



ENERGY AS THE NEW ART

INTERIM REPORT
30TH JUNE 2017

ENERGY AS THE NEW ART

40 years of EDP

It's time to celebrate energy

Over these 40 years, the world has changed and energy has changed with it. Through the art of reinventing, innovating, revolutionizing and transforming the future. Through creativity driven by the engine of technology. Today we look at the past as a gallery of memories that inspires us to prompt new creations. Energy embodies an infinite narrative built every day as an inexhaustible and inspiring work of art.

Energy as the new Art

ENERGY AS THE NEW ART

Index

01	EDP	
	EDP in the world	4
	EDP in numbers	8
	Value Chain	10
	Vision, Values and Commitments	11
	Business Structure	12
	Recognition	13
	Goals and Targets	15
02	Performance	
	EDP Group Business Evolution	19
	Key Indicators	22
	Complementary Indicators	26
03	Corporate Governance	33
04	Financial Statements	57
05	Annexes	137



renewables

Canada

United States

United Kingdom

Belgium

France

Spain
Portugal

Poland

Romania

Italy

Mexico

Brazil

Angola

Present in 14 countries and has 9.8 million electricity customers

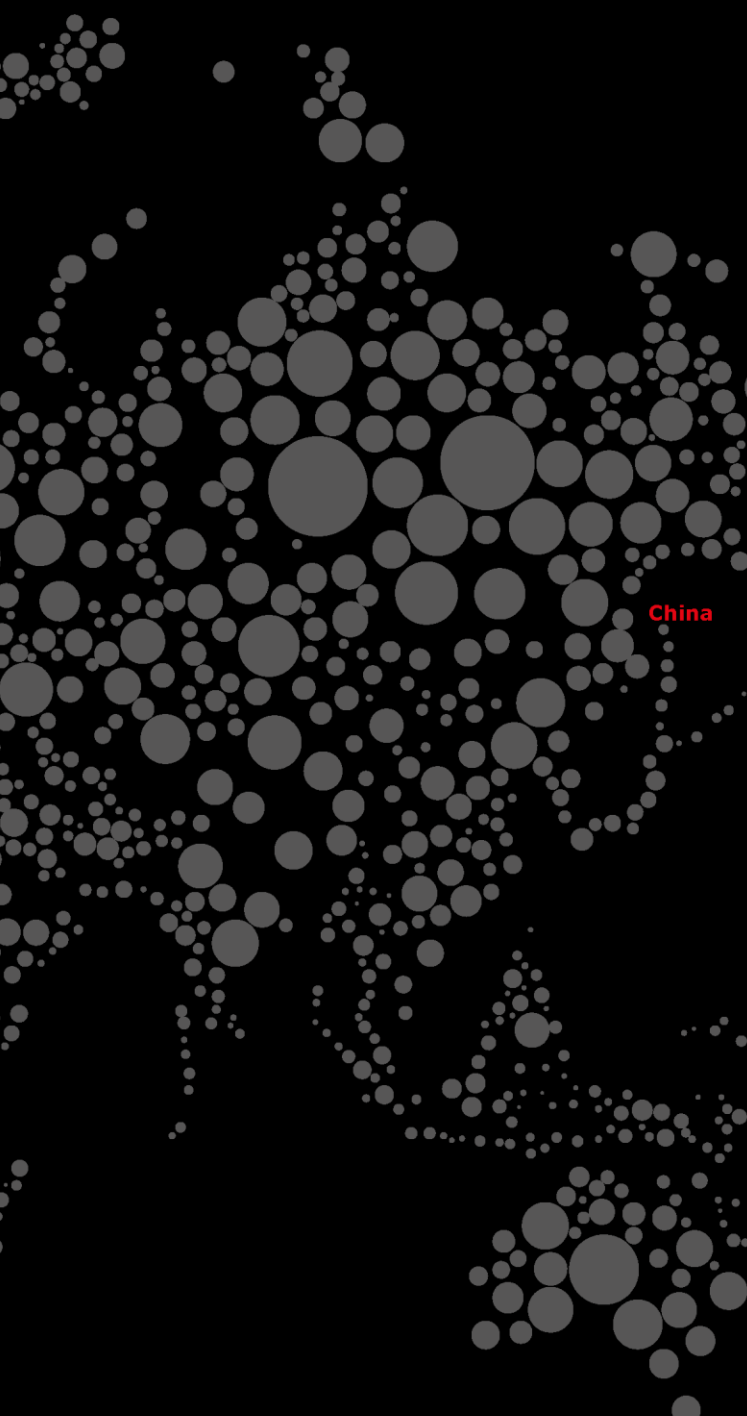
EDP – Energias de Portugal, S.A. is a listed company (“sociedade aberta”), whose ordinary shares are publicly traded in the “Eurolist by NYSE Euronext Lisbon, Mercado de Cotações Oficiais”. EDP is established in Portugal, organized under the laws of Portugal and registered with the Commercial Registry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

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

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

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

EDP has a relevant presence in the world energy landscape, being present in 14 countries, with 9.8 million electricity customers, 1.5 million gas customers and approximately 12 thousand employees around the world. On June 30, 2017, EDP had an installed capacity of 26 GW and generated 36TWh during the first half of 2017, of which 60% from renewable sources.



EDP in the World



6,433	employees
5,400,754	electricity customers
679,082	gas customers
11,405 MW	installed capacity
13,022 GWh	net generation
22,094 GWh	electricity distributed
3,808 GWh	gas distributed



1,890	employees
1,097,289	electricity customers
861,966	gas customers
5,723 MW	installed capacity
186 MW	installed capacity equity²
7,957 GWh	net generation
4,633 GWh	electricity distributed
15,910 GWh	gas distributed



2,943	employees
3,346,599	electricity customers
2,670 MW	installed capacity
296 MW	installed capacity equity²
4,601 GWh	net generation
12,392 GWh	electricity distributed
127 MW	capacity under construction
231 MW	capacity under construction equity²

France 100% GENERATION FROM RENEWABLE SOURCES¹

56 **employees**

406 MW installed capacity
402 GWh net generation
4 MW capacity under construction

Belgium 100% GENERATION FROM RENEWABLE SOURCES¹

2 **employees**

71 MW installed capacity
62 GWh net generation

Italy 100% GENERATION FROM RENEWABLE SOURCES¹

24 **employees**

144 MW installed capacity
167 GWh net generation

Poland 100% GENERATION FROM RENEWABLE SOURCES¹

37 **employees**

418 MW installed capacity
531 GWh net generation

Romania 100% GENERATION FROM RENEWABLE SOURCES¹

33 **employees**

521 MW installed capacity
531 GWh net generation

United States 100% GENERATION FROM RENEWABLE SOURCES¹⁵

469 **employees**

4,631 MW installed capacity
179 MW installed capacity equity²
7,863 GWh net generation
502 MW capacity under construction

Canada 100% GENERATION FROM RENEWABLE SOURCES¹

5 **employees**

30 MW installed capacity
44 GWh net generation

Mexico 100% GENERATION FROM RENEWABLE SOURCES¹

9 **employees**

200 MW installed capacity
284 GWh net generation

United Kingdom renewables

34 **employees**

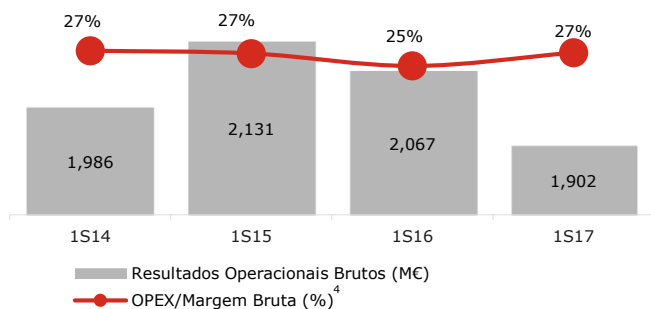
China and Angola

offices

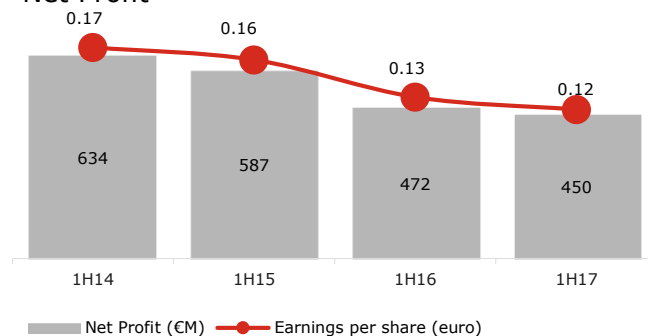
¹ Includes hydro, wind and solar.
² Accounted according to the equity method.

EDP in Numbers

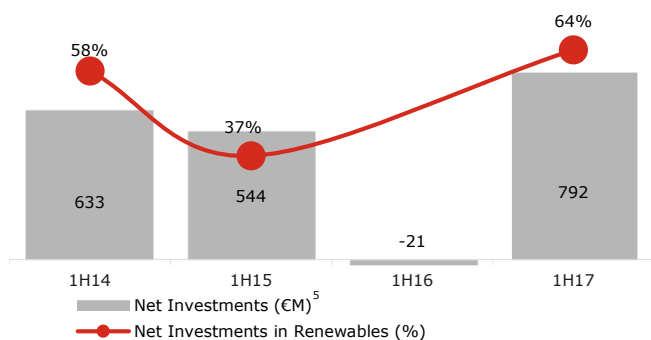
Resultados Operacionais Brutos



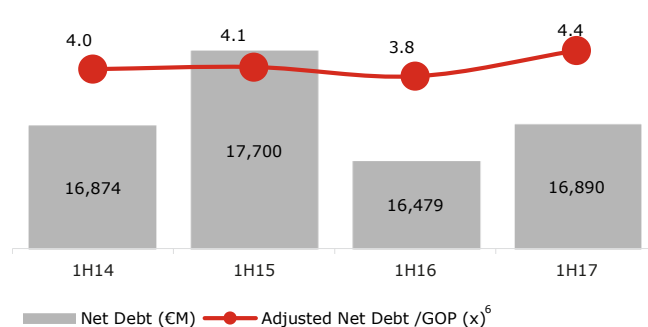
Net Profit¹



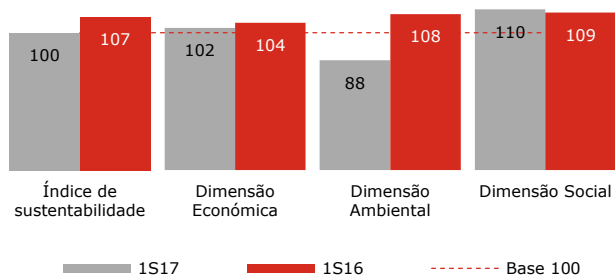
Net Investments²



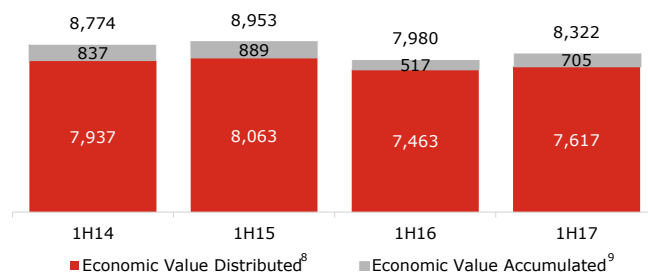
Net Debt³



Índice de Sustentabilidade EDP



Economic Value Generated (€M)



¹ Net Profit attributable to EDP Equity holders.

² From 2016, considers Capex (excluding REPSOL assets acquisition), organic Financial Investments and Divestments ("Asset Rotation") including granted and/or sold shareholder loans.

³ Includes Financial Debt, Cash and Equivalents, Short-term financial assets at fair-value, fair value hedge and collateral deposits associated to financial debt and 50% of the amount related with the emission of subordinated debt instrument (hybrid). Till December 31st 2016 also included net investment hedge.

⁴ (Supplies and Services + Personnel Costs and Employee Benefits - Curtailment) / (Gross Profit + Income arising from Institutional Partnerships).

⁵ Includes Net Investments from hydro, wind and solar generation.

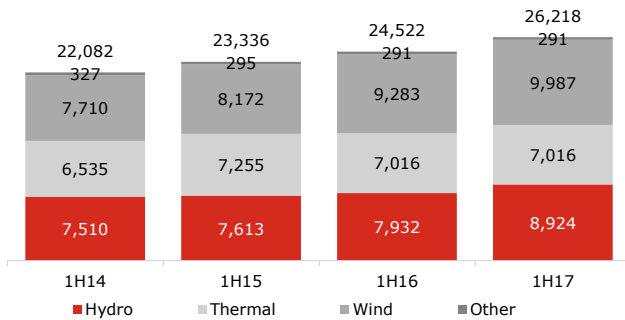
⁶ Net Debt adjusted by amounts receivable from tariff adjustments and amounts receivable through the CMEC revisibility calculation.

⁷ Generated Economic Value (GEV): Turnover + Other Operating Income + gains/losses with the sale of financial assets + financial income + share of profit in associates.

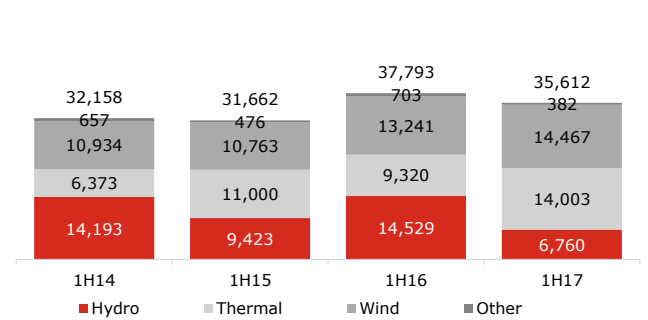
⁸ Distributed Economic Value (DEV): Cost of Sales + Operating Expenses + Other Operating Expenses + Current Tax + Financial Expenses + Dividend Payment

⁹ Accumulated Economic Value: GEV - DEV.

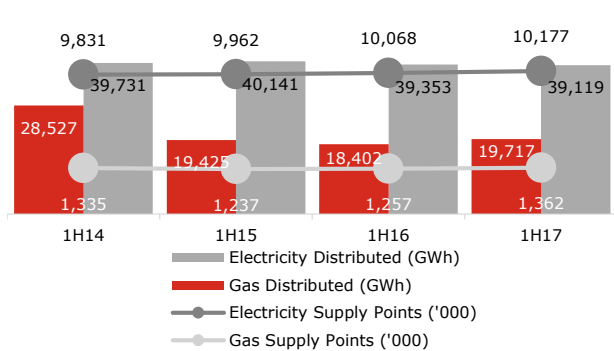
**Electricity Generation
Installed Capacity (MW)**



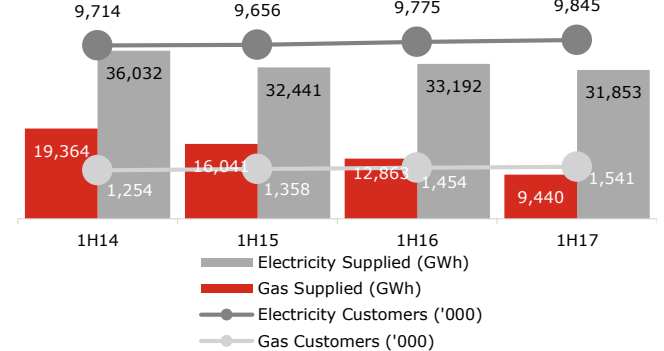
**Electricity Generation
Net Generation (GWh)**



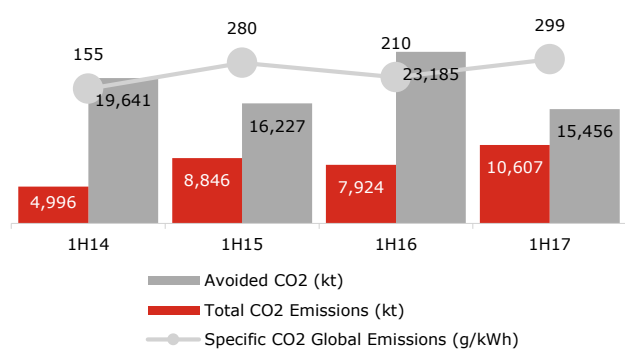
Electricity and Gas Distribution



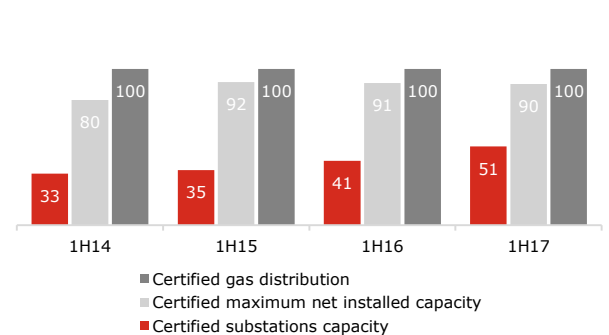
Electricity and Gas Supply



CO₂ Emitted and Avoided

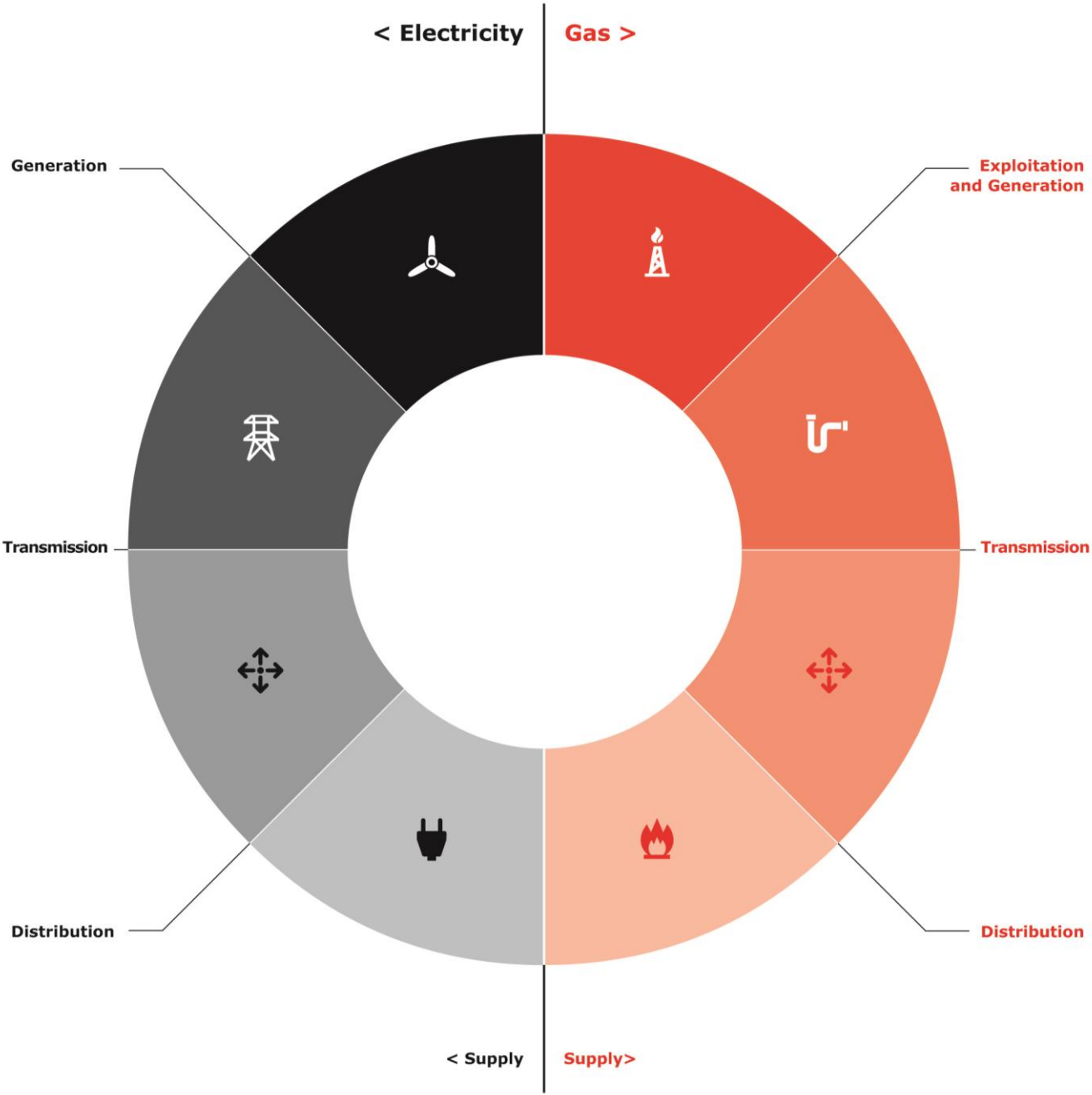


ISO 14001:2004 Certification (%)¹⁰



¹⁰ In Portugal, the commercial activity is 100% certified, since 2015, by ISO 140001

Value Chain



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 towards the development of the regions in which we operate.
- 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 clientes and answer in a simple and clear manner.
- We surprise our clientes by anticipating their needs.

Business Structure

Iberia		EDP Renewables		EDP Brasil	
Portugal	Spain				
Electricity Generation					
EDP Produção	HC Energía	EDP Renováveis Portugal	EDP Renewables España	Energest	Porto do Pecém
EDP Produção Bioeléctrica*	HC Cogeneración*	EDP Renewables France	EDP Renewables Belgium	Lajeado Energia	EDP PCH
	Bioastur*	EDP Renewables Polska	EDP Renewables Romania	Enerpeixe	Costa Rica
		EDP Renewables North America	EDP Renewables Canada	Santa Fé	CEJA (Jari)*
		EDP Renewables Italia	EDP Renováveis Brasil		
		EDPR UK		Cachoeira Caldeirão*	São Manoel*
Electricity and Gas Distribution					
EDP Distribuição	HC Distribución			EDP Bandeirante	EDP Escelsa
EDP Gás Distribuição	Naturgas Distribución				
Electricity and Gas Supply and Trading					
EDP Serviço Universal	EDP Comercializadora			EDP Comercializadora	EDP Grid
EDP Comercial	EDP Comercializadora Último Recurso			EDP Soluções em Energia	
EDP Gás Serviço Universal	EDP Empresas de Servicios Energéticos				
EDP Gás.Com	CIDE HC Energia*				

*Equity Consolidated Method

Recognition Group

Mar: Ethisphere Institute - World's Most Ethical Companies 2017

The World's Most Ethical Companies in 2017, published by the Ethisphere Institute, includes 124 companies from 19 countries and recognizes the EDP Group for its sixth consecutive year.

Mar: European Excellence Awards in Human Resources – Diversity Management

EDP won the Diversity Management category of the European Excellence Awards in HR 2017, with the EDP Group's Strategic Inclusion and Diversity Plan. These awards recognized, for the first time, Human Resources organizations and teams that excelled in implementing innovative strategies and practices in responding to modern challenges in people management.

Mar: Science Based Targets initiative (SBTi)

The SBTi recognised the alignment of EDP's targets with the development and decarbonisation scenarios for the electric sector, based on the projections by the UN Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), compatible with an increase in global temperature of less than 2°C, the base scenario of the Paris Agreement.

Jun: IR Magazine Awards

EDP occupies the 7th place at European level, in the Investor Relations and is the best Portuguese company in the ranking. EDP Renováveis was awarded the 3rd place of small and medium market capitalization companies.

Jun: Reputational Sustainability Award

EDP was recognized by On Strategy, in partnership with the Corporate Excellence Foundation, with the "Reputational Sustainability" award and the "Reputational Leadership and Vision" Award.

Portugal

Jan: Distinction Places4all

Places4all attributed the label that classifies the accessibility conditions of the building, namely for people with reduced mobility or other type of disability. The evaluation showed that 91% of the space is accessible and inclusive.

Feb: Frota Verde 2016 award

For the third time, Fleet Magazine distinguished the company that demonstrates the highest commitment to reduce CO₂ in the purchase of vehicles for its fleet by measuring the proportion of electric and hybrid vehicles of the existing fleets in the various national companies.

Mar: World Summit Award (WSA)

EDP's system re:dy was considered one of the 40 best digital solutions selected from a universe of 451 nominations. The WSA is a global diversified premium initiative aimed at selecting and promoting digital solutions worldwide with a strong impact on society.

Apr: 5 Estrelas Award

The EDP Solar Energy solution won in the category "Solar Energy - Domestic Use"; The service *funciona* won in the category "Energy - Technical Assistance"; The EDP Online customer area won in the category "Online Customer Support"; energia.edp.pt won the "Website" category.

May: Human Resources Awards

EDP has won four categories in the 2016 Human Resources Awards: "Academies", "Internal Communication", "Mobility" and "Internal Events". This edition also attributed the distinction of best President / CEO to António Mexia, for the 6th consecutive year.

Jun: Good Practice of the Year

EDP Distribuição's "Making safer power lines for birds project" was recognized by the Renewable Grid Initiative.

Jun: Most Valuable Portuguese Brand

Brand Finance considered the EDP brand to be the most valuable at the national level for the 7th consecutive year and evaluated with AA +.

Spain

Mar: Índice STIGA de *Experiência do Cliente* (ISCX) 2016

EDP Spain is a leader in the customer experience. This sector leadership positions EDP as a reference among the more than 200 companies evaluated in the ISCX - STIGA Customer Experience Index.

EDP Renewables

Mar: American Wind Energy Association (AWEA) Safety and Health Achievement Gold Award

The Gold Achievement award recognizes organizations that have demonstrated safety as a core value for the enterprise.

Goals and Targets

OBJECTIVES	GOALS	DATE
1. ECONOMIC AND SOCIAL VALUE		
To focus on growth maintaining the financial deleveraging	EBITDA Average Annual Growth Rate: ~3%per year *	2016-2020
	Average Annual Net Investments of ~€4bn per year	2016-2020
	Adjusted Net Debt/EBITDA: ~3.0x	2020
To preserve a low risk business profile	Regulated & LT Contracted EBITDA: ~75%total EBITDA	2020
To reinforce efficiency	OPEX IV cost savings of €200M/year by 2020	2020
	OPEX/Gross Profit: 26%	2020
To keep an attractive and stable dividend policy	EPS Average Annual Growth Rate: ~4%per year *	2016-2020
	Payout ratio between 65%and 75%of recurrent net profit, with a minimum of €0.19 per share	2016-2020
To promote generation from renewable energy sources	Renewable installed capacity > 75%of total installed capacity **	2020
To improve the integration of sustainability practices in the internal management systems	Keep the SAM Gold Class	2017
To promote competitiveness and productivity through innovation	€200M of investment in R&D between 2015 and 2020	2020
	90%smart meters installed in the Iberian Peninsula	2030
2. TO MANAGE THE COMBAT TO CLIMATE CHANGE AND ENVIRONMENTAL IMPACT		
To contribute with solutions to combat Climate Change	Until 2030, reduce CO ₂ emissions by 75%in comparison with 2005 values	2030
To strengthen an appropriate environmental management of EDP's activities	100%of installed capacity certified according with ISO 14001	2020
To contribute actively to the preservation of the environment and biodiversity	Globally extend environmental externalities evaluation	2020
To promote energy efficiency	More than 1TWh induced energy savings in final customer more efficient by products and service	2020
3. TO DEVELOP OUR PEOPLE		
To work towards "Zero accidents"	Reduce the frequency of on-duty accidents with EDP employees and service providers by 5%compared with the previous year	2020
Diversity Policy	Review the Diversity Policy	2017
Performance assessment	Expand Sustainability KPIs aligned with the defined targets for 2020	2020
Organisational climate	Maintain employees's engagement above 75%	2020
4. TO REINFORCE TRUST		
To strengthen the ethics in all EDP's employees' culture	Maintain the incorporation in the World Most Ethical Companies list by the Ethisphere Institute	2017
	Exceed 80 points in the corporate index Ethicis	2020
Extend Sustainability to the supply chain	Accomplish the goals (audits, assessment, certification in Sustainability)	2020
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
To deepen EDP's commitment with social development	Guarantee an allocated budget to "Fundação EDP" up to 0.1%of the Group's turnover	2020
	Increase in 10%every year the number of hours in skills volunteering	2020

* Based on Recurrent and weather adjusted EBITDA and Net Profit in 2015

** Includes equity consolidated capacity

ENERGY AS THE *NEW* ART

02

Performance

EDP Group Business Evolution	19
Key Indicators	
Electricity Generation	22
Electricity and Gas Distribution	24
Electricity and Gas Supply	25
Complementary Indicators	
Environmental Indicators	26
Social Indicators	27
Economic Indicators	28

ENERGY
AS
THE
NEW
ART

EDP GROUP'S BUSINESS EVOLUTION

Consolidated **EBITDA** amounted to EUR 1,902 million in the first half of 2017. Adjusted for last year's gain booked in the sale of Pantanal's mini-hydro plants, in Brazil (+EUR 61 million), EBITDA was 5% lower year-on-year (-EUR 104 million year-on-year) since the benefits from capacity expansion (+7%), favourable ForEx impact driven by stronger BRL and USD vs. Euro (+EUR 64 million) and tight cost control, were outstayed by the impact from a harsher operating context, marked by low hydro production and high pool prices, particularly when compared with an extremely wet and low-price context during the first half of 2016 in Iberia. **In Iberia**, EBITDA fell by 22% YoY, to EUR 868 million in the first half of 2017. Scarce hydro resources (42% short of historical average), particularly when compared to an extremely wet first half of 2016 (68% premium over LT average), and higher pool prices (average EUR51/MWh in the first half of 2017 vs. EUR30/MWh in the first half of 2016) squeezed results with energy management and took a toll on hydro production, including new capacity brought on stream (namely hydro with pumping). **EDP Renováveis'** contribution to the group's EBITDA was 11% higher YoY, based on the portfolio expansion (+8% on avg.) and favourable ForEx impact. **EDP Brasil's** contribution to EBITDA, adjusted for the sale of Pantanal mini-hydro plants in the first half of 2016, was 31% higher YoY, propelled by favorable ForEx impact (following 20% appreciation of BRL vs. Euro), better regulatory terms in the wake of the review at EDP Brasil's distribution companies in the second semester of 2016 and by the positive impact from higher spot price on distributors' overcontracting position.

Operating costs¹ rose by +EUR 54 million YoY, to EUR 813 million in the first half of 2017, mostly reflecting ForEx evolution and 7% increase in capacity. **Other net operating costs/(revenues)** rose EUR 34 million year-on-year, to EUR 177 million, in line with the gain with the sale of Pantanal mini-hydro plants, partly offset by the increase in income with institutional partnerships in the USA.

EBIT fell by 10%, to EUR 1,192 million in the first half of 2017, reflecting EBITDA's evolution, partly offset by the wind generation assets' redefinition of the useful life.

Net financial results and Results with joint-ventures and associates amounted to EUR 363 million in the first half of 2017 (EUR 50 million higher YoY), benefitting from a 14% YoY decrease in net interest expense, prompted by a 40bp YoY decline in avg. cost of debt² (to 4.1% in the first half of 2017) and lower avg. net debt (-EUR0.5 billion YoY). **Income tax expense** decreased EUR 124 million year-on-year to EUR 119 million in the first half of 2017, mostly due to a decrease in profit before tax, but also due to the impact of the differential between the accounting and tax bases of certain gas distribution assets in Spain, following the need for an intragroup restructuring of those assets.

Non-controlling interests advanced to EUR 192 million in the first half of 2017, mostly due to higher share of minorities at wind farms and higher net profit of EDP Renováveis. Overall, **net profit attributable to EDP shareholders** amounted to EUR 450 million in the first half of 2017 (versus EUR 472 million in the first half of 2016).

Consolidated capex³ amounted to EUR 747 million in the first half of 2017, of which 62% was dedicated to expansion, namely the construction of new hydro & wind capacity (EUR 453 million).

¹ Includes Supplies and services and Personnel costs and employee benefits.

² (Interest expense on financial debt +/- Income and Expenses with Interest from derivative financial instruments) / Average Financial Debt in the period (Total debt and borrowings - Accrued Interest - Fair value of the issued debt hedged risk), considering 50% of the interest expense and of the financial debt related to the hybrid

³ Includes additions in non-current assets, except for financial instruments, deferred tax assets and post-employment benefit assets. Therefore the Operating Investment caption includes increases in Property, Plant and Equipment and in Intangible Assets, excluding CO2 licenses and Green certificates, net of increases in Government grants, Customers contributions for investment and Sales of properties in the period.

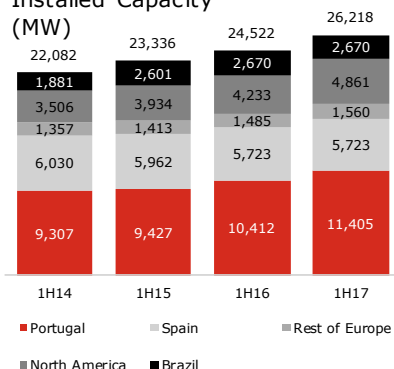
Net debt⁴ amounted to EUR 16.9 billion in June 2017, up from EUR 15.9 billion in December 2016, mainly impacted by the annual dividend payment (+EUR 0.7 billion), by the investment in property, plant and equipment and intangible assets, by changes in perimeter of consolidation particularly deriving from the full consolidation of new capacity in Mexico (+EUR 0.2 billion) and by a tax payment in the wake of deficit securitisations of regulatory receivables executed during 2016 (+EUR 0.3 billion), being partly offset by the impact of EDP's operational activity and by the impact of the devaluation of the USD and BRL against the EUR.

⁴ From 2017 includes Financial Debt, Cash and Equivalents, Short-term financial assets at fair-value and fair value hedge and collateral deposits associated to financial debt and 50% of the amount related with the issuance of a subordinated debt instrument (hybrid).

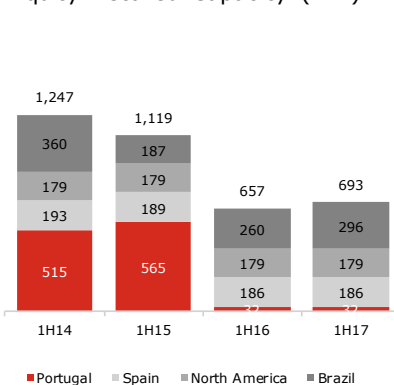
ENERGY
AS
THE
NEW
ART

Key Indicators

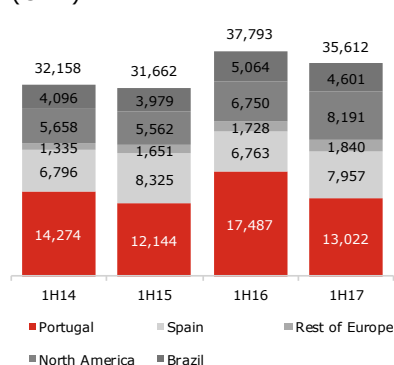
Installed Capacity
(MW)



Equity Installed Capacity (MW)²



Net Electricity Generation
(GWh)



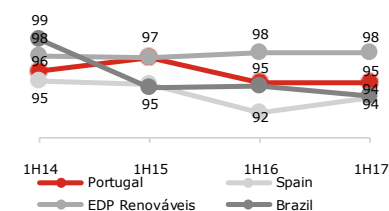
ELECTRICITY GENERATION (1/2)		UN	1H17	1H16	1H15	1H14
INSTALLED CAPACITY		MW	26,218	24,522	23,336	22,082
Liberalised Electricity Generation in Iberian Market		MW	13,680	12,691	12,565	12,522
Portugal		MW	10,151	9,163	8,797	8,686
Hydro		MW	6,752	5,761	5,390	5,286
CCGT		MW	2,039	2,039	2,039	2,039
Coal		MW	1,180	1,180	1,180	1,180
Mini-hydro		MW	157	159	164	157
Cogeneration		MW	24	24	24	24
Spain		MW	3,528	3,528	3,768	3,836
Hydro		MW	426	426	426	426
CCGT		MW	1,698	1,698	1,698	1,698
Coal		MW	1,224	1,224	1,463	1,463
Nuclear		MW	156	156	156	156
Cogeneration and Waste		MW	25	25	25	93
EDP Renováveis		MW	10,072	9,365	8,254	7,762
Portugal		MW	1,253	1,249	630	621
Spain		MW	2,194	2,194	2,194	2,194
Rest of Europe		MW	1,560	1,485	1,413	1,357
North America		MW	4,861	4,233	3,934	3,506
Brazil		MW	204	204	84	84
EDP Brasil		MW	2,466	2,466	2,517	1,797
Hydro		MW	1,746	1,745	1,797	1,797
Coal		MW	720	720	720	-
Capacity under Construction		MW	633	1,675	1,925	1,873
Portugal ¹		MW	-	1,019	1,368	1,468
EDP Renováveis		MW	633	656	556	405
Brazil ¹		MW	-	-	-	-
Equity Installed Capacity ²		MW	693	657	1,119	1,247
Portugal ¹		MW	32	32	32	32
Spain ¹		MW	10	10	15	19
EDP Renováveis		MW	356	356	886	837
Brazil ¹		MW	296	260	187	360
Equity Capacity under Construction ²		MW	231	231	341	609
Brazil		MW	231	231	341	609
NET ELECTRICITY GENERATION		GWh	35,612	37,793	31,662	32,158
Liberalised Electricity Generation in Iberian Market		GWh	16,778	19,620	16,935	17,200
Portugal		GWh	11,486	15,736	11,337	13,347
Hydro		GWh	4,258	11,247	5,527	9,520
CCGT		GWh	2,308	613	753	60
Coal		GWh	4,678	3,304	4,728	3,242
Mini-hydro		GWh	200	473	227	405
Cogeneration		GWh	41	100	102	120
Spain		GWh	5,292	3,884	5,598	3,853
Hydro		GWh	264	761	620	681
CCGT		GWh	793	404	333	159
Coal		GWh	3,619	2,102	4,030	2,383
Nuclear		GWh	557	560	546	529
Cogeneration and Waste		GWh	61	57	68	101
EDP Renováveis		GWh	14,546	13,314	10,842	10,965
Portugal		GWh	1,536	1,751	807	926
Spain		GWh	2,665	2,879	2,727	2,943
Rest of Europe		GWh	1,840	1,728	1,651	1,335
North America		GWh	8,191	6,750	5,562	5,658
Brazil		GWh	314	205	94	103
EDP Brasil ³		GWh	4,287	4,858	3,885	3,993
Hydro		GWh	2,238	2,521	3,275	3,993
Coal		GWh	2,049	2,337	610	-
STEAM		GWh	441	231	341	609

¹ Excludes EDP Renováveis | ² Accounted by the Equity Method | ³ 2014 and 2015 EDP Brasil figures revised in light of * Câmara de

