
**EDP Renováveis,
S.A.**

**Condensed Consolidated
Financial Statements**
June 30, 2015

Director's Report
June 30, 2015

(With Auditor's Report Thereon)

Limited Review on the Interim Condensed Consolidated Financial Statements

To the Shareholders of

EDP Renováveis, S.A. commissioned by the Board of Directors:

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of EDP Renováveis, S.A. ("the Company") and subsidiaries (hereinafter "the Group"), which comprise the statement of financial position at 30 June 2015, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the explanatory notes for the six month period then ended (all condensed and consolidated). Management is responsible for the preparation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our limited review.

Scope of review

We conducted our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a limited review is substantially less than that of an audit performed in accordance with prevailing legislation regulating the audit of accounts in Spain and, therefore, does not enable us to ensure that all significant matters that could be identified in an audit are brought to light. Accordingly, we do not express an audit opinion on the accompanying interim condensed consolidated financial statements.

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statement do not present fairly, in all material respects, the financial position of the entity as at 30 June 2015, and its financial performance and its cash flows for the six month period then ended in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Emphasis of matter paragraph

We draw your attention to the accompanying note 2, which states that these interim condensed consolidated financial statements do not include all the information required in complete consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2014. This matter does not affect our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated directors' report for the six month period ended 30 June 2015 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim condensed consolidated financial statements. The interim consolidated directors' report is not an integral part of the interim condensed consolidated financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim condensed consolidated financial statements for the six month period ended 30 June 2015. Our work is limited to the verification of the interim consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of EDP Renováveis, S.A. and subsidiaries.

KPMG Auditores, S.L.



Estibaliz Bilbao Belda

29 July 2015

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CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD
ENDED AT 30 JUNE 2015

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2015 AND 2014

Thousands of Euros	Notes	2015	2014 (*)
Revenues	6	688,452	627,390
Income from institutional partnerships in US	7	84,442	66,066
		772,894	693,456
Other income	8	15,909	15,207
Supplies and services	9	-132,703	-120,500
Personnel costs and employee benefits	10	-39,075	-33,876
Other expenses	11	-69,516	-59,679
		-241,294	-214,055
		547,509	494,608
Provisions		99	-
Amortisation and impairment	12	-255,341	-222,150
		292,267	272,458
Financial income	13	76,421	43,485
Financial expenses	13	-225,275	-160,949
Share of net profit in joint ventures and associates		5,966	10,963
Profit before tax		149,379	165,957
Income tax expense	14	-36,591	-47,302
Net profit for the period		112,788	118,655
Attributable to:			
Equity holders of EDP Renováveis	26	69,435	80,585
Non-controlling interests	28	43,353	38,070
Net profit for the period		112,788	118,655
Earnings per share basic and diluted - Euros	26	0.08	0.09

(*) Restated for the adoption of IFRIC 21

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED AT 30 JUNE 2015 AND 2014

	2015		2014	
	Equity holders of the parent	Non-controlling Interests	Equity holders of the parent	Non-controlling Interests
Thousands of Euros				
Net profit for the period	69,435	43,353	80,585	38,070
Items that are or may be reclassified to profit or loss				
Fair value reserve (cash flow hedge)	2,827	1,278	-12,641	-2,846
Tax effect from the fair value reserve (cash flow hedge)	30	-372	3,409	813
Share of other comprehensive income of joint ventures and associates, net of taxes	-7,314	-	-3,222	-
Exchange differences arising on consolidation	34,643	11,354	10,176	4,746
	30,186	12,260	-2,278	2,713
Other comprehensive income for the period, net of income tax	30,186	12,260	-2,278	2,713
Total comprehensive income for the period	99,621	55,613	78,307	40,783

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015 AND 31 DECEMBER 2014

Thousands of Euros	Notes	2015	2014
Assets			
Property, plant and equipment	15	11,533,170	11,012,976
Intangible assets	16	138,673	117,704
Goodwill	17	1,342,573	1,287,716
Investments in joint ventures and associates	18	385,684	369,791
Available for sale financial assets		6,322	6,336
Deferred tax assets	19	45,234	46,488
Trade receivables	21	4,407	4,879
Debtors and other assets from commercial activities	22	36,352	36,320
Other debtors and other assets	23	432,808	396,980
Collateral deposits associated to financial debt	29	59,699	65,597
Total Non-Current Assets		13,984,922	13,344,787
Inventories	20	21,695	21,320
Trade receivables	21	165,395	141,145
Debtors and other assets from commercial activities	22	49,039	41,564
Other debtors and other assets	23	128,226	294,646
Current tax assets	24	99,527	89,093
Financial assets at fair value through profit or loss		-	-
Collateral deposits associated to financial debt	29	1,131	15,141
Cash and cash equivalents	25	904,176	368,623
Total Current Assets		1,369,189	971,532
Total Assets		15,354,111	14,316,319
Equity			
Share capital	26	4,361,541	4,361,541
Share premium		552,035	552,035
Reserves	27	-83,009	-64,256
Other reserves and Retained earnings	27	970,151	806,319
Consolidated net profit attributable to equity holders of the parent		69,435	126,007
Total Equity attributable to equity holders of the parent		5,870,153	5,781,646
Non-controlling interests	28	908,914	549,113
Total Equity		6,779,067	6,330,759
Liabilities			
Medium / Long term financial debt	29	3,527,971	3,716,434
Provisions	30	106,276	98,911
Deferred tax liabilities	19	265,317	270,392
Institutional partnerships in US	31	1,948,985	1,801,963
Trade and other payables from commercial activities	32	484,911	464,367
Other liabilities and other payables	33	457,969	431,435
Total Non-Current Liabilities		6,791,429	6,783,502
Short term financial debt	29	911,027	185,489
Provisions	30	1,117	
Trade and other payables from commercial activities	32	367,967	687,904
Other liabilities and other payables	33	406,080	271,961
Current tax liabilities	34	97,424	56,704
Total Current Liabilities		1,783,615	1,202,058
Total Liabilities		8,575,044	7,985,560
Total Equity and Liabilities		15,354,111	14,316,319

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED AT 30 JUNE 2015 AND 31 DECEMBER 2014

Thousands of Euros	Total Equity	Share Capital	Share Premium	Reserves and retained earnings	Exchange Differences	Hedging reserve	Fair value reserve	Equity attributable to equity holders of EDP Renováveis	Non- controlling Interests
Balance as at 31 December 2013^(*)	6,089,323	4,361,541	552,035	827,295	-43,733	-29,114	3,242	5,671,266	418,057
Comprehensive income:									
Fair value reserve (cash flow hedge) net of taxes	-11,265	-	-	-	-	-9,232	-	-9,232	-2,033
Share of other comprehensive income of joint ventures and associates, net of taxes	-3,222	-	-	-	-396	-2,826	-	-3,222	-
Exchange differences arising on consolidation	14,922	-	-	-	10,176	-	-	10,176	4,746
Net profit for the period	118,655	-	-	80,585	-	-	-	80,585	38,070
Total comprehensive income for the period	119,090	-	-	80,585	9,780	-12,058	-	78,307	40,783
Dividends paid	-34,892	-	-	-34,892	-	-	-	-34,892	-
Dividends attributable to non-controlling interests	-32,484	-	-	-	-	-	-	-	-32,484
Sale without loss of control of EDPR France subsidiaries	28,256	-	-	3,810	-	2,100	-	5,910	22,346
Other changes resulting from acquisitions / sales and equity increases	-13,211	-	-	-281	-	-	-	-281	-12,930
Other	45	-	-	12	-	-	-	12	33
Balance as at 30 June 2014	6,156,127	4,361,541	552,035	876,529	-33,953	-39,072	3,242	5,720,322	435,805
Comprehensive income:									
Fair value reserve (available for sale financial assets) net of taxes	-1,048	-	-	-	-	-	-639	-639	-409
Fair value reserve (cash flow hedge) net of taxes	-3,852	-	-	-	-	-1,402	-	-1,402	-2,450
Share of other comprehensive income of joint ventures and associates, net of taxes	-12,241	-	-	-	-10,579	-1,662	-	-12,241	-
Exchange differences arising on consolidation	40,697	-	-	-	18,530	-	-	18,530	22,167
Net profit for the period	59,232	-	-	45,422	-	-	-	45,422	13,810
Total comprehensive income for the period	82,788	-	-	45,422	7,951	-3,064	-639	49,670	33,118
Dividends attributable to non-controlling interests	-1,898	-	-	-	-	-	-	-	-1,898
Sale without loss of control of EDPR France	68,971	-	-	8,738	-	1,070	-	9,808	59,163
Sale without loss of control of EDPR France subsidiaries	-611	-	-	-611	-	-	-	-611	-
Sale without loss of control of South Dundas (EDPR NA)	15,494	-	-	2,255	209	-	-	2,464	13,030
Other changes resulting from acquisitions / sales and equity increases	9,894	-	-	-1	-	-	-	-1	9,895
Other	-6	-	-	-6	-	-	-	-6	-
Balance as at 31 December 2014	6,330,759	4,361,541	552,035	932,326	-25,793	-41,066	2,603	5,781,646	549,113
Comprehensive income:									
Fair value reserve (cash flow hedge) net of taxes	3,763	-	-	-	-	2,857	-	2,857	906
Share of other comprehensive income of joint ventures and associates, net of taxes	-7,314	-	-	-	-9,161	1,847	-	-7,314	-
Exchange differences arising on consolidation	45,997	-	-	-	34,643	-	-	34,643	11,354
Net profit for the period	112,788	-	-	69,435	-	-	-	69,435	43,353
Total comprehensive income for the period	155,234	-	-	69,435	25,482	4,704	-	99,621	55,613
Dividends paid	-34,892	-	-	-34,892	-	-	-	-34,892	-
Dividends attributable to non-controlling interests	-40,138	-	-	-	-	-	-	-	-40,138
Acquisitions without changes of control of EDPR Spain subsidiaries	-2,481	-	-	36,095	-	-4,632	-	31,463	-33,944
Sale without loss of control of EDPR North America subsidiaries	328,078	-	-	29,446	-47,539	-1,472	-	-19,565	347,643
Sale without loss of control of EDPR Brasil subsidiaries	70,223	-	-	8,264	4,704	-	-	12,968	57,255
Other changes resulting from acquisitions / sales and equity increases	-27,716	-	-	-1,088	-	-	-	-1,088	-26,628
Balance as at 30 June 2015	6,779,067	4,361,541	552,035	1,039,586	-43,146	-42,466	2,603	5,870,153	908,914

(*) Restated for IFRS 10 and 11 purposes

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2015 AND 2014

Thousands of Euros	2015	2014
Operating activities		
Cash receipts from customers	673,583	666,466
Payments to suppliers	-163,898	-149,240
Payments to personnel	-46,293	-39,177
Other receipts / (payments) relating to operating activities	-54,340	-27,109
Net cash from operations	409,052	450,940
Income tax received / (paid)	-5,266	-19,589
Net cash flows from operating activities	403,786	431,351
Investing activities		
Cash receipts relating to:		
Property, plant and equipment and intangible assets	7,063	-
Interest and similar income	2,724	2,017
Dividends	11,385	13,889
Loans to related parties	674,928	66,147
Other receipts from investing activities	2,497	11,221
	698,597	93,274
Cash payments relating to:		
Acquisition of assets / subsidiaries	-30,135	-3,910
Changes in cash resulting from perimeter variations	-	-
Property, plant and equipment and intangible assets	-666,405	-271,212
Loans to related parties	-29,312	-48,202
Other payments in investing activities	-296	-317
	-726,148	-323,641
Net cash flows from investing activities	-27,551	-230,367
Financing activities		
Sale of assets / subsidiaries without loss of control	394,950	-1,415
Receipts/ (payments) relating to loans	-88,372	43,931
Interest and similar costs	-113,041	-86,511
Governmental grants received	-	-
Dividends paid	-75,030	-66,413
Receipts / (payments) from wind activity institutional partnerships - USA	36,657	-26,978
Other cash flows from financing activities	-6,745	-18,675
Net cash flows from financing activities	148,419	-156,061
Changes in cash and cash equivalents	524,654	44,923
Effect of exchange rate fluctuations on cash held	10,899	7,490
Cash and cash equivalents at the beginning of the period	368,623	255,462
Cash and cash equivalents at the end of the period (*)	904,176	307,875

(*) See Note 25 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents.

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01. THE BUSINESS OPERATIONS OF THE EDP RENOVÁVEIS GROUP

EDP Renováveis, Sociedad Anónima (hereinafter referred to as "EDP Renováveis") was incorporated on 4 December 2007. Its main corporate objective is to engage in activities related to the electricity sector, namely the planning, construction, operation and maintenance of electricity generating power stations, using renewable energy sources, mainly wind. The registered offices of the company are located in Oviedo, Spain. On 18 March 2008 EDP Renováveis was converted into a company incorporated by shares (Sociedad Anónima).

As at 30 June 2015, the share capital is held 62.02% by EDP S.A. - Sucursal en España ("EDP Branch"), 15.51% by Hidroeléctrica del Cantábrico, S.A. and 22.47% of the share capital is free-float in the NYSE Euronext Lisbon.

As at 30 June 2015, EDP Renováveis holds a 100% stake in the share capital of the following companies: EDP Renewables Europe, S.L. (EDPR EU), EDP Renewables North America, L.L.C.; (EDPR NA), EDP Renewables Canada, Ltd. (EDPR Canada), South Africa Wind & Solar Power, S.L.U. and EDP Renováveis Serviços Financieros, S.L. Also holds a 55% stake in the share capital of EDP Renováveis Brasil, S.A. (EDPR BR).

The Company belongs to the EDP Group, of which the parent company is EDP Energias de Portugal, S.A., with registered offices at Praça Marquês de Pombal, 12 - 4, Lisbon.

In December 2011, China Three Gorges Corporation (CTG) sign an agreement to acquire 780,633,782 ordinary shares in EDP from Parpública - Participações Públicas SGPS, S.A., representing 21.35% of the share capital and voting rights of EDP Energias de Portugal S.A., a majority shareholder of the Company. This operation was concluded in May 2012.

The terms of the agreements through which CTG became a shareholder of the EDP Group stipulate that CTG would make minority investments totalling 2,000 million of Euros in operating and ready-to-build renewable energy generation projects (including co-funding capex).

Within the agreement mentioned above, in June 2013, EDPR completed the sale of 49% equity shareholding in EDPR Portugal to CTG through CITIC CWEI Renewables S.C.A.

Additionally, in 19 May 2015 EDPR Brasil has completed the sale to CTG through CWEI (Brasil) Participações Ltda of 49% equity shareholding in selected wind farms in Brazil (see note 5).

EDPR EU operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, S.A. (wind farms in Portugal), EDP Renovables España, S.L. (renewable resources electricity generation in Spain), EDP Renewables France (wind farms in France), EDP Renewables Belgium (wind farms in Belgium), EDP Renewables Polska, SP.ZO.O (wind farms in Poland), EDP Renewables Romania, S.R.L. (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy), EDPR UK Limited (offshore development projects) and EDPR RP PV, S.L.R. (photovoltaic solar farms in Romania).

EDPR NA's main activities consist in the development, management and operation of wind farms in the United States of America and providing management services for EDPR Canada.

EDPR Canada's main activities consist in the development, management and operation of wind farms in Canada.

The purpose of EDP Renováveis Brasil is to aggregate all the investments in the renewable energy market of Brazil.

During the six-month period ended at 30 June 2015, we emphasize the following changes, with significant impact in the economic activity of the EDPR Group:

Regulatory framework for the activities in Poland

The Renewable Energy Sources Act (RES Act) was finally approved and published in the Polish Official Gazette on 3 April 2015, and is expected to enter into force within one month since the publication with the exception of the fourth chapter (including all the provision regarding the new scheme for renewables) which will enter into force in 1 January 2016.

This new act develops a complete change of the present support system based in GCs: centralized tendering scheme for new renewable energy. With the new system new plants winning in the tenders will received a 15-year Contract for Difference (CFD) inflated feed-in tariff. On the other hand, current GC system will be maintained with some adjustments for operating plants (those having entered into operation before 1 January 2016) the current system will be maintained. However, operating plants will be entitled to choose between remaining under the GC scheme or shift to the new scheme through specific tenders for operating assets.

02. ACCOUNTING POLICIES

a) Basis of preparation

The condensed consolidated financial statements presented reflect EDP Renováveis S.A. and its subsidiaries financial position as at 30 June 2015 and the results from operations and Group's interest in joint ventures and associated companies, consolidated cash flows and changes in consolidated equity for the six-month period ended at 30 June 2015.

The Board of Directors approved these condensed consolidated financial statements on 28 July 2015. The condensed financial statements are presented in thousands of Euros, rounded to the nearest thousand.

These condensed financial statements have been prepared in accordance with the International Financial Reporting Standard IAS 34 - Interim Financial Reporting. They do not include all the information required for full annual financial statements, and should be read in conjunction with the Consolidated Financial Statements of the Group as at 31 December 2014.

The preparation of financial statements in accordance with the IFRS-EU requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors considered reasonable in accordance with the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in note 3 - Critical accounting estimates and judgments in applying accounting policies.

Accounting policies have been applied consistently by all Group companies and in all periods presented in the consolidated financial statements. Nevertheless, the first time adoption of IFRIC 21 with effective date of 1 January 2015, implied the Group to apply this standard for comparative purposes for the annual period immediately preceding, that is 1 January 2014.

Adoption of IFRIC 21

The Group has adopted IFRIC 21 for the first time when preparing these condensed consolidated financial statements as at 30 June 2015.

IFRIC 21 - Levies, provides guidance on when to recognise a liability for levies that are charged by Public Authorities, referring to the obligating event as the moment that triggers the recognition of the liability to pay a levy.

As a result of the change in the timing of recognition of certain levies (mainly property tax), the figures for the first semester of 2014, presented for purposes of comparison, have been restated to include the same recognition criteria, incorporating impacts on Other expenses (see Note 11) and consequently, in Income tax expenses (see Note 14). It shall be noted that, for EDPR Group, the adoption of this Standard does not affect the figures presented in the Annual Consolidated Financial Statements, but rather, only those published on an interim basis. As a consequence, no restatement is applicable for Condensed Consolidated Statement of Financial Position.

b) Basis of consolidation

Controlled entities

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

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

Joint arrangements

The Group classifies an arrangement as a joint arrangement when the jointly control is contractually established. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

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

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement, so this investment shall be accounted for using the equity method.

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

Entities over which the Group has significant influence

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

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

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

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

Business combination

From 1 January 2010 the Group has applied IFRS 3 - Business Combinations (2008) in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

After that period, adjustments to initial measurement are only made to correct an error.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Balances and transactions eliminated on consolidation

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

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the EDP consolidated book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non-controlling interests

EDP Renováveis Group records written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill.

Until 31 December 2009, in years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non-controlling interests and there subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

d) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is re-measured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses on re-measurement of the derivatives designated as hedging instruments depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivatives correspond to their quoted market prices as provided by an exchange, or is determined by through the use of net present value techniques, including discounted cash flows models and option pricing models, as appropriate.

Hedge accounting

The Group uses financial instruments to hedge interest and foreign exchange risks resulting from its operational and financing activities. The derivative financial instruments that do not qualify for hedge accounting are recorded as for trading.

The derivatives that are designated as hedging instruments are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge accounting is used when:

- (i) At the inception of the hedge, the hedge relationship is identified and documented;
- (ii) The hedge is expected to be highly effective;
- (iii) The effectiveness of the hedge can be reliably measured;
- (iv) The hedge is revalued on an on-going basis and is considered to be highly effective over the reporting period; and
- (v) The forecast transactions hedged are highly probable and represent a risk to changes in cash flows that could affect the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedge

The effective portion of the changes in the fair value of the derivative financial instruments that are designated as hedging instruments in a cash flow hedge model is recognised in equity. The gains or losses relating to the ineffective portion of the hedging relationship are recognised in the income statement in the moment they occur.

The cumulative gains or losses recognised in equity are also reclassified to the income statement over the periods in which the hedged item will affect the income statement. When the forecast transaction hedge results in the recognition of a non-financial asset, the gains or losses recorded in equity are included in the acquisition cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity at that time stays recognised in equity until the hedged transaction also affects the income statement. When the forecasted transaction is no longer expected to occur, the cumulative gains or losses recognized in equity are recorded in the income statement.

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) Other financial assets

The Group classifies its other financial assets at acquisition date in the following categories:

Loans and receivable

Loans and receivable are initially recognised at their fair value and subsequently are measured at amortised cost less impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of loans and receivable at the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease in a later period.

Financial assets at fair value through profit or loss

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

Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities are classified as available-for-sale financial assets.

Initial recognition, measurement and derecognition

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

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

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

Subsequent measurement

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

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

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through: (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

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

If there is objective evidence of impairment, the recoverable amount of the financial asset is determined, and the impairment loss is recognised in the income statement.

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

Evaluating the existence of objective evidence of impairment involves judgement, in which case the Group considers, among other factors, price volatility and current economic situation. Thus, when listed securities are concerned, it is considered as continuous a devaluation in the listed price of the security for a period over 24 months and as significant a devaluation of the security's value above 40%.

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

f) Financial liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, independently from its legal form. These financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest rate method.

The Group derecognises the whole or part of a financial liability when the obligations included in the contract have been satisfied or the Group is legally released of the fundamental obligation related to this liability either through a legal process or by the creditor.

g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs incurred during the period.

The capitalisation of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

h) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of acquisition includes interest on external financing and personnel costs and other internal expenses directly or indirectly related to work in progress accrued solely during the period of construction. The cost of production is capitalised by charging costs attributable to the asset as own work capitalised under financial expenses and personnel costs and employee benefit expense in the consolidated income statement.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their estimated useful lives, as follows:

	Number of years
Buildings and other constructions	8 to 40
Plant and machinery:	
- Wind farm generation	25
- Other plant and machinery	4 to 25
Transport equipment	3 to 5
Office equipment and tools	2 to 15
Other tangible fixed assets	3 to 15

i) Intangible assets

The other intangible assets of the Group are booked at acquisition cost less accumulated amortisation and impairment losses. The Group does not own intangible assets with indefinite lives.

The Group assesses for impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

Acquisition and development of software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of their expected useful lives.

Costs that are directly associated with the development of identifiable specific software applications by the Group, and that will probably generate economic benefits beyond one year, are recognised as intangible assets. These costs include employee costs directly associated with the development of the referred software and are amortised using the straight-line method during their expected useful lives.

Maintenance costs of software are charged to the income statement when incurred.

Industrial property and other rights

The amortisation of industrial property and other rights is calculated using the straight-line method for an expected useful live expected of less than 6 years.

Green Certificates

As a consequence of the regulatory changes in Romania there's a new category of Green Certificates (GCs) which although granted are restricted for sale until 2017 (solar) and 2018 (wind). These deferred GCs are recognised as intangible assets when generated at fair market value. These GCs will be offset as they will be collected.

