,917	-	-
Changes in inventories and cost of raw materials and consumables used				
Fuel, steam and ashes	116,529	62,734	-	-
Gas	71,534	66,852	48,803	52,878
Cost of consumables used	10,533	5,895	-	-
CO2 licences	33,713	10,656	-	9,671
Own work capitalised	-14,334	-18,960	-	-
Other	37,070	38,957	3	3
	255,045	166,134	48,806	62,552
	2,712,092	2,844,174	682,613	504,163

On a company basis, Cost of electricity includes costs of 298,897 thousands of Euros (31 March 2014: 243,811 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..

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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:

	Group	
Thousands of Euros	Mar 2015	Mar 2014
Revenue from assets assigned to concessions	75,370	78,917
Expenditure with assets assigned to concessions		
Subcontracts and other materials	-50,070	-57,792
Personnel costs capitalised (see note 9)	-23,456	-19,027
Capitalised borrowing costs (see note 13)	-1,844	-2,098
	-75,370	-78,917
	-	-

7. OTHER INCOME

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

	Group	
Thousands of Euros	Mar 2015	Mar 2014
Income arising from institutional partnerships - EDPR NA	42,898	36,104
Estimation of the revised selling price of EDPR PT	-	5,002
Gains on disposals - gas transmission business assets in Spain	77,745	-
Other	27,062	30,206
	147,705	71,312

Income arising from institutional partnerships - EDPR NA relates to revenue recognition arising from production and investment tax credits (PTC/ITC) and tax depreciations regarding Vento I, II, III, IV, V, VI, VII, VIII, IX, X, XI, XII and XIII projects, in wind farms in U.S.A. (see note 38).

Gains on disposals - gas transmission business assets in Spain is related with the gain on the sale of the assets allocated to gas transmission business in Murcia to Redexis Gas, S.A. in the amount of 77,745 thousands of Euros (see note 5).

In 2007 and under the acquisition of EDPR NA, the power purchase agreements between EDPR NA and its customers were valued based on market assumptions, at the acquisition date, using discounted cash flow models. At that date, these agreements were valued at approximately 190,400 thousands of USD and recorded as a non-current liability (see note 39). This liability is depreciated over the period of the agreements against Other income. As at 31 March 2015, the amortisation for the period amounts to 2,581 thousands of Euros (31 March 2014: 2,168 thousands of Euros).

Other include the effect of the application of IFRIC 18 related to customers contributions in the electricity and gas distribution activities in Spain in the amount of 1,419 thousands of Euros (31 March 2014: 2,526 thousands of Euros), as referred in accounting policy 2h).

8. SUPPLIES AND SERVICES

Supplies and services are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Mar 2014	Mar 2015	Mar 2014
Consumables and communications	13,121	12,031	2,125	1,958
Rents and leases	26,679	24,975	10,661	9,301
Maintenance and repairs	71,231	69,680	4,050	7,365
Specialised works:				
- Commercial activity	40,447	41,039	907	260
- IT services, legal and advisory fees	17,815	15,945	4,883	5,021
- Other services	11,617	11,110	4,587	3,456
Provided personnel	-	-	9,858	13,625
Other supplies and services	26,328	27,577	4,019	3,491
	207,238	202,357	41,090	44,477

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9. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Mar 2014	Mar 2015	Mar 2014
Personnel costs				
Board of Directors remuneration	3,788	3,766	1,430	1,382
Employees' remuneration	126,300	124,094	4,035	550
Social charges on remuneration	30,137	30,293	1,008	297
Performance, assiduity and seniority bonus	14,809	19,413	2,218	1,321
Other costs	6,548	5,635	21	210
Own work capitalised:				
- Assigned to concessions (see note 6)	-23,456	-19,027	-	-
- Other	-12,649	-13,055	-	-24
	145,477	151,119	8,712	3,736
Employee benefits				
Pension plans costs	6,972	6,691	215	68
Medical plans costs and other benefits	2,070	2,168	15	-
Other	6,003	4,032	755	12
	15,045	12,891	985	80
	160,522	164,010	9,697	3,816

Pension plans costs include 3,330 thousands of Euros (31 March 2014: 3,063 thousands of Euros) related to defined benefit plans (see note 36) and 3,642 thousands of Euros (31 March 2014: 3,628 thousands of Euros) related to defined contribution plans. Medical plans costs and other employee benefits of 2,070 thousands of Euros (31 March 2014: 2,168 thousands of Euros) is related to the charge of the period.

In the first quarter of 2015, no treasury stocks were granted to employees.

10. OTHER EXPENSES

Other expenses, for the Group, are analysed as follows:

	Group	
Thousands of Euros	Mar 2015	Mar 2014
Concession rents paid to local authorities and others	68,598	69,050
Direct and indirect taxes	78,315	60,319
Donations	5,600	2,464
Impairment losses:		
- Trade receivables	9,563	2,444
- Debtors	1,930	1,256
Other	21,771	22,050
	185,777	157,583

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.

Other expenses, for the Company, are analysed as follows:

	Company	
Thousands of Euros	Mar 2015	Mar 2014
Direct and indirect taxes	467	102
Donations	1,867	215
Impairment losses:		
- Debtors	-68	11
Other	857	684
	3,123	1,012

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11. PROVISIONS

Provisions are analysed as follows:

	Group		Company	
Thousands of Euros	**Mar 2015**	**Mar 2014**	**Mar 2015**	**Mar 2014**
Charge for the period	6,676	10,811	122	289
Write-back for the period	-6,144	-3,926	-	-
	532	6,885	122	289

12. AMORTISATION AND IMPAIRMENT

Amortisation and impairment are analysed as follows:

	Group		Company	
Thousands of Euros	**Mar 2015**	**Mar 2014**	**Mar 2015**	**Mar 2014**
Property, plant and equipment				
Buildings and other constructions	2,615	2,926	42	674
Plant and machinery	231,439	212,451	3	7
Other	15,051	15,623	2,757	2,724
Impairment loss	-5,000	-112	-	-
	244,105	230,888	2,802	3,405
Intangible assets				
Concession rights and impairment	21,380	20,590	-	-
Intangible assets assigned to concessions - IFRIC 12	77,617	78,247	-	-
Other intangibles	620	559	1	1
	99,617	99,396	1	1
Investment property	418	33	643	199
	344,140	330,317	3,446	3,605
Compensation of amortisation and depreciation				
Partially-funded property, plant and equipment	-7,471	-6,295	-	-
	336,669	324,022	3,446	3,605

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.

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13. FINANCIAL INCOME AND EXPENSES

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

	Group	
Thousands of Euros	**Mar 2015**	**Mar 2014**
Financial income		
Interest income from bank deposits and other applications	7,117	12,200
Interest income from loans to joint ventures and associates	7,964	6,606
Interest from derivative financial instruments	44,104	34,948
Derivative financial instruments	99,897	96,339
Other interest income	13,429	10,592
Foreign exchange gains	31,483	9,876
CMEC	11,431	11,856
Other financial income	64,196	47,108
	279,621	229,525
Financial expenses		
Interest expense on financial debt	255,708	237,615
Capitalised borrowing costs:		
- Assigned to concessions (see note 6)	-1,844	-2,098
- Other	-30,329	-39,057
Interest from derivative financial instruments	34,074	27,284
Derivative financial instruments	111,078	81,504
Other interest expense	6,457	6,786
Foreign exchange losses	60,125	6,060
CMEC	3,899	4,504
Unwinding of liabilities	29,898	25,274
Net interest on the net pensions plan liability (see note 36)	4,203	6,715
Net interest on the medical liabilities and other benefits (see note 36)	7,215	10,241
Other financial expenses	7,132	11,628
	487,616	376,456
Financial income / (expenses)	-207,995	-146,931

The caption Financial income - CMEC totalling 11,431 thousands of Euros includes 7,613 thousands of Euros related to interest on the initial CMEC (31 March 2014: 8,031 thousands of Euros) included in the annuity for 2015 and 3,805 thousands of Euros related to the financial effect considered in the calculation of the initial CMEC (31 March 2014: 3,823 thousands of Euros).

The caption Other financial income includes essentially 23,502 thousands of Euros related with interest income on tariff adjustment and tariff deficit in the national electricity system in Portugal (31 March 2014: 30,067 thousands of Euros), 641 thousands of Euros related with interest income on tariff deficit in Spain (31 March 2014: 1,492 thousands of Euros), 5,023 thousands of Euros related with interest income on tariff deficit in Brazil and 31,737 thousands of Euros related to gains, on sale of part of the electricity tariff deficit related to the over cost with the aquisition of electricity from Special Regime Generators in Portugal of 2014 (31 March 2014: 11,647 thousands of Euros, 2013 over costs for the special regime generators) (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 to the rate applicable to borrowing costs related to 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 3,899 thousands of Euros (31 March 2014: 4,504 thousands of Euros), relates mainly to the unwinding of the initial CMEC, booked against Deferred Income (see note 39).

The Unwinding of discounted value liabilities refers essentially to, (i) the unwinding of the dismantling and decommissioning provision for wind generation assets of 1,796 thousands of Euros (31 March 2014: 2,481 thousands of Euros), (ii) the implied financial return in institutional partnership in USA wind farms which amounted to 19,538 thousands of Euros (31 March 2014: 15,177 thousands of Euros), and (iii) the financial expenses related to the discount of the debt associated to the concessions of Alqueva/Pedrógão, Investco and Enerpeixe in the total amount of 6,135 thousands of Euros (31 March 2014: 6,025 thousands of Euros).

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

	Company	
Thousands of Euros	Mar 2015	Mar 2014
Financial income		
Interest income from loans to subsidiaries and related parties	117,621	126,579
Interest from derivative financial instruments	41,961	17,915
Derivative financial instruments	276,020	196,268
Other financial income	5,243	4,134
	440,845	344,896
Financial expenses		
Interest expense on financial debt	113,527	115,892
Interest from derivative financial instruments	37,584	16,224
Derivative financial instruments	236,925	186,181
Foreign exchange losses	27,604	158
Other financial expenses	1,480	4,597
	417,120	323,052
Financial income / (expenses)	23,725	21,844

14. INCOME TAX

The standard tax rate in the main countries where the EDP Group operates are as follows:

	Mar 2015	Mar 2014
Portugal	[21%-29.5%]	[23%-31.5%]
Spain	28%	[28%-30%]
Netherlands	25%	25%
Brazil	34%	34%
United States of America	38.2%	38.2%

EDP Group transfer pricing practices are in line with the guidelines, the rules and the best international practices across all geographies where the Group operates, in due compliance with the spirit and letter of the Law.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during subsequent periods. In Portugal the limit is 4 years, or 5 or 12 years if tax losses have been used in 2012/2013 or 2014, respectively. In Spain the period is 4 years and in Brazil it is 5 years. In the United States of America, in general, for the IRS (Internal Revenue Service) to issue additional income tax assessments for an entity is 3 years.

Tax losses generated in each fiscal year, which are also subject to inspection and adjustment, can be deducted to the taxable income assessed in the subsequent periods (12 years in Portugal, 5 in Poland, 7 in Romania, 9 in the Netherlands, 20 years in the USA and Canada and without an expiry date in Brazil, Spain, France, Italy, United Kingdom and Belgium). Moreover, in the Netherlands and United Kingdom the tax losses may be carried back to the previous tax year and in the USA and Canada to the 2 and 3 previous years, respectively. However, the deduction of tax losses in Portugal, Spain, Brazil, France, Italy and Poland may be limited to a percentage of the taxable income of each period. The EDP Group companies are taxed, whenever possible, on a consolidated basis as allowed by the tax legislation of the respective countries.

The changes in the tax law which had more impact in the EDP Group were the following:

Portugal

- The Law 2/2014, published on 16 January 2014, which approved the Reform of the CIT, introducing a set of new tax measures. The main measures are related to the reduction of CIT rate, the increase of state surcharge and the extended of the period to carry forward tax losses:
(i) The CIT rate was reduced from 25% to 23% in 2014 to which is added at the municipal and state tax. Additionally was established a new tier of state surcharge over taxable income exceeding 35 millions of Euros at a rate of 7%;
(ii) The period to carry forward tax losses was extended from 5 to 12 years (for tax losses generated on or after 1 January 2014). Additionally, the deduction cap was reduced from 75% to 70% of the taxable income of the year.

- The Law 82-B/2014, published on 31 December (2015 State Budget) established a reduction of the standard applicable CIT rate from 23% to 21%.

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Spain

- The Royal Decree-Law 12/2012, published on 31 March 2012, established a set of measures aimed to reduce the public deficit, namely a general limitation for the deduction of the net financial expenses to 30% limit of the adjusted operational profit. The amount of net financial expenses incurred which exceed the above mentioned 30% limit may be deducted in the 18 following years, provided that this limit is not exceeded in each year. Additionally, the maximum annual rate of goodwill amortisation is established at 1% for the tax years of 2012 and 2013, being this limit extended until 2015 by the Law 16/2013.