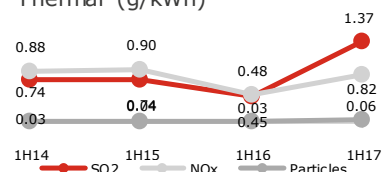
ELECTRICITY GENERATION (2/2)		UN	1H17	1H16	1H15	1H14
TECHNICAL AVAILABILITY						
Portugal ¹	%		95	95	97	96
Hydro	%		95	97	99	97
CCGT	%		95	92	94	95
Coal	%		95	91	100	95
Mini-hydro	%		99	98	94	94
Cogeneration	%		43	98	99	100
Spain ¹	%		94	92	95	95
Hydro	%		100	100	100	100
CCGT	%		99	99	100	95
Coal	%		86	81	89	96
Nuclear	%		84	85	83	80
Cogeneration	%		88	94	98	99
Waste	%		96	95	96	89
EDP Renováveis	%		98	98	97	98
Portugal	%		99	98	98	98
Spain	%		97	97	96	97
Rest of Europe	%		98	98	98	97
North America	%		98	98	98	98
Brazil	%		98	98	98	98
Brazil ¹	%		94	95	95	99
Hydro	%		95	97	97	99
Coal	%		92	89	87	-
ENVIRONMENTAL INDICATORS						
Certified Installed Capacity	%		90	91	92	80
Total Emissions	kt					
CO2	kt		10,607	7,924	8,846	4,996
NOx	kt		9	4	10	6
SO2	kt		15	4	8	5
Particles	kt		0.64	0.29	0.43	0.19
Avoided CO2	t		15,456	23,185	16,227	19,641
Total waste	t		214,947	220,366	283,834	105,201
Dangerous waste	t		1,043	1,225	33,479	1,545
Waste valorization	%		62	62	47	65
Sub-products	t		112,040	335,642	237,899	212,238
Plaster	t		48,495	64,483	126,229	107,705
Ashes and Coal Slag	t		63,545	271,159	111,670	104,533
Cooling water	m ³ x10 ³		864,180	691,620	832,267	786,836
Raw water	m ³ x10 ³		3,343	2,900	4,482	2,701
Fresh Water	m ³ x10 ³		15	17	19	23
OCCUPATIONAL HEALTH AND SAFETY						
Employees	#		3,310	3,211	3,234	2,968
On-duty accidents ²	#		4	5	1	3
On-duty accidents of contracted workers ²	#		28	63	44	56
Fatal on-duty accidents	#		0	0	0	0
Fatal accidents of contracted workers	#		0	0	1	3

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

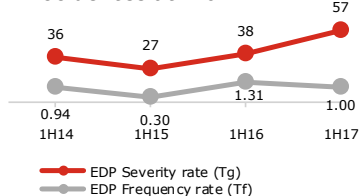
Technical Availability (%)



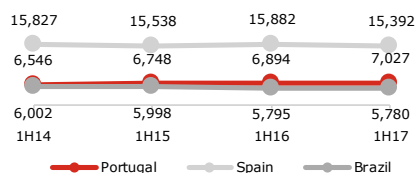
Specific Emissions from Thermal (g/kWh)



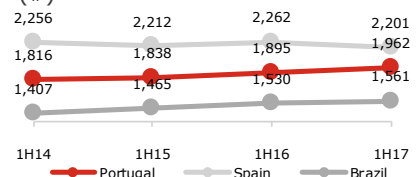
Accidentes at Work



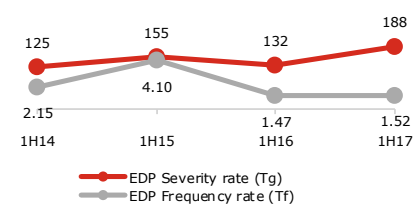
Electricity Distributed per Employee (MWh/#)



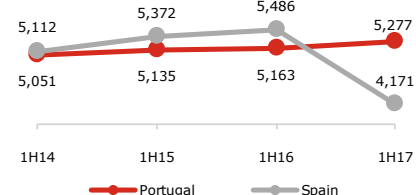
Supply Points per Employee (#)



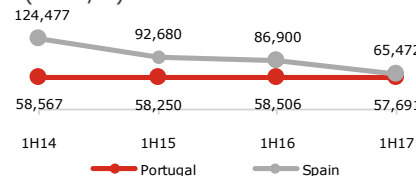
Accidents at Work Electricity



Supply Points per Employee (#)



Gas Distributed per Employee (MWh/#)



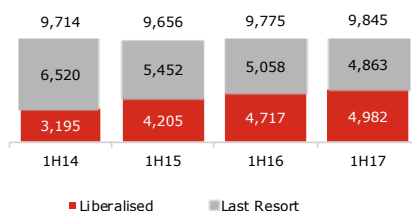
ELECTRICITY DISTRIBUTION		UN	1H17	1H16	1H15	1H14
ELECTRICITY DISTRIBUTED		GWh	39,119	39,353	40,141	39,731
Portugal	GWh		22,094	22,287	22,368	21,904
Spain	GWh		4,633	4,637	4,630	4,621
Brazil	GWh		12,392	12,429	13,142	13,205
ELECTRICITY SUPPLY POINTS		'000	10,177	10,068	9,962	9,831
Portugal	'000		6,168	6,126	6,094	6,076
Spain	'000		662	661	659	659
Brazil	'000		3,347	3,281	3,209	3,096
GRID EXTENSION		Km	337,607	336,608	334,761	332,326
Portugal	Km		225,853	225,092	224,498	223,344
Overhead lines	Km		177,190	176,643	176,304	175,404
Underground lines	Km		48,663	48,449	48,194	47,940
Spain ¹	Km		20,553	20,411	20,325	20,221
Overhead lines	Km		15,679	15,631	15,580	15,523
Underground lines	Km		4,874	4,780	4,745	4,698
Brazil	Km		91,201	91,105	89,938	88,761
Overhead lines	Km		90,958	90,871	89,736	n.d.
Underground lines	Km		242	234	202	n.d.
GRID LOSSES						
Portugal	%		11.2	9.4	9.7	10.3
Spain	%		3.8	4.4	4.7	4.4
Brazil	%		10.7	11.3	10.8	11.6
SERVICE QUALITY						
Portugal						
Installed Capacity Equivalent Interruption Time ²	Min		25	23	26	33
Spain						
Installed Capacity Equivalent Interruption Time ²	Min		14	12	21	13
Brazil						
Average Interruption Duration per Consumer						
Bandeirante	Hours		8.1	9.3	7.5	7.4
Escelsa	Hours		8.8	9.2	9.3	9.6
Frequency of Interruptions per Consumer						
Bandeirante	#		5.1	5.6	5.0	5.3
Escelsa	#		5.2	5.5	5.4	6.1
ENVIRONMENTAL INDICATORS						
Certified Installed Capacity	%		51	41	35	33
Total waste	t		10,658	8,918	8,225	4,034
Dangerous waste	t		1,638	1,518	1,447	1,222
Waste valorization	%		94	90	90	77
OCCUPATIONAL HEALTH AND SAFETY						
Employees	#		5,589	5,670	5,804	5,834
On-duty accidents ³	#		8	8	20	11
On-duty accidents of contracted workers ³	#		21	17	14	22
Fatal on-duty accidents	#		0	0	1	0
Fatal accidents of contracted workers	#		1	1	1	3

¹ 2014 figure was revised during the inventory of assets under the new distribution model definition | ² ICEIT in MV grid, excluding extraordinary effects | ³ Includes accidents with one or more days of absence and fatal accidents.

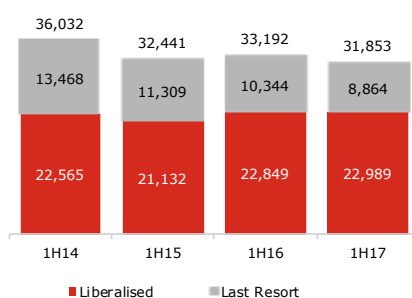
GAS DISTRIBUTION		UN	1H17	1H16	1H15	1H14
GAS DISTRIBUTED		GWh	19,717	18,402	19,425	28,527
Portugal	GWh		3,808	3,803	3,670	3,631
Spain	GWh		15,910	14,599	15,756	24,895
GAS SUPPLY POINTS		'000	1,362	1,257	1,237	1,335
Portugal	'000		348	336	323	313
Spain	'000		1,014	922	913	1,022
GRID EXTENSION		Km	13,307	12,714	12,392	14,638
Portugal	Km		5,166	4,951	4,700	4,543
Spain	Km		8,141	7,764	7,692	10,096
ENVIRONMENTAL INDICATORS						
Installed power certified	%		100	100	100	100
Total waste	t		5	1	4	11
Dangerous waste	t		1	0	0	0
Waste valorization	%		100	90	100	99
OCCUPATIONAL HEALTH AND SAFETY						
Employees	#		306	230	233	262
On-duty accidents ¹	#		1	2	1	1
On-duty accidents of contracted workers ¹	#		5	2	0	2
Fatal on-duty accidents	#		0	0	0	0
Fatal accidents of contracted workers	#		0	0	0	0

¹ Includes accidents with one or more days of absence and fatal accidents.

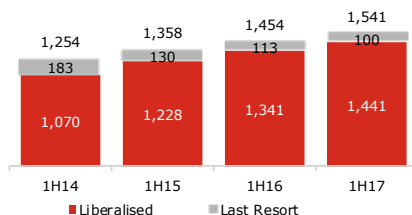
Electricity Customers ('000)



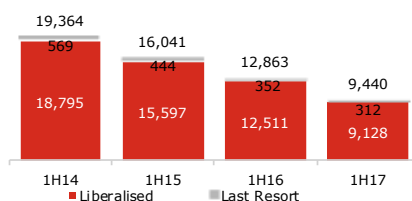
Electricity Supplied (GWh)



Gas Customers ('000)



Gas Supplied (GWh)



ELECTRICITY SUPPLY	UN	1H17	1H16	1H15	1H14
NUMBER OF CUSTOMERS	'000	9,845	9,775	9,656	9,714
Portugal	'000	5,401	5,448	5,460	5,681
Last Resort	'000	1,295	1,545	2,000	3,172
Liberalised Market	'000	4,106	3,904	3,460	2,509
Market Share EDP - Liberalised Market	%	n.a.	85	85	86
Spain	'000	1,097	1,045	987	937
Last Resort	'000	222	232	243	252
Liberalised Market	'000	876	813	744	685
Market Share EDP - Liberalised Market	%	n.a.	n.a.	n.a.	n.a.
Brazil	'000	3,347	3,281	3,209	3,096
Last Resort ¹	'000	3,346	3,281	3,209	3,096
Liberalised Market	'000	0.3	0.2	0.4	0.5
Social Tariff	'000	885	362	293	324
Portugal	'000	676	124	52	46
Spain	'000	60	60	61	63
Brazil	'000	150	177	180	214
Special Needs	'000	12	10	10	0.8
Portugal	'000	0.6	0.5	0.5	0.4
Brazil	'000	0.6	0.5	0.4	0.4
Green Tariff	'000	932	829	771	683
Portugal	'000	3	4	4	4
Spain	'000	929	825	767	679
ENERGY SUPPLIED	GWh	31,853	33,192	32,441	36,032
Portugal	GWh	10,828	11,404	11,852	12,772
Last Resort	GWh	1,634	2,307	3,199	5,217
Liberalised Market	GWh	9,194	9,097	8,653	7,555
Market Share EDP - Liberalised Market	%	n.a.	45	45	45
Spain	GWh	7,076	8,351	7,532	8,958
Last Resort	GWh	230	249	261	278
Liberalised Market	GWh	6,846	8,101	7,271	8,680
Market Share EDP - Liberalised Market	%	7	9	8	10
Brazil	GWh	13,950	13,438	13,057	14,303
Last Resort ¹	GWh	7,001	7,787	7,849	7,973
Liberalised Market	GWh	6,949	5,651	5,209	6,330
Social Tariff	GWh	312	129	256	316
Portugal	GWh	113	10	10	46
Spain	GWh	63	35	66	65
Brazil	GWh	137	84	180	205
Special Needs	GWh	1	1	1	1
Green Tariff	GWh	5,549	1,205	2,981	2,500
Portugal	GWh	5	8	6	16
Spain	GWh	5,544	1,197	2,975	2,484

GAS SUPPLY	UN	1H17	1H16	1H15	1H14
NUMBER OF CUSTOMERS	'000	1,541	1,454	1,358	1,254
Portugal	'000	679	612	527	433
Last Resort	'000	47	56	70	112
Liberalised Market	'000	632	555	457	321
Spain	'000	862	843	831	820
Last Resort	'000	53	57	60	71
Liberalised Market	'000	809	786	771	749
ENERGY SUPPLIED	GWh	9,440	12,863	16,041	19,364
Portugal	GWh	2,185	2,599	2,664	2,363
Last Resort	GWh	159	203	256	391
Liberalised Market	GWh	2,026	2,396	2,408	1,972
Market Share EDP - Liberalised Market	%	n.a.	n.a.	11	8
Spain	GWh	7,256	10,264	13,377	17,001
Last Resort	GWh	153	148	187	179
Liberalised Market	GWh	7,102	10,115	13,189	16,823
Market Share EDP - Liberalised Market	%	4	3	3	4

¹ Regulated Customers supplied by Distribution

Complementary Indicators

Environmental Indicators	UN	1H17	1H16	1H15	1H14
ENVIRONMENTAL CERTIFICATION (ISO 14001)					
Revenues from certified installations	%	63	61	55	37
PRIMARY ENERGY CONSUMPTION					
Coal	TJ	128,113	91,241	107,186	63,031
Fuel oil	TJ	97,802	75,002	89,852	51,704
Natural gas	TJ	106	287	164	267
Residual gases	TJ	22,512	9,232	9,891	4402
Diesel oil	TJ	7,448	3,413	3,957	2836
Fuel for vehicle fleet	TJ	126	127	85	86
ENERGY INTENSITY ¹	MJ/EUR	118	117	127	119
ELECTRICITY CONSUMPTION					
Generation self-consumption	MWh	16.3	12.8	13.5	7.9
Administrative service	MWh	2,298,197	1,796,374	1,741,423	1,712,781
Grid losses	%	18,044	16,985	17,840	17,229
GHG EMISSION					
Direct emissions (scope 1)	ktCO _{2eq}	9.9	9.3	9.3	9.5
Stationary combustion ²	ktCO _{2eq}	10,618	7,940	8,862	5,008
SF6 Emissions	ktCO _{2eq}	10,607	7,924	8,846	4,996
Company fleet	ktCO _{2eq}	1.8	2.4	2.3	1.3
Natural gas consumption	ktCO _{2eq}	8.2	8.4	8.9	8.4
Natural gas losses	ktCO _{2eq}	0.1	0.3	0.3	0.2
Indirect emissions (scope 2) ³	ktCO _{2eq}	0.7	4.5	4.8	2.1
Electricity consumption in office buildings	ktCO _{2eq}	358	293	417	423
Electricity losses	ktCO _{2eq}	0	0	0	0
Renewable plants self-consumption	ktCO _{2eq}	355	280	406	413
GHG EMISSIONS INTENSITY ⁴	kgCO ₂ /EUR	3	12	11	10
CO ₂ AVOID EMISSIONS	ktCO ₂	1.4	1.2	1.2	0.7
SPECIFIC OVERALL EMISSIONS					
CO ₂ ^{2,5}	g/kWh	15,456	23,185	16,227	19,641
NO _x	g/kWh	299	210	280	155
SO ₂	g/kWh	0.2	0.1	0.3	0.2
Particulate matter	g/kWh	0.4	0.1	0.3	0.2
WATER COLLECTED					
Salt (ocean)	10 ³ x m ³	0.02	0.01	0.01	0.01
Fresh	10 ³ x m ³	867,618	694,641	836,858	789,736
Surface	10 ³ x m ³	849,848	682,402	802,657	781,281
Groundwater	10 ³ x m ³	17,770	12,239	34,201	8,455
WASTE SENT TO FINAL DISPOSAL					
Total waste	t	17,693	12,178	34,142	8,420
Total hazard waste	t	77	61	59	35
Recovered Waste	%	226,003	229,651	292,344	109,485
	%	2,688	2,750	34,941	2,770
	%	62	63	49	66

¹ Primary energy consumption by turnover.

² Instead of what EDP has reported before, the stationary emissions do not include those produced by the burning of ArcelorMittal steel gases in EDP's power plant in Spain, which totalled 1,836 ktCO₂ em 2017 and 1,457 ktCO₂ in 2016.

³ Calculation according with GHG Protocol based location methodology.

⁴ Scope 1 and Scope 2 emissions by turnover.

⁵ Includes only stationary combustion emissions.

Social Indicators	UN	1H17	1H16	1H15	1H14
EMPLOYMENT					
Employees	#	11,938	11,923	11,983	11,884
Executive Board of Directors	#	8	8	8	7
Senior Management	#	760	736	715	713
Supervisors	#	828	766	748	715
Specialists	#	4,120	3,925	3,828	3,643
Technicians	#	6,223	6,489	6,685	6,807
Male employees	%	76	77	77	77
Female employees	%	24	23	23	23
Employees by types of contract	#	11,938	11,923	11,983	11,884
Executive bodies	#	55	51	55	57
Male	#	52	48	52	56
Female	#	3	3	3	1
Permanent workforce	#	11,801	11,772	11,773	11,619
Male	#	8,961	9,014	9,079	8,933
Female	#	2,840	2,758	2,694	2,687
Fixed-term contracts	#	82	100	155	208
Male	#	49	60	124	179
Female	#	33	40	31	29
Employees by occupational contract	#	11,938	11,923	11,983	11,884
Full-Time	#	11,899	11,894	11,951	11,851
Male	#	9,057	9,117	9,249	9,164
Female	#	2,842	2,777	2,702	2,688
Part-time	#	39	29	32	33
Male	#	5	5	6	4
Female	#	34	24	26	29
New employees	#	484	302	354	321
Male	#	335	202	257	235
Female	#	149	100	97	86
F/M new admissions rate	x	0.44	0.50	0.38	0.37
Employees leaving	#	538	470	418	496
Male	#	428	379	320	401
Female	#	110	91	98	95
Turnover	%	4.27	3.23	2.95	3.40
Average age of workforce	years	45	45	45	46
Absenteeism rate	%	3.12	3.56	3.34	3.49
Pay ratio by gender (F/M)	x	1.02	1.02	1.02	0.99
TRAINING					
Total hours of training	hours	176,974	148,286	168,848	205,352
Average training per employee (h/p)	h/p	14.8	12.4	14.1	17.3
Employees with training	%	65	72	75	75
HEALTH AND SAFETY (H&S)					
Employees					
Accidents ¹	#	13	16	25	17
Fatal accidents	#	0	0	1	0
Total lost days due to accidents	#	1,206	944	1,034	1,329
Frequency rate ²	Tf	1.16	1.41	2.31	1.58
Severity rate ³	Tg	107	83	96	123
Contractors					
Accidents ¹	#	62	101	67	112
Fatal accidents	#	3	1	2	9
Working days	#	2,608,055	2,659,170	2,334,064	2,530,793
Frequency rate ²	Tf	3.28	5.46	3.81	4.99
Severity rate ³	Tg	159	235	275	242
EDP employees and contractors					
Frequency rate ²	Tf_total	2.51	3.92	3.24	3.88
Severity rate ³	Tg_total	140	178	207	203
Fatal electrical accidents involving third parties ⁴	#	4	3	11	6
Near accidents		194	186	97	81
VOLUNTEER INVESTMENT IN THE COMMUNITY (LBG METHODOLOGY)					
Volunteer investment/EBITDA	%	0.33	0.27	0.20	0.31

¹ Accidents leading to an absence of one more calendar day and fatal accidents.

² Accidents by a million hours worked.

³ Absence days by a million hours worked.

⁴ Accidents occurred in the premises of the company plants or equipment.

Economic Indicators	UN	1H17	1H16	1H15	1H14
ECONOMIC VALUE GENERATED	'000€	8,321,986	7,979,572	8,952,509	8,773,640
Economic value distributed	'000€	7,616,875	7,462,530	8,063,344	7,936,621
Economic value accumulated	'000€	705,111	517,042	889,165	837,019
ENERGY EFFICIENCY AND SUPPLEMENTARY ENERGY SERVICES REVENUES ¹	'000€	571,128	560,565	534,016	n.d.
Energy efficiency services revenues	'000€	60,756	23,411	22,890	29,861
Supplementary energy services revenues ²	'000€	510,372	537,154	511,126	n.d.
FINES AND PENALTIES	'000€	4,813	4,047	2,564	1,977
ENVIRONMENTAL MATTERS ⁴	'000€	50,459	52,452	45,019	37,082
Investments	'000€	24,617	24,126	19,147	16,939
Expenses	'000€	25,842	28,326	25,872	20,142
SOCIAL MATTERS					
Personnel costs	'000€	309,195	294,137	294,143	302,123
Employee benefits	'000€	31,593	29,363	30,077	27,469
Direct training investment	'000€	2,184	1,704	3,055	3,073
Direct training investment per employee	€/p	0	0	0	0
HC ROI per employee	%	0.18	0.17	0.19	0.32

¹ Energy Efficiency and Supplementary Energy Services: services provided under energy supply, installation of more efficient and/or building retrofit, and sustainable mobility, which generate revenues for the company.

² Supplementary energy services revenues include the following categories: Energy Management, Maintenance and Operation, Property/Facility Management, Energy and/or Equipment Supply, Provision of Service (example: steam) and other.

ENERGY
AS
THE
NEW
ART

ENERGY AS THE *NEW* ART

03 Corporate Governance

A. Performance of EDP stock on the stock market 33

B. Corporate Bodies and Committees

I. Corporate governance structure 35

II. Organic corporate structure 38

III. Shareholder structure 49

ENERGY
AS
THE
NEW
ART

03. Corporate Governance

A. Performance of edp on the stock market

Main events affecting the EDP share price in the 1st half of 2017



#	Date	Description	Share Price
1	09/01/2017	Norges Bank decreases its ownership interest in the cash share capital of EDP	2.79
2	24/01/2017	EDP issues €600 million bond maturing in September 2023	2.73
3	30/01/2017	Change of qualified shareholding – Mubadala Invest. Co. acquires 100% of IPIC shares and voting rights on EDP	2.70
4	27/02/2017	EDPR announces the sale of a minority stake in Portuguese assets to CTG	2.89
5	03/03/2017	EDP presents 2016 financial results	2.81
6	27/03/2017	EDP sells €574 million of tariff deficit in Portugal	2.93
7	27/03/2017	EDP has accepted a binding offer for the sale of 100% of gas distribution in Spain em Espanha	2.93
8	27/03/2017	Preliminary announcement for the launch of general and voluntary tender offer for the acquisition of the shares issued by EDPR	2.93
9	28/03/2017	Norges Bank qualified shareholding – amendment of title of imputation	3.06
10	30/03/2017	Standard & Poors affirmed EDP at “BB+” with Positive outlook	3.15
11	03/04/2017	Moody’s affirmed EDP at “Baa3” with stable outlook	3.17
12	04/04/2017	Norges Bank qualified shareholding – amendment of title of imputation	3.18
13	07/04/2017	EDP sells 100% of EDP Gás (Portgás)	3.18
14	20/04/2017	EDP’s Annual General Shareholders Meeting	3.05
15	24/04/2017	Payment of Dividends – Financial Year 2016	3.11
16	24/04/2017	EDP signs a definitive agreement for the sale of 100% of gas distribution in Spain (Naturgas Energía Distribución)	3.11
17	24/04/2017	EDP Brasil awarded with 4 new electricity transmission concessions	3.11
18	03/05/2017	EDP presents 1Q17 financial results	3.13
19	05/06/2017	Investigation on the termination of PPA contracts on power plants in Portugal and its replacement for CMEC	3.17
20	21/06/2017	EDP issues U.S.\$ 1,000,000,000 of notes	3.03
21	30/06/2017	EDPR announces the completion of the sale of a minority stake in Portuguese assets to CTG	2.86

B. Corporate bodies

I. Corporate governance structure

1.1. Corporate governance model

EDP's governance structure, based on the dual model, consists of the General Meeting, Executive Board of Directors, General and Supervisory Board and the Statutory Auditor.

Pursuant to Article 11 (2) (b) of the Articles of association, it is the responsibility of the General Meeting of EDP to elect and dismiss the members of the Executive Board of Directors and the General and Supervisory Board, as well as their Chairmen and Vice-Chairmen, if any, and the Statutory Auditors, based on a proposal by the General and Supervisory Board (or by delegation to the Financial Matters Committee / Audit Committee). The General Meeting also appoints the members of the Environment and Sustainability Board, on proposal of the Executive Board of Directors, and Remuneration Committee of the General Meeting, which is responsible for setting the remuneration of the members of the corporate bodies (except the Executive Board of Directors, whose remuneration is set by the Remuneration Committee appointed by the General and Supervisory Board).

The separation of management and supervision roles is embodied in an Executive Board of Directors, which is responsible for the management of the company's business, and a General and Supervisory Board, the highest supervisory body.

The dual model of corporate governance in place in EDP has allowed effective separation of the company's supervision and management in pursuit of the goals and interests of EDP and its shareholders, employees and other stakeholders, thereby contributing to achieving the degree of trust and transparency necessary for its adequate functioning and optimisation.

Furthermore, this model has proved appropriate to the company's shareholder structure as it allows supervision by key shareholders on the General and Supervisory Board.

For a better understanding of EDP's corporate governance, EDP's website (<http://www.edp.pt/pt/aedp/governosocietario/estatutoseregulamentos/Pages/Estatutos.aspx>) allows shareholders and the general public to view the up-to-date Articles of Association in Portuguese and English, the Internal Regulations of the Executive Board of Directors, General and Supervisory Board and its committees.

It must be added that the Company has a Corporate Governance which primary objective is to record and share the understanding of the Executive Board of Directors and the General and Supervisory Board in terms of the recommendations of good corporate governance practices applying to EDP and appropriate guidelines to comply with them.

EDP sought to go beyond the legal requirements and regulations for this area, particularly concerning information reporting, given EDP's meticulousness and goals as regards the quality of its corporate governance practices. The Corporate Governance Manual therefore sought to serve the following purposes in order to achieve this basic goal:

- To reflect critically on recommendations on best practices set out in the CMVM Corporate Governance Code in order to contribute actively in optimising EDP's practices;
- To select the recommendations deemed most appropriate to EDP's governance model, focusing on measures taken and indicating potential measures for full adoption of good practices;
- To identify recommendations that are not appropriate to EDP's interests and give reasons for this position and indicate other ways of achieving the goals set out in the CMVM Corporate Governance Code;
- To help targets of the recommendations to reflect on the best governance practices to be followed at EDP;

- To draft a formal document that will help compliance with reporting obligations on corporate governance practices, such as the annual report required by law;
- Describe EDP's governance practices that are not set out in the Corporate Governance Code but achieve the goal shared by the General and Supervisory Board and the Executive Board of Directors to develop and increase the quality of EDP's governance processes.
- The Manual for the Corporate Governance of EDP is available to shareholders and general public at its website (www.edp.pt).

1.2. incompatibility rules and independence criteria

EDP's Articles of Association (Article 9 (1), Article 10 (1), Article 21 (4) and Article 23 (2) and the Internal Regulations of the General and Supervisory Board (Article 7)), both available on its website (www.edp.pt), lay down the rules on independence and incompatibilities for members of any of the company's corporate bodies.

The criteria of independence set out in EDP's Articles of Association are in line with those laid down in 414 (5) of the Companies Code and determine that independence means an absence of direct or indirect relations with the company or one of its bodies and an absence of any circumstances that might affect impartiality of analyses or decisions, e.g. because the people in question own or are acting on behalf of owners of a qualifying shareholding of 2% (two percent) or more of the share capital of EDP or have been re-elected for more than two terms of office continuously or intermittently.

Pursuant to Article 9 (1) of EDP's Articles of Association, independence is "absence of direct or indirect relations with the company or one of its bodies and an absence of any circumstances that might affect impartiality of analyses or decisions, e.g. because the people in question own or are acting on behalf of owners of a qualifying shareholding of 2% (two percent) or more of the share capital of EDP or have been re-elected for more than two terms of office continuously or intermittently".

In view of the need to clarify the aforementioned Article 414 (5) of the Companies Code, as there are diverging legal opinions, Associação de Emitentes de Valores Cotados em Mercado ("AEM") requested an opinion from the CMVM, whose opinion was that the capacity as independent is only lost if, "on the basis of the criterion of number of terms of office, in a situation likely to affect his/her impartiality in analyses or decisions if the members of the supervisory bodies of public limited companies, having been elected for a first term of office and re-elected continuously or intermittently for a second and third term, are re-elected (for the third time, therefore) for a fourth term of office."

Pursuant to its Internal Regulations, the General and Supervisory Board has in place a specific procedure regarding compliance with a large number of rules on incompatibilities and independence applicable to positions on this board (Articles 6 and 7 of the General and Supervisory Board Internal Regulations). This procedure includes the following aspects:

- Acceptance of a position as member of the General and Supervisory Board is subject to a written statement setting out specifically (i) the inexistence of any incompatibility under the law or Articles of Association; (ii) compliance with the independence requirements set out in its Internal Regulations, if the person has been elected as an independent member; (iii) the members' obligation to report to the Chairman of the General and Supervisory Board or, for the Chairman, directly to the board any subsequent event that might generate incompatibility or loss of independence;
- Every year, the members of the General and Supervisory Board must renew their statements as to the inexistence of incompatibility and compliance with the independence requirements, if applicable;

Also every year, the General and Supervisory Board conducts a general assessment of compliance with the rules of incompatibility and independence by its members.

- At the same time, the Internal Regulations of the General and Supervisory Board has broadened the independence criteria applicable to its members, going beyond the provisions of Article 414 (5) of the Companies Code and Article 9 of EDP's Articles of Association, and so people who directly or through their spouse or relative or similar in a straight line and to the collateral third degree, inclusive, are in one of the following situations cannot have independent status:
-
- Being holder, director, having contractual ties or acting on behalf or on the account of owners of a qualifying shareholding of 2% (two percent) or more of the share capital or voting rights in EDP or the same percentage in a company of which it is a subsidiary;
- Being a holder, director, having contractual ties or acting on behalf or on the account of owners of a qualifying shareholding of 2% (two percent) or more of the share capital or voting rights in a company that is a competitor of EDP; and
- Having been re-elected for more than two consecutive or non-consecutive terms of office.
-

The rules of independence covering members of the General and Supervisory Board are particularly important regarding the following requirements:

- The board must consist of a majority of independent members (Article 434 (4) of the Companies Code and Article 21 (4) of EDP's Articles of Association);
- The Financial Matters Committee/Audit Committee is entirely consisted of independent members of the General and Supervisory Board (Article 23 (2) of EDP's Articles of Association and Article 3 of the Financial Matters Committee/Audit Committee's Internal Regulations);
- The Remuneration Committee of the General and Supervisory Board must comprise a majority of independent members (Article 27 (1) of EDP's Articles of Association and Article 27 (1) (b) of the General and Supervisory Board's Internal Regulations).
-

In compliance with the above procedure, at the start of their terms of office, the members of the General and Supervisory Board stated that they were not in any of the situations of incompatibility set out in the Companies Code (Article 414-A (1) (a) to (e), (g) and (h) (ex vi Article 434 (4)) and Article 437 (1)) or under the Articles of Association and, where applicable, that they complied with the independence requirements of the Internal Regulations of the General and Supervisory Board.

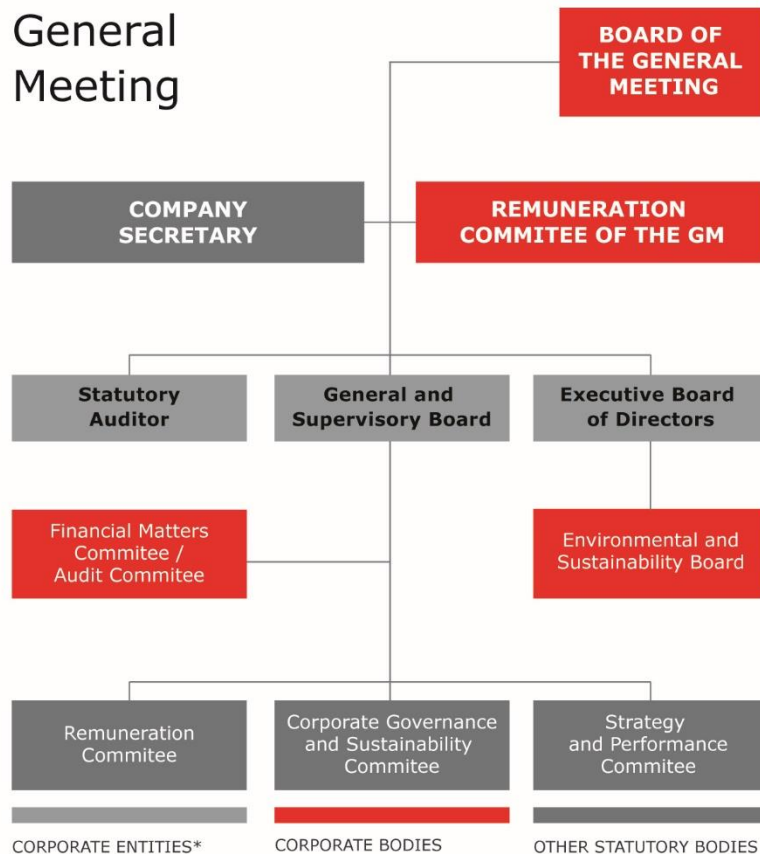
At the end of 2016, the members of the outgoing General and Supervisory Board renewed their statements on incompatibilities and independence. On 2 March 2017, the General and Supervisory Board assessed compliance with the rules on incompatibilities and independence of the elected members at the General Meeting of 21 April 2015.

The Chairman and Vice-Chairman of the Board of the General Meeting made similar statements of compliance with the criteria of independence and incompatibility for their positions, as set out in Article 414 (5) and Article 414-A (1) of the Companies Code and in Articles 9 and 10 of EDP's Articles of Association.

The above statements are available to the public on EDP's website, at <http://www.edp.pt/en/aedp/governosocietario/Independenciaeincompatibilidade/Pages/Declara%C3%A7%C3%A3odeIndepend%C3%AanciaeIncompatibilidades.aspx>.

The members of the General and Supervisory Board are shown in the table in Point 2.1.2.

II. organic corporate structure



*Corporate Entities are also Corporate Bodies, pursuing the article 8 of EDP's Articles Association.

2.1. Corporate bodies

Pursuant to Article 8 of EDP's Articles of Association, the corporate bodies of the company are the General Meeting, the Executive Board of Directors, the General and Supervisory Board and the Statutory Auditor. The company has also the following corporate bodies: Board of the General Meeting, the Environment and Sustainability Board, the Remuneration Committee, the Remuneration Committee of the General Meeting and the Financial Matters Committee/Audit Committee.

The shareholders elected, at the General Meeting of 21 April 2015, the members of the General and Supervisory Board and the Executive Board of Directors for the three-year period from 2015 to 2017. The term of office of these members of the corporate bodies therefore ends on 31 December 2017, though they may remain in office until a new appointment.

2.1.1. General meeting of shareholders

The officers of the General Meeting, pursuant to Article 12 of EDP's Articles of Association, are a Chairman, a Vice-Chairman and the Company Secretary, who is appointed by the Executive Board of Directors.

At the Annual General Meeting on 21 April 2015, the Chairman and the Vice-Chairman of the Board of the General Meeting were elected for the three-year period between 2015 and 2017 and the Company Secretary was appointed to her post on 23 April 2015 (also for the three-year period between 2015 and 2017).

The names of the members of the Board of the General Meeting are listed below:

Board of the General Meeting	
Chairman	António Manuel de Carvalho Ferreira Vitorino
Vice-Chairman	Rui Pedro Costa Melo Medeiros
Company Secretary	Maria Teresa Isabel Pereira

The Chairman of the General Meeting is automatically a member of the General and Supervisory Board, pursuant to Article 21 (2) of EDP's Articles of Association.

2.1.2. General and supervisory board

In the exercise of its duties – see Article 441 of the Companies Code and Article 22 of EDP's Articles of Association - the main mission of the General and Supervisory Board is to constantly advise, monitor and supervise the management activities of EDP, cooperating with the Executive Board of Directors and the various other corporate bodies in pursuit of the company's interests, pursuant to the Companies Code and the company's Articles of Association. It is elected by the shareholders at the General Meeting.

According to Article 21 (1) of the Articles of Association, the General and Supervisory Board consists of no fewer than nine effective members, but always more than the number of members of the Executive Board of Directors. The majority of the elected members of the General and Supervisory Board must be independent, pursuant to Article 21 (4) of the Articles of Association.

Pursuant to article 22 of the Articles of Association, the General and Supervisory Board is especially responsible for:

- Permanently monitor the management of EDP and its subsidiaries and provide management advice and assistance to the Executive Board of Directors, particularly with regard to strategy, goals and compliance with the law;
- Issue opinions on the annual report and accounts;
- Permanently oversee the work of the statutory auditor and external auditor and, with regard to the former, issue an opinion on their election or appointment, dismissal, independent status and other relations with the company;
- Oversee, on a permanent basis, and evaluate internal accounting and auditing procedures, the efficacy of the risk management system, internal control system and internal auditing system, including the way in which complaints and queries are received and processed, whether originating from employees or not;
- Propose to the General Meeting the removal from office of any member of the Executive Board of Directors;
- Monitor the definition of criteria and responsibilities required or appropriate for the structures and internal bodies of the company or Group and their impact and draft follow-up plans;
- Provide for the replacement of members of the Executive Board of Directors in the event of permanent or temporary absence, as required by law;
- Issue an opinion on their annual vote of confidence in the directors set out in Article 455 of the Companies Code, on its own initiative or when requested to do so by the CEO;
- Monitor and assess matters of corporate governance, sustainability, internal codes of ethics and conduct and compliance with these codes and systems for appraising and resolving conflicts of interest, including those associated with the company's relations with its shareholders, and issue opinions on these matters;
- Obtain the financial or other resources that it reasonably deems necessary for its work and ask the Executive Board of Directors to take any measures or make any corrections that it considers pertinent, with the power to hire independent consultants, if necessary;
- Receive regular information from the Executive Board of Directors on significant business relations between the company or its subsidiaries and shareholders with a qualifying holding and persons related to them;
- Appoint the Remuneration Committee and Financial Matters Committee/Audit Committee;
- Represent the company in its relations with the directors;
- Supervise the work of the Executive Board of Directors;

- Oversee compliance with the law and Articles of Association;
- Select and replace the company's external auditor, giving the Executive Board of Directors instructions for engagement or dismissal;
- Monitoring the bookkeeping, accounts and supporting documents and the status of any assets or securities held by the company, as and when it deems appropriate;
- Supervise the preparation and disclosure of financial information
- Call the General Meeting when it deems appropriate;
- Approve internal rules, including rules on relations with the other corporate bodies;
- Exercise any other powers that may be granted by law, the Articles of Association or by the General Meeting.

Under the corporate governance model in place at EDP, the General and Supervisory Board also has a power of particular importance. Although it does not have management powers, pursuant to Article 442 (1) of the Companies Code, Article 17 (2) of the Articles of Association lays down that the approval of EDP's strategic plan and performance of the operations indicated below by EDP or its subsidiaries are subject to a prior favorable opinion from this board (see also Article 13 of the Internal Regulations of the General and Supervisory Board):

- Acquisitions and sales of assets, rights or shareholdings of significant economic value;
- Financing operations of significant value;
- Opening and closure of establishments, or important parts thereof, and substantial extensions or limitations of company activity;
- Other transactions or operations of significant economic or strategic value;
- Formation or termination of strategic partnerships or other forms of lasting cooperation;
- Plans for splits, mergers or conversions;
- Amendments to the Articles of Association, including changes of registered office and share capital increases when on the Executive Board of Directors' initiative;
- Approval, by a majority of two thirds, of the draft decision of the Executive Board of Directors to increase the share capital by means of one or more share capital increases, up to the limit of 10% of the current share capital, by issuing shares to be subscribed by new contributions in cash with the terms and conditions of the issuance defined by the Executive Board of Directors.
- Formation or termination of strategic partnerships or other forms of lasting cooperation.