Power purchase agreements

Acquired Power Purchase Agreements (PPAs) are booked as intangible assets and amortised using the straight-line method according with the duration of the contract.

j) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated. For goodwill the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in circumstances that caused the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Leases

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

Operating leases

Lease payments are recognised as an expense and charged to the income statement in the period to which they relate.

l) Inventories

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

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

m) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months of the balance sheet date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months from the balance sheet date.

Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months of the balance

sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorised for issue.

n) Provisions

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

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is settled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with wind turbines, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

The assumptions used are:

	EDPR EU	EDPR NA
Average cost per MW (Euros)	14,000	21,450
Salvage value per MW (Euros)	41,000	31,281
Discount rate		
Euro	[1.90% - 2.50%]	-
PLN	[3.00% - 4.00%]	-
USD	-	[3.85% - 5.00%]
CAD	-	[3.35% - 4.25%]
RON	[4.50% - 5.65%]	-
Inflation rate		
Euro zone	[1.75% - 1.85%]	-
Poland	0.90%	-
USA	-	2.50%
Canada	-	2.25%
Capitalisation (number of years)	25	25

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

o) Recognition of costs and revenue

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

Revenue comprises the amounts invoiced on the sale of products or of services rendered, net of value added tax, rebates and discounts, after elimination of intra-group sales.

Revenue from energy sales is recognised in the period that energy is generated and transferred to customers.

Deferred Green Certificates (GCs) are recognised as revenue at fair market value.

p) Financial results

Financial results include interest payable on borrowings, interest receivable on funds invested, dividend income, unwinding of the discount of provisions and written put options to non-controlling interests, foreign exchange gains and losses and gains and losses on financial instruments and the accrual of tax equity estimated interest over outstanding liability.

Interest income is recognised in the income statement based on the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

r) Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

s) Cash and cash equivalents

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

t) Government grants

Government grants are recognised initially as deferred income under non-current liabilities when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

u) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

v) Institutional partnerships in US

The Group has entered in several partnerships with institutional investors in the United States, through limited liability company operating agreements that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC's / ITC's, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these financial statements.

The upfront cash payment received is recognised under 'Liabilities arising from institutional partnerships' and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognized as Income from institutional partnerships on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of the PTC's delivered are recorded as generated.

After the Flip Date, the institutional investor retains a small non-controlling interest for the duration of its membership in the structure. The non-controlling interest is entitled to cash distribution and income allocation percentages varying from 2.5% to 6.0%, with the exception of Vento VI in which the institutional investor is allocated 17.0% of income. EDPR NA also has an option to purchase the institutional investor's residual interest at fair market value on the Flip Date for PTC flip structures and generally, six months after the later of the 5-year anniversary of final turbine commissioning date or the Flip Date, or ten years after the final funding date if the Flip Date has not yet occurred. The liability for residual interest is accreted on a straight line basis from the funding date through the Flip Date to reflect the institutional investors' minority interest position in the EDPR Group at the Flip Date.

The liability with institutional investors is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

03. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The IFRS set forth a range of accounting treatments and require the Board of Directors to apply judgment and make estimates in deciding which treatment is most appropriate.

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

Although estimates are calculated by the Board of Directors based on the best information available at 30 June 2015, future events may require changes to these estimates in subsequent years. Any effect on the financial statements of adjustments to be made in subsequent years would be recognised prospectively.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group's reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the financial statements are presented fairly, in all material respects, the Group's financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Fair value of derivatives

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

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

Review of the useful life of assets related to production

The Group regularly reviews the useful life of its electrical generation installations in order to bring it into line with the technical and economic measurements of the installations, taking into consideration their technological capacity and prevailing regulatory restrictions.

Impairment of non-financial assets

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

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

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affects the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

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

Tax Authorities are entitled to review EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, the EDP Renováveis and its subsidiaries, do not anticipate any significant changes to the income tax booked in the financial statements.

Dismantling and decommissioning provisions

The Board of Directors considers that Group has contractual obligations with the dismantling and decommissioning of property, plant and equipment related to wind electricity generation. For these responsibilities the Group has recorded provisions for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

Green Certificates

As a consequence of the regulatory changes in Romania related to Green Certificates (GCs), the Group has the following assumptions:

- (i) For estimating the price of GCs, the model is based on current regulation including the latest developments published in the last months and estimations on renewable capacity to be added in the following years;
- (ii) Our GC model determines whether there will be excess or deficit of GCs to evaluate the price to apply;

In order to determine whether there will be excess or deficit of GCs, we compare demand with supply of GCs. Demand of GCs is calculated by multiplying gross electricity consumption and quotas of renewable electricity. Electricity demand growth is based in latest external estimates, including those from Romanian regulator ANRE. EDPR has made sensitivity analyses to the quotas and has assumed a conservative scenario that considers the latest regulatory changes. Regarding supply of GCs, starting from year-end 2014 renewables installed capacity, EDPR assumes capacity additions in line with latest market view on renewables development in the country.

Entities included in the consolidation perimeter

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

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

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

04. FINANCIAL RISK MANAGEMENT POLICIES

The businesses of EDP Renováveis Group are exposed to a variety of financial risks, including the effects of changes in market prices, foreign exchange and interest rates. The unpredictability of the commodity and financial markets is analysed on an on-going basis in accordance with the EDPR's risk management policy. Financial instruments are used to minimize potential adverse effects resulting from the market prices, interest rates and foreign exchange rates risks on EDP Renováveis financial performance.

The Board of Directors is responsible for the approval of general risk-management principles and the establishment of exposure limits, which are proposed by Global Risk Department and discussed in the different Risk Committees held at least every month. The implementation of approved mitigation measures and hedging mechanisms is performed by the Finance and Energy Management Departments of EDPR in coordination with EDP Group, accordingly to the policies approved by the Board of Directors.

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

Exchange-rate risk management

EDPR manages foreign exchange exposure of the Group's assets and net profit, in coordination with EDP Group's Financial Department, seeking to mitigate the impact of exchange rate fluctuations using foreign exchange derivatives, foreign exchange debt and/or other hedging structures with symmetrical exposure characteristics to those of the hedged item. The effectiveness of these hedges is reassessed and monitored throughout their lives.

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. With the objective of minimizing the impact of exchange rates fluctuations, EDP Renováveis general policy is to fund each project in the currency of the operating cash flows generated by the project.

Currently, the main currency exposure is the US Dollar, resulting from the shareholding in EDPR NA. With the increasing capacity in other geographies, EDPR is also becoming exposed to other currencies (Brazilian Real, Zloty, New Romanian Leu and Canadian Dollar).

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis entered into a CIRS in USD/EUR with EDP Branch and also uses financial debt expressed in USD. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into CIRS or Exchange Rate Forwards in BRL/EUR, CAD/EUR and in PLN/EUR to hedge the investments in Brazil, Canada and Poland (see note 35).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 30 June 2015 and 2014, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

30 Jun 2015				
Thousands of Euros	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	-9,812	11,993	-	-
	-9,812	11,993	-	-

30 Jun 2014				
Thousands of Euros	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	-1,620	1,980	-	-
	-1,620	1,980	-	-

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

Interest rate risk management

The Group's operating cash flows are substantially independent from the fluctuation in interest-rate markets.

The purpose of the interest-rate risk management policies is to reduce the exposure of financing cash flows to market fluctuations. As such, whenever considered necessary and in accordance to the Group's policy, the Group contracts derivative financial instruments to hedge interest rate risks.

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

All these hedges are undertaken on liabilities in the Group's debt portfolio and are mainly perfect hedges with a high correlation between changes in fair value of the hedging instrument and changes in fair value of the interest-rate risk or upcoming cash flows.

The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities up to 11 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or upcoming cash flows.

About 81% of EDP Renováveis Group financial debt bear interest at fixed rates, considering operations of hedge accounting with financial instruments.

Sensitivity analysis - Interest rates

The management of interest rate risk associated to activities developed by the Group is coordinated with the Financial Department of EDP Group, contracting derivative financial instruments to mitigate this risk.

Based on the debt portfolio of the EDPR EU Group and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 50 basis points in the interest rates with reference to 30 June 2015 and 2014 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

30 Jun 2015				
Thousands of Euros	Profit or loss		Equity	
	+ 50 bps	- 50 bps	+ 50 bps	- 50 bps
Cash flow hedge derivatives	-	-	7,053	7,404
Unhedged debt (variable interest rates)	-3,709	3,709	-	-
	-3,709	3,709	7,053	7,404

30 Jun 2014				
Thousands of Euros	Profit or loss		Equity	
	+ 50 bps	- 50 bps	+ 50 bps	- 50 bps
Cash flow hedge derivatives	-	-	19,820	-20,395
Unhedged debt (variable interest rates)	-746	746	-	-
	-746	746	19,820	-20,395

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

Counter-party credit-rate risk management in financial transactions

The EDP Renováveis Group policy in terms of the counterparty risk on financial transactions with companies outside EDP Group is managed by an analysis of the technical capacity, competitiveness, credit rating and exposure to each counter-party. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

The EDP Renováveis Group documents financial operations according to international standards. Most derivative financial instruments contracted with credit institutions are engaged under ISDA Master Agreements.

In the specific case of the EDPR EU Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are operators and distributors in the energy market of their respective countries (OMIE and MEFF in the case of the Spanish market).

In the specific case of EDPR NA Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are regulated utility companies and regional market agents in the U.S.

EDP Renováveis 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. The credit exposure to all counterparties is monitored monthly so to ensure that the credit quality is adequate.

Liquidity risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

Market price risk

As at 30 June 2015, market price risk affecting the EDP Renováveis Group is not significant. In the case of EDPR NA, the great majority of the plants are under power purchase agreements, with fixed or escalating prices. In the case of EDPR EU, the electricity is sold in Spain through regulated tariffs. In the remaining countries, prices are mainly determined through regulated tariffs except for Romania and Poland, where most plants are under power purchase agreements with fixed prices or floors.

For the small share of energy generated with market exposure, this risk is managed through electricity sales swaps. EDPR EU and EDPR NA have electricity sales swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the years 2015 to 2018 (see note 35). The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group's goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

05. CONSOLIDATION PERIMETER

During the six-month period ended at 30 June 2015, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renovables España, S.L. acquired by 1,709 thousands of Euros 40% of the share capital of Desarrollos Catalanes Del Viento, S.L. with the subsequent gain of share interest in Aprofitament D'Energies Renovables de L'Ebre, S.A., Aprofitament D'Energies Renovables de la Terra Alta, S.A., Parc Eòlic de Coll de Moro, S.L., Parc Eòlic de Torre Madrina, S.L. and Parc Eòlic de Vilalba dels Arcs, S.L.;
- EDP Renovables España, S.L. acquired by the total of 1,583 thousands of Euros 2% of the share capital of Acampo Arias, S.L., 24% of the share capital of Compañía Eólica Campo de Borja, S.A., 5% of the share of D.E. Rabosera, S.A., 20% of the share capital of Molino de Caragüeyes, S.L. and 5% of the share capital of Parque Eólico La Sotonera, S.L.

Disposal of non-controlling interests:

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

Sale of companies without loss of control:

- EDP Renewables North America LLC. sold by 290,852 thousands of Euros in the second quarter (corresponding to a sale price of 348,000 thousands of US Dollar deducted of 5,968 thousands of US Dollar of transaction fees and 17,275 thousands of US Dollar of capital distributions):

i) 49% of its interests in the following companies:

- Blue Canyon Windpower V, L.L.C.;
- Paulding Wind Farm II L.L.C.;
- Headwaters Wind Farm L.L.C.;
- Rising Tree Wind Farm L.L.C.;
- Rising Tree Wind Farm II
- 2009 Vento V, L.L.C.;
- 2011 Vento IX, L.L.C.;
- 2014 Vento XI, L.L.C.;
- 2014 Vento XII, L.L.C.;
- Horizon Wind Ventures III, L.L.C.;
- Horizon Wind Ventures IX, L.L.C.;
- EDPR Wind Ventures XI;
- EDPR Wind Ventures XII

(ii) 25% of its interests in the following companies:

- Cloud County Wind Farm, L.L.C.;
- Pioneer Prairie Wind Farm I, L.L.C.;
- Arlington Wind Power Project L.L.C.;
- 2008 Vento III, L.L.C.;
- Horizon Wind Ventures IC, L.L.C.;

This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the negative difference between the book value and the fair value of the non-controlling interests sold, totalling 19,083 thousands of Euros, was booked against reserves under the corresponding accounting policy.

- EDP Renewables North America L.L.C. sold 49% of its interests, by 25,138 thousands of Euros in the second quarter (corresponding to a sale price of 30,000 thousands of US Dollar deducted of 1,931 thousands of US Dollar of transaction fees), in the following companies:

- EDPR Solar Ventures I;
- 2014 Sol I, L.L.C.;
- Lone Valley Solar Park I L.L.C.;
- Lone Valley Solar Park II L.L.C.

This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the negative difference between the book value and the fair value of the non-controlling interests sold, totalling 482 thousands of Euros, was booked against reserves under the corresponding accounting policy.

• EDP Renováveis Brasil, S.A. sold 49% of its interests, by 78,959 thousands of Euros in the second quarter (corresponding to a sale price of 263,083 thousands of Brazilian Real deducted of 1,774 thousands of Brazilian Real of transaction fees), in the following companies:

- Central Eólica Aventura, S. A.;
- Central Nacional de Energia Eólica, S.A. ;
- Elebras Projetos Ltda;
- Central Eólica Feijao I, S.A.;
- Central Eólica Feijao II, S.A.;
- Central Eólica Feijao III, S.A.;
- Central Eólica Feijao IV, S.A.;
- Central Eólica Jau, 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 12,968 thousands of Euros, was booked against reserves under the corresponding accounting policy.

Companies sold and liquidated:

- EDPR Renovables España, S.L. liquidated Tratamientos Medioambientales del Norte, S.A.

Companies incorporated:

- EDPR Servicios de México, S.de R.L. de C.V.;
- Vientos de Coahuila, S.A. de C.V.;
- 2015 Vento XIV, LLC *;
- 2015 Vento XIII, LLC;
- EDPR Wind Ventures XIV *;
- EDPR Wind Ventures XIII;
- Central Eólica Aventura II, S.A.

* EDP Group holds, through EDP Renováveis and its subsidiary EDPR NA, a set of subsidiaries in the United States legally established without share capital and that as at 30 June 2015 do not have any assets, liabilities, or any operating activity.

Other changes:

- Increase of the financial interest in EDP Renováveis Brasil, S.A. from 55% to 70,75% through a share capital increase fully subscribed by EDP Renováveis, S.A.

06. REVENUES

Revenues are analysed as follows:

Thousands of Euros	30 Jun 2015	30 Jun 2014
Revenues by business and geography		
Electricity in Europe	421,370	409,426
Electricity in United States of America	250,194	201,422
Electricity, other	14,150	13,175
	685,714	624,023
Other revenues	1,039	285
	686,753	624,308
Services rendered	2,413	3,248
Changes in inventories and cost of raw material and consumables used		
Cost of consumables used	-569	-1,790
Changes in inventories	-145	1,624
	-714	-166
Total Revenues	688,452	627,390

07. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN U.S.

Income from institutional partnership in US in the amount of 84,442 thousands of Euros (30 June 2014: 66,066 thousands of Euros), includes revenue recognition related to production tax credits (PTC), investments tax credits (ITC) and other tax benefits, mostly from accelerated tax depreciation related to projects Vento I, II, III, IV, V, VI, VII, VIII, IX, X, XI and XII and Sol I (see note 31).

08. OTHER INCOME

Other income is analysed as follows:

Thousands of Euros	30 Jun 2015	30 Jun 2014
Estimation of the revised selling price of EDPR PT	-	5,002
Amortisation of deferred income related to power purchase agreements	4,651	4,333
Contract and insurance compensations	4,946	850
Other income	6,312	5,022
	15,909	15,207

As referred in note 1 and according with the contract terms, in 2014, the future adjustment in the selling price of EDPR PT has been revised in the amount of 5,002 thousands of Euros.

The power purchase agreements between EDPR NA and its customers were valued based on market assumptions, at the acquisition date of the business combination, using discounted cash flow models. At that date, these agreements were valued at approximately 190,400 thousands of USD and booked as a non-current liability (see note 32). This liability is amortised over the period of the agreements against Other income. As at 30 June 2015, the amortisation for the period amounts to 4,651 thousands of Euros (30 June 2014: 4,333 thousands of Euros).

09. SUPPLIES AND SERVICES

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	30 Jun 2014
Rents and leases	22,475	20,072
Maintenance and repairs	75,908	66,520
Specialised works:		
- IT Services, legal and advisory fees	7,349	8,160
- Shared services	3,300	4,415
- Other services	4,967	4,966
Other supplies and services	18,704	16,367
	132,703	120,500

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

Thousands of Euros	30 Jun 2015	30 Jun 2014
Personnel costs		
Board remuneration	348	337
Remunerations	31,903	26,617
Social charges on remunerations	5,371	4,985
Employee's variable remuneration	5,371	5,783
Other costs	753	304
Own work capitalised	-9,311	-7,533
	34,435	30,493
Employee benefits		
Costs with pension plans	1,631	1,229
Costs with medical care plans and other benefits	2,202	1,644
Other	807	510
	4,640	3,383
	39,075	33,876

As at 30 June 2015, Costs with pension plans relates essentially to defined contribution plans in the amount of 1,630 thousands of Euros (30 June 2014: 1,229 thousands of Euros).

11. OTHER EXPENSES

Other expenses are analysed as follows:

Thousands of Euros	30 Jun 2015	30 Jun 2014
Taxes	51,802	42,575
Losses on fixed assets	1,780	2,246
Other costs and losses	15,934	14,858
	69,516	59,679

As at June 2014, Other expenses include the impact of the adoption of IFRIC 21 of 11,862 thousands of Euros related with property taxes in United States of America (6,259 thousands of Euros), Spain (4,166 thousands of Euros) and France (1,437 thousands of Euros).

12. AMORTISATION AND IMPAIRMENT

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	30 Jun 2014
Property, plant and equipment		
Buildings and other constructions	388	332
Plant and machinery	264,213	224,167
Other	5,853	5,762
Impairment loss	-4,620	7
	265,834	230,268
Intangible assets		
Industrial property, other rights and other intangibles	876	708
Impairment loss	-	-
	876	708
Impairment of goodwill	-	278
	266,710	231,254
Amortisation of deferred income (Government grants)	-11,369	-9,104
	255,341	222,150

13. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

Thousands of Euros	30 Jun 2015	30 Jun 2014
Financial income		
Interest income	14,838	12,265
Derivative financial instruments:		
Interest	222	742
Fair value	53,710	23,659
Foreign exchange gains	7,627	6,725
Other financial income	24	94
	76,421	43,485
Financial expenses		
Interest expense	99,834	98,867
Derivative financial instruments:		
Interest	19,179	11,594
Fair value	37,599	24,798
Foreign exchange losses	26,749	4,363
Own work capitalised	-9,832	-12,617
Unwinding	40,233	30,965
Other financial expenses	11,513	2,979
	225,275	160,949
Financial income / (expenses)	-148,854	-117,464

Derivative financial instruments includes interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 35 and 37).

In accordance with the accounting policy described on note 2 g), the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 30 June 2015 amounted to 9,832 thousands of Euros (30 June 2014: 12,617 thousands of Euros), and are included under Own work capitalised (financial interest). The interest rates used for this capitalisation vary in accordance with the related loans.

Interest expense refers to interest on loans bearing interest at contracted and market rates.

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms of 1,916 thousands of Euros (30 June 2014: 1,813 thousands of Euros) and the implied return in institutional partnerships in US of 38,089 thousands of Euros (30 June 2014: 28,897 thousands of Euros) (see note 31).

14. INCOME TAX EXPENSE

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	30 Jun 2014
Current tax	-33,477	-27,772
Deferred tax	-3,114	-19,530
	-36,591	-47,302

As at 30 June 2014, Current tax include less 3,819 thousands of Euros related with the impact of the adoption of IFRIC 21.

The effective income tax rate as at 30 June 2015 and 2014 is analysed as follows:

Thousands of Euros	30 Jun 2015	30 Jun 2014
Profit before tax	149,379	165,957
Income tax expense	-36,591	-47,302
Effective income tax rate	24.50%	28.50%

The reconciliation between the nominal and the effective income tax rate for the Group during the period ended at 30 June 2015 and 2014 is analysed as follows:

Thousands of Euros	30 Jun 2015	30 June 2014
Profit before taxes	149,379	165,957
Nominal income tax rate	28.00%	30.00%
Expected income taxes	-41,826	-49,787
Income taxes for the year	-36,591	-47,302
Difference	5,235	2,485
Accounting revaluations, amortizations, depreciations and provisions	988	-165
Tax losses and tax credits	1,977	-1,002
Financial investments in associates	2,264	2,398
Effect of tax rates in foreign jurisdictions	-8,303	-5,532
Tax benefits	2,711	2,628
Other	5,598	4,158
	5,235	2,485

15. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Cost		
Land and natural resources	33,805	32,977
Buildings and other constructions	17,955	17,257
Plant and machinery:		
- Renewables generation	13,956,132	12,753,798
- Other plant and machinery	6,713	6,712
Other	96,431	88,046
Assets under construction	955,656	1,259,732
	15,066,692	14,158,522
Accumulated depreciation and impairment losses		
Depreciation charge	-270,454	-471,025
Accumulated depreciation in previous periods	-3,197,858	-2,605,773
Impairment losses	4,620	-15,578
Impairment losses in previous periods	-69,830	-53,170
	-3,533,522	-3,145,546
Carrying amount	11,533,170	11,012,976

The movement in Property, plant and equipment for the six-month period ended at 30 June 2015, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Cost							
Land and natural resources	32,977	370	-573	91	940	-	33,805
Buildings and other constructions	17,257	63	-	-	635	-	17,955
Plant and machinery	12,760,510	149,650	-265	513,311	539,654	-15	13,962,845
Other	88,046	4,716	-38	210	3,497	-	96,431
Assets under construction	1,259,732	166,463	-7,185	-513,612	52,746	-2,488	955,656
	14,158,522	321,262	-8,061	-	597,472	-2,503	15,066,692

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses/ Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Accumulated depreciation and impairment losses							
Buildings and other constructions	9,755	388	-	-	515	-	10,658
Plant and machinery	3,076,925	264,213	-4,620	-111	119,175	-	3,455,582
Other	58,866	5,853	-	-35	2,598	-	67,282
	3,145,546	270,454	-4,620	-146	122,288	-	3,533,522

Plant and machinery includes the cost of the wind farms and solar plants under operation.

Transfer from assets under construction into operation, refer mainly to wind and solar farms of EDP Renováveis that become operational in Poland, Italy, France, Romania and United States of America.