- The Royal Decree-Law 20/2012, which was approved in July 2012, introduced a set of temporary measures regarding the Spanish Corporate Income Tax legislation. The main measures are related to the amendment of the limits to the deductibility of tax losses carried forward for the years 2012 and 2013, that was later extended also to fiscal years 2014 and 2015 by the Law 16/2013, published on 29 October:
(i) Companies whose last year turnover was between 20 and 60 millions of Euros, can only deduct tax losses up to 50% of the taxable income compared to the former limit of 75%; and
(ii) Companies whose last year turnover exceeded 60 millions of Euros, can only deduct tax losses up to 25% of the taxable income compared to the former limit of 50%.

- Law 16/2012 was published on 28 December 2012, introducing a set of tax measures aiming at the reduction of the public deficit and the expansion of the economic activity in Spain. The main measures with impact on the Group subsidiaries located in Spain were the following:
(i) Limit of 70% of the deductibility for tax purposes of the amortisation and depreciation of intangible and tangible assets and investment properties, on the tax years of 2013 and 2014. Therefore, the amortisation and depreciation which was not deductible for tax purposes in 2013 and 2014, may be deducted on a straight basis over a 10-year period or over the remaining useful life of the corresponding assets from the tax year of 2015 onwards; and
(ii) Possibility of companies revaluate their tangible assets and investment properties, based on pre defined coefficients. According to the law, the effect of the reevaluation was taxed in 2013 at a single rate of 5% over the net increase in the taxable asset value. The amortisation and depreciation expense of the above mentioned net increase (revaluation) was tax deductible for the revaluated assets remaining useful life.

- Law 27/2014, published in the Spanish Official State Gazette on 28 November 2014, reduces the CIT rate from 30% to 25% in 2016 (with an interim 28% rate applicable in 2015), introduces limits on the deduction of tax losses carried forward that may utilise up to a maximum of 60% of taxable income in 2016, and 70% from 2017 onwards and the elimination of 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 previous years, as a result of the Portuguese Tax Authorities interpretations regarding municipal surcharge and the underlying IT systems used by the tax authorities, EDP Group paid initially in excess municipal surcharge on the individual taxable income of the subsidiaries forming EDP taxation group in the amount of 43.1 millions of Euros.

On 30 December 2011, the Administrative Court of Lisbon issued a favourable decision to EDP Group regarding the municipal surcharge of 2007, which resulted in the recognition of an income of 10 millions of Euros in 2011. On 24 April 2012, an additional favourable decision was issued by the Administrative Court of Lisbon, regarding the municipal surcharge of 2010 in the amount of 12.7 millions of Euros, which was recorded as an income in the second quarter of 2012. On 31 December 2012, the Administrative Court of Lisbon formally released a decision in favour of EDP regarding the 2008 municipal surcharge and autonomous taxation, which resulted in the recognition of an income of 7.5 millions of Euros in 2012. On 20 May 2013, an additional favourable decision was issued by the Administrative Court of Lisbon, regarding the municipal surcharge of 2009 paid in excess in the amount of 1.6 millions of Euros, which was recorded as an income in the second quarter of 2013. On 24 October 2014, the EDP Group received the amount of 10.1 millions of Euros, concerning to the reimbursement of the municipal surcharge unduly paid in 2011 and which return is being discussed at the court.

Income tax expense is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Mar 2014	Mar 2015	Mar 2014
Current tax	-111,665	-74,709	-5,130	-7,483
Deferred tax	21,817	-111,159	8,407	9,271
	-89,848	-185,868	3,277	1,788

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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	Tax
Nominal rate and income tax	22.5%	470,567	105,878
Different tax rates (includes state surcharge)	4.7%	97,400	21,915
Tax losses and tax credits	-0.9%	-19,489	-4,385
Tax benefits	-1.2%	-25,369	-5,708
Differences between tax and accounting gains and losses	-4.6%	-96,644	-21,745
Other adjustments and changes in estimates	-1.4%	-27,142	-6,107
Effective tax rate and total income tax	19.1%	399,323	89,848

The reconciliation between the nominal and the effective income tax rate for the Group, as at March 2014, is analysed as follows:

	Mar 2014		
Thousands of Euros	Rate %	Tax basis	Tax
Nominal rate and income tax	24.5%	564,224	138,235
Different tax rates (includes state surcharge)	6.5%	149,922	36,731
Tax losses and tax credits	3.0%	69,812	17,104
Tax benefits	-1.3%	-29,980	-7,345
Non deductible provisions and amortisations for tax purposes	0.6%	13,155	3,223
Financial investments in join ventures, associates and subsidiaries	-0.3%	-7,143	-1,750
Other adjustments and changes in estimates	-0.1%	-1,347	-330
Effective tax rate and total income tax	32.9%	758,643	185,868

The change in effective tax rate is due to the reduction in the tax rate on income booked in Portugal and Spain, non-taxation of capital gain generated on the sale of gas distribution assets in Spain, in accordance with applicable law, and the effect of rate differentials between the current and deferred tax associated with the tariff deficit sales operations in Portugal in both periods.

The effective income tax rate for the EDP Group and EDP, S.A. is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Mar 2014	Mar 2015	Mar 2014
Profit before tax	470,567	564,224	17,263	29,031
Income tax	-89,848	-185,868	3,277	1,788
Effective income tax rate	19.1%	32.9%	-	-

15. EXTRAORDINARY CONTRIBUTION TO THE ENERGY SECTOR (CESE)

The Law no. 83-C/2013, of 31 December (General State Budget for 2014), established the Extraordinary Contribution to the Energy Sector (CESE). The Law n.º 82-B/2014, of 31 December (General State Budget for 2015) foresees the extension of the regime that creates the CESE for year 2015. 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, distribution and supply of electricity and in the distribution and commercialization of natural gas.

CESE is calculated based on the assets value with reference to the first day of financial year 2015 (1 January 2015) 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 2015) if it is higher than the value of those 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, the estimated responsibility concerning to CESE for the year 2015, in the amount of 61,496 thousands of Euros (31 March 2014: 58,799 thousands of Euros) (see note 41). Since this contribution regards the whole year 2015, the financial statements as at 31 March 2015 includes, under the caption Extraordinary contribution to the energy sector (CESE) of the income statement, the cost corresponding to the first three months in the amount of 15,374 thousands of Euros (31 March 2014: 14,700 thousands of Euros). The cost related to remaining period of the year 2015 weas deferred under the caption Sundry debtors and other operations from commercial activities – Current in the amount of 46,122 thousands of Euros (31 March 2014: 44,099 thousands of Euros) (see note 26).

This contribution is also applicable to EDP Producão power plants that are subject to the legal law 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.

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16. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Cost				
Land and natural resources	126,603	129,589	24,130	24,130
Buildings and other constructions	433,895	450,017	16,536	16,536
Plant and machinery:				
- Hydroelectric generation	8,693,854	8,572,837	254	254
- Thermoelectric generation	7,629,118	7,620,657	-	-
- Renewable generation	14,014,936	12,704,857	-	-
- Electricity distribution	1,489,900	1,485,617	-	-
- Gas distribution	973,421	971,985	-	-
- Other plant and machinery	94,212	110,190	186	916
Other	886,632	871,444	128,298	125,772
Assets under construction	3,095,455	3,436,839	91,391	81,910
	37,438,026	36,354,032	260,795	249,518
Accumulated amortisation and impairment losses				
Amortisation charge	-249,105	-958,456	-2,802	-10,287
Accumulated amortisation in previous years	-15,888,316	-14,770,676	-107,003	-96,957
Impairment losses	5,000	-34,390	-	-
Impairment losses in previous years	-103,444	-67,410	-4,782	-4,782
	-16,235,865	-15,830,932	-114,587	-112,026
Carrying amount	21,202,161	20,523,100	146,208	137,492

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

Assets under construction are analysed as follows:

Thousands of Euros	Mar.15	Dec 2014
Solar photovoltaic plants in Europe	4,922	223,161
Wind farms in USA	528,973	559,853
Wind Farms in Europe	317,515	314,615
Hydric Portugal	1,793,950	1,910,126
Other assets under construction	450,095	429,084
	3,095,455	3,436,839

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As at 31 March 2015, the expected entry into operation, the capitalised costs and the commitments for the principal hydroelectric investments, are as follows:

Thousands of Euros	Expected entry into operation	Capitalised costs	Commitments
Baixo Sabor	2nd semester 2015	604,854	30,803
Foz Tua	September 2016	289,258	120,461
Ribeiradio-Ermida	2nd quarter 2015	229,732	19,701
Venda Nova III	October 2015	362,149	29,119
Salamonde II	August 2015	207,518	26,675
		1,693,511	226,759

The expected entry into operation of the Baixo Sabor hydroelectric investment was postponed to the second semester of 2015, due to low water level´s for tests to be performed.

Additions include the investment in wind farms by the subgroups EDPR Brasil, EDPR EU and EDPR NA. In the Portuguese generation activity, the Group is carrying out 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).

The expenses of the period related to construction of property, plant and equipment are included in own work capitalised in notes 6, 9 and 13.

Transfers from assets under construction into operation, refer mainly to solar and wind farms of EDP Renováveis that become operational in Romenia, 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 American Dollar (USD) and the depreciation of Brazilian Real (BRL), against the Euro during the first quarter of 2015.

The movements in Property, plant and equipment, for the Group, for the three-month period ended 31 March 2014 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	149,857	197	-124	-	2,201	-	152,131
Buildings and other constructions	471,276	-	-4,090	593	10,003	-	477,782
Plant and machinery	30,116,979	5,586	-12,005	149,786	54,533	80	30,314,959
Other	808,591	6,475	-3,174	24,947	156	4	836,999
Assets under construction	2,789,402	190,431	-182	-175,326	2,555	-2,091	2,804,789
	34,336,105	202,689	-19,575	-	69,448	-2,007	34,586,660

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	153,937	2,926	-3,621	-	2,427	-	155,669
Plant and machinery	14,073,226	212,339	-11,244	-	11,194	-42	14,285,473
Other	650,811	15,623	-2,648	-	91	45	663,922
	14,882,006	230,888	-17,513	-	13,712	3	15,109,096

Transfers from assets under construction into operation, refer mainly to wind and solar farms of EDP Renováveis that become operational in Italy, Romenia and Canada.

The movement in Exchange differences in the period results mainly from the depreciation of Brazilian Real (BRL), against the Euro during the first quarter of 2014.

As at 31 March 2015, 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 20,610 thousands of Euros.

The EDP Group has finance lease commitments and purchase obligations as disclosed in note 44 - Commitments.

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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 building of EDP Group in Lisbon in the amount of 10,240 thousands of Euros (31 March 2014: 3,683 thousands of Euros).

The movements in Property, plant and equipment, for the Company, for the three-month period ended 31 March 2014 are analysed as follows:

Thousands of Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Regulari-sations	Balance 31 March
Cost						
Land and natural resources	60,148	-	-	-	-	60,148
Buildings and other constructions	85,393	-	-	-	-	85,393
Other	117,692	2,607	-224	32	994	121,101
Assets under construction	45,402	5,583	-	-32	-	50,953
	308,635	8,190	-224	-	994	317,595

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	22,445	674	-	-	-	23,119
Other	83,555	2,731	-184		946	87,048
	110,032	3,405	-184	-	946	114,199

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17. INTANGIBLE ASSETS

This caption is analysed as follows:

Thousands of Euros	Group Mar 2015	Group Dec 2014
Cost		
Concession rights	15,021,604	15,168,856
CO2 licences	162,389	162,389
Other intangibles	215,869	197,272
Intangible assets in progress	539,464	518,679
	15,939,326	16,047,196
Accumulated amortisation and impairment losses		
Amortisation of concession rights	-98,997	-402,347
Amortisation of other intangibles	-620	-3,409
Accumulated amortisation in previous years	-10,091,411	-9,803,054
Impairment losses	-	-25,360
Impairment losses in previous years	-25,449	-
	-10,216,477	-10,234,170
Carrying amount	5,722,849	5,813,026

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 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 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	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 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 in the note 2 aa).

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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 relate to increases of financial assets under IFRIC 12, included under Debtors and other assets from commercial activities (see note 26).

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

The movements in Intangible assets during the three-month period ended 31 March 2014, 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	1,079,171	38	-	-	15,372	-	1,094,581
- Gas Portugal	138,354	-	-	-	-	-	138,354
- Hydric Portugal	1,418,998	40	-	-	-	-	1,419,038
CO2 licences	235,435	2,562	-	-	-	-	237,997
Assigned to concessions (IFRIC 12):							
- Intangible assets	12,370,174	-	-12,588	42,999	80,342	-	12,480,927
- Intangible assets in progress	175,055	78,917	-2,478	-60,347	2,162	-	193,309
Other intangibles	158,218	11,360	-	83	353	-	170,014
Other intangible in progress	405,138	3,789	-	-83	730	11	409,585
	15,980,543	96,706	-15,066	-17,348	98,959	11	16,143,805

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	509,178	9,313	-	-	4,607	-	523,098
- Gas Portugal	31,444	786	-	-	-	-	32,230
- Hydric Portugal	260,459	10,491	-	-	-	-	270,950
Assigned to concessions (IFRIC 12)	9,129,664	78,247	-10,575	-	56,745	-	9,254,081
Other intangibles	31,996	559	-	-	167	11	32,733
	9,962,741	99,396	-10,575	-	61,519	11	10,113,092

Additions of CO2 Licences relates mainly to licences purchased at market for own consumption.