The Chairman of the General and Supervisory Board is granted particular powers, and, pursuant to Article 18 of the Rules of Procedure of the General and Supervisory Board, is responsible for:

- Representing the General and Supervisory Board and being the spokesman for its decisions with the other governing bodies.
- Taking the necessary steps to ensure that the General and Supervisory Board adequately monitors the Company's and its Subsidiary Companies' business.
- Coordinating the work of the General and Supervisory Board and ensuring the correct operation of its committees, being entitled to attend any meeting and being kept informed of their activities.
- Propose to the General and Supervisory Board the Members, the Chairman, and, when appropriate, the Vice-Chairman of each Committee. Ensuring that the members of the General and Supervisory Board punctually receive the information they need for their duties.
- Monitoring implementation of the General and Supervisory Board's budget and managing the material and human resources assigned to it.
- Convening and presiding over meetings of the General and Supervisory Board;

The Chairman of the General and Supervisory Board or, in his/her absence or incapacity, a member delegated by the board for that purpose, may attend meetings of the Executive Board of Directors whenever s/he sees fit and take part in the discussion of matters to be submitted to the General and Supervisory Board, without having any voting rights pursuant to Article 21 (10) of EDP's Articles of Association.

The members of the Financial Matters Committee/Audit Committee have a duty to attend the meetings of the Executive Board of Directors when the accounts are appraised, (see Article 10 (3) (e) of the Rules of Procedure of the Financial Matters Committee/Audit Committee).

The members of the General and Supervisory Board were elected at the General Meeting of Shareholders that was held on 21 April 2015 for the three-year period between 2015 and 2017. The term of office of these members of the corporate bodies therefore ends on 31 December 2017, though they may remain in office until a new appointment.

The General and Supervisory Board has the following composition:

General and Supervisory Board		Independent Members	First appointment date
Chairman	China Three Gorges Corporation represented by Eduardo de Almeida Catroga ⁽¹⁾		20-02-2012
Vice-Chairman	Luís Filipe Marques Amado	Independent	21-04-2015
	China Three Gorges New Energy Co. Ltd. represented by Ya Yang		20-02-2012
	China International Water & Electric Corp. represented by Guojun Lu		20-02-2012
	China Three Gorges (Europe), S.A. represented by Dingming Zhang		20-02-2012
	China Three Gorges (Portugal), Sociedade Unipessoal, Lda. represented by Shengliang Wu		21-04-2015
	DRAURSA, S.A. represented by Felipe Fernández Fernández		21-04-2015
	Fernando Maria Masaveu Herrero		20-02-2012
	Banco Comercial Português, S.A. represented by Nuno Manuel da Silva Amado ⁽²⁾		21-04-2015
	Sonatrach represented by Ferhat Ounoughi		12-04-2007
	Senhora BV represented by Mohamed Ali Ismaeil Ali Al Fahim ⁽³⁾		21-04-2015
	António Samento Gomes Mota	Independent	15-04-2009
	Maria Celeste Ferreira Lopes Cardona	Independent	20-02-2012
	Ilídio da Costa Leite de Pinho	Independent	20-02-2012
	Jorge Avelino Braga de Macedo	Independent	20-02-2012
	Vasco Joaquim Rocha Vieira	Independent	20-02-2012
	Augusto Carlos Serra Ventura Mateus	Independent	06-05-2013
	João Carvalho das Neves	Independent	21-04-2015
	Alberto Joaquim Milheiro Barbosa	Independent	21-04-2015
	María del Carmen Fernández Rozado	Independent	21-04-2015
	António Manuel de Carvalho Ferreira Vitorino	Independent	21-04-2015

¹⁾ Eduardo Catroga was an independent member of the GSB in 2006-2008, 2009-2011 mandates and chairman, also independent, in 2012-2014 mandate.

²⁾ In 2012-2014 mandate, the office was held by Nuno Manuel da Silva Amado, Chairman of BCP.

³⁾ In 2009-2011 and 2012-2014 mandates, the member of the CGS was Senhora S.à.r.l.

The representatives of the companies China Three Gorges Corporation, China International Water & Electric Corp., China Three Gorges New Energy Co., Ltd. and China Three Gorges (Europe) SA, initiated their term of office on 11 May 2012, following the entry into force of the strategic partnership agreement concluded on 30 December 2011.

Ordinary meetings of the General and Supervisory Board are held at least once every quarter and extraordinary meetings take place whenever convened by the Chairman, on his/her own initiative or at the request of any of its members, the Executive Board of Directors or its Chairman, pursuant to Article 24 (1) of the Articles of Association and Article 19 (1) of the Internal Regulations of the General and Supervisory Board.

The General and Supervisory Board met six times in the first half of 2017 and minutes were kept of all the meetings.

2.1.3. Executive Board of Directors

Pursuant to Article 431 of the Companies Code and Article 17 of the Articles of Association, the Executive Board of Directors is the body responsible for managing the company's activities and representing the company, and is elected by the shareholders at a General Meeting.

According to article 16 (2) of the Articles of Association, there must be a minimum of five and a maximum of eight members of the Executive Board of Directors.

At that General Meeting of Shareholders held on 21 April 2015 the members of the Executive Board of Directors were elected for the three-year period between 2015 and 2017.

The Executive Board of Directors is composed as follows:

Executive Board of Directors		First appointment date
Chairman	António Luís Guerra Nunes Mexia	30/03/2006
	Nuno Maria Pestana de Almeida Alves	30/03/2006
	João Manuel Manso Neto	30/03/2006
	António Fernando Melo Martins da Costa	30/03/2006
	João Manuel Viríssimo Marques da Cruz	20/02/2012
	Miguel Stilwell de Andrade	20/02/2012
	Miguel Nuno Simões Nunes Ferreira Setas	21/04/2015
	Rui Manuel Rodrigues Lopes Teixeira	21/04/2015

Members elected at the General Meeting of March 30, 2006 to hold office from June 30, 2006, date of entry into force of new Articles of Association and the two-tier corporate governance model.

The Executive Board of Directors is a collegial body. Individual directors in office are only allowed to represent one absent director at each meeting. All directors have equal voting rights and the Chairman has the casting vote.

The Executive Board of Directors as, in accordance with the Article 17 (1) of the Articles of Association, the following powers:

- Setting the goals and management policies of EDP and the EDP Group;
- Drawing up the annual business and financial plans;
- Managing corporate business and undertaking all actions and operations associated with the corporate object that do not fall within the responsibilities of other company bodies;
- Representing the company in and out of court, actively and passively, with the power to waive, transact and admit guilt in any legal proceedings and make arbitration agreements;
- Buying, selling or by any other means disposing or encumbering rights or immovable assets;
- Setting up companies and subscribing, purchasing, encumbering and selling shareholdings;
- Deciding on the issue of bonds and other securities in accordance with the law and the Articles of Association, in compliance with the annual quantitative limits set by the General and Supervisory Board;
- Establishing the technical and administrative organisation of EDP and the rules of procedure, particularly in relation to personnel and their remuneration;
- Appointing proxies with such powers as it sees fit, including the power to delegate;
- Appointing the Company Secretary and alternate;
- Hiring and dismissing the External Auditor on recommendation of the General and Supervisory Board;
- Exercising any other powers that may be granted to it by law or by the General Meeting;
- Establishing its own internal rules.

Proposals to amend EDP's Articles of Association regarding share capital increases submitted by the Executive Board of Directors require a prior opinion from the General and Supervisory Board, pursuant to Article 17 (2) (g) of the Articles of Association.

The Executive Board of Directors also provides, when requested by other members of the corporate bodies, all the required information in a timely and appropriate fashion. There is an information sharing web portal for the Executive Board of Directors and General and Supervisory Board, which is accessible to all their members.

On the other hand, pursuant to Article 18 of the Articles of Association, the Chairman of the Executive Board of Directors is granted particular powers by. These powers are:

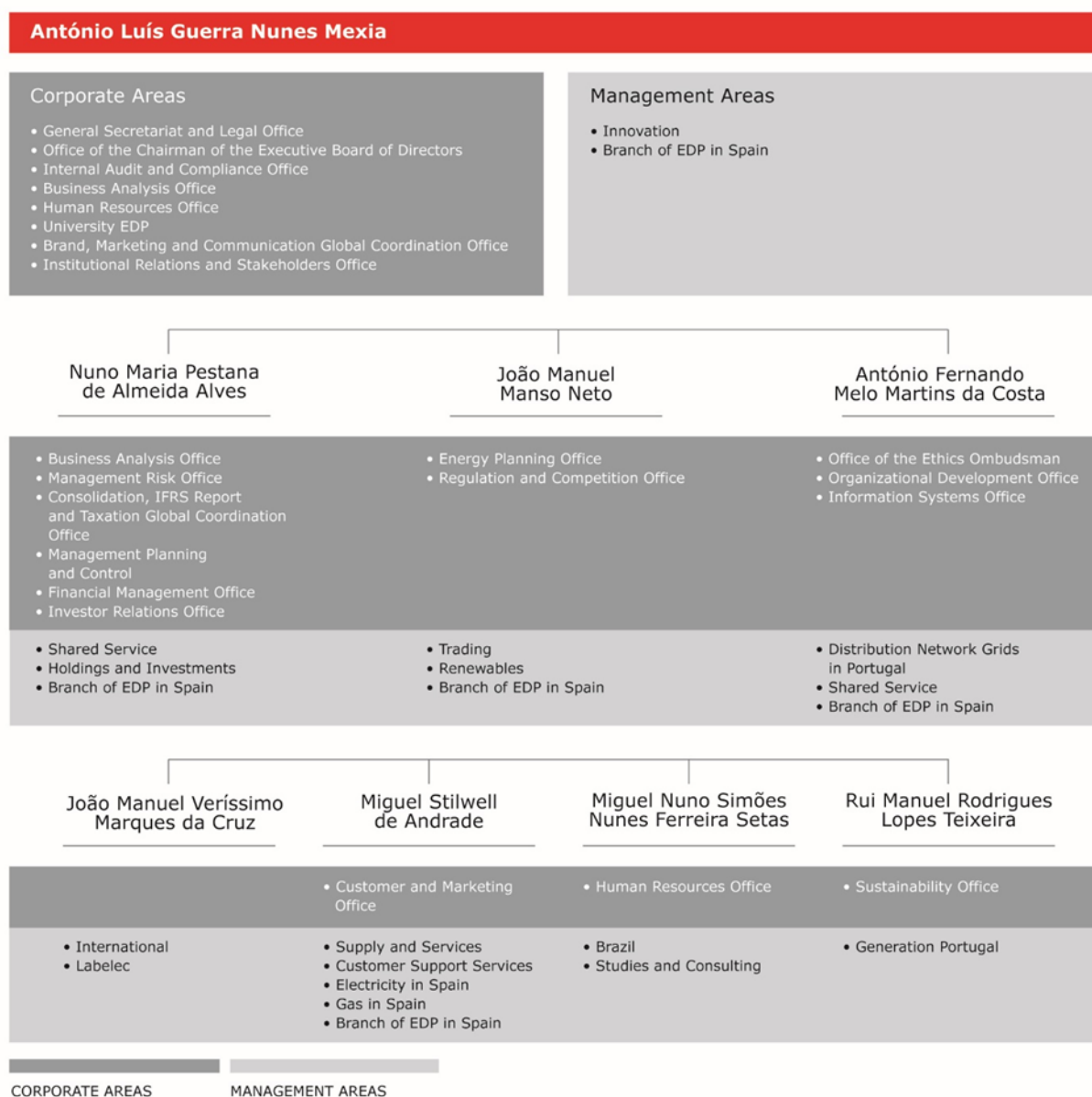
- Representing the Executive Board of Directors;
- Coordinating the work of the Executive Board of Directors and convening and presiding over its meetings;
- Ensuring proper execution of the decisions of the Executive Board of Directors.

The Chairman of the Executive Board of Directors is entitled to attend the meetings of the General and Supervisory Board, whenever considered appropriate, except when these concern decisions on the supervision of the work of the Executive Board of Directors and, in general, any situations that may involve a conflict of interest, pursuant to Article 18 (2) of the Articles of Association.

In the Executive Board of Directors there is a functional division of management areas to each of its members. The college of directors is responsible for making decisions on all matters within its remit. Delegated powers are not granted to directors individually, because of the board's particular nature.

The members of the Executive Board of Directors were responsible for the following management areas and corporate matters:

Executive Board of Directors



Pursuant Article 20 (1) of EDP's Articles of Association and Article 6 (1) of the Executive Board of Directors' Internal Regulation, this corporate body must meet bi-monthly, however, it usually meets weekly.

In the first half of 2017, the Executive Board of Directors met twenty-four times and minutes were kept of all the meetings.

2.1.4. Statutory auditor

The Statutory Auditor is the company body responsible for the examination of the accounting documents. It is elected by the General Meeting for three year terms, pursuant to Article 25 of EDP's Articles of Association and Article 446 of the Companies Code.

According to the Companies Code and the company's Articles of Association, the Statutory Auditor is responsible for checking (see Article 446 (3) of the Companies Code):

- The regularity of the company's books, accounting records and their supporting documents;
- The cash and all assets or securities belonging to the company or received by it as guarantees, deposits or for any other purpose, whenever and however it sees fit;
- The accuracy of the accounting documents;
- Whether the company's accounting policies and valuation criteria result in an accurate assessment of its assets and results.

At the General Meeting of Shareholders on 21 April 2015, KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. ("KPMG"), represented by Vítor Manuel da Cunha Ribeirinho, was reappointed as the Statutory Auditors for EDP for the three-year period between 2015 and 2017:

Statutory Auditor	
Permanent	KPMG & Associados, SROC, S.A. represented by Vítor Manuel da Cunha Ribeirinho
Alternate	Susana de Macedo Melim de Abreu Lopes

EDP's auditor is KPMG & Associados, SROC, with Vítor Manuel da Cunha Ribeirinho as the statutory audit partner.

2.1.5. Environment and Sustainability Board

The Environment Board was set up as a company body in 1991. Its name was changed to Environment and Sustainability Board by decision of the Annual General Meeting of 30 March 2006.

The Environment and Sustainability Board, as a company body, has powers to advise the Executive Board of Directors on environment and sustainability matters. In particular, it provides advice and support in defining the company's environmental and sustainability strategy and drafting opinions and recommendations on the environmental impact of projects planned by the EDP Group (Article 28 (1) of EDP's Articles of Association).

Pursuant to Article 28 (2) of EDP's Articles of Association, the Environment and Sustainability Board is composed by five members with acknowledged competence in the field of environmental protection and sustainability, which are appointed by the General Shareholders' Meeting under proposal of the Executive Board of Directors.

In view of these responsibilities, the Environment Board met once in the first half of 2017 and the minutes of this meetings was drawn up.

The members of the Environment and Sustainability Board were re-elected at the Annual General Meeting of Shareholders, on 21 April 2015, for a new term of office for the three-year period between 2015 and 2017.

The Environment and Sustainability Board's membership is as follows:

Environmental and Sustainability Board	
Chairman	José Pedro Sucena Paiva
	Alberto da Ponte*
	António José Tomás Gomes de Pinho
	José Manuel Viegas
	Maria da Graça Madeira Martinho

* Ceased functions on January, 21st 2017

2.1.6. Remuneration Committee of the General Meeting

The remuneration of the corporate bodies, with the exception of the members of the Executive Board of Directors, is defined by the Remuneration Committee elected by the General Meeting (Article 11 (2) (d) of EDP's Articles of Association).

Pursuant to this Article, the majority of the members of the Remuneration Committee of the General Meeting must be independent.

The following members were elected to the General Meeting Remunerations Committee for the three-year period between 2015 and 2017 at the General Meeting of Shareholders on 21 April 2015:

Remuneration Committee -	
Chairman	Luís Miguel Nogueira Freire Cortes Martins
	José Gonçalo Maury
	Jaime Amaral Anahory

2.1.7. Specialised committees of the General and Supervisory Board

The Articles of Association and the Internal Regulations of the General and Supervisory Board provide for the establishment of standing committees and ad hoc committees, composed of some of its members, without prejudice to its responsibility for the exercise of its duties as a corporate body. These committees may be set up whenever it sees fit and appropriate and have specific duties delegated to them.

The main remit of the standing and ad hoc committees is specific, continuous monitoring of the matters entrusted to them, in order to ensure informed decisions by the General and Supervisory Board or provide it with information on certain matters.

The committees' activity is coordinated by the Chairman of the General and Supervisory Board, who ensures proper articulation of the committees with the plenary board through their Chairman, who keep him informed by sending notices and the minutes of meetings.

The General and Supervisory Board believes that the committees are important to the regular functioning of the company as they can perform certain delegated duties, especially monitoring the company's financial information, reflecting on its governance system, assessing the performance of directors and evaluating its own overall performance.

There were four specialised committees inside the General and Supervisory Board outgoing: Financial Matters Committee/Audit Committee, Remuneration Committee, Corporate Governance and Sustainability Committee and Strategy and Performance Committee.

Financial Matters Committee/Audit Committee

The Financial Matters Committee/Audit Committee is made up of five independent members with the appropriate qualifications and experience, including at least one member with a degree in the area of the committee's duties and specific knowledge of auditing and accounting, as confirmed by the Curriculum Vitae of the Chairman, which available on EDP's website (www.edp.pt).

The Financial Committee/Audit Committee has the following members:

Financial Matters Committee/Audit Committee		First appointment date
Chairman	António Sarmiento Gomes Mota *	07/05/2009
Vice- Chairman	João Carlos Carvalho das Neves	22/04/2016
	Alberto Joaquim Milheiro Barbosa	22/04/2016
	Maria del Carmen Ana Fernández Rozado	22/04/2016
	Maria Celeste Ferreira Lopes Cardona	18/04/2012

* Appointed as Chairman on April 22, 2016, by decision of the General and Supervisory Board

In accordance with the Articles of Association and the Internal Regulations of the Financial Matters Committee/Audit Committee, are assigned to this Committee, by delegation from the General and Supervisory Board, the following powers:

- Financial matters relating to the Company.
- The internal procedures for auditing and accounting practices followed by the Company and the Internal Financial Reporting Control System (SCIRF), in coordination with the Internal Audit Department.
- Matters relating to the internal financial reporting control system and risk management processes, particularly relating to their fiscal, legal and financial aspects.
- The activity and the independence of the Statutory Auditor and the External Auditor of the Company, with whom it should maintain a close relationship.

The Financial Matters Committee/Audit Committee, as a specialised committee of the General and Supervisory Board, also assists it in the hiring and dismissal of the External Auditor, pursuant to the Articles of Association (Article 22 (1) (q)) and the Internal Regulations of the Financial Matters Committee/Audit Committee (Article 10 (1) (K)).

The membership, role and functioning of the Financial Matters Committee/Audit Committee are in line with the European Commission Recommendation of 15 February 2005 (2005/162/EC), supplemented by the European Commission Recommendation of 30 April 2009 (2009/385/EC).

In view of these responsibilities, the Financial Committee/Audit Committee met eight times in the first half of 2017 and the minutes of these meetings were drawn up.

Remuneration Committee of the General and Supervisory Board

Pursuant to Article 27 of EDP's Articles of Association, the Remuneration Committee appointed by the General and Supervisory Board, defines the remuneration of the Executive Board of Directors as well as any supplements.

According to the Articles of Association, the Remuneration Committee of the General and Supervisory Board must submit a declaration on the remuneration policy followed for the members of the Executive Board of Directors and which it has approved by it.

In the first half of 2017, in view of these responsibilities, the General and Supervisory Board Remunerations Committee met twice and the minutes of these meetings were drawn up.

The Remuneration Committee of the General and Supervisory Board is made up of the following members:

Remuneration Committee of the GSB		First appointment date
Chairman	Yang Ya	21/04/2016
	Fernando Masaveu Herrero	21/04/2016
	Ilídio da Costa Leite de Pinho	22/05/2012
	João Carvalho das Neves	21/04/2016
	Vasco Joaquim Rocha Vieira	21/04/2016

Corporate Governance and Sustainability Committee

The Corporate Governance and Sustainability Committee is a specialised committee of the General and Supervisory Board. Its purpose is to permanently monitor and supervise all matters related with the following:

- Corporate governance;
- Strategic sustainability;
- Internal codes of ethics and conduct;
- Systems for assessing and resolving conflicts of interests, in particular pertaining to relations between EDP and its shareholders;
- Definition of criteria and duties to be complied with in EDP's bodies and their repercussions on their membership; and
- Supervising the drawing up of succession plans.

The Corporate Governance and Sustainability Committee is made up of members of the General and Supervisory Board, the majority of whom are independent, with the appropriate qualifications and experience for their duties.

The Corporate Governance and Sustainability Committee held three meetings in the first half of 2017 and the minutes of the meetings were drawn up.

The Corporate Governance and Sustainability Committee has the following members:

Corporate Governance and Sustainability Committee		First appointment date
Chairman	Luís Filipe Marques Amado	22/04/2016
	Felipe Fernández Fernández	22/04/2016
	Jorge Avelino Braga de Macedo	22/04/2016
	Maria Celeste Ferreira Lopes Cardona	18/04/2012
	Shengliang Wu	11/05/2012

Strategy and Performance Committee

The Strategy and Performance Committee is a specialised Committee of the General and Supervisory Board, the purpose of which is to follow and supervise the questions regarding the following matters at all times:

- The short-, medium- and long-term scenarios and strategies.
- The strategic implementation, business planning and the respective budgets.
- The investments and divestments.
- Debt and funding.
- Strategic alliances.
- Market and competitiveness evolution.
- Regulation.
- Analysis of the performance of the Group and the Business Units.
- The benchmarking of the company group performance compared with the companies at the top of the sector.
- The assessment of the competitiveness of the EDP business portfolio.

The Strategy and Performance Committee is composed of members of the General and Supervisory Board with the proper qualifications and experience to hold the respective posts.

The Strategy and Performance Committee met four times in the first half of 2017 and the minutes of the meetings were drawn up.

The Strategy and Performance Committee has the following members:

Strategy and Performance Committee		First appointment date
Chairman	Eduardo de Almeida Catroga	18/06/2016
Vice Chairman	Alberto Joaquim Milheiro Barbosa	18/06/2016
	Augusto Carlos Serra Ventura Mateus	18/06/2016
	Zhang Dingming	18/06/2016
	Ferhat Onoughi	18/06/2016
	Fernando Maria Masaveo Herrero	18/06/2016
	João Carlos Carvalho das Neves	18/06/2016
	Jorge Avelino Braga de Macedo	18/06/2016
	Mohamed Ali Ismaeil Ali AlFahim	18/06/2016
	Nuno Manuel da Silva Amado	18/06/2016
	Shengliang Wu	18/06/2016

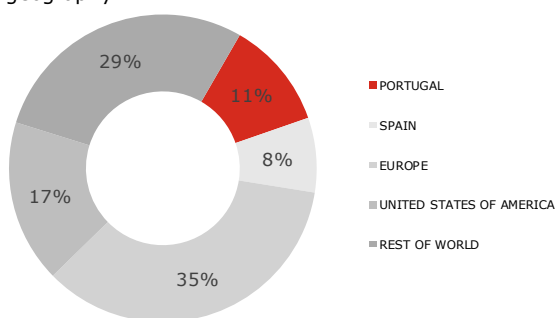
III. SHAREHOLDER STRUCTURE AND MANAGEMENT TRANSACTIONS

3.1. Capital structure

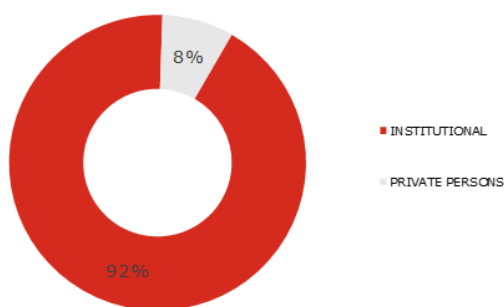
Pursuant to article 4 point 2 of EDP's Articles of Association, as modified by the decision taken at the Annual General Meeting of Shareholders of 21 April 2015, EDP's share capital of 3,656,537,715.00 euros is represented by 3,656,537,715 shares with a nominal value of 1 euro each.

The geographical and investor type breakdown of the EDP shareholder structure on 30 June 2017 was as follows:

Breakdown of shareholder structure by geography



Breakdown of shareholder structure by investor type



Source: Interbolsa

3.2. Qualifying holdings

Pursuant to Article 8 (1) (b) of CMVM Regulation 5/2008, we are providing the following information on qualifying holdings owned by EDP shareholders as at 30 June 2017 and their voting rights in accordance with Article 20 (1) of the Securities Code.

Shareholder	Nr. of Shares	% Capital with voting rights
CHINA THREE GORGES CORPORATION		
Stakes held by entities in a control or group relationship		
China Three Gorges (Europe), S.A.	780,633,782	21.35%
Total	780,633,782	21.35%

China Three Gorges (Europe), S.A. is fully owned by China Three Gorges (Hong Kong) Co. Ltd., which is fully owned by CWE Investment Co. Ltd. China Three Gorges Corporation directly holds 100% equity of CWE Investment Co. Ltd. China Three Gorges Corporation is in turn fully owned by People Republic of China.

CNIC CO. LTD.		
Stakes held by entities in a control or group relationship		
Orise, S.a.r.l.	110,435,491	3.02%
Total	110,435,491	3.02%

Orise, S.a.r.l. is fully owned by Kindbright Holdings Corp. Limited, which in turn is fully owned by CNIC Co., Ltd (formerly known as Guoxin International Investment Co., Ltd.), which in turn is fully owned by People's Republic of China.

Pursuant to article 21 (3) of the Portuguese Securities Code, China Three Gorges Corporation's voting rights are not imputable to Cnic Co., nor are CNIC Co.'s voting rights imputable to China Three Gorges Co.

According to paragraph 1(b) of article 20 of the Portuguese Securities Code, a total of 24.37% of voting rights are imputable to People Republic of China, resulting from the above-mentioned shares aggregation.

CAPITAL GROUP COMPANIES, INC.		
Stakes under management by entities in a control relationship		
Capital Research and Management Company	431,283,656	11.79%
Capital Income Builder	199,775,187	5.46%
Income Fund of America	45,396,105	1.24%
Capital World Growth and Income Fund	105,264,653	2.88%
Capital Guardian Trust Company	2,386,687	0.07%
Capital International Limited	285,685	0.01%
Capital International Sàrl	4,930,771	0.13%
Capital International, Inc.	17,146	0.00%
Total	438,903,945	12.00%

Capital Research and Management Company ("CRMC") is fully owned by Capital Group Companies, Inc. CRMC is an investment consultancy vehicle which manages mutual funds registered in the United States. CRMC manages capital assets for several investment companies through three divisions, Capital Research Global Investors, Capital International Investors and World Investors. CRMC fully owns Capital Group International, Inc. ("CGI"), which in turn controls investment management companies ("fund management companies CGI"): Capital Guardian Trust Company, Capital International, Inc., Capital International Limited and Capital International Sàrl. The fund management companies CGI operate primarily as investment managers for institutional clients. The reported shareholdings are held by mutual investment funds under discretionary investment management.

OPPIDUM CAPITAL, S.L.		
Stakes held directly		
Oppidum Capital, S.L.	263,046,616	7.19%
Total	263,046,616	7.19%

According to paragraph 1(b) of article 20 of the Portuguese Securities Code, the voting rights inherent to the share capital held by Oppidum Capital, SL and Flicka Forestal, SL are imputable to Fernando Masaveu Herrero. Oppidum Capital, SL is 55.9% owned by Masaveu Internacional, S.L. and 44.1% owned by Liberbank, S.A. In turn, Masaveu Internacional, SL is 100% held by Corporación Masaveu, SA. Corporación Masaveu, SA is 41.38% held by Fundación María Cristina Masaveu Peterson, 10.73% by Flicka Forestal, SL and 0.03% by Fernando Masaveu Herrero. Fernando Masaveu Herrero controls Fundación María Cristina Masaveu Peterson, Flicka Forestal, SL and Peña María, S.L. Flicka Forestal, SL holds 2,000,000 shares of EDP's share capital, which correspond to 0.05% of the voting rights. Additionally, Fernando Masaveu Herrero's spouse holds 17,020 shares of EDP's share capital, which correspond to 0.000465% of the voting rights. Also, three dependents of Fernando Masaveu Herrero, namely Pedro Masaveu Compostizo, Jaime Masaveu Compostizo and Elias Masaveu Compostizo hold each 500 shares of EDP's share capital. In this sense, in total, 7.25% of the voting rights of EDP, corresponding to 265,065,136 shares of EDP's share capital, should be imputable to Fernando Masaveu Herrero.

Shareholder	Nr. of Shares	% Capital with voting rights
BLACKROCK, INC.		
Stakes under management by entities in a control relationship		
BlackRock (Luxembourg) S.A.	49,282,565	1.35%
BlackRock (Netherlands) B.V.	776,486	0.02%
BlackRock Advisors (UK) Limited	1,046,389	0.03%
BlackRock Advisors, LLC	3,836,968	0.10%
BlackRock Asset Management Canada Limited	1,059,783	0.03%
BlackRock Asset Management Deutschland AG	9,606,564	0.26%
BlackRock Asset Management Ireland Limited	18,662,688	0.51%
BlackRock Asset Management North Asia Limited	9,693	0.00%
BlackRock Asset Management Schweiz AG	11,076	0.00%
BlackRock Financial Management	45,287	0.00%
BlackRock Fund Advisors	32,320,429	0.88%
BlackRock Fund Managers Limited	16,462,044	0.45%
BlackRock Institutional Trust Company, National Association	32,735,889	0.90%
BlackRock International Limited	428,495	0.01%
BlackRock Investment Management (Australia) Limited	773,921	0.02%
BlackRock Investment Management (UK) Limited	1,132,323	0.03%
BlackRock Investment Management, LLC	3,388,710	0.09%
BlackRock Japan Co Ltd	3,244,637	0.09%
BlackRock Life Limited	6,412,059	0.18%
iShares (DE) I Investmentaktiengesellschaft mit Teilvermögen	1,497,174	0.04%
Total	182,733,180	5.00%
MUBADALA INVESTMENT COMPANY		
Stakes held by entities in a control or group relationship		
Senfora BV	148,431,999	4.06%
Total	148,431,999	4.06%
The company Senfora BV is a company created in the Netherlands, wholly and directly owned by Mubadala, which is a company wholly owned by the government of Abu Dhabi.		
MILLENNIUM BCP		
Fundação Millennium BCP	350,000	0.01%
Stakes under management by associated entities		
Fundo de Pensões do Grupo Millennium BCP	88,639,949	2.42%
Total	88,989,949	2.43%
The management company of the pension fund of Group Millennium BCP exercises independently their voting rights.		
SONATRACH		
Stakes held directly		
Sonatrach	87,007,433	2.38%
Total	87,007,433	2.38%
QATAR INVESTMENT AUTHORITY		
Stakes held by entities in a control or group relationship		
Qatar Holding LLC	82,868,933	2.27%
Total	82,868,933	2.27%
The company Qatar Holding LLC is wholly owned by Qatar Investment Authority.		
NORGES BANK		
Stakes held directly		
Held through collateral	90,427,796	2.47%
Held through financial instruments	7,745,637	0.21%
Total	104,053,200	2.85%
EDP (TREASURY STOCK)	21,606,324	0.59%
REMAINING SHAREHOLDERS	1,347,826,863	36.86%
TOTAL	3,656,537,715	100.00%
Note 1: Pursuant to Article 14 (3) of the Articles of Association of EDP, votes cast by a shareholder, on its own account or on behalf of another shareholder, that exceed 25% of the votes corresponding to the share capital, shall not be taken into account.		

3.3. Financial instruments owned by members of the management and supervisory bodies

Financial instruments owned by members of the Executive Board of Directors

The tables below shows the financial instruments held by members of Executive Board of Directors and the changes occurred during the first semester of 2017, as required by Article 447 (5) of the Companies Code.

Financial instruments owned and/or imputable by the members of Executive Board of Directors:

Executive Board of Directors	EDP - Energias de Portugal, S.A.				EDP Renováveis, S.A.		EDP - Energias do Brasil, S.A.	
	Nº Shares 30-06-2017	Nº Shares 31-12-2016	Nº Bonds 30-06-2017	Nº Bonds 31-12-2016	Nº Shares 30-06-2017	Nº Shares 31-12-2016	Nº Shares 30-06-2017	Nº Shares 31-12-2016
António Luís Guerra Nunes Mexia	91.000	91.000	-	-	4.200	4.200	1	1
Nuno Maria Pestana de Almeida Alves	150.000	150.000	-	-	5.000	5.000	1	1
João Manuel Manso Neto	1.268	1.268	-	-	0	0	0	0
António Fernando Melo Martins da Costa ⁽¹⁾	54.299	54.299	-	-	1.480	1.480	0	0
João Manuel Veríssimo Marques da Cruz	81.378	81.378	200.000	200.000	1.200	1.200	0	0
Miguel Stilwell de Andrade	140.000	140.000	-	-	2.510	2.510	0	0
Miguel Nuno Simões Nunes Ferreira Setas	7.382	7.382	-	-	1.690	1.690	6.000	6.000
Rui Manuel Rodrigues Lopes Teixeira ⁽²⁾	8.333	8.333	-	-	12.370	12.370	0	0

Notes:

1) The shares of EDP Renováveis includes 150 held by his spouse, Anna Malgorzata Starzenska Martins da Costa.

2) The shares of EDP - Energias de Portugal, S.A. includes 1,490 held by his spouse, Lina Lago da Silva Dantas Martins.

In the first half 2017, the members of the Executive Board of Directors did not perform any operations with EDP – Energias de Portugal, S.A. shares.

Financial instruments owned by members of the General and Supervisory Board

Financial instruments owned and/or imputable to members of the General and Supervisory Board:

GENERAL AND SUPERVISORY BOARD ⁽¹⁾	EDP - Energias de Portugal, S.A.				EDP Renováveis, S.A.	
	N.º Acções 30-06-2017	N.º Acções 31-12-2016	N.º Obrigações 30-06-2017	N.º Obrigações 31-12-2016	N.º Acções 30-06-2017	N.º Acções 31-12-2016
China Three Gorges Corporation	780.633.782	780.633.782	0	0	0	0
Eduardo Catroga (in representation of China Three Gorges Corporation)	0	0	0	0	0	0
Luís Filipe Marques Amado	0	0	0	0	0	0
China Three Gorges New Energy Co. Ltd.	0	0	0	0	0	0
Ya Yang (in representation of da China Three Gorges New Energy Co. Ltd.)	0	0	0	0	0	0
China International Water & Electric Corp.	0	0	0	0	0	0
Guojun Lu (in representation of China International Water & Electric Corp.)	0	0	0	0	0	0
China Three Gorges (Europe) S.A.	780.633.782	780.633.782	0	0	0	0
Dingming Zhang (in representation of da China Three Gorges (Europe) S.A.)	0	0	0	0	0	0
China Three Gorges (Portugal), Sociedade Unipessoal, Lda.	0	0	0	0	0	0
Shengliang Wu (in representation of China Three Gorges (Portugal), Sociedade Unipessoal, Lda.)	0	0	0	0	0	0
Drausa, S.A.	0	0	0	0	0	0
Felipe Fernández Fernández (in representation of Drausa, S.A.) ⁽²⁾	1.350	0	0	0	0	0
Fernando Maria Masaveu Herrero ⁽³⁾	265.065.136	265.065.136	0	0	0	0
Banco Comercial Português, S.A.	88.989.949	89.342.093	0	0	0	0
Nuno Manuel da Silva Amado (in representation of Banco Comercial Português, S.A.)	0	0	0	0	0	0
Sonatrach	87.007.433	87.007.433	0	0	0	0
Ferhat Ounoughi (in representation of Sonatrach)	0	0	0	0	0	0
Senfora BV	148.431.999	148.431.999	0	0	0	0
Mohamed Ali Ismael Ali Al Fahim (in representation of Senfora BV)	0	0	0	0	0	0
António Sarmiento Gomes Mota	0	0	0	0	0	0
Alberto Joaquim Milheiro Barbosa	0	0	0	0	0	0
António Manuel de Carvalho Ferreira Vitorino	0	0	0	0	0	0
Augusto Carlos Serra Ventura Mateus	0	0	0	0	0	0
Ilídio da Costa Leite de Pinho	0	0	0	0	0	0
João Carvalho das Neves	7.429	7.429	5	5	3.200	3.200
Jorge Avelino Braga de Macedo	0	0	0	0	0	0
Maria Celeste Ferreira Lopes Cardona	0	0	0	0	0	0
Maria del Carmen Ana Fernández Rozado	0	0	0	0	0	0
Vasco Joaquim Rocha Vieira	3.203	3.203	0	0	380	380

Notes:

1) The members of the General and Supervisory Board do not hold any shares of Energias do Brasil, S.A.

2) The shares of EDP - Energias de Portugal are held by his spouse, Maria Teresa Fernández Veja, and were identified following a process of division of an inheritance.

3) According to paragraph 1(b) of article 20 of the Portuguese Securities Code, the voting rights inherent to the share capital held by Oppidum Capital, SL and Flicka Forestal, SL are imputable to Fernando Masaveu Herrero. Oppidum Capital, SL is 55.9% owned by Masaveu Internacional, S.L. and 44.1% owned by Liberbank, S.A. In turn, Masaveu Internacional, SL is 100% held by Corporación Masaveu, SA. Corporación Masaveu, SA is 41.38% held by Fundación María Cristina Masaveu Peterson, 10.73% by Flicka Forestal, SL and 0.03% by Fernando Masaveu Herrero. Fernando Masaveu Herrero controls Fundación María Cristina Masaveu Peterson, Flicka Forestal, SL and Peña María, S.L. Flicka Forestal, SL holds 2,000,000 shares of EDP's share capital, which correspond to 0.05% of the voting rights. Additionally, Fernando Masaveu Herrero's spouse holds 17,020 shares of EDP's share capital, which correspond to 0.000465% of the voting rights. Also, three dependents of Fernando Masaveu Herrero, namely Pedro Masaveu Compostizo, Jaime Masaveu Compostizo and Elias Masaveu Compostizo hold each 500 shares of EDP's share capital. In this sense, in total, 7.25% of the voting rights of EDP, corresponding to 265,065,136 shares of EDP's share capital, should be imputable to Fernando Masaveu Herrero.

In the first semester of 2016, the members of the General and Supervisory Board did not perform any operations with EDP – Energias de Portugal, S.A. shares.

The variation found at the shareholding held by Banco Comercial Português, S.A. is due to the change of the amount of shares held by the Fundo de Pensões do Grupo BCP, whose management company exercises independently their voting rights, according to the table on item 3.2.

