PARPÚBLICA
PARTICIPAÇÕES PÚBLICAS (SGPS) S.A.

Management Report
and
Interim Financial Statements

1st Semester 2013

www.parpublicasgps.com

GOVERNING BODIES

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Secretary

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Chairman
(Resigned at 2/7/2013)

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José Manuel Pereira Mendes de Barros
Executive Director

Fernanda Maria Mouro Pereira
Non executive Director, Audit Commission's Chairman and member of the Evaluation Commission

Mário Alberto Duarte Donas
Non executive Director, Chairman of the Evaluation Commission

Pedro Miguel Nascimento Ventura
Non executive Director, Member of the Audit and Evaluation Commissions

Maria João Dias Pessoa Araújo
Non executive Director, Member of the Audit and Evaluation Commissions

ROC

Grant Thornton & Associados, SROC

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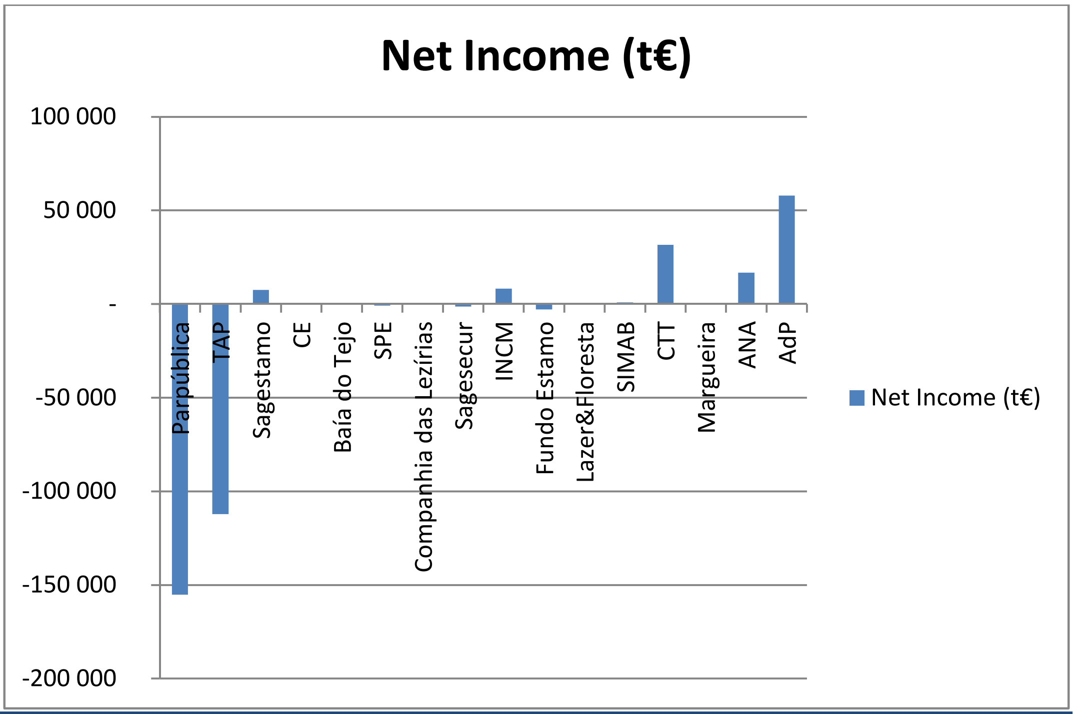
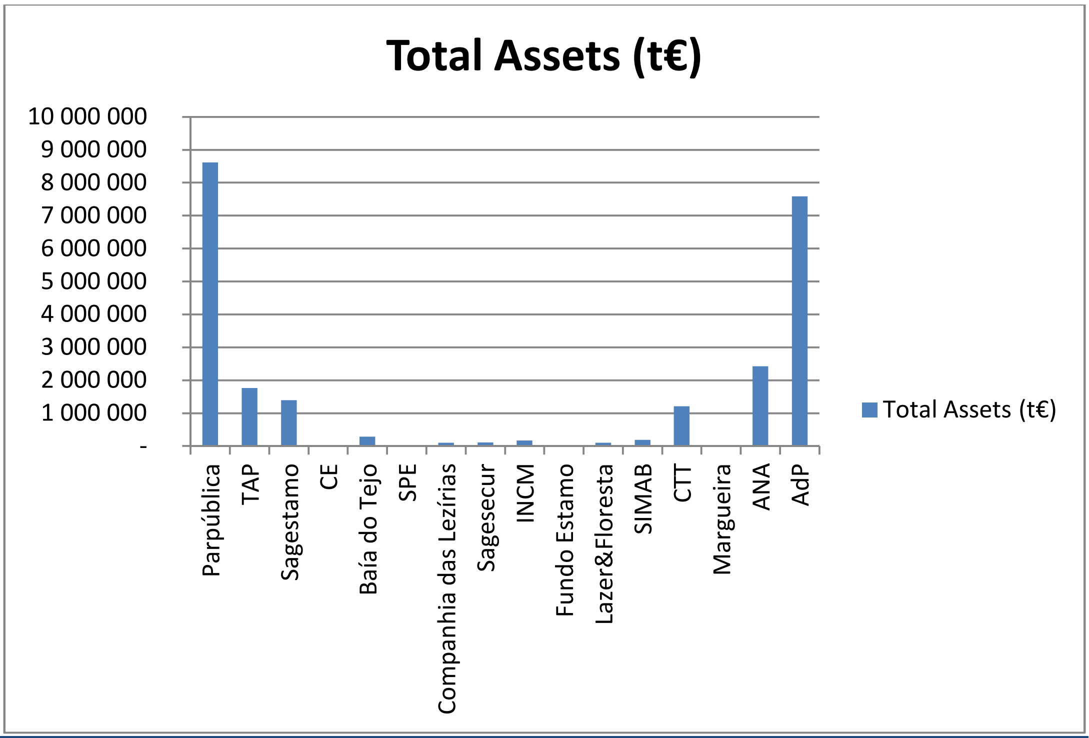
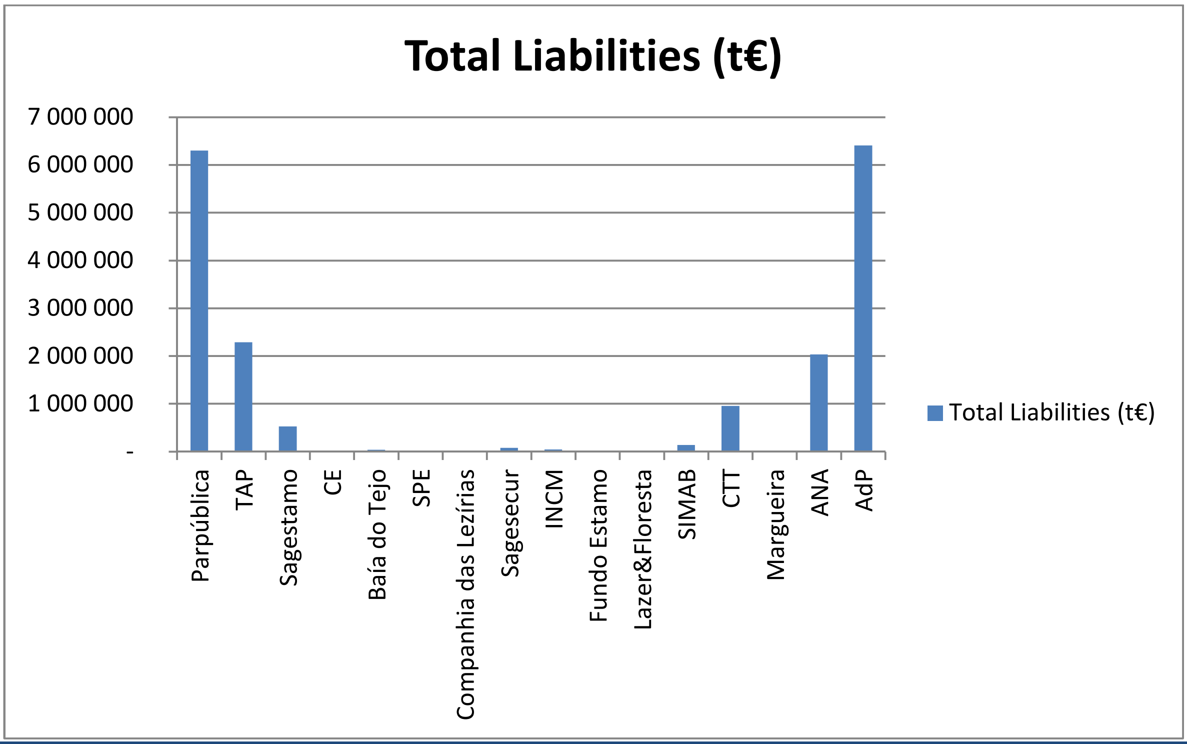
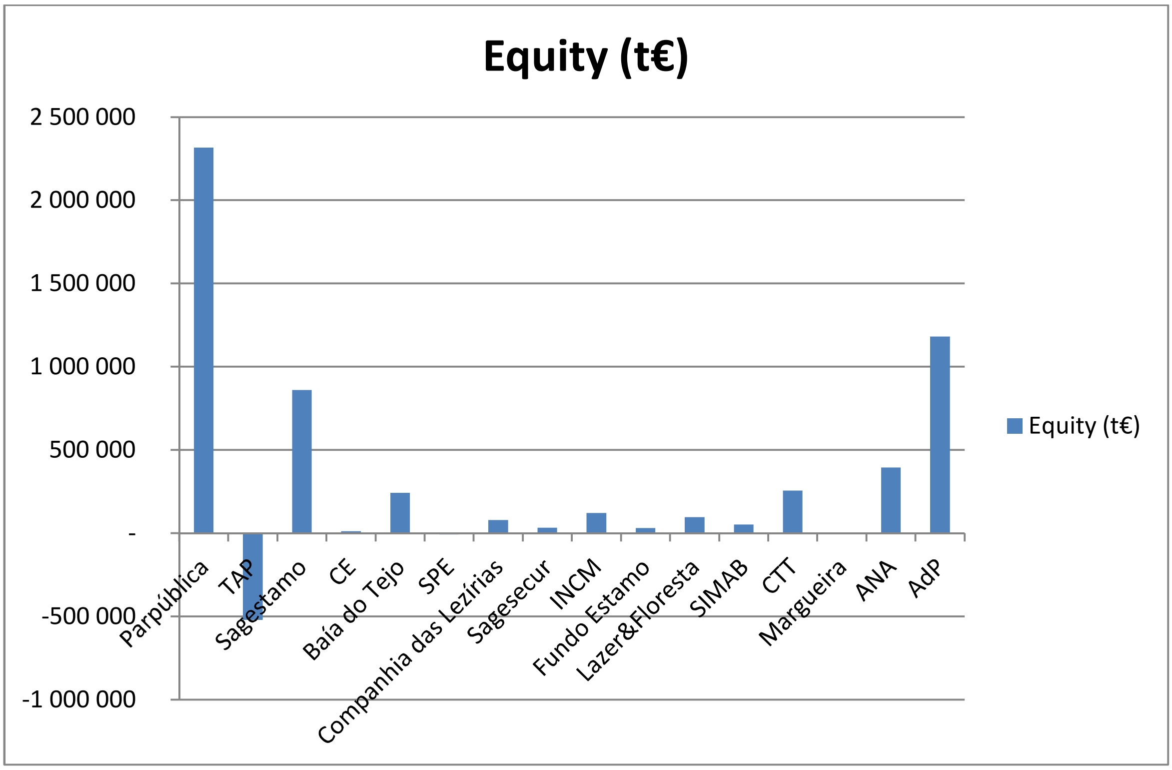
MANAGEMENT REPORT

❖ MAJOR ECONOMIC AND FINANCIAL INDICATORS (JUNE 2013)