The net transfers of intangible assets in progress assigned to concessions of 17,348 thousands of Euros relate 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 2015	Dec 2014
HC Energia Group	1,940,712	1,940,712
EDP Renováveis Group	1,369,866	1,287,004
EDP Brasil Group	52,019	53,052
Other	40,518	40,518
	3,403,115	3,321,286

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The movements in Goodwill during the three-month period ended 31 March 2015, 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	1,287,004	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

The movements in Goodwill during the three-month period ended 31 March 2014, are analysed as follows:

Thousands of Euros	Balance at 1 January	Increases	Decreases	Impairment	Exchange differences	Balance at 31 march
HC Energia Group	1,946,935	920	-	-	-	1,947,855
EDP Renováveis Group	1,212,787	2	-	-	175	1,212,964
EDP Brasil Group	52,904	-	-	-	539	53,443
Other	40,518	-	-	-	-	40,518
	3,253,144	922	-	-	714	3,254,780

EDP Renováveis Group

During 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 that related to the contigent price revison related to the pruchase agreements of three projects in EDPR Spain and several projects in EDPR Poland, respectively. These contracts were signed before 1 January 2010, date of the adoption of the revised IFRS 3 as mentioned in the accounting policy 2 b).

19. INVESTMENTS IN SUBSIDIARIES (COMPANY BASIS)

This caption is analysed as follows:

	Company	
Thousands of Euros	Mar 2015	Dec 2014
Acquisition cost	11,047,079	11,047,079
Effect of equity method (transition to IFRS)	-785,593	-785,593
Equity investments in subsidiaries	10,261,486	10,261,486
Impairment losses on equity investments in subsidiaries	-224,517	-224,517
	10,036,969	10,036,969

On the date of transition to IFRS, EDP, S.A. ceased to apply the equity method of accounting to its investments in its unconsolidated 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		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Investments in joint ventures	755,859	748,750	6,595	6,595
Investments in associates	134,748	124,224	-	-
	890,607	872,974	6,595	6,595

As at 31 March 2015, for the Group, this caption includes goodwill in investments in joint ventures of 42,730 thousands of Euros (31 December 2014: 42,730 thousands of Euros) and goodwill in investments in associates of 37,043 thousands of Euros (31 December 2014: 36,900 thousands of Euros).

21. AVAILABLE FOR SALE INVESTMENTS

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Banco Comercial Português, S.A.	104,269	71,434	-	-
REN - Redes Energéticas Nacionais, SGPS, S.A.	51,416	44,949	51,416	44,949
Tejo Energia, S.A.	19,700	19,700	-	-
Zephyr Fund (Energia RE portfolio)	62,715	59,584	-	-
Others	29,554	28,790	1,974	1,977
	267,654	224,457	53,390	46,926

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As at 31 March 2015, the financial investment held in Banco Comercial Português, S.A. increased by 32,835 thousands of Euros being the increase booked against fair value reserves (see note 32).

During the first quarter of 2015, the financial investment held in REN - Redes Energéticas Nacionais, SGPS, S.A., increased by 6,467 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 the first quarter of 2015, Energia RE increased this participation by 1,000 thousands of Euros, therefore this investment increased by 2,131 thousands of Euros being the increase 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. These include mainly Tejo Energia, S.A., whose fair value in the amount of 19.7 millions of Euros, was calculated according to Dividend Discount Model methodology, based on the discount rate of 6.3%. The sensitivity analysis considering an increase or decrease of 50 basis points in the discount rate determined a fair value of 19.2 millions of Euros and 20.2 millions of Euros, respectively.

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 as at 31 March 2015 and 31 December 2014 is analysed as follows:

Thousands of Euros	Mar 2015	Dec 2014
Banco Comercial Português, S.A.	35,095	2,260
REN - Redes Energéticas Nacionais, SGPS, S.A.	25,596	19,129
Tejo Energia, S.A.	13,345	13,345
Zephyr Fund (Energia RE portfolio)	8,345	6,214
Others	6,575	6,029
	88,956	46,977

22. INVESTMENT PROPERTY

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Cost	58 466	57 718	120 246	120 246
Accumulated depreciation	-21,787	-20,319	-16,496	-15,853
Carrying amount	36,679	37,399	103,750	104,393

On a company basis, Porto headquarters are classified as investment property. The infrastructure's cost amounted to 85,487 thousands of Euros and the accumulated depreciation is 9,871 thousands of Euros. During the first quarter of 2015, the lease rents received by EDP S.A. regarding this building were 1,622 thousands of Euros. The usuful life of the building is 50 years. Since the building was built in 2011, the Group believes that its fair value does not differ from its carrying amount.

On a Group basis, this headquarters are classified as Property, plant and equipment (land and buildings and other constructions). The remaining 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 are analysed as follows:

	Net deferred tax assets		Net deferred tax liabilities	
Thousands of Euros	Mar 2015	Mar 2014	Mar 2015	Mar 2014
Balance as at 1 January	218,747	320,590	-804,744	-759,092
Tariff adjustment for the period	-39,993	14,604	112,411	-133,665
Provisions	-11,778	-7,781	-	-
Property, plant and equipment, intangible assets and accounting revaluations	-10,230	-33,773	-6,591	-9,114
Deferred tax over CMECs in the period	-	-	273	66,819
Tax losses and tax credits	34,397	37,066	-	-
Financial and available-for-sale investments	-9,270	-11,166	-1,446	6,462
Other temporary differences	1,769	13,182	-38,378	-69,346
Netting of deferred tax assets and liabilities	17,876	-130,059	-17,876	130,059
Balance as at 31 March	201,518	202,663	-756,351	-767,877

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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 are analysed as follows:

	Net deferred tax assets		Net deferred tax liabilities	
Thousands of Euros	Mar 2015	Mar 2014	Mar 2015	Mar 2014
Balance as at 1 January	27,434	25,097	-	-
Tax losses and tax credits	33,777	-4,337	-	-
Financial and available-for-sale investments	-1,882	-5,093	-	-
Fair value of derivative financial instruments	-3,058	630	-	7,407
Other temporary differences	249	53	3	5
Netting of deferred tax assets and liabilities	3	7,412	-3	-7,412
Balance as at 31 March	56,523	23,762	-	-

24. INVENTORIES

This caption is analysed as follows:

	Group	
Thousands of Euros	Mar 2015	Dec 2014
Merchandise	37,298	35,953
Finished, intermediate products and sub-products	15,088	15,457
Raw and subsidiary materials and consumables (coal and other fuels)	66,666	100,228
Nuclear fuel	17,374	18,324
Others	96,871	96,494
	233,297	266,456

The caption Others include CO2 licences held for trading, measured at the lower of acquisition cost and net realisable value, which corresponds to the market quote, as described in accounting policy 2 y), in the amount of 22,360 thousands of Euros (31 December 2014: 23,360 thousands of Euros).

25. TRADE RECEIVABLES

Trade receivables are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Trade receivables - Non-Current				
Corporate sector and individuals:				
- Spain	4,407	4,879	-	-
- Brazil	77,501	85,047	-	-
Public Sector:				
- Portugal	113,639	115,177	-	-
- Brazil	4,571	6,124	-	-
	200,118	211,227	-	-
Impairment losses	-36,785	-36,636	-	-
	163,333	174,591	-	-
Trade receivables - Current				
Corporate sector and individuals:				
- Portugal	1,060,775	1,119,608	147,802	188,604
- Spain	516,790	459,029	-	-
- Brazil	467,971	436,787	-	-
- U.S.A.	52,548	43,428	-	-
- Other	53,894	47,147	-	-
Public Sector:				
- Portugal	51,867	57,861	-	-
- Brazil	36,939	31,544	-	-
- Spain	28,911	39,075	-	-
	2,269,695	2,234,479	147,802	188,604
Impairment losses	-292,710	-289,376	-10,243	-9,957
	1,976,985	1,945,103	137,559	178,647
	2,140,318	2,119,694	137,559	178,647

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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 2015**	**Dec 2014**
Amounts receivable from tariff adjustments - Electricity - Portugal	1,207,858	1,341,117
Amounts receivable from tariff adjustments - Electricity - Brazil	50,054	67,738
Amounts receivable from tariff expenses - Gas - Spain	44,367	-
Amounts receivable relating to CMEC	715,671	661,457
Amounts receivable from concessions - IFRIC 12	882,641	888,941
Sundry debtors and other operations	90,986	96,131
	2,991,577	3,055,384
Impairment losses on debtors	-3,218	-3,245
	2,988,359	3,052,139

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

	Group		Company	
Thousands of Euros	**Mar 2015**	**Dec 2014**	**Mar 2015**	**Dec 2014**
Amounts receivable from tariff expenses - Electricity - Spain	-	2,270	-	-
Amounts receivable from tariff adjustments - Electricity - Portugal	925,404	1,063,661	-	-
Amounts receivable from tariff adjustments - Electricity - Brazil	114,781	119,036	-	-
Receivables relating to other goods and services	32,680	64,439	7,549	13,125
Amounts receivable relating to CMEC	82,560	99,757	-	-
Accrued income relating to energy sales activity	125,737	133,165	241,806	223,871
Sundry debtors and other operations	290,817	276,083	54,948	64,605
	1,571,979	1,758,411	304,303	301,601
Impairment losses on debtors	-25,797	-24,282	-911	-978
	1,546,182	1,734,129	303,392	300,623

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 2015 of 102,448 thousands of Euros (31 December 2014: 109,143 thousands of Euros) and 62,387 thousands of Euros (31 December 2014: 77,631 thousands of Euros), respectively. The variation of the period repects to tariff adjustment for the period of 13,410 thousands of Euros, unwinding of 5,036 thousands of Euros, receipts through the electric energy tariff with a negative impact of 26,298 thousands of Euros and exchange differences due to deppreciation of Brazilian Real with a negative impact of 14,087 thousands of Euros.

The caption Amounts receivable relating to CMEC amounts to 798,231 thousands of Euros, and includes 715,671 thousands of Euros as non-current and 82,560 thousands of Euros as current. The amount receivable relating to the initial CMEC includes 598,407 thousands of Euros as non-current and 41,227 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 2015. The remaining 117,264 thousands of Euros as non-current and 41,333 thousands of Euros as current correspond to the receivable amounts through the revisibility calculation from 2014 and 2015.

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 882,641 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 mainly the effect of the depreciation of Brazilian Real against Euro in the amount of 23,899 thousands of Euros and transfers from intangible assets assigned to concessions in the amount of 14,595 thousands of Euros (see note 17).

The caption Sundry debtors and other operations - Current includes the amount of 46,122 thousands of Euros, related with the Energetic Sector Contribution, approved by article 228.º of the Law 83-C/2013, 31 December (General State Budget for 2014) and the Law 82-B/2014, 31 December (General State Budget for 2015) foresees the extension of the regime that created the CESE for the year 2015. The contribution is due by EDP companies that operate in the production, distribution and commercialization of electricity and in the distribution and commercialization of natural gas and it is calculated on the value of the companies' assets as provided under the law and the deferred amount will be recognized in results during the year 2015.

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

Thousands of Euros	Current	Non-Current
Balance as at 1 January 2014	1,056,572	1,237,623
Receipts through the electric energy tariff	-268,268	-
Partial sale of 2013 over costs for the special regime generators	-138,000	-
Tariff adjustment of 2013	2,058	6,173
Tariff adjustment for the period	85,753	744,788
Transfer to / from tariff adjustment payable	-12	-
Interest income	28,692	1,375
Transfer from Non-Current to Current	683,713	-683,713
Balance as at 31 March 2014	1,450,508	1,306,246
Receipts through the electric energy tariff	-627,671	-
Partial sale of 2013 and 2014 over costs for the special regime generators	-894,857	-
Tariff adjustment of 2013	34,791	-6,173
Tariff adjustment for the period	898,103	416,824
Transfer to / from tariff adjustment payable	-451	-
Interest income	56,284	-
Securitisation adjustment of 2012 CMEC	-228,826	-
Transfer from Non-Current to Current	375,780	-375,780
Balance as at 31 December 2014	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

During the first quarter of 2015, EDP Serviço Universal, S.A. (EDP SU), the last resort supplier for the Portuguese electricity system, sold without recourse to Tagus – Sociedade de Titularização de Créditos, S.A., a portion of the 2014 tariff deficit, and respective interest, in the amount of 465,418 thousands of Euros. 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 note 13 and 50).

On 22 December 2014, EDP Distribuição - Energia, S.A., the concessionaire and operator entity of the National Distribution Grid of electric energy, sold without recourse the right to recover the correction portion of the compensation mechanism to maintain the contractual balance (CMEC) referring to 2012, in the amount of 228.826 thousands of Euros. The total sale price amounted to 239,832 thousands of Euros and generated gains net of transaction costs of 10,711 thousands of Euros. This transaction carried out by Tagus - Sociedade de Titularização de Créditos, S.A. was a securitisation transaction through the issuance of senior notes (see note 50).