ENERGY
AS
THE
NEW
ART

ENERGY AS THE *NEW* ART

04 Financial Statements

ENERGY
AS
THE
NEW
ART

**Condensed Financial Statements
30 June 2017**

(Page left intentionally blank)

EDP - Energias de Portugal

**Condensed Consolidated Income Statements
for the six-month periods ended 30 June 2017 and 2016**

Thousand Euros	Notes	2017	2016
Revenues from energy sales and services and other	6	7,875,410	7,147,613
Cost of energy sales and other	6	-4,982,355	-4,177,858
		2,893,055	2,969,755
Other income	7	199,020	239,296
Supplies and services	8	-472,361	-435,743
Personnel costs and employee benefits	9	-340,788	-323,500
Other expenses	10	-376,442	-383,054
		-990,571	-903,001
		1,902,484	2,066,754
Provisions	31	-1,647	5,025
Amortisation and impairment	11	-708,664	-744,345
		1,192,173	1,327,434
Financial income	12	240,254	597,249
Financial expenses	12	-610,200	-1,004,980
Share of net profit in joint ventures and associates		7,228	-4,586
Profit before income tax and CESE		829,455	915,117
Income tax expense	13	-119,153	-242,860
Extraordinary contribution to the energy sector (CESE)	14	-67,415	-58,834
		-186,568	-301,694
Net profit for the period		642,887	613,423
Attributable to:			
Equity holders of EDP		450,430	472,171
Non-controlling Interests	27	192,457	141,252
Net profit for the period		642,887	613,423
Earnings per share (Basic and Diluted) - Euros	24	0.12	0.13

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal
**Condensed Consolidated Statements of Comprehensive Income
for the six-month periods ended 30 June 2017 and 2016**

Thousand Euros	2017		2016	
	Equity holders of EDP	Non-controlling Interests	Equity holders of EDP	Non-controlling Interests
Net profit for the period	450,430	192,457	472,171	141,252
Items that will never be reclassified to profit or loss (i)				
Actuarial gains/(losses)	46,765	-1,976	-24,187	-3,692
Tax effect from the actuarial gains/(losses)	-13,691	672	7,108	1,256
	33,074	-1,304	-17,079	-2,436
Items that are or may be reclassified to profit or loss (i)				
Exchange differences arising on consolidation	-128,307	-224,196	165,459	238,142
Fair value reserve (cash flow hedge)	-53,380	3,586	31,746	-2,036
Tax effect from the fair value reserve (cash flow hedge)	13,267	-1,695	-7,004	1,316
Fair value reserve (available for sale investments)	-23,491	-	-23,071	-
Tax effect from the fair value reserve (available for sale investments)	-2,082	-	3,029	-
Share of other comprehensive income of joint ventures and associates, net of taxes	604	3,822	-615	363
	-193,389	-218,483	169,544	237,785
Other comprehensive income for the period, net of income tax	-160,315	-219,787	152,465	235,349
Total comprehensive income for the period	290,115	-27,330	624,636	376,601

(i) See Condensed Consolidated Statement of Changes in Equity

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated Statements of Financial Position
as at 30 June 2017 and 31 December 2016

Thousand Euros	Notes	2017	2016
Assets			
Property, plant and equipment	15	23,155,362	24,193,736
Intangible assets	16	4,883,769	5,128,544
Goodwill	17	2,300,646	3,414,852
Investments in joint ventures and associates	18	821,139	820,565
Available for sale investments	19	117,324	165,044
Investment property		30,744	31,219
Deferred tax assets	20	667,865	904,412
Debtors and other assets from commercial activities	21	2,589,938	2,448,442
Other debtors and other assets	22	423,277	469,269
Collateral deposits associated to financial debt	29	37,294	31,936
Total Non-Current Assets		35,027,358	37,608,019
Inventories		267,317	316,577
Debtors and other assets from commercial activities	21	2,771,225	3,207,613
Other debtors and other assets	22	237,092	354,316
Current tax assets	23	294,250	494,504
Financial assets at fair value through profit or loss		7,570	9,567
Collateral deposits associated to financial debt	29	4,525	20,095
Cash and cash equivalents		1,989,044	1,521,253
Assets held for sale	36	2,926,359	551,802
Total Current Assets		8,497,382	6,475,727
Total Assets		43,524,740	44,083,746
Equity			
Share capital	24	3,656,538	3,656,538
Treasury stock	25	-62,088	-63,528
Share premium	24	503,923	503,923
Reserves and retained earnings	26	4,584,258	4,348,793
Consolidated net profit attributable to equity holders of EDP		450,430	960,561
Total Equity attributable to equity holders of EDP		9,133,061	9,406,287
Non-controlling Interests	27	4,350,381	4,330,085
Total Equity		13,483,442	13,736,372
Liabilities			
Financial debt	29	15,907,646	15,550,273
Employee benefits	30	1,262,630	1,410,136
Provisions	31	618,626	637,613
Deferred tax liabilities	20	538,036	722,401
Institutional partnerships in USA	32	1,956,741	2,339,425
Trade and other liabilities from commercial activities	33	1,182,782	1,293,133
Other liabilities and other payables	34	834,566	829,257
Total Non-Current Liabilities		22,301,027	22,782,238
Financial debt	29	3,466,743	2,476,403
Employee benefits	30	392,208	316,709
Provisions	31	24,903	33,879
Hydrological correction account	28	1,574	1,574
Trade and other liabilities from commercial activities	33	2,531,609	3,362,421
Other liabilities and other payables	34	334,669	345,032
Current tax liabilities	35	593,114	953,264
Liabilities held for sale	36	395,451	75,854
Total Current Liabilities		7,740,271	7,565,136
Total Liabilities		30,041,298	30,347,374
Total Equity and Liabilities		43,524,740	44,083,746

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated Income Statements
for the three-month periods from 1 April to 30 June 2017 and 2016

Thousand Euros	2017	2016
Revenues from energy sales and services and other	3,642,207	3,360,695
Cost of energy sales and other	-2,271,956	-1,937,895
	1,370,251	1,422,800
Other income	100,145	79,393
Supplies and services	-245,579	-230,247
Personnel costs and employee benefits	-169,456	-162,397
Other expenses	-163,784	-172,404
	-478,674	-485,655
	891,577	937,145
Provisions	2,478	8,355
Amortisation and impairment	-349,423	-378,471
	544,632	567,029
Financial income	123,292	282,274
Financial expenses	-296,623	-509,963
Share of net profit in joint ventures and associates	7,805	3,042
Profit before income tax	379,106	342,382
Income tax expense	-53,403	-91,280
Extraordinary contribution to the energy sector (CESE)	2,144	-
	-51,259	-91,280
Net profit for the period	327,847	251,102
Attributable to:		
Equity holders of EDP	235,128	209,409
Non-controlling Interests	92,719	41,693
Net profit for the period	327,847	251,102
Earnings per share (Basic and Diluted) - Euros	0.06	0.06

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17.713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated Statements of Comprehensive Income
for the three-month periods from 1 April to 30 June 2017 and 2016

Thousand Euros	2017		2016	
	Equity holders of EDP	Non-controlling Interests	Equity holders of EDP	Non-controlling Interests
Net profit for the period	235,128	92,719	209,409	41,693
Items that will never be reclassified to profit or loss				
Actuarial gains/(losses)	47,078	-1,679	-22,003	-1,601
Tax effect from the actuarial gains/(losses)	-13,797	571	6,365	545
	33,281	-1,108	-15,638	-1,056
Items that are or may be reclassified to profit or loss				
Exchange differences arising on consolidation	-146,506	-235,850	133,239	219,822
Fair value reserve (cash flow hedge)	-29,197	2,878	25,389	-658
Tax effect from the fair value reserve (cash flow hedge)	6,349	-1,471	-4,918	1,071
Fair value reserve (available for sale investments)	-26,897	-	-6,648	-
Tax effect from the fair value reserve (available for sale investments)	-1,198	-	1,961	-
Share of other comprehensive income of joint ventures and associates, net of taxes	908	3,608	83	-875
	-196,541	-230,835	149,106	219,360
Other comprehensive income for the period (net of income tax)	-163,260	-231,943	133,468	218,304
Total comprehensive income for the period	71,868	-139,224	342,877	259,997

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated Statements of Changes in Equity
for the six-month periods ended 30 June 2017 and 2016

Thousand 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 2015	12,121,493	3,656,538	503,923	698,902	4,262,125	-56,304	59,379	-392,097	-62,691	8,669,775	3,451,718
Comprehensive income:											
Net profit for the period	613,423	-	-	-	472,171	-	-	-	-	472,171	141,252
Changes in the fair value reserve (cash flow hedge) net of taxes	24,022	-	-	-	-	24,742	-	-	-	24,742	-720
Changes in the fair value reserve (available for sale investments) net of taxes	-20,042	-	-	-	-	-	-20,042	-	-	-20,042	-
Share of other comprehensive income of joint ventures and associates net of taxes	-252	-	-	-	-	78	-	-693	-	-615	363
Actuarial gains/(losses) net of taxes	-19,515	-	-	-	-17,079	-	-	-	-	-17,079	-2,436
Exchange differences arising on consolidation	403,601	-	-	-	-	-	-	165,459	-	165,459	238,142
Total comprehensive income for the period	1,001,237	-	-	-	455,092	24,820	-20,042	164,766	-	624,636	376,601
Transfer to legal reserve	-	-	-	40,122	-40,122	-	-	-	-	-	-
Dividends paid	-672,537	-	-	-	-672,537	-	-	-	-	-672,537	-
Dividends attributable to non-controlling interests	-61,438	-	-	-	-	-	-	-	-	-	-61,438
Purchase and sale of treasury stock	-1,183	-	-	-	-693	-	-	-	-490	-1,183	-
Share-based payments	1,290	-	-	-	-	-	-	-	1,290	1,290	-
Sale without loss of control of windfarms in the USA	259,590	-	-	-	15,566	-1,037	-	3,853	-	18,382	241,208
Sale without loss of control of windfarms in Europe	273,001	-	-	-	82,960	189	-	-	-	83,149	189,852
Changes resulting from acquisitions/sales, equity increases/decreases and other	72,596	-	-	-	-14,958	-135	-	4,330	-	-10,763	83,359
Balance as at 30 June 2016	12,994,049	3,656,538	503,923	739,024	4,087,433	-32,467	39,337	-219,148	-61,891	8,712,749	4,281,300
Balance as at 31 December 2016	13,736,372	3,656,538	503,923	739,024	4,635,564	29,486	50,098	-144,818	-63,528	9,406,287	4,330,085
Comprehensive income:											
Net profit for the period	642,887	-	-	-	450,430	-	-	-	-	450,430	192,457
Changes in the fair value reserve (cash flow hedge) net of taxes	-38,222	-	-	-	-	-40,113	-	-	-	-40,113	1,891
Changes in the fair value reserve (available for sale investments) net of taxes	-25,573	-	-	-	-	-	-25,573	-	-	-25,573	-
Share of other comprehensive income of joint ventures and associates net of taxes	4,426	-	-	-	-	-	-	604	-	604	3,822
Actuarial gains/(losses) net of taxes	31,770	-	-	-	33,074	-	-	-	-	33,074	-1,304
Exchange differences arising on consolidation	-352,503	-	-	-	-	-	-	-128,307	-	-128,307	-224,196
Total comprehensive income for the period	262,785	-	-	-	483,504	-40,113	-25,573	-127,703	-	290,115	-27,330
Dividends paid	-690,637	-	-	-	-690,637	-	-	-	-	-690,637	-
Dividends attributable to non-controlling interests	-39,384	-	-	-	-	-	-	-	-	-	-39,384
Share-based payments	1,364	-	-	-	-76	-	-	-	1,440	1,364	-
Sale without loss of control of windfarms in Europe	210,023	-	-	-	127,855	1,940	-	-	-	129,795	80,228
Changes resulting from acquisitions/sales, equity increases/decreases and other	2,919	-	-	-	-3,892	-	-	29	-	-3,863	6,782
Balance as at 30 June 2017	13,483,442	3,656,538	503,923	739,024	4,552,318	-8,687	24,525	-272,492	-62,088	9,133,061	4,350,381

(i) See note 24
(ii) See note 26
(iii) See note 25
(iv) See note 27

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated and Company Statements of Cash Flows
for the six-month periods ended 30 June 2017 and 2016

Thousand Euros	Group		Company	
	2017	2016	2017	2016
Operating activities				
Cash receipts from customers	7,171,210	6,795,836	1,501,909	1,311,417
Proceeds from tariff adjustments sales	592,916	1,253,785	-	-
Payments to suppliers	-5,388,813	-4,716,295	-1,496,704	-1,295,025
Payments to personnel	-461,767	-447,234	-41,711	-36,697
Concession rents paid	-140,395	-142,475	-	-
Other receipts/(payments) relating to operating activities	-483,996	-362,027	23,728	69,706
Net cash flows from operations	1,289,155	2,381,590	-12,778	49,401
Income tax received/(paid)	-311,426	-173,725	10,729	22,431
Net cash flows from operating activities	977,729	2,207,865	-2,049	71,832
Investing activities				
Cash receipts relating to:				
Sale of assets/subsidiaries with loss of control	-	95,434	-	-
Other financial assets and investments (i)	52,914	35,671	50,719	92
Held to maturity financial investments	-	-	13,885	-
Changes in cash resulting from consolidation perimeter variations (ii)	26,497	-	-	-
Property, plant and equipment and intangible assets	7,306	3,185	402	3,077
Other receipts relating to tangible fixed assets	8,866	4,115	-	-
Interest and similar income	48,853	34,967	169,172	215,667
Dividends	16,478	10,004	320,339	370,575
Loans to related parties	28,119	32,998	17,989	26,126
	189,033	216,374	572,506	615,537
Cash payments relating to:				
Acquisition of assets/subsidiaries	-1,100	-85,416	-	-
Other financial assets and investments (iii)	-59,715	-70,967	-	-41
Changes in cash resulting from consolidation perimeter variations (ii)	-34,206	-1,085	-	-
Property, plant and equipment and intangible assets	-1,110,058	-1,137,577	-14,981	-7,193
Loans to related parties	-4,677	-21,510	-32,708	-271,696
	-1,209,756	-1,316,555	-47,689	-278,930
Net cash flows from investing activities	-1,020,723	-1,100,181	524,817	336,607
Financing activities				
Receipts/(payments) relating to loans	1,667,114	-502,595	404,905	150,816
Interest and similar costs including hedge derivatives	-422,297	-448,359	-173,249	-167,776
Governmental grants received	-6	-	-	-
Share capital increases/(decreases) by non-controlling	-11,899	145,640	-	-
Receipts/(payments) relating to derivative financial	9,116	-3,080	4,145	36,569
Dividends paid to equity holders of EDP (v)	-690,637	-672,537	-690,924	-672,817
Dividends paid to non-controlling interests	-53,173	-119,585	-	-
Treasury stock sold/(purchased) (v)	-	-1,183	1,364	107
Sale of assets/subsidiaries without loss of control (vi)	210,847	556,080	-	-
Receipts/(payments) from institutional partnerships - USA (iv)	-131,613	113,431	-	-
Net cash flows from financing activities	577,452	-932,188	-453,759	-653,101
Changes in cash and cash equivalents	534,458	175,496	69,009	-244,662
Effect of exchange rate fluctuations on cash held	-66,667	107,808	-423	-476
Cash and cash equivalents at the beginning of the period	1,521,253	1,245,449	317,755	523,270
Cash and cash equivalents at the end of the period	1,989,044	1,528,753	386,341	278,132

- (i) Relates essentially with the sale of the financial investment held in REN - Redes Energéticas Nacionais, SGPS, S.A. (referred in note 19);
- (ii) On a consolidated basis, refers to the change in the method by which it consolidated Eólica de Coahuila, S.A. de C.V. and the transfers of the activity of gas distribution in Spain and Moray Offshore to Assets and liabilities held for sale (see notes 5 and 36);
- (iii) On a consolidated basis, includes the capital increase of: (i) Empresa de Energia São Manoel, S.A.; (ii) Eoliennes en Mer Dieppe - Le Tréport, S.A.S.; and (iii) Eoliennes en Mer Iles d'Yeu et de Noirmoutier (referred in note 18);
- (iv) On a consolidated basis, refers to the receipts and payments net of transaction costs (transactions included in note 32);
- (v) See Consolidated and Company Statement of Changes in Equity;
- (vi) On a consolidated basis, relates to the sale without loss of control by EDP Renewables, SGPS, S.A. of part of shareholding in several portuguese companies as disclosed in the note 5.

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Income Statements
for the six-month periods ended 30 June 2017 and 2016

Thousand Euros	Notes	2017	2016
Revenues from energy sales and services and other	6	1,344,080	1,210,095
Cost of energy sales and other	6	-1,265,731	-1,083,409
		78,349	126,686
Other income		8,862	5,361
Supplies and services	8	-81,585	-74,322
Personnel costs and employee benefits	9	-35,231	-32,613
Other expenses		-9,670	-10,344
		-117,624	-111,918
		-39,275	14,768
Provisions	31	79	573
Amortisation and impairment	11	-11,239	-10,076
		-50,435	5,265
Financial income	12	957,637	1,309,065
Financial expenses	12	-640,935	-947,241
Profit before income tax		266,267	367,089
Income tax expense	13	31,923	20,486
Net profit for the period		298,190	387,575

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
 N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

**Condensed Company Statements of Comprehensive Income
for the six-month periods ended 30 June 2017 and 2016**

Thousand Euros	2017	2016
Net profit for the period	298,190	387,575
Items that will never be reclassified to profit or loss (i)		
Actuarial gains/(losses)	94	172
Tax effect from the actuarial gains/(losses)	-26	-
	68	172
Items that are or may be reclassified to profit or loss (i)		
Fair value reserve (cash flow hedge)	-6,009	-12,983
Tax effect from the fair value reserve (cash flow hedge)	1,773	3,830
Fair value reserve (available for sale investments)	-20,190	-4,600
Tax effect from the fair value reserve (available for sale investments)	-2,741	1,351
	-27,167	-12,402
Other comprehensive income for the period (net of income tax)	-27,099	-12,230
Total comprehensive income for the period	271,091	375,345

(i) See Company Statement of Changes in Equity

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.
Condensed Company Statements of Financial Position
as at 30 June 2017 and 31 December 2016

Thousand Euros	Notes	2017	2016
Assets			
Property, plant and equipment	15	193,884	191,959
Intangible assets		2,033	2,074
Investments in subsidiaries		11,190,176	11,190,176
Held to maturity financial investments	40	27,604	477,018
Investments in joint ventures and associates	18	6,597	6,597
Available for sale investments	19	1,556	52,134
Investment property		52,021	52,579
Deferred tax assets	20	51,679	45,115
Debtors and other assets from commercial activities		723	748
Other debtors and other assets	22	6,343,937	6,863,324
Total Non-Current Assets		17,870,210	18,881,724
Held to maturity financial investments	40	433,352	29,985
Debtors and other assets from commercial activities	21	343,927	551,098
Other debtors and other assets	22	3,212,885	2,975,295
Current tax assets	23	62,656	40,011
Cash and cash equivalents		386,341	317,755
Total Current Assets		4,439,161	3,914,144
Total Assets		22,309,371	22,795,868
Equity			
Share capital	24	3,656,538	3,656,538
Treasury stock	25	-55,993	-57,433
Share premium	24	503,923	503,923
Reserves and retained earnings	26	2,603,880	2,563,948
Net profit for the period		298,190	758,031
Total Equity		7,006,538	7,425,007
Liabilities			
Financial debt	29	9,316,051	9,426,907
Employee benefits	30	4,505	4,655
Provisions	31	7,803	7,599
Trade and other liabilities from commercial activities		2,214	2,578
Other liabilities and other payables	34	1,641,920	2,761,843
Total Non-Current Liabilities		10,972,493	12,203,582
Financial debt	29	2,642,499	1,766,359
Employee benefits	30	433	291
Provisions	31	441	724
Hydrological correction account	28	1,574	1,574
Trade and other liabilities from commercial activities	33	426,568	586,792
Other liabilities and other payables	34	1,188,115	543,538
Current tax liabilities	35	70,710	268,001
Total Current Liabilities		4,330,340	3,167,279
Total Liabilities		15,302,833	15,370,861
Total Equity and Liabilities		22,309,371	22,795,868

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

**Condensed Company Income Statements
for the three-month periods from 1 April to 30 June 2017 and 2016**

Thousand Euros	2017	2016
Revenues from energy sales and services and other	559,262	535,244
Cost of energy sales and other	-521,869	-478,234
	37,393	57,010
Other income	4,406	2,472
Supplies and services	-43,865	-39,024
Personnel costs and employee benefits	-16,960	-16,806
Other expenses	-8,990	-9,278
	-65,409	-62,636
	-28,016	-5,626
Provisions	189	681
Amortisation and impairment	-5,666	-4,574
	-33,493	-9,519
Financial income	360,142	441,719
Financial expenses	-301,365	-389,542
Profit before income tax	25,284	42,658
Income tax expense	23,061	17,261
Net profit for the period	48,345	59,919

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.
**Condensed Company Statements of Comprehensive Income
for the three-month periods from 1 April to 30 June 2017 and 2016**

Thousand Euros	2017	2016
Net profit for the period	48,345	59,919
Items that will never be reclassified to profit or loss		
Actuarial gains/(losses)	94	172
Tax effect from the actuarial gains/(losses)	-26	0
	68	172
Items that are or may be reclassified to profit or loss		
Fair value reserve (cash flow hedge)	5,181	6,799
Tax effect from the fair value reserve (cash flow hedge)	-1,528	-2,006
Fair value reserve (available for sale investments)	-22,863	-6,544
Tax effect from the fair value reserve (available for sale investments)	-1,952	1,924
	-21,162	173
Other comprehensive income for the period (net of income tax)	-21,094	345
Total comprehensive income for the period	27,251	60,264

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Statements of Changes in Equity
for the six-month periods ended 30 June 2017 and 2016

Thousand 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 2015	7,299,635	3,656,538	503,923	698,902	2,478,655	-5,832	24,045	-56,596
Comprehensive income:								
Net profit for the period	387,575	-	-	-	387,575	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-9,153	-	-	-	-	-9,153	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	-3,249	-	-	-	-	-	-3,249	-
Actuarial gains / (losses) net of taxes	172	-	-	-	172	-	-	-
Total comprehensive income for the period	375,345	-	-	-	387,747	-9,153	-3,249	-
Transfer to legal reserve	-	-	-	40,122	-40,122	-	-	-
Dividends paid	-672,817	-	-	-	-672,817	-	-	-
Purchase and sale of treasury stock	-1,183	-	-	-	-693	-	-	-490
Share-based payments	1,290	-	-	-	-	-	-	1,290
Balance as at 30 June 2016	7,002,270	3,656,538	503,923	739,024	2,152,770	-14,985	20,796	-55,796
Balance as at 31 December 2016	7,425,007	3,656,538	503,923	739,024	2,521,841	38,183	22,931	-57,433
Comprehensive income:								
Net profit for the period	298,190	-	-	-	298,190	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-4,236	-	-	-	-	-4,236	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	-22,931	-	-	-	-	-	-22,931	-
Actuarial gains / (losses) net of taxes	68	-	-	-	68	-	-	-
Total comprehensive income for the period	271,091	-	-	-	298,258	-4,236	-22,931	-
Dividends paid	-690,924	-	-	-	-690,924	-	-	-
Share-based payments	1,364	-	-	-	-76	-	-	1,440
Balance as at 30 June 2017	7,006,538	3,656,538	503,923	739,024	2,129,099	33,947	-	-55,993

(i) See note 24

(ii) See note 26

(iii) See note 25

LISBON, 27 JULY 2017

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

Notes to the Condensed Consolidated and Company Financial Statements

1. Economic activity of EDP Group	73
2. Accounting policies	76
3. Critical accounting estimates and judgements in preparing the financial statements	76
4. Financial risk management policies	78
5. Consolidation perimeter	82
6. Revenues from energy sales and services and other	84
7. Other income	85
8. Supplies and services	85
9. Personnel costs and employee benefits	86
10. Other expenses	86
11. Amortisation and impairment	86
12. Financial income and expenses	87
13. Income tax	88
14. Extraordinary contribution to the energy sector (CESE)	90
15. Property, plant and equipment	91
16. Intangible assets	92
17. Goodwill	93
18. Investments in joint ventures and associates	94
19. Available for sale investments	94
20. Deferred tax assets and liabilities	95
21. Debtors and other assets from commercial activities	96
22. Other debtors and other assets	97
23. Current tax assets	98
24. Share capital and share premium	98
25. Treasury stock	99
26. Reserves and retained earnings	100
27. Non-controlling interests	101
28. Hydrological account	102
29. Financial debt	102
30. Employee benefits	106
31. Provisions for liabilities and charges	107
32. Institutional partnerships in USA	110
33. Trade and other liabilities from commercial activities	111
34. Other liabilities and other payables	112
35. Current tax liabilities	113
36. Assets and liabilities held for sale	113
37. Derivative financial instruments	114
38. Commitments	115
39. Related parties	117
40. Fair value of financial assets and liabilities	120
41. Relevant or subsequent events	121
42. Recent accounting standards and interpretations issued	123
43. EDP Branch in Spain	125
44. Transfers of financial assets - Tariff adjustments	126
45. Investigation process about CMEC and DPH	127
46. Operating segments	127
47. Explanation added for translation	134

**EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016**

1. Economic Activity of EDP Group

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

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

The EDP Group operates essentially in the European (Portugal, Spain, France, Poland and Romania) and American (Brazil and the United States of America) energy sectors, whose scope and framework is adequately detailed in note 1 attached to Consolidated Financial Statements of 2016.

During the six-month period ended 30 June 2017, we emphasize the following regulatory changes, with significant impact in the economic activity of the EDP Group:

Activity in the energy sector in Portugal

Generation

Order 41/2017, of 27 January, establishes the security reserve remuneration regime for SEN through the availability services provided by electric producers and other market agents. On 1 March, Dispatch 1823-A/2017 was published, with the conditions of the 2017 auction: the auction reserve price of 4,800 Euros/MW, which corresponds to an equivalent price of 3,600 Euros/MW; the SEN security reserve is of 1,766 MW; the maximum annual cost to be borne by SEN electricity consumers with this auction is 8,476,800 Euros, which corresponds to a cost of 6,357,600 Euros for the settlement period; and the last resort supplier (EDP SU) is authorised to participate in the auction with a capacity of 180 MW.

On 10 March, Dispatch 2078-B/2017 was published, approving: generic information to be made available to participants in the prequalification phase for the auction of the security reserve remuneration regime for the year 2017 (in its Annex I); the administrative and technical information to OMIP by all participants in the prequalification phase (in its Annex II); and the terms of the draft contract for the availability of the security reserve remuneration regime provided to SEN by the power generation plants and by the CUR (in its Annex III).

In compliance with regulations approved, an auction was held on 30 March 2017 for the allocation of 1,766 MW of security reserve provided through availability services. This auction closed at the price of 4,775 Euros/MW, with a total of 1,168 MW out of 1,766 MW allocated to EDP Group. The total estimated revenue for the EDP Group is approximately 4.2 million Euros.

On 16 March, Dispatch 2258/2017 was issued, regarding the creation and composition of the working group for the hydrological studies, with the mission to study the hydrological mechanism, so that it can be revised and implemented in an harmonisation approach in Iberia, considering, in particular, the need to implement mechanisms to limit the remuneration of hydroelectric energy.

On 10 June 2017 and following Dispatch 10840/2016 on the audit conclusions on the determination of an overcompensation risk in the CMEC revisibility calculation, ERSE clarifies that continues to monitor the market for system services in accordance with its skills and that will incorporate the conclusions of the mentioned audit, in the parts that shall be taken into account, in the opinion on the calculation of the 2016 annual revisibility. EDP Group is not foreseeing any significant impact, once it has always complied with the legal and regulatory frameworks.

On 22 June, Dispatch 5443/2017 was published, determining the creation and composition of the working group for the extinction of the hydrological correction account. The group shall, within a period of six months from the date of its constitution, submit for approval by order of the members of the Government responsible for the areas of finance, energy and consumer protection, a report with the determination of the annual movements, their origin and determination of rights over the differentials' discounted amounts of the payments and receipts flows and of the financial charges associated with the hydrological correction account.

Distribution

Law 31/2017 of 31 May, approves the principles and general rules regarding the organisation of public tender procedures for the awarding, by contract, of concessions intended exclusively for the operation of municipal low voltage electricity distribution networks.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

The principles for the public tender will be as follows:

- a) Safeguarding financial neutrality for the consumers and for State Budget;
- b) Promotion of the economic efficiency and conditions for the effective performance of the concession system;
- c) Promotion of territorial cohesion with regard to the sustainability of the concessions and the level of service provided;
- d) Safeguarding tariff uniformity in the country;
- e) Leveling of the structural conditions for the development of the electricity distribution activity;
- f) Promotion of energy management and energy efficiency by municipalities;
- g) Ensuring that there is no increased cost to consumers;
- h) Protection of employment stability, safeguarding jobs and the rights of employees assigned to the concessions.

The public tender procedures for the award of the concessions will be launched in 2019, by simultaneous publication of the respective announcements and notices under the terms of the Public Procurement Code and the definition of coincident dates for the submission of proposals.

The concession of the distribution activity is remunerated through the payment, by the concessionaire, of an annual rent, included in the tariffs for the use of low voltage distribution networks, being this rent calculated in the terms of the Decree-Law 230/2008 amended by Law 7-A/2016.

The area covered by each tender will fulfill the principle of territorial coherence, and the definition of the territorial area will be decided by the municipalities or inter-municipal entities, on ERSE proposal.

This law also determines that municipalities whose current concession contracts reach their end before 2019 and do not opt for direct management, must have a written agreement with the extension of the term of the respective concessions until the entry into force of the new contracts. This Law also provides that, within six months of its entry into force, the Council of Ministers shall adopt a program of actions and studies to be developed by ERSE in conjunction with the DGEG and ANMP (National Association of Portuguese Municipalities) of the acts to be approved, deadlines and responsible entities.

Logistics Operator for Switching Suppliers

The figure of the Logistics Operator for Switching Suppliers is an objective introduced by Decree-Laws 29/2006 and 30/2006, both of 15 February. Decree-Law 140/2006, of 26 July and 172/2006, of 23 August, determined that the Logistics Operator for Switching Suppliers should be common to SEN and to SNGN.

By determination of Regulatory Entity of Energy Services (ERSE), this supplier management change has been temporarily carried out by the medium and high voltage electricity distribution network operator and by the national transmission and natural gas network operators. Decree-Law 38/2017 of 31 March, determined that this activity shall be carried out by a single entity, with Energy Agency (ADENE) having been entrusted for its exercising.

Activity in the energy sector in Spain

Electricity - Spain

The Supreme Court in 23 March 2017, approved the Order ETU/555/2017 of 15 June, which establishes the new remuneration parameters for the installations for the purine treatment and reduction and the corresponding updating for the period 2017/2019.

Activity in the energy sector in Brazil

Regulatory changes

In the first semester of 2017, the Brazilian electricity sector is in discussion about the redefinition of the sectorial regulatory model. These initiatives, have been discussed by the segments of the electricity industry and some associations, materialised in two law projects currently in progress in the national congress.

Among the changes debated, the main are: the opening of the free market; the equation of the expansion of the supply; the separation of "lastro" and energy; and the revision of the sectorial subsidies. Thus, the Ministry of Mines and Energy opened a public hearing to gather ideas from sectorial agents with the objective of editing legislative proposals.

Distribution

In March 2017, Decree 9019/2017 was published, providing for the non-contracting of the reserve energy through the implementation of the competitive mechanism. This will cover plants that have not yet started operations in test mode. The amounts that will not be contracted will be defined by the Ministry of Mines and Energy - MME, based on studies of EPE - Empresa de Pesquisa Energética. The mechanism will consider the payment of a premium and will entail the withdrawal of plants authorisation.

**EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016**

On 28 March 2017, ANEEL decided to republish the Energy Tariffs to reverse the forecast of the Reserve Energy Charge (EER) of Almirante Álvaro Alberto - Unit III (Angra III) nuclear power plant. The new tariffs became effective from 1 April 2017 until the next tariff processes of the country's distributors, scheduled during 2017. Nevertheless, it was decided to anticipate the reversal of the charge, in an extraordinary and exclusively way, in April 2017, of the amounts already collected from tariffs from 2016 until March 2017, since the Angra III nuclear power plant was scheduled to start operating in January 2016, but due to delays in construction work, the new entry forecasted is from 2019.

In April 2017, Decree 9022/2017 was published, establishing standards and guidelines for the Energy Development Account (CDE), the Global Reversion Reserve (RGR) and the National System Operator (ONS). The main reason was the change of the manager of the CDE and RGR accounts, from Eletrobrás to CCEE (Electric Energy Trading Chamber). In the same decree, rules concerning the purpose and budget for CDE and RGR, management, transparency and some provisions related to the change of the account manager were also defined. In addition, ONS received new assignments related to the load forecasting and planning of isolated systems operation.

In May 2017, ANEEL published Normative Resolution 768/2017 (amending Normative Resolution 414/2010), to improve the classification criteria for consumer units, namely the alteration of the registry of public services and public lighting, requiring the segregation of measurement when the public service has more than one activity designated for the same consumer unit.

With the publication of Normative Resolution 759/2017 in February, ANEEL established procedures and requirements for the Invoice Measurement System. The main change is the possibility of using measurement in the secondary of the transformer of the consumer unit, which implies the need for a meter with an algorithm to compensate the losses related to transformation.

Activity in the renewable energy sector

Regulatory framework for the activities in Spain

In December 2016, the Energy Ministry (MINETAD) published a draft Royal Decree and a Ministerial Order defining a competitive process for the allocation of new renewable capacity. On 6 and 8 March, two additional draft Resolutions were released including relevant information regarding the auction rules. The Council of Ministers approved on 31 March the RD 359/2017 launching the official call for the auction. The remuneration scheme will be in line with RD 413/2014 scheme. However there will be some differences in the distribution of the remuneration scheme is compared to previous tenders. On the one hand, the tender will be technologically neutral, meaning that projects based on different renewable energy technologies, such as wind, solar and biomass, will be able to compete for contracts.

On 22 February, the Ministerial Order ETU/130/2017 was published, which includes the new remuneration parameters. In 2016 the first semi-regulatory period of RD 413/2014 ended, and therefore, the "Rinv" parameter had to be adjusted in order to consider pool price deviations between the estimated price and the current price and the new pool forecasts.

In 17 May, the "Operador do Mercado Ibérico - Pólo Espanhol" (OMIE) held a tender for the allocation of 3 GW of new renewable capacity. The tender had around 9 GW of competing capacity. 2,979MW of the 3GW auctioned were allocated to wind projects.

Following the outcome of this tender, the Spanish government decided to launch one additional tender for a maximum of 3 GW. The new tender will take place on 26 July 2017 and will be open exclusively to wind and solar PV technologies. The rules governing the new tender would be the same as the ones for the tender held on 17 May, except for the maximum possible discount to the standard CAPEX which would be 87.08% for wind and 69.88% for solar PV.

Regulatory framework for the activities in Romania

In March 2017, the government finally approved the emergency ordinance to amend the renewable law 220/2008. As expected, the Green Certificate (GC) scheme was extended until 2031 (GC will remain valid until March 2032). The Ordinance also confirmed the GC floor would remain fixed at 29,4€ and GC cap will lose indexation and reduced to a level of 35€. Regarding wind energy, the ordinance approves the extension of the GC recovery from 2018 to 2025, while solar PV's GC postponement is extended until the end of 2024 (the recovery will take place from 2025 to 2030).

Following the approval of EGO 24/2017 in March, the energy regulator (ANRE) issued the Order 27/2017 establishing the mandatory quota of estimated green certificates for the period April-December 2017. This new quota is based on a new methodology, which establishes the number of GCs estimated to be issued, instead of a percentage of clean energy. The number of GC for the April-December period was defined to 11,233,667 GCs.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Regulatory framework for the activities in the United States of America

With the election of Donald Trump as President of the United States, which together with the Republican Party, gain control of both Houses of Congress, a change in the governing philosophy is expected. In the first 100 days of his term, the President has issued an Executive Order directing the EPA to revert the Clean Power Plan, removed it and replaced it with a new one, eliminate the moratorium on coal in Federal lands, regulations on methane emissions and hydraulic fracturing and eliminated guidance which has incorporated climate change and the "social costs of carbon" into federal projects. On 1 June 2017, President Trump announced that the U.S. would withdraw from The Paris Agreement, an international accord to combat climate change. The ultimate impact of these changes on renewable demand is not yet clear for several reasons: most of these changes will be contested in court; States regulators decide on the energy mix at State level; the most important energy players are already implementing the main elements of the Clean Power Plan; and the Executive Order does not impact ITC/PTC, which is the main development driver for the US renewable energy market.

With regard to Congress, the two most relevant events currently being considered are reforming the US Tax Code and contemplating a Federal plan to promote investment in infrastructures. Both legislative initiatives are in early stages of design, as such it is not yet possible to determine its impacts. Tax Reform may result in changes to the tax codes affecting companies and in changes to the demand or cost of Tax Equity. Increased investment in infrastructures could change the demand for renewables or change the value of production from existing facilities.

Regulatory framework for the activities in France

The French government published on 10 May, the decree for the 2017 Contract-for-Difference (CfD) for wind farms below 6 wind turbines and maximum 3 MW per turbine. These projects will be exempt from tendering.

The regulator has also disclosed the tender rules for onshore wind farms (of more than 7 wind turbines or with over 3 MW per wind turbine) for the period from November 2017 to June 2020. The rules foresee the allocation of 3 GW of wind capacity in six successive 500 MW rounds every 6 months during the next 3 years. The rules also include a calendar with the dates in which the tenders are expected to take place.

2. Accounting Policies

Basis of presentation

The accompanying condensed 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 six-month period ended 30 June 2017 and EDP S.A.'s Executive Board of Directors approved them on 27 July 2017. The financial statements are presented in thousand Euros, rounded to the nearest thousand.

In accordance with Regulation (EC) 1606/2002 of the European Council and Parliament, of 19 July 2002, as transposed into Portuguese legislation through Decree-law 158/2009 of 13 July with changes updated by the Decree-law 98/2015 of 2 June, the company's financial statements and the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies. The EDP Group's consolidated and company condensed financial statements for the six-month period ended 30 June 2017 were prepared in accordance with IFRS as adopted by the E.U. until 30 June 2017 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 for the year ended 31 December 2016.

In these consolidated and company condensed financial statements for the six-month period ended 30 June 2017, the Group has followed the same accounting policies and methods of computation as compared with the consolidated financial statements of the Group for the year ended 31 December 2016.

Selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the EDP Group's financial position and performance since the last annual 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, are detailed in note 42.

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 critical accounting estimates and judgements made by management in applying the EDP Group's accounting policies were the same as those that applied to the consolidated financial statements as at 31 December 2016, except for the following items.

**EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016**

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

Financial asset related with infrastructure concession contracts

The caption "Amounts receivable from concessions - IFRIC 12", refers to the financial assets receivable by EDP Group companies that operate infrastructures under concession contracts, and arises from the unconditional right to receive this amount regardless of the utilisation level of the infrastructures covered by the concession. In these companies is included EDP Distribuição as the National Distribution Network's (RND) concessionaire, which comprises the medium and high voltage network (MT and HT), and low voltage distribution networks (LT), being these concessions exercised exclusively through public service concession contracts.

The RND's operation, which is part of the high and medium tension network (HT and MT), is carried out through a public service concessions' attribution, by the Portuguese State. On the other hand, the right to distribute low voltage electricity is attributed to the Portuguese mainland municipalities. The legislation that establishes the basis of each concession sets up that the ownership or possession of the goods assigned to these concessions revert to the concessionaires at the end of their respective concessions. They also establish that in return for the assets returned to grantors, whether State or municipalities, compensation corresponding to the assets' book value assigned to the concession, net of amortisations, financial contributions and non-refundable subsidies will be paid. Therefore, the assets' estimated residual value at the end of each concession constitutes a financial asset, and the remaining fair value component of the concession assets is an intangible asset to be amortised over its useful life. Hence, the end date of each concession is one of the main assumptions for the financial assets' and intangible assets' estimation.

As mentioned in note 1, in May 2017 Law 31/2017 was approved, which lays down the principles and general rules concerning the organisation of public tendering procedures for the awarding, by contract, of the municipal LT concessions' operation in the Portuguese mainland. This Law foresees the simultaneous launch, in 2019, of public tender procedures for all municipalities that do not opt for direct management of the electricity distribution activity, as well as to all municipalities whose current concession contracts reach their end before 2019, and do not opt for direct management. In these cases, both parts shall enter into a written agreement extending the term of their respective concessions until the new concession contracts enter into force. The awarding decisions will be taken by municipalities or by the territorial area's intermunicipal entity attached to the referred proceedings.

Thus, it is expected that this legislation and the concessions renewal proceedings will have a significant impact on EDP Distribuição's estimate of financial and intangible assets, namely through the concessions' termination anticipation, that currently extend beyond 2019. However, at this date it is not possible to predict the end date of the concession contracts currently in force, as the publication of studies and complementary legislation to Law 31/2017 are expected. With reference to June 30, 2017, financial assets and intangible assets were estimated based on the end dates of each of the contracts currently in force, and do not consider any changes arising from the already mentioned legislation. The use of different assumptions and estimates could result in different amounts of financial and intangible assets, with the consequential impact in the Statement of Financial Position.