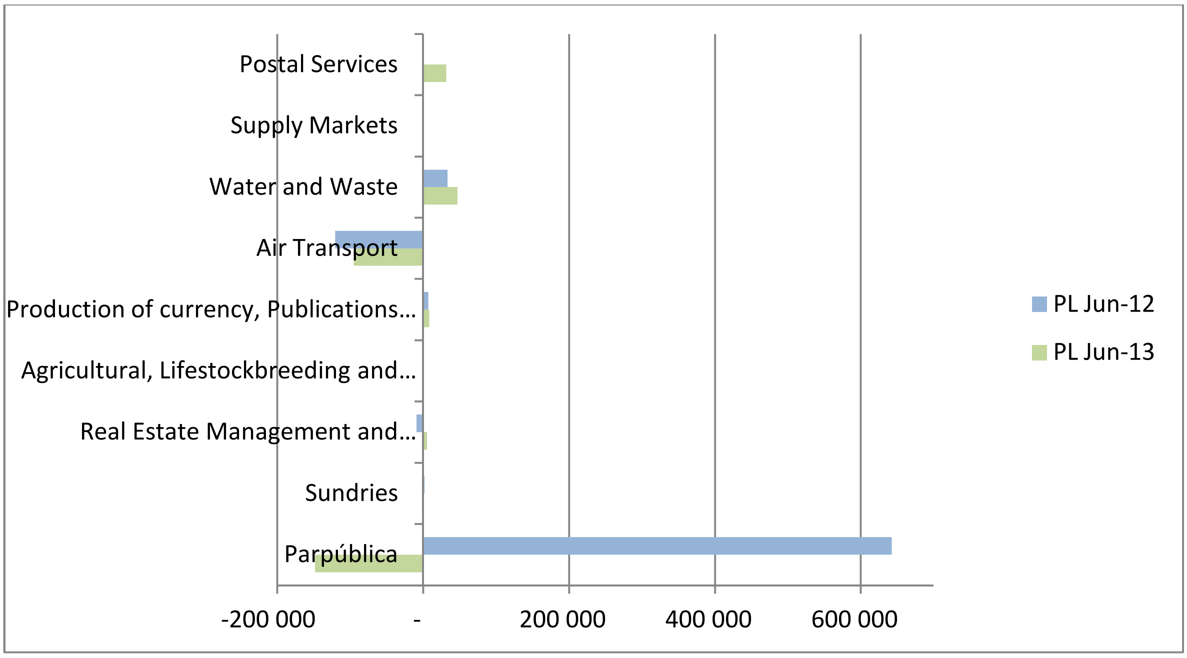



Total Liabilities (t€)
7 000 000
6 000 000
5 000 000
4 000 000
3 000 000
2 000 000
1 000 000
-
Parpública
TAP
Sagestamo
CE
Baía do Tejo
SPE
Companhia das Lezírias
Sagesecur
INCM
Fundo Estamo
Lazer&Floresta
SIMAB
CTT
Margueira
ANA
AdP
Total Liabilities (t€)


Equity (t€)
2 500 000
2 000 000
1 500 000
1 000 000
500 000
-
-500 000
-1 000 000
Parpública
TAP
Sagestamo
CE
Baía do Tejo
SPE
Companhia das Lezírias
Sagesecur
INCM
Fundo Estamo
Lazer&Floresta
SIMAB
CTT
Margueira
ANA
AdP
Equity (t€)

❖ GROUP FINANCIAL SITUATION / BUSINESS SEGMENTS

The profit or losses (PL) by business segments obtained during the first half of the year are as follows:



In what Parpública's Group is concerned, the semester was naturally marked by the adverse environment for the majority of the Group's businesses due to the present economic and financial context leading to a negative consolidated result of 75.766 thousand Euro. The major contributions came mainly from PARPÚBLICA (-155.179 thousand Euro) and from Air Transport (-112.072 thousand Euro). In PARPÚBLICA's case it should be mentioned that the value of shareholdings' dividends received which was significantly less than the value verified in the same period of the previous year, the increase of TAP's provision due to the losses registered during the first semester, the impact of the initial recognition of the loan granted by Consórcio ELOS and the variation at fair value of some shares. The positive contribution to the Group came from Postal Services having CTT contributed with a revenue of 31.644 thousand Euro and from Water and Waste where AdP registered 57.980 thousand Euro.

❖ MAJOR EVENTS OCCURRED IN PERIOD AND FORESEEN FOR THE SECOND HALF OF THE YEAR

In the development of PARPÚBLICA's activity during the 1st semester of 2013, it should be noted the transfer of a group of shares of companies owned by the Treasury made by Directorate General for the Treasury and Finance by Order nr. 2468/12-SET of December 28, as follows:

ANA - Aeroportos de Portugal SA	31,44%
CTT - Correios de Portugal SA	100%
Propnery - Propriedades e Equipamentos SA	41,82%
Efacec International Financing SGPS SA	5%
LISNAVE - Estaleiros Navais SA	2,97%
SIMAB - Sociedade Instaladora de Mercados Abastecedores SA	100%
AdP - Águas de Portugal SA	8,82%

This transfer was made under the nr.3 of Article 9 of Decree-Law nr. 209/2000, of September 2, as compensation to PARPÚBLICA for delivering the reprivatisation revenue to the Government as foreseen in the same Order. The estimated value of these shares, subject to corrections due to ongoing evaluations, is about 1.000 million Euro. In this group of shares it should be mentioned ANA and CTT as their privatizations are included in the Government's program.

Therefore and concerning ANA, it is now the period for the above mentioned conditions to materialize being the entire shareholding in the hands of PARPÚBLICA and it is foreseen that the business shall be concluded within the agreed time with the subsequent financial reinforcement.

In what CTT is concerned, its privatisation is a priority and its conclusion is scheduled to the end of 2013. The works to prepare the company and its privatisation are in course at the date of this Report having the related Decree-Law been approved by the Government at July of 2013, establishing as possible methods the direct sale of reference and a public offer.

Although indirectly, the EGF – Empresa Geral do Fomento, S.A., as part of the AdP-SGPS, SA's portfolio, will be during the second half of the year another focus of attention in what privatisations are concerned.