The movement in Property, plant and equipment for the six-month period ended at 30 June 2014, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Cost							
Land and natural resources	32,546	409	-183	-	484	-	33,256
Buildings and other constructions	16,095	108	-	-	196	-	16,399
Plant and machinery	11,402,185	9,820	-	212,988	75,591	28	11,700,612
Other	73,568	777	-460	4,641	329	-84	78,771
Assets under construction	1,058,677	107,328	-1,884	-217,629	10,580	1,533	958,605
	12,583,071	118,442	-2,527	-	87,180	1,477	12,787,643

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Accumulated depreciation and impairment losses							
Buildings and other constructions	8,333	332	-	-	65	-	8,730
Plant and machinery	2,435,384	224,167	-	-	13,253	-37	2,672,767
Other	43,895	5,762	7	-28	221	42	49,899
	2,487,612	230,261	7	-28	13,539	5	2,731,396

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

The caption Changes in perimeter/Other includes the effect of the acquisition of Wincap, S.R.L by EDP Renewables Italia, S.R.L.(see note 5).

Assets under construction as at 30 June 2015 and 31 December 2014 are analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
EDPR EU Group	372,127	639,286
EDPR NA Group	499,532	559,853
Other	83,997	60,593
	955,656	1,259,732

Assets under construction as at 30 June 2015 and 31 December 2014 are essentially related to wind farms and solar plants under construction and development in EDPR EU and EDPR NA.

The EDP Renováveis Group has lease and purchase obligations disclosed in note 36 - Commitments.

16. INTANGIBLE ASSETS

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	31 December 2014
Cost		
Industrial property, other rights and other intangible assets	163,691	145,482
Intangible assets under development	13,140	8,622
	176,831	154,104
Accumulated depreciation		
Depreciation charge	-876	-1,461
Accumulated depreciation in previous years	-37,282	-23,505
Impairment losses	-	-11,434
	-38,158	-36,400
Carrying amount	138,673	117,704

Industrial property, other rights and other intangible assets include 98,261 thousands of Euros and 14,035 thousands of Euros related to wind generation licenses of EDPR NA Group (31 December 2014: 91,359 thousands of Euros) and EDPR Portugal (31 December 2014: 14,035 thousands of Euros), respectively, and 48,268 thousands of Euros related with deferred green certificates in Romania (31 December 2014: 37,426 thousands of Euros) (see note 2 i)).

The movement in Intangible assets for the six-month period ended at 30 June 2015, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Cost							
Industrial property, other rights and other intangible assets	145,482	10,815	-872	509	7,757	-	163,691
Intangible assets under development	8,622	2,824	-	-509	-265	2,468	13,140
	154,104	13,639	-872	-	7,492	2,468	176,831

Thousands of Euros	Balance at 01 Jan	Charge for the year	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Accumulated amortisation						
Industrial property, other rights and other intangible assets	36,400	876	-	882	-	38,158
	36,400	876	-	882	-	38,158

The movement in Intangible assets for the six-month period ended at 30 June 2014, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Cost							
Industrial property, other rights and other intangible assets	105,514	17,949	-	-	1,321	3	124,787
Intangible assets under development	4,862	1,826	-	-	123	-	6,811
	110,376	19,775	-	-	1,444	3	131,598

Thousands of Euros	Balance at 01 Jan	Charge for the year	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Accumulated amortisation						
Industrial property, other rights and other intangible assets	22,443	708	-	85	-	23,236
	22,443	708	-	85	-	23,236

Additions include the recognition of deferred green certificates rights in Romania in the amount of 13,531 thousands of Euros.

17. GOODWILL

For the Group, the breakdown of Goodwill resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Goodwill booked in EDPR EU Group:	635,717	635,111
- EDPR Spain Group	490,385	492,385
- EDPR France Group	61,460	61,460
- EDPR Portugal Group	42,915	42,915
- Other	40,957	38,351
Goodwill booked in EDPR NA Group	705,593	651,264
Other	1,263	1,341
	1,342,573	1,287,716

The movements in Goodwill, by subgroup, for the six-month period ended at 30 June 2015 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impair- ment	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
EDPR EU Group:							
- EDPR Spain Group	492,385	-	-2,000	-	-	-	490,385
- EDPR France Group	61,460	-	-	-	-	-	61,460
- EDPR Portugal Group	42,915	-	-	-	-	-	42,915
- Other	38,351	2,525	-	-	81	-	40,957
EDPR NA Group	651,264	-	-	-	54,329	-	705,593
Other	1,341	-	-	-	-78	-	1,263
	1,287,716	2,525	-2,000	-	54,332	-	1,342,573

The movements in Goodwill, by subgroup, for the six-month period ended at 30 June 2014 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impair- ment	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
EDPR EU Group:							
- EDPR Spain Group	492,213	172	-	-	-	-	492,385
- EDPR France Group	64,047	-	-2,587	-	-	-	61,460
- EDPR Portugal Group	42,915	-	-	-	-	-	42,915
- Other	37,856	651	-	-	180	-	38,687
EDPR NA Group	574,867	-	-	-	5,474	-	580,341
Other	1,602	-	-	-278	98	-	1,422
	1,213,500	823	-2,587	-278	5,752	-	1,217,210

EDPR EU Group

During the first semester of 2015, EDPR EU Group presents a decrease in goodwill movement in the amount of 2,000 thousands of Euros and an increase in the amount of 2,525 thousands of Euros that related to the contingent price revision related to the purchase agreements of three projects in EDPR Spain and several projects in EDPR Poland, respectively. These contracts were signed before 1 January 2010, date of the adoption of the revised IFRS 3 as mentioned in the accounting policy 2 b).

The decrease in goodwill movement in EDPR EU Group in the first semester of 2014 is related with the cancellation of the success fee associated to a project in EDPR France.

During the first semester of 2015, the EDPR Group has paid an amount of 1,482 success fees related to companies of EDPR Poland Group (1,353 thousands of Euros) and EDPR France Group (129 thousands of Euros).

As at 30 June 2015, the existence of impairment trigger events for all countries has been revised. No relevant matters has been identified as a consequence of the revision made with effect in assumptions used in 2014 impairment test.

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Investments in associates		
Interests in joint ventures	299,634	294,146
Interests in associates	86,050	75,645
Carrying amount	385,684	369,791

For the purpose of the consolidated financial statements presentation, goodwill arising from the acquisition of joint ventures and associated companies is present.

19. DEFERRED TAX ASSETS AND LIABILITIES

The EDP Renováveis Group records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis. During the six-month period ended at 30 June 2015, no significant changes occurred in relation to the nature, amounts and maturity of deferred taxes assets and liabilities referring to those reported in 31 December 2014 consolidated financial statements.

The main variations in net deferred tax assets and liabilities for the Group during the six-months ended at 30 June 2015 and 2014 are analysed as follows:

Thousands of Euros	Deferred tax assets		Deferred tax liabilities	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
Balance at the beginning of the period	46,488	109,213	270,392	367,184
Variation on tax losses carried forward	-8,571	33,861	-	-
Variation on fair value of financial instruments	-922	4,307	-1,022	-434
Variation in allocation of acquired assets and liabilities fair values	-	-	4,546	2,565
Variation on property, plant and equipment	-1,394	5,175	10,083	23,565
Variation on income from institutional partnerships in US	-	-	-27,175	32,342
Variation on netting of deferred tax assets and liabilities	2,243	-117,487	2,243	-117,487
Other	7,390	1,618	6,250	2,506
Balance at the end of the period	45,234	36,687	265,317	310,241

20. INVENTORIES

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Advances on account of purchases	3,603	4,367
Finished and intermediate products	3,921	3,793
Raw and subsidiary materials and consumables	14,171	13,160
	21,695	21,320

21. TRADE RECEIVABLES

Trade receivables are analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Trade receivables - Non-current		
Europe:		
- Spain	4,407	4,879
	4,407	4,879
Trade receivables - Current		
Europe:		
- Spain	50,039	37,814
- Romania	14,145	9,170
- Poland	17,940	21,085
- Rest of Europe	24,196	27,510
	106,320	95,579
United States of America	56,270	43,428
Other	4,147	3,480
	166,737	142,487
Impairment losses	-1,342	-1,342
	165,395	141,145
	169,802	146,024

22. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

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

Thousands of Euros	30 Jun 2015	31 Dec 2014
Debtors and other assets from commercial activities - Non-current		
Deferred costs	11,031	11,380
Sundry debtors and other operations	25,321	24,940
	36,352	36,320
Debtors and other assets from commercial activities - Current		
Prepaid turbine maintenance	9,334	6,839
Services rendered	6,096	6,495
Advances to suppliers	8,566	2,903
Sundry debtors and other operations	25,043	25,327
	49,039	41,564
	85,391	77,884

23. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Other debtors and other assets - Non-current		
Loans to related parties	365,545	359,133
Derivative financial instruments	19,669	16,365
Sundry debtors and other operations	47,594	21,482
	432,808	396,980
Other debtors and other assets - Current		
Loans to related parties	97,719	246,587
Derivative financial instruments	14,446	32,514
Sundry debtors and other operations	16,061	15,545
	128,226	294,646
	561,034	691,626

Loans to related parties - Non-current mainly includes 364,520 thousands of Euros of loans to ENEOP - Eólicas de Portugal, S.A. Group (31 December 2014: 358,120 thousands of Euros). The maturity date of this loan is December 2017.

Loans to related parties - Current mainly includes 38,793 thousands of Euros of loans to ENEOP - Eólicas de Portugal, S.A. Group (31 December 2014: 35,343 thousands of Euros), 26,546 thousands of Euros of loans to SeaEnergy Renewables Inch Cape Limited (31 December 2014: 21,541 thousands of Euros) and 13,098 thousands of Euros loans to Parque Eólico Sierra del Madero, S.A. (31 December 2014: 12,929 thousands of Euros). Also, at 31 December 2014 this caption included 168,935 thousands of Euros of loans to EDP Servicios Financieros España, S.A.

In November 2014, EDP Renováveis, S.A. and EDP Energias do Brasil (EDP Brasil) have signed a Memorandum of Understanding envisaging the acquisition by EDPR of 45% of the share capital of EDP Renováveis Brasil, S.A. controlled by EDP Brasil. Following this transaction EDPR will control 100% of the share capital of EDPR Brasil. Sundry debtors and other operations - Non-current includes 25,361 thousand of Euros (88 million of Reais) related to the advance payment of 50% of the total contractual purchase price.

24. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Income tax	19,139	12,336
Value added tax (VAT)	76,146	71,512
Other taxes	4,242	5,245
	99,527	89,093

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Cash	-	-
Bank deposits		
Current deposits	264,162	246,652
Term deposits	70,530	16
Specific demand deposits in relation to institutional partnerships	47,644	78,855
	382,336	325,523
Other short term investments	521,840	43,100
	904,176	368,623

Specific demand deposits in relation to institutional partnerships are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 31). The governing agreements of these partnerships and specific escrow agreements define the appropriate expenditure of these funds.

Other short term investments mainly includes promissory notes received from EDP Servicios Financieros España S.A. (500,955 thousands of Euros). The maturity of the investment is very short term and the Company expects to convert it into cash promptly.

26. SHARE CAPITAL

At 30 June 2015 and 2014, the share capital of the Company is represented by 872,308,162 shares of Euros 5 par value each, all fully paid. The shares are in book-entry bearer form, the company is entitled to request the listing of its shares and all the shareholders are registered in the relevant book-entry records. These shares have the same voting and profit-sharing rights and are freely transferable.

EDP Renováveis, S.A. shareholder's structure as at 30 June 2015 is analysed as follows:

	No. of Shares	% Capital	% Voting rights
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	541,027,156	62.02%	62.02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.51%	15.51%
Other (*)	196,024,306	22.47%	22.47%
	872,308,162	100.00%	100.00%

(*) Shares quoted on the Lisbon stock exchange

In 2007 and 2008, the Company carried out various share capital increases, which were subscribed through non-monetary contributions comprising 100% of the shares in EDPR NA and EDPR EU.

The contributions are applicable to the special tax treatment for mergers, spin-offs, transfers of assets and conversion of securities foreseen in Chapter VIII of Section VII of Royal Decree 4 dated 5 March 2004 which approved the revised Spanish tax law. The disclosures required by prevailing legislation were included in the annual accounts for 2007 and 2008.

Earnings per share attributable to the shareholders of EDPR are analysed as follows:

	30 Jun 2015	30 Jun 2014
Profit attributable to the equity holders of the parent (in thousands of Euros)	69,435	80,585
Profit from continuing operations attributable to the equity holders of the parent (in thousands of Euros)	69,435	80,585
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent (in Euros)	0.08	0.09
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.08	0.09
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.08	0.09
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.08	0.09

The EDPR Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 30 June 2015 and 2014.

The average number of shares was determined as follows:

	30 Jun 2015	30 Jun 2014
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the period	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the period	872,308,162	872,308,162
Diluted average number of shares during the period	872,308,162	872,308,162

27. RESERVES AND RETAINED EARNINGS

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Reserves		
Fair value reserve (cash flow hedge)	-42,466	-41,066
Fair value reserve (available-for-sale financial assets)	2,603	2,603
Exchange differences arising on consolidation	-43,146	-25,793
	-83,009	-64,256
Other reserves and retained earnings		
Retained earnings and other reserves	852,839	710,278
Additional paid in capital	60,666	60,666
Legal reserve	56,646	35,375
	970,151	806,319
	887,142	742,063

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, judged appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses, if no other reserves are available, or to increase the share capital.

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Fair value reserve (available-for-sale financial assets)

This reserve includes the cumulative net change in the fair value of available-for-sale financial assets as at the balance sheet date.

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statements of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the consolidated financial statements are as follows:

Currency		Exchange rates as at 30 June 2015		Exchange rates as at 31 Dec 2014		Exchange rates as at 30 June 2014	
		Closing Rate	Average Rate	Closing Rate	Average Rate	Closing Rate	Average Rate
US Dollar	USD	1.119	1.117	1.214	1.329	1.366	1.370
Zloty	PLN	4.191	4.142	4.273	4.184	4.157	4.175
Brazilian Real	BRL	3.470	3.309	3.221	3.122	3.000	3.151
New Leu	RON	4.473	4.448	4.483	4.444	4.383	4.464
Pound Sterling	GBP	0.711	0.733	0.779	0.806	0.802	0.821
Canadian Dollar	CAD	1.384	1.378	1.406	1.466	1.459	1.503

28. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Non-controlling interests in income statement	43,353	51,880
Non-controlling interests in share capital and reserves	865,561	497,233
	908,914	549,113

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

Thousands of Euros	30 Jun 2015	31 Dec 2014
EDPR NA Group	593,133	232,358
EDPR EU Group	237,643	283,543
EDPR BR Group	78,138	33,212
	908,914	549,113

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits of the year attributable to non-controlling interests of 43,353 thousands of Euros; (ii) dividends attributable to non-controlling interests in EDPR EU group generating a decrease of 40,138 thousands of Euros; (iii) acquisitions without changes of control of EDPR Spain subsidiaries attributable to non-controlling interests with a negative impact of 33,944 thousands of Euros (see note 5); (iv) sale without loss of control of EDPR NA subsidiaries attributable to non-controlling interests with a positive effect of 347,643 thousands of Euros (see note 5); (v) sale without loss of control of EDPR Brasil subsidiaries attributable to non-controlling interests with a positive effect of 57,255 thousands of Euros (see note 5); (vi) negative variations resulting from share capital increases/decreases of 25,358 thousands of Euros; (vii) and exchange differences arising on consolidation attributable to non-controlling interests generating an increase of 11,354 thousands of Euros.

29. FINANCIAL DEBT

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Financial debt - Non-current		
Bank loans:		
- EDPR EU Group	541,327	664,948
- EDPR BR Group	97,472	47,142
- EDPR NA Group	29,208	30,633
Loans receive from EDP group entities:		
- EDP Renováveis, S.A.	399,860	368,506
- EDP Renováveis Servicios Financieros, S.L.	2,450,786	2,595,344
Other loans:		
- EDPR EU Group	9,318	9,861
Total Debt and borrowings - Non-current	3,527,971	3,716,434
Collateral Deposits - Non-current (*)		
Collateral Deposit - Project Finance and others	-59,699	-65,597
Total Collateral Deposits - Non-current	-59,699	-65,597
Thousands of Euros	30 Jun 2015	31 Dec 2014
Financial debt - Current		
Bank loans:		
- EDPR EU Group	70,216	133,561
- EDPR BR Group	6,807	7,307
- EDPR NA Group	3,270	3,155
Non-convertible bonds:		
- EDPR BR Group	-	29,497
Loans receive from EDP group entities:		
- EDP Renováveis Servicios Financieros, S.L.	325,222	-
- EDPR EU Group	500,972	-
Other loans:		
- EDPR EU Group	1,534	1,763
Interest payable	3,006	10,206
Total Debt and borrowings - Current	911,027	185,489
Collateral Deposits - Current (*)		
Collateral Deposit - Project Finance and others	-1,131	-15,141
Total Collateral Deposits - Current	-1,131	-15,141
	4,378,168	3,821,185

(*) Collateral Deposits informative note

Collateral Deposits refer mainly to amounts held in bank accounts to comply with obligations under project finance agreements entered into by certain EDP Renewable subsidiaries.

Financial debt for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV and EDP Servicios Financieros España S.A. (2,850,646 thousands of Euros non-current and 826,194 thousands of Euros current). These loans have an average maturity of 3 and half years and bear interest at fixed market rates.

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 30 June 2015, these financings amount to 626,842 thousands of Euros (31 December 2014: 870,074 thousands of Euros), which are included in the total debt of the Group.

The breakdown of Financial debt by maturity, is as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Bank loans		
Up to 1 year	82,914	148,545
1 to 5 years	311,250	306,853
Over 5 years	356,757	435,869
	750,921	891,267
Non-convertible loans		
Up to 1 year	-	34,318
	-	34,318
Loans receive from EDP group companies		
Up to 1 year	826,579	863
1 to 5 years	2,717,522	2,830,726
Over 5 years	133,124	133,124
	3,677,225	2,964,713
Other loans		
Up to 1 year	1,534	1,763
1 to 5 years	9,318	9,862
	10,852	11,625
	4,438,998	3,901,923

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

Thousands of Euros	30 Jun 2015		31 Dec 2014	
	Carrying Value	Market Value	Carrying Value	Market Value
Financial debt - Non-current	3,527,971	3,596,651	3,716,434	3,958,635
Financial debt - Current	911,027	911,027	185,489	185,489
	4,438,998	4,507,678	3,901,923	4,144,124

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

As at 30 June 2015, the scheduled repayments of Group's debt are as follows:

Thousands of Euros	Total	2015	2016	2017	2018	2019	Subsequent years
Debt and borrowings - Non-current	3,527,971	-	45,324	85,285	1,724,336	720,941	952,085
Debt and borrowings - Current	911,027	630,810	280,217	-	-	-	-
	4,438,998	630,810	325,541	85,285	1,724,336	720,941	952,085

The breakdown of guarantees is presented in note 36 to the financial statements accounts.

The breakdown of Financial debt, by currency, is as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Loans denominated in EUR	2,418,028	2,026,075
Loans denominated in USD	1,641,759	1,513,243
Loans denominated in other currencies	379,211	362,605
	4,438,998	3,901,923

30. PROVISIONS

Provisions are analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Dismantling and decommission provisions	105,232	96,676
Provision for other liabilities and charges	1,987	2,026
Employee benefits	174	209
	107,393	98,911

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Non-current	106,276	98,911
Current	1,117	-
	107,393	98,911

Dismantling and decommission provisions refer to the costs to be incurred with dismantling wind farms and restoring sites and land to their original condition, in accordance with the accounting policy described in note 2 o). The above amount respects mainly to 56,032 thousands of Euros for wind farms in the United States of America (31 December 2014: 49,413 thousands of Euros) and 48,337 thousands of Euros for wind farms in Europe (31 December 2014: 46,403 thousands of Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the foreseeable obligations described in this note. Therefore, it is not expected that they will give rise to liabilities in addition to those booked.

As at 30 June 2015 and 31 December 2014, the EDP Renováveis Group does not have any significant tax-related contingent liabilities or contingent assets related to unresolved disputes with the tax authorities.

31. INSTITUTIONAL PARTNERSHIPS IN US

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Deferred income related to benefits provided	774,356	735,260
Liabilities arising from institutional partnerships in US	1,174,629	1,066,703
	1,948,985	1,801,963

The movements in Institutional partnerships in US are analysed as follows:

Thousands of Euros	30 Jun 2015	30 Jun 2014
Balance at the beginning of the period	1,801,963	1,508,495
Proceeds received from institutional investors	143,999	-
Cash paid for deferred transaction costs	-4,749	-
Cash paid to institutional investors	-102,592	-26,798
Income (see note 7)	-84,442	-66,066
Unwinding (see note 13)	38,089	28,897
Exchange differences	153,331	14,473
Others	3,386	-243
Balance at the end of the period	1,948,985	1,458,758

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

During the six-month period ended at 30 June 2015 EDPR Group, through its subsidiary EDPR NA, has secured 117 millions of USD (approximately 105 million of Euros) of institutional equity financing from MUFG Union Bank N.A. and another leading institutional investor in exchange for an interest in the Vento XIII portfolio and 43 millions of USD (approximately 39 million of Euros) of institutional equity financing from Bankers Commercial Corporation (Union Bank) in exchange for an interest in the Vento XII portfolio.

32. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

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

Thousands of Euros	30 Jun 2015	31 Dec 2014
Trade and other payables from commercial activities - Non-current		
Government grants / subsidies for investments in fixed assets	453,323	430,426
Electricity sale contracts - EDPR NA	28,809	30,827
Other creditors and sundry operations	2,779	3,114
	484,911	464,367
Trade and other payables from commercial activities - Current		
Suppliers	65,191	68,343
Property and equipment suppliers	268,088	569,070
Other creditors and sundry operations	34,688	50,491
	367,967	687,904
	852,878	1,152,271

Government grants for investments in fixed assets are essentially related to 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 North America acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousands of USD, being booked as a non-current liability under Electricity sale contracts - EDPR NA, which is depreciated over the useful life of the contracts under Other income (see note 8).

33. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Other liabilities and other payables - Non-current		
Success fees payable for the acquisition of subsidiaries	11,412	10,707
Loans from non-controlling interests	203,699	227,819
Derivative financial instruments	242,769	192,194
Other creditors and sundry operations	89	715
	457,969	431,435
Other liabilities and other payables - Current		
Success fees payable for the acquisition of subsidiaries	1,350	1,479
Derivative financial instruments	349,139	220,602
Loans from non-controlling interests	28,822	29,128
Other creditors and sundry operations	26,769	20,752
	406,080	271,961
	864,049	703,396

Success fees payable for the acquisition of subsidiaries Non-current includes mainly the amounts related to the contingent prices of several European and Brazilian projects.

Derivative financial instruments Non-Current and Current includes 200,178 and 327,268 thousands of Euros respectively (31 December 2014: 129,982 and 212,249 thousands of Euros respectively) related to a hedge instrument of USD and EUR with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 35).