In 2014, EDP SU, sold, in three independent operations, the rights to receive part of the electricity adjustment related to the 2014 and 2013 overcost with the acquisition of electricity activity from special regime generators, in the amount of 1,032,857 thousands of Euros (832,857 thousands of Euros in 2013 and 200,000 thousands of Euros in 2014). In these assets' sales operations, EDP SU sold without recourse the rights to receive the referred amounts and interests. The total sale price amounted to 1,113,313 thousands of Euros and generated gains net of transaction costs of 67,007 thousands of Euros. From the three transactions, two of them were direct sales of assets to BCP and Banco Santander Totta, in the total amount of 363,313 thousands of Euros and the other was a securitisation transaction carried out by Tagus - Sociedade de Titularização de Créditos, S.A. through the issuance of senior notes in the amount of 750,000 thousands of Euros (see note 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 2015:

Thousands of Euros	Deficit	Tariff	Securiti-sation	Total
Year:				
2012	10,666	-	-	10,666
2013	294,269	294,853	-	589,122
2014	1,239,321	322,483	-465,418	1,096,386
2015	367,591	69,497	-	437,088
	1,911,847	686,833	-465,418	2,133,262

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27. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Debtors and other assets - Non-Current				
Loans to subsidiaries	-	-	6,535,973	6,310,508
Loans to related parties	435,245	434,062	90	90
Guarantees rendered to third parties	57,750	61,884	-	5
Derivative financial instruments	336,820	236,174	560,557	340,270
Sundry debtors and other operations	46,979	48,757	-	-
	876,794	780,877	7,096,620	6,650,873
Debtors and other assets - Current				
Loans to subsidiaries	-	-	1,133,701	1,271,831
Loans to related parties	106,577	95,910	14,817	14,802
Receivables from the State and concessors	34,137	39,878	-	-
Derivative financial instruments	121,884	137,572	525,912	291,940
Subsidiary Companies	-	-	45,875	343,178
Guarantees rendered to third parties	8,445	6,779	-	-
Sundry debtors and other operations	41,812	38,709	9,808	3,896
	312,855	318,848	1,730,113	1,925,647
	1,189,649	1,099,725	8,826,733	8,576,520

Loans to subsidiaries - Non-Current and Current, for the Company, mainly includes 4,374,856 thousands of Euros (31 December 2014: 4,332,139 thousands of Euros) of loans granted to EDP - Gestão da Produção de Energia, S.A. and 2,884,116 thousands of Euros (31 December 2013: 2,847,897 thousands of Euros) of loans granted to EDP Distribuição de Energia, S.A. (see note 45).

Subsidiary Companies - Current, mainly includes receivables from the EDP Group's financial system. As at 31 March 2015 this refers to a payable amount by EDP, S.A. booked as Other liabilities and other payables under the Group companies (see note 40).

28. CURRENT TAX ASSETS

Current tax assets are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Income tax	114,795	196,397	52,524	117,215
Value added tax (VAT)	180,965	154,378	38,749	20,951
Turnover tax (Brazil)	4,738	4,814	-	-
Other taxes	14,115	16,064	3,954	3,255
	314,613	371,653	95,227	141,421

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Cash	82	32	-	-
Bank deposits				
Current deposits	481,212	518,928	4,466	13,716
Term deposits	1,596,150	1,958,068	905,479	1,106,015
Specific demand deposits in relation to institutional partnerships	62,723	78,855	-	-
Other deposits	12	12	-	-
	2,140,097	2,555,863	909,945	1,119,731
Operations pending cash settlement				
Current deposits	15,000	15,000	165,000	225,000
Other short term investments	80,950	43,100	-	-
	2,236,129	2,613,995	1,074,945	1,344,731

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).

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On a company basis, the caption Operations pending cash settlement relates with commercial paper issued by EDP, S.A., in the terms of Group accounting policy is booked as financial debt at the trade date of each emission. This caption includes: (i) 150,000 thousands of Euros, issued on 31 March 2015, acquired by EDP Finance B.V., and which settlement date occured on 2 April 2015; and (ii) 15,000 thousands of Euros, issued on 31 March 2015 and which settlement date occured on 7 April 2015.

The caption Other short term investments includes very short term investments promptly convertible into cash.

30. SHARE CAPITAL AND SHARE PREMIUM

EDP, S.A. is a company that 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 eight reprivatisation phase, the Portuguese State sold to CWEI (Europe), S.A. (former - China Three Gorges International (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 sold 151,517,000 shares, which correspond to 4.14% of EDP 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 of 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 2015 is analysed as follows:

	Nr. of Shares	% Capital	% Voting
China Three Gorges	780,633,782	21.35%	21.35%
Capital Group Companies, Inc.	532,307,256	14.56%	14.56%
Oppidum Capital, S.L.	263,046,616	7.19%	7.19%
Senfora, BV	148,431,999	4.06%	4.06%
Grupo Millennium BCP e Fundo de Pensões	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%
BlackRock, Inc.	73,268,245	2.00%	2.00%
EDP Group (Treasury stock)	22,711,049	0.62%	
Remaining shareholders	1,577,122,808	43.13%	
	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 2015 are disclosed.

Share capital and Share premium are analysed as follows:

	Group and Company	
Thousands of Euros	Share capital	Share 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 2015	Mar 2014	Mar 2015	Mar 2014
Net profit attributable to the equity holders of EDP (in Euros)	297,062,077	296,089,071	20,539,535	30,819,263
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	297,062,077	296,089,071		
Weighted average number of ordinary shares outstanding	3,633,538,433	3,630,080,447	3,635,051,433	3,631,593,447
Weighted average number of diluted ordinary shares outstanding	3,633,538,433	3,630,231,137	3,635,051,433	3,631,744,137
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.08	0.08		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.08	0.08		
Basic earnings per share from continuing operations (in Euros)	0.08	0.08		
Diluted earnings per share from continuing operations (in Euros)	0.08	0.08		

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.

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The average number of shares was determined as follows:

	Group		Company	
	Mar 2015	Mar 2014	Mar 2015	Mar 2014
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	-22,999,282	-26,457,268	-21,486,282	-24,944,268
Average number of shares during the period	3,633,538,433	3,630,080,447	3,635,051,433	3,631,593,447
Effect of stock options	-	150,690	-	150,690
Diluted average number of shares during the period	3,633,538,433	3,630,231,137	3,635,051,433	3,631,744,137

31. TREASURY STOCK

This caption is analysed as follows:

	Group		Company	
	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Book value of EDP, S.A. treasury stock (thousands of Euros)	67,205	69,931	61,110	63,836
Number of shares	22,711,049	23,488,399	21,198,049	21,975,399
Market value per share (in Euros)	3.485	3.218	3.485	3.218
Market value of EDP, S.A.'s treasury stock (thousands of Euros)	79,148	75,586	73,875	70,717

Operations performed from 1 January to 31 March 2015:

	EDP, S.A.	Energia RE
Volume acquired (number of shares)	716,650	-
Average purchase price (in Euros)	3.262	-
Total purchase value (thousands of Euros)	2,338	-
Volume sold (number of shares)	-1,494,000	-
Average selling price (in Euros)	3.494	-
Total sale value (thousands of Euros)	5,220	-
Final position (number of shares)	21,198,049	1,513,000
Highest market price (in Euros)	3.635	-
Lowest market price (in Euros)	3.100	-
Average market price (in Euros)	3.403	-

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" (Companies Commercial Code). The treasury stock is stated at acquisition cost.

32. RESERVES AND RETAINED EARNINGS

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Legal reserve	659,613	659,613	659,613	659,613
Fair value reserve (cash flow hedge)	-31,545	-62,953	-6,375	-17,157
Tax effect of fair value reserve (cash flow hedge)	6,231	15,172	1,841	5,019
Fair value reserve (available for sale investments)	88,956	46,977	21,246	14,783
Tax effect of fair value reserve (available for sale investments)	-9,134	899	2,430	4,338
Exchange differences arising on consolidation	-173,976	-133,300	-	-
Treasury stock reserve (EDP, S.A.)	61,110	63,836	61,110	63,836
Other reserves and retained earnings	4,002,999	2,960,243	2,326,788	1,538,131
	4,604,254	3,550,487	3,066,653	2,268,563

Legal reserve

In accordance with Article 295 of "Código das Sociedades Comerciais" (Companies Commercial 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.

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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 2014	536,272	-455,653
Changes in fair value	38,058	-1,185
Transfer of impairment to profit or loss	-	456
Balance as at 31 March 2014	574,330	-456,382
Changes in fair value	-28,804	-42,590
Transfer of impairment to profit or loss	-	797
Transfer to the income statement relating to assets sold	-374	-
Balance as at 31 December 2014	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	587,133	-498,177

Changes in fair value reserve attributable to the EDP Group during the first quarter of 2015 are analysed as follows:

Thousands of Euros	**Increases**	**Decreases**
Banco Comercial Português, S.A.	32,835	-
Zephyr Fund (Energia RE portfolio)	2,131	-
REN - Redes Energéticas Nacionais, SGPS, S.A.	6,467	-
Others	548	-5
	41,981	-5

Exchange differences on consolidation

Exchange differences on consolidation includes the amounts resulting from changes in the value of shareholder's equity of subsidiary, 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 2015		**Exchange rates at Dec 2014**		**Exchange rates at Mar 2014**	
Currency		**Closing rates**	**Average exchange rate**	**Closing rates**	**Average exchange rate**	**Closing rates**	**Average exchange rate**
Dollar	USD	1.076	1.128	1.214	1.329	1.379	1.370
Brazilian Real	BRL	3.496	3.224	3.221	3.122	3.128	3.240
Macao Pataca	MOP	8.593	9.005	9.700	10.615	11.018	10.948
Canadian Dollar	CAD	1.374	1.396	1.406	1.466	1.523	1.510
Zloty	PLN	4.085	4.194	4.273	4.184	4.172	4.184
Romanian Leu	RON	4.410	4.452	4.483	4.444	4.459	4.502
Pound Sterling	GBP	0.727	0.744	0.779	0.806	0.828	0.828
Rand	ZAR	13.132	13.241	14.035	14.404	14.588	14.882
Mexican Peso	MXN	16.512	16.844	-	-	-	-

Treasury stock reserve (EDP, S.A.)

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

Dividends

On 21 April 2015, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders of the net profit for the year 2014 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 was made during the second quarter of 2015.

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33. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

	Group	
Thousands of Euros	**Mar 2015**	**Dec 2014**
Non-controlling interests in income statement	68,283	223,362
Non-controlling interests in equity and reserves	3,178,368	3,064,317
	3,246,651	3,287,679

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

	Group	
Thousands of Euros	**Mar 2015**	**Dec 2014**
EDP Renováveis Group	1,846,915	1,811,426
EDP Brasil Group	1,262,845	1,345,246
Other	136,891	131,007
	3,246,651	3,287,679

During the first quarter of 2015, EDP Group generated profits of 68,283 thousands of Euros attributable to non-controlling interests (31 December 2014: 223,362 thousands of Euros).

The movement in non-controlling interests of EDP Renováveis Group is mainly related to profits attributable to non-controlling interests of 44,198 thousands of Euros, a decrease of 33,246 thousands of Euros related to dividends attributable to non-controlling interests, a positive variation of 38,663 thousands of Euros resulting from exchange differences, and negative variations resulting from share capital increases/decreases of 15,105 thousands of Euros.

The movement booked in non-controlling interests of EDP Brasil Group includes 18,201 thousands of Euros of profits attributable to non-controlling interests, and a decrease of 100,043 thousands of Euros resulting from exchange differences.

34. HYDROLOGICAL ACCOUNT

The movements in the Hydrological account are analysed as follows:

	Group and Company	
Thousands of Euros	**Mar 2015**	**Mar 2014**
Balance at the beginning of the period	1,010	35,641
Amounts received / (paid) during the period	2,537	-8,910
Financial charges	21	369
Balance at the end of the period	3,568	27,100

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35. FINANCIAL DEBT

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	**Mar 2015**	**Dec 2014**	**Mar 2015**	**Dec 2014**
Debts and borrowings - Non-current				
Bank loans:				
- EDP, S.A.	446,317	976,269	458,289	985,944
- EDP Finance B.V.	3,103,779	2,643,765	-	-
- EDP Brasil Group	141,533	108,641	-	-
- EDP Renováveis Group	828,598	742,723	-	-
- EDP Produção	89,342	89,342	-	-
- Others	24,737	25,506	-	-
	4,634,306	4,586,246	458,289	985,944
Non-convertible bond loans:				
- EDP, S.A.	450,000	450,000	5,800,000	5,800,000
- EDP Finance B.V.	9,965,719	10,320,906	-	-
- EDP Brasil Group	391,834	449,394	-	-
	10,807,553	11,220,300	5,800,000	5,800,000
Commercial paper:				
- EDP, S.A.	430,711	402,728	430,711	402,728
	430,711	402,728	430,711	402,728
Other loans:				
- Investco preference shares	14,512	15,657	-	-
- EDP Brasil Group	12,081	13,997	-	-
- EDP Renováveis Group	9,997	9,861	-	-
- Others	390	454	-	-
	36,980	39,969	-	-
	15,909,550	16,249,243	6,689,000	7,188,672
Accrued interest	12	-	-	-
Other liabilities:				
- Fair value of the issued debt hedged risk	252,675	151,584	-	-
Total Debt and borrowings	16,162,237	16,400,827	6,689,000	7,188,672
Collateral Deposits - Non-current (*)				
Collateral deposit - BEI	-160,897	-311,990	-160,897	-311,990
Other collateral deposits	-75,495	-76,818	-	-
Total Collateral Deposits	-236,392	-388,808	-160,897	-311,990
	15,925,845	16,012,019	6,528,103	6,876,682