Fair value and classification of financial instruments

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

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

Additionally, financial instruments' classification as debt or equity requires judgement in the interpretation of contractual clauses and in the evaluation of the existence of a contractual obligation to deliver cash or other financial assets.

Review of the useful life of the assets

The Group reviews periodically 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 first quarter of 2017, the Group reviewed and extended the useful life of the combined cycle gas turbines (CCGTs) from 35 to 40 years based on a technical study conducted by an independent entity that considered the technical and economic availability for an additional period of 5 years. This study covered the CCGTs in Portugal (Lares and Ribatejo) and Spain (Castejon 1 and 3 and Soto 4 and 5).

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Sale of Naturgas Energía Distribución

Following the acceptance of the main terms and conditions of a formal binding offer to acquire its gas distribution subsidiary in Spain (Naturgas Energía Distribución, S.A.U.) by Nature Investments (see note 36), the Group considered that the held for sale criteria was satisfied, as its carrying amount would no longer be recovered through continuing use, but through sale instead.

Considering these activity reduced weight towards the dimension of Regulated Networks, where it is included in the Operating Segments (see note 46), the Group considers that it is not a significant disposal group nor a major line of business, so, despite being presented as non current assets held for sale, it should not be presented as a discontinued operation.

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 and from the volatility of commodity prices, resulting in interest and exchange rate exposures, as well as commodity market prices. The status and evolution of the financial markets are analysed on an on-going basis in accordance with the Group's risk management policy. Derivative financial instruments are used to minimise potential adverse effects, resulting from interest rate, foreign exchange rate and commodity prices 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 EDP, S.A., in accordance with policies approved by the Executive Board of Directors. The Financial Department and the Energy Management Business Unit identify, evaluate and submit to the Board for approval, hedging mechanisms appropriate to each exposure. The Executive Board of Directors is responsible for the definition of general risk management principles and the establishment of exposure limits.

As for the subsidiaries in Brazil, the management of the financial risks inherent to the variation of interest rates and exchange rates is carried out locally, according with the principles set by rules of EDP - Energias do Brasil's Management and aligned with the principles/policies set by the EDP Group for this geographical area.

Exchange-rate risk management

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

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

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

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

The exchange rate and interest rate risk on the Pound Sterling (GBP), Swiss Franc (CHF) and Japanese Yen (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.

Sensitivity analysis - exchange rate

Regarding the financial instruments that result in an exchange rate risk exposure, a fluctuation of 10% in the EUR/USD exchange rate, as at 30 June 2017 and 2016, would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

Thousand Euros	Jun 2017			
	Profit or loss		Equity	
	+ 10%	-10%	+ 10%	-10%
USD	11,492	-14,045	-29,903	36,548
	11,492	-14,045	-29,903	36,548

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Thousand Euros	Jun 2016			
	Profit or loss		Equity	
	+ 10%	-10%	+ 10%	-10%
USD	701	-856	-28,087	34,329
	701	-856	-28,087	34,329

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

Interest rate risk management

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

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

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

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

The EDP Group has a portfolio of interest rate derivatives with maturities up to 11 years. The Group's Financial Departments undertake sensitivity analyses of the fair value of financial instruments to interest rate fluctuations. As at 30 June 2017, after the hedging effect of the derivatives 51% 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 30 June 2017 and 2016 would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

Thousand Euros	Jun 2017			
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Cash flow effect:				
Hedged debt	-16,421	16,421	-	-
Unhedged debt	-20,811	20,811	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	12,733	-13,251
Trading derivatives (accounting perspective)	-130	-4,859	-	-
	-37,362	32,373	12,733	-13,251

Thousand Euros	Jun 2016			
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Cash flow effect:				
Hedged debt	-16,421	16,421	-	-
Unhedged debt	-19,172	19,172	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	15,446	-15,399
Trading derivatives (accounting perspective)	-208	-9,275	-	-
	-35,801	26,318	15,446	-15,399

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

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

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 in 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 the market data for the last 2 years and the 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:

Thousand Euros	VaR	
	Jun 2017	Dec 2016
Exchange rate risk	33	27
Interest rate risk	16,158	10,392
Diversification effect	-59	-39
	16,132	10,380

Counterparty credit risk management

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

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

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

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

Liquidity risk management

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

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 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, coal and gas) 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.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

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:

Thousand Euros	P@R Distribution by risk factor	
	Jun 2017	Dec 2016
Risk factor		
Negotiation	6,000	9,000
Fuel	67,000	50,000
CO2	15,000	8,000
Electricity	101,000	66,000
Hydrological	144,000	97,000
Diversification effect	-282,000	-134,000
	51,000	96,000

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

	Jun 2017	Dec 2016
Credit risk rating (S&P)		
A+ to A-	54.03%	50.29%
BBB+ to BBB-	34.18%	38.31%
BB+ to B-	0.94%	0.17%
CCC+ a CCC-	2.09%	-
No rating assigned	8.76%	11.23%
	100.00%	100.00%

Capital management

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

Additionally, management describes this aspect of its strategic objectives in the chapters "Strategic Agenda" and "Value Creation to Shareholders" of the Annual Report of 2016.

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

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

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

5. Consolidation Perimeter

During the six-month period ended 30 June 2017, the following changes occurred in the EDP Group consolidation perimeter:

Companies acquired:

- In the second quarter of 2017, EDP Renewables North America LLC acquired 100% of the share capital of Cameron Solar LLC, Estill I LLC and Hampton Solar II LLC from Pine Gate Energy Capital, LLC and acquired 100% of the share capital of Hog Creek Wind Project LLC from RES America Developments Inc. These operations were classified as asset purchases, out of the scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects;
- EDP Renováveis Brasil, S.A. acquired 100% of the share capital of the company Babilônia Energias Renováveis, S.A.

Disposal of non-controlling interests without loss of control:

- In the second quarter of 2017, EDP Renewables, SGPS, S.A. concluded the sale to ACE Portugal S.A.R.L. by 210,023 thousand Euros, equivalent to 247,738 thousand Euros deducted from loans totalling 36,891 thousand Euros and from transaction costs in the amount of 824 thousand Euros, of 49% of its direct and indirect interests in the following companies:
 - EDPR PT - Parques Eólicos, S.A.;
 - Eólica da Coutada, S.A.;
 - Eólica da Terra do Mato, S.A.;
 - Eólica das Serras das Beiras, S.A.;
 - Eólica do Alto da Lagoa, S.A.;
 - Eólica do Alto da Teixosa, S.A.;
 - Eólica do Alto do Mourisco, S.A.;
 - Eólica do Espigão, S.A.;
 - Eólica dos Altos dos Salgueiros-Guilhado, S.A.

This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 129,795 thousand Euros, was booked against reserves under the corresponding accounting policy.

Companies sold and liquidated:

- EDP Renewables Itália Holding, S.r.l. sold 100% of VRG Wind 149, S.r.l. and VRG Wind 127, S.r.l. by 10 thousand Euros each. The acquisition of these companies, in 2016, was recorded as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the substance of the transaction, the type of assets acquired and the very early stage of the projects. This sale was also considered as an asset sale, as the companies were still in the same project stage, by not having won their respective auctions;
- EDP Renewables Polska, Sp. z o.o. liquidated Relax Wind Park II, Sp. z o.o., Morska Farma Wiatrowa Gryf, Sp. z o.o. and Morska Farma Wiatrowa Pomorze, Sp. z o.o.;
- EDP Renewables South Africa, Proprietary Limited liquidated Dejann Trading and Investments, Proprietary Limited and Jouren Trading and Investments, Proprietary Limited.

Companies merged:

- The following companies were merged into EDP Comercializadora, S.A.:
 - EDP Empresa de Servicios Energeticos, S.L.;
 - EDP Soluciones Comerciales, S.A.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Companies incorporated:

- 2017 Vento XVII LLC *;
- Castle Valley Wind Farm LLC *;
- Dry Creek Solar Park LLC *;
- EDPR Wind Ventures XVII LLC *;
- Long Holow Wind Farm LLC *;
- Riverstart Solar Park III LLC *;
- White Stone Solar Park LLC *;
- EDP Transmissão Aliança SC, S.A. *;
- EDP Transmissão SP-MG, S.A. *;
- EDP Transmissão MA I, S.A. *;
- EDP Transmissão MA II, S.A. *;
- Les Eoliennes Flottantes du Golfe du Lion, S.A.S.;
- 2017 Sol II LLC *;
- Blue Harvest Solar Park LLC *;
- EDPR Solar Ventures II LLC *;
- Paulding Wind Farm VI LLC *;
- Renville County Wind Farm LLC *;
- Riverstart Solar Park IV LLC *;
- Riverstart Solar Park V LLC *;
- Sweet Stream Wind Farm LLC *;
- Timber Road Solar Park LLC *;
- EDPR CA Solar Park LLC *;
- EDPR CA Solar Park II LLC *;
- EDPR CA Solar Park III LLC *;
- EDPR CA Solar Park IV LLC *;
- EDPR CA Solar Park V LLC *;
- EDPR CA Solar Park VI LLC *.

* EDP Group holds, through EDP Renováveis and its subsidiaries, a set of subsidiaries legally established in the United States without share capital and that, as at 30 June 2017, do not have any assets, liabilities or any operating activity.

Other changes:

- In the first quarter of 2017, EDP Group changed the method by which it consolidated Eólica de Coahuila, S.A. de C.V. from equity method to full consolidation method as a result of the wind farm construction completion and its entry into operation. The control was initially shared with Energía Bal, S.A. de C.V. due to its experience in acquiring finance and construction of wind farms. The Shareholders Agreement already established that, with the entry into operation, EDPR International Investments B.V. would gain control of the company for its greater experience in the operational management of wind farms.

Fair value of assets and liabilities identified at the control acquisition date are as follows:

Thousand Euros	
Assets	
Property, plant and equipment	327,558
Other debtors and other assets	26,160
Cash and cash equivalents	26,498
Total Assets	380,216
Liabilities	
Financial debt	241,553
Other liabilities and other payables	105,754
Total Liabilities	347,307
Net assets	32,909

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

6. Revenues from Energy Sales and Services and Other

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

Thousand Euros	Group		Company	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Electricity and network access	7,123,731	6,392,396	1,225,145	1,063,607
Gas and network access	466,286	542,747	17,577	35,460
Sales of CO2 Licenses	-	-	12,696	32,623
Revenue from assets assigned to concessions	183,335	167,814	-	-
Other	102,058	44,656	88,662	78,405
	7,875,410	7,147,613	1,344,080	1,210,095

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

Thousand Euros	Jun 2017					
	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	3,733,339	1,502,919	1,378,137	332,689	176,647	7,123,731
Gas and network access	131,782	334,504	-	-	-	466,286
Revenue from assets assigned to concessions	105,809	-	77,526	-	-	183,335
Other	23,691	15,908	62,230	5	224	102,058
	3,994,621	1,853,331	1,517,893	332,694	176,871	7,875,410

Thousand Euros	Jun 2016					
	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	3,635,833	1,334,782	992,273	277,614	151,894	6,392,396
Gas and network access	142,120	400,627	-	-	-	542,747
Revenue from assets assigned to concessions	122,743	-	45,071	-	-	167,814
Other	21,673	14,523	6,671	-	1,789	44,656
	3,922,369	1,749,932	1,044,015	277,614	153,683	7,147,613

During the first semester of 2017, the caption Electricity and network access in Portugal, on a consolidated basis, includes a net revenue of 804,500 thousand Euros (revenue in 30 June 2016: 763,782 thousand Euros) regarding tariff adjustments of the period (see notes 21 and 33). This caption also includes a net cost of 40,558 thousand Euros (30 June 2016: net cost of 151,507 thousand Euros) related to recognition of tariff adjustments for the period in Brazil (see notes 21 and 33).

Additionally, the caption Electricity and network access includes, on a consolidated basis, 111,258 thousand Euros (30 June 2016: 92,241 thousand Euros) related to the contractual stability compensation (CMEC) as a result of the power purchase agreements (PPA) termination.

During the first semester of 2017, the caption Electricity and network access, on a company basis, includes 465,576 thousand Euros (30 June 2016: 457,955 thousand Euros) related with energy sales under the purchase and sale agreement of evolutive energy between EDP, S.A. and EDP Comercial.

The breakdown of Revenues from energy sales and services and other by segment is presented in the Operating segments (see note 46).

Cost of energy sales and other are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Cost of electricity	3,850,229	3,257,441	1,235,456	1,015,309
Cost of gas	422,824	380,235	-	-
Expenditure with assets assigned to concessions	183,335	167,814	-	-
Changes in inventories and cost of raw materials and consumables used				
Fuel, steam and ashes	343,859	185,369	-	-
Gas	59,909	64,447	17,577	35,460
CO2 Licenses	48,045	53,374	12,696	32,622
Own work capitalised	-60,870	-42,004	-	-
Other	135,024	111,182	2	18
	525,967	372,368	30,275	68,100
	4,982,355	4,177,858	1,265,731	1,083,409

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

On a company basis, Cost of electricity includes costs of 623,850 thousand Euros (30 June 2016: 524,777 thousand Euros) with the purchase of energy under the agreement for management, purchase and resale of energy signed between EDP, S.A. and EDP Gestão da Produção de Energia, S.A.

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

Thousand Euros	Group	
	Jun 2017	Jun 2016
Revenue from assets assigned to concessions	183,335	167,814
Expenditure with assets assigned to concessions		
Subcontracts and other materials	-133,039	-116,351
Personnel costs capitalised (see note 9)	-46,224	-47,723
Capitalised borrowing costs (see note 12)	-4,072	-3,740
	-183,335	-167,814
	-	-

7. Other Income

Other income, for the Group, are as follows:

Thousand Euros	Group	
	Jun 2017	Jun 2016
Income arising from institutional partnerships - EDPR NA	132,102	103,494
Gains on disposals - electricity business assets	-	67,874
Gains from contractual indemnities and insurance companies	7,711	17,950
Other	59,207	49,978
	199,020	239,296

Income arising from institutional partnerships - EDPR NA relates to income arising from production and investment tax credits (PTC/ITC), mostly from accelerated tax depreciations regarding Vento I to XVI, Sol I and Blue Canyon I projects, in wind farms and solar plants in USA (see note 32).

On 30 June 2016, the caption gains on disposals - electricity business assets is related with the gain on the sale of 100% of Pantanal Energética, Ltda to Cachoeira Escura Energética, S.A. and with the gain on the sale of 60% of J&Z Wind Farms, SP. ZO.O. to Geo Renewables Limited.

Other includes gains on fixed assets, recovery of doubtful debts and gains on the reinsurance activity.

8. Supplies and Services

Supplies and services are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Consumables and communications	25,337	24,307	4,047	4,123
Rents and leases	66,528	60,386	25,213	20,495
Maintenance and repairs	179,858	160,291	18,581	12,507
Specialised works:				
- Commercial activity	86,480	85,678	318	6,390
- IT services, legal and advisory fees	23,365	25,585	2,533	8,960
- Other services	21,766	25,143	11,456	8,631
Provided personnel	-	-	7,225	7,258
Other supplies and services	69,027	54,353	12,212	5,958
	472,361	435,743	81,585	74,322

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

9. Personnel Costs and Employee Benefits

Personnel costs and employee benefits are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Personnel costs				
Board of Directors remuneration	8,932	7,972	3,299	3,339
Employees' remuneration	258,251	249,457	18,099	17,065
Social charges on remuneration	62,472	60,143	4,396	4,194
Performance, assiduity and seniority bonus	38,169	35,679	6,710	6,147
Other costs	13,865	13,107	386	151
Own work capitalised:				
- Assigned to concessions (see note 6)	-46,224	-47,723	-	-
- Other (see note 15)	-26,270	-24,498	-	-
	309,195	294,137	32,890	30,896
Employee benefits				
Pension plans costs	12,646	13,716	1,110	767
Medical plans costs and other benefits (see note 30)	3,991	4,158	225	283
Other	14,956	11,489	1,006	667
	31,593	29,363	2,341	1,717
	340,788	323,500	35,231	32,613

Pension plans costs include 4,401 thousand Euros (30 June 2016: 5,862 thousand Euros) related to defined benefit plans (see note 30) and 8,245 thousand Euros (30 June 2016: 7,854 thousand Euros) related with defined contribution plans.

In the first semester of 2017, EDP Group distributed treasury stocks to employees (450,114 shares) totalling 1,364 thousand Euros.

10. Other Expenses

Other expenses are as follows:

Thousand Euros	Group	
	Jun 2017	Jun 2016
Concession rents paid to local authorities and others	142,004	141,138
Direct and indirect taxes	155,423	153,557
Donations	11,155	13,118
Impairment losses:		
- Trade receivables	28,745	37,696
- Debtors	-11	-963
Other	39,126	38,508
	376,442	383,054

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 since 1 January 2013, following the publication of Law 15/2012 of 27 December.

11. Amortisation and Impairment

Amortisation and impairment are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Amortisation/impairment of Property, plant and equipment (see note 15)	533,080	562,506	11,109	10,477
Amortisation/impairment of Intangible assets (see note 16)	190,739	189,311	41	148
	723,819	751,817	11,150	10,625
Amortisation/impairment of Investment property	125	6,626	534	119
	723,944	758,443	11,684	10,744
Compensation of amortisation				
Partially-funded property, plant and equipment (see note 33)	-15,280	-15,188	-445	-668
Impairment of Goodwill (see note 17)	-	1,090	-	-
	708,664	744,345	11,239	10,076

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

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 liabilities from commercial activities) on the same basis and at the same rates as the corresponding partially-funded assets.

The variation of the period includes the impact of the redefinition of the useful life of wind generation assets from 25 to 30 years and the redefinition of the useful life of combined cycle gas turbines (CCGTs) from 35 to 40 years, in the amounts of 59 million Euros and 6 million Euros, respectively.

12. Financial Income and Expenses

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

Thousand Euros	Group	
	Jun 2017	Jun 2016
Financial income		
Interest income from bank deposits and other investments	32,563	20,592
Interest from derivative financial instruments	11,760	67,250
Interest income on tariff deficit:		
- Portugal - Electricity (see notes 21 e 33)	8,003	26,934
- Brazil - Electricity (see notes 21 e 33)	1,356	26,404
Other interest income	23,180	31,740
Derivative financial instruments	63,539	271,175
Foreign exchange gains	22,708	74,436
CMEC:		
- Interest on the initial CMEC	13,435	14,351
- Financial effect considered in the calculation of the initial CMEC and others	6,499	6,579
Gains on the sale of financial investments	24,632	13,423
Gains on the sale of the electricity tariff deficit - Portugal (see note 21)	11,982	28,665
Other financial income	20,597	15,700
	240,254	597,249
Financial expenses		
Interest expense on financial debt	386,652	431,677
Capitalised borrowing costs:		
- Assigned to concessions (see note 6)	-4,072	-3,740
- Other (see note 15)	-12,255	-24,130
Interest from derivative financial instruments	878	54,981
Interest expense on tariff deficit:		
- Portugal - Electricity (see notes 21 e 33)	177	453
- Brazil - Electricity (see notes 21 e 33)	626	20,692
Other interest expense	18,060	14,314
Derivative financial instruments	77,718	291,942
Impairment of available-for-sale investments	465	27,626
Foreign exchange losses	24,991	48,592
CMEC (see note 33)	5,768	6,713
Unwinding of discounted liabilities	65,541	67,312
Net interest on the net pensions plan liability (see note 30)	5,817	6,911
Net interest on the medical liabilities and other benefits (see note 30)	16,998	14,865
Other financial expenses	22,836	46,772
	610,200	1,004,980
Financial income/(expenses)	-369,946	-407,731

Capitalised borrowing costs includes the interest capitalised in assets under construction according to Group accounting policy. Regarding the rate applicable to borrowing costs related with tangible/intangible assets under construction that is used in the determination of the amount of borrowing costs eligible for capitalisation (see notes 15 and 16), it varies depending on the country and currency, since EDP Group incorporates in its scope of consolidation a significant number of subsidiaries in several geographies with different currencies.

On 28 June 2017, EDP, S.A. sold to qualified investors 3.5% of REN - Rede Eléctrica Nacional, S.A. Under the terms of this operation, 18,690,000 shares have been traded with a unit price of 2.70 Euros per share (net of bank charges), which corresponds to a gain in the company and consolidated financial statements of 20,271 thousand Euros and 24,632 thousand Euros, respectively.

The Unwinding of discounted value liabilities refers essentially to: (i) the unwinding of the dismantling and decommissioning provision for wind generation assets of 3,038 thousand Euros (30 June 2016: 3,838 thousand Euros) (see note 31); (ii) the implied financial return in institutional partnership in USA of 48,415 thousand Euros (30 June 2016: 46,366 thousand Euros) (see note 32); and (iii) the financial expenses related to the discount of the liability associated to the concessions of Alqueva/Pedrógão, Investco and Enerpeixe of 6,689 thousand Euros (30 June 2016: 10,546 thousand Euros).

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

As at 30 June 2016, the caption Other financial expenses includes 21,750 thousand Euros related to early cancellation and optimisation of certain project finance in Europe.

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

Thousand Euros	Company	
	Jun 2017	Jun 2016
Financial income		
Interest income from loans to subsidiaries and related parties (see note 39)	171,849	204,403
Interest from derivative financial instruments	93,114	84,425
Derivative financial instruments	322,522	630,247
Income from equity investments	320,339	375,075
Gains on the sale of financial investments	20,271	-
Other financial income	29,542	14,915
	957,637	1,309,065
Financial expenses		
Interest expense on financial debt	211,426	231,126
Interest from derivative financial instruments	73,114	66,856
Derivative financial instruments	315,975	638,491
Other financial expenses	40,420	10,768
	640,935	947,241
Financial income/(expenses)	316,702	361,824

The caption Other financial income includes 13,463 thousand Euros related to interests from bonds issued by EDP Finance B.V., repurchased by EDP S.A. in 2016 (see note 39). The effective interest of these instruments amounts to 4,490 thousand Euros.

13. Income Tax

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

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

	Jun 2017	Jun 2016
Europe:		
Portugal	21% - 29.5%	21% - 29.5%
Spain	25% - 28%	25% - 28%
Netherlands	25%	25%
America:		
Brazil	34%	34%
United States of America	38.2%	38.2%

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

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

Tax losses generated in each year are also subject to tax authorities review and reassessment and may be used to offset yearly taxable income assessed in the subsequent periods, as follows: in Portugal 5 years (for tax losses of 2012, 2013 and 2017); and 12 years (for tax losses of 2014, 2015 and 2016); 9 years in the Netherlands; 20 years in the USA and without term in Brazil and Spain. Moreover, in the Netherlands the tax losses of a given year may be used to recover current tax of the previous year and in the USA of the 2 previous years. However, the deduction of tax losses in Portugal, Spain and Brazil may be limited to a percentage of the taxable income of each period.

EDP Group companies may, in accordance with the law, benefit from certain tax benefits or incentives in specific conditions, namely the Production Tax Credits in the USA, which are the dominant form of wind remuneration in this country, and represent an extra source of revenue per unit of electricity (\$24/MWh in 2017 and \$23/MWh in 2016), over the first 10 years of the asset's life.

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

Changes in the law with relevance to the EDP Group in the first semester of 2017

In Portugal, the Budget Law for 2016 (Law 7-A/2016, of 30 March) has reduced the tax losses carry-forward period from 12 to 5 years, for tax losses assessed in tax years beginning on or after 1 January 2017.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Corporate income tax provision

Income tax expense are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Current tax	-143,731	-464,807	17,271	1,272
Deferred tax	24,578	221,947	14,652	19,214
	-119,153	-242,860	31,923	20,486

Reconciliation between the theoretical and the effective income tax expense

The effective income tax rate are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Profit before tax	829,455	915,117	266,267	367,089
Income tax expense	-119,153	-242,860	31,923	20,486
Effective income tax rate	14.4%	26.5%	-12.0%	-5.6%

The difference between the theoretical and the effective income tax expense results from the application of the law provisions in the determination of the taxable base, as demonstrated below.

The reconciliation between the theoretical and the effective income tax expense for the Group, as at June 2017, is as follows:

Thousand Euros	Jun 2017
Profit before income tax and CESE	829,455
Nominal income tax rate *	29.5%
Theoretical income tax expense	244,689
Tax benefits	-8,879
Differences between accounting and fiscal provisions/depreciations	-10,849
Accounting/fiscal temporary differences on the recognition/derecognition of assets	-79,950
Other adjustments and changes in estimates	-25,858
Effective income tax expense as per the Consolidated Income Statement	119,153

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

The caption Accounting/fiscal temporary differences on the recognition/derecognition of assets mainly includes the impact of the differential between the accounting and tax bases of certain gas distribution assets in Spain, following the need for an intragroup restructuring of those assets.

The reconciliation between the theoretical and the effective income tax expense for the Group, as at June 2016, is as follows:

Thousand Euros	Jun 2016
Profit before income tax and CESE	915,117
Nominal income tax rate *	29.5%
Theoretical income tax expense	269,960
Different tax rates (includes state surcharge)	1,308
Tax losses and tax credits	-15,163
Tax benefits	-10,416
Accounting/fiscal temporary differences on the recognition/derecognition of assets	2,228
Other adjustments and changes in estimates	-5,057
Effective income tax expense as per the Consolidated Income Statement	242,860

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

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

The reconciliation between the theoretical and the effective income tax expense for the Company, at June 2017, is as follows:

Thousand Euros	Jun 2017
Profit before income tax	266,267
Nominal income tax rate (*)	29.5%
Theoretical income tax expense	78,549
Tax losses and tax credits	-6,102
Dividends	-93,557
Accounting/fiscal temporary differences on the recognition/derecognition of assets	-8,695
Other adjustments and changes in estimates	-2,118
Effective income tax expense as per the Company Income Statement	-31,923

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

The reconciliation between the theoretical and the effective income tax expense for the Company, at June 2016, is as follows:

Thousand Euros	Jun 2016
Profit before income tax	367,089
Nominal income tax rate (*)	29.5%
Theoretical income tax expense	108,291
Tax losses and tax credits	-9,281
Dividends	-109,940
Other adjustments and changes in estimates	-9,556
Effective income tax expense as per the Company Income Statement	-20,486

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

14. Extraordinary Contribution to the Energy Sector (CESE)

The Law no. 83-C/2013, of 31 December (State Budget for 2014), established the Extraordinary Contribution to the Energy Sector (CESE). The State Budget for 2017 (Law no. 42/2016, of 28 December) determined the extension of this contribution to 2017. The Stability Programme 2017-2021, published in April 2017, provides that the CESE will apply in 2018.

CESE is calculated based on the assets value with reference to the first day of financial year (1 January 2017) 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 2017) if it is higher than the value of the previous referred assets. Given its legal framework, CESE is not considered a deductible expense in determining the taxable income.

Therefore, the Group booked under the caption Extraordinary contribution to the energy sector (CESE) in the Consolidated Income Statement, the estimated amount of 67,415 thousand Euros (30 June 2016: 58,834 thousand Euros) concerning to CESE for the period 2017. The liability is booked in Current tax liabilities (see note 35).

The increase of 5,785 thousand Euros in CESE estimation for 2017 (when compared to the final amount of 61,630 thousand Euros of CESE paid in 2016) is mainly due to the entry of operations of Salamonde and Baixo Sabor hydroelectric power plants, which led to an increase in the asset base over which CESE is applicable.

EDP Group is disputing this tax payment relying on the competent authorities.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

15. Property, Plant and Equipment

This caption is as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Cost				
Land and natural resources	101,374	105,153	21,388	21,388
Buildings and other constructions	542,126	565,919	119,228	112,966
Plant and machinery:				
- Hydroelectric generation	10,773,857	9,942,783	254	254
- Thermoelectric generation	8,675,174	8,714,330	-	-
- Renewable generation	16,712,814	17,009,384	-	-
- Electricity distribution	1,576,445	1,565,655	-	-
- Gas distribution	-	1,107,336	-	-
- Other plant and machinery	34,499	75,509	196	196
Other	908,005	969,856	166,604	174,160
Assets under construction	1,567,743	2,338,676	26,185	25,013
	40,892,037	42,394,601	333,855	333,977
Accumulated amortisation and impairment losses	-17,736,675	-18,200,865	-139,971	-142,018
Carrying amount	23,155,362	24,193,736	193,884	191,959

The movements in Property, plant and equipment, for the Group, for the six-month period ended 30 June 2017, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 June
Cost							
Land and natural resources	105,153	2,704	-598	-426	-5,459	-	101,374
Buildings and other constructions	565,919	5	-216	2,131	-25,892	179	542,126
Plant and machinery	38,414,997	15,949	-9,090	-73,706	-896,843	321,482	37,772,789
Other	969,856	8,950	-60,071	-2,267	-4,942	-3,521	908,005
Assets under construction	2,338,676	532,762	-4,120	-1,211,392	-79,058	-9,125	1,567,743
	42,394,601	560,370	-74,095	-1,285,660	-1,012,194	309,015	40,892,037

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 June
Accumulated amortisation and impairment losses							
Land and natural resources	4,032	-	-	-	-	-	4,032
Buildings and other constructions	158,589	8,048	-184	-3,921	-7,207	-8	155,317
Plant and machinery	17,273,834	492,550	-7,417	-662,665	-223,585	-3,894	16,868,823
Other	764,410	32,482	-59,789	-20,925	-3,919	-3,756	708,503
	18,200,865	533,080	-67,390	-687,511	-234,711	-7,658	17,736,675

Assets under construction are as follows:

Thousand Euros	Jun 2017	Dec 2016
Wind farms in USA	767,333	531,100
Wind farms in Europe	232,177	251,304
Hydric Portugal	174,160	1,068,538
Other assets under construction	394,073	487,734
	1,567,743	2,338,676

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

Thousand Euros	Jun 2017
Subcontracts and other materials	513,160
Dismantling and decommissioning costs (see note 31)	5,981
Personnel costs (see note 9)	26,270
Borrowing costs (see note 12)	12,255
	557,666

Additions include the investment in wind farms by the subgroups EDPR NA and EDPR EU.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Transfers refer mainly to the entry into operation of the Venda Nova III power enhancement and the power plant in Foz Tua in the amount of 437,035 thousand Euros and 484,394 thousand Euros, respectively. Additionally, this caption includes the transfer to held for sale of gas distribution assets in Spain and electricity assets in United Kingdom (see note 36) by the net amount of 512,386 thousand Euros (cost in the amount of 1,197,699 thousand Euros and accumulated amortisation and impairment losses in the amount of 685,313 thousand Euros) and 84,693 thousand Euros (cost in the amount of 86,891 thousand Euros and accumulated amortisation and impairment losses in the amount of 2,198 thousand Euros), respectively.

Perimeter Variations/Regularisations includes the impact of the acquisition of control of Eólica de Coahuila, S.A. de C.V. (see note 5).

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

As at 30 June 2017, the Group has an agreement, which constitutes a financial lease as defined by IFRIC 4, in which the net value of the assets allocated amounts to 17,465 thousand Euros.

As at 30 June 2017, future lease payments from Property, plant and equipment financed through lease contracts, are detailed as follows: (i) less than 1 year: 4,276 thousand Euros; (ii) from 1 to 3 years: 4,386 thousand Euros; and (iii) from 3 to 5 years: 481 thousand Euros.

16. Intangible Assets

This caption is as follows:

Thousand Euros	Group	
	Jun 2017	Dec 2016
Cost		
Concession rights	13,941,602	13,997,403
CO2 Licenses	29,659	98,598
Other intangibles	265,453	293,163
Intangible assets in progress	545,793	600,238
	14,782,507	14,989,402
Accumulated amortisation and impairment losses	-9,898,738	-9,860,858
Carrying amount	4,883,769	5,128,544

The concession rights over the electricity distribution networks in Brazil, namely EDP São Paulo Distribuição de Energia S.A. (ex-Bandeirante) and EDP Espírito Santo Distribuição de Energia S.A. (ex-Escelsa) are amortised on a straight-line basis over the concession period until 2028 and 2025, respectively. Concession rights in Portugal relate to the public hydric domain for hydroelectric generation (EDP Produção and Hidroelétrica do Guadiana), which useful life does not exceed 75 years. As at 31 December 2016, concession rights over the natural gas distribution network (EDP Gás Distribuição) were classified as assets held for sale.

The concession rights over electricity production in Brazil, namely for Lajeado Energia and Investco, are amortised over the concession period until 2032.

The movements in Intangible assets during the six-month period ended 30 June 2017, for the Group, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 30 June
Cost							
Concession rights:							
- Distribution and generation Brazil	1,091,484	-	-	-	-33,485	-	1,057,999
- Hydric Portugal	1,419,798	-	-	90,134	-	-	1,509,932
CO2 licenses	98,598	11,727	-93,362	12,696	-	-	29,659
Assigned to concessions (IFRIC 12):							
- Intangible assets	11,486,121	20	-30,247	75,640	-158,017	154	11,373,671
- Intangible assets in progress	157,909	183,315	-349	-141,261	-7,020	4	192,598
Other intangibles	293,163	8,598	-	-40,505	-11,475	15,672	265,453
Other intangible in progress	442,329	5,448	-928	-91,938	-1,274	-442	353,195
	14,989,402	209,108	-124,886	-95,234	-211,271	15,388	14,782,507

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisa- tions	Balance at 30 June
Accumulated amortisation and impairment losses							
Concession rights:							
- Distribution and generation Brazil	628,329	18,077	-	-	-13,149	-	633,257
- Hydric Portugal	387,556	21,483	-	-	-	-	409,039
Assigned to concessions (IFRIC 12)	8,772,073	146,501	-24,941	-	-117,350	3	8,776,286
Other intangibles	72,900	4,678	-	-3,420	-2,246	8,244	80,156
	9,860,858	190,739	-24,941	-3,420	-132,745	8,247	9,898,738

The assets allocated to concessions contracts (IFRIC 12) currently in force in EDP Group fall within the Mixed Model, namely in the electricity distribution concessions in Portugal and in Brazil, as referred in the Group's accounting policies.

Additions of CO2 Licenses refer to CO2 Licenses granted free of charge to EDP Group plants operating in Portugal. The disposals/write-off of CO2 licences correspond, essentially, to the licences consumed during 2016 and delivered to regulatory authorities. Additionally, the transfer amount refers to CO2 licenses held for trading transferred to intangible assets.

The caption Other intangibles in progress includes the concession rights of hydric projects in Portugal namely Fridão, in the amount of 287,343 thousand Euros (31 December 2016: 287,343 thousand Euros). The amount of 90,066 thousand Euros related with Foz Tua hydro project was transfer from Intangible assets in progress to Concession Rights at 30 June 2017.

Transfers refer to the net transfers of intangible assets in progress assigned to concessions of 65,621 thousand Euros related to increases of the financial assets under IFRIC 12, transferred to Debtors and other assets from commercial activities (see note 21). Additionally, this caption includes the transfer to held for sale of gas distribution assets in Spain (see note 36) by the net amount of 38,889 thousand Euros.

The caption Other intangibles includes 107,295 thousand Euros (31 December 2016: 114,803 thousand Euros) related to wind generation licenses of EDPR NA subgroup and 77,595 thousand Euros related with deferred green certificates in Romania (31 December 2016: 73,123 thousand Euros).

The capitalised costs of the period related to construction of intangible assets are included in own work capitalised in notes 6, 9 and 12.

17. Goodwill

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

Thousand Euros	Group	
	Jun 2017	Dec 2016
HC Energia Group	884,574	1,940,712
EDP Renováveis Group	1,328,603	1,384,780
EDP Brasil Group	46,951	48,842
Other	40,518	40,518
	2,300,646	3,414,852

The movements in Goodwill, during the six-month period ended 30 June 2017, are as follows:

Thousand Euros	Balance at 1 January	Increases	Decreases	Impairment	Exchange differences	Balance at 30 June
HC Energia Group	1,940,712	-	-1,056,138	-	-	884,574
EDP Renováveis Group	1,384,780	-	-218	-	-55,959	1,328,603
EDP Brasil Group	48,842	-	-	-	-1,891	46,951
Other	40,518	-	-	-	-	40,518
	3,414,852	-	-1,056,356	-	-57,850	2,300,646

HC Energia Group

The goodwill held in HC Energia Group is as follows:

Thousand Euros	HC Energia Group	
	Jun 2017	Dec 2016
Liberalised activities	592,487	592,487
Regulated networks	292,087	1,348,225
	884,574	1,940,712

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

During the first quarter of 2017, goodwill related to the company Naturgas Energía Distribución S.A.U. was reclassified to non-current assets held for sale in the amount of 1,056,138 thousand Euros (see note 36).

18. Investments in Joint Ventures and Associates

This caption is as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Investments in joint ventures	759,707	773,682	6,597	6,597
Investments in associates	61,432	46,883	-	-
	821,139	820,565	6,597	6,597

The movement in Investments in joint ventures is mainly explained by: (i) the capital increase in Empresa de Energia São Manoel, S.A. in the amount of 38,727 thousand Euros; (ii) the capital increase in Companhia Energética do Jari, S.A. in the amount of 18,763 thousand Euros; (iii) by the change of the consolidated method of Eólica de Coahuila, S.A. de C.V (negative impact of 14,367 thousands Euros), which began to be fully consolidated (see note 5); and (iv) by the negative currency exchange differences in the amount of 60,651 thousand Euros.

The movement in Investments in associates is mainly explained by the capital increase in Eoliennes en Mer Dieppe - Le Tréport, S.A.S. and in Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S. in the amount of 7,295 thousand Euros and 8,251 thousand Euros, respectively.

As at 30 June 2017, for the Group, this caption includes goodwill in investments in joint ventures of 42,226 thousand Euros (31 December 2016: 42,226 thousand Euros) and goodwill in investments in associates of 9,201 thousand Euros (31 December 2016: 9,281 thousand Euros).

19. Available for Sale Investments

This caption is as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
REN - Redes Energéticas Nacionais, SGPS, S.A.	-	50,369	-	50,369
Zephyr Fund (Energia RE portfolio)	75,762	72,725	-	-
EDA - Electricidade dos Açores, S.A.	13,500	13,500	-	-
Feedzai - Consultadoria e Inovação Tecnológica, S.A.	8,304	8,304	-	-
Other	19,758	20,146	1,556	1,765
	117,324	165,044	1,556	52,134

During the first semester of 2017, the financial investment held in REN - Redes Energéticas Nacionais, SGPS, S.A., increased by 94 thousand Euros being the decrease booked against fair value reserves (see note 26). On 28th June 2017 EDP, S.A. sold its financial investment held in REN and the consolidated fair value reserve was transferred to profit or loss in the amount of 24,643 thousand Euros (see note 12 e 26).

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 2017, Energia RE increased this participation in by 2,000 thousand Euros, and had a increased by 1,037 thousand Euros being the increase booked against fair value reserves (see note 26).

Under IFRS 13 (note 40), available for sale investments are classified into three levels of fair value: level 1 includes essentially financial investments that 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. As at 30 June 2017, there are no available for sale investments within level 1.