The caption Loans from related parties Current and Non-Current is related to EDPR Portugal loan formerly due to CTG. The maturity date of this loan is December 2022, bearing interest at a fixed rate of 5.5% which are paid half-yearly. At 30 June 2015, this loan amounts to 86,026 thousands of Euros. Additionally, the caption Loans from non-controlling interests Non-Current also includes the amount 83,628 thousands of Euros of loans to pay to Vortex, due the sale of 49% of several interests of EDPR France, the fixed rate used for this loans vary between 3.10% and 7.18%.

Other creditors and sundry operations - Current include 20,539 thousands of Euros (31 December 2014: 6,292 thousands of Euros) related with the estimated corporate income tax due to EDP Energias de Portugal, S.A. Sucursal en España.

34. CURRENT TAX LIABILITIES

This caption is analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Income tax	34,411	11,833
Withholding tax	29,777	19,178
Value added tax (VAT)	11,532	13,370
Other taxes	21,704	12,323
	97,424	56,704

35. DERIVATIVE FINANCIAL INSTRUMENTS

The net fair value of the derivatives portfolio by type of hedging as at 30 June 2015 and 31 December 2014 is as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Net investment hedge		
Currency swaps	-519,985	-328,337
Currency forwards	-581	-
Cash flow hedge		
Power price swaps	-875	8,023
Interest rate swaps	-31,997	-55,402
Not qualifiable for hedging accounting		
Power price swaps	-172	-967
Interest rate swaps	-80	-101
Cross currency rate swaps	1,504	2,943
Currency forwards	-5,607	9,924
	-557,793	-363,917

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 23) or Other liabilities and other payables (note 33), if the fair value is positive or negative, respectively.

The trading derivative financial instruments are derivatives contracted for economic hedging that are not eligible for hedge accounting.

Fair value of derivative financial instruments is based on quotes indicated by external entities. These entities use discount cash flows techniques usually accepted and data from public markets. As such, according to IFRS13 requirements, the fair value of the derivative financial instruments is classified as of Level 2 (note 38).

During 2015 and 2014 the following market inputs were considered for the fair value calculation:

Instrument	Market input
Cross currency interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, daily brazilian CDI, Wibor 3M; and exchange rates: EUR/BRL, EUR/PLN e EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Wibor 3M, Wibor 6M and CAD Libor 3M.
Foreign exchange forwards	Fair value indexed to the following exchange rates: USD/EUR, EUR/RON, EUR/PLN and EUR/CAD.
Power price swaps	Fair value indexed to the price of electricity.

36. COMMITMENTS

As at 30 June 2015 and 31 December 2014, the financial commitments not included in the statement of financial position in respect of financial, operational and real guarantees provided, are analysed as follows:

Thousands of Euros	30 Jun 2015	31 Dec 2014
Guarantees of financial nature		
EDPR NA Group	8,028	3,706
	8,028	3,706
Guarantees of operational nature		
EDP Renováveis, S.A.	743,473	594,909
EDPR NA Group	926,149	830,645
EDPR EU Group	11,459	11,459
EDPR BR Group	14,262	16,932
	1,695,343	1,453,945
Total	1,703,371	1,457,651
Real guarantees	34,736	37,837

As at 30 June 2015 and 31 December 2014 operating guaranties contracted by EDPR amount 1,695,343 and 1,453,944 thousands of Euros, respectively. These include the amount of 257,628 thousands of Euros and 142,867 thousands of Euros, which refer to corporate guarantees provided by EDP Renováveis relating to EDPR Group commercial commitments already reflected in the Statement of Financial Position.

Regarding the information disclosed above:

- The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 30 June 2015, these financings amount to 626,842 thousands of Euros (31 December 2014: 870,074 thousands of Euros), which are included in the total debt of the Group;
- EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, wilful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 30 June 2015 and 31 December 2014, EDPR's obligations under the tax equity agreements, in the amount of 1,134,818 thousands of Euros and 948,216 thousands of Euros, respectively are reflected in the statement of financial position under the caption Institutional Partnerships in US.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

	30 Jun 2015				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	5,085,277	993,643	578,397	2,477,691	1,035,546
Finance lease commitments	103	57	40	6	-
Operating lease rents not yet due	1,001,624	40,686	81,330	83,180	796,428
Purchase obligations	1,775,891	866,425	748,388	58,888	102,190
Other long term commitments	1,476	1,063	413	-	-
	7,864,371	1,901,874	1,408,568	2,619,765	1,934,164

	31 Dec 2014				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	4,749,935	309,766	771,038	2,974,243	694,888
Operating lease rents not yet due	777,445	31,339	62,203	63,797	620,106
Purchase obligations	1,960,896	942,896	858,067	49,446	110,487
Other long term commitments	1,292	939	352	-	-
	7,489,568	1,284,940	1,691,660	3,087,486	1,425,481

Purchase obligations include debts related with long-term agreements of property, plant and equipment and operational and maintenance contracts product and services supply related to the Group operational activity. When prices are defined under forward contracts, these are used in estimating the amounts of the contractual commitments.

The Operating lease rents not yet due are essentially related with the land where the wind farms are built. Usually the leasing period cover the useful life of the wind farms.

As at 30 June 2015 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Cajastur for all the shares held by Liberbank on company "Quinze Mines" (51% of share capital). Liberbank holds an equivalent put option on these shares over EDPR EU. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 17 July 2014 and 17 July 2016, inclusively;
- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over the remaining shareholders of Re Plus (WPG, Galilea and Gant Partners) for 10% of its share capital. The price of exercising these options is 7,500 thousands of Euros. The options can be exercised (i) if a change occur in the shareholding structure of the remaining shareholders of Re Plus and (ii) always before the last project starts in operation;
- EDP Renováveis, through its subsidiary EDPR EU, holds a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousands of Euros. The exercise period is the earlier of (i) two years following the beginning of construction date or (ii) 31 December 2019;
- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of the remaining 40% of the share capital of J&Z Wind Farms SP. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised between 3 and 5 years after the start of construction works of the first park;
- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of the remaining 35% of the share capital of Molen Wind II, S.P. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised until 2 years after the maturity of financial debt for the park construction.

37. RELATED PARTIES

Remuneration of company officers

In accordance with the Company's by-laws, the remuneration of the members of the Board of Directors is proposed by the Nominations and Remunerations Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting of Shareholders. The Board of Directors approves the distribution and exact amount paid to each Director on the basis of this proposal.

The remuneration paid to the members of the Executive Board of Directors, were as follows:

Thousands of Euros	30 Jun 2015	30 Jun 2014
CEO	-	-
Board Members	348	337
	348	337

EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services render by its Executive and Non-Executive Directors, which are João Manso Neto, Nuno Alves, António Mexia and João Marques da Cruz (until April). This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Under this contract, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2015 is 529 thousands of Euros (537 thousands of Euros in 2014), of which 492 thousands of Euros refers to the management services rendered by the Executive Members and 37 thousands of Euros to the management services rendered by the non-executive Members.

The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range between 3% to 6% of their annual salary.

Additionally the total remuneration of the rest of members of the Executive Committee that are (or were) also Officers that are also Officers (Rui Teixeira, formerly CFO; Miguel Dias Amaro, CFO, João Paulo Costeira, COO EU, BR & South Africa; and Gabriel Alonso COO NA & Mexico), amount to 644 thousands of Euros (1.292 thousands of Euros in 2014). The Company has no pension or life insurance obligations with its former or current Board members in 2015 or 2014.

Relevant balances and transactions with subsidiaries and associates of China Three Gorges Group

With the sale of 49% of EDPR Portugal equity shareholding to CTG through CITIC CWEI Renewables S.C.A, the EDPR Group has loans of CTG in the amount of 86 million of Euros (9,5 millions of Euros as current and 76,5 millions of Euros as non-current).

Balances and transactions with EDP Group companies

As at 30 June 2015, assets and liabilities with related parties, are analysed as follows:

	Assets		
	Loans and interests to receive	Others	Total
Thousands of Euros			
EDP Energias de Portugal, S.A.	-	11,394	11,394
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-
Hidrocontábrico Group companies (electric sector)	1	16,891	16,892
Joint Ventures and Associated companies	463,250	2,004	465,254
Other EDP Group companies	-	9,626	9,626
	463,251	39,915	503,166

	Liabilities		
	Loans and interests to pay	Others	Total
Thousands of Euros			
EDP Energias de Portugal, S.A.	153	9,863	10,016
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	551,541	551,541
Hidrocontábrico Group companies (electric sector)	20	432	452
Joint Ventures and Associated companies	-	24	24
Other EDP Group companies	3,599,515	11,550	3,611,065
	3,599,688	573,410	4,173,098

As at 31 December 2014, assets and liabilities with related parties, are analysed as follows:

	Assets		
	Loans and interests to receive	Others	Total
Thousands of Euros			
EDP Energias de Portugal, S.A.	-	22,730	22,730
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-
Hidrocontábrico Group companies (electric sector)	1	21,793	21,794
Joint Ventures and Associated companies	436,034	4,522	440,556
Other EDP Group companies	168,934	19,675	188,609
	604,969	68,720	673,689

	Liabilities		
	Loans and interests to pay	Others	Total
Thousands of Euros			
EDP Energias de Portugal, S.A.	210	2,750	2,960
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	355,888	355,888
Hidrocontábrico Group companies (electric sector)	20	3,374	3,394
Joint Ventures and Associated companies	-	52	52
Other EDP Group companies	2,963,860	7,695	2,971,555
	2,964,090	369,759	3,333,849

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 1,774,901 thousands of Euros (31 December 2014: 2,722,850 thousands of Euros) and from EDP Servicios Financieros España, S.A. in the amount of 1,824,604 thousands of Euros (31 December 2014: 241,000 thousands of Euros).

With the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Branch, the EDP Group establishing a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EPDR NA and of the

USD external financing). As at 30 June 2015, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 526,742 thousands of Euros (31 December 2014: 342,231 thousands of Euros) (see notes 33 and 35).

Transactions with related parties for the period ended at 30 June 2015 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	-	8,206	-1,604	-15,545
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-5,152	-10,691
Hidrocantábrico Group companies (electric sector)	176,240	-	-1,578	-288
Joint Ventures and Associated companies	1,833	11,890	-	-
Other EDP Group companies	87,035	46,662	-3,385	-100,517
	<u>265,108</u>	<u>66,758</u>	<u>-11,719</u>	<u>-127,041</u>

Operating income includes mainly the electricity sales to suppliers of last resource in Portugal due to regulatory legislation and electricity sales to HC Group that act as a commercial agent of subsidiaries of EDPR Group in Spain. Hidroeléctrica del Cantábrico (HC Energia) is the parent company of an industrial group that operates in the electricity and gas sectors in Spain. In the electricity sector, HC Energia generates, distributes and supplies electricity.

Financial income and Financial expenses with EDP, S.A. are mainly related to derivative financial instruments, namely to a disqualification from cash flow hedge accounting of EDPR EU power swaps due to new regulation and to changes in market fair value.

Transactions with related parties for the period ended at 30 June 2014 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	1,491	4,709	-871	-9,111
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-5,238	-2,209
Hidrocantábrico Group companies (electric sector)	150,829	-	-1,943	-596
Joint Ventures and Associated companies	984	10,285	-6	-
Other EDP Group companies	100,540	11,008	-2,957	-84,750
	<u>253,844</u>	<u>26,002</u>	<u>-11,015</u>	<u>-96,666</u>

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers and in connection with renewable energy contracts. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 30 June 2015, EDP, S.A. and Hidrocantábrico granted financial 7,626 thousands of Euros (31 December 2014: 7,840 thousands of Euros) and operational 296,056 thousands of Euros (31 December 2014: 282,883 thousands of Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (power purchase agreements) (see note 36).

In the normal course of its activity, EDP Renováveis performs business transactions and operations with its related parties based on normal market conditions.

38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

Available-for-sale financial instruments and financial assets at fair value through profit or loss

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the statement of financial position at their cost.

Cash and cash equivalents, trade receivables and suppliers

These financial instruments include mainly short term financial assets and liabilities. Given their short term nature at the reporting date, their book values are not significantly different from their fair values.

Financial debt

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques.

Derivative financial instruments

All derivatives are accounted at their fair value. For those which are quoted in organized markets, the respective market price is used. For over-the-counter derivatives, fair value is estimated through the use of internal models based on cash flow discounting techniques and option valuation models generally accepted by the market, or by dealer price quotations.

CIRS with EDP Branch (note 35)

With the purpose of hedging the foreign exchange risk resulting from the net investment in EDPR NA, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented in the statement of financial position at its fair value, which is estimated by discounting the projected USD and EUR cash flows. The discount rates and forward interest rates were based on the interest rate curves and the USD/EUR exchange rate is disclosed on note 27. See also notes 13 and 23.

The fair values of assets and liabilities as at 30 June 2015 and 31 December 2014 are analysed as follows

Thousands of Euros	30 June 2015			31 December 2014		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available-for-sale investments	6,322	6,322	-	6,336	6,336	-
Trade receivables	169,802	169,802	-	146,024	146,024	-
Debtors and other assets from commercial activities	85,391	85,391	-	77,884	77,884	-
Other debtors and other assets	526,919	526,919	-	642,747	642,747	-
Derivative financial instruments	34,115	34,115	-	48,879	48,879	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Cash and cash equivalents	904,176	904,176	-	368,623	368,623	-
	<u>1,726,725</u>	<u>1,726,725</u>	-	<u>1,290,493</u>	<u>1,290,493</u>	-
Financial liabilities						
Financial debt	4,438,998	4,507,678	68,680	3,901,923	4,144,124	242,201
Suppliers	333,279	333,279	-	637,413	637,413	-
Institutional partnerships in US	1,948,985	1,948,985	-	1,801,963	1,801,963	-
Trade and other payables from commercial activities	66,276	66,276	-	84,432	84,432	-
Other liabilities and other payables	272,141	272,141	-	290,600	290,600	-
Derivative financial instruments	591,908	591,908	-	412,796	412,796	-
	<u>7,651,587</u>	<u>7,720,267</u>	<u>68,680</u>	<u>7,129,127</u>	<u>7,371,328</u>	<u>242,201</u>

The fair value levels used to value EDP Renováveis Group financial assets and liabilities are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets and liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices);
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Thousands of Euros	30 June 2015			31 December 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available-for-sale investments	-	-	6,322	-	-	6,336
Derivative financial instruments	-	34,115	-	-	48,879	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-
	-	34,115	6,322	-	48,879	6,336
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	4,577	-	-	12,760
Derivative financial instruments	-	591,908	-	-	412,796	-
	-	591,908	4,577	-	412,796	12,760

The remaining assets and liabilities are valued within Level 1 or correspond to assets and liabilities which fair value is the same as its carrying amount. In 2015, does not have transfers between levels.

The movement in 2015 and 2014 of the financial assets and liabilities within Level 3 are analysed as follows:

Thousands of Euros	Available for sale investments		Trade and other payables	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
Balance at the beginning of the year	6,336	7,434	12,760	16,987
Gains / (Losses) in other comprehensive income	-	-	-	-
Purchases	-	-	-	-
Fair value changes/Payments	-	-	-	-
Disposals	-14	-	-8,183	-4,614
Balance at the end of the year	6,322	7,434	4,577	12,373

The Trade and other payables within level 3 are related with Liabilities arising from options with non-controlling interests.

39. RELEVANT AND SUBSEQUENT EVENTS

EDP Renováveis established new institutional partnership structure for 99 MW in the US

On July 1st, EDPR secured \$117 million of institutional equity financing from MUFG Union Bank N.A. and another leading institutional investor, in exchange for an interest in the 99 MW Rising Tree South wind project, located in the State of California. The project will sell its output through a 20-year Power Purchase Agreement ("PPA"). Under the agreement, the financing was completed following the conclusion of the project's construction (second quarter of 2015). The institutional partnership structure established enables an efficient utilization of the tax benefits generated by the project improving the project's economics.

EDPR informs about wind offshore projects in the UK

Furthermore, on July 21st, EDP Renováveis S.A. announced that has reached agreements with Repsol Nuevas Energías S.A. by which, under the terms of the contracts, EDPR agreed to buy from Repsol 33% equity interest in Moray offshore project, and to sell to Repsol 49% equity interest in Inch Cape offshore project. With the conclusion of these transactions EDPR will fully own the Moray offshore project, while Repsol will fully own the Inch Cape offshore project. Both projects are located in the UK and the completion of these transactions are subject to approval by The Crown Estate and other customary regulatory approvals.

In January 2010, Moray Offshore Renewable Limited ("MORL") was awarded the right, under a farm leasing programme conducted by The Crown Estate, to develop offshore wind energy in Zone 1 of the Third Offshore Wind Licensing Round ("UK Round 3") and in March 2014 was granted consent, by the Scottish government, for 1,116 MW offshore wind development.

These transactions are expected not to have material impact on EDPR's consolidated financial statements

40. RECENT ACCOUNTING STANDARDS AND INTREPRETATIONS USED

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

- IFRIC 21 – Levies

The Group presents the impact from the adoption of this interpretation on note 11 and 14.

- Annual Improvement Project (2011-2013)

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

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

- IFRS 9 - Financial Instruments;
- IFRS 10 (Amended) and IAS 28 (Amended) - Sale or Contribution of Assets between na Investor and its Associate or Joint Venture;
- IFRS 10 (Amended), IFRS 12 (Amended) and IAS 28 (Amended) - Investment Entities;
- IFRS 11 (Amended) - Accounting for Acquisitions of Interests in Joint Operations;
- IFRS 15 - Revenue from the Contracts with Customers;
- IFRS 14 - Regulatory Deferral Accounts;
- IAS 1 (Amended) - Initiative Disclosures;
- IAS 16 (Amended) and IAS 38 (Amended) - Clarification of Acceptable Methods of Depreciation and Amortisation;
- IAS 19 (Amended) - Employee Benefits: Defined Benefit Plans - Employee Contributions;
- Annual Improvement Project (2010-2012); and
- Annual Improvement Project (2012-2014).

41. OPERATING SEGMENTS REPORT

The Group generates energy from renewable resources and has three reportable segments which are the Group's business platforms, Europe, North America and Brazil. The strategic business units have operations in different geographic zones and are managed separately because their characteristics are quite different. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Annex 1. Performance is based on segment operating profit measures, as included in the internal management reports that are reviewed by the Management. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:

- Europe: refers to EDPR EU Group companies operating in Spain, Portugal, Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom;
- North America: refers to EDPR NA and EDPR Canada Group companies that operate in United States of America and Canada, respectively;
- Brazil: refers to EDPR Brasil Group companies that operate in this country.

Segment definition

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter, including the intra-segment eliminations, without any inter-segment allocation adjustment.

The financial information disclosed by each business segment is determined based on the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment eliminations, without any inter-segment allocation adjustment.

ANNEX 1

GROUP ACTIVITY BY OPERATING SEGMENT

OPERATING SEGMENT INFORMATION FOR THE PERIOD ENDED 30 JUNE 2015

Thousands of Euros	Europe	North America	Brazil	Segments Total
Revenues	424,279	254,565	9,997	688,841
Income from institutional partnerships in US	-	84,442		84,442
	424,279	339,007	9,997	773,283
Other operating income	3,315	11,772	695	15,782
Supplies and services	-66,254	-61,849	-2,934	-131,037
Personnel costs and Employee benefits expenses	-12,068	-18,935	-808	-31,811
Other operating expenses	-40,676	-26,771	-1,778	-69,225
	-115,683	-95,783	-4,825	-216,291
Gross operating profit	308,596	243,224	5,172	556,992
Provisions	-	99	-	99
Amortisation and impairment	-120,402	-130,686	-2,774	-253,862
Operating profit	188,194	112,637	2,398	303,229
Share of profit of associates	12,646	-2,035	-	10,611
Assets	6,065,544	6,894,497	179,843	13,139,884
Liabilities	194,395	707,244	5,314	906,953
Operating Investment	41,134	247,458	33,062	321,654

Note: The Segment "Europe" includes: i) revenues in the amount of 197,229 thousands of Euros from Spanish companies; ii) assets from Spanish companies in the amount of 1,083,504 thousands of Euros.

Reconciliation between the Segment Information and the Financial Statements

Thousands of Euros

Revenues of the Reported Segments	688,841
Revenues of Other Segments	6,186
Elimination of intra-segment transactions	(6,575)
Revenues of the EDPR Group	688,452
Gross operating profit of the Reported Segments	556,992
Gross operating profit of Other Segments	(9,484)
Elimination of intra-segment transactions	1
Gross operating profit of the EDPR Group	547,509
Operating profit of the Reported Segments	303,229
Operating profit of Other Segments	(9,874)
Elimination of intra-segment transactions	(1,088)
Operating profit of the EDPR Group	292,267
Assets of the Reported Segments	13,139,884
Not Allocated Assets	2,148,198
Financial Assets	1,357,012
Tax assets	144,761
Debtors and other assets	646,425
Assets of Other Segments	2,499
Elimination of intra-segment transactions	63,530
Assets of the EDPR Group	15,354,111
Liabilities of the Reported Segments	906,953
Not Allocated Liabilities	7,670,263
Financial Liabilities	4,438,998
Institutional partnerships in US	1,948,985
Tax liabilities	362,741
Payables and other liabilities	919,539
Liabilities of Other Segments	7,909
Elimination of intra-segment transactions	(10,081)
Liabilities of the EDPR Group	8,575,044
Operating Investment of the Reported Segments	321,654
Operating Investment of Other Segments	2
Operating Investment of the EDPR Group	321,656

	Total of the Reported Segments	Other Segments	Elimination of intra- segment transactions	Total of the EDPR Group
Other operating income	15,782	126	1	15,909
Supplies and services	(131,037)	(8,246)	6,580	(132,703)
Personnel costs and Employee benefits expenses	(31,811)	(7,263)	(1)	(39,075)
Other operating expenses	(69,225)	(288)	(3)	(69,516)
Provisions	99	-	-	99
Amortisation and impairment	(253,862)	(390)	(1,089)	(255,341)
Share of profit of associates	10,611	-	(4,645)	5,966

GROUP ACTIVITY BY OPERATING SEGMENT

OPERATING SEGMENT INFORMATION FOR THE PERIOD ENDED 30 JUNE 2014

Thousands of Euros	Europe	North America	Brazil	Segments Total
Revenues	413,119	203,834	10,780	627,733
Income from institutional partnerships in US	-	66,066		66,066
	413,119	269,900	10,780	693,799
Other operating income	7,132	6,341	14	13,487
Supplies and services	-66,233	-50,212	-3,078	-119,523
Personnel costs and Employee benefits expenses	-12,445	-13,620	-404	-26,469
Other operating expenses	-39,522	-18,193	-232	-57,947
	-111,068	-75,684	-3,700	-190,452
Gross operating profit	302,051	194,216	7,080	503,347
Provisions	-	-	-	-
Amortisation and impairment	-119,901	-97,645	-2,920	-220,466
Operating profit	182,150	96,571	4,160	282,881
Share of profit of associates	15,001	3,229	-	18,230
Assets	6,108,684	6,255,041	162,478	12,526,203
Liabilities	259,919	922,548	4,980	1,187,447
Operating Investment	38,329	70,382	4,255	112,966

Note: The Segment "Europe" includes: i) revenues in the amount of 182,772 thousands of Euros from Spanish companies, of which 32.097 thousands of Euros generated outside of Spain; ii) assets from Spanish companies in the amount of 2,464,836 thousands of Euros.