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	Group		Company	
Thousands of Euros	**Mar 2015**	**Dec 2014**	**Mar 2015**	**Dec 2014**
Debt and borrowings - Current				
Bank loans:				
- EDP, S.A.	184,933	74,100	184,933	74,100
- EDP Finance B.V.	550,000	796,733	-	-
- EDP Brasil Group	130,813	173,697	-	-
- EDP Renováveis Group	96,900	144,023	-	-
- Others	8,486	13,775	-	-
	971,132	1,202,328	184,933	74,100
Non-convertible bond loans:				
- EDP, S.A.	248,662	247,019	248,662	247,019
- EDP Finance B.V.	1,248,323	1,581,236	-	-
- EDP Brasil Group	201,791	218,943	-	-
- EDP Renováveis Group	-	29,497	-	-
	1,698,776	2,076,695	248,662	247,019
Commercial paper:				
- EDP, S.A.	140,500	183,000	2,878,000	3,225,000
- EDP Brasil Group	214,543	-	-	-
- HC Energia Group	-	47,372	-	-
	355,043	230,372	2,878,000	3,225,000
Other loans	11,548	10,733	-	-
	3,036,499	3,520,128	3,311,595	3,546,119
Accrued interest	309,903	371,468	75,937	81,319
Other liabilities:				
- Fair value of the issued debt hedged risk	575	5,760	575	1,207
Total Debt and borrowings	3,346,977	3,897,356	3,388,107	3,628,645
Collateral Deposits - Current (*)				
Collateral deposit - BEI	-22,507	-22,507	-22,507	-22,507
Other collateral deposits	-17,995	-17,855	-	-
Total Collateral Deposits	-40,502	-40,362	-22,507	-22,507
	3,306,475	3,856,994	3,365,600	3,606,138

(*) Collateral Deposits informative note

Following EDP's downgrading in 2012 and in the course of negotiations with BEI, on 31 October 2012, EDP has constituted an escrow deposit which amount at 31 March 2015 is 183,404 thousands of Euros (160,897 thousands of Euros non-current and 22,507 thousands of Euros current), associated with several loans contracted in previous years with this entity. This escrow deposit is reduced by the repayment of these loans. In addition, the Group has 93,490 thousands of Euros (75,495 thousands of Euros non-current and 17,995 thousands of Euros current) of other deposits constituted as collateral for financial guarantee.

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 2015 and 31 December 2014 these loans amounted to 966,242 thousands of Euros and 993,409 thousands of Euros, respectively (see note 44).

EDP Group has short-term credit facilities of 200,000 thousands of Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, and with a firm underwriting commitment, being totally available, as well as Commercial Paper programs of 100,000 thousands of Euros with guaranteed placement, being fully available as at 31 March 2015. EDP Group has a medium term Revolving Credit Facility (RCF) of 3,150,000 thousands of EUR (for liquidity management needs in USD and EUR), with a firm underwriting commitment and with maturity at 2019 and a medium term RCF of 100,000 thousands of EUR (for liquidity management needs in EUR), with a firm underwriting commitment and with maturity at 2016, which as at 31 March 2015 are totally available.

Commercial Paper non-current refers to a Commercial Paper programs with a firm underwriting commitment for a period over to one year in the amounts of 250,000 thousands of Dollars and 200,000 thousands of Euros, with interests and fees paid in advance in the amount of 1,652 thousands of Euros.

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The nominal value of Bond loans issued with external counterparts and outstanding, as at 31 March 2015, is analysed as follows:

Issuer	Date issued	Interest rate	Type of hedge	Conditions/ Redemption	Thousands of Euros Group	Company
Issued by EDP S.A.						
EDP, S.A. (ii)	May-08	Variable rate (iii)	n.a.	May-18	300,000	300,000
EDP, S.A.	May-12	Fixed rate EUR 6%	n.a.	May-15	250,000	250,000
EDP, S.A.	Oct-13	Variable rate (iii)	n.a.	Oct-18	150,000	150,000
					700,000	700,000
Issued under the Euro Medium Term Notes program						
EDP Finance B.V. (i)	Aug-02	Fixed rate GBP 6.625%	Fair Value	Aug-17	320,000	-
EDP Finance B.V.	Dec-02	Fixed rate EUR (iii)	n.a.	Dec-22	93,357	-
EDP Finance B.V.	Jun-05	Fixed rate EUR 3.75%	n.a.	Jun-15	500,000	-
EDP Finance B.V. (i)	Jun-05	Fixed rate EUR 4.125%	n.a.	Jun-20	300,000	-
EDP Finance B.V.	Jun-06	Fixed rate EUR 4.625%	n.a.	Jun-16	500,000	-
EDP Finance B.V.	Nov-07	Fixed rate USD 6.00%	Net Investment	Feb-18	929,454	-
EDP Finance B.V. (i)	Nov-08	Fixed rate GBP 8.625%	Fair Value	Jan-24	410,314	-
EDP Finance B.V.	Nov-08	Zero coupon EUR (iii)	n.a.	Nov-23	160,000	-
EDP Finance B.V. (i)	Jun-09	Fixed rate JPY (iii)	n.a.	Jun-19	97,193	-
EDP Finance B.V.	Jun-09	Fixed rate EUR 4.75%	n.a.	Sep-16	1,000,000	-
EDP Finance B.V.	Sep-09	Fixed rate USD 4.90%	Net Investment	Oct-19	929,454	-
EDP Finance B.V.	Feb-11	Fixed Rate EUR 5.875%	n.a.	Feb-16	750,000	-
EDP Finance B.V.	Sep-12	Fixed Rate EUR 5.75%	n.a.	Sep-17	750,000	-
EDP Finance B.V. (i)	Nov-12	Fixed Rate CHF 4.00%	Fair Value / Cash Flow	Nov-18	103,922	-
EDP Finance B.V. (i)	Sep-13	Fixed Rate EUR 4.875%	Fair Value	Sep-20	750,000	-
EDP Finance B.V. (i)	Nov-13	Fixed Rate EUR 4.125%	Fair Value	Jan-21	600,000	-
EDP Finance B.V.	Jan-14	Fixed Rate USD 5.25%	Net Investment	Jan-21	697,091	-
EDP Finance B.V. (i)	Apr-14	Fixed Rate EUR 2.625%	Fair Value	Apr-19	650,000	-
EDP Finance B.V.	Jun-14	Variable rate (iii)	Net Investment	Jun-19	92,945	-
EDP Finance B.V. (i)	Sep-14	Fixed Rate EUR 2.625%	Fair Value	Jan-22	1,000,000	-
EDP Finance B.V. (i)	Nov-14	Fixed Rate EUR 4.125%	Net Investment	Jan-20	697,091	-
					11,330,821	-
Issued by the EDP Energias do Brasil Group in the Brazilian domestic market						
Bandeirante	Jul-10	CDI + 1.50%	n.a.	Jun-16	66,937	-
Energest	Apr-12	CDI + 0.98%	n.a.	Apr-17	34,327	-
Energias do Brasil	Apr-13	CDI + 0.55%	n.a.	Apr-16	143,029	-
Lajeado Energia	Nov-13	CDI + 1.20%	n.a.	Nov-19	128,726	-
Energias do Brasil	Feb-14	CDI + 0.72%	n.a.	Aug-15	85,817	-
Bandeirante	Apr-14	CDI + 1.39%	n.a.	Apr-19	85,817	-
Escelsa	Aug-14	CDI + 1.50%	n.a.	Aug-20	50,575	-
					595,228	-
					12,626,049	700,000

(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.

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Financial Debt by maturity, is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Bank loans				
Up to 1 year	1,016,622	1,269,620	185,566	75,553
From 1 to 5 years	3,841,734	3,817,379	246,319	696,074
More than 5 years	792,584	768,867	211,970	289,870
	5,650,940	5,855,866	643,855	1,061,497
Bond loans				
Up to 1 year	1,962,764	2,384,768	322,490	325,524
From 1 to 5 years	6,843,922	6,744,535	4,950,000	4,950,000
More than 5 years	4,216,306	4,627,349	850,000	850,000
	13,022,992	13,756,652	6,122,490	6,125,524
Commercial paper				
Up to 1 year	356,043	232,234	2,880,051	3,227,568
From 1 to 5 years	430,711	402,728	430,711	402,728
	786,754	634,962	3,310,762	3,630,296
Other loans				
Up to 1 year	11,548	10,734	-	-
From 1 to 5 years	20,947	22,605	-	-
More than 5 years	16,033	17,364	-	-
	48,528	50,703	-	-
	19,509,214	20,298,183	10,077,107	10,817,317

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

	Mar 2015		Dec 2014	
Thousands of Euros	Carrying amount	Market value	Carrying amount	Market value
Debt and borrowings - Non-Current	16,162,237	16,862,930	16,400,827	17,585,217
Debt and borrowings - Current	3,346,977	3,625,129	3,897,356	3,606,383
	19,509,214	20,488,059	20,298,183	21,191,600

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

As at 31 March 2015, scheduled repayments of Group's debt and borrowings including interest accrued are as follows:

Thousands of Euros	2015	2016	2017	2018	2019	Following years	Total
Debt and borrowings - Non-current	-	2,193,454	1,533,591	1,942,543	2,732,310	7,760,339	16,162,237
Debt and borrowings - Current	2,307,936	1,039,041	-	-	-	-	3,346,977
	2,307,936	3,232,495	1,533,591	1,942,543	2,732,310	7,760,339	19,509,214

Estimated future payments of principal and interest and guarantees are detailed in note 44.

36. EMPLOYEE BENEFITS

Employee benefits are analysed as follows:

	Group	
Thousands of Euros	Mar 2015	Dec 2014
Provisions for social liabilities and benefits	888,646	930,291
Provisions for medical liabilities and other benefits	939,586	949,982
	1,828,232	1,880,273

This caption is analysed as follows:

	Group	
Thousands of Euros	Mar 2015	Dec 2014
Non-Current	1,633,705	1,682,988
Current	194,527	197,285
	1,828,232	1,880,273

As at 31 March 2015, Provisions for social liabilities and benefits include 885,989 thousands of Euros relating to retirement pension defined benefit plans (31 December 2014: 927,141 thousands of Euros) and 2,657 thousands of Euros related to the estimated cost of services rendered by third parties under the human resources rationalisation program (31 December 2014: 3,150 thousands of Euros).

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

	Group	
Thousands of Euros	Mar 2015	Mar 2014
Balance at the beginning of the period	930,291	960,356
Charge for the period	7,533	9,778
Actuarial (gains)/losses	-	1,921
Charge-off	-48,564	-42,285
Transfers, reclassifications and exchange differences	-614	7
Balance at the end of the period	888,646	929,777

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

	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

	Mar 2014			
Thousands of Euros	Portugal	Spain	Brazil	Group
Current service cost	3,013	152	-102	3,063
Operational component (see note 9)	3,013	152	-102	3,063
Net interest on the net pensions plan liability	6,077	610	28	6,715
Financial component (see note 13)	6,077	610	28	6,715
	9,090	762	-74	9,778

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

	Group	
Thousands of Euros	Mar 2015	Mar 2014
Balance at the beginning of the period	949,982	974,179
Charge for the period	9,285	12,409
Charge-off	-11,024	-7,952
Transfers, reclassifications and exchange differences	-8,657	5,922
Balance at the end of the period	939,586	984,558

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

	Mar 2015			Mar 2014		
Thousands of Euros	Portugal	Brazil	Group	Portugal	Brazil	Group
Cost for the period						
Current service cost	1,920	150	2,070	1,965	203	2,168
Operational component (see note 9)	1,920	150	2,070	1,965	203	2,168
Net interest on the net medical liabilities and other benefits	3,958	3,257	7,215	6,189	4,052	10,241
Financial component (see note 13)	3,958	3,257	7,215	6,189	4,052	10,241
Net cost for the period	5,878	3,407	9,285	8,154	4,255	12,409

As at 31 March 2015, the current service cost and net interest cost recognised were based on the estimated cost for the period determined actuarially on 31 December 2014.

37. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Provision for legal and labour matters and other contingencies	68,467	69,817	-	-
Provision for customer guarantees under current operations	3,283	3,837	-	-
Provision for dismantling and decommissioning	249,807	240,630	-	-
Provision for other liabilities and charges	153,447	171,255	23,290	22,811
	475,004	485,539	23,290	22,811

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This caption is analysed as follows:

	Group		Company	
Thousands of Euros	**Mar 2015**	**Dec 2014**	**Mar 2015**	**Dec 2014**
Non-Current	452,756	463,975	23,019	22,540
Current	22,248	21,564	271	271
	475,004	485,539	23,290	22,811

EDP and its subsidiaries boards, based on the information provided by legal advisors and on the analysis of pending law suits, booked 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, relates essentially to:

i) Requests for the refund of tariff increases paid by industrial consumers of the Brazilian subsidiaries Bandeirante and Escelsa in the amount of 10,398 thousands of Euros (31 December 2014: 10,905 thousands of Euros). These requests result from the application of Administrative Orders DNAEE 38 of 27 February 1986 and 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 2015, the estimated liability amounts to 5,000 thousands of Euros, corresponding to the initial amount updated to current prices. This process is in a foreclosure stage and an appeal was filled by EDP Produção;

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

As at 31 March 2015, Provision for dismantling and decommissioning includes the following situations:

i) The Group holds a provision of 34,879 thousands of Euros (31 December 2014: 34,682 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 105,085 thousands of Euros (31 December 2014: 96,676 thousands of Euros) to cover the costs of returning the sites to their original state, of which 56,410 thousands of Euros refer to the wind farms of the EDPR NA Group, 47,834 thousands of Euros to the wind farms of the EDPR EU Group, 545 thousands of Euros to the wind farms of the EDPR Brasil Group and 296 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 2015, the provision which amounts to 68,356 thousands of Euros (31 December 2014: 68,015 thousands of Euros) and 41,486 thousands of Euros (31 December 2014: 41,258 thousands of Euros) to the electric power plants located in Portugal and Spain, respectively.