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 26). The fair value reserve attributable to the Group is as follows:

Thousand Euros	Jun 2017	Dec 2016
REN - Redes Energéticas Nacionais, SGPS, S.A.	-	24,549
Zephyr Fund (Energia RE portfolio)	9,392	8,355
EDA - Electricidade dos Açores, S.A.	6,609	6,609
Feedzai - Consultadoria e Inovação Tecnológica, S.A.	7,832	7,832
Other	4,772	4,751
	28,605	52,096

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

20. Deferred Tax Assets and Liabilities

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

Thousand Euros	Net deferred tax assets		Net deferred tax	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Balance as at 1 January	904,412	272,498	-722,401	-794,983
Tariff adjustment for the period	6,826	-2,043	-16,301	227,997
Provisions	-40,867	-5,246	-	-
Property, plant and equipment, intangible assets and fiscal revaluations	58,609	-8,451	2,954	22,765
Deferred tax over CMECs in the period	-	-	15,051	8,879
Tax losses and tax credits	15,409	-32,739	-	-
Financial and available-for-sale investments	-2,642	7,600	-497	8
Fair value of derivative financial instruments	3,228	-29,687	21,535	22,488
Allocation of fair value adjustments to assets and liabilities acquired	2,340	-350	-24,731	-8,113
Other temporary differences	-28,787	23,343	-8,970	2,999
Netting of deferred tax assets and liabilities	27,264	221,051	-27,264	-221,051
Reclassification to Assets and Liabilities Held for Sale (see note 36)	-277,927	-	222,588	-
Balance as at 30 June	667,865	445,976	-538,036	-739,011

As at 30 June 2017, the caption Property, plant and equipment, intangible assets and accounting revaluations reflect an increase of 57.8 million Euros related to differences between accounting and tax bases of a group of gas distribution assets in Spain (see note 13).

The accumulated deferred tax asset balance associated with this reality (of about 266.3 million Euros) was reclassified to Assets held for sale, following the acceptance of a binding offer for the sale of Naturgás in the first quarter of 2017 (see note 36). Considering the balance of deferred tax assets reclassified (277.9 million Euros), the remaining is essentially related to deferred tax on the fiscal revaluation of certain tangible assets and investment properties for tax purposes, introduced in Spain by the Law 16/2012, of 27 December (9.5 million Euros).

Deferred tax liabilities reclassified to Liabilities held for sale amount to 222.6 million Euros, which essentially breaks down into (i) 173.3 million Euros of temporary differences in the recognition of goodwill for accounting and tax purposes in Spain, and (ii) 49.4 million Euros related to temporary differences between accounting and tax useful lives of certain assets.

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

Thousand Euros	Net deferred tax assets		Net deferred tax	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Balance as at 1 January	45,115	35,140	-	-
Tax losses and tax credits	-1,922	-4,390	-	-
Financial and available-for-sale investments	-2,740	-211	-	-
Fair value of derivative financial instruments	-	3,830	1,773	-
Other temporary differences	-633	1,362	10,086	36,802
Netting of deferred tax assets and liabilities	11,859	36,802	-11,859	-36,802
Balance as at 30 June	51,679	72,533	-	-

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

21. Debtors and Other Assets from Commercial Activities

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

Thousand Euros	Group	
	Jun 2017	Dec 2016
Trade receivables	138,748	139,398
Accrued income relating to energy sales activity	28,441	29,854
Amounts receivable from tariff adjustments - Electricity - Portugal	453,658	363,130
Amounts receivable from tariff adjustments - Electricity - Brazil	1,902	3,702
Amounts receivable from tariff expenses - Gas - Spain (see note 36)	-	63,169
Amounts receivable relating to CMEC	748,076	658,197
Amounts receivable from concessions - IFRIC 12	1,131,990	1,114,941
Sundry debtors and other operations	154,775	144,236
	2,657,590	2,516,627
Impairment losses on trade receivables	-64,453	-64,956
Impairment losses on debtors	-3,199	-3,229
	-67,652	-68,185
	2,589,938	2,448,442

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

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Trade receivables	1,439,006	1,503,590	126,179	182,424
Accrued income relating to energy sales activity	833,788	1,025,872	207,618	269,031
Amounts receivable from tariff expenses - Electricity - Spain	-	4,489	-	-
Amounts receivable from tariff adjustments - Electricity - Portugal	436,355	538,948	-	-
Amounts receivable from tariff adjustments - Electricity - Brazil	6,661	17,100	-	-
Receivables relating to other goods and services	17,588	25,656	5,069	36,662
Amounts receivable relating to CMEC	114,812	164,705	-	-
Amounts receivable from concessions - IFRIC 12	56,684	54,024	-	-
Sundry debtors and other operations	224,105	223,851	15,533	73,916
	3,128,999	3,558,235	354,399	562,033
Impairment losses on trade receivables	-336,749	-329,212	-9,686	-9,935
Impairment losses on debtors	-21,025	-21,410	-786	-1,000
	-357,774	-350,622	-10,472	-10,935
	2,771,225	3,207,613	343,927	551,098

Accrued income relating to energy sales activity - Non-Current is related to the establishment of the pool boundaries adjustment in EDPR EU in Spain, as a result of the publication of Royal Decree-Law 413/2014 and Order IET/1045/2014.

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

Thousand Euros	Current	Non-Current
Balance as at 31 December	538,948	363,130
Receipts through the electric energy tariff	-249,245	-
Partial sale of 2015 over costs for the special regime generators	-250,000	-
Partial sale of 2017 over costs for the special regime generators	-324,068	-
Tariff adjustment of 2016	-1,224	-
Tariff adjustment for the period	458,983	345,517
Transfer to/from tariff adjustment payable	-31	-
Interest income (see note 12)	5,449	2,554
Transfer from Non-Current to Current	257,543	-257,543
Balance as at 30 June	436,355	453,658

During the first semester of 2017 EDP Serviço Universal S.A. (EDP SU) sold, in six independent operations, a portion of the 2015 and 2017 tariff deficit in the amount of 250,000 thousand Euros and 324,068 thousand Euros, respectively. The 2015 tariff deficit resulted from the deferral, for the period of 5 years, of the recovery of the 2015 over costs related to the acquisition of electricity from special regime generators (including the adjustments for 2013 and 2014). The 2017 tariff deficit results from the deferral, for the period of 5 years, of the recovery of the 2017 over costs related to the acquisition of electricity from special regime generators (including the adjustments for 2015 and 2016). In this assets' sale transaction, EDP SU gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 592,916 thousand Euros and generated a gain net of transaction costs of 11,982 thousand Euros (see note 12).

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

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 sold during the six-month period ended 30 June 2017:

Thousand Euros	Deficit	Tariff	Sales	Total
Year:				
2013	56,282	-	-	56,282
2014	152,999	9,032	-	162,031
2015	285,938	35,078	-250,000	71,016
2016	31,125	89,626	-	120,751
2017	667,313	136,688	-324,068	479,933
	1,193,657	270,424	-574,068	890,013

The caption Amounts receivable from tariff adjustments - Electricity - Brazil corresponds to tariff adjustments booked in EDP São Paulo - Distribuição de Energia S.A. (ex-Bandeirante) and EDP Espírito Santo - Distribuição de Energia S.A. (ex-Escelsa) with the accumulated amount as at 30 June 2017 of 1,798 thousand Euros (31 December 2016: 334 thousand Euros) and 6,765 thousand Euros (31 December 2016: 20,468 thousand Euros), respectively. The variation occurred includes the tariff deficit for the period with a positive impact of 58,035 thousand Euros (see note 6), transfer from tariff adjustment payable of 19,750 thousand Euros (see note 33), amount received through the electricity tariff of 97,258 thousand Euros, unwinding in the amount of 8,098 thousand Euros (see note 12) and the exchange differences due to depreciation of Brazilian Real with a negative impact of 864 thousand Euros.

The caption Amounts receivable relating to CMEC amounts to 862,888 thousand Euros, and includes 748,076 thousand Euros as non-current and 114,812 thousand Euros as current. The amount receivable relating to the initial CMEC includes 507,335 thousand Euros as non-current and 41,991 thousand Euros as current, and corresponds to the initial CMEC granted to EDP Produção (833,467 thousand Euros) deducted from the annuities for the years 2007 to 2017. The remaining 240,741 thousand Euros as non-current and 72,821 thousand Euros as current correspond to the receivable amounts through the revisibility calculation from 2015 to 2017.

The concession contracts currently in force in EDP Group are based in the Mixed Model, namely in the electricity distribution concessions in Portugal and in Brazil. Therefore, the caption Amounts receivable from concessions - IFRIC 12 in the amount of 1,188,674 thousand Euros relates to the financial asset to be received by the EDP Group regarding the electricity and gas concessions in Portugal and Brazil, resulting from the application of the mixed model. The variation in the period includes: (i) the effect of the appreciation of Brazilian Real against Euro in the amount of 45,384 thousand Euros; and (ii) transfers from intangible assets assigned to concessions in the amount of 65,621 thousand Euros (see note 16). Additionally, Amounts receivable from concessions - IFRIC 12 - Current refers to concessions in Portugal that will end in 2017.

22. Other Debtors and Other Assets

Other debtors and other assets are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Debtors and other assets - Non-Current				
Loans to subsidiaries	-	-	5,961,832	6,108,699
Loans to related parties	38,433	62,912	90	90
Guarantees rendered to third parties	51,738	53,533	-	-
Derivative financial instruments	157,653	206,482	350,115	723,368
Excess of the pension fund financing (see Note 30)	105,801	57,585	128	65
Sundry debtors and other operations	69,652	88,757	31,772	31,102
	423,277	469,269	6,343,937	6,863,324
Debtors and other assets - Current				
Loans to subsidiaries	-	-	1,573,703	1,781,401
Loans to related parties	54,442	85,224	14,780	14,783
Receivables from the State and concessors	31,515	33,048	-	-
Derivative financial instruments	95,847	176,471	434,795	343,218
Subsidiary companies	-	-	1,177,148	819,899
Sundry debtors and other operations	55,288	59,573	12,459	15,994
	237,092	354,316	3,212,885	2,975,295
	660,369	823,585	9,556,822	9,838,619

Loans to subsidiaries - Non-Current and Current, for the Company, mainly includes 4,560,669 thousand Euros (31 December 2016: 4,537,627 thousand Euros) of loans granted to EDP - Gestão da Produção de Energia, S.A. and 1,697,039 thousand Euros (31 December 2016: 1,697,252 thousand Euros) of loans granted to EDP Distribuição de Energia, S.A. (see note 39). Additionally, this caption includes 885,748 thousand Euros (31 December 2016: 1,257,783 thousand Euros) of loans granted to EDP Servicios Financieros España, S.A. through EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España (see notes 39 and 43).

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Loans to related parties - Non-Current and Current, mainly includes loans granted to Empresa de Energia São Manoel S.A., Empresa de Energia Cachoeira Caldeirão, S.A., EDP Produção Bioelétrica, S.A. and Parque Eólico Sierra del Madero, S.A. The changes in the period are due to the fact that this caption includes, in 2016, the loan granted to Eólica de Coahuila, S.A. de C.V., which, following the acquisition of control, is being full consolidated by EDP Group in 2017 (see note 5).

Subsidiary Companies - Current, for the Company, mainly includes receivables from the EDP Group's financial system in the amount of 1,038,304 thousand Euros (31 December 2016: 371,808 thousand Euros) (see note 39).

Derivative financial instruments - Non Current and Current, for the Company, include 182,597 and 295,804 thousand Euros, respectively (31 December of 2016: 510,006 and 158,041 thousand Euros, respectively), related to a hedging instrument in USD and EUR with EDP Renováveis, S.A., contracted to hedge the foreign exchange rate risk of the debt in Dollars issued by EDP Finance B.V. and granted to EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España (see note 37). This instrument is a Cross Currency Interest Rate Swap (CIRS) revalued at each balance sheet date at its market value, which is a spot foreign exchange rate valuation, resulting in a perfect fair value hedge (revaluation of fair value of the derivative instrument and the hedged liability). The remaining derivative financial instruments, assets and liabilities, are essentially related to derivatives contracted with external entities as a pass-through to hedge EDP Group companies business related risks.

23. Current Tax Assets

Current tax assets are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Income tax	150,996	175,518	40,556	33,657
Value added tax (VAT)	112,854	285,160	21,223	5,531
Other taxes	30,400	33,826	877	823
	294,250	494,504	62,656	40,011

For the Group, the decrease in VAT is essentially due to the reclassification to Assets and Liabilities Held for Sale (see note 36) of the balance of a VAT receivable held by Naturgas Group, associated with a VAT due refund request in the context of an intragroup sale of gas distribution assets in December 2016, whose amounts are yet to be received.

24. Share Capital and Share Premium

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

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

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

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

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

EDP - Energias de Portugal S.A. shareholder structure as at 30 June 2017 is as follows:

	Nr. of Shares	% Capital	% Voting
China Three Gorges Corporation	780,633,782	21.35%	21.35%
CNIC Co., Ltd	110,435,491	3.02%	3.02%
Capital Group Companies, Inc.	438,903,945	12.00%	12.00%
Oppidum Capital, S.L.	263,046,616	7.19%	7.19%
BlackRock, Inc.	182,733,180	5.00%	5.00%
Mubadala Investment Company	148,431,999	4.06%	4.06%
Millennium BCP Group and Pension Fund	88,989,949	2.43%	2.43%
Sonatrach	87,007,433	2.38%	2.38%
Qatar Investment Authority	82,868,933	2.27%	2.27%
Norges Bank	104,053,200	2.85%	2.85%
EDP (Treasury stock)	21,606,324	0.59%	
Remaining shareholders	1,347,826,863	36.86%	
	3,656,537,715	100.00%	

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Share capital and Share premium are as follows:

Thousand Euros	Group and Company	
	Share capital	Share premium
Balance as at 1 January	3,656,538	503,923
Movements during the period	-	-
Balance as at 30 June	3,656,538	503,923

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

	Group		Company	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Net profit attributable to the equity holders of EDP (in Euros)	450,430,424	472,171,012	298,189,763	387,575,026
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	450,430,424	472,171,012		
Weighted average number of ordinary shares outstanding	3,634,631,315	3,635,152,763	3,636,144,315	3,636,665,763
Weighted average number of diluted ordinary shares outstanding	3,634,631,315	3,635,152,763	3,636,144,315	3,636,665,763
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.12	0.13		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.12	0.13		
Basic earnings per share from continuing operations (in Euros)	0.12	0.13		
Diluted earnings per share from continuing operations (in Euros)	0.12	0.13		

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.

The average number of shares was determined as follows:

	Group		Company	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of shares issued during the period	-	-	-	-
Average number of realised shares	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of treasury stock	-21,906,400	-21,384,952	-20,393,400	-19,871,952
Average number and diluted average number of shares during the period	3,634,631,315	3,635,152,763	3,636,144,315	3,636,665,763

25. Treasury Stock

This caption is as follows:

	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Book value of EDP, S.A.'s treasury stock (thousand Euros)	62,088	63,528	55,993	57,433
Number of shares	21,606,324	22,056,438	20,093,324	20,543,438
Market value per share (in Euros)	2.863	2.894	2.863	2.894
Market value of EDP, S.A.'s treasury stock (thousand Euros)	61,859	63,831	57,527	59,453

Shares' transactions occurred between 1 January and 30 June 2017:

	EDP, S.A.	Energia RE
Volume sold (number of shares)	-450,114	-
Average selling price (in Euros)	3.030	-
Total sales (thousand Euros)	1,364	-
Final position (number of shares)	20,093,324	1,513,000
Highest market price (in Euros)	3.300	-
Lowest market price (in Euros)	2.660	-
Average market price (in Euros)	2.980	-

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

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

26. Reserves and Retained Earnings

This caption is as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Legal reserve	739,024	739,024	739,024	739,024
Fair value reserve (cash flow hedge)	-7,570	43,235	48,208	54,217
Tax effect of fair value reserve (cash flow hedge)	-1,117	-13,749	-14,261	-16,034
Fair value reserve (available for sale investments)	28,605	52,096	-	20,190
Tax effect of fair value reserve (available for sale investments)	-4,080	-1,998	-	2,741
Exchange differences arising on consolidation	-272,492	-144,818	-	-
Treasury stock reserve (EDP, S.A.)	55,993	57,433	55,993	57,433
Other reserves and retained earnings	4,045,895	3,617,570	1,774,916	1,706,377
	4,584,258	4,348,793	2,603,880	2,563,948

Legal reserve

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

Fair value reserve (cash flow hedge)

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

Fair value reserve (available for sale investments)

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

Thousand Euros	Group	
	Increases	Decreases
Balance as at 1 January 2016	586,853	-525,288
Changes in fair value	71	-39,909
Transfer of impairment to profit or loss	27,626	-
Transfer to the income statement relating to assets sold	-	-10,859
Balance as at 30 June 2016	614,550	-576,056
Changes in fair value	10,287	-880
Transfer of impairment to profit or loss	4,195	-
Balance as at 31 December 2016	629,032	-576,936
Changes in fair value	1,152	-465
Transfer of impairment to profit or loss	465	-
Transfer of reserves from assets sold to profit or loss	-	-24,643
Balance as at 30 June 2017	630,649	-602,044

Changes in fair value reserve attributable to the EDP Group during the period ended 30 June 2017 are as follows:

Thousand Euros	Increases	Decreases
Zephyr Fund (Energia RE portfolio)	1,037	-
REN - Redes Energéticas Nacionais, SGPS, S.A.	94	-
Other	21	-465
	1,152	-465

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Exchange differences on consolidation

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

Currency		Exchange rates at Jun 2017		Exchange rates at Dec 2016		Exchange rates at Jun 2016	
		Closing rates	Average exchange rate	Closing rates	Average exchange rate	Closing rates	Average exchange rate
US Dollar	USD	1.141	1.083	1.054	1.107	1.110	1.116
Brazilian Real	BRL	3.760	3.443	3.431	3.858	3.590	4.131
Macao Pataca	MOP	9.174	8.666	8.420	8.848	8.872	8.924
Canadian Dollar	CAD	1.479	1.445	1.419	1.466	1.438	1.485
Polish Zloty	PLN	4.226	4.270	4.410	4.363	4.436	4.368
Romanian Leu	RON	4.552	4.537	4.539	4.491	4.523	4.496
Pound Sterling	GBP	0.879	0.861	0.856	0.819	0.827	0.778
South African Rand	ZAR	14.920	14.307	14.457	16.267	16.446	17.196
Mexican Peso	MXN	20.584	21.050	21.772	20.661	20.635	20.163
Chinese Yuan	CNY	7.739	7.444	7.320	7.351	7.376	7.295

Treasury stock reserve (EDP, S.A.)

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

Dividends

On 19 April 2017, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders of the net profit for the year 2016 in the amount of 694,742 thousand Euros, corresponding to a dividend of 0.19 Euros per share (including the treasury stock dividend owned by EDP, S.A. and Energia RE in the amount of 3,818 thousand Euros and 287 thousand Euros, respectively). This distribution occurred on 17 May 2017.

27. Non-Controlling Interests

This caption is as follows:

Thousand Euros	Group	
	Jun 2017	Dec 2016
Non-controlling interests in income statement	192,457	239,550
Non-controlling interests in equity and reserves	4,157,924	4,090,535
	4,350,381	4,330,085

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

Thousand Euros	Group	
	Jun 2017	Dec 2016
EDP Renováveis Group	2,931,931	2,819,335
EDP Brasil Group	1,457,897	1,548,514
Other	-39,447	-37,764
	4,350,381	4,330,085

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits attributable to non-controlling interests of 138,396 thousand Euros; (ii) a negative impact of 29,653 thousand Euros related to dividends attributable to non-controlling interests; (iii) a negative impact of 84,798 thousand Euros resulting from exchange differences; (iv) a negative impact of 10,104 thousand Euros resulting from share capital increases/decreases and other acquisitions/sales without change of control; (v) a positive impact resulting from a gain of control of EDPR EU subsidiary in Mexico of 16,646 thousand Euros (see note 5); and (vi) a positive impact of 80,228 thousand Euros resulting from the sale without change of control of EDPR EU subsidiaries attributable to non-controlling interests (see note 5).

The movement booked in non-controlling interests of EDP Brasil Group includes: (i) 55,744 thousand Euros of profits attributable to non-controlling interests; (ii) a decrease of 135,576 thousand Euros resulting from exchange differences; (iii) a negative impact of 9,731 thousand Euros related to dividends attributable to non-controlling interests; and (iv) a negative impact of 1,304 thousand Euros from recognised actuarial losses (net of taxes).

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

28. Hydrological Account

The movements in the Hydrological account are as follows:

Thousand Euros	Group and Company	
	Jun 2017	Jun 2016
Balance at the beginning of the period	1,574	11,417
Amounts received/(paid) during the period	-	-5,071
Financial charges	-	207
Balance at the end of the period	1,574	6,553

29. Financial Debt

This caption is as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Debts and borrowings - Non-current				
Bank loans:				
- EDP, S.A.	307,815	350,570	307,815	350,570
- EDP Finance B.V.	2,062,434	2,359,360	-	-
- EDP Brasil Group	456,583	588,845	-	-
- EDP Renováveis Group	855,220	686,276	-	-
- EDP Produção	71,788	73,688	-	-
	3,753,840	4,058,739	307,815	350,570
Non-convertible bond loans:				
- EDP, S.A.	-	50,000	7,850,000	7,900,000
- EDP Finance B.V.	10,179,402	9,394,007	-	-
- EDP Brasil Group	696,423	696,122	-	-
	10,875,825	10,140,129	7,850,000	7,900,000
Hybrid bond:				
- EDP, S.A.	739,168	739,168	739,168	739,168
	739,168	739,168	739,168	739,168
Commercial paper:				
- EDP, S.A.	419,068	437,169	419,068	437,169
	419,068	437,169	419,068	437,169
Other loans	18,353	21,681	-	-
	15,806,254	15,396,886	9,316,051	9,426,907
Other liabilities:				
- Fair value of the issued debt hedged risk	101,392	153,387	-	-
Total Debt and Borrowings	15,907,646	15,550,273	9,316,051	9,426,907
Collateral Deposits - Non-current *	-37,294	-31,936	-	-
	15,870,352	15,518,337	9,316,051	9,426,907

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Debt and borrowings - Current				
Bank loans:				
- EDP, S.A.	66,794	65,129	80,350	74,199
- EDP Finance B.V.	424,782	199,482	-	-
- EDP Brasil Group	110,710	90,234	-	-
- EDP Renováveis Group	105,927	99,185	-	-
- Other	3,938	5,696	-	-
	712,151	459,726	80,350	74,199
Non-convertible bond loans:				
- EDP, S.A.	50,000	-	50,000	-
- EDP Finance B.V.	1,528,325	1,062,764	-	-
- EDP Brasil Group	170,167	178,671	-	-
	1,748,492	1,241,435	50,000	-
Commercial paper:				
- EDP, S.A.	856,000	556,000	2,384,000	1,575,846
	856,000	556,000	2,384,000	1,575,846
Other loans	6,615	7,664	-	-
	3,323,258	2,264,825	2,514,350	1,650,045
Accrued interest	236,862	292,064	128,149	116,314
Other liabilities:				
- Fair value of the issued debt hedged risk	-93,377	-80,486	-	-
Total Debt and Borrowings	3,466,743	2,476,403	2,642,499	1,766,359
Collateral Deposits - Current *	-4,525	-20,095	-	-
	3,462,218	2,456,308	2,642,499	1,766,359

* Deposits constituted as collateral for financial guarantee

Commercial Paper non-current refers to a Commercial Paper programs with a firm underwriting commitment for a period of over one year, in the amounts of 250,000 thousand US Dollars and 200,000 thousand Euros.

Main events of the period:

In January 2017, EDP issued a Eurobond of 600,000 thousand Euros maturing in September 2023.

In June 2017, EDP Finance issued a total of 1,000,000 thousand US Dollars notes under Rule 144A and Regulation S of the U.S. Securities Act of 1933, maturing in July 2024. The securities were issued under EDP and EDP Finance BV's Program for the Issuance of Debt Instruments (MTN).

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

The nominal value of outstanding Bond loans placed with external counterparties, as at 30 June 2017, is as follows:

Issuer	Issue date	Interest rate	Type of hedge	Conditions/ Redemption	Nominal Value in Million Currency	Thousand Euros	
						Group	Company
Issued by EDP S.A.							
EDP, S.A. (ii)	May-08	Variable rate (iii)	n.a.	May-18	50 EUR	50,000	50,000
						50,000	50,000
Hybrid by EDP S.A.							
EDP, S.A. (iv)	Sep-15	Fixed rate EUR 5.375% (v)	n.a.	Sep-75	750 EUR	750,000	750,000
						750,000	750,000
Issued under the Euro Medium Term Notes program							
EDP Finance B.V.(i)	Aug-02	Fixed rate GBP 6.625%	Fair Value	Aug-17	200 GBP	320,000	-
EDP Finance B.V.	Dec-02	Fixed rate EUR (iii)	n.a.	Dec-22	93 EUR	93,357	-
EDP Finance B.V.(i)	Jun-05	Fixed rate EUR 4.125%	n.a.	Jun-20	300 EUR	300,000	-
EDP Finance B.V.(vi)	Nov-07	Fixed rate USD 6.00%	Net Investment	Feb-18	531 USD	464,895	-
EDP Finance B.V.(i)	Nov-08	Fixed rate GBP 8.625%	Fair Value	Jan-24	325 GBP	410,314	-
EDP Finance B.V.	Nov-08	Zero coupon EUR (iii)	n.a.	Nov-23	160 EUR	160,000	-
EDP Finance B.V.(i)	Jun-09	Fixed rate JPY (iii)	n.a.	Jun-19	10,000 JPY	91,631	-
EDP Finance B.V.(vi)	Sep-09	Fixed rate USD 4.90%	Net Investment	Oct-19	969 USD	849,511	-
EDP Finance B.V.	Sep-12	Fixed rate EUR 5.75%	n.a.	Sep-17	750 EUR	750,000	-
			Fair Value/				
EDP Finance B.V.(i)	Nov-12	Fixed rate CHF 4.00%	Cash Flow	Nov-18	125 CHF	103,922	-
EDP Finance B.V.(i)	Sep-13	Fixed rate EUR 4.875%	Fair Value	Sep-20	750 EUR	750,000	-
EDP Finance B.V.(i)	Nov-13	Fixed rate EUR 4.125%	Fair Value	Jan-21	600 EUR	600,000	-
EDP Finance B.V.	Jan-14	Fixed rate USD 5.25%	Net Investment	Jan-21	750 USD	657,203	-
EDP Finance B.V.(i)	Apr-14	Fixed rate EUR 2.625%	Fair Value	Apr-19	650 EUR	650,000	-
EDP Finance B.V.	Jun-14	Variable rate (iii)	Net Investment	Jun-19	100 USD	87,627	-
EDP Finance B.V.(i)	Sep-14	Fixed rate EUR 2.625%	Fair Value	Jan-22	1,000 EUR	1,000,000	-
EDP Finance B.V.(i)	Nov-14	Fixed rate USD 4.125%	Net Investment	Jan-20	750 USD	657,203	-
EDP Finance B.V.(i)	Apr-15	Fixed rate EUR 2.00%	Fair Value	Apr-25	750 EUR	750,000	-
EDP Finance B.V.	Mar-16	Fixed rate EUR 2.375%	n.a.	Mar-23	600 EUR	600,000	-
EDP Finance B.V.(i)	Aug-16	Fixed rate EUR 1.125%	n.a.	Feb-24	1,000 EUR	1,000,000	-
EDP Finance B.V.	Jan-17	Fixed rate EUR 1.875%	n.a.	Sep-23	600 EUR	600,000	-
EDP Finance B.V.	Jun-17	Fixed rate USD 3.625%	Net Investment	Jul-24	1,000 USD	876,271	-
						11,771,934	-
Issued by the EDP Energias do Brasil Group in the Brazilian domestic market							
Lajeado Energia	Nov-13	CDI + 1.20%	n.a.	Nov-19	450 BRL	119,681	-
EDP São Paulo (ex-Bandeirante)	Apr-14	CDI + 1.39%	n.a.	Apr-19	144 BRL	38,298	-
EDP Espírito Santo (ex-Escelsa)	Aug-14	CDI + 1.50%	n.a.	Aug-20	177 BRL	47,021	-
Energias do Brasil	Oct-15	IPCA + 8.3201%	n.a.	Sep-21	199 BRL	53,024	-
Energias do Brasil	Oct-15	CDI + 1.74%	n.a.	Sep-18	664 BRL	176,663	-
Energias do Brasil	Oct-15	IPCA + 8.2608%	n.a.	Sep-24	53 BRL	14,168	-
EDP São Paulo (ex-Bandeirante)	Feb-16	CDI + 2.30%	n.a.	Feb-20	100 BRL	26,596	-
EDP Espírito Santo (ex-Escelsa)	Feb-16	CDI + 2.30%	n.a.	Feb-20	120 BRL	31,915	-
Energias do Brasil	Apr-16	IPCA + 8.3479%	n.a.	Apr-22	264 BRL	70,142	-
Energgest	Apr-16	CDI + 2.25%	n.a.	Apr-18	36 BRL	9,574	-
Energgest	Apr-16	CDI + 2.265%	n.a.	Apr-20	54 BRL	14,362	-
Enerpeixe	Nov-16	114.50% * CDI	n.a.	Nov-19	350 BRL	93,085	-
Pecém	Dec-16	CDI + 2.95%	n.a.	Nov-21	330 BRL	87,766	-
EDP São Paulo (ex-Bandeirante)	Apr-17	108.75% * CDI	n.a.	Apr-22	150 BRL	39,894	-
EDP Espírito Santo (ex-Escelsa)	Apr-17	108.75% * CDI	n.a.	Apr-22	190 BRL	50,532	-
						872,721	-
						13,444,655	800,000

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

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

(iii) These issues correspond to private placements.

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

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

(vi) Consolidated nominal value after the repurchase of securities by EDP - Energias de Portugal, S.A.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

EDP Group has various credit facilities it uses for liquidity management. EDP Group has short-term credit facilities of 226,000 thousand Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, and with a firm underwriting commitment, which as at 30 June 2017 are available in 139,000 thousand Euros. Also EDP Group has Commercial Paper programs of 100,000 thousand Euros with guaranteed placement, which as at 30 June 2017 are totally available. EDP Group has a medium term Revolving Credit Facility (RCF) of 3,150 million Euros, with a firm underwriting commitment and maturing in 2019, which as at 30 June 2017 is totally available, and a RCF of 500,000 thousand Euros, with a firm underwriting commitment and maturing in 2020, which as at 30 June 2017 are available in 425,000 thousand Euros.

As at 30 June 2017, future debt and interest payments, by type of loan and currency, are as follows:

Thousand Euros	Jun 2018	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Following years	Total
Bank loans:							
Euro	559,518	73,343	108,770	1,836,294	95,825	368,691	3,042,441
Brazilian Real	125,486	49,517	149,252	64,456	58,353	239,996	687,060
US Dollar	16,593	5,962	317,450	11,662	11,846	172,723	536,236
Other	21,178	10,186	22,625	24,167	26,611	106,338	211,105
	<u>722,775</u>	<u>139,008</u>	<u>598,097</u>	<u>1,936,579</u>	<u>192,635</u>	<u>887,748</u>	<u>4,476,842</u>
Bond loans:							
Euro	1,158,405	115,613	652,890	1,073,398	595,522	4,655,164	8,250,992
Brazilian Real	192,543	208,321	161,641	131,109	132,802	62,550	888,966
US Dollar	515,160	-	1,012,769	654,488	651,633	869,090	3,703,140
	<u>1,866,108</u>	<u>323,934</u>	<u>1,827,300</u>	<u>1,858,995</u>	<u>1,379,957</u>	<u>5,586,804</u>	<u>12,843,098</u>
Hybrid Bond:							
Euro	11,818	-	-	-	-	739,168	750,986
	<u>11,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>739,168</u>	<u>750,986</u>
Commercial paper:							
Euro	856,053	-	-	-	200,000	-	1,056,053
US Dollar	2,927	-	219,068	-	-	-	221,995
	<u>858,980</u>	<u>-</u>	<u>219,068</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>1,278,048</u>
Other loans:							
Euro	1,217	35	50	-	-	-	1,302
Brazilian Real	5,845	1,105	1,672	833	453	14,205	24,113
	<u>7,062</u>	<u>1,140</u>	<u>1,722</u>	<u>833</u>	<u>453</u>	<u>14,205</u>	<u>25,415</u>
	<u>3,466,743</u>	<u>464,082</u>	<u>2,646,187</u>	<u>3,796,407</u>	<u>1,773,045</u>	<u>7,227,925</u>	<u>19,374,389</u>

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

The Group has project finance loans with the usual guarantees for such loans, namely pledges or promissory pledges over shares, bank accounts and assets relating to the projects. As at 30 June 2017 and 31 December 2016 these loans amounted to 1,240,641 thousand Euros and 1,100,951 thousand Euros, respectively (see note 38).

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

Thousand Euros	Jun 2017		Dec 2016	
	Carrying amount	Market value	Carrying amount	Market value
Debt and borrowings - Non-Current	15,907,646	16,908,228	15,550,273	16,355,711
Debt and borrowings - Current	3,466,743	3,324,754	2,476,403	2,242,288
	<u>19,374,389</u>	<u>20,232,982</u>	<u>18,026,676</u>	<u>18,597,999</u>

In accordance with the Group's accounting policies, the financial liabilities whose risks are being hedged by derivative financial instruments and that comply with hedge accounting requirements of IAS 39, are accounted at fair value. The financial liabilities are booked at amortised cost.

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

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

30. Employee Benefits

Employee benefits are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Provisions for social liabilities and benefits	761,171	815,264	2,998	3,088
Provisions for medical liabilities and other benefits	893,667	911,581	1,940	1,858
	1,654,838	1,726,845	4,938	4,946

This caption is as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Non-Current	1,262,630	1,410,136	4,505	4,655
Current	392,208	316,709	433	291
	1,654,838	1,726,845	4,938	4,946

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

Thousand Euros	Group
	Jun 2017
Balance at the beginning of the period	815,264
Charge for the period	10,218
Actuarial (gains)/losses	-40,172
Charge-off	-71,512
Surplus / (Deficit) pension funding (see note 22)	48,216
Transfers, reclassifications and exchange differences	-843
Balance at the end of the period	761,171

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

Thousand Euros	Jun 2017			
	Portugal	Spain	Brazil	Group
Current service cost	4,404	380	-383	4,401
Operational component (see note 9)	4,404	380	-383	4,401
Net interest on the net pensions plan liability	5,242	676	-101	5,817
Financial component (see note 12)	5,242	676	-101	5,817
	9,646	1,056	-484	10,218

Thousand Euros	Jun 2016			
	Portugal	Spain	Brazil	Group
Current service cost	4,647	1,306	-91	5,862
Operational component (see note 9)	4,647	1,306	-91	5,862
Net interest on the net pensions plan liability	6,403	799	-291	6,911
Financial component (see note 12)	6,403	799	-291	6,911
	11,050	2,105	-382	12,773

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

Thousand Euros	Group
	Jun 2017
Balance at the beginning of the period	911,581
Charge for the period	20,989
Actuarial (gains)/losses	-4,617
Charge-off	-12,147
Fund contributions (see note 39)	-5,498
Transfers, reclassifications, exchange differences and "mútua"	-16,641
Balance at the end of the period	893,667

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

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

Thousand Euros	Jun 2017			Jun 2016		
	Portugal	Brazil	Group	Portugal	Brazil	Group
Current service cost	3,552	439	3,991	3,859	299	4,158
Operational component (see note 9)	3,552	439	3,991	3,859	299	4,158
Net interest on the medical liabilities and other benefits	6,194	10,804	16,998	7,825	7,040	14,865
Financial component (see note 12)	6,194	10,804	16,998	7,825	7,040	14,865
Net cost for the period	9,746	11,243	20,989	11,684	7,339	19,023

As at 30 June 2017, the net movement for the period in Provisions for social liabilities and benefits corresponds to a decrease of 54,093 thousand Euros (30 June 2016: 43,463 thousand Euros), from which 51,709 thousand Euros correspond to the negative net movement occurred in Portugal (30 June 2016: 39,459 thousand Euros) and 2,384 thousand Euros correspond to the negative net movement occurred in Spain and Brazil (30 June 2016: 4,004 thousand Euros). The variation in Portugal relates essentially to benefit payments.

The net movement for the period in Provisions for medical liabilities and other benefits corresponds to an decrease of 17,914 thousand Euros (30 June 2016: 21,724 thousand Euros), from which 7,344 thousand Euros correspond to the negative net movement occurred in Portugal (30 June 2016: 4,485 thousand Euros) and 10,570 thousand Euros correspond to the negative net movement occurred in Brazil (30 June 2016: 26,209 thousand Euros).

For the Group, the commitments relating to pension and medical plans and other benefits are disclosed by maturity, as follows: (i) less than 1 year: 259,331 thousand Euros; (ii) from 1 to 3 years: 478,362 thousand Euros; (iii) from 3 to 5 years: 433,734 thousand Euros, and (iv) more than 5 years: 881,052 thousand Euros.

As at 30 June 2017 and 2016, the current service cost and net interest cost recognised were based on the estimated cost for the period determined actuarially on 31 December 2016 and 2015, respectively.

31. Provisions for Liabilities and Charges

Provisions for liabilities and charges are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Provision for legal and labour matters and other contingencies	95,535	98,574	-	20
Provision for customer guarantees under current operations	5,898	10,435	-	-
Provision for dismantling and decommissioning	457,343	462,887	-	-
Provision for other liabilities and charges	84,753	99,596	8,244	8,303
	643,529	671,492	8,244	8,323

This caption is as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Non-Current	618,626	637,613	7,803	7,599
Current	24,903	33,879	441	724
	643,529	671,492	8,244	8,323

The changes in the Provisions for legal and labour matters and other contingencies are as follows:

Thousand Euros	Group
	Jun 2017
Balance at the beginning of the period	98,574
Charge for the period	10,146
Reversals	-6,531
Charge-off for the period	-6,313
Other and exchange differences	-341
Balance at the end of the period	95,535

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

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

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

- i) Requests for the refund of tariff increases paid by industrial consumers of the Brazilian subsidiaries EDP São Paulo (ex-Bandeirante) and EDP Espírito Santo (ex-Escelsa) in the amount of 13,368 thousand Euros (31 December 2016: 13,443 thousand Euros). These requests result from the application of Administrative Orders DNAEE no. 38 of 27 February 1986 and no. 45 of 4 March 1986 - Plano Cruzado, effective from March to November 1986;
- ii) In 2012, following the decision by the arbitration court, which partially accepted Terriminas' claim, and condemned EDP Produção to pay the amount of 1,329 thousand Euros regarding the price differential for 1985 and 1986, EDP Group has booked a provision to cover this contingency. Therefore, at 30 June 2017, the estimated liability amounts to 5,836 thousand Euros (31 December 2016: 5,836 thousand Euros), corresponding to the indemnity discounted amount. This process is in a foreclosure stage and an appeal was filled by EDP Produção;
- iii) During April 2015, ERSE has notified EDP Comercial on its decision regarding the opening of an administrative infraction proceeding, within the framework of the Energy Sector Sanctions Regime (RSSE), requesting several information. In July 2015, ERSE sent a statement of objection to EDP Comercial whose response with defence arguments was prepared and submitted within the deadlines set by law. On 10 December 2015, ERSE issued a decision condemning EDP Comercial to a fine of 7,500 thousand Euros. It was decided to appeal the decision within the legal deadline set for this purpose, and a provision in the above mentioned amount has been recognised. Following the Appeal brought by EDP Comercial, the case was returned to the Competition, Regulation and Supervision Court for trial. On 2 March 2017, the Court delivered a sentence objections, which found null the Notice of Illegality and final decision of ERSE. ERSE appealed against this decision and a decision is still pending;
- iv) The remaining legal litigations correspond mainly to indemnities for fires, interruption of electricity supply, electrocution, as well as for other damages caused.

In accordance with IFRS 3, in the course of an acquisition, the acquiring company must recognise, at the acquisition date, a contingent liability for the present obligations resulting from past events which fair value can be reliably measured. Within the process of acquisition of control of Porto do Pecém in 2015, the Board of Directors identified a contingency, which estimated responsibility amounts to 5,783 thousand Euros (21,745 thousand Brazilian Reais) as at 30 June 2017.