Reconciliation between the Segment Information and the Financial Statements

Thousands of Euros

Revenues of the Reported Segments	627,733
Revenues of Other Segments	6,217
Elimination of intra-segment transactions	-6,560
Revenues of the EDPR Group	627,390
Gross operating profit of the Reported Segments	503,347
Gross operating profit of Other Segments	-8,739
Elimination of intra-segment transactions	-
Gross operating profit of the EDPR Group	494,608
Operating profit of the Reported Segments	282,881
Operating profit of Other Segments	-9,619
Elimination of intra-segment transactions	-804
Operating profit of the EDPR Group	272,458
Assets of the Reported Segments	12,526,203
Not Allocated Assets	1,730,579
Financial Assets	825,488
Tax assets	135,581
Debtors and other assets	769,510
Assets of Other Segments	2,861
Elimination of intra-segment transactions	56,676
Assets of the EDPR Group	14,316,319
Liabilities of the Reported Segments	1,187,447
Not Allocated Liabilities	6,800,670
Financial Liabilities	3,901,924
Institutional partnerships in US	1,801,963
Tax liabilities	327,096
Payables and other liabilities	769,687
Liabilities of Other Segments	15,860
Elimination of intra-segment transactions	-18,417
Liabilities of the EDPR Group	7,985,560
Operating Investment of the Reported Segments	112,966
Operating Investment of Other Segments	74
Operating Investment of the EDPR Group	113,040

	Total of the Reported Segments	Other Segments	Elimination of intra- segment transactions	Total of the EDPR Group
Other operating income	13,487	2,037	-317	15,207
Supplies and services	-119,523	-7,853	6,876	-120,500
Personnel costs and Employee benefits expenses	-26,469	-7,407	0	-33,876
Other operating expenses	-57,947	-1,733	1	-59,679
Provisions	-	-	-	-
Amortisation and impairment	-220,469	-880	-801	-222,150
Share of profit of associates	18,230	-259	-7,008	10,963



renováveis

1ST HALF 2015

MANAGEMENT REPORT

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01

THE COMPANY

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1.1. THE COMPANY IN BRIEF

1.1.1. VISION, VALUES AND COMMITMENTS

VISION:

A global energy renewable company, leader in value creation, innovation and sustainability

MISSION:

Aims to be a long-term market leader in the renewable energy sector, pursuing credibility through safety, value creation, social responsibility, innovation, and respect for the environment.

VALUES:

Initiative

through behaviour and attitude of our people

Trust

of shareholders, employees, customers, suppliers and other stakeholders

Excellence

in the way we perform

Innovation

to create value in our areas of operation

Sustainability

aimed at the quality of life for current and future generations













COMMITMENTS:

- We join conduct and professional rigour to enthusiasm and initiative, emphasizing team work
- We listen to our stakeholders and answer in a simple and clear manner
- We surprise our stakeholders by anticipating their needs
- We ensure the participatory, competent and honest governance of our business
- We believe that the balance between private and professional life is fundamental in order to be successful
- We fulfil the commitments that we embraced in the presence of our shareholders
- We place ourselves in our stakeholder's shoes whenever a decision has to be made
- We promote the development of skills and merit
- We are leaders due to our capacity of anticipating and implementing
- We avoid specific greenhouse gas emissions with the energy we produce
- We demand excellence in everything that we do
- We assume the social and environmental responsibilities that result from our performance thus contributing toward the development of the regions in which we are operating

1.1.2. WORLD PRESENCE

EDPR is a world leader in renewable energy, present in 12 countries in Europe and the Americas, managing a global portfolio of 9.1 GW of capacity installed, with 556 MW under construction and more in pipeline development, employing over 970 employees.



EDPR North America 345 employees		EDPR Brazil 25 employees	
	4,083 MW operating +300 MW under construction with PPA +555 MW in pipeline with PPA		84 MW operating +120 MW under construction with PPA +116 MW in pipeline with PPA
	30 MW operating		
	180 MW in pipeline with PPA		
EDPR Europe 603 employees			
	2,368 MW operating +2 MW under construction		1,163 MW operating
	358 MW operating +48 MW under construction +430 MW of offshore wind in pipeline development with PPA		71 MW operating
	410 MW operating +77 MW under construction		521 MW operating
	110 MW operating +10 MW under construction		1.4 GW (max) of offshore wind in pipeline under development

1.2. ORGANIZATION

1.2.1. SHAREHOLDERS

In 2014, EDPR shareholders were spread across 23 countries. EDP (“Energias de Portugal”) is the major one holding 77.5% of the share capital since launching the company’s IPO in June 2008.

EDPR total share capital is, since its initial public offering (IPO) in June 2008, composed of 872,308,162 shares issued with a nominal value of five euros each, fully paid. All these shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

MAJOR SHAREHOLDER, THE EDP GROUP

The majority of the company’s share capital is owned by EDP Group, holding 77.5% of the share capital and voting rights, since launching the company’s IPO in June 2008.

EDP (“Energias de Portugal”) Group is a vertically integrated utility company, the largest generator, distributor and supplier of electricity in Portugal, has significant operations in electricity and gas in Spain and is the 4th largest private generation group in Brazil through its stake in Energias do Brasil. In the Iberian Peninsula, EDP is the third largest electricity generation company and one of the largest distributors of gas. EDP has a relevant presence in the world energy outlook, being present in 14 countries, with more than 9.8 million electricity customers and 1.3 million gas supply points and almost 12,000 employees around the world. In 2014, EDP had an installed capacity of 22.5 GW, generating 60.3 TWh, of which 33% come from wind. EDP has been recognised #1 worldwide in the Dow Jones Sustainability Index in the Utilities sector for the year 2013, and again in 2014, following the group performance in the economic, social and environmental dimensions. Its holding company, EDP SA, is a listed company whose ordinary shares are traded in the NYSE Euronext Lisbon since its privatization in 1997.

OTHER QUALIFIED SHAREHOLDERS

Besides the qualified shareholding of EDP Group, MFS Investment Management - an American-based global investment manager formerly known as Massachusetts Financial Services - communicated to CNMV in September 2013 an indirect qualified position, as collective investment institution, of 3.1% in EDPR share capital and voting rights.

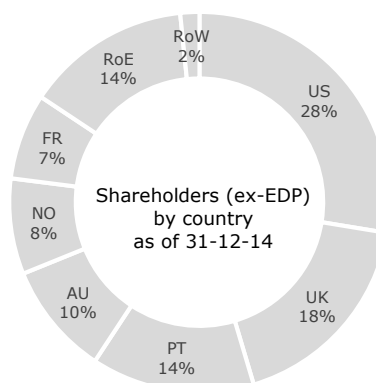
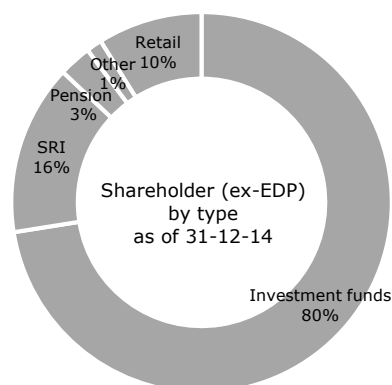
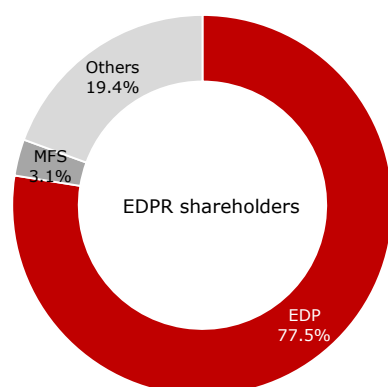
BROAD BASE OF INVESTORS

As of 2014, EDPR had a broad base of international investors. Excluding EDP Group, EDPR shareholders comprised about 81,000 institutional and private investors spread worldwide. Institutional investors represented 90% of EDPR investor base (ex-EDP Group), while the remaining 10% stood for private investors, most of whom reside in Portugal.

Within institutional investors, investment funds were the major type of investor, followed by sustainable and responsible funds (SRI). EDPR is a member of several financial indexes that aggregate top performing companies for sustainability and corporate social responsibility.

WORLDWIDE SHAREHOLDERS

In 2014, EDPR shareholders were spread across 23 countries, being United States the most representative country, accounting for 28% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, Portugal, Australia, Norway and France. In Rest of Europe the most representative countries are Netherlands, Switzerland and Andorra.



1.2.2. GOVERNANCE MODEL

The corporate governance model of EDPR, as a listed corporation, is designed to ensure transparency and accountability through a clear separation of duties between management and supervision of the company's activities.

The corporate governance structure adopted is the one in effect in Spain. It comprises a General Meeting of Shareholders and a Board of Directors that represents and manages the company. As required by the law and established in the company's articles of association, the Board of Directors has set up four specialized committees. These are, the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Committee on Related-Party Transactions. This governance structure and composition was chosen to adapt the company's corporate governance model also to the Portuguese legislation and it seeks, compatibility with the Spanish law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of a separate body, a Supervisory Board. EDPR's model attempts then to establish compatibility between two different systems of company law, through an Audit and Control Committee of independent members, although not exclusively separate from the Board of Directors.

Board of Directors

- Consists in no less than 5 and no more than 17 Directors, including a Chairperson, and their term of office shall be 3 years, and they may be re-elected once or more times for equal periods.
- Chairperson is appointed by the members of the BOD, unless this is done by the General Meeting of Shareholders; Vice-Chairperson, who is appointed by the BOD on the proposal of the Chairperson, replaces the Chairperson when he is unable to attend the meetings.
- Possesses broadest powers for the administration, management and governance of the company.
- Chairperson may appoint, among the Directors, one Chief Executive Officers (CEO) or more, with a vote in favour of 2/3 of the Directors, after proposal of the Chairperson or 2/3 of the Directors.
- The Chairperson of the BOD fully represents the company, using its name, implementing decisions of the General Meeting of Shareholders, Board of Directors and the Executive Committee.

Executive Committee

- Between 6-9 Directors, including the CEO.
- CEO coordinates the implementation of the BOD decisions and the Corporate and General Management functions, partially assigning those to the other executive officers.
- The CFO proposes and ensures the implementation of the financial policy and management.
- The COO EU & BR and the COO NA coordinate their platforms by developing, establishing and implementing the strategic plan for the renewable energy business in their respective platforms, in accordance with the guidelines set by the BOD.

Audit and Control Committee

- Between 3-5 Directors, including the Chairperson.
- Majority of members shall be independent.
- Permanent body and performs supervisory tasks independent from BOD.
- Term of office of its Chairperson is 3 years, after which he may only be re-elected for a new term of 3 years; nonetheless they may continue as members.
- Competences are delegated by the BOD and include proposing the appointment of the company's auditors to the BOD for subsequent approval by the General Meeting of Shareholders, supervising the financial reporting and the functioning of the internal risk management and control systems, supervising internal audits and compliance, establish a direct contact with external auditors, preparing an annual report on its supervisory activities and expressing an opinion on the management's report.

Nominations and Remunerations Committee

- Between 3-6 Directors, including the Chairperson, who must be independent.
- At least one member must be independent and the members should not be members of the EC.
- Permanent body, with no executive functions, and whose main functions are to assist and report to the BOD about appointments, re-elections, dismissals and remunerations of the members of the BOD and their positions, as well as about appointments, dismissals and remunerations of senior management personnel.

Related-Party Transactions Committee

- No fewer than 3 Directors, including the Chairperson.
- Majority of members shall be independent and is a body belonging to the BOD.
- Performs the duties of rectifying transactions, above certain thresholds defined, between EDPR and EDP or related parties, qualified shareholders, directors, key employees or his relatives.

Board of Directors



Executive Committee



Audit and Control Committee

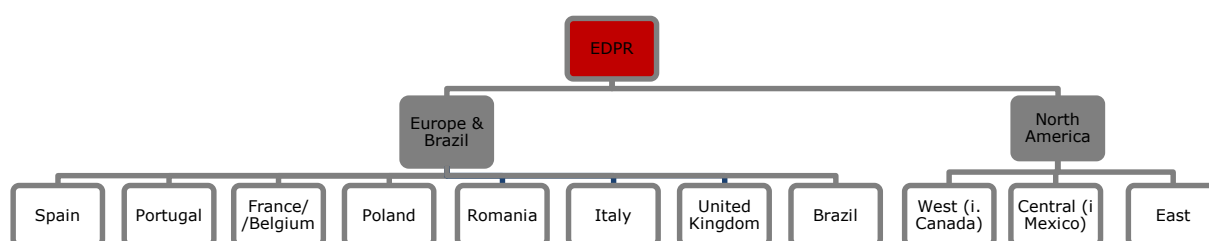


Related-Party Transactions Committee

Nominations and Remunerations Committee

1.2.3. ORGANIZATIONAL STRUCTURE

EDPR organizational structure is divided in 3 key elements: a corporate center at the Holding and 2 platforms - Europe & Brazil and North America. Within EDPR Europe & Brazil platform, there are 8 business units, one for each of the countries where the company operates, namely Spain, Portugal, France/Belgium, Italy, Poland, Romania, UK and finally Brazil. Similarly in the EDPR North America platform, there are 3 business units, that represent the operational regions in the continent: West (includes Canada), Central (includes Mexico) and East.



ORGANIZATIONAL MODEL PRINCIPLES

The model is designed with several principles in mind to ensure optimal efficiency and value creation.

Accountability alignment	Critical KPIs and span of control are aligned at project, country, platform and holding level to ensure accountability tracking and to take advantage of complementarities derived from end-to-end process vision.
Client-service	Corporate areas function as competence support centers and are internal service providers to all business units for all geographical non-specific needs. Business priorities and needs are defined by local businesses and best practices are defined and distributed by corporate units.
Lean organization	Execution of activities at holding level are held only when significant value is derived, coherently with defined EDPR holding role.
Collegial decision-making	Ensures proper counter-balance dynamics to ensure multiple-perspective challenge across functions.
Clear and transparent	Platforms organizational models remain similar to allow for: <ul style="list-style-type: none"> - Easy coordination, vertically (holding-platforms) and horizontally (across platforms); - Scalability and replicability to ensure efficient integration of future growth.

1.3. 1H15 IN REVIEW

1.3.1. KEY METRICS SUMMARY

INSTALLED CAPACITY 9.1 GW EBITDA + Net equity	TECHNICAL AVAILABILITY 97.4% -0.1 p.p. vs 1H14	GENERATION 10.8 TWh -1% vs 1H14
ADDITIONS Y-O-Y 542 MW EBITDA + Net equity	LOAD FACTOR 31% -3 p.p. vs 1H14	EMISSIONS AVOIDED 9.4mt CO₂ +5% vs 1H14
CAPEX+ FINANCIAL INVESTMENTS €350m +€233m vs 1h14	NET DEBT €3.5 billion +€190m vs YE14	12 COUNTRIES
EBITDA €548m +11% vs 1H14	OPEX/MW €30k/MW +6% vs 1H14	973 EMPLOYEES +9% vs 1H14
OPERATING CASH-FLOW €404m -6% vs 1H14	NET PROFIT €69m -14% vs 1H14	TRAINING 70% 12hrs / employer

1.3.2. HIGHLIGHTS OF THE PERIOD

EDP Renováveis executes project finance for 120 MW in Brazil *Jan-26th*

EDPR has executed project finance structure agreements with the BNDES for the Baixa do Feijão project, in Brazil, which comprises four wind farms with a total capacity of 120 MW. The Baixa do Feijão project is currently under construction and is located in the State of Rio Grande do Norte, one of the windiest locations of Brazil. The long-term contracted debt facilities amount to R\$ 306 million and its financial closing is subject to customary conditions. In December 2011, at the Brazilian energy A-5 auction, these four projects were awarded with 20-year Power Purchase Agreements ("PPAs") starting in January 2016.

EDPR re-negotiates part of its long-term debt arrangements with EDP *Mar-16th*

EDPR re-negotiated the terms of 1.1 billion euros of its total long-term debt arrangements with EDP. This option allowed EDPR to lengthen the debt maturity terms, from 3.7 years to 4.8 years, and will have a positive impact in the company's results of c. 24 million euros, on a full-year and pre-tax basis.

EDPR executes a new asset rotation transaction in the US *Mar-18th*

EDPR has reached an agreement with DIF Infrastructure III ("DIF III"), to sell a 49% equity shareholding in an operating solar PV power plant with 30 MW. Based on the transaction price and the institutional equity financing established in September 2014, the enterprise value for 100% of the assets amounts to \$3.1million/MW.

Payment of Dividends – Fiscal Year 2014 *Apr-23rd*

The General Shareholders' Meeting of EDPR, held on April 9th 2015 in Madrid, approved the proposal of the Board of Directors regarding the allocation of profits of the financial year ended on December 31st 2014, which provides for the payment of a gross dividend of 0.04 Euros per share, available for payment starting on May 8th 2015.

EDPR agrees the acquisition of 45% of EDP Renováveis Brasil from EDP Brasil *Apr-27th*

Following the Memorandum of Understanding ("MoU") executed with EDP Energias do Brasil, S.A. ("EDP Brasil") and announced to the market on November 27th, 2014, EDPR has signed an agreement with EDP Brasil for the acquisition of 45% of EDP Renováveis Brasil, S.A. ("EDPR Brasil").

The agreed transaction price totals R\$190 million which is divided as R\$ 176 million at closing and up to R\$ 14 million in earn-out payments. Completion of this transaction is subject to regulatory approval and other customary closing conditions, and is expected to occur until the end of 2015.

EDP Renováveis change in corporate bodies *May-6th*

Rui Manuel Rodrigues Lopes Teixeira has submitted his resignation as member of EDPR's Board of Directors, given the new responsibilities assumed in EDP - Energias de Portugal, S.A. ("EDP") after his appointment to EDP's Executive Board of Directors. In order to fill the vacancy, following the proposal from the Nominations and Remunerations Committee, the EDPR Board of Directors, appointed by cooption Miguel Dias Amaro, as member of such Board, and to EDPR Executive Committee, and for his appointment as Joint Director.

EDPR concludes the sale of minority stakes in wind farms in Brazil to CTG *May-19th*

EDP Renováveis Brasil, S.A. ("EDPR Brasil") has completed the sale to CWEI (Brasil) Participações Ltda ("CWEI Brasil"), a subsidiary of China Three Gorges ("CTG") of a minority equity shareholding in selected wind farms in Brazil. Following price adjustments, in order to reach a 49% equity shareholding CWEI Brasil will invest a total of R\$385.7 million, including equity contributions already completed and R\$86.8 million of estimated future equity contributions for the projects currently under construction/development.

The transaction scope covers 84 MW of wind energy in operation, and 237 MW of wind energy under construction or development that were already awarded with long-term contracts to sell the electricity produced for 20 years.

The transaction is made in the context of the €2 billion strategic partnership established in Dec-11 between EDPR's principal shareholder, EDP – Energias de Portugal, S.A. ("EDP"), and CTG.

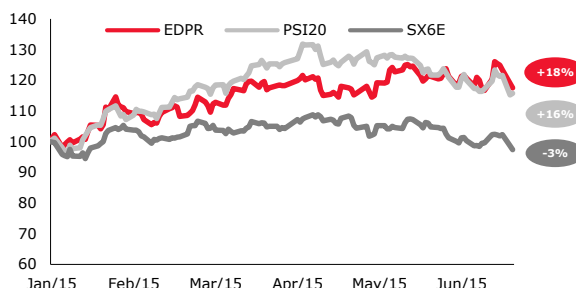
EDPR to study the development of a complementary Asset Rotation program *Jun-22nd*

EDPR has decided to mandate Citigroup Global Markets Limited and UBS Investment Bank to evaluate alternatives to efficiently monetise and rotate its assets, focusing on the particular possibility of establishing a YieldCo composed by European wind generation assets to be listed on the Spanish stock exchange.

1.3.3. SHARE PERFORMANCE

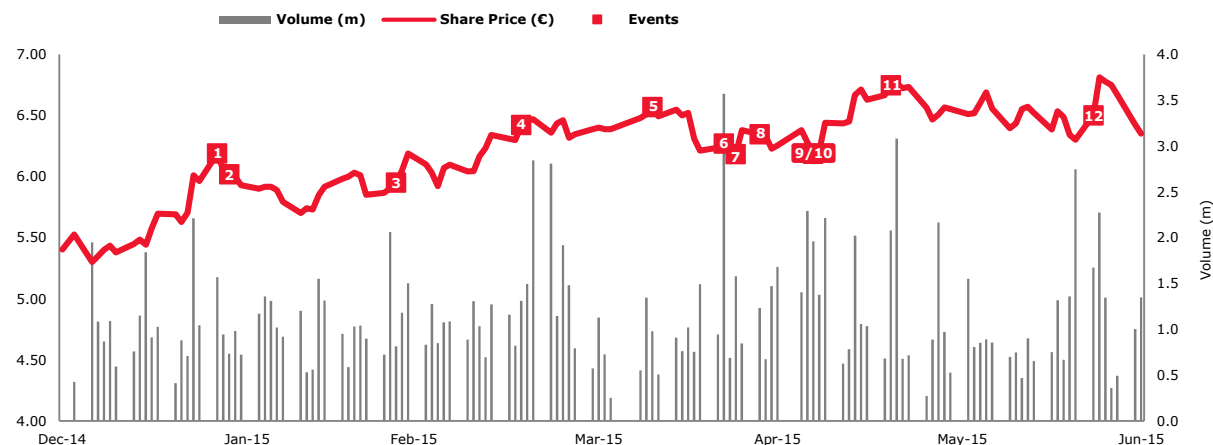
Share price increased +18% in 1H15, outperforming both NYSE Euronext Lisbon PSI20 (+16%) and Dow Jones Eurostoxx Utilities SX6E (-3%).

EDPR has 872.3 million of shares listed and admitted to trading in NYSE Euronext Lisbon. On June 30th of 2015, EDPR had a market capitalization of 5.5 billion euro, equivalent to € 6.35 per share, +18% above from the 4.7 billion euro at previous year-end. In 1H15 total shareholder return was 18%, including the dividend paid on May 8th of € 0.04 per share.