In the course of its normal activity, 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's opinion and its legal advisors 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 were considered as possible, do not require the recognition of provisions and are periodically reassessed. At 31 March 2015, there were no signicant changes compared to 31 December 2014.

As at 31 March 2015, there were no significant changes to the remote contingencies compared to 31 December 2014.

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38. INSTITUTIONAL PARTNERSHIPS IN USA WIND FARMS

The caption Institutional partnership in USA wind farms is analysed as follows:

	Group	
Thousands of Euros	Mar 2015	Dec 2014
Deferred income related to benefits provided	805,985	735,260
Liabilities arising from institutional partnerships in USA wind farms	1,184,462	1,066,703
	1,990,447	1,801,963

EDPR North America books the receipts of institutional investors associated with wind 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, 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).

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 2015	Dec 2014
Government grants for investment in fixed assets	656,432	610,561
Amounts payable for tariff adjustments - Electricity - Portugal	62,429	15,409
Energy sales contracts - EDPR NA	32,082	30,827
Deferred income - CMEC	333,224	306,153
Amounts payable for concessions	224,623	226,832
Other creditors and sundry operations	92,940	79,694
	1,401,730	1,269,476

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

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Suppliers	844,401	1,123,667	177,207	343,696
Accrued costs related with supplies	549,537	405,260	257,288	241,880
Property, plant and equipment suppliers and accruals	635,517	689,946	246	5,630
Holiday pay, bonus and other charges with employees	164,581	154,522	17,967	15,897
CO2 emission licences	132,698	100,688	-	-
Amounts payable for tariff adjustments - Electricity - Portugal	168,099	214,227	-	-
Deferred income - CMEC	56,540	45,669	-	-
Other creditors and sundry operations	486,520	448,276	32,138	31,717
	3,037,893	3,182,255	484,846	638,820

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

Thousands of Euros	Current	Non-Current
Balance as at 1 January 2014	285,274	-
Payment through the electricity tariff	-71,379	-
Tariff adjustment of the period	25,167	75,502
Interest expense	205	193
Transfer to / from tariff adjustment to receive	-12	-
Balance as at 31 March 2014	239,255	75,695
Payment through the electricity tariff	-214,139	-
Tariff adjustment of 2013	106	-
Tariff adjustment of the period	187,560	-60,093
Interest expense	1,703	-
Transfer to / from tariff adjustment to receive	-258	-193
Balance as at 31 December 2014	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

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Government grants for investment in fixed assets correspond to the subsidies for the investment of the Group, being 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. This programm includes a number of energy related tax and policy provisions to benefit the development of wind energy generation, namely (i) a three year extension of the PTC until 2012 and (ii) an option to elect a 30% Investment Tax Credit ("ITC") that could replace the PTC through the duration of the extension. This ITC allows the companies to receive 30% of the amount invested in projects placed in service or with the beginning of construction in 2009 and 2010. In December 2010, the Tax Relief, Unemployment, Insurance and Reauthorization, and Job Creation Act of 2010 was approved and includes an one year extension of the ITC, which allows the companies in the sector to receive 30% of the cash invested in projects with beginning of construction until December 2011 as long as placed in service until December 2012. In 2013 and 2014, the US Congress approved the extension of PTC to the projects with beginning of construction until the end of 2013 and for the projects with the beginning of construction until the end of 2014, respectively.

The caption CO2 emission licenses is related to the CO2 consumptions made during 2014 and 2015 in Portugal and Spain, in the amount of 55,306 thousands of Euros and 77,392 thousands of Euros, respectively. These licenses will be returned until April of the following year of its consumption to regulatory authorities of each country.

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 USD, 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 (see note 7).

Deferred income - CMEC current and non-current in the amount of 389,764 thousands of Euros (31 December 2014: 351,822 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 2014 and including unwinding (see note 13).

Amounts payable for concessions non-current amounts includes the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA of 149,186 thousands of Euros (31 December 2014: 146,618 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 73,711 thousands of Euros (31 December 2014: 78,305 thousands of Euros).

The caption Other creditors and sundry operations - Current, includes 14,317 thousands of Euros related to tariff adjustment payable (31 December 2014: 14,317 thousands of Euros) and the amount of 4,302 thousands of Euros regarding to amounts payable for tariff adjustments in Brazil.

40. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

	Group		Company	
Thousands of Euros	**Mar 2015**	**Dec 2014**	**Mar 2015**	**Dec 2014**
Other liabilities and other payables - Non-Current				
Loans from non-controlling interests	262,281	266,026	-	-
Put options over non-controlling interest liabilities	90	89	-	-
Derivative financial instruments	241,628	197,223	246,544	148,630
Group companies	-	-	1,714,647	1,529,974
Amounts payable for acquisitions and success fees	11,967	10,707	-	-
Other creditors and sundry operations	35,625	43,441	3,313	6,626
	551,591	517,486	1,964,504	1,685,230
Other liabilities and other payables - Current				
Loans from non-controlling interests	88,748	77,691	-	-
Dividends attributed to related companies	96,780	68,393	-	-
Derivative financial instruments	58,122	64,616	131,340	102,710
Group companies	-	-	1,084,078	777,132
Put options over non-controlling interest liabilities	3,687	3,658	-	-
Amounts payable for acquisitions and success fees	6,012	14,150	-	-
Other creditors and sundry operations	11,451	7,287	58,961	33,069
	264,800	235,795	1,274,379	912,911
	816,391	753,281	3,238,883	2,598,141

The caption Loans from non-controlling interests includes the EDPR Portugal loan formerly due to EDPR-EU in the second quarter of 2013 in the amount of 110,529 thousands of Euros that following the sale process of 49% of its shareholding in EDPR Portugal to CTG, shareholder of EDP Group, were acquired by CTG. The maturity date of this loan is December 2022, bearing interest at a fixed rate of 5.5% and the interests are paid half-yearly. At 31 March 2015 this loan amounts to 91,855 thousands of Euros, from which 10,553 thousands of Euros as current and 81,302 thousands of Euros as non-current (see note 45). Additionally, the caption Loans from non-controlling interests Non-Current includes the amount 87,974 thousands of Euros of loans to pay to Vortex, following the sale of 49% of several interests of EDPR France and the fixed rates used for these loans vary between 3.10% and 7.18%.

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The Amounts payable for acquisitions and success fees Current and Non-Current includes mainly the amounts related to the contingent prices of several European (mainly in France, Italy and Poland), U.S.A and Brazilian projects.

The caption Group companies Non-Current on a company basis, of 1,714,647 thousands of Euros (31 December 2014: 1,529,974 thousands of Euros), 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 note 45).

The caption Group companies Current on a company basis includes 844,790 thousands of Euros (31 December 2014: 777,132 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., respectively (see note 45). Additionally, the remaining amount is related with EDP Group's financial system (see notes 27 and 45).

41. CURRENT TAX LIABILITIES

Current tax liabilities are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Income tax	181,177	40,725	6,991	2,386
Withholding tax	36,303	54,721	724	364
Value added tax (VAT)	143,777	105,939	318	2,158
Turnover tax (Brazil)	52,585	49,741	-	-
Social tax (Brazil)	32,098	25,104	-	-
Other taxes	203,509	139,591	499	295
	649,449	415,821	8,532	5,203

As at 31 March 2015, for the Group, the caption Other taxes includes essentially taxes regarding HC Energia Group (include NG Energia) of 104,141 thousands of Euros (31 December 2014: 100,834 thousands of Euros) and EDP Brasil Group of 4,596 thousands of Euros (31 December 2014: 5,511 thousands of Euros). Additionally, includes the amount of 61,496 thousands of Euros, related with the Energetic Sector Contribution, approved by article 228.º of the Law n.º 83-C/2013, 31 December (General State Budget for 2014) and the Law n.º 82-B/2014, 31 December (General State Budget for 2015) foresees the extension of the regime that creates the CESE for the year 2015. The contribution is due by EDP companies that operate in the generation, distribution and supply of electricity and in the distribution and commercialization of natural gas and it is calculated on the value of the companies' assets as provided under by law.

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 2015	Dec 2014
Assets held for sale		
Assets of the business of gas transmission - Naturgas	46,507	164,402
	46,507	164,402
Liabilities held for sale		
Liabilities of the business of gas transmission - Naturgas	-237	-11,328
	-237	-11,328
	46,270	153,074

On 16 December 2014, Naturgas Energía Grupo, S.A. has reached an agreement with Redexis Gas, S.A., a Spanish gas transmission and distribution company held by Goldman Sachs Infrastructure Partners, for the sale of assets in Murcia and in other regions owned by EDP Group in Spain. The transaction perimeter comprises essentially gas distribution assets held by Gas Energía Distribucion Murcia as well as in other Spanish regions (mainly in Extremadura and Gerona), which are not contiguous to Naturgas' existing operations (mostly located in the Basque Country, Cantabria and Asturias regions).

The conclusion of the assets sale held by Gás Energía Distribución Murcia, S.A. has occurred on 30 January 2015. At 31 March 2015 the sale of the remaining distribution assets was pending of the necessary approvals. The sale amounted to 124,338 thousands of Euros, deducted of 2,925 thousands of Euros of transaction fees (see note 5), generating a gain of 77,745 thousands of Euros (see note 7). In this operation, Redexis also paid an intercompany debt of 61,733 thousands of Euros. At the transaction date, Gás Energía Distribución Murcia, S.A. held 1,846 thousands of Euros in Cash and cash equivalents.

Therefore, on 31 March 2015, the remaining assets and liabilities related to this transaction continued to be presented as non-current assets and liabilities held for sale. The significant assets and liabilities classified as assets and liabilities held for sale include mainly: property, plant and equipment (37,518 thousands of Euros), intangible assets (1,430 thousands of Euros) and goodwill (7,313 thousands of Euros). These reclassifications were made only for financial statements presentation purposes, without changing the measurement criteria of these assets and liabilities, being expected that the fair value less costs to sell is higher than the book value of these assets and liabilities in accordance with IFRS 5.

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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 a foreign operations (net investment hedge).

The fair value of the derivative financial instruments portfolio as at 31 March 2015 and 31 December 2014 is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Derivatives held for trading	-24,164	-42,890	93,901	55,104
Fair value hedge	272,178	215,169	620,782	342,231
Cash flow hedge	-20,978	-47,407	-6,098	-16,465
Net Investment hedge	-68,082	-12,965	-	-
	158,954	111,907	708,585	380,870

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 2015 and the year 2014 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 and EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Wibor 3M, Wibor 6M, CAD Libor 3M.
Currency forwards	Fair value indexed to the following exchange rates: EUR/USD, EUR/RON, EUR/PLN, EUR/GBP, EUR/BRL, USD/JPY 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.
OMIP futures	Fair value indexed to the quotes from electricity markets.

44. COMMITMENTS

Financial, operating and real guarantees granted by the EDP Group, not included in the statement of financial position as at 31 March 2015 and 31 December 2014, are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2015	Dec 2014	Mar 2015	Dec 2014
Financial guarantees				
EDP, S.A.	144,763	162,144	144,763	162,144
HC Energia Group	4,005	4,005	-	-
EDP Brasil Group	949,395	1,096,945	-	-
Other	4,183	3,706	-	-
	1,102,346	1,266,800	144,763	162,144
Operating guarantees				
EDP, S.A.	513,057	492,379	513,057	492,379
HC Energia Group	259,338	267,796	-	-
EDP Brasil Group	336,857	317,774	-	-
EDP Renováveis Group	1,970,714	1,453,944	-	-
Other	7,066	7,491	-	-
	3,087,032	2,539,384	513,057	492,379
Total	4,189,378	3,806,184	657,820	654,523
Real guarantees	38,373	53,878	-	-

The financial guarantees contracted as at 31 March 2015 and 31 December 2014 amounts to 1,102,346 thousands of Euros and 1,266,800 thousands of Euros, respectively. These guarantees include 476,968 thousands of Euros and 437,679 thousands of Euros, respectively, relating to loans obtained by Group companies and already included in the consolidated debt. The difference between the amount of financial guarantees and the relating loans already included in the consolidated debt respects mainly to Cachoeira Caldeirão, Jari and Pecém which are being accounted by the equity consolidation method under IFRS 11.