The movement in Provision for customer guarantees under current operations is as follows:

Thousand Euros	Group Jun 2017
Balance at the beginning of the period	10,435
Other and exchange differences	-4,537
Balance at the end of the period	5,898

Provisions for customer guarantees under current operations include essentially provisions for commercial losses.

The movement in Provision for dismantling and decommissioning is as follows:

Thousand Euros	Group Jun 2017
Balance at the beginning of the period	462,887
Unwinding (see note 12)	3,038
Increase of the responsibility (see note 15)	5,981
Other and exchange differences	-14,563
Balance at the end of the period	457,343

As at 30 June 2017, Provision for dismantling and decommissioning includes the following situations:

- i) The Group has recognised a provision of 43,950 thousand Euros (31 December 2016: 43,865 thousand 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 262,446 thousand Euros (31 December 2016: 268,191 thousand Euros) to cover the costs of bringing the sites to their original conditions, of which 97,021 thousand Euros refer to the wind farms of the EDPR NA Group, 163,349 thousand Euros refer to the wind farms of the EDPR EU Group, 1,457 thousand Euros refer to the wind farms of the EDPR Brasil Group and 619 thousand Euros refer to the wind farms of the EDPR Canada Group;

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

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 recognises provisions to cover the costs with the decommissioning, dismantlement and environmental rehabilitation of electric power plants. As at 30 June 2017, the provision amounts to 90,268 thousand Euros (31 December 2016: 90,183 thousand Euros) and 58,382 thousand Euros (31 December 2016: 58,210 thousand Euros) for the electric power plants located in Portugal and Spain, respectively.

The movement in Provision for other liabilities and charges for is as follows:

Thousand Euros	Jun 2017	
	Group	Company
Balance at the beginning of the period	99,596	8,303
Charge for the period	1,024	345
Reversals	-2,992	-404
Charge-off for the period	-3,273	-
Other and exchange differences	-9,602	-
Balance at the end of the period	84,753	8,244

As at 30 June 2017, the caption Provision for other liabilities and charges includes a provision related with an agreement between EDM - Electricidade de Moçambique E.P and EDP. As part of the institutional collaboration, it was agreed in 2012 the rehabilitation and the conversion of 2 gas turbines of 16 MW decommissioned from Tunes Thermoelectric plant to be installed in Chokwé - Mozambique in open cycle mode. In 2014, EDM requested the transfer of the project to the Nacala area, where the turbines now need to be adapted to work on diesel. It is estimated that from this conversion a negative impact of 8,006 thousand Euros will arise (31 December 2016: 8,006 thousand Euros).

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

The processes whose losses were considered as possible, do not require the recognition of provisions and are periodically reassessed. As at 30 June 2017, there were no significant changes in the contingencies classified as remote risk presented as at 31 December 2016, namely:

i) Within EDP Distribuição there is a contingency regarding the liability for supply and assembly costs of electricity distribution grids, including public illumination, with respect to the urbanistic reconversion and intervention area in Parque Expo 98. In this context, Parque Expo 98 claims that, between 1996 and 2014, it supported the costs that are responsibility of EDP Distribuição. In November 2015, Parque Expo 98 in liquidation addressed EDP Distribuição a separate judicial notice, in order to interrupt the limitation period (which would occur 20 years from the date of the referred agreement). Meanwhile Parque Expo 98, in liquidation, claims a reimbursement from EDP Distribuição of those costs in the amount of 15,811 thousand Euros;

ii) There is a civil judicial proceeding in Empresa Hidroelétrica do Guadiana resulting from inconsistencies of the exploration agreement interpretation of Alqueva and Pedrógão hydroelectric plant, entered into with EDIA. In particular, regarding adjustment effects in the investment made in the construction of Alqueva power increase with annual financial compensation included in the agreement. As at 31 December 2016, the contingency amounts approximately to 7,779 thousand Euros. On 30 June 2017, the process was finished with a decision partially favorable to Empresa Hidroelétrica do Guadiana;

iii) During April 2015, ERSE has notified EDP Distribuição about the resolution regarding the opening of the administrative infraction proceedings, within the framework of the Energy Sector Sanctions Regime (RSSE) requesting several information. After negotiations with ERSE, in December 2016, EDP Distribuição formally submitted a transaction proposal, which was accepted by ERSE, and involved the conviction of 14 negligent administrative offenses, the payment of a fine in the amount of 40,000 Euros and also the payment of compensation to injured consumers. Therefore, this contingency, in June 2017, is finished;

iv) On 29 July 2016, the Portuguese Competition Authority (AdC) has notified EDP, S.A. and EDP Comercial, S.A. with a notice for alleged violation of competition laws, regarding the process about the commercial campaign done in partnership with Modelo Continente, designated as "Plano EDP Continente". This was an occasional campaign, limited to two years, which was one of several campaigns usually performed by several other market agents. As at 30 June 2017, EDP, S.A. and EDP Comercial, S.A. received AdC final decision which applied a fee of 2,900 thousand Euros to EDP, S.A. and 25,800 thousand Euros to EDP Comercial. The companies filed their appeal. EDP Group is convinced that this campaign has brought real benefits to consumers and competition in markets and that no transgression has been committed;

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

v) EDP São Paulo (ex-Bandeirante) and EDP Espírito Santo (ex-Escelsa) have administrative and judicial actions regarding tax compensations not ratified by the Brazilian Federal Revenue Bureau, which: (i) are protected by judicially recognised credits (IRPJ - Corporate tax income and CSLL - Social Contribution on net profits) and (ii) that result from tax contributions in 2001 of IRPJ, CSLL, PIS (Social integration programme) and COFINS considered excessive as a consequence of the application of "Parecer COSIT 26/2002" (Extraordinary Tariff Adjustment - RTE) published by the Brazilian Tax Authorities. According to this opinion, the amounts resulting from tariffs updating under RTE should be recognised and taxed only as of 2002. As at 30 June 2017, the updated values amount to 97,848 thousand Euros (31 December 2016: 96,828 thousand Euros);

vi) Porto do Pecém was subject to a tax execution procedure in the amount of 21,436 thousand Euros, related to an alleged non-taxation under IRPJ and CSLL of prior years' financial income and exchange rate gains (31 December 2016: 21,225 thousand Euros).

Finally, it is important to identify litigation and contingencies that, although the EDP Group classifies its risk as remote, assume materially relevant values, namely:

i) On 27 October 2009 and 5 January 2010, the EDP Group received two tax settlements regarding 2005 and 2006 taxable income for the EDP tax Group, which included an adjustment of 591 million Euros regarding its subsidiary, EDP Internacional SGPS, related to the tax treatment considered by the EDP Group in relation to a capital loss generated with the liquidation of a subsidiary, whose main assets consisted of investments in operating subsidiaries in Brazil, namely EDP Espírito Santo (ex-Escelsa) and Enersul. As at 30 June 2017, the amount of this tax contingency totals 269 million Euros (31 December 2016: 264 million Euros).

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

Given the above, and considering that the EDP Group's tax procedures comply with applicable Portuguese tax legislation at the date of the events, the Group is currently using all available legal means to contest these additional settlements. Thus, following the implied rejection of the hierarchical appeal, EDP presented a judicial claim, on 6 June 2012, which is still being analysed;

ii) EDP São Paulo (ex-Bandeirante) through the Power Industry Union of the State of São Paulo - SindiEnergia, filed two claims against the Treasury Department of the State of São Paulo, seeking the suspension of the effects of Decrees 55.421/2010 and 55.867/2010. Both claims deal with VAT incidence on energy technical losses (theft, deviation or fraud) and obtained a favourable decision which was confirmed by the Court of Justice of the State of São Paulo. These decisions are still subject of appeal to higher courts, however, given that the higher courts jurisprudence supports the thesis discussed in this process, the EDP Group classifies as remote the risk of losing this action. The estimated value at 30 June 2017 amounts to 115,818 thousand Euros (31 December 2016: 115,195 thousand Euros).

32. Institutional Partnerships in USA

The caption Institutional partnerships in USA is as follows:

Thousand Euros	Group	
	Jun 2017	Dec 2016
Deferred income related to benefits provided	827,699	819,199
Liabilities arising from institutional partnerships in USA	1,129,042	1,520,226
	1,956,741	2,339,425

EDPR North America recognises under this caption the receipts of institutional investors associated with wind and solar projects. This liability is reduced by the amount of tax benefits provided and payments made to the institutional investors during the period. The amount of tax benefits provided is booked as a non-current deferred income, and recognised over the useful life 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 12).

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

Thousand Euros	Group
	Jun 2017
Balance at the beginning of the period	2,339,425
Cash paid to institutional investors	-130,922
Income (see note 7)	-132,102
Unwinding (see note 12)	48,415
Exchange differences	-167,543
Other	-532
Balance at the end of the period	1,956,741

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

33. Trade and Other Liabilities from Commercial Activities

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

Thousand Euros	Group	
	Jun 2017	Dec 2016
Investment government grants	517,046	595,201
Amounts payable for tariff adjustments - Electricity - Portugal	38,305	76,611
Amounts payable for tariff adjustments - Electricity - Brazil	46,127	31,900
Energy sales contracts - EDPR NA	16,362	19,857
Deferred income - CMEC	235,113	226,521
Amounts payable for concessions	221,018	226,012
Other creditors and sundry operations	108,811	117,031
	1,182,782	1,293,133

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

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Suppliers	749,470	1,020,684	168,072	255,888
Accrued costs related with supplies	488,211	478,797	209,676	288,274
Property, plant and equipment suppliers and accruals	456,679	800,429	732	1,459
Holiday pay, bonus and other charges with employees	127,021	164,407	20,738	27,256
CO2 emission Licenses	43,009	84,474	-	-
Amounts payable for tariff adjustments - Electricity - Portugal	79,376	81,045	-	-
Amounts payable for tariff adjustments - Electricity - Brazil	58,244	103,054	-	-
Deferred income - CMEC	24,300	33,712	-	-
Other creditors and sundry operations	505,299	595,819	27,350	13,915
	2,531,609	3,362,421	426,568	586,792

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

Thousand Euros	Current	Non-Current
Balance as at 31 December 2016	81,045	76,611
Payment through the electricity tariff	-40,121	-
Interest expense (see note 12)	177	-
Transfer to/from tariff adjustment receivable	-31	-
Transfer from Non-Current to Current	38,306	-38,306
Balance as at 30 June 2017	79,376	38,305

The caption Amounts payable for tariff adjustments - Electricity - Brazil, refers to tariff adjustments booked in EDP São Paulo (ex-Bandeirante) and EDP Espírito Santo (ex-Escelsa) in the accumulated amount of 73,078 thousand Euros (31 December 2016: 119,156 thousand Euros) and 31,293 thousand Euros (31 December 2016: 15,798 thousand Euros), respectively. The variation occurred includes the tariff deficit for the period with a positive impact of 98,593 thousand Euros (see note 6), transfer to tariff adjustment receivable of 19,750 thousand Euros (see note 21), unwinding in the amount of 7,368 thousand Euros (see note 12), decrease in the amount received through the electricity tariff of 146,195 thousand Euros and the exchange differences due to depreciation of Brazilian Real with a negative impact of 10,099 thousand Euros.

Investment government grants are amortised through the recognition of a revenue in the income statement over the useful life of the related assets, in the amount of 15,280 thousand Euros as at 30 June 2017 (see note 11). This caption includes grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government.

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

Deferred income - CMEC Current and Non-Current in the amount of 259,413 thousand Euros (31 December 2016: 260,233 thousand Euros) refers to the initial CMEC amount (833,467 thousand Euros) net of the amortisation of initial CMEC during the years 2007 to 2017 and including unwinding (see note 12).

Amounts payable for concessions includes the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA of 147,434 thousand Euros (31 December 2016: 142,248 thousand Euros) and 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 73,134 thousand Euros (31 December 2016: 83,066 thousand Euros).

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

The caption CO2 emission licenses includes the CO2 consumptions during 2017 and 2016 in Portugal and Spain of 26,552 thousand Euros and 16,457 thousand Euros, respectively. This decrease in comparison with 2016 relates to the delivery in 2017 of the 2016 licences consumption, which are returned to regulatory authorities until April of the year following its consumption.

In the energy distribution activity, the subsidiaries of EDP Group in Portugal and Spain recover the deficits and tariff adjustments assets through the tariffs charged to their customers. The caption Other creditors and sundry operations - Current, includes the amounts payable to entities that have acquired the right to receive these assets in securitization or direct sales operations in Portugal and settlements to be made to the regulatory entity in Spain. As at 30 June 2017, under the transfer to these entities of assets recovered through the tariffs, these payables amount to 129,579 thousand Euros and 23,294 thousand Euros in Portugal and Spain, respectively (31 December 2016: 112,900 thousand Euros and 35,209 thousand Euros). Additionally, this caption includes 14,317 thousand Euros related to tariff adjustment payable (31 December 2016: 14,317 thousand Euros).

34. Other Liabilities and Other Payables

Other liabilities and other payables are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Other liabilities and other payables - Non-Current				
Loans from non-controlling interests	611,567	563,862	-	-
Put options over non-controlling interest liabilities	2,169	2,299	-	-
Derivative financial instruments	104,856	138,642	101,341	155,453
Group companies	-	-	1,511,976	2,577,517
Amounts payable for acquisitions and success fees	13,025	17,796	-	-
Lease contract with EDP Pension Fund	28,603	28,873	28,603	28,873
Tax liabilities	67,122	68,156	-	-
Other creditors and sundry operations	7,224	9,629	-	-
	834,566	829,257	1,641,920	2,761,843
Other liabilities and other payables - Current				
Loans from non-controlling interests	115,559	121,902	-	-
Dividends attributed to related companies	57,522	68,300	-	-
Derivative financial instruments	142,902	133,214	133,831	182,202
Group companies	-	-	1,019,792	214,382
Amounts payable for acquisitions and success fees	9,618	10,409	-	-
Lease contract with EDP Pension Fund	2,484	2,484	2,484	2,484
Other creditors and sundry operations	6,584	8,723	32,008	144,470
	334,669	345,032	1,188,115	543,538
	1,169,235	1,174,289	2,830,035	3,305,381

The caption Loans from non-controlling interests Current and Non-Current mainly includes:

- i) loans granted by ACE Portugal (CTG Group) due to the sale in 2017 of 49% of shareholding in EDPR PT – Parques Eólicos S.A and subsidiaries for a total amount of 36,762 thousand Euros, including accrued interests, bearing interest at a fixed rate of 3.75% (see notes 5 and 39);
- ii) loans granted by Vortex Energy Investments II due to the sale in 2016 of 49% of shareholding in EDPR Participaciones S.L. and subsidiaries for a total amount of 235,865 thousand Euros, including accrued interests (31 December 2016: 245,981 thousand Euros), bearing interest at a fixed rate of a range between 3.3% and 7.55%;
- iii) loans granted by ACE Poland (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Polska HoldCo, S.A. and subsidiaries for a total amount of 121,107 thousand Euros, including accrued interests (31 December 2016: 120,390 thousand Euros), bearing interest at a fixed rate of a range between 1.7% and 7.23% (see note 39);
- iv) loans granted by ACE Italy (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Italia, S.r.l. and subsidiaries for a total amount of 80,632 thousand Euros, including accrued interests (31 December 2016: 83,618 thousand Euros), bearing interest at a fixed rate of 4.5% (see note 39);
- v) loans granted by Vortex Energy Investments I due to the sale in 2014 of 49% of shareholding in EDPR France and subsidiaries for a total amount of 62,770 thousand Euros, including accrued interests (31 December 2016: 66,264 thousand Euros), bearing interest at a fixed rate of a range between 3.1% and 7.18%;
- vi) loans granted by CITIC CWEI Renewables (CTG Group) due to the sale in 2013 of 49% of shareholding in EDP Renováveis Portugal, S.A. for a total amount of 66,391 thousand Euros, including accrued interests (31 December 2016: 71,501 thousand Euros), bearing interest at a fixed rate of 5.5% (see note 39);
- vii) loans from Sonatrach to Central Térmica Ciclo Combinado Grupo 4 in the amount of 58,220 thousand Euros (31 December 2016: 58,220 thousand Euros), from which 4,664 thousand Euros are classified as Non-Current and 53,556 thousand Euros as Current.

**EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016**

The Amounts payable for acquisitions and success fees comprises the amounts related to the contingent prices payable for the acquisition of several European (mainly in Poland, Romania and Italy) and Brazilian projects.

The caption Tax liabilities Non-Current includes 52,965 thousand Euros of special autonomous taxation on revaluations as a result of the fiscal revaluation of certain eligible EDP assets held in Portugal.

The caption Group companies Non-Current, on a Company basis, corresponds to the financing obtained through EDP Finance B.V. and granted to EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España, following EDPR NA's acquisition and for the financing of the investment plan of EDP Renováveis Group (see notes 39 and 43).

The caption Group companies Current, on a Company basis, includes 911,058 thousand Euros (31 December 2016: 37,752 thousand Euros) related to the debt financing obtained by EDP S.A. Sucursal en España through EDP Finance B.V. (see note 43). Additionally, this caption includes the amounts to be paid under the EDP Group's financial system (see note 39).

The caption Lease Contract with EDP Pension Fund corresponds to the lease contract regarding the building units of Porto headquarters acquired by EDP Pension Fund in December 2015. Given the substance of this lease contract, the underlying assets corresponding to the building component were booked as an asset of EDP, S.A. in Property, Plant and Equipment - Buildings and other constructions and Investment Property, at the present value of the minimum lease payments. The lease contract is for a period of 25 years, with a monthly income of 270 thousand Euros and an implicit rate of 6.42%. As at 30 June 2017, it amounts to 31,087 thousand Euros (31 December 2016: 31,357 thousand Euros) (see note 39).

35. Current Tax Liabilities

Current tax liabilities are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Income tax	141,210	326,951	56,202	263,313
Withholding tax	20,782	74,066	1,288	993
Value Added Tax (VAT)	89,300	289,807	12,212	2,809
Turnover tax (Brazil)	45,513	50,631	-	-
Social tax (Brazil)	15,687	23,652	-	-
Other taxes	280,622	188,157	1,008	886
	593,114	953,264	70,710	268,001

As at 31 December 2016, for the Group, the caption Value added tax (VAT) included the VAT due by HC Energia Group (including NG Energia), in the amount of 197,595 thousand Euros, in the context of an intragroup sale of gas distribution assets occurred in December 2016, which was paid in the first quarter of 2017.

As at 30 June 2017, for the Group, the caption Other taxes includes the amount of 67,415 thousand Euros, related with the estimate for the Extraordinary Contribution to the Energy Sector (CESE) for the year 2017 (see note 14).

36. 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 the Group's accounting policies.

This caption is as follows:

Thousand Euros	Group	
	Jun 2017	Dec 2016
Assets held for sale		
Assets of the activity of gas distribution - EDP Gás Portugal	571,899	551,802
Assets of the activity of gas distribution - Spain	2,267,399	-
Assets of the activity of electricity generation - United Kingdom	85,990	-
Other assets	1,071	-
	2,926,359	551,802
Liabilities held for sale		
Liabilities of the activity of gas distribution - EDP Gás Portugal	81,905	75,854
Liabilities of the activity of gas distribution - Spain	304,713	-
Liabilities of the activity of electricity generation - United Kingdom	8,833	-
	395,451	75,854
	2,530,908	475,948

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

The variation occurred in Assets and Liabilities Held for Sale relates essentially with the acceptance of EDP, as at 27 March 2017, of the main terms and conditions of a formal binding offer to acquire its gas distribution subsidiary in Spain (Naturgas Energía Distribución, S.A.U) by Nature Investments, a special purpose vehicle set up on behalf of the consortium formed by Covalis Capital and White Summit Capital. The completion of the proposed transaction will be subject to the customary regulatory approvals and is expected to occur in the beginning of the third quarter.

As a result, during the first semester of 2017, the assets and liabilities associated with this activity were reclassified to non-current assets and liabilities held for sale. The main movements occurred in the quarter in the Group Condensed Statement of Consolidated Financial Position associated with this reclassification are as follows:

Thousand Euros	
Property, plant and equipment (see note 15)	-512,386
Intangible assets (see note 16)	-38,889
Goodwill (see note 17)	-1,056,138
Deferred tax assets (see note 20)	-277,927
Current tax assets (see note 23)	-268,546
Amounts receivable from tariff expenses - Gas - Spain (see note 21)	-57,486
Other assets	-56,027
Assets of the activity of gas distribution - Spain	2,267,399
	-
Deferred tax liabilities (see note 20)	-222,588
Other liabilities	-82,125
Liabilities of the activity of gas distribution - Spain	304,713
	-

Additionally, during the second quarter of 2017, the EDPR Group committed to the plan to sell Moray Offshore Windfarm (East) Limited. On 7 July 2017, the EDPR Group has reached an agreement with Engie for the sale and subsequent loss of control of 23% of the equity shareholding and shareholder loans of the company, for an amount of 21 million Pounds. As at 30 June 2017, the assets and liabilities associated with this activity were reclassified to non-current assets and liabilities held for sale. The main movement corresponds to property, plant and equipment (see note 15).

These reclassifications were made only for financial statement presentation purposes, without changing the measurement criteria of these assets and liabilities, as it is 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. Also in accordance with this standard, the property, plant and equipment and intangible assets reclassified to non current assets held for sale stop being amortised as at the date of the reclassification.

37. Derivative Financial Instruments

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

The fair value of the derivative financial instruments portfolio as at 30 June 2017 and 31 December 2016 is as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Derivatives held for trading	-21,949	-10,545	32,345	23,454
Fair value hedge	65,523	141,957	478,401	668,047
Cash flow hedge	-54,853	-8,177	38,992	37,430
Net Investment hedge	17,021	-12,138	-	-
	5,742	111,097	549,738	728,931

The fair value of derivative financial instruments is booked in Other debtors and other assets (see note 22) and Other liabilities and other payables (see note 34), according to its nature.

Fair value of derivative financial instruments is based on quotes indicated by external entities, which are compared in each date of report to fair values available in common financial information platforms. Therefore, according to IFRS 13 requirements, the fair value of the derivative financial instruments is classified as of level 2 (see note 40) 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.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

During the first semester of 2017 and 2016 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, EUR/CAD, USD/BRL, USD/JPY and EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Wibor 6M, US Libor 6M and CAD Libor 3M.
Currency forwards	Fair value indexed to the following exchange rates: EUR/USD, EUR/RON, EUR/PLN, EUR/BRL, EUR/CAD and USD/BRL.
Commodities swaps	Fair value indexed to the market quotes of the following commodities: Brent, NBP Natural Gas, Electricity, Henry Hub, TTF, Coal and CO2.

38. Commitments

Financial, operating and real guarantees granted by the EDP Group, not included in the statement of financial position, are as follows:

Thousand Euros	Group		Company	
	Jun 2017	Dec 2016	Jun 2017	Dec 2016
Financial guarantees				
EDP Brasil Group	1,318,125	1,510,507	-	-
EDP Renováveis Group	5,920	21,039	-	-
	1,324,045	1,531,546	-	-
Operating guarantees				
EDP, S.A.	476,528	501,334	476,528	501,334
HC Energia Group	285,984	257,773	-	-
EDP Brasil Group	551,171	463,704	-	-
EDP Renováveis Group	2,577,937	2,367,120	-	-
Other	4,257	4,323	-	-
	3,895,877	3,594,254	476,528	501,334
Total	5,219,922	5,125,800	476,528	501,334
Real guarantees	2,589	4,137	-	-

The financial guarantees contracted as at 30 June 2017 and 31 December 2016 include 957,066 thousand Euros and 1,110,133 thousand Euros, respectively, related with loans obtained by Group companies and are already included in the consolidated debt.

The operating guarantees contracted as at 30 June 2017 and 31 December 2016, in the amounts of 372,421 thousand Euros and 495,692 thousand Euros, respectively, refer to corporate guarantees provided by EDP Renováveis relating to EDP Renováveis Group commercial commitments already reflected in the Statement of Financial Position. Additionally, 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 30 June 2017 and 31 December 2016, 503,948 thousand Euros and 325,674 thousand Euros, respectively, of guarantees provided to market operators to enable EDP and its subsidiaries to participate in the energy markets.

In addition to the information disclosed above:

- EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, willful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 30 June 2017 and 31 December 2016, EDPR's obligations under the tax equity agreements, in the amount of 1,139,452 thousand Euros and 1,428,275 thousand Euros, respectively, are already reflected under the caption Institutional Partnerships in USA;
- The Group has also project finance loans and deposits constituted as collateral for financial guarantee, which are disclosed in note 29.

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

Thousand Euros	Jun 2017				
	Capital outstanding by maturity				
	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Operating lease commitments	1,241,491	72,342	122,534	103,250	943,365
Purchase obligations	19,833,707	4,368,803	4,706,791	2,850,026	7,908,087
	21,075,198	4,441,145	4,829,325	2,953,276	8,851,452

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

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

Purchase obligations include 12,872,738 thousand Euros essentially related with very long-term contracts for energy acquisition in the Brazilian market (by regulatory imposition) which are updated with the respective projected rates and discounted at present value by a rate that represents the weighted average cost of capital (WACC) of the EDP Brasil Group, as follows:

Thousand Euros	Jun 2017	Dec 2016
Purchase obligation - Present value	12,872,738	15,088,520
Purchase obligation - Notional value	19,012,190	20,286,380

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

The nature of purchase obligations breaks down as follows:

Thousand Euros	Jun 2017	Dec 2016
Fuel acquisitions	3,655,393	4,273,355
Electricity acquisition	12,257,565	14,382,677
O&M contracts	1,143,668	1,257,234
Fixed assets, equipment and miscellaneous materials acquisition	989,749	802,169
Work contracts	832,617	774,832
Other supplies and services	954,715	987,105
	19,833,707	22,477,372

The decrease of purchase obligations of electricity results mainly from the depreciation of Brazilian Real against the Euro.

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

Thousand Euros	Jun 2017				
	Capital outstanding by maturity				
	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Fuel acquisitions	3,655,393	979,589	1,238,886	665,819	771,099
Electricity acquisition	12,257,565	1,667,352	2,280,812	1,950,493	6,358,908
	15,912,958	2,646,941	3,519,698	2,616,312	7,130,007

As at 30 June 2017, purchase obligations of fixed assets, equipment and miscellaneous materials corresponds to: (i) 722,056 thousand Euros relating to property, plant and equipment acquisition; (ii) 99,720 thousand Euros relating to intangible assets acquisition; and (iii) 167,973 thousand Euros relating to equipment and miscellaneous materials acquisition.

The commitments relating to future lease payments under finance leases and to short and medium-long term financial debt are disclosed in notes 15 and 29, respectively. The commitments relating to pension and medical plans and other benefits are disclosed in note 30.

As at 30 June 2017, the EDP Group has the following liabilities arising from put options on investments, held by third parties:

- Put option related to 25% of the share capital of Tivano S.R.L., exercisable under certain conditions, between July 2016 and July 2020. The exercise price is 450 thousand Euros, adjusted by contributions and distributions made by and to the other shareholder, respectively, during the put option period of exercise. As at 30 June 2017 the put option amounts to 1,618 thousand Euros (see note 34);

- Put option related to 25% of the share capital of San Mauro S.R.L., exercisable under certain conditions, between March 2017 and March 2022. The exercise price corresponds to 25% of the final purchase price of the company, adjusted by contributions and distributions made by and to the other shareholder, respectively, during the put option period of exercise. As at 30 June 2017 the put option amounts to 259 thousand Euros (see note 34);

- Put option related to 25% of the share capital of AW 2 S.R.L., exercisable under certain conditions, between April 2017 and April 2022. The exercise price corresponds to 25% of the final purchase price of the company, adjusted by contributions and distributions made by and to the other shareholder, respectively, during the put option period of exercise. As at 30 June 2017 the put option amounts to 292 thousand Euros (see note 34).

Some of the transactions related to the disposal of non-controlling interests while retaining control, carried out in 2017 and in previous years, incorporate contingent assets and liabilities according to the terms of the corresponding agreements.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

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

Thousand Euros	Jun 2017				
	Capital outstanding by maturity				
	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Operating lease commitments	84,653	6,228	10,453	6,535	61,437
Purchase obligations	139,510	54,237	71,320	13,953	-
	224,163	60,465	81,773	20,488	61,437

As at 30 June 2017, the caption Purchase obligations relates to O&M contracts.

39. Related Parties

Shares held by company officers

The number of shares of EDP S.A. held or attributable to company officers as at 30 June 2017 and 31 December 2016 are as follows:

	2017 Nr. of shares	2016 Nr. of shares
General and Supervisory Board		
China Three Gorges Corporation (represented by Eduardo de Almeida Catroga)	780,633,782	780,633,782
China Three Gorges (Europe), S.A. (represented by Dingming Zhang)	780,633,782	780,633,782
Fernando Maria Masaveu Herrero	265,065,136	265,065,136
Senfora B.V. (represented by Mohamed Al Fahim)	148,431,999	148,431,999
Sonatrach (represented by Ferhat Ounoughi)	87,007,433	87,007,433
Vasco Joaquim Rocha Vieira	3,203	3,203
Banco Comercial Português, S.A. (represented by Nuno Manuel da Silva Amado)	88,989,949	89,342,093
João Carvalho das Neves	7,429	7,429
Executive Board of Directors		
António Luís Guerra Nunes Mexia	91,000	91,000
António Fernando Melo Martins da Costa	54,299	54,299
João Manuel Manso Neto	1,268	1,268
João Manuel Veríssimo Marques da Cruz	81,378	81,378
Nuno Maria Pestana de Almeida Alves	150,000	150,000
Miguel Nuno Simões Nunes Ferreira Setas	7,382	7,382
Miguel Stilwell de Andrade	140,000	140,000
Rui Manuel Rodrigues Lopes Teixeira	8,333	8,333

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 thousand Euros and an impact in reserves attributable to Group of 112,566 thousand Euros. Following the conclusion of the sale, CTG became holder of a loan over EDPR Group in the amount of 111 million Euros. The maturity date of this loan is December 2022, bearing interest at a fixed rate of 5.5% and interests are paid half-yearly. At 30 June 2017, this loan amounts to 103,153 thousand Euros (31 December 2016: 71,501 thousand Euros) (see note 34) and interests were booked in the amount of 1,965 thousand Euros.

Following the sale in 2016, of 49% of the shareholding in EDP Renewables Polska HoldCo, S.A. and its subsidiaries, CTG provided a loan of 120,390 thousand Euros, bearing interest at a fixed rate of a range between 1.7% and 7.23%. At 30 June 2017, this loan amounts to 121,107 thousand Euros (see note 34) and interests were booked in the amount of 364 thousand Euros.

Additionally, following the sale in 2016 of 49% of the shareholding in EDP Renewables Italia, S.r.l. and its subsidiaries, CTG provided a loan in the amount of 83,618 thousand Euros, with a fixed rate of 4.5%. At 30 June 2017, this loan amounts to 80,632 thousand Euros (see note 34), and interests were booked in the amount of 1,881 thousand Euros.

On 27 February 2017, EDP Renováveis, S.A. has reached an agreement with ACE Portugal S.À.R.L which is 100% owned by ACE Investment Fund II LP (an entity participated of China Three Gorges Hong Kong Ltd, a fully-owned subsidiary of CTG) to sell 49% of equity shareholding and shareholder loans in a portfolio of wind assets.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

This portfolio corresponds to the portuguese company EDPR PT PE, which is the only owner of Eólica da Coutada, Eólica das Serras das Beiras, Eólica da Terra do Mato, Eólica do Espigão, Eólica do Alto da Lagoa, Eólica do Alto do Mourisco and Eólica dos Altos de Salgueiros. These assets cover 422 MW of wind technology, located in Portugal, with an average age of 6 years, which were part of ENEOP project and have been fully consolidated at EDPR following the conclusion of the asset split process in 2015.

The closing of this sale occurred in the second quarter of 2017, for the total amount of 248 million Euros (see note 5). Following the conclusion of the sale, CTG became holder of a loan over EDPR Group in the amount of 36,762 thousand Euros (see note 34).

Balances with EDP Pension Fund

In December 2015, EDP, S.A. signed a lease contract related with the building units of the Porto headquarters (sold to the EDP Pension Fund in December 2015) for a period of 25 years with an implicit rate of 6.42%. As at 30 June 2017, the present value of the contract amounts to 31,087 thousand Euros (31 December 2016: 31,357 thousand Euros), which given its nature, was booked as Property, Plant and Equipment against Other creditors and other liabilities (see note 34).

Following the decision and implementation of the autonomisation of the Medical Plan and Death Subsidy Plan and in line with the financing plan approved by Insurance and Pension Funds Supervisory Authority (ASF), EDP Group has the commitment to make a total estimated contribution of 577 million Euros until 2023. In the first semester of 2017, a contribution of 5,498 thousand Euros was made (see note 30).

Balances and transactions with subsidiaries, joint ventures and associates

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

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

Credits held

Thousand Euros	June 2017			
	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
EDP Comercial	37,563	75,458	160,951	273,972
EDP Distribuição	250,865	1,697,039	46,381	1,994,285
EDP Finance B.V.	-	448,679	42,665	491,344
EDP Produção	313,506	4,560,669	131,664	5,005,839
EDP Imobiliária e Participações	-	87,951	178	88,129
EDP IS (ex-Balwerk)	7,980	196,195	29	204,204
EDP Renováveis	-	-	482,401	482,401
EDP Servicios Financieros España	387,672	885,748	22,127	1,295,547
Other	40,718	47,345	165,734	253,797
	1,038,304	7,999,084	1,052,130	10,089,518

The amount of 448,679 thousand Euros refers to the repurchase in market by EDP, S.A. of two bond issues issued by EDP Finance B.V.

Debits held

Thousand Euros	June 2017			
	Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total
EDP Distribuição	-	-	12,609	12,609
EDP Finance B.V.	-	11,879,425	108,063	11,987,488
EDP Produção	-	-	233,064	233,064
EDP Imobiliária e Participações	75,033	-	1,707	76,740
Pebble Hydro	-	48,000	-	48,000
Other	33,701	-	122,534	156,235
	108,734	11,927,425	477,977	12,514,136

The amount of 11,879,425 thousand Euros includes 5 intragroup bonds issuance by EDP Finance B.V. to EDP S.A. as at 30 June 2017, in the total amount of 7,962,836 thousand Euros, with variable rate at medium-long term (5, 7 and 10 years).

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

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

Expenses

Thousand Euros	June 2017			
	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Losses	Total
EDP Finance B.V.	-	-183,417	-55,939	-239,356
EDP Produção	-	-	-661,172	-661,172
Other	-18	-27	-71,370	-71,415
	-18	-183,444	-788,481	-971,943

Income

Thousand Euros	June 2017			
	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Gains	Total
EDP Comercial	98	1,226	476,958	478,282
EDP Distribuição	-	44,597	24,393	68,990
EDP Produção	530	104,451	408,754	513,735
EDP Finance B.V.	-	13,463	54,949	68,412
Other	271	20,676	237,197	258,144
	899	184,413	1,202,251	1,387,563

Other gains include income from equity investments of 320,339 thousand Euros (see note 12).

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

Assets and Liabilities

Thousand Euros	June 2017		
	Assets	Liabilities	Net Value
Joint Ventures			
EDP Produção Bioelétrica	15,082	4,231	10,851
Empresa de Energia Cachoeira Caldeirão	13,098	1	13,097
Empresa de Energia São Manoel	29,236	-	29,236
Cide HC Energia	10,645	154	10,491
HC Tudela Cogeneración	3,139	1,841	1,298
Other	2,281	1,727	554
	73,481	7,954	65,527
Associates			
MABE Construção e Administração de Projectos	5,277	-	5,277
Parque Eólico Sierra del Madero	12,783	-	12,783
Other	8,119	731	7,388
	26,179	731	25,448
	99,660	8,685	90,975

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Transactions

Thousand Euros	June 2017			
	Operating Income	Financial Income	Operating Expenses	Financial Expenses
Joint Ventures				
EDP Produção Bioeléctrica	804	95	-24,441	-
Cide HC Energía	42,901	-	-112	-
Empresa de Energia Cachoeira Caldeirão	1,153	818	-	-
Other	2,292	53	-5,632	-
	47,150	966	-30,185	-
Associates				
MABE Construção e Administração de Projectos	69	305	-	-
Other	966	383	-516	-
	1,035	688	-516	-
	48,185	1,654	-30,701	-

40. Fair Value of Financial Assets and Liabilities

The fair value of financial assets and liabilities is as follows:

Thousand Euros	Group Jun 2017			Group Dec 2016		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available for sale investments	117,324	117,324	-	165,044	165,044	-
Debtors/other assets from commercial activities	5,361,163	5,361,163	-	5,656,055	5,656,055	-
Other debtors and other assets	406,869	406,869	-	440,632	440,632	-
Derivative financial instruments	253,500	253,500	-	382,953	382,953	-
Financial assets at fair value through profit or loss	7,570	7,570	-	9,567	9,567	-
Collateral deposits/financial debt	41,819	41,819	-	52,031	52,031	-
Cash and cash equivalents	1,989,044	1,989,044	-	1,521,253	1,521,253	-
	8,177,289	8,177,289	-	8,227,535	8,227,535	-
Financial liabilities						
Financial debt	19,374,389	20,232,982	858,593	18,026,676	18,597,999	571,323
Suppliers and accruals	1,206,149	1,206,149	-	1,821,113	1,821,113	-
Institutional partnerships in USA	1,956,741	1,956,741	-	2,339,425	2,339,425	-
Trade/other payables from commercial activities	1,991,196	1,991,196	-	2,239,240	2,239,240	-
Other liabilities and other payables	921,477	921,477	-	902,433	902,433	-
Derivative financial instruments	247,758	247,758	-	271,856	271,856	-
	25,697,710	26,556,303	858,593	25,600,743	26,172,066	571,323

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

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

As at 30 June 2017, for the Company, the caption Held to maturity financial investments, in the amount of 460,956 thousand Euros (31 December 2016: 507,003 thousand Euros) corresponds to the recognition at amortised cost, according to the Group's accounting policy, of bonds issued by EDP Finance B.V., acquired in a market operation by EDP, S.A. in 2016. On a consolidated basis, this operation represents a debt extinction. As at 30 June 2017, these investments' fair value amounts to 457,354 thousand Euros (31 December 2016: 498,201 thousand Euros). The bond with maturity in February 2018 was transferred to current assets.

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.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Thousand Euros	30 June 2017			31 December 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale investments	-	75,762	41,562	50,369	72,725	41,950
Derivative financial instruments	-	253,500	-	-	382,953	-
Financial assets at fair value through profit or loss	-	-	7,570	-	-	9,567
	-	329,262	49,132	50,369	455,678	51,517
Financial liabilities						
Derivative financial instruments	-	247,758	-	-	271,856	-
	-	247,758	-	-	271,856	-

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

Thousand Euros	Available for sale investments		Financial assets at fair value through profit or loss	
	Jun 2017	Jun 2016	Jun 2017	Jun 2016
Balance at beginning of period	41,950	33,733	9,567	9,288
Change in fair value	21	-1,256	-	-
Acquisitions	275	200	-	-
Disposals	-209	-42	-	-
Impairment	-465	-227	-	-
Other changes	-10	-202	-1,997	-1,780
Balance at the end of the period	41,562	32,206	7,570	7,508

41. Relevant or Subsequent Events

Voluntary tender offer for the acquisition of the shares issued by EDP Renováveis, S.A.

On 27 March 2017, EDP – Energias de Portugal, S.A. (EDP) published a preliminary notice informing the market of the launching of a general and voluntary tender offer over the shares representing the share capital of EDP Renováveis, S.A. (EDPR) which are dispersed on the regulated market of Euronext Lisbon.