EDPR in Capital Markets

	1H15	2014	2013	2012	2011
Opening price (€)	5.40	3.86	3.99	4.73	4.34
Minimum price (€)	5.30	3.87	3.58	2.31	5.25
Maximum price (€)	6.81	5.70	4.36	4.86	3.89
Closing price (€)	6.35	5.40	3.86	3.99	4.73
Market capitalization (€ million)	5,539	4,714	3,368	3,484	4,124
Total traded volume: Listed & OTC (million)	143.9	396.84	448.15	446.02	463.56
...of which in NYSE Euronext Lisbon (million)	57.4	149.48	200.29	207.49	232.29
Average daily volume (million)	1.1	1.56	1.76	1.74	1.80
Turnover (€ million)	897.0	1,976.41	1,759.20	1,525.56	2,098.58
Average daily turnover (€ million)	7.2	7.75	6.90	5.96	8.17
Rotation of capital (% of total shares)	17%	45%	51%	51%	53%
Rotation of capital (% of floating shares)	73%	202%	229%	228%	236%
Share price performance	+18%	+40%	-3%	-16%	+9%
Total shareholder return	+18%	+41%	-2%	-16%	+9%
PSI 20	+16%	-27%	+16%	+3%	-28%
Dow Jones Eurostoxx Utilities	-3%	+12%	+9%	-9%	-25%



- | | |
|---|---|
| 1 EDPR executes project finance for 120 MW in Brazil | 7 EDPR announces dividend payment of €0.04 to occur in May 8th 2015 |
| 2 EDPR FY14 Volumes & Capacity Statement release | 8 EDPR agrees the acquisition of EDPR Brasil from EDP Brasil |
| 3 EDPR FY14 Annual Results release | 9 EDPR informs about change in corporate bodies and informs about representative for relations with the market |
| 4 EDPR executes a new asset rotation transaction in the US | 10 EDPR 1Q15 Results release |
| 5 EDPR Annual Shareholders' Meeting | 11 EDPR concludes the sale of minority stakes in wind farms in Brasil to CTG |
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OUR STRATEGY

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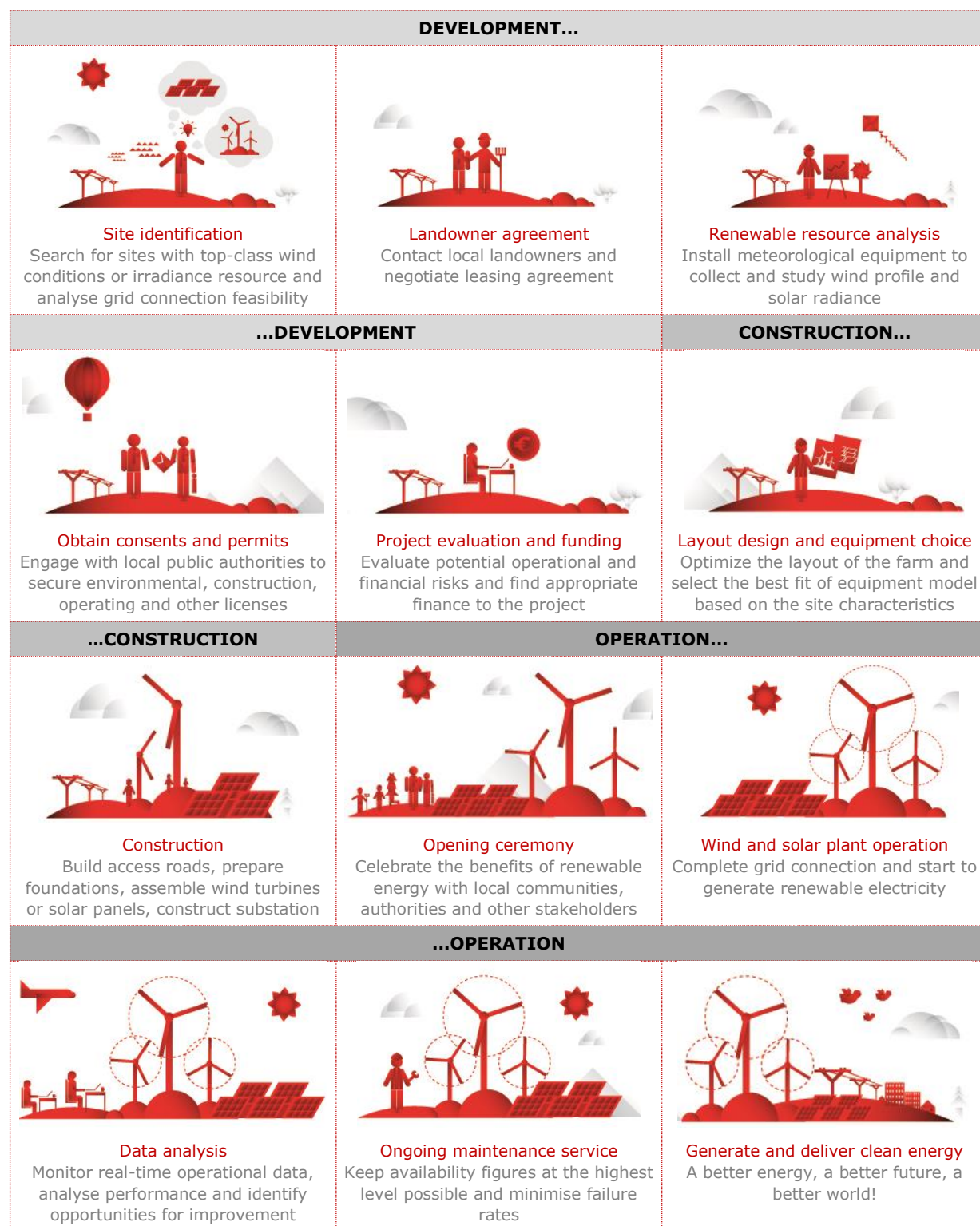
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2.1. BUSINESS DESCRIPTION

Our renewable energy business grossly comprises the development, construction and operation of fully controlled wind farms and solar plants to generate and deliver clean electricity.



2.2. BUSINESS PLAN 2014-17

EDPR's value creation strategic plan through 2017 remains in line with previous architecture, supported by three pillars with defined goals: Selective Growth, Increased Profitability and Self-funding Model.

Selective Growth	Increased Profitability	Self-funding Model
Solid value creation, investing in quality projects with predictable prices through long term contracts	Profitable growth supported by distinctive core competences and unique know-how	Enhanced growth by an asset rotation program designed to accelerate value creation
Investing in quality projects	Maintaining high availability levels	Strong Operating Cash-Flow generation
>500 MW per year	>97.5%	€3.5bn
Growing in projects w/ long-term contracts already awarded	Leveraging quality growth on distinctive wind assessment	Asset Rotation to enhance value growth
>85% visible	31.5% Load Factor	€0.7bn (ex-CTG)
Developing offshore: 1 GW awarded in FR and projects in the UK	Increasing efficiency, reducing OPEX/MW	Net Investment supported by Asset Rotation Program
post-2017 growth	-2% CAGR	€1.8bn

By delivering on its strategy, EDPR expects to achieve solid growth targets...

Electricity Output	EBITDA	Net Profit	Dividend Pay-out
9% CAGR 13-17	9% CAGR 13-17	11% CAGR 13-17	25-35%

...and continue to lead in a green and competitive sector with increased worldwide relevance.

2.3. RISK MANAGEMENT

In line with EDPR's controlled risk profile, Risk Management process defines the mechanisms for evaluation and management of risks and opportunities impacting the business, increasing the likelihood of the company achieving its financial targets, while minimizing fluctuations of results without compromising returns.

2.3.1. RISK MANAGEMENT PROCESS

EDPR's Risk Management Process is an integrated and transversal management model that ensures the implementation of best practices of Corporate Governance and transparency in the communication to the market and shareholders. This process is closely followed and supervised by the Audit and Control Committee, an independent supervisory body composed of non-executive members.

The purpose of the Risk Management process is to ensure the alignment of EDPR's risk exposure with the company's desired risk profile. It consists in the identification and prioritization of risks, the development of adequate risk management policies and their implementation. Risk management policies are aimed to mitigate risks, without ignoring potential opportunities, thus, optimizing return versus risk exposure.

Risk management is endorsed by the Executive Committee, supported by the Risk Committee and implemented in day-to-day decisions by all managers of the company. It is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller):

- **RISK PROFILER:** Responsible for identification and analyses of risks, defining policies and limits for risk management within the company;
- **RISK MANAGER:** Responsible for day to day operational decisions and for implementing approved risk policies;
- **RISK CONTROLLER:** Responsible for follow up of the result of risk taking decisions and for verifying alignment of operations with general policy approved by the Executive Committee.

These three Risk Functions work together and meet in the Risk Committee, the forum to discuss global risk policies to be implemented and to control the risk exposure of the company.

In order to separate business decisions from strategic analyses and the definition of new policies, EDPR created three distinct meetings of the Risk Committee with different periodicity:

- **RESTRICTED RISK COMMITTEE:** Held every month, it reviews the risk of new transactions such as new power purchase agreements, new investments, energy price and electricity hedges, along with pipeline status and EBITDA @Risk. It helps to control the implementation of defined policies and the exposure to most important risk factors.
- **FINANCIAL RISK COMMITTEE:** Held every quarter, it focuses on the financial exposure of the company by monitoring market evolution of FX and interest rates, credit-out and credit-in guarantees and financial counterparty risk, along with reviewing debt and Tax Equity liability status, Project Finance covenants, IR and FX hedges and EDPR's cash-flow map. Similarly to the Restricted Risk Committee, it helps to control the implementation of defined policies and the exposure to most important financial risk factors.
- **RISK COMMITTEE:** Held every quarter, it is the forum where new strategic analyses are discussed and new policies are proposed for approval to the Executive Committee. Additionally, EDPR's overall risk position is reviewed.

2.3.2. RISK AREAS AND MAIN RISK FACTORS

Risk Management at EDPR is focused on covering all market, credit and operational risks of the company. In order to have a holistic view of risks, they were grouped in Risk Areas covering the entire business cycle of EDPR. The following list summarizes Risk Areas defined within EDPR:

- **COUNTRIES & REGULATIONS:** Changes in regulations may impact EDPR's business in a given country;
- **REVENUES:** Revenues received by EDPR's projects may diverge from what is expected;
- **FINANCING:** EDPR may not be able to raise enough cash to finance its planned Capex; or to fulfil its financial obligations due to changes in exchange rates or bankruptcy of counterparties;

- WIND TURBINE CONTRACTS: Changes in turbine prices may impact projects' profitability; or there may not be sufficient turbine supply to build planned wind farms;
- PIPELINE DEVELOPMENT: EDPR may deliver an installed capacity different from its targets or suffer delays and/or anticipations in its installation;
- OPERATIONS: Projects may deliver a volume different from expected due to turbine availability; financial results can be impacted by human errors.

Within each Risk Area, risks are classified in Risk Groups and finally into Risk Factors. Those are the source of the risk and the purpose of Risk Management at EDPR is to measure, control and eventually mitigate all risk factors that affect the company.

The following table summarizes the Risk Areas, Risk Groups and main Risk Factors of the company's business and the Risk Management mitigation strategies, general and specific to the 1H15 period.

RISK AREA

- RISK GROUPS AND RISK FACTORS
 - Risk Management mitigation strategies at EDPR

COUNTRIES & REGULATIONS

- COUNTRY RISK (Macroeconomic, Political, Natural disasters)
- REGULATORY RISK (Incentive system, Incentive level, Tax, Operations)
 - Careful selection of energy markets based on country risk and energy market fundamentals
 - Diversification in markets and remuneration schemes
 - Active involvement in all major wind associations in all markets where EDPR is present

REVENUES

- MARKET PRICE RISK (Electricity, Green Certificates, REC, Basis)
- PRODUCTION RISK (NEH uncertainty, Wind volatility, Generation profile, Curtailment)
 - Regulated remunerations schemes in many markets in which EDPR operates
 - Hedge of market exposure through long term power purchase agreements (PPA) or short-term financial hedges

FINANCING

- FINANCIAL MARKETS RISK (Exchange rate, Interest Rate)
- COUNTERPARTY RISK (Credit, Operational)
- LIQUIDITY RISK
 - Natural hedging, maintaining debt and revenues in same currency
 - Execution of FX forwards to eliminate exchange rate transaction risk
 - Fixed interest rates
 - Counterparty credit analysis and compliance with policy
 - Alternative funding sources such as Tax equity structures and Multilateral/ Project Finance agreements

WIND TURBINE CONTRACTS

- TURBINE PRICE RISK (Demand/offer, Macroeconomics and commodity prices)
- TURBINE SUPPLY RISK
 - Signing of medium term agreements with turbine manufacturers to ensure visibility of turbine prices and supply
 - Relying on a large base of turbine suppliers to ensure supply and signing contracts before engaging in tender auctions

PIPELINE DEVELOPMENT

- EXECUTION RISK (Construction, Installation, Supply chain)
- DEVELOPMENT RISK (PPA contract, construction + environmental + interconnection permits)
 - Counterparty credit and technical analysis
 - Supervision of EDPR's engineering team
 - Flexible CODs in PPAs to avoid penalties
 - Employment of a "buffer" to ensure targets are achieved
 - Partnerships with strong local teams
 - Track recurrent operational risks during construction and development

OPERATIONS

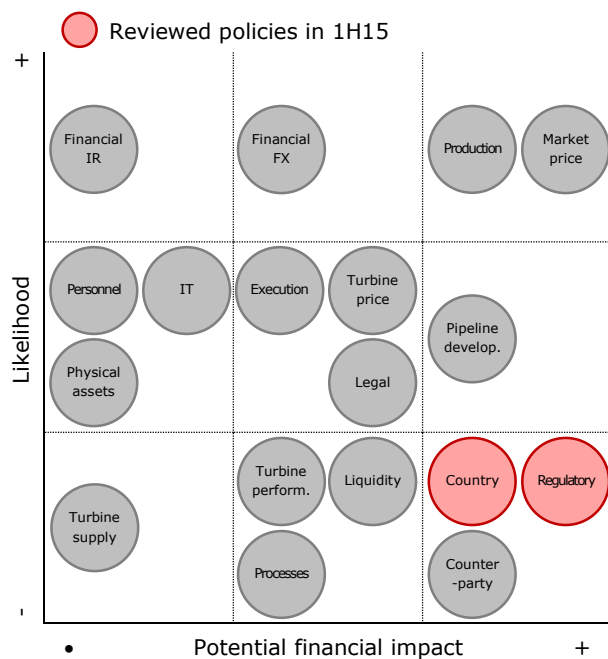
- WIND TURBINE PERFORMANCE (Technology, Availability)
 - Closure of technical warranties and medium term full – scope maintenance agreements with suppliers
 - Adequate preventive and scheduled maintenance
- PHYSICAL ASSETS
 - Insurance against physical damage and business interruption
- PERSONNEL (Turnover, Health and safety)

- Attractive remuneration packages and training
- LEGAL (Compliance, Fraud)
 - Revision of all regulations that affects EDPR activity (environmental, taxes...)
- PROCESSES
 - Control of internal procedures
- INFORMATION TECHNOLOGIES (Technical network, Corporate network)
 - Redundancy of servers and control centres of wind farms

During 1H15, EDPR updated a Global Risk Policy:

- Country Risk Policy: Country Risk policy aims to measure and monitor overall country risk and the sustainability of RES policies in existing and potential new geographies. This updated policy will be implemented during 2015.

EDPR RISK MATRIX BY RISK GROUP



FOCUS ON COUNTRY RISK AT EDPR

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political/social issues, natural disasters or legislative decisions on renewable energy policies that may jeopardize the development of new RES projects or may retroactively affect profitability of existing ones.

Country Risk at EDPR is estimated by combining an overall country risk assessment with the sustainability of RES support in the analyzed country. It will be integrated in the analysis that studies a new country or when considering additional investments or asset rotations in a country where EDPR is already present.

03

OUR PERFORMANCE

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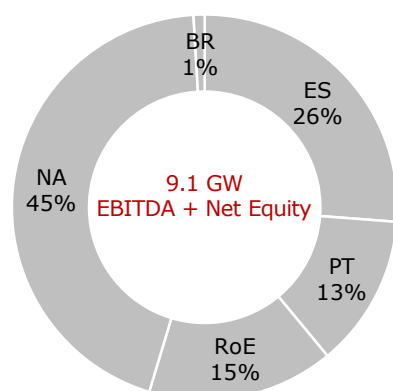
3.1. ECONOMIC

3.1.1. OPERATIONAL PERFORMANCE

In June 2015, EDPR managed a global portfolio of 9.1 GW spread over 10 countries, of which 8.3 GW are fully consolidated plus 886 MW equity consolidated.

	MW			NCF			GWh		
	1H15	1H14	Var.	1H15	1H14	Var.	1H15	1H14	Var.
Spain	2,194	2,194	-	29%	32%	-3pp	2,727	2,943	(7%)
Portugal	630	621	+8	30%	34%	-5pp	807	926	(13%)
Rest of Europe	1,413	1,357	+56	28%	26%	+2pp	1,651	1,335	+24%
Europe	4,237	4,173	+64	29%	30%	-2pp	5,186	5,205	(0%)
US	3,904	3,476	+428	33%	37%	-4pp	5,522	5,633	(2%)
Canada	30	30	-	31%	28%	+3pp	40	24	+67%
North America	3,934	3,506	+428	33%	37%	-4pp	5,562	5,658	(2%)
Brazil	84	84	-	26%	28%	-2pp	94	103	(8%)
EDPR: EBITDA	8,254	7,762	+492	31%	34%	-3pp	10,842	10,965	(1%)
ENEOP	533	483	+50						
Other equity consolidated	353	353	-						
Spain	174	174	-						
United States	179	179	-						
EDPR: EBITDA + Net Equity	9,141	8,599	+542						

EDPR CONTINUES TO DELIVER SOLID SELECTIVE GROWTH



With a top quality portfolio present in ten countries, EDPR has a strong track record and proven capability to execute superior projects and deliver on targets. The installed asset base of 9.1 GW is not only young, on average 5.6 years, it is also mostly certified in terms of environmental and health and safety standards.

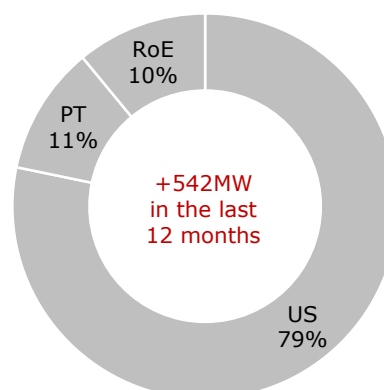
Since 2008, EDPR has doubled its installed capacity with the additions of 4.6 GW, resulting in a total installed capacity of 9,141 MW (EBITDA + Net Equity). As of 1H15, EDPR had installed 4,944 MW in Europe, 4,113 MW in North America and 84 MW in Brazil.

During 1H15 EDPR added 542 MW to its installed capacity, of which 428 MW were in North America and 114 MW in Europe.

NEW INSTALLATIONS CONCENTRATED IN THE UNITED STATES

The largest growth in MW occurred from the completion of 428 MW in the US. In the last 12 months, 3 wind farms were completed: Headwaters in Indiana (200 MW), Rising Tree North (99 MW) and Rising Tree South (99 MW), both in California. In addition, the Lone Valley solar PV plant was completed, with 30 MW, also in California.

In Europe, 114 MW were installed. Of those, 20 MW were added in Italy, 18 MW in France, 18 MW in Poland and 58 MW in Portugal (of which 50 MW correspond to the EDPR's interest in Eólicas de Portugal, 6 MW in Alamos wind farm and 2 MW related to overpowering of an existing wind farm).



EXPECTED CAPACITY ADDITIONS ALREADY UNDER CONSTRUCTION

As of June 2015, EDPR had 556 MW under construction, of which 300 MW were under construction in the US comprising 2 wind farms with PPAs secured: Waverly in Kansas (200 MW) and Arbuckle in Oklahoma (100MW).

In Europe 136 MW were under construction, of which 77 MW in Poland, 48 MW in France, 10 MW in Italy and 2 MW in Spain related to R&D.

In Brazil, the Baixa do Feijão project, with 120 MW and a 20-year PPA, was under construction.

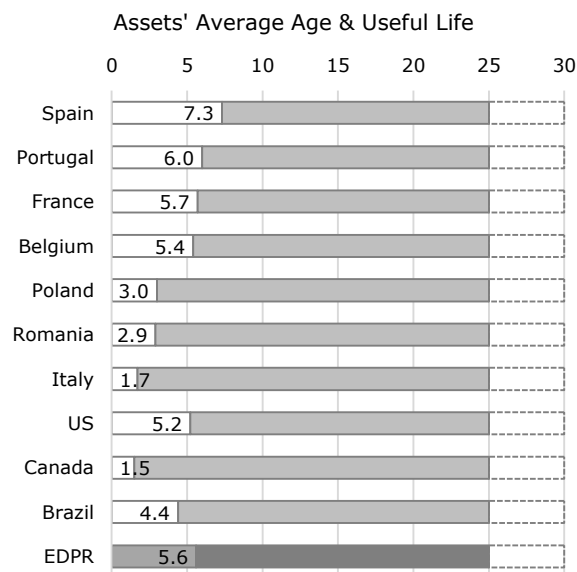
87% OF EDPR'S INSTALLED CAPACITY IS COVERED BY ISO 14001 CERTIFICATION

The Environmental Management System (EMS) is developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. These consensus standards are considered the world's benchmark for EMS Management Systems and is a guarantee that EDPR sites, regardless of its regulatory environment are aligned and at the same level of compliance.

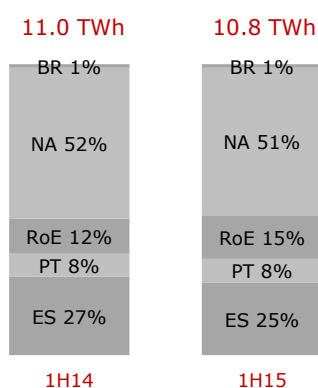
In addition to operating high quality and safe assets, EDPR also has a young portfolio with an average operating age of 5.6 years, with an estimate of at least 19.4 years of useful life remaining to be captured.

In Europe, EDPR's portfolio had an average age of 5.9 years, in North America 5.2 years and in Brazil 4.4 years

Throughout the entire process, from development to operations, EDPR maintains the highest standards in construction quality, integrity, and sustainability.



DECREASE IN YOY GENERATION DUE TO OUTSTANDING WIND RESOURCE IN 1H14

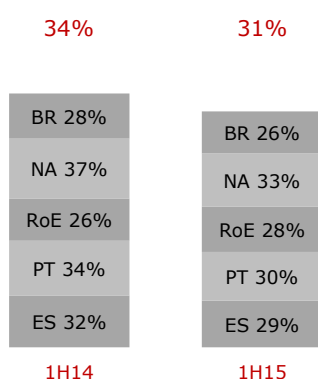


In the 1H15, EDPR delivered 10.8 TWh of clean electricity vs. 11.0 TWh in the 1H14, with the positive effect from capacity additions over the last 12 months (+0.8 TWh) was offset by the lower load factor YoY (-0.9 TWh; 31% load factor in 1H15 vs. 34% in the 1H14), due to the outstanding wind resource in the 1H14.

EDPR achieved a 31% load factor during 1H15, which represents a decrease YoY but still, maintaining its leading position within the wind sector and reflecting the intrinsic quality of the wind farms.

EDPR balanced portfolio and solid wind assessment know-how allows to maximize output even in periods with lower wind resource.