In what the debt is concerned, it should be noted that PARPÚBLICA took the responsibility for a loan initially contracted for the Consórcio ELOS in the amount of 599.238 thousand Euro, as a syndicated bank loan of four national banks. It should be mentioned that it is a 30 year maturity loan at a time when such type of maturities is almost impossible for entities in Portugal. It will be paid in 57 depreciation allowances from 15 December 2014 until 15 December 2042.

PARPÚBLICA also launched a bond issue called "Obrigações PARPÚBLICA 2013-2015" in the amount of 200 million Euro for the period of 2 years, with a variable biannual interest rate indexed to Euribor 6 months.

These securitised and not securitized debt operations were used to partially compensate the EDP2007 changeable bonds issue maturity, respectively at December 2012 and July 2013, in the amount of 1.015 million Euro, and the EMTN program in the amount of 800 million Euro.

At consolidated level, a slight increase of about 1,4% should be underlined in the accounting value of the debt, being worth mentioned the contribution of 81 million Euro from SIMAB that became part of PARPÚBLICA's portfolio since the beginning of the year. As for the risk profile the main restrictions were maintained, since they're related to the current financial state of affairs in the Euro zone in general and of the country in particular. Currently the ratings attributed to Parpública are the following with no alteration during this semester:

Moody's - *Issuer rating:* ***B2/Negative Outlook;*** *Senior unsecured:* ***B2/Negative Outlook***
Standard & Poor's - *Issuer rating:* ***B/Negative;*** *Senior unsecured:* ***B/ Negative***

❖ ANALYSIS BY BUSINESS SEGMENTS

➢ PRODUCTION OF CURRENCY, PUBLICATIONS AND SAFETY PRODUCTS

During the first half of 2013, the INCM generated a net income of 8,2 million Euro, slightly higher than in the same period of the previous year, although the turnover decreased almost 13%. This evolution is mainly due to the previously registered imparities related to financial investment since there is a contraction in the margin of the majority of the business segments. In this context, it is worth mentioned the positive evolution of the assayers, as consequence of Ordinance nr. 418-A/2012, of December 19, that updates the value of the rates unchanged since 1990 and that were causing great losses.

On a financial level, INCM continues to present a sound financial structure, with the assets being financed in more than 70% by equity.

In the period object of this analysis, the total assets presents a decrease mainly representing a contraction in cash resources. However, the value of this contraction was smaller than the value of the payment of dividends to the shareholder (12 million Euro), keeping the cash resources at a very significant value (48,6 million Euro). However, in what liabilities are concerned, it was registered a significant decrease in the bank debt from 10,2 million Euro to 2,5 million Euro, mainly due to financial results from the operational activities and to receipts from financial investments.

This evolution called for the necessity to promote business profitability as the margin is decreasing and the results are too much dependent on external factors.

➢ WATER AND WASTE

The “water and waste” segment includes the assets and liabilities of the companies of AdP Group, being PARPÚBLICA a direct shareholder with 80,99% of the equity. The increase of the PARPÚBLICA’s stake was due to the transfer made by the State of 8,82% of the Treasury owned shares in exchange for the re-privatization receipts. The remaining part of AdP’ equity belongs to Parcaixa, SGPS, SA, a company of GGD Group, in which PARPÚBLICA owns also 49% of shares.

During the first half of 2013, AdP Group's companies had an overall positive performance allowing a reinforcement of the financial situation of the Group through the increase of equity financing of the assets.

The consolidated net income of AdP Group amounted to 55,3 million Euro, higher than the one verified at the same period of 2012 (46,6 million Euro), mainly due to the significant improvement of the financial results. This improvement was essentially due to the evolution of the component at fair value of hedging instruments of financial risk and to the cancellation of two contacts of that kind.

It should be mentioned that disregarding the effect of the tariff deficit, the turnover of the period presents an increase of more than 8%, mainly in the sale of recyclable urban solid waste and sanitation services supply. Concerning the tariff deficit with a booked net value of 414 million Euro, it should be noted that in comparison with the 1st half of 2012, the recorded value decreased from 71,1 million Euro to 26,4 million Euro, reflecting a significant decrease of the average *yield* of OT's at 10 years, which is the relevant indexing parameter to determine the contract profitability and respective tariffs. Nevertheless, this is still a very significant situation since the accumulated net value of the tariff deficit registered in the balance sheet is 414 million Euro. At a financial point of view, the debts from Municipalities continue also to be relevant with an overdue debt value reaching 535 million Euro (507,6 million Euro at 31 December of 2012), of which 136,8 million Euro are related to debts with previously signed payment agreement.

Despite all these constraints, the AdP Group's indebtedness kept almost unaltered, also helped by the tendency of investment reduction during the semester, whose amount (53 million Euro) corresponded to less than half of the value registered in the first semester of 2012.

- AIR TRANSPORT

The air transport segment still includes ANA and TAP Groups because, at 30th of June, the selling of ANA's equity shares was not yet carried out. The execution of the contract related to this operation, signed at 21st of February of 2012, depends on a set of preconditions, the majority of which is already verified, namely the approval by the European competition authorities.

Therefore, the conclusion of this privatisation operation may take place during the current semester.

Despite the unfavourable framework, mainly due to the European economic recession and also to the high fuel prices, the air transport industry continues to resist and even shows some growing signs.

The TAP Group closed the first half of 2013 with a net income that, although negative (-136,6 million Euro), is slightly better than the one verified the same period of the previous year. This evolution resulted mainly from the raise of the operating income in the air transport business (+36,3 million Euro). During the first half of 2013, TAP transported almost 5 million passengers, representing an increase of 4,8%, being worth mentioned the importance of the South Atlantic market (Brazilian and African market), which was responsible for almost half of the transported passengers per kilometre and thus contributing to soften the impact of the recessive situation in Portugal and in Europe, in general. It should also be noted that the increase of the number of transported passenger occurred simultaneously with the reduction of the regular offer, which means a higher efficiency of the net management.

The raise of the operative income had not a higher impact in the Group revenue because, during the same period, a raise in maintenance costs was also verified due to a large number of big inspections (*heavy check*).