The offer to acquire EDPR's shares is in line with the strategy defined by EDP's management bodies and aims to:

- a) reinforce EDP' strategy as leader in energy generation through renewable sources and continue to focus on growth of the EDPR business;
- b) simplify the equity story of EDP by integrating one of its main growth vehicles;
- c) enable EDP to increase its exposure to the activity developed by EDPR, in order to benefit on a grater scale from the attractive growth of renewable energies.

On 5 July 2017, the period of the Voluntary tender offer for the acquisition of the shares issued by EDPR was announced, beginning on 6 July 2017 and ending on 3 August 2017.

Considering that the shareholders of EDPR approved, on 6 April 2017, the payment of a dividend in the amount of 0.05 Euros per share, which was made available for payment to the shareholders on 8 May 2017, the consideration to be effectively paid is 6.75 Euros per share.

The result of the offer will be determined at a Special Regulated Market Session which is expected to be held on 4 August 2017, the first working day after the end of the offer period, at a time to be designated in the respective Notice of Special Regulated Market Session to be published by Euronext Lisbon.

Sale of EDP Gás Portugal

On 7 April 2017, EDP through its subsidiary EDP Iberia, S.L.U., has reached an agreement with REN Gás, S.A. for the sale of 100% of EDP Gás S.G.P.S., S.A. (EDP Gás). EDP Gás owns the gas distribution concession in Northwest Portugal, covering 29 municipalities in the districts of Porto, Braga and Viana do Castelo, comprising 339 thousand supply points.

The agreed transaction price corresponds to an Enterprise Value of 532 million Euros. As at December 2016, EDP Gás held a Regulated Asset Base (RAB) estimated of 452 million Euros and generated an EBITDA of 49 million Euros in 2016. The completion of the transaction will be subject to customary legal and regulatory approvals and is expected to occur during the third quarter of 2017.

The agreed transaction does not include any natural gas supply activities due to regulatory restrictions, thus the natural gas last resort supplier – EDP Gás, Serviço Universal, S.A. – will be carved out of the current EDP Gás perimeter before completion and therefore will have no impact on EDP's relationship with natural gas customers in Portugal.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

EDP has signed a definitive agreement for the sale of 100% of gas distribution in Spain

On 24 April 2017, EDP and the consortium of investors comprising institutional investors advised by J.P. Morgan Asset Management, the Abu Dhabi Investment Council, Swiss Life Asset Managers and Covalis Capital, have signed a definitive agreement, as per the Binding Offer accepted by EDP, to acquire 100% of the share capital of Naturgas Energía Distribución, S.A.U., EDP's gas distribution subsidiary in Spain.

The completion of the transaction will be subject to the usual regulatory approvals and is expected to occur by the beginning of the third quarter of 2017.

EDP Brasil awarded with 4 new electricity transmission concessions

On 24 April 2017, EDP – Energias do Brasil, S.A. (EDP Brasil), 51% held by EDP, was awarded with 4 blocks of concessions for the building and operation of electricity transmission lines with a total length of 1,184 kilometres, including 3 sub-stations. The concessions are located in the Brazilian states of Maranhão (2 blocks), São Paulo/Minas Gerais and Santa Catarina/Rio Grande do Sul.

The total expected investment amounts to 3 billion Brazilian Real, of which 95% to occur in the period 2019-2021. The annual contracted gross profit for the 4 blocks is 474 million Brazilian Real, to be inflation rate updated.

One of the blocks, located in the region of Santa Catarina/Rio Grande do Sul and whose investment amounts to 1.1 billion Brazilian Real, will be carried out between EDP Brasil and Centrais Elétricas de Santa Catarina S.A. (Celesc), with Celesc participating with a 10% share in the project.

The financing of the projects entails the contracting of long-term debt with BNDES for up to 14 years, leading to an average financial leverage of 80%. The expected average return on equity for these projects, in real terms, is within the 12% to 14% range.

The result of this auction reinforces the presence of EDP Brasil in the electricity transmission business, diversifying along the sector's value chain, with adequate return and controlled risk.

EDPR announces the sale of 23% stake in UK wind offshore project

On 7 July 2017, EDPR, through its subsidiary EDPR UK Limited (EDPR UK), reached an agreement with ENGIE, to sell a 23% stake in equity shareholding and outstanding shareholders loans on the Moray Offshore Windfarm (East) Limited (MOWEL), for a total consideration of 21 million Pound Sterling.

With the completion of this transaction, ENGIE, a partner of EDPR in wind offshore projects in France and floating projects in Portugal and France, will participate in the investment, development and operation of the Moray wind offshore project, located in the North Sea off the coast of Scotland (Zone 1 of the Crown Estate's Round 3 programme).

EDPR established new institutional partnership structure for 297 MW in the US

On 18 July 2017, EDPR, through its fully owned subsidiary EDP Renewables North America LLC (EDPR NA), has secured 370 million US Dollars through a tax equity financing with BNY Mellon in exchange for an interest in the 100 MW Meadow Lake V, 99 MW Redbed Plains and 98 MW Quilt Block. These projects are located in the state of Indiana, Oklahoma and Wisconsin respectively, and have long-term Power Purchase Agreements.

The institutional partnership structure established enables an efficient utilization of the fiscal benefits generated by the projects.

**EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016**

42. Recent Accounting Standards and Interpretations Issued

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

The standards, amendments and interpretations issued but not yet effective for the Group, which impact is being evaluated, are the following:

- **IFRS 9 - Financial Instruments**

The International Accounting Standards Board (IASB) issued, in November 2009, IFRS 9 - Financial instruments, changed in July 2014, with effective date of mandatory application for periods beginning on or after 1 January 2018, being allowed its early adoption.

This standard is included in the IASB's comprehensive project to replace IAS 39 and incorporates three distinct topics, namely classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The main aspects considered are as follows:

- classification and measurement of financial instruments: IFRS 9 determines that the classification and measurement of financial assets shall be based on the business model used to manage them and on the characteristics of the contractual cash flows. In this context, financial assets are measured at amortized cost if they are held with the perspective of collecting its contractual cash flows, being the remaining financial assets measured at fair value through other comprehensive income (if there is also an intention to sell assets) or through profit or loss (if the financial assets are not in the scope of any of the previous models, e.g., they are managed on the basis of their fair value). In regard to the classification and measurement of financial liabilities, the changes to IAS 39 introduced by IFRS 9 are residual.

- impairment of financial assets: IFRS 9 replaces the impairment recognition model based on the incurred credit losses by an alternative model, based on the expected credit losses. Summarily, the new model foresees (i) the recognition of expected credit losses at each reporting date, considering changes in the credit risk inherent to each financial instrument; (ii) the measurement of expected losses using models based on past events, actual conditions and forecast of future conditions; and (iii) the increase in the relevance of the financial information to be disclosed, namely in terms of expected losses and credit risk.

- hedge accounting: Regarding hedge accounting, the adoption of IFRS 9 results in a more accurate representation of risk management activities in the financial statements. In addition, the criteria for eligibility as hedged items is extended to risk components of non-financial elements, to net positions and to aggregate exposures. For hedging instruments, the main changes concern to the possibility of deferring certain effects in other comprehensive income (e.g., the time value of an option), until the hedged item impacts profit or loss. IFRS 9 also eliminates the requirement for testing effectiveness under which the results of the retrospective test needed to fall within a range of 80%-125%, allowing entities to rebalance the hedging relationship if risk management objectives have not changed.

The EDP Group expects to adopt this standard on the required date of application. In this context, it set up a multidisciplinary team in order to assess the impacts on the adoption of this standard on the consolidated financial statements. Regardless the fact that, at this stage, the analysis is still ongoing, preliminary conclusions point out that the main impacts relate to the recognition of impairment losses in financial assets.

- **IFRS 15 - Revenue from the Contracts with Customers (object of clarification issued in April 12, 2016)**

The International Accounting Standards Board (IASB) issued, in May 2014, IFRS 15 - Revenue from the Contracts with Customers, with effective date of mandatory application for periods beginning on or after 1 January 2018, being allowed its early adoption.

This new standard presents the principles that shall be applied by an entity in order to provide more useful information to users of financial statements about the nature, amount, term and uncertainty of revenue and cash flows arising from a contract with a client.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as provided in the 5 steps methodology.

The 5 steps methodology consists in the following steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to performance obligations; and (v) recognise revenue when (or as) the entity satisfies a performance obligation.

The EDP Group expects to adopt this standard on the required date of application. Accordingly, back in 2016, it started a project to measure the impact of its adoption in the recognition of revenue in the activities that carries out. EDP Group is currently reviewing and analysing the universe of information gathered, in order to have visibility on the underlying impacts inherent to the adoption of this standard and define the procedures associated with its initial application.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

- IFRS 16 - Leases

The International Accounting Standards Board (IASB) issued, in January 2016, IFRS 16 - Leases, with effective date of mandatory application for periods beginning on or after 1 January 2019, with earlier adoption permitted for entities that have also adopted IFRS 15 - Revenue from Contracts with Customers. This standard has not yet been adopted by the European Union.

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and supersedes IAS 17 - Leases and its associated interpretative guidance. The objective is to ensure that lessees and lessors provide relevant information to the users of financial statements, namely about the effect that leases have on the financial position, financial performance and cash flows of the entity.

The main issues considered are as follows:

- inclusion of some considerations in order to distinguish leases from service contracts, based on the existence of control of the underlying asset at the time that it is available for use by the lessee; and
- introduction of a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a consequence, a lessee recognises depreciation costs and interest costs separately.

At the date of the publication of these consolidated financial statements, the EDP Group has already carried out an inventory of the existing lease contracts and is currently performing a technical analysis considering the provisions of IFRS 16. In addition, EDP Group is revising the existing information systems in order to assess to what extent will be necessary to adapt them to the requirements of this standard. At this stage, it is not possible to estimate the magnitude of the impacts inherent to the adoption of this standard.

- IAS 7 (Amended) - Disclosure Initiative

The International Accounting Standards Board (IASB) issued, in January 2016, amendments to IAS 7 - Statement of Cash Flows, with effective date of mandatory application for periods beginning on or after 1 January 2017, being allowed its early adoption. This standard has not yet been adopted by the European Union.

These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, such as:

- Changes from financing cash flows;
- Changes arising from obtaining or losing control of subsidiaries or other businesses;
- The effect of changes in foreign exchange rates; or
- Changes in fair values.

These disclosures may be presented by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The standards, amendments and interpretations issued but not yet effective for the Group (despite their effective dates of application, they have not yet been endorsed by the UE) with no estimated significant impact are the following:

- IFRS 2 (Amended) - Classification and Measurement of Share-based Payment Transactions;
- IFRS 4 (Amended) - Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts;
- IFRS 14 - Regulatory Deferral Accounts;
- IFRS 17 - Insurance Contracts;
- IAS 12 (Amended) - Recognition of Deferred Tax Assets for Unrealised Losses;
- IAS 40 (Amended) - Transfers of Investment Property;
- IFRIC 22 - Foreign Currency Transactions and Advance Payments;
- IFRIC 23 - Uncertainty over Income Tax Treatments;
- "Annual Improvement Project (2014-2016)".

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

43. 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, interests in EDP Servicios Financieros (España), S.A. and Hidroeléctrica del Cantábrico S.A.U. are directly allocated to the assets of EDP Sucursal, as well as the majority interests in EDP Renováveis, S.A.

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 by 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 160 human resources as at 30 June 2017, including 96 in its own payroll. Lastly, the Spanish branch of EDP has direct representation on Iberian ambit EDP Management Committee particularly the Energy Planning Committees, Price and Volume, Markets, Distribution Networks, Commercial and Production.

The condensed statement of financial position of the Branch is as follows:

Thousand Euros	EDP Branch	
	Jun 2017	Dec 2016
Investments in subsidiaries:		
- EDP Renováveis, S.A.	3,854,811	3,854,811
- Hidroeléctrica del Cantábrico, S.A.U.	2,105,002	2,105,002
- EDP Servicios Financieros (España), S.A.	482,695	482,695
- EDP International Investments and Services, S.L.	281,854	281,854
Deferred tax assets	64,730	66,652
Other debtors and others assets (see note 22)	1,070,439	1,397,592
Total Non-Current Assets	7,859,531	8,188,606
Debtors and other assets	748,591	600,756
Tax receivable	45,062	29,600
Cash and cash equivalents	1,512	1,627
Total Current Assets	795,165	631,983
Total Assets	8,654,696	8,820,589
Equity	6,159,216	6,141,016
Employee benefits	1,949	2,062
Trade and other payables (see note 34)	1,511,976	2,577,517
Provisions	260	260
Total Non-Current Liabilities	1,514,185	2,579,839
Trade and other payables	968,591	96,638
Tax payable	12,704	3,096
Total Current Liabilities	981,295	99,734
Total Liabilities	2,495,480	2,679,573
Total Equity and Liabilities	8,654,696	8,820,589

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

44. Transfers of Financial Assets - Tariff Adjustments

In Portugal, Decree - Law 237-B/2006 of 19 December 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 through 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 thousand Euros. With the sale of those rights, EDP Group received 1,204,422 thousand Euros, generating a loss of 22,969 thousand 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 thousand Euros. The transaction totalised 434,720 thousand Euros, net of expenses, and generated a loss of 12,749 thousand 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 thousand Euros. The transaction was performed by the amount of 450,000 thousand Euros, generating a gain of 22,510 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 400 thousand Euros and Liquidity Notes issued by Tagus at par value in the amount of 4,695 thousand Euros, both maturing in 2017. These Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses and are booked under financial assets at fair value through profit or loss, by the net amount of 81 thousand Euros, as at 30 June 2017;
- 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 thousand Euros. The transaction was performed by the amount of 750,000 thousand Euros, generating a gain of 50,141 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 473 thousand Euros and Liquidity Notes issued by Tagus at par value in the amount of 5,588 thousand Euros, both maturing in 2018. These Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses and are booked under financial assets at fair value through profit or loss, by the net amount of 972 thousand Euros, as at 30 June 2017;
- In December 2014, EDP Distribuição de Energia, S.A., sold without recourse to Tagus, the right to recover part of the 2012 CMEC compensation adjustment in the amount of 228,826 thousand Euros. The transaction was performed by the amount of 239,832 thousand Euros generating a gain of 10,711 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Distribuição of Expense Reserve Notes issued by Tagus at par value in the amount of 317 thousand Euros and Liquidity Notes issued by Tagus at par value in the amount of 2,690 thousand Euros, both maturing in 2019. These Notes are instruments that aim to establish a reserve for administrative expenses and a liquidity reserve account and are booked under financial assets at fair value through profit or loss, by the net amount of 1,539 thousand Euros, as at 30 June 2017;
- 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 thousand Euros. The transaction was performed by the amount of 499,461 thousand Euros, generating a gain of 31,737 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 410 thousand Euros and Liquidity Notes issued by Tagus at par value in the amount of 2,488 thousand Euros, both maturing in 2019. These Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses and are booked under financial assets at fair value through profit or loss, by the net amount of 1,368 thousand Euros, as at 30 June 2017;
- In August 2016, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2016 overcost of the acquisition of electricity activity from special regime production, in the amount of 598,883 thousand Euros. The transaction was performed by the amount of 599,987 thousand Euros, generating a loss of 7,417 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 381 thousand Euros and Liquidity Notes issued by Tagus at par value in the amount of 3,635 thousand Euros, both maturing in 2021. These Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses and are booked under financial assets at fair value through profit or loss, by the net amount of 3,610 thousand Euros, as at 30 June 2017.

Under IAS 39, the assets (tariff adjustments) transferred in these operations were derecognised from the Statement of Financial Position of EDP Group.

**EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016**

45. Investigation process about CMEC and DPH

In 2012, the European Commission ("EC") and the Portuguese authorities (Public Prosecution Services) received complaints concerning the early termination of the Power Purchase Agreements ("PPAs") and the costs for the maintenance of the contractual balance ("CMEC"), as well as in respect of EDP's rights to use the Public Hydro Domain ("DPH").

The above-mentioned investigation conducted by the Portuguese authorities is still pending.

As part of the liberalisation of the power sector in Portugal following changes in European Union legislation, Decree-Law no. 240/2004 was introduced which provided for the early termination of PPAs that were signed in 1996. As a result of this required early termination, EDP and REN - Rede Eléctrica Nacional, S.A. ("REN") agreed in 2005 and in 2007 to the early termination of their long-term PPAs, with effect from 1 July 2007. The methodology which was used to determine the amount of the compensation that EDP was entitled to receive in connection with such early termination, the CMEC, was approved by the EC in 2004 (Decision N161/2004) which considered the compensation as effectively and strictly necessary.

On 8 March 2008, the Government, REN and EDP Produção signed several service concession arrangements for which EDP Produção paid approximately 759 million Euros as consideration of the economic and financial balance for the use of the public hydro domain.

Following the complaint received, the EC requested clarifications from the Portuguese State in relation to the early termination of the PPAs and its replacement for the CMEC, having concluded in September 2013 that the compensation payments for early termination did not exceed what was necessary to repay the shortfall in investment costs repayable over the asset's lifetime, and determined that the implementation of the CMEC remains in keeping with the terms notified to and approved by the EC in 2004. Thus, the EC decided that no in depth investigation into the CMEC process was necessary.

In May 2017, the EC formally concluded its investigation into the DPH concession rights and stated that the compensation paid in connection with such concessions was compatible with market conditions. As a result, the EC concluded that the financial methodology used to assess the price of the concessions was appropriate and resulted in a fair market price, and therefore, no state aid had been granted to EDP.

On 2 June 2017, EDP became aware of Portugal's Public Prosecution Services investigation in relation to the amounts due to EDP for the termination of the PPAs and compensation paid by EDP for the DPH concessions. Portugal's Public Prosecution Services stated that the investigations continue and the facts may relate to active and passive corruption and economic participation in business and searches were conducted at the offices of EDP, grid operator REN and the local division of a consulting group. In the context of the Investigation, the Portuguese Public Prosecution Services stated that certain members of EDP's Executive Board of Directors, as well as former EDP directors, that had signed the relevant contracts were named as targets of the Investigation.

EDP does not accept any accusations of wrongdoing on its part or on the part of any member of the EDP Group and believes that the amounts due for the termination of PPAs under the CMEC and the amount paid for the DPH concession rights were fair and in compliance with market conditions and based on arm's length transactions. However, if the Investigation would determine otherwise there is a risk that members of EDP Group or of its corporate bodies could become subject to penalties or other sanctions. It is difficult to predict any outcome at this stage in the process.

46. Operating Segments

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 wind and solar 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.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

Following the legislation issued in December 2016 (article 170 of Law 42/2016 - State Budget for 2017), which determined that the final adjustment of the CMEC would be determined and based on a study prepared and presented by ERSE (initially estimated to be issued until the end of the first semester of 2017), power plants held by EDP - Gestão da Produção de Energia, S.A., covered by the CMEC mechanism included in the "LT Contracted Production" segment migrated to the free-market production regime on 1 July 2017. Thus, the EDP Group started to present the segments previously denominated "LT Contracted Production" and "Liberalised Activities" in the segment "Generation and Supply in the Iberian Peninsula".

For comparability purposes and regarding the changes occurred in the segments composition, a corresponding change was made in the homologous previous year information.

The segments defined by the Group are the following:

- Generation and Supply in Iberia;
- Regulated Networks in Iberia;
- EDP Renováveis;
- EDP Brasil.

The Generation and Supply segment in Iberia corresponds to the activity of regulated and liberalised 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.;
- Fisigen - Empresa de Cogeração, S.A.;
- Pebble-Hydro - Consultoria, Investimentos e Serviços, Lda.;
- EDP Small-Hydro, S.A.;
- Empresa Hidroeléctrica do Guadiana, S.A.;
- Hidroeléctrica Del Cantábrico, S.A.U.;
- Central Térmica Ciclo Combinado Grupo 4, S.A.;
- EDP Comercial - Comercialização de Energia, S.A.;
- Hidrocantábrico Energia, S.A.U.;
- Naturgás Comercializadora, S.A.;
- EDP Gás.Com - Comércio de Gás Natural, S.A.;
- Greenvoug - 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.;
- EDP Gás Distribuição, S.A.;
- EDP Gás Serviço Universal, S.A.;
- Naturgás Energia Distribución, S.A.U.;
- EDP España Distribución Gas, S.A.;
- Naturgas Suministro GLP, S.A.U.

The EDP Renováveis segment corresponds to the power generation activity through wind and solar 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. As in the EDP Renováveis segment, this segment includes all the adjustments for the companies composing this segment, including consolidation adjustments.

EDP - Energias de Portugal, S.A.
Notes to the Condensed Consolidated and Company Financial Statements
for the six-month periods ended 30 June 2017 and 2016

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, as well as income statement captions for each operating segment, 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.

In each business segment, Assets include the Property, Plant and Equipment, Intangible Assets, Goodwill, Trade Receivables and Inventories captions. The captions Debtors and other assets are allocated to each segment according to its nature. The remaining assets are presented in the "Reconciliation of information between Operating Segments and Financial Statements".

In each business segment, Liabilities include the Provisions and Employee benefits captions. The captions Trade and other payables are allocated to each segment according to its nature. The remaining liabilities are presented in the "Reconciliation of information between Operating Segments and Financial Statements".

Under IFRS 8, the EDP Group discloses as Operating investment, additions in non-current assets, except for financial instruments, deferred tax assets and post-employment benefit assets. Therefore, in each business segment, the Operating Investment caption includes increases in Property, Plant and Equipment and in Intangible Assets, excluding CO2 licenses and Green certificates, net of increases in Government grants, customers contributions for investment and sales of properties in the period. Goodwill is disclosed in note 17.

In consolidated financial statements, Joint Ventures and associated companies are accounted under the equity method, in accordance with the Group accounting policy. These equity accounted investees are disclosed by business segment under IFRS 8 and presented in the business segment correspondent to its operating activity.

EDP Group Operating Segments Information
 for the six-month period ended 30 June 2017

	Iberia				
Thousand Euros	Generation and Supply	Regulated Networks	EDP Renováveis	EDP Brasil	Total Segments
Revenues from energy sales and services and others					
Revenues inter-segments	3,950,561	2,854,685	872,200	1,497,985	9,175,431
Revenues from third parties	27,593	1,133,435	142,204	515	1,303,747
	3,922,968	1,721,250	729,996	1,497,470	7,871,684
Gross Profit	670,763	867,226	856,079	504,209	2,898,277
Other income	17,622	22,750	151,396	2,426	194,194
Supplies and services	-144,511	-164,058	-155,368	-88,051	-551,988
Personnel costs and employee benefits	-80,013	-73,932	-49,871	-67,774	-271,590
Other costs	-103,509	-138,855	-83,516	-35,222	-361,102
Gross Operating Profit	360,352	513,131	718,720	315,588	1,907,791
Provisions	27	2,655	-418	-3,862	-1,598
Amortisation and impairment	-188,590	-153,172	-259,684	-82,944	-684,390
Operating Profit	171,789	362,614	458,618	228,782	1,221,803
Equity method in joint ventures and associates	2,822	53	2,492	-1,398	3,969
Assets	11,076,341	5,644,889	15,383,575	4,153,390	36,258,195
Equity accounted Investments in joint ventures and associates	20,968	679	320,608	365,788	708,043
Liabilities	2,051,779	2,018,876	1,097,956	811,370	5,979,981
Operating Investment	67,189	145,756	424,103	94,097	731,145

Reconciliation of information between Operating Segments and Financial Statements for June 2017

Thousand Euros	
Total Revenues from energy sales and services and others of Reported Segments	9,175,431
Revenues from energy sales and services and others from Other Segments	203,094
Adjustments and Inter-segments eliminations*	-1,503,115
Total Revenues from energy sales and services and others of EDP Group	7,875,410
Total Gross Profit of Reported Segments	2,898,277
Gross Profit from Other Segments	202,887
Adjustments and Inter-segments eliminations*	-208,109
Total Gross Profit of EDP Group	2,893,055
Total Gross Operating Profit of Reported Segments	1,907,791
Gross Operating Profit from Other Segments	-9,249
Adjustments and Inter-segments eliminations*	3,942
Total Gross Operating Profit of EDP Group	1,902,484
Total Operating Profit of Reported Segments	1,221,803
Operating Profit from Other Segments	-33,147
Adjustments and Inter-segments eliminations*	3,517
Total Operating Profit of EDP Group	1,192,173
Total Assets of Reported Segments	36,258,195
Assets Not Allocated	7,071,508
Financial Assets	5,082,116
Taxes Assets	962,115
Other Assets	1,027,277
Assets from Other Segments	801,152
Inter-segments assets eliminations*	-606,115
Total Assets of EDP Group	43,524,740
Total Equity accounted Investments in joint ventures and associates of Reported Segments	708,043
Equity accounted Investments in joint ventures and associates from Other Segments	113,096
Total Equity accounted Investments in joint ventures and associates of EDP Group	821,139
Total Liabilities of Reported Segments	5,979,981
Liabilities Not Allocated	24,417,650
Financial Liabilities	19,769,840
Institutional partnership in USA	1,956,741
Taxes Liabilities	1,131,150
Other payables	1,558,345
Hydrological correction account	1,574
Liabilities from Other Segments	487,176
Inter-segments Liabilities eliminations*	-843,509
Total Liabilities of EDP Group	30,041,298
Total Operating Investment of Reported Segments	731,145
Operating Investment from Other Segments	15,847
Total Operating Investment of EDP Group	746,992
Discommission of Tangible Assets	5,982
Emission of CO2 Licenses and Green Certificates	16,428
Investment Grants	7,006
Other Investments	-6,930
Total Investment of EDP Group (Notes 15 e 16)	769,478

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	194,194	22,162	-17,336	199,020
Supplies and services	-551,988	-138,423	218,050	-472,361
Personnel costs and employee benefits	-271,590	-79,907	10,709	-340,788
Other costs	-361,102	-15,967	627	-376,442
Provisions	-1,598	-9,049	9,000	-1,647
Amortisation and impairment	-684,390	-14,850	-9,424	-708,664
Equity method in joint ventures and associates	3,969	3,259	-	7,228

* Mainly related with intragroup balances and transactions eliminations

EDP Group Operating Segments Information
 for the six-month period ended 30 June 2016*

	Iberia				
Thousand Euros	Generation and Supply	Regulated Networks	EDP Renováveis	EDP Brasil	Total Segments
Revenues from energy sales and services and others					
Revenues inter-segments	3,812,718	2,871,098	799,788	1,031,009	8,514,613
Revenues from third parties	21,407	1,129,956	197,861	178	1,349,402
	3,791,311	1,741,142	601,927	1,030,831	7,165,211
Gross Profit	962,300	862,929	785,361	371,391	2,981,981
Other income	5,209	13,343	124,763	85,704	229,019
Supplies and services	-137,542	-170,137	-142,176	-70,175	-520,030
Personnel costs and employee benefits	-64,140	-71,405	-45,317	-55,743	-236,605
Other costs	-123,030	-138,855	-74,452	-29,954	-366,291
Gross Operating Profit	642,797	495,875	648,179	301,223	2,088,074
Provisions	24,572	-3,578	-646	-3,338	17,010
Amortisation and impairment	-181,538	-169,453	-293,792	-67,343	-712,126
Operating Profit	485,831	322,844	353,741	230,542	1,392,958
Equity method in joint ventures and associates	1,094	55	-3,098	-4,819	-6,768
Assets (31 December 2016)	11,482,269	7,830,709	15,662,361	4,456,809	39,432,148
Financial assets - Investments in joint ventures and associates (31 December 2016)	18,146	712	340,119	344,224	703,201
Liabilities (31 December 2016)	2,180,188	2,523,921	1,475,553	910,376	7,090,038
Operating Investment	126,670	148,274	378,319	57,890	711,153

* Segments report restatement due to the segment change

Reconciliation of information between Operating Segments and Financial Statements for June 2016

Thousand Euros	
Total Revenues from energy sales and services and other of Reported Segments	8,514,613
Revenues from energy sales and services and others from Other Segments	234,681
Adjustments and Inter-segments eliminations*	-1,601,681
Total Revenues from energy sales and services and other of EDP Group	7,147,613
Total Gross Profit of Reported Segments	2,981,981
Gross Profit from Other Segments	223,740
Adjustments and Inter-segments eliminations*	-235,966
Total Gross Profit of EDP Group	2,969,755
Total Gross Operating Profit of Reported Segments	2,088,074
Gross Operating Profit from Other Segments	-6,323
Adjustments and Inter-segments eliminations*	-14,997
Total Gross Operating Profit of EDP Group	2,066,754
Total Operating Profit of Reported Segments	1,392,958
Operating Profit from Other Segments	-29,962
Adjustments and Inter-segments eliminations*	-35,562
Total Operating Profit of EDP Group	1,327,434
Total Assets of Reported Segments (31 December 2016)	39,432,148
Assets Not Allocated	4,846,130
Financial Assets	2,299,697
Taxes Assets	1,398,916
Other Assets	1,147,517
Assets from Other Segments	1,144,234
Inter-segments assets eliminations*	-1,338,766
Total Assets of EDP Group (31 December 2016)	44,083,746
Total Equity accounted Investments in joint ventures and associates of Reported Segments (31 December 2016)	703,201
Equity accounted Investments in joint ventures and associates from Other Segments	117,364
Total Equity accounted Investments in joint ventures and associates of EDP Group (31 December 2016)	820,565
Total Liabilities of Reported Segments (31 December 2016)	7,090,038
Liabilities Not Allocated	23,692,678
Financial Liabilities	18,102,530
Institutional partnership in USA	2,339,425
Taxes Liabilities	1,675,665
Other payables	1,573,484
Hydrological correction account	1,574
Liabilities from Other Segments	910,829
Inter-segments Liabilities eliminations*	-1,346,171
Total Liabilities of EDP Group (31 December 2016)	30,347,374
Total Operating Investment of Reported Segments	711,153
Operating Investment from Other Segments	12,613
Total Operating Investment of EDP Group	723,766
Discomission of Tangible Assets	3,432
Emission of CO2 Licenses and Green Certificates	60,624
Investment Grants	2,771
Other Investments	2,812
Total Investment of EDP Group (Note 15 and 16)	793,405

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	229,019	18,334	-8,057	239,296
Supplies and services	-520,030	-135,767	220,054	-435,743
Personnel costs and employee benefits	-236,605	-94,597	7,702	-323,500
Other costs	-366,291	-18,033	1,270	-383,054
Provisions	17,010	684	-12,669	5,025
Amortisation and impairment	-712,126	-24,324	-7,895	-744,345
Equity method in joint ventures and associates	-6,768	-	2,182	-4,586

* Mainly related with intragroup balances and transactions eliminations

47. 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.

ENERGY
AS
THE
NEW
ART

ENERGY AS THE *NEW* ART

ENERGY
AS
THE
NEW
ART



Conselho Geral e de Supervisão

STATEMENT

Pursuant article 246º of Securities Code (CVM), to the best knowledge of each of the signatories, the information referred in article 246º, n.º 1, paragraph a) of CVM, on **2017 first semester**, has been prepared in accordance with the accounting standards applicable, gives a true and fair view of the assets and liabilities, financial position and results of **EDP – Energias de Portugal, S.A.** and subsidiaries included in the consolidation perimeter, and that the interim management report includes a fair review of the information required pursuant to article 246º, n.º 2 of CVM, including an indication of important events that have occurred during **2017 first semester**, and the impact on the respective financial statements, together with a description of the principal risks and uncertainties for the **remaining six months of 2017**.

Lisbon, 27th July 2017


Eduardo de Almeida Catroga – *Chairman* (as representative of China Three Gorges Corporation)


Alberto Joaquim Milheiro Barbosa


António Sarmiento Gomes Mota

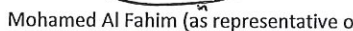

Dingming Zhang (as representative of China Three Gorges (Europe), S.A.)

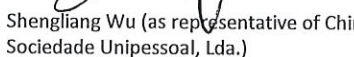

Ferhat Ounoughi (as representative of Sonatrach)


Guojun Lu (as representative of China International Water&Electric Co.)


João Carvalho das Neves


Maria Celeste Ferreira Lopes Cardona


Mohamed Al Fahim (as representative of Senfora BV)



Shengliang Wu (as representative of China Three Gorges (Portugal), Sociedade Unipessoal, Lda.)


Ya Yang (as representative of China Three Gorges New Energy Co.)


Luís Filipe Marques Amado – *Vice-Chairman*

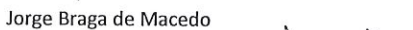

António Manuel de Carvalho Ferreira Vitorino


Augusto Carlos Serra Ventura Mateus

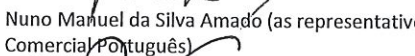

Felipe Fernández Fernández (as representative of DRAURSA)


Fernando Maria Masaveu Herrero


Ilídio da Costa Leite de Pinho


Jorge Braga de Macedo


María del Carmen Fernández Rosado


Nuno Manuel da Silva Amado (as representative of Banco Comercial Português)


Vasco Joaquim Rocha Vieira

ENERGY
AS
THE
NEW
ART




EDP – Energias de Portugal, S.A.
Executive Board of Directors

STATEMENT

With reference to the first half of 2017 financial year, and according to No. 1, item c) of article 246º of the Portuguese Securities Code, the signers hereby, acting as members of the Executive Board of Directors, declare that, to the best of their knowledge, the condensed set of financial statements, was prepared according to the applicable accounting standards, presenting a fairly position of the assets, liabilities, financial position and results of EDP – Energias de Portugal, S.A. and its subsidiaries companies included in the consolidation perimeter, and that the Interim Management Report includes a fair review of the information required pursuant to No. 2 of the aforementioned article.

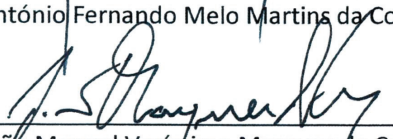
Lisbon, 27th of July 2017


António Luís Guerra Nunes Mexia, Chairman


Nuno Maria Pestana de Almeida Alves


João Manuel Manso Neto


António Fernando Melo Martins da Costa


João Manuel Veríssimo Marques da Cruz


Miguel Stilwell de Andrade


Miguel Nuno Simões Nunes Ferreira Setas


Rui Manuel Rodrigues Lopes Teixeira



KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Monumental - Av. Praia da Vitória, 71 - A, 8º
1069-006 Lisboa - Portugal
+351 210 110 000 | www.kpmg.pt

LIMITED REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(This report is a free translation to English from the original Portuguese version.
In case of doubt or misinterpretation the Portuguese version will prevail.)

Introduction

We have performed a limited review of the accompanying condensed consolidated financial statements of **EDP – Energias de Portugal, S.A.** (the Entity), which comprise the condensed consolidated statements of financial position as of 30 June 2017 (that presents a total of Euro 43,524,740 thousand and total equity attributable to the shareholders of the Entity of Euro 9,133,061 thousand, including a consolidated net profit attributable to the shareholders of the Entity of Euro 450,430 thousand), the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and the accompanying explanatory notes to these condensed consolidated financial statements.

Executive Board of Directors' responsibilities

The Executive Board of Director is responsible for the preparation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. Our work was performed in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared in all material respects in accordance with the International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A limited review of condensed consolidated financial statements is a limited assurance engagement. The procedures that we have performed consist mainly of making inquiries and applying analytical procedures and subsequent assessment of the evidence obtained.



The procedures performed in a limited review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of EDP – Energias de Portugal, S.A. as at 30 June 2017, are not prepared in all material respects, in accordance with the International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

Lisbon, 27 July 2017

A handwritten signature in blue ink, appearing to read 'Vitor Manuel da Cunha Ribeiro', written over a horizontal line.

KPMG & Associados

Sociedade de Revisores Oficiais de Contas, S.A. (nr 189)

represented by

Vitor Manuel da Cunha Ribeiro (ROC nr 1081)



KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Monumental - Av. Praia da Vitória, 71 - A, 8º
1069-006 Lisboa - Portugal
+351 210 110 000 | www.kpmg.pt

LIMITED REVIEW REPORT ON CONDENSED FINANCIAL STATEMENTS

(This report is a free translation to English from the original Portuguese version.
In case of doubt or misinterpretation the Portuguese version will prevail.)

Introduction

We have performed a limited review of the accompanying condensed financial statements of **EDP – Energias de Portugal, S.A.** (the Entity), which comprise the condensed statements of financial position as of 30 June 2017 (that presents a total of Euro 22,309,371 thousand and total equity of Euro 7,006,538 thousand, including a net profit of Euro 298,190 thousand), the condensed statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and the accompanying explanatory notes to these condensed financial statements.

Executive Board of Directors' responsibilities

The Executive Board of Director is responsible for the preparation of these condensed financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the accompanying condensed financial statements. Our work was performed in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed financial statements are not prepared in all material respects in accordance with the International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A limited review of condensed financial statements is a limited assurance engagement. The procedures that we have performed consist mainly of making inquiries and applying analytical procedures and subsequent assessment of the evidence obtained.

The procedures performed in a limited review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these condensed financial statements.



Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the accompanying condensed financial statements of EDP – Energias de Portugal, S.A. as at 30 June 2017, are not prepared in all material respects in accordance with the International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

Lisbon, 27 July 2017

A handwritten signature in blue ink, appearing to read 'Vitor Manuel da Cunha Ribeiro', written over a horizontal line.

KPMG & Associados

Sociedade de Revisores Oficiais de Contas, S.A. (nr 189)

represented by

Vítor Manuel da Cunha Ribeirinho (ROC nr 1081)

ENERGY
AS THE NEW ART

Contacts

HEAD OFFICE

EDP – ENERGIAS DE PORTUGAL

Av. 24 de Julho, 12

1249-300 Lisboa

Portugal

Tel: +351 21 001 25 00

Fax: +351 21 002 14 03

online: www.edp.pt

INVESTORS

DRI – INVESTOR RELATIONS DEPARTMENT

Av. 24 de Julho, 12

1249-300 Lisboa

Portugal

Tel: +351 21 001 28 34

Fax: +351 21 001 28 99

E-mail: ir@edp.pt

CUSTOMERS

EDP LINES

Customer service regulated market: 808 505 505

Customer service liberalised market: 808 53 53 53

Meter reading: 808 507 507

Technical assistance: 808 506 506

SUPPLIERS

Rua Camilo Castelo Branco, 46

1050-045 Lisboa

Portugal

Tel: +351 21 001 53 00

Fax: +351 21 002 81 04

E-mail: srm@edp.pt

HUMAN RESOURCES

DRH – HUMAN RESOURCES DEPARTMENT

Tel: +351 21 002 25 89

Fax: +351 21 002 29 11

E-mail: rh_edp@edp.pt

MEDIA

DC – COMMUNICATION DEPARTMENT

Av. 24 de Julho, 12

1249-300 Lisboa

Portugal

Tel: +351 21 001 26 80

Fax: +351 21 001 29 10

E-mail: pressedp@edp.pt

COMMUNITY

ONG CHANNEL

E-mail: sustentabilidade@edp.pt

FUNDAÇÃO EDP

Av. de Brasília, Central Tejo

1300 – 598 Lisboa

Portugal

Tel: +351 21 002 81 30

Fax: +351 21 002 81 04

online: www.fundacaoedp.pt

E-mail: fundacaoedp@edp.pt

ECO – ENERGY EFFICIENCY

online: www.eco.edp.pt

E-mail: eficienciaenergetica@edp.pt

INSTITUTIONAL RELATIONS AND STAKEHOLDERS

DRIS – INSTITUTIONAL RELATIONS AND
STAKEHOLDERS DEPARTMENT

Av. 24 de Julho, 12

1249-300 Lisboa

Portugal

Tel: +351 21 001 28 54

E-mail: stakeholders@edp.pt