PREMIUM PERFORMANCE AND DIVERSIFIED PORTFOLIO DELIVERS BALANCED OUTPUT



EDPR's operations in North America were the main drivers for the electricity production in 1H15, representing 51% of the total output, with the positive effect of capacity additions impacted by a lower average wind resource. EDPR achieved a 33% load factor in North America (vs. 37% in 1H14), mainly due to low wind resource in the US Central and Western regions, and with YoY comparison impacted by outstanding windy conditions in 1H14.

In Europe, EDPR's operations generated 48% of the total output, remaining unchanged YoY at 5.2 TWh, supported by the 24% growth in Rest of Europe ("RoE"), on the back of capacity additions and stronger wind resource in the period. If compared with the expected output for an average 1H, the production in Spain was 2% higher than average and in Portugal was 7% higher, however the production decreased by 7% YoY and 13% YoY respectively, due to an outstanding wind resource in 1H14.

Furthermore, operations in Europe achieved a 29% load factor (vs. 30% in 1H14) reflecting the lower wind resource YoY in Spain and Portugal, partially mitigated by the capacity additions in RoE. In Spain, EDPR achieved a load factor of 29%, lower YoY but still higher than the expected for an average 1H (+2pp above average). In Portugal, EDPR reached a load factor of 30%, lower vs. 34% in the previous period due to an outstanding load factor achieved in the 1H14. In RoE, in the 1H15, EDPR delivered a 28% load factor (vs. 26% in 1H14), benefiting from a higher wind resource in the 2Q15.

In Brazil, EDPR YoY generation decreased by 8% due to a lower wind resource, reaching a 26% load factor (vs. 28% in 1H14).

CARBON FREE EMISSIONS

The 10.8 TWh of electricity produced has zero carbon emissions, thus contributing to the world's fight against climate change. Based on each countries' thermal emission factors, an estimate of 9.4 million tons of CO₂ equivalent emissions were avoided that would have otherwise been emitted by burning fossil fuels to generate the same amount of electricity in the geographies where EDPR is present.



3.1.2. FINANCIAL PERFORMANCE

REVENUES TOTALLED 773 MILLION EUROS AND EBITDA SUMMED 548 MILLION EUROS

In the 1H15, Revenues totalled €773m (+11% YoY) mainly supported by a higher selling price (+€15m) and forex translation (+€62m, mostly USD) that offset the negative impact from lower volumes (-€1m).

In the period, reflecting the positive impact from the top-line, EBITDA also increased by 11% YoY to €548m (stable EBITDA margin of 71%). EBIT increased to €292m (+7% YoY), as a result of the EBITDA performance (+11% YoY) and the 15% YoY increase in depreciation and amortisation costs (including impairments and net of government grants), as a result of higher capacity in operation and forex translation.

Financial Highlights (€m)	1H15	1H14	▲
Income Statement			
Revenues	773	693	11%
EBITDA	548	495	11%
Net Profit (attributable to EDPR equity holders)	69	81	(14%)
Cash-Flow			
Operating Cash-Flow	404	431	(6%)
Net investments	11	79	(86%)
Balance Sheet			
Total Assets	15,354	14,316	+1,038
Property, Plant and Equipment (net)	11,533	11,013	+520
Equity	6,779	6,331	+448
Total Liabilities	8,575	7,986	+589
Net Debt	3,472	3,283	+189
Institutional Partnerships	1,175	1,067	+108

NET PROFIT REACHED 69 MILLION EUROS

Net Financial Expenses totalled €149m in the 1H15 (+€31m vs. 1H14), being negatively impacted by the US dollar appreciation and a write-off (non-cash) of deferred costs related to the restructuring of certain Spanish and Romanian project finances, with debt replaced at a lower cost. If excluded forex impact and one-off, Net Financial expenses were stable YoY. Net interest costs decreased 1% YoY (or -14% YoY if the forex impact is excluded) on the back of lower cost of debt (4.6% in Jun-15 vs. 5.2% in Jun-14). Pre-Tax Profit amounted to €149m and income taxes totalled €37m, reflecting an effective income tax rate of 24.5%.

All in all, Net Profit in the 1H15 summed €69m (-14% YoY). Non-controlling interests in the period totalled €43m, increasing by €5m YoY on the back of non-controlling interests sold to EFG Hermes (Oct-14), Northleaf (Nov-14), DIF III (Mar-15) and Fiera Axiom (financial closing in Apr-15) as part of the execution of the asset rotation strategy, and CTG (May-15; Brazil) in the context of EDP institutional partnership.

ROBUST ASSET ROTATION PROGRAM EXECUTION ABOVE 70% OF TARGET FOR 2014-17 PERIOD

In the 1H15, two Asset Rotation transactions reached financial closing in a total of €339m. EDPR has executed more than 70% of its cumulative asset rotation target of €0.7bn for 2014-17.

STRONG CASH-FLOW OF 404 MILLION EUROS

In the 1H15, Operating Cash-Flow reached €404m (vs. €431m in 1H14), higher than the net investments in the period (€11m) and the change in accounts payable to PP&E suppliers (€345m). In the 1H15, EDPR cashed-in \$160m from institutional tax equity financing structures. As of Jun-15, Net Debt summed €3.5bn (+€190m vs. Dec-14), mainly explained by negative impact of forex translation (€110m).

Note: EDPR started implementing IFRIC 21 in the 1H15. Pursuant to IFRIC 21, an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For example, in the US, Spain and France, the obligating event for property taxes is ownership of the property on the day of the year for which the tax is imposed (typically at the beginning of the natural year). Prior to the adoption of IFRIC 21, EDPR recorded all property taxes rateably over the relevant tax year. In the 1H14 and 1H15, IFRIC 21 had an EBITDA impact of €11.9 and €15.6, respectively. The adoption of IFRIC 21 has therefore impact on interim results and is neutral on yearly results. The 2014 data presented in this document was restated for comparison purposes.

INCOME STATEMENT

SOLID TOP LINE PERFORMANCE DESPITE REGULATORY CHANGES

In the 1H15, EDPR revenues increased by €79m to €773m, with the negative impact from lower volumes (-€1m YoY) more than compensated by the higher average selling price (+€15m YoY), and benefiting from forex appreciation (+€62m YoY). In the period, Other operating income totalled €16m (+€1m vs. 1H14) and Operating Costs (Opex) increased by €27m YoY, mainly on the back of forex translation. If adjusted by the forex impact, Operating Costs increased 4% YoY (or €8m). Opex per Avg. MW increased 6% YoY to €30k, and decreased 3% YoY if adjusted by forex translation. Opex per MWh increased by 14% to €22, penalized by the lower YoY output. Excluding levies and write-offs, Opex per Avg. MW was €22k (+4% YoY) and Opex per MWh €16 (+13% YoY), impacted by lower output in the period vs. 1H14.

In detail, Supplies and services (including O&M activities) and Personnel costs altogether increased by 11% YoY. Other operating costs (including taxes and rents to public authorities and the 7% tax over electricity sales generated in Spain) increased by 16% to €70m, mainly on the back of property taxes related to new wind farms.

In the 1H15, EBITDA totalled €548m (71% EBITDA margin, unchanged vs. 1H14) and unitary EBTIDA per average MW in operation increased by 4% to €68k, benefitting from top line positive evolution.

Operating income (EBIT) increased 7% YoY to €292m, reflecting EBITDA performance and the 15% higher depreciation and amortisation costs (including impairments and net of government grants), on the back of capacity additions in the period and forex translation.

At the financial level, Net Financial Expenses increased by 27% YoY, mainly impacted by YoY US dollar appreciation (stable YoY if excluded forex impact and one-off). Net interest costs decreased 1% YoY (or -14% YoY if excluded forex impact) on the back of a lower cost of debt (4.6% in Jun-15 vs. 5.2% in Jun-14). Institutional Partnership costs in the 1H15 were €9m higher vs. 1H14, reflecting mainly forex translation and new tax equity deals, while capitalized expenses decreased by €3m (or -22% YoY). Forex differences and derivatives had a negative impact (-€2m). Other financial expenses totalled €21m, including €8m in the 2Q15 mostly from the write-down (non-cash) of deferred costs accounted in balance sheet due to certain project finance restructuring, with debt replaced at lower cost (positive impact from 3Q15).

In the 1H15, Share of profits of associates totalled €6m (-€5m YoY), mainly reflecting EDPR's interest in ENEOP (€7m vs. €10m in the 1H14, due to lower wind resource in the period), and the performance of associate companies in Spain and in the US.

In the period, Pre-Tax profit decreased by 10% YoY, to €149m, with income taxes totalling €37m and reflecting an effective income tax rate of 24%. Non-controlling interests amounted to €43m, increasing by €5m YoY on the back of non-controlling interests sold to EFG Hermes (Oct-14), Northleaf (Nov-14), DIF III (Mar-15) and Fiera Axiom (financial closing in Apr-15) as part of the execution of the asset rotation strategy, and CTG (May-15; Brazil) in the context of EDP institutional partnership.

All in all, Net Profit decreased to €69m (-€11m YoY).

Consolidated Income Statement (€m)	1H15	1H14	▲
Revenues	772.9	693.5	+11%
Other operating Income	15.9	15.2	+5%
Operating Costs	(241.3)	(214.1)	+13%
Supplies and services	(132.7)	(120.5)	+10%
Personnel costs	(39.1)	(33.9)	+15%
Other operating costs	(69.5)	(59.7)	+16%
EBITDA	547.5	494.6	+11%
EBITDA/Net Revenues	71%	71%	(0.5pp)
Provisions	0.1	-	-
Depreciation and amortisation	(266.7)	(231.3)	+15%
Amortization of government grants	11.4	9.1	+25%
EBIT	292.3	272.5	+7%
Financial Income / (expenses)	(148.9)	(117.5)	+27%
Share of profits of associates	6.0	11.0	(46%)
Pre-tax profit	149.4	166.0	(10%)
Income taxes	(36.6)	(47.3)	(23%)
Profit of the period	112.8	118.7	(5%)
- attributable to:			
Net Profit (Equity holders of EDPR)	69.4	80.6	(14%)
Non-controlling interests	43.4	38.1	+14%

BALANCE SHEET

TOTAL EQUITY INCREASES BY 448 MILLION EUROS

Total Equity of 6.8 billion euros increased by 448 million euros when compared to year-end 2014, of which 360 million euros are attributable to non-controlling interests mostly arising from the new asset rotation transactions held in the period.

Total liabilities increased by 589 million euros, mainly driven by financial debt (+537 million euros), however compensated by a similar increase in cash and cash equivalents (+535 million euros).

With total liabilities of 8.6 billion euros, the debt-to-equity ratio of EDPR stood at 126% by the end of 1H15, remaining unchanged when compared to year-end 2014. Liabilities were mainly composed of financial debt (52%), liabilities related to institutional partnerships in the US (14%) and accounts payable (21%).

Liabilities to tax equity partnerships in the US stood at 1,175 million euros, including +143 million euros of new tax equity proceeds received in the first half of 2015. Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realized by the institutional investor, arising from accelerated tax depreciation, and yet to be recognized as income by EDPR throughout the remaining useful lifetime of the respective assets.

Deferred tax liabilities reflect the liabilities arising from temporary differences between the accounting and the tax basis of assets and liabilities. Accounts payables include trade suppliers, PP&E suppliers, deferred income related to investment grants received and derivative financial instruments.

As total assets totalled 15.4 billion euros in 1H15, the equity ratio of EDPR reached 44%, remaining unchanged when compared to 2014. Assets were 75% composed of net PP&E - property, plant and equipment, reflecting the cumulative net invested capital in renewable energy generation assets.

Total net PP&E increased 520 million to 11.5 billion euros changed to reflecting the new additions during the first half and the forex translation (mainly as the result of a US Dollar appreciation).

Net intangible assets mainly include 1.5 billion euros from goodwill registered in the books, mostly related to acquisitions in the US and Spain, while accounts receivable are mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

Statement of Financial Position (Cm)	1H15	FY14	▲
Assets			
Property, plant and equipment, net	11,533	11,013	520
Intangible assets and goodwill, net	1,481	1,405	76
Financial investments, net	392	376	16
Deferred tax assets	45	46	(1)
Inventories	22	21	1
Accounts receivable – trade, net	170	146	(24)
Accounts receivable – other, net	746	859	(113)
Financial assets at fair value through profit and loss	-	-	-
Collateral deposits	61	81	(20)
Cash and cash equivalents	904	369	535
Total Assets	15,354	14,316	1,038
Equity			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	887	742	145
Net profit (equity holders of EDPR)	69	126	(57)
Non-controlling interests	909	549	360
Total Equity	6,779	6,331	448
Liabilities			
Financial debt	4,439	3,902	537
Institutional partnerships	1,175	1,067	108
Provisions	107	99	7
Deferred tax liabilities	265	270	(5)
Deferred revenues from institutional partnerships	774	735	39
Accounts payable – net	1,815	1,912	(96)
Total Liabilities	8,575	7,986	589
Total Equity and Liabilities	15,354	14,316	1,038

CASH FLOW STATEMENT

STRONG OPERATING CASH FLOW

In the 1H15, EDPR generated an Operating Cash-Flow of €404m (-6% YoY), with the positive effect from EBITDA performance (+11% YoY) impacted by changes in working capital and non-cash items.

The key items that explain 1H15 cash-flow evolution are the following:

- Funds from operations, resulting from EBITDA after net interest expenses, share of profits of associates and current taxes, increased 13% YoY to €423m;
- Operating Cash-Flow, which is the EBITDA net of income tax and adjusted by non-cash items and net of changes in working capital, decreased to €404m. In the period, non-cash items increased by €20m on the back of new institutional partnerships in the US and forex translation, while changes in working capital totalled -€22m, mainly explained by impacts from Spanish regulatory changes;
- Capital expenditures with capacity additions, ongoing construction and development works totalled €322m (+€198m YoY). Other net investing activities amounted to €373m (+€232m YoY), mostly reflecting the invoice payments to equipment suppliers related to investments made in previous period and the investment done in Brazil following the 45% acquisition of EDPR Brasil (settlement of a first tranche of €25m in 1H15).
- In the 1H15, EDPR received €395m from the sale of non-controlling interests. On the back of its asset rotation strategy, in the 1H15, occurred the financial closing of the sale to DIF III of a minority interest in an operating solar PV power plant in the US (1Q15; \$30m). In addition, was effective the settlement of Fiera Axiom transaction (3Q14; \$348m). With both transactions, EDPR received a net amount of €316m, considering agreed transaction values (€339m), less cash owed from the signing to the settlement date and net of transactions costs. In the period, also occurred the financial closing of the sale of minority interests in Brazilian assets to CTG (€79m), in the context of the institutional partnership with EDP.
- Proceeds from new institutional tax equity financing structure totalled €139m, including the last tranche of a structure signed in the 4Q14 (\$43m) and the 99 MW Rising Tree South wind farm (Jun-15; \$117m). Payments to institutional partnerships totalled €103m vs. €27m in 1H14, reflecting new tax equity structures signed in the US over the last 12 months.
- Total net dividends and other capital distributions paid to minorities amounted to €91m. Forex & Other had a negative impact increasing Net Debt by €153m, mainly explained by the impact of US dollar appreciation and other forex translation (+€110m in the 1H15).

All in all, in the 1H15, Net Debt increased by €190m vs. Dec-14 to €3,472m.

Cash Flow (€m)	1H15	1H14	▲
EBITDA	548	495	+11%
Current Income Tax	(33)	(32)	+6%
Net interest costs	(97)	(100)	(3%)
Share of profits of associates	6	11	(46%)
FFO (Funds from operations)	423	374	+13%
Net interest costs	97	100	(3%)
Income from associated companies	(6)	(11)	(46%)
Non-cash items adjustments	(88)	(68)	+29%
Changes in working capital	(22)	37	(160%)
Operating Cash Flow	404	431	(6%)
Capex	(322)	(124)	+160%
Financial Investments	(28)	(4)	+648%
Changes in working capital related to PP&E suppliers	(345)	(147)	+134%
Government Grants	-	11	-
Net Operating Cash Flow	(291)	167	(274%)
Sale of non-controlling interests and shareholders' loans	395	38	+945%
Proceeds from institutional partnerships	139	-	-
Payments to institutional partnerships	(103)	(27)	+280%
Net interest costs (post capitalisation)	(87)	(87)	+0%
Dividends (paid)/received and other capital distributions	(91)	(70)	+29%
Forex & Other	(153)	(116)	+32%
Decrease / (Increase) in Net Debt	(190)	(95)	99%

FINANCIAL DEBT

LONG-TERM AND FIXED RATE DEBT PROFILE

In Jun-15, EDPR's total Financial Debt was €4.4bn, €557m higher vs. Dec-14. Net Debt increased by €190m vs. Dec-14, reflecting the positive impact from the Asset Rotation proceeds, and on the other hand the impact from US dollar appreciation and other forex translation (+€110m) and the investments done in the period.

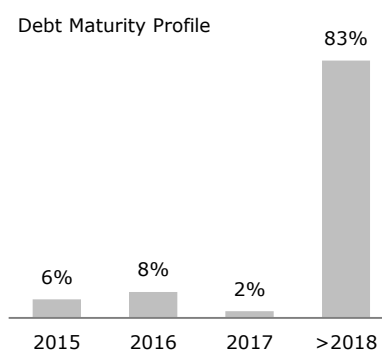
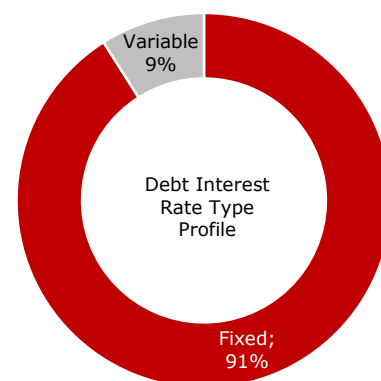
In the 1H15, EDPR closed two project finance transactions: in Brazil for wind farms under construction with total capacity of 120 MW, in a total amount of R\$306m; and in Belgium for a wind farm in operation with 14 MW, in a total amount of €16m. In addition, EDPR restructured two project finances with onwads positive impact of €3m (pre-tax in a full-year basis).

In Jun-15, 83% of EDPR's financial debt was funded through long-term loans with EDP Group – EDPR's principal shareholder – while loans with financial institutions represented 17% vs. 23% in the 1Q15, reflecting project finance restructuring.

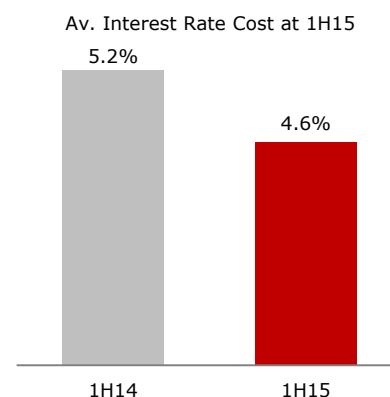
As of Jun-15, 48% of EDPR's financial debt was Euro denominated, 43% was funded in US dollars, related to the company's investment in the US, and the remaining was mostly related with project finance structures in Polish Zloty and Brazilian Real.

EDPR continues to follow a long-term fixed rate funding strategy, matching the Operating Cash-Flow profile with its financial costs and therefore mitigating interest rate risk. Accordingly, as of Jun-15, 91% of EDPR's financial debt had a fixed interest rate and 83% matures in 2018 and beyond.

As of Jun-15, the average interest rate was 4.6%, lower vs. 5.2% in Dec-14, and reflecting EDPR re-negotiations of part of its long-term debt arrangements with EDP. In the 1H15, debt renegotiations with EDP totalled €1.2bn and have a positive impact of €26m (pre-tax in a full-year basis).



Financial Debt (€m)	1H15	FY14	▲
Nominal Financial Debt + Accrued interests	4,439	3,902	+537
Collateral deposits associated with Debt	(61)	(81)	+20
Total Financial Debt	4,378	3,821	+557
Cash and Equivalents	904	369	+536
Loans to EDP Group related companies and cash pooling	2	170	(168)
Financial assets held for trading	-	-	-
Cash & Equivalents	906	538	+367
Net Debt	3,472	3,283	+190



INSTITUTIONAL PARTNERSHIPS

Liabilities referred to Institutional Partnerships increased to €1,175m (vs. €1,067m in Dec-14), as a result of new institutional tax equity financing proceeds during the period (\$117m) and reduced by the benefits captured by the tax equity partners.

3.2. ENVIRONMENT

3.2.1. ECOLOGICAL FOOTPRINT

EDPR is a leading company in renewable energy. We produce clean and green energy, energy without emissions. Our strategy towards the environment is based on four pillars: the generation of CO₂-free and water-free energy, minimization of environmental impacts during the life-cycle of our wind farms, respect for the biodiversity and a culture of responsibility and recycling.

Even though we are in a clean energy business, we go beyond our commitment with the environment by fostering a corporate culture in which initiatives and activities are consistent with environmental responsibility. Therefore we are committed to minimize the environmental impact of our operations and measure the footprint from our administrative activities and plants electricity consumption. Despite this low impact we encourage reducing these emissions by improving our practices. EDPR's small footprint regarding CO₂ emissions and water is due to administrative activities and plants electricity consumption.



ZERO EMISSIONS

- Zero carbon emissions
- Avoided 9.4 million tons of CO₂ emission



WATER FREE

- Virtually no water used in electricity generation
- 0.45 litres of consumed water per MWh



LOW WASTE GENERATION

- 23 kilograms of hazardous wastes per GWh
- 98% of hazardous wastes recovered



OVERALL POSITIVE IMPACT IN BIODIVERSITY

EDPR...

- Co-exists peacefully and abundantly with most wildlife
- Mitigates climate change; being a zero-emission company is the best way to protect biodiversity
- Respects biodiversity in all phases of the plant's life-cycle
- Seeks a positive biodiversity balance, defining initiatives to prevent, correct and compensate identified risks

3.2.2. BIODIVERSITY

In the long term, EDPR aims to contribute to an overall positive balance to the world's objective of reducing biodiversity loss due to human activity, one of today's greatest challenge.

In an effort to seek a positive balance in biodiversity, numerous initiatives were performed in 1H15:

Red Kite Recovery program

EDPR signed a 3-year collaboration agreement with the Castile and León Natural Heritage Foundation that will entail a contribution of 204,600 euros. The goal of this agreement is to develop and launch a program of activities for the conservation of the red kite (*Milvus milvus*), such as:

- Radio tracking of several specimens of red kite;
- Actions aimed at recovering and improving the species' habitats;
- Design and construction of new dunghills;
- Repair and restoration of existing dunghills;
- Development of awareness-raising and environmental education activities for the local population and groups that have an effect on the conservation of these species.

Wildlife anti-drowning devices installation

Aware of this problem, in 1H15, EDPR financed the installation of anti-drowning devices for wildlife in the pond that is used for fire suppression located at the Coll de Garganta wind farm (Tarragona, Spain).