Still at the operative level, it is worth mentioned some positive signs related to the evolution of TAP M&E Brazil that registers a growing rate of using its productive capacity.

In what the Group financial situation is concerned and as it was not possible to carried out the foreseen recapitalisation measures, it continues to register the growing of the previous identified imbalances together with the ongoing decrease of equity that already reached a value of almost -530 million Euro. Concerning the funding liabilities of TAP Group, there is a stabilisation of the debt values at about 1.305 million Euro, being worth mentioned that the short term loan of 100 million Euro granted by PARPÚBLICA was completely amortized in the end of the semester.

On the other hand and at the end of the first semester of 2013, ANA Group presents a net income significantly lower than the one presented in the same semester of previous year exclusively as result of the financial activity reflecting the effect of the indebtedness increase of ANA due to a contract loan for the first payment of the due *upfront fee* in the scope of the concession contract which should be reimbursed until the end of the current year.

On the other hand, the operating income (EBIT) of the Group presents a favourable evolution, with an about 23% growth, what was possible not only due to the increase of the operating profits, but also to the contraction of operating costs. This evolution reflects not only some efficiency gains, but also the fact that during the same semester of 2012 some important extra maintenance and repair costs occurred in Faro Airport, due to the storm of October 2011.

During the first half of the current year, the airports managed by ANA Group were used by more than 14,3 million passengers, representing an increase of 3,8% (+ 530 thousand passengers). During this period, Lisbon airport had the bigger growth (4,4%) in comparison with the same period in 2012, representing more than 50% of the total passengers' movement of ANA Group, since it had been used by more than 7,3 million passengers. On the other hand, handling registered an overall decrease of 3,2% which was registered in all airports managed by ANA group with values ranging between 1,1% (Lisbon airport) and 13,3% (Faro airport).

It is also important to mention, the alteration of the economic standard model resulting from the legal alterations established in the end of 2012 by the Decree-Law nr 254/2012, of 28 November and finalized in 14th of December by the signing of the Concession Contract. The new model is based in the definition of limit values for profit by terminal passenger from regulated activities and covers control and adjustment mechanisms to be followed by the airport manager. This model is the basis for the establishment of the rates for the regulated activities and its implementation has begun during this period.

In what assets and liabilities are concerned, it should be noted the stability of the Balance sheet structure with equity funding 16% of the total asset, representing almost the some percentage as at 31 December 2012 (17%). However, there is a significant indebtedness increase, due to the above mentioned contract loan at January 2013 for the payment of part of the due *upfront fee* foreseen in the concession contract which was already considered in liabilities at 31 December of 2012 and that is expected to be amortized with the *closing* of the privatization operation.

REAL ESTATE MANAGEMENT AND DEVELOPMENT

At the end of the period, the Real Estate Management and Development business represents 1,8 thousand million Euro, i.e., 8,6% of PARPÚBLICA Group assets, presenting a slight decrease in relative terms in comparison with the end of 2012. In patrimonial terms, the segment continues to grow using already 24% of the Group's equity delievering a positive contribuition to the consolidated income.

This situation although based in a very small increase of 4% in sales and services rendered, is also sustained by the drop of costs with supply and external services and employees expenses, about 14% and 10%, respectively, but mainly by the severe decrease of the interests paid (more than 20 million Euro), due to the severe contraction of the funding liabilities between June of 2012 and the end of the first half of the current year.

Above, it will be presented a general approach of the PARPÚBLICA Group's companies belonging to this segment.

The Sagestamo Group financial indicators registered a slight improvement, mainly due to the significant drop of the interests paid – from 33,6 million Euro to 12,8 million Euro, to the equity increase in the end of 2012, in the amount of 750 million Euro and the increase in sales volume and services rendered up to 35,8 million Euro, 6% more than in the same period of the previous year. The consolidated EBIT, in the amount of 23,5 million Euro, registered a positive variation of more 13% comparing to 20,7 million Euro of the first semester of last year. Therefore, the first semester of 2013 delivered a positive consolidated net income of 7,6 million Euro in comparison with the negative 9,7 million Euro of the previous period.

There are moderate expectations regarding the second half of 2013 as there are no secure prospects for a reversal of the depressive trend of the market in the last years. However it should be considered that the consolidation of the recent results will be part of the performance attitude to adopt at this period.

In what Baía do Tejo Group is concerned, the slowdown of the inner market had a very negative impact mainly into three main issues: the increase of closure and relocation of companies, the continuous pressure into the renting values and the severe drop of pyrite ashes sale, together with a breakdown on the turnover higher than 14% (to about 5,4 million Euro) in comparison with the same period in 2012. There was an impact in the income, although not as higher as it would be expected, due to the drop of operative costs, mainly in supply and services rendered (-16,2%).

However, the net income value of 343 thousand Euro is less than half of the value registered in the same period of the previous year provided that the financial situation of the company remains balanced and without any need of funding.

The actual prospect is that the breakdown in the results will become more severe till the end of the current year, taking into account the outgoing or reduction of several occupied spaces, maintaining, however, the commitment to see these impacts in relative terms.

During the first half of 2013, aiming to ensure interventions for the study, monitoring and elimination of environmental liabilities, the shareholder subscribed the remaining share of the Baía do Tejo, SA equity which has been approved in the end of 2010, in the amount of 3.716 thousand Euro, becoming the paid up Group equity at 144.454 thousand Euro.

Only a final note to underline that within the management of the properties of the Arco Ribeirinho Sul Project, the register and transfer of the buildings of former Lisnave became a great obstacle to the liquidation of Margueira Fund and, subsequently, of its own management company.

In Lazer e Floresta, SA, although during this period the sales of agro-forestry and hunting products had a positive evolution, in what properties sale is concerned, only some necessary arrangements were made to enable some deeds to be performed during the second half of the year.

In this context, the revenues from the sale of wood and cork and from rents collected from the campaign and hunting renting reached 855 thousand Euro, resulting into a positive net income of 216,5 thousand Euro. Meanwhile and from the structural point of view, there is a solid financial situation of the company due to the cash resources and the lack of funding liabilities.