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Operating guarantees contracted as at 31 March 2015 and 31 December 2014 amounts to 3,087,032 thousands of Euros and 2,539,384 thousands of Euros, respectively. These guarantees include, 507,535 thousands of Euros and 142,867 thousands of Euros, respectively, which 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 2015 and 31 December 2014, 320,126 thousands of Euros and 316,722 thousands of Euros, respectively, of guarantees provided to market operators to enable EDP and its subsidiaries to participate in the energy markets.

Regarding the information disclosed above:

i) The Group also has project finance loans with usual guarantees for these loans, namely pledges or promissory pledges over shares, bank accounts and assets relating to the projects. At 31 March 2015 and 31 December 2014 these loans amounted to 966,242 thousands of Euros and 993,409 thousands of Euros, respectively, and are included in the Group's consolidated debt (see note 35);

ii) 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, wilful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 March 2015 and 31 December 2014, EDPR's obligations under the tax equity agreements, in the amount of 1,070,015 thousands of Euros and 948,216 thousands of Euros, respectively, are reflected under the Institutional Partnerships in USA wind farms;

iii) EDP has constituted an escrow deposit in the amount of 183,404 thousands of Euros (160,897 thousands of Euros non-current and 22,507 thousands of Euros current), as presented in note 35, associated with several loans contracted with the EIB. This escrow deposit may be reduced by the repayment of these loans.

The commitments relating to short and medium-long term financial debt, finance lease commitments and other long term commitments (included in the consolidated statement of financial position) and purchase obligations and future lease payments under operating leases (not included in the consolidated statement of financial position) are disclosed, as at 31 March 2015 and 31 December 2014, by maturity, as follows:

	Mar 2015				
	Capital outstanding by maturity				
Thousands of Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Short and long term financial debt (including falling due interest)	22,365,484	3,882,262	6,190,552	7,077,449	5,215,221
Finance lease commitments	7,875	3,389	4,028	458	-
Operating lease commitments	918,222	38,926	76,584	77,852	724,860
Purchase obligations	21,741,456	4,458,404	4,969,518	3,332,029	8,981,505
Other long term commitments	2,151,587	275,121	493,801	449,694	932,971
	47,184,624	8,658,102	11,734,483	10,937,482	15,854,557

	Dec 2014				
	Capital outstanding by maturity				
Thousands of Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Short and long term financial debt (including falling due interest)	23,272,366	4,346,053	7,150,585	5,919,990	5,855,738
Finance lease commitments	7,316	3,207	3,731	378	-
Operating lease commitments	779,398	32,876	62,604	63,812	620,106
Purchase obligations	21,784,070	4,387,274	5,189,739	3,256,461	8,950,596
Other long term commitments	2,152,878	276,060	494,153	449,694	932,971
	47,996,028	9,045,470	12,900,812	9,690,335	16,359,411

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 the Europe, United States of America and Brazil and to comply with medium and long term investment objectives of the Group.

The short and long term debt corresponds to the balance of borrowings and related falling due interest, contracted by the Group with bank entities, non-convertible bonds, commercial paper and other borrowings. Interest was calculated based on interest rates in force at the end of the period.

Falling due finance lease commitments relate to Property, plant and equipment acquired by the Group under finance lease contracts. These amounts include capital outstanding and interests.

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Purchase obligations include essentially obligations of long term contracts relating to the supply of products and services in the normal course of the Group's operations. Prices defined under forward contracts are used in estimating the amount of contractual commitments. The nature of this type of commitments is related with:

Thousands of Euros	Mar 2015	Dec 2014
Fixed assets	2,576,195	2,527,734
Fuels and electricity	18,287,345	18,296,545
Other supplies and services	877,916	959,791
	21,741,456	21,784,070

Fuels and electricity include 11,824,075 thousands of Euros related with very long-term contracts for energy acquisition that are projected until the end of the contract considering the expected inflation in respective country and discounted at present value using the average cost of capital (WACC) of the EDP Group.

Other long term commitments relate to Group's liabilities relating essentially to pension and medical plans and other benefits, classified in the caption benefits to employees in the consolidated statement of financial position (see note 36).

As at 31 March 2015, 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 Liberbank for "Quinze Mines" share capital (51% of total share capital). Liberbank has an equivalent put option over EDP. These options can be exercised between 17 July 2014 and 17 July 2016, being the price of exercising the option determined by an investment bank valuation process;

- 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 in operation;

- 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;

- EDP holds, through its subsidiary EDP - Gestão da Produção de Energia, S.A., a call option of 2.67% of the share capital of Greenvouga and their supplementary capital on Martifer Renewables, S.A. exercisable at any time. Moreover, Martifer Renewables, S.A., holds a put option of 2.67% of the share capital of Greenvouga and their supplementary capital on EDP - Gestão da Produção de Energia, S.A., that can only be exercised within one year from the date of issuance of the license of Ribeiradio-Ermida hydroelectric plants. The stock price and the price of supplementary capital, in the event of exercise of the options listed, corresponds to their nominal value plus an equity component possible in the amount of 1,750 thousands of Euros;

- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a call option of the remaining 40% of the share capital of J&Z Wind Farms SP. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised between 3 and 5 years after the start of construction works of the first wind farm;

- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a call option of the remaining 35% of the share capital of Molen Wind II, S.P. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised up to 2 years after the maturity of the financial debt for the wind farm construction.

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 holds 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 the interests are paid half-yearly. At 31 March 2015, this loan amounts to 91,855 thousands of Euros (see note 40).

Balances and transactions with subsidiaries, joint ventures and associates

In the normal course of its business, EDP Group companies established commercial transactions and operations with other Group companies, whose terms reflect normal market conditions.

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

Credits

	March 2015			
Thousands of Euros	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
Balwerk	8,492	200,038	-	208,530
EDP Comercial	66,579	45,269	197,012	308,860
EDP Distribuição	-	2,884,116	64,646	2,948,762
EDP Finance BV	-	-	126,738	126,738
EDP Produção	-	4,374,856	214,095	4,588,951
EDP Imobiliária e Participações	1,027	121,039	52	122,118
EDP Renováveis	-	-	627,317	627,317
Others	20,167	59,173	185,157	264,497
	96,265	7,684,491	1,415,017	9,195,773

	December 2014			
Thousands of Euros	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
Balwerk	-	210,000	24	210,024
EDP Comercial	24,777	45,471	194,828	265,076
EDP Distribuição	4,711	2,847,897	29,352	2,881,960
EDP Finance BV	-	-	59,975	59,975
EDP Produção	334,618	4,332,139	206,128	4,872,885
EDP Imobiliária e Participações	383	120,741	82	121,206
EDP Renováveis	-	-	350,446	350,446
Others	14,796	45,181	174,593	234,570
	379,285	7,601,429	1,015,428	8,996,142

Debits

	March 2015			
Thousands of Euros	Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total
EDP Finance BV	-	10,625,570	122,920	10,748,490
EDP Produção	33,178	-	282,659	315,837
EDP Serviço Universal	-	-	48,466	48,466
Pebble Hydro	-	79,524	803	80,327
Naturgas Comercializadora	-	-	60,878	60,878
Others	302,375	1	172,865	475,241
	335,553	10,705,095	688,591	11,729,239

The amount of 10,625,570 thousands of Euros includes three intragroup bonds issuence by EDP Finance BV to EDP SA as at 31 March 2015, in the total amount of 5,407,105 thousands of Euros, of variable rate at medium-long term (5 and 7 years).

	December 2014			
Thousands of Euros	Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total
EDP Finance BV	-	10,668,797	91,815	10,760,612
EDP Produção	-	-	420,542	420,542
EDP Serviço Universal	-	-	99,641	99,641
Pebble Hydro	-	78,038	927	78,965
Naturgas Comercializadora	-	-	37,093	37,093
Others	81,982	24,704	153,652	260,338
	81,982	10,771,539	803,670	11,657,191

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

Expenses

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

	March 2014			
Thousands of Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Expenses	Total
EDP Finance BV	-	-94,109	-22,490	-116,599
EDP Produção	-	-	-298,754	-298,754
Empresa Hidroeléctrica do Guadiana	-	-	-14,152	-14,152
EDP Renewables Europe	-	-	-2,937	-2,937
Others	-50	-848	-48,655	-49,553
	-50	-94,957	-386,988	-481,995

Income

	March 2015			
Thousands of Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Income	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
Others	217	3,423	154,706	158,346
	1,691	115,930	495,340	612,961

	March 2014			
Thousands of Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Income	Total
EDP Comercial	252	101	203,948	204,301
EDP Distribuição	5,351	40,189	10,731	56,271
EDP Gás.Com	135	-	45,408	45,543
EDP Produção	943	72,548	33,687	107,178
Others	1,178	5,882	69,547	76,607
	7,859	118,720	363,321	489,900

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

Assets and Liabilities

	March 2015		
Thousands of Euros	Assets	Liabilities	Net Value
Joint Ventures			
EDP Produção Bioeléctrica	15,308	3,821	11,487
Cide HC Energía	2,263	9,398	-7,135
Porto de Pecém	134,471	1,981	132,490
Others	10,109	1,361	8,748
	162,151	16,561	145,590
Associates			
ENEOP - Eólicas de Portugal	399,098	-	399,098
Seaenergy Renewables Inch.Cape	25,966	-	25,966
Setgas	9,152	195	8,957
Parque Eólico Sierra del Madero	14,299	-	14,299
Others	14,058	905	13,153
	462,573	1,100	461,473
	624,724	17,661	607,063

	December 2014		
Thousands of Euros	Assets	Liabilities	Net Value
Joint Ventures			
EDP Produção Bioeléctrica	15,204	5,055	10,149
Cide HC Energía	4,254	1,310	2,944
Porto de Pecém	141,545	2,260	139,285
Others	8,577	7,549	1,028
	169,580	16,174	153,406
Associates			
ENEOP - Eólicas de Portugal	393,463	-	393,463
Seaenergy Renewables Inch.Cape	21,541	-	21,541
Setgas	9,032	-	9,032
Parque Eólico Sierra del Madero	14,198	-	14,198
Others	14,675	531	14,144
	452,909	531	452,378
	622,489	16,705	605,784

Transactions

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

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	March 2014			
Thousands of Euros	Operating Income	Financial Income	Operating Expenses	Financial Expenses
Joint Ventures				
EDP Produção Bioeléctrica	456	79	-9,266	-
Cide HC Energía	19,773	15	-26	-
Porto de Pecém	6,732	1,300	-4,643	-
Others	238	4	-1,003	-3,994
	27,199	1,398	-14,938	-3,994
Associates				
ENEOP - Eólicas de Portugal	-	4,794	-	-
Korsokuntza AIE-2	1,779	-	-	-
Setgas	142	124	-80	-
Others	679	288	-291	-
	2,600	5,206	-371	-
	29,799	6,604	-15,309	-3,994

46. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of financial assets and liabilities as at 31 March 2015 and 31 December 2014 is analysed as follows:

	Group Mar 2015			Group Dec 2014		
Thousands of Euros	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available for sale investments	267,654	267,654	-	224,457	224,457	-
Trade receivables	2,140,318	2,140,318	-	2,119,694	2,119,694	-
Debtors / other assets from commercial activities	4,534,541	4,534,541	-	4,786,268	4,786,268	-
Other debtors and other assets	730,945	730,945	-	725,979	725,979	-
Derivative financial instruments	458,704	458,704	-	373,746	373,746	-
Financial assets at fair value through profit or loss	13,208	13,208	-	10,665	10,665	-
Collateral deposits / financial debt	276,894	276,894	-	429,170	429,170	-
Cash and cash equivalents	2,236,129	2,236,129	-	2,613,995	2,613,995	-
	10,658,393	10,658,393	-	11,283,974	11,283,974	-
Financial liabilities						
Financial debt	19,509,214	20,488,059	978,845	20,298,183	21,191,600	893,417
Suppliers and accruals	1,479,918	1,479,918	-	1,813,613	1,813,613	-
Institutional partnerships in USA wind farms	1,990,447	1,990,447	-	1,801,963	1,801,963	-
Trade / other payables from commercial activities	2,303,273	2,303,273	-	2,027,557	2,027,557	-
Other liabilities and other payables	516,641	516,641	-	491,442	491,442	-
Derivative financial instruments	299,750	299,750	-	261,839	261,839	-
	26,099,243	27,078,088	978,845	26,694,597	27,588,014	893,417

Considering the EDP Group’s structure of financial assets and liabilities booked at amortised cost has essentially a short term nature and level 2, the effect of changes in the fair value has not been 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.

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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;
- Level 3 – Fair value of the assets and liabilities calculated with inputs that are not based on observable market information.

	31 March 2015			31 December 2014		
Thousands of Euros	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale investments	155,685	62,715	49,254	116,383	59,584	48,490
Derivative financial instruments	-	458,704	-	-	373,746	-
Financial assets at fair value through profit or loss	13,208	-	-	10,665	-	-
	168,893	521,419	49,254	127,048	433,330	48,490
Financial liabilities						
Derivative financial instruments	-	299,750	-	-	261,839	-
	-	299,750	-	-	261,839	-

As at 31 March 2015 and 2014, the movement in financial assets and liabilities included in level 3 is analysed as follows:

	Available for sale investments	
Thousands of Euros	Mar 2015	Mar 2014
Balance at beginning of period	48,490	47,729
Change in fair value	546	283
Acquisitions	234	227
Disposals	-	-2
Impairment	-3	-92
Transfers and other changes	-13	96
Balance at the end of the period	49,254	48,241

The assumptions used in the determination of Available for sale investments fair value are described in note 21, as stated in IFRS 13.