The works consisted in the construction of an outer and inner ramp that can facilitate the egress of wildlife. With this measure EDPR will be contributing to prevent the death by drowning of small animals falling into the pond. Many of EDPR's wind farms are located in forest areas that have ponds that are used for firefighting. These ponds can turn dangerous for small animals that approach them searching for water, with the associated risk of them falling in accidentally and most likely dying by drowning as they become trapped in the ponds without any chance to climb out.



3.2.3. ENVIRONMENTAL MANAGEMENT

EDPR is strongly committed to contribute to the protection of the environment and biodiversity through a proactive environmental management of its wind farms in operation, as is stated in our Environmental and Biodiversity policies (detailed information available at www.edpr.com).

The operation stage of wind farms, with a useful life of 25 years, stands as the core of our business. According to this, we are conscious of the importance of proper management of environmental matters in our facilities in operation, which is assured through the Environmental Management System (EMS).

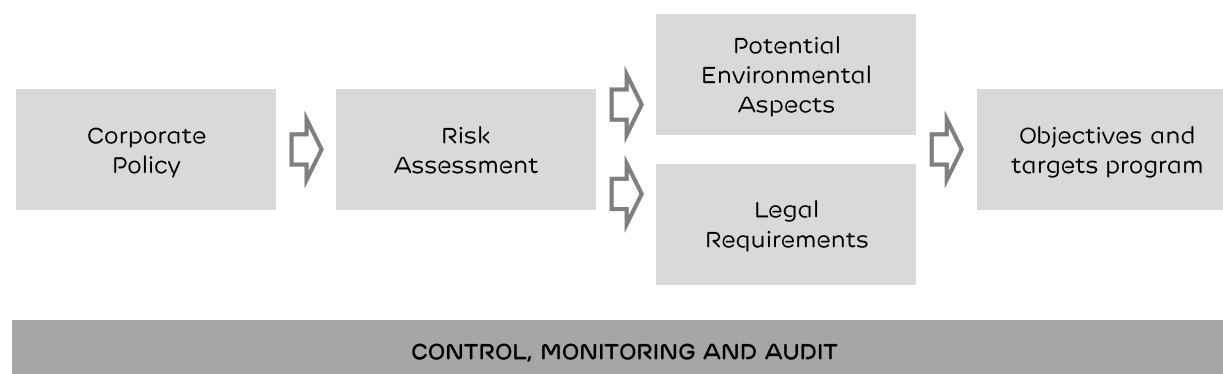
WHAT IS THE EMS?

EDPR's Environmental Management System (EMS) is a framework that helps the company achieve its environmental goals through consistent control of its operations, applicable to operations and maintenance phase of wind farms and solar PV plants, with the aim of improving its environmental performance.

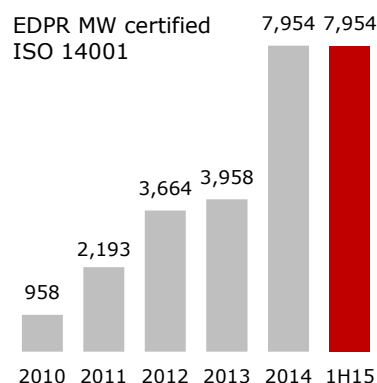
The system ensures focus on relevant environmental aspects, compliance with legal requirements while setting environmental objectives and targets to improve our environmental performance at country and platform levels.

HOW DOES THE EMS PROCESS WORK?

The implementation efforts of EDPR EMS started in 2008. All this is sustained by a continual improvement of the environmental performance mind-set and a qualified team aligned with the environmental strategy of the company. Both, our environment specialists and the network of external partners working with us, stand out for their extensive professional experience and knowledge of the environmental field.



HOW IS THE EMS CERTIFIED?



The EMS is developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. These consensus standards are considered the world's benchmark for EMS Management Systems and is a guarantee that EDPR sites, regardless of its regulatory environment are aligned and at the same level of compliance.

In 2014, EDPR accomplished its target to have its EMS certified ISO 14001 in all its wind farms in the US operating by then, adding 3.655 certified MW to its portfolio of almost 100% European sites in operations certified in 2014 in Europe. In the period 1H15, **87% of EDPR's 9.1 GW installed capacity is covered by ISO 14001 certification**, including 7,649 EBITDA MW and 305 Equity MW.

3.3. STAKEHOLDERS

3.3.1. EMPLOYEES

To attract, develop and retain talent is a main goal of EDPR's Human Resources strategy. At EDPR, our people are very important and we, as a responsible employer, want to retain them by offering quality employment that can be balanced with personal life. Despite a difficult macroeconomic environment, our employee base increased by nine percent over last year to reach 973. New employees have the opportunity to join a company with a strong work culture that emphasizes team work within a diverse environment represented by 24 nationalities.

We strive to offer our workforce with opportunities to develop professionally and to assume new roles to reach the company's goals. Our employees are distributed globally as 21% of our employees work at EDPR Holding, 45% within the European Platform, 32% within the North American Platform and 3% in Brazil. All are encouraged to take advantage of the functional and geographic mobility opportunities so they can assume more responsibilities.

HIRING

As part of the employee recruiting strategy, EDPR is committed to hiring the brightest people and seeks potential employees attending top universities and business schools. We have carried out different initiatives to enhance employer branding by participating in different Employer forums and hosting visits from top-tier universities. EDPR offers an internship program aimed at giving young professionals work experience and potentially identifying future employees with growth potential who can contribute to the future development of the business.

EDPR hires talented individuals who are passionate about the industry and share our vision and purpose. When hiring, the company takes into account not only the specific job skills for a certain position but also the behavioural skills, which are at the base of the organisational culture. As a company devoted to sustainability, EDPR aims to combine career goals with company values.

- Team Oriented Environment: EDPR promotes an environment based on team building.

- Career Development: EDPR recognizes the importance of career development, helps employees acquire knowledge to master the business, and rewards employees for their innovation, hard work and performance.
- Diversity: EDPR has a diverse team, with employees from a wide range of backgrounds and cultures.
- Sustainability: EDPR aims to encourage environmental, economic and social stewardship by its employees.

At EDPR, we hire top talent ensuring a non-discriminatory selection processes. This is confirmed in the Code of Ethics which contains specific clauses of non-discrimination and equal opportunities in line with the company's culture of diversity.

In 1H15, EDPR hired 102 employees, 40% of which are women. In addition, EDPR offered 67 long term internships and 15 summer internships.

INTEGRATION

EDPR has a strong company culture, and wants new hires to be able to understand this culture and quickly adopt it in their day-to-day activities. To encourage this, new hires are involved in a number of workshops and team building activities aimed at improving integration and gaining a better understanding of the company.

Our Welcome Day, a three day event for new hires, allows new employees to obtain basic knowledge of the

company, our business, and depending on the employee's profile, a visit to one of the wind farms or the remote control dispatch centre. In 2013, EDPR introduced a new integration tool called the Induction Plan. This integration tool consists in, new hires spending a few days at the corporate headquarters and are guided by colleagues from different areas to learn key aspects of their job and gain a better understanding of their work and how it contributes to the mission of EDPR.

SAFE ENVIRONMENT

Guaranteeing a healthy and safe work environment for our employees and contractors is fundamental in all aspects of the business. EDPR's Health and Safety policy, available on our website, reflects the company's commitment to the prevention of occupational risks associated with our activities.

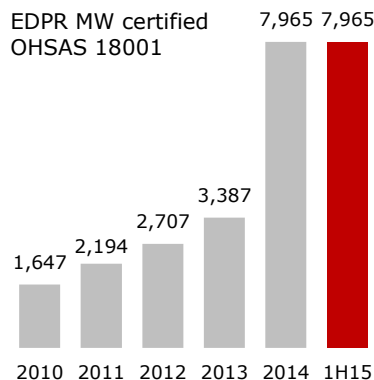
To support our strategy on health and safety, we have implemented proper management systems. These systems are adapted to each country, with specific standards and procedures based on the regulation and best practices.

The Management System is being certified OHSAS 18001:2007. During 2014, EDPR achieved an important milestone with the implementation of the Environmental Management System in the United States. With the implementation, almost 87% of EDPR's capacity is now OHSAS 18011 certified.

During 1H15, EDPR registered an injury rate of 4.2 and a severity rate of 133. The decrease in the injury rate is mainly driven by more worked hours with less accidents. Also, the severity rate decreased due to less worked hours with less absence days.

Overall, the trend improves. During the year, greater focus on communicating the policies and the realization of benefits from OHSAS certification, achieved during 2014, will help to drive improvements in the ratios.

EDPR MW certified OHSAS 18001



BENEFITS AND WORK LIFE BALANCE

EDPR is committed to offer a competitive compensation and benefits package to recognize the work and talent of our employees. The compensation policy addresses the needs of local markets and provides flexibility to adapt to the specifics of each region. In addition to a fixed base compensation, there is a variable component that depends on a performance evaluation measured against the company's performance, area and individual KPIs.

Our performance based compensation is an important tool to promote a greater focus from our employees on not only the company's objectives but personal and team objectives as well. In order to be competitive in the marketplace and recruit the best talent, EDPR reviews and benchmarks itself against local markets in order to offer the most attractive benefits packages.

At EDPR, we understand the importance of maintaining a balance between work and personal commitments. This understanding has led to an increase of employees' satisfaction, while boosting productivity, and morale.

EDPR has work-life balance programs and aims to constantly improve and provide the most suitable benefits to employees. Often specific benefits are only

applicable to certain countries in which EDPR is present.

As an example of normalizing key benefits across the countries, EDPR employees in the United States and non-Iberian European countries can now enjoy extended time off when they get married. Additionally, employees in the United States can now enjoy their birthday as paid leave. Moreover EDPR also has a Kindergarten Allowance that applies to all employees with children aged between 1 and 3 years old. In the first semester of 2015, 64 children from Europe have benefited from this initiative, with a total outlay of 22,660 EUR paid.

However, there are also benefits that are being applied to specific countries where the company is present. An example of this benefits is the activity designated by Children at Work Day. This activity is an educational program promoting opportunities for children to participate in career exploration at an early age (between 7 and 12 years old) through craft projects, games, presentations of different departments, video conference with Portugal and Poland and lunch. This year, in Madrid, the event hosted 12 children and, in Seville, 19 children.

DEVELOPMENT & TRAINING

€730 thousand invested in training

12 hours of training per employee

€774 in training per employee

*Calculated with Average Headcount

POTENTIAL APPRAISAL

Assessing the potential of our talented pool of employees is a fundamental tool in people management. The purpose of the annual Potential Appraisal is to prepare employees to achieve his/her top potential development based on a set of strategic skills. All of EDPR's employees, regardless of their professional category, are evaluated yearly to determine their development potential by providing the most suitable training. EDPR creates tailored development plan to address specific needs. The

potential assessment process is independent from performance appraisal and is based on a 360 degree evaluation model which considers feedback from oneself, peers, subordinates and the manager. During 1H15, in order to reinforce communication and transparency, EDPR carried out meetings, led by the executive team and directors, with employees explaining the 2015 Transversal area objectives that apply to each platform, so that the 2015 KPI's can be properly defined.

TRAINING PLAN

Each year a customized Training Plan is created based on the results of the potential performance assessment. The plan provides a framework for managing training within the company, in close alignment with the business strategy. When defining our strategy for the future, we strive to align current and future demands of the organization with our employees' capabilities while fulfilling their professional

development expectations and supporting their continuous improvement. EDPR is committed to offer employees an attractive career plan, as well as advanced education and training opportunities.

In 1H15, the number of training hours increased to 11,115, representing 12 hours of training per employee. Almost 70% of our employees received training during 1H15.

On February, the last session of the High Potential Program (HIPO), the Business Game, was held. The attendees, put into practice various competencies trained throughout the sessions, being the participants' feedback positive. Moreover, on April 2015, the second edition of Executive Development Program was launched, with 35 employees from all over Europe and Brazil. The participants have been identified by the HR through the potential appraisal, and ratified by their Directors and Executive Committee. As it happened last year, the prestigious IE Business School will be in charge of the Program, this time in alliance with Financial Times. The main

goal of this advanced program is to offer a broader vision of our company, as well as, to develop skills and management capabilities that will enable participants to develop their professional challenges.

Furthermore, in the same month, a group of 10 employees from O&M and Dispatch Centre from Portugal had training about High and Medium voltage substations, which was included in the 2015 Training Plan. The training took place on Montenegro Substation and, on May, the second group of employees had the same training plan.

PROMOTIONS & MOBILITY

All our employees are covered by our performance evaluation system that collects information from several data sources to evaluate employee performance.

In the context of fostering workers' growth through diversity of experience, EDPR encourages professional mobility. To support the global growth strategy,

mobility is of utmost importance as a powerful tool to share EDPR culture and best practices with new markets where we plan to enter.

During 1H15, 42 employees had functional or geographical mobility including 2 new expatriates. At the moment, EDPR has a total of 19 expats.

COMMUNICATION

EDPR is committed to provide employees with the best workplace experience. To help determine key drivers of employee satisfaction, EDPR ran a survey in 2013 to collect, analyse and act upon the results. After holding workshops to further discuss the results, an Action Plan was created to improve satisfaction during 2014 and 2015. The plan was primarily focused on improving communication within the company. It is important to have open lines of communications with employees so in order to improve the channels, different measures were implemented:

- Meetings with the CEO: During these meetings, employees are given the opportunity to share their point of view of the business from their positions and learn about the strategy of the company and how this relates to their day-to-day tasks. This is a great opportunity for employees to better understand their impact on the business. Almost 85% of our employees already had the chance to meet the CEO.
- Meetings with HR: EDPR is keen on connecting with employees. HR regularly holds organized meetings with a small group of employees to discuss important issues via an open forum. Almost 85% of the employees have participated.
- HR Monthly: EDPR employees receive a monthly newsletter with human resources related news. The publication includes upcoming events, training and volunteering opportunities, social benefits,

information on new hires, ongoing recruitments, and is an important tool to share the social initiatives with the employees.

In addition to open communication channels established for employees, satisfaction surveys are conducted every two years to gather opinions and gain an understanding of the motivation and satisfaction level of employees. The participation rate in the last survey reached 95% with a satisfaction score of 77%.

On March, EDPR Poland was granted with the second position in the category of Companies with less than 50 employees. In addition, on April 2015, Great Place to Work (GPTW) celebrated the awards ceremony for the top 50 companies that comprise the Best Workplaces in Spain for 2015. For the four consecutive year EDPR is the only company in the energy sector that integrates this exclusive list, reaching the eight position within the category of companies between 250 and 500 employees.

EDPR's ability to attract, develop, and retain talent is a testament to its commitment to excelling in all areas. It's no wonder that EDPR continues to be among the 50 best companies to work for as determined by the Great Place to Work rankings. A motivated workforce aligned with the company's strategy is one of the key drivers behind our ability to deliver on results during 2015.

3.3.2. LOCAL COMMUNITIES

EDPR is well aware of the impact that our activity has in the local communities where we develop our sites and how we can maximize those potential benefits for the company and the inhabitants of the surrounding areas through an open communication with our stakeholders.

Therefore, we establish a relationship of trust and collaboration with the communities where we have presence from the very initial stages of our projects, organizing informative sessions, we hold open dialogs with these communities, to explain the benefits of wind and solar energy. We also organize volunteering activities to promote a sustainable development of the society. This is a means to communicate some of EDPR's core values to the local community.

FUNDACIÓN EDP

Fundación EDP's mission is to strengthen the commitment of the EDP Group in Spain, with special emphasis on those social, cultural, environmental and educational areas related to research that spearheads global sustainable development.

As such, Fundación EDP has promoted during 2015 a whole series of initiatives in Spain, funded by EDPR:

In the educational area EDPR has implemented, for the first time, the initiative "Tu Energía", to explain primary education students the importance of renewable energy and the differences with fossil energy sources, in the regions of Zaragoza, Huesca y Teruel.

In the social area EDPR, together with Fundación EDP, has supported several initiatives, some developed internally such as the volunteering programmes or the interrelation with the community activities, and many others developed by third parties. Details of the activities can be obtained in the web page of Fundación EDP (www.fundacionedp.es).

In addition, in 2014, EDPR devoted more than 0.5 million euros to support the activities of Fundación EDP. In 1H15, EDPR kept supporting Fundación EDP activities, including the new social programme called "EDP Solidaria 2015", that contributes to improve the quality of life and the integration of social disadvantaged people. Furthermore, EDPR expects to devote, in 2015, 0.5 million euros to support the activities of Fundación EDP.

EDPR devotes time and resources to local communities in all countries in which it operates. Therefore, and in line with EDP Foundation's strategy, its activities are focused on three pillars: education, social and environment. EDPR has several modalities of collaboration with communities, initiatives that only involve the company, others in which it does it along with their employees and others in which are EDPR employees who dedicate their resources or time to these activities. Thereby, EDPR shows that is a company concerned about one of its key stakeholders, both at organizational and individual level.

SOLIDARITY ACTION

In 2015, through the Solidary Action, many employees worked during the month of May with different NGOs to provide food and products of first necessity to vulnerable people subject to social exclusion.

- Food Bank – Seville: 5 volunteers collaborated with this NGO after their campaign Spring Kilo 2015. This Association distributes free food to different organizations as Comedor de Torreblanca, entity that receives the kilos of our campaign Kilos of Solidarity.
- Fundación Luz Casanova – Madrid: 14 volunteers collaborated in the daily tasks of the social dinning. This non-profit Organization works for personal development and social integration of homeless, women & children victims of domestic violence.
- Food Bank – Asturias: 4 volunteers collaborated in the daily tasks of this NGO as the classification of non-perishable food or the distribution of products to different social organization. This food bank supplies more than 250 social entities.

Kilos Global Solidarity Campaign

Kilos Global Solidarity Campaign is an EDPR initiative that aims to collect food and products of first necessity. Food and products donated by EDPR employees are collected in each office and then distributed to local NGOs. This initiative was developed in Spain, Romania, the UK, Italy, Poland, Portugal, France, Canada and in the United States where more than 1.200 kilos were collected.

NOS FLORESTA VOLUNTEERING ACTIVITY

On June 2015, the employees, family members, partners and suppliers came together to be part of the Environmental Volunteering Activity, that took place in Romania and U.K. The Romanian team collaborated with the NGO Asociatia Zero CO2 and, 20 people were involved in planting trees in the central Bucharest park of Palatul Copiilor. The U.K. team helped The Marine Conservation Society Beachwatch, a national beach cleaning and litter surveying program.



3.4. OTHER REPORTING TOPICS

3.4.1. Financial Derivatives

In line with EDPR's general risk policy and strategy EDPR uses financial derivative instruments and enters in hedging positions and transactions with the sole intent to protect against those risks and, as a consequence, mitigate fluctuations of its earnings and/or changes in its equity. The type of derivative instruments contracted and their respective fair values are described in detail as part of the note 35 to the attached Condensed Consolidated Financial Statements.

3.4.2. Treasury Stocks

At the Annual Shareholders' meeting of 2010, the Board of Directors was authorized, during a term of five years from the date of the General Shareholders Meeting, for the derivative acquisition and sale of own shares by the Company and/or other affiliate companies, to the maximum limit established by the Law and in accordance with its terms. EDPR has not executed any acquisition and consequently any trade of its own shares.

3.4.3. Research & Development (R&D)

Besides the commercial activities, EDP Renováveis supports EDP Inovação (EDPI) in developing different projects with the objective of improving the competitiveness of the whole group. These projects are mainly focused on solar, offshore wind and other technologies. This agreement with EDPI reinforces the long term commitment of EDPR to support R&D activities in areas related with its business.

3.4.4. Subsequent Events

EDPR established new institutional partnership structure for 99 MW in the US, Jul-1st

On July 1st, EDPR secured \$117 million of institutional equity financing from MUFG Union Bank N.A. and another leading institutional investor, in exchange for an interest in the 99 MW Rising Tree South wind project, located in the State of California. The project will sell its output through a 20-year Power Purchase Agreement ("PPA"). Under the agreement, the financing was completed following the conclusion of the project's construction (second quarter of 2015). The institutional partnership structure established enables an efficient utilization of the tax benefits generated by the project improving the project's economics.

EDPR informs about wind offshore projects in the UK, Jul-21st

On July 21st, EDP Renováveis S.A. announced that has reached agreements with Repsol Nuevas Energías S.A. by which, under the terms of the contracts, EDPR agreed to buy from Repsol 33% equity interest in Moray offshore project, and to sell to Repsol 49% equity interest in Inch Cape offshore project. With the conclusion of these transactions EDPR will fully own the Moray offshore project, while Repsol will fully own the Inch Cape offshore project. Both projects are located in the UK and the completion of these transactions are subject to approval by The Crown Estate and other customary regulatory approvals.

In January 2010, Moray Offshore Renewable Limited ("MORL") was awarded the right, under a farm leasing programme conducted by The Crown Estate, to develop offshore wind energy in Zone 1 of the Third Offshore Wind Licensing Round ("UK Round 3") and in March 2014 was granted consent, by the Scottish government, for 1,116 MW offshore wind development.

These transactions are expected not to have material impact on EDPR's consolidated financial statements.

Disclaimer

This report has been prepared by EDP Renováveis, S.A. to support the 1H2015 financial and operational performances. EDP Renováveis does not assume any responsibility for this report if it is used for different purposes.

Neither the Company - including any of its subsidiaries, any company of EDP Renováveis Group and any of the companies in which they have a shareholding -, nor their advisors or representatives assume any responsibility whatsoever, including negligence or any other concept, in relation with the damages or losses that may be derived from the use of the present document.

Any information regarding the performance of EDP Renováveis share price cannot be used as a guide for future performance.

Neither this document nor any of its parts have a contractual nature, and it cannot be used to complement or interpret any contract or any other kind of commitment.

The present document does not constitute an offer or invitation to acquire, subscribe, sell or exchange shares or securities.

The 1H2015 management report contains forward-looking information and statements about the Company. Although EDP Renováveis is confident these expectations are reasonable, they are subject to several risks and uncertainties that are not predictable or quantifiable in advance. Therefore, future results and developments may differ from these forward-looking statements. Given this, forward-looking statements are not guarantees of future performance.

The forward-looking information and statements herein contained are based on the information available at the date of the present document. Except when required by applicable law, the Company does not assume any obligation to publicly update or revise said forward-looking information or statements.

Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31 and other documents relating to the submission of accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the companies included in its scope of consolidation and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A. and the companies included in its scope of consolidation, containing a description of the principal risks and uncertainties that they face.

Lisbon, July 8th 2015

António Luís Guerra Nunes Mexia

João Manuel Manso Neto

Nuno Maria Pestana de Almeida Alves

Miguel Dias Amaro

Gabriel Alonso Imaz

João Paulo Nogueira da Sousa Costeira

António do Pranto Nogueira Leite

Manuel Menéndez Menéndez

Acácio Liberado Mota Piloto

João Manuel de Mello Franco

João José Belard da Fonseca Lopes Raimundo

Jorge Manuel Azevedo Henriques dos Santos

Jose Antonio Ferreira Machado

Gilles August

Francisca Guedes de Oliveira

Allan J. Katz