Even though a potential demand for the goods of Lazer e Floresta could still be felt in the market, either by the present reinforcement of the farming and livestock activities or merely as a safe-haven investment, it is not expected that, until the end of the year, the global macroeconomic context will significantly intensify the property sales beyond what is already expected. There will

be a bigger focus on the biological assets available for exploitation during the current year, such as the cutting and selling of wood or the harvesting and selling of cork.

It is worth mentioned that the company governing bodies were elected in March 2013 for the period of 2013-2015, having as one of their most important management purposes the disclosure of a scheduled proposal for the company assets privatization.

➢ SUPPLY MARKETS

This new segment became part of PARPÚBLICA Group as from the current year according to Order nr 2468/12-SET, of 28th December, which determined that the whole 100% stake hold by the Portuguese State in SIMAB, SA - Sociedade Instaladora dos Mercados Abastecedores, SA founded in 1993, with the purpose to install in Portugal a strategic set of public interest supply markets and currently with an equity of 40,1 million Euro, would be transferred to PARPÚBLICA (SGPS), S.A.

Currently the SIMAB Group is composed by the *holding* and by four managing companies –MARB, SA, MARL, SA, MARE, SA and MARF, SA, located respectively in Braga, Lisboa, Évora and Faro, the former being responsible for giving managing support to the subsidiaries as well as technical, legal, financial, administrative and commercial advice which is also extended to all operators in the several supply markets who asked for it.

In the first half of 2013, the turnover of the Group was 7,8 million Euro, that in adverse conditions represented a drop of 8% comparing to the same period of the previous year. Nevertheless, SIMAB Group closed the first half of the year with a positive net income of 870 thousand Euro, representing more than twice the value registered in the same period of 2012, mainly due to the contraction of operative costs and of funding expenses, having into account the drop of the bank debt due to the *apport* of State investment in the amount of 11 million Euro, carried out in September of 2012.

Considering the current macroeconomic framework, the expectations for the second half of 2013 are the reinforcement of the balance sheet solidity, the focus in the indebtedness ratio and

generating *cash flow*, as well as the increase of the operative efficiency and a stronger approach to the customer.

It should be mentioned that due to its small dimension, the consolidation of this business segment in the PARPÚBLICA world is mainly important not so much in terms of the values, but because of the unbalanced financial situation, considering that it is not proved that in the present conditions the current activity would be able to release the necessary funds to cover the debt expenses.

- AGRICULTURE, LIVESTOCK BREEDING AND FORESTRY

This segment has still very little importance in PARPÚBLICA Group and is formed exclusively by Companhia das Lezírias, SA, being completely held by PARPÚBLICA.

As in recent years, Companhia das Lezírias presents in this period a very solid and stable financial situation, which has even been strengthened by the good business results. The company has still no need for leverage to finance the assets and the activity, although the level of its resources was affected by the need to support the Fundação de Alter Real during the period previous to its liquidation.

In the first half of 2013, Companhia das Lezírias generated a substantially higher income in comparison with the same period of 2012, with a profit of more than 550 thousand Euro. This evolution was mainly due to a significant reduction of the values registered with depreciation and amortization charges and to the increase of the investment grants value, which doubled to almost 140 thousand Euro.

In the operational level, it should be noted that the most businesses had been evolving successfully and according to plan, although in agriculture the second half of the year is the critical period as its main activities potential will achieved, or not, the harvesting process. Concerning forestry and tourism, in particular, it should be mentioned that they continue to suffer the impact of the families' consumption contraction and therefore the demand was below the expectations.

Concerning the future, Companhia das Lezírias will have important challenges related to the new tasks and responsibilities in what Fundação de Alter Real liquidation is concerned, established by

the Government under Decree-Law nr 109/2013, of 1 August. These new responsibilities will bring a significant raise of the costs and subsequently the need of a renewed effort to develop business opportunities in order to ensure the sustainability of the financial situation of the company.

- POSTAL AND OTHER SERVICES

The integration of CTT Group into PARPÚBLICA's world has some considerable effects either in the assets or turnover as well as in the consolidated income. However this is a temporary integration since the privatisation process has already begun and it should be completed till the end of the current year, as stated in Programme of Economic and Financial Support. That is the reason why this investment is registered in the balance sheet in assets as held for sale. The situation is the same with ANA Group.

CTT Group is formed by a set of companies performing in different areas of postal services, as well as in financial services or rendering services in document, logistics, IT and telecommunications management. Despite all this diversity, the mother company CTT, SA, is the entity that defines the activity profile and the financial situation of the Group.

In consolidated terms, the CTT Group presents a solid financial situation strengthened by the profits generated by business. However, in this period, there was a slight decrease in equity, but this situation can be explained by the use of free reserves in the payment of dividends to the shareholder by CTT, SA.

During the first half of 2013, the assets (more than 1,2 thousand million Euro) grew 13,6%, mainly representing an increase of cash resources, due to the growth of investments of clients of the financial services rendered by CTT Group (+ 161 million Euro). However, this increase also has an impact in liabilities “payables”, representing the Group’s responsibility to reimburse its clients of the financial services. That situation explains the consolidated liabilities’ increase of the CTT Group, since the financial debt dropped significantly during this period (- 44,9%), mainly in the CTT, SA with a decrease of 57,7% and with an amount of 2,4 million Euro (2,3 million Euro related to financial *leasing*).

This context is important to understand why the Group presents negative net debt values (- 220,4 million Euro), i.e., although it presents an almost inexistent debt, the great available cash resources are lower than those registered in the end of 2012 due to the above mentioned extraordinary dividend payment.

The consolidated net income of CTT Group of the first half of 2013 reached the amount of 31,6 million Euro, representing an equity profitability of 12%.

Albeit representing about 80% of the total income of 2012, this profit is 14,2% lower than the result of the first half of 2012. However, this contraction is fully explained by the alterations caused by the decisions regarding the payment of holydays and Christmas salary bonus, mainly due to the importance of staff costs in this Group, that make unsuitable any direct comparison. After correcting those impacts, all financial indicators will show a positive and sound evolution, that is reflected in the growth of the average VAB/effective which reached the 15,6 thousand Euro (+2,7% than in the same period of 2012).