47. RELEVANT OR SUBSEQUENT EVENTS

EDPR executes a new asset rotation transaction in the US

On 18 March 2015, EDP Renováveis S.A. (EDPR) has reached an agreement with DIF Infrastructure III (DIF III), to sell a 49% equity shareholding in an operating solar PV power plant with 30 MW. The Lone Valley solar PV power plant, located in the state of California, achieved COD in the last quarter of 2014 and sells its output through two 20-year Power Purchase Agreement (PPA). The completion of the transaction is subject to customary closing conditions.

Based on the transaction price and the institutional equity financing established in September 2014, the enterprise value for 100% of the assets amounts to 3.1million USD/MW.

Asset rotation - Approval by regulatory authorities

During the third quarter 2014, EDPR reached an agreement with Fiera Axium Infrastructure US LP (Fiera Axium) for the sale of a minority interest in a portfolio of wind assets in the US with a capacity of 1,101 MW.

The transaction was subject to appropriate regulatory approvals and these approvals were obtained on April 2015.

Qualified Shareholding - Qatar Holding

On 13 April 2015, Qatar Holding Luxembourg II S.à.r.l (QH Lux II), a company incorporated under Luxembourg law, notified EDP that transferred, on 7 April 2015, to Qatar Holding LLC (QH LLC), a company established as a limited liability company in the Qatar Financial Center, 82,868,933 ordinary shares, representing 2.27% of the share capital and voting rights of EDP.

As a result of the above, QH Lux II no longer holds any participation in share capital and voting rights of EDP, and QH LLC now holds a direct interest in the share capital of EDP. QH Lux II is owned by QH LLC, which is fully owned by the Qatar Investment Authority, a company wholly owned by the Qatar Government.

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Qualified Shareholding - BlackRock

On 13 April 2015, BlackRock, Inc. (BlackRock) notified EDP that it holds a qualifying shareholding of 183,572,500 ordinary shares of EDP, which corresponds to 5.02% of EDP's share capital and of the respective voting rights.

On 24 April 2014, BlackRock notified EDP that, it holds a qualifying shareholding of 182,733,180 ordinary shares of EDP, which corresponds to 4.997% of EDP's share capital and of the respective voting rights. The 5.00% of EDP's share capital was crossed on 20 April 2015.

48. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED

The new standards and interpretation that have been issued and are already effective and that the Group has applied on its consolidated financial statements are the following:

- IFRIC 21 - Levies

No significant impact in the Group resulted from the adoption of this interpretation.

- Annual Improvement Project (2011-2013)

No significant impact in the Group resulted from the adoption of these amendment.

Standards, amendments and interpretations issued but not yet effective for the Group:

- IFRS 9 - Financial Instruments;
- IFRS 10 (Amended) and IAS 28 (Amended) - Sale or Contribution of Assets between na Investor and its Associate or Joint Venture;
- IFRS 10 (Amended), IFRS 12 (Amended) and IAS 28 (Amended) - Investment Entities: Applying the consolidation exception;
- IFRS 11 (Amended) - Accounting for Acquisitions of Interests in Joint Operations;
- IFRS 15 - Revenue from the Contracts with Customers;
- IFRS 14 - Regulatory Deferral Accounts;
- IAS 1 (Amended) - Initiative Disclosures;
- 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;
- Annual Improvement Project (2010-2012);
- Annual Improvement Project (2012-2014).

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 Serviços Partilhados Comerciais"), Department of EDP Spain Foundation ("Direcção da Fundação EDP Espanha") and IT Department ("Direcção de Sistemas de Informação") ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory, being provided with 172 human resources as at 31 March 2015, including 84 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.

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The condensed statement of financial position of the Branch as at 31 March 2015 and 31 December 2014 is analysed as follows:

	EDP Branch	
Thousands of Euros	**Mar 2015**	**Dec 2014**
Investments in subsidiaries:		
- EDP Renováveis, S.A.	2,939,889	2,939,889
- Hidroeléctrica del Cantábrico, S.A. (HC Energia)	2,093,601	2,093,601
- EDP Servicios Financieros (España), S.A.	482,695	482,695
- EDP Investments and Services, S.L.	281,854	281,854
Deferred tax assets	55,376	21,599
Other debtors and others assets	236,595	130,772
Total Non-Current Assets	6,090,010	5,950,410
Trade receivables	8,992	7,892
Debtors and other assets	449,316	268,288
Tax receivable	23,440	85,350
Cash and cash equivalents	1,531	1,391
Total Current Assets	483,279	362,921
Total Assets	6,573,289	6,313,331
Equity	3,927,707	3,948,525
Employee benefits	1,221	1,346
Trade and other payables	1,714,647	1,529,974
Provisions	5,147	4,791
Total Non-Current Liabilities	1,721,015	1,536,111
Trade and other payables	923,908	826,283
Tax payable	659	2,412
Total Current Liabilities	924,567	828,695
Total Liabilities	2,645,582	2,364,806
Total Equity and Liabilities	6,573,289	6,313,331

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;

• 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;

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• In December 2014, EDP Distribuição - 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 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;

• 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 Service 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.

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 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;
• 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.;
• Pebble-Hydro – Consultoria, Investimentos e Serviços, Lda.

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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.L.;
• 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;
• 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.;
• 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 criterion 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".

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the three-month period ended at 31 March 2015

In each business segment, the Operating Investment caption includes increases in Property, Plant and Equipment and in Intangible Assets, excluding CO2 licences and Green certificates, net of increases in Government grants, customers contributions for investment and sales of properties in the period.

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.

ANNEX I

EDP Group Operating Segments Report
31 March 2015

	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	-60,581	-70,450	-26,621	-17,499	-179,383
Gross Operating Profit	153,098	107,471	323,868	318,617	129,003	1,032,057
Provisions	-54	1,491	-93	-	-2,266	-922
Amortisation and impairment	-39,005	-49,591	-81,790	-123,562	-28,093	-322,041
Operating Profit	114,039	59,371	241,985	195,055	98,644	709,094
Equity method in joint ventures and associates	158	93	98	8,958	-11,863	-2,556
Assets (31 March 2015)	3,881,941	7,431,101	8,903,981	13,496,201	2,981,638	36,694,862
Liabilities (31 March 2015)	905,736	1,374,994	2,492,526	1,242,317	667,297	6,682,870
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 Receipts from energy sales and services and others of Reported Segments	**5,257,411**
Receipts from energy sales and services and others from Other Segments	115,834
Adjustments and Inter-segments eliminations	-1,237,908
Total Receipts from energy sales and services and others 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	**1,032,057**
Gross Operating Profit from Other Segments	-7,286
Adjustments and Inter-segments eliminations	-7,358
Total Gross Operating Profit of EDP Group	**1,017,413**
Total Operating Profit of Reported Segments	**709,094**
Operating Profit from Other Segments	-13,711
Adjustments and Inter-segments eliminations	-15,171
Total Operating Profit of EDP Group	**680,212**
Total Assets of Reported Segments	**36,694,862**
Assets Not Allocated	5,771,978
Financial Assets	3,730,998
Taxes Assets	516,131
Other Assets	1,524,849
Assets from Other Segments	833,612
Inter-segments assets eliminations	-590,713
Total Assets of EDP Group (31 March 2015)	**42,709,739**
Total Liabilities of Reported Segments	**6,682,870**
Liabilities Not Allocated	23,967,885
Financial Liabilities	19,509,451
Institutional partnership in USA wind farms	1,990,447
Taxes Liabilities	1,405,800
Other payables	1,058,619
Hydrological correction account	3,568
Liabilities from Other Segments	967,250
Inter-segments Liabilities eliminations	-1,149,489
Total Liabilities of EDP Group (31 March 2015)	**30,468,516**
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	**-179,383**	-6,803	409	**-185,777**
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**

EDP Group Operating Segments Report
31 March 2014

	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	277,902	2,214,361	1,821,522	348,532	669,061	5,331,378
Gross Profit	207,270	290,530	440,644	344,560	194,267	1,477,271
Other income	1,718	8,373	11,965	47,083	6,367	75,506
Supplies and services	-13,220	-47,263	-93,273	-58,839	-34,029	-246,624
Personnel costs and employee benefits	-16,884	-16,472	-43,539	-17,513	-27,259	-121,667
Other costs	-3,353	-43,071	-70,808	-26,327	-12,740	-156,299
Gross Operating Profit	175,531	192,097	244,989	288,964	126,606	1,028,187
Provisions	-5,111	-1,214	810	-	-1,178	-6,693
Amortisation and impairment	-38,589	-48,916	-82,642	-110,363	-27,109	-307,619
Operating Profit	131,831	141,967	163,157	178,601	98,319	713,875
Equity method in joint ventures and associates	-198	2,356	32	12,211	-4,311	10,090
Assets (31 December 2014)	4,034,487	7,520,887	9,164,652	12,584,855	3,172,425	36,477,306
Liabilities (31 December 2014)	860,932	1,410,455	2,595,834	1,183,479	662,920	6,713,620
Operating Investment	2,701	124,357	69,675	43,897	26,353	266,983

Reconciliation of information between Operating Segments and Financial Statements for December March 2014

Thousands of Euros	
Total Revenues from energy sales and services and other of Reported Segments	**5,331,378**
Revenues from energy sales and services and other from Other Segments	125,867
Adjustments and Inter-segments eliminations	-1,130,032
Total Revenues from energy sales and services and other of EDP Group	**4,327,213**
Total Gross Profit of Reported Segments	**1,477,271**
Gross Profit from Other Segments	116,657
Adjustments and Inter-segments eliminations	-110,889
Total Gross Profit of EDP Group	**1,483,039**
Total Gross Operating Profit of Reported Segments	**1,028,187**
Gross Operating Profit from Other Segments	61
Adjustments and Inter-segments eliminations	2,153
Total Gross Operating Profit of EDP Group	**1,030,401**
Total Operating Profit of Reported Segments	**713,875**
Operating Profit from Other Segments	-5,193
Adjustments and Inter-segments eliminations	-9,188
Total Operating Profit of EDP Group	**699,494**
Total Assets of Reported Segments	**36,477,306**
Assets Not Allocated	6,321,542
Financial Assets	4,315,663
Taxes Assets	590,400
Other Assets	1,415,479
Assets from Other Segments	867,344
Inter-segments assets eliminations	-793,175
Total Assets of EDP Group (31 December 2014)	**42,873,017**
Total Liabilities of Reported Segments	**6,713,620**
Liabilities Not Allocated	24,436,208
Financial Liabilities	20,309,511
Institutional partnership in USA wind farms	1,801,963
Taxes Liabilities	1,220,565
Other payables	1,103,159
Hydrological correction account	1,010
Liabilities from Other Segments	1,093,707
Inter-segments Liabilities eliminations	-1,339,662
Total Liabilities of EDP Group (31 December 2014)	**30,903,873**
Total Operating Investment of Reported Segments	**266,983**
Operating Investment from Other Segments	10,792
Total Operating Investment of EDP Group	**277,775**

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations	Total of EDP Group
Other income	**75,506**	7,776	-11,970	**71,312**
Supplies and services	**-246,624**	-73,989	118,256	**-202,357**
Personnel costs and employee benefits	**-121,667**	-47,243	4,900	**-164,010**
Other costs	**-156,299**	-3,139	1,855	**-157,583**
Provisions	**-6,693**	-192	-	**-6,885**
Amortisation and impairment	**-307,619**	-5,061	-11,342	**-324,022**
Equity method in joint ventures and associates	**10,090**	1,580	-9	**11,661**

ANNEXES

AN ENERGY THAT TRANSFORMS OPPORTUNITIES

Making a difference to our customers' lives, offering them innovative solutions, and also to the lives of employees and shareholders, combining rigorous ethical conduct with enthusiasm and initiative.

THE EXECUTIVE BOARD OF DIRECTORS

António Luís Guerra Nunes Mexia (Chairman)

Nuno Maria Pestana de Almeida Alves

João Manuel Manso Neto

António Fernando Melo Martins da Costa

João Marques da Cruz

Miguel Stilwell de Andrade

Miguel Nuno Simões Nunes Ferreira Setas

Rui Manuel Rodrigues Lopes Teixeira

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LIMITED REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION PREPARED BY INDEPENDENT AUDITOR REGISTERED IN CMVM

(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 2015, of EDP – Energias de Portugal, S.A. which includes: the condensed consolidated statement of financial position (with a total assets of Euros 42,709,739 thousand and total equity attributable to the shareholders of Euros 8,994,572 thousand including a consolidated net profit of Euros 297,062 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

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.

4 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

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 2015, 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, 7 May 2015

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
Represented by
Vítor Manuel da Cunha Ribeirinho (ROC nr. 1081)

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LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION PREPARED BY INDEPENDENT AUDITOR REGISTERED IN CMVM

(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 2015, of EDP – Energias de Portugal, S.A. which includes: the condensed statement of financial position (with a total assets of Euros 21,025,784 thousand and total equity of Euros 7,186,544 thousand including a net profit of Euros 20,540 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.

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 2015, 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, 7 May 2015

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
Represented by
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