In terms of business activities, it is still noted a slight decrease on demand concerning the main activity of the Group, which is the mail, following the general trend of the sector. During this period, the traffic reduction was about 8% with a drop in sales an services rendered of a much lower percentage (about 3,5%), representing either the positive impact of the pricing list updated in April 2013 or the increase on demand in certain mailing segments with a higher value added. On the other hand, there was a slight dip in the profits of financial services, which the management hopes to reverse following the recent contracts renegotiations which enable to update their conditions.

Concerning the operative costs, 95% of which related to staff and services rendered costs, it is worth mentioned a contraction in the total consolidated value of about 2,2%, having the FSE's drop reached 6,8%. In staff costs, there is a 1,8% growth that can be explained by the payment of salary bonus.

As to the future, the company currently faces important challenges related to either the perspective of privatisation, or the necessity to adapt o a new regulatory environment, already partially designed by legislation recently approved by the Government. In both cases, the company has means to give an adequate answer to the new challenges and to carry on towards the consolidation of its financial situation within the context of the national economy.

❖ DISCLOSURES REQUIRED BY CVM (PORTUGUESE SECURITIES' CODE) AND BY REGULATION 4/2004 OF CMVM

➢ Audit or limited review to the interim financial information

The interim financial statements were not object of audit or limited review.

➢ Securities issued by Group companies held by any member of the statutory bodies

The members of the statutory bodies do not held any security issued by any Group company.

➢ **Holders of qualifying positions**

The share capital of Parpública, SGPS, SA, is fully held by the Portuguese State.

❖ DECLARATION OF CONFORMITY

As far as is our knowledge, the information included in the consolidated financial statements was prepared according to the applicable accounting standards, giving a true and fair view of the assets, liabilities, financial position and net profit of Parpública together with the companies included in the consolidation perimeter.

It is also our belief that the interim management report fairly exposes the information related to the indication of important events occurred throughout the current period, of their impact in the financial statements, and includes also an adequate description of the main risks and uncertainties for the following six months.

Lisboa, August 30th of 2013

BOARD OF DIRECTORS

Joaquim Pais e Jorge

Chairman (Resigned at 2/7/2013)

Carlos Manuel Durães da Conceição

Director

José Manuel Pereira Mendes Barros

Director

Fernanda Maria Mouro Pereira

Non-executive director

Pedro Miguel Nascimento Ventura

Non-executive director

Mário Alberto Duarte Donas

Non-executive director

Maria João Dias Pessoa Araújo

Non-executive director

INTERIM FINANCIAL STATEMENTS

INDICE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	30-Jun-13	31-Dec-12
ASSETS			
Non current assets			
Property, Plant and Equipment	5	2 041 168	1 925 721
Investment property	6	439 380	440 836
Goodwill	7	296 660	299 638
Intangible assets	8	4 689 260	4 722 248
Biological assets	9	17 531	17 613
Investments in associates	10	480 930	468 863
Other investments	11	785 248	1 142 325
Other financial assets	12	3 350 212	4 166 856
Deferred tax assets	13	361 990	356 983
Other receivables	17	298 285	263 361
Deferrals	18	544 218	514 015
		13 304 882	**14 318 460**
Current assets			
Inventories	19	1 220 741	1 227 997
Biological assets	9	2 817	2 849
Trade debtors	14	853 535	783 198
Advances to trade creditors	15	9 652	7 088
Public administrative sector	16	64 720	51 714
Other receivables	17	209 818	239 623
Deferrals	18	34 855	28 455
Other financial assets	12	6 671	6 201
Cash and cash equivalents	20	1 527 693	770 007
		3 930 502	**3 128 196**
Non current assets held for sale	21	3 786 253	2 453 854
		7 716 755	**5 582 050**
Total assets		**21 021 636**	**19 900 509**
EQUITY AND LIABILITIES			
Equity			
Share capital		1 027 151	1 027 151
Legal reserves		738 930	730 231
Other reserves		99 302	86 762
Share of changes in equity of associates		(270 486)	(323 862)
Retained earnings		1 185 952	1 081 256
Net profit for the period attributable to equity holders		(75 766)	425 423
Total equity attributable to equity holders	22	**2 705 082**	**3 026 960**
Non-controling interests	23	497 472	682 783
Total equity		**3 202 554**	**3 709 744**
Non current liabilities			
Provisions	24	52 798	56 137
Borrowings	25	6 464 192	5 652 240
Retirement benefits obligations	26	102 355	107 391
Deferred tax liabilities	13	395 506	395 053
Public administrative sector	16	65 304	76 557
Other payables	30	137 325	150 581
Other financial liabilities	31	138 490	59 680
Deferrals	18	2 562 169	2 507 576
		9 918 139	**9 005 215**
Current liabilities			
Provisions		63	63
Trade creditors	24	180 705	172 022
Advances from trade debtors	27	3 011	1 151
Public administrative sector	16	90 237	74 637
Shareholders	29	50 018	18
Borrowings	25	2 804 687	3 488 410
Other payables	30	1 685 536	1 316 896
Other financial liabilities	31	-	-
Deferrals	18	101 041	91 831
		4 915 298	**5 145 029**
Liabilities related with non current assets held for sale	21	2 985 645	2 040 521
		7 900 942	**7 185 550**
Total liabilities		**17 819 082**	**16 190 766**
Total equity and liabilities		**21 021 636**	**19 900 509**

CONSOLIDATED INCOME STATEMENT BY NATURE FOR THE PERIOD ENDED AT 30 JUNE 2013

in thousand euro

	Notes	1st semester 2013	1st semester 2012
Revenue	32	2 201 114	1 840 628
Grants related to income	33	2 585	3 614
Share of profit and loss of associates	34	4 703	3 379
Dividend from investments at cost or at fair value	35	16 364	231 686
Gains resulting from reprivatisations	36	-	574 169
Changes in inventories of finished goods and work in progress	37	886	(6 302)
Own work capitalized	38	10 156	15 037
Inventories consumed and sold	39	(150 252)	(130 880)
Material and services consumed	40	(1 110 357)	(1 009 599)
Employee benefits expenses	41	(573 245)	(397 026)
Increases and reversals of inventories adjustments	42	(1 815)	(825)
Increases and reversals of receivables adjustments	43	(2 268)	(3 726)
Increases and reversals of provisions	44	(207)	1 000
Increases and reversals of impairment of non depreciable (amortizable) assets	45	6 933	(49 001)
Net changes in fair value	46	(28 996)	(164 397)
Other operating income	47	122 744	64 370
Other operating expense	48	(57 754)	(42 174)
Earnings before interest, taxes, depreciation and amortization		**440 590**	**929 950**
Expense/reversals of depreciation and amortization	49	(228 593)	(227 822)
Imparity of depreciation/amortization investments (expense/reversals)	45	(1 031)	59
Grants related to assets	50	36 709	40 061
Earnings before interest and taxes		**247 676**	**742 249**
Interest and other financial income	51	1 620	3 451
Interest and other financial expenses	51	(245 906)	(219 520)
Profit before income tax		**3 390**	**526 180**
Net income tax expense for the period	52	(53 869)	(47 759)
Net result for the period		**(50 478)**	**478 421**
Net result of non-controling interest	53	25 288	44 731
Net result for the period of the owners of the parent company		**(75 766)**	**433 691**
Result on discontinued operations included in the net result for the period	54	54 220	614 625
Result on discontinued operations included in the net result of the owners of the parent	54	53 926	605 173
Earnings per share basic and diluted (euro):			
From continued operations and discontinued operations		-0,19	1,08
From descontinued operations		0,13	1,51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED AT 30 JUNE 2013

in thousand euro

	1st semester 2013	1st semester 2012
Net profit for the period	-50 478	478 421
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of benefits plan liabilities	-240	-
Share of other comprehensive income of associates and joint ventures	45 052	-6 202
Adjustments for deferred tax recognition	-	121
Other gains and losses recognized directly in equity	-879	-
Other gains and losses	25 328	30 157
	69 262	28 235
Items that will or may be reclassified to profit or loss:		
Other comprehensive income of associates and joint-ventures	-	
Exchange differences on translating foreign operations	-2 849	-3 081
Gains and losses remeasuring available-for-sale financial assets	-95	19
Gains and losses on cash flow hedges	-3 358	-16 324
Other gains and losses recognized directly in equity	-1 497	-
	-7 799	-19 386
Total comprehensive income for the period after income tax	61 463	8 850
Total comprehensive income	10 985	487 271
Comprehensive income		
Attributable to equity holders	-22 776	444 751
Attributable to non-controlling interests	33 761	42 519

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED AT 30 JUNE 2013

0

STATEMENT OF CHANGES IN EQUITY	TOTAL	Share Capital	Legal Reserves	Other Reserves	Share of changes in equity of associates	Retained earnings	Net profit for the period	Subtotal (before N.C.I)	Non controling interests
Financial position at 01-01-2012	3 252 144	1 027 151	724 491	94 717	(479 642)	1 199 306	60 662	2 626 684	625 460
								-	
Transactions with owners for the 1st semester 2012	(18 966)	-	-	-	-	61 827	(61 827)	-	(18 966)
Application of results and distribution of results and reserves	(22 691)	-	-	-	-	61 827	(61 827)	-	(22 691)
Other transactions	3 725	-	-	-	-	-	-	-	3 725
Comprehensive Income in the 1st semester 2012	487 271	-	5 742	(6 595)	(9 255)	21 169	433 691	444 751	42 519
Net profit for the period	478 421	-	-	-	-	-	433 691	433 691	44 731
Other comprehensive income	8 850	-	5 742	(6 595)	(9 255)	21 169	-	11 061	(2 211)
								-	
Financial Position at 30-06-2012	3 720 449	1 027 151	730 232	88 122	(488 897)	1 282 302	432 526	3 071 436	649 013
								-	
Transactions with owners for the 1st semester 2012	2 136	-	-	-	-	(67 565)	70 704	3 139	(1 003)
Application of results and distribution of results and reserves	5 478	-	-	-	-	(70 705)	70 704	(0)	5 478
Other transactions	(6 481)	-	-	-	-	3 140	-	(0)	(6 481)
Comprehensive Income in the 2st semester 2012	(12 840)	-	(1)	(1 360)	165 035	(133 482)	(77 807)	(47 615)	34 774
Net profit for the period	(42 239)	-	-	-	-	-	(77 806)	(77 806)	35 567
Other comprehensive income	29 399	-	(1)	(1 360)	165 035	(133 482)	(0)	30 192	(793)
Financial Position at 31-12-2012	3 709 744	1 027 151	730 231	86 762	(323 862)	1 081 255	425 423	3 026 961	682 783
								-	
Transactions with owners for the 1st semester 2013	(518 176)	-	7 319	(10 102)	(251 039)	345 550	(390 828)	(299 102)	(219 074)
Application of results and distribution of results and reserves	(65 905)	-	5 613	(10 102)	-	345 318	(390 828)	(50 000)	(15 904)
Other transactions	3 480	-	1 706	-	5 042	232	-	6 980	(3 500)
ANA Shares' purchase	(376 651)	-	-	-	(249 930)	-	-	(249 930)	(126 721)
AdP Shares' purchase	(79 100)	-	-	-	(6 151)	-	-	(6 151)	(72 949)
Comprehensive Income in the 1st semester 2013	10 985	0	1 380	22 642	304 415	(240 853)	(110 361)	(22 776)	33 761
Net profit for the period	(50 478)	-	-	-	-	-	(75 766)	(75 766)	25 288
Other comprehensive income	61 463	0	1 380	22 642	304 415	(240 853)	(34 595)	52 990	8 473
Financial Position at 30-06-2013	3 202 554	1 027 151	738 930	99 302	(270 486)	1 185 952	(75 767)	2 705 082	497 472
	0								
Dividend paid in 2013 (to equity holders of parent company									
Number of shares	400 000 000								
Dividends per share									

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2013

	1st semester 2013	1st semester 2012
Operating activities		
Receipts from trade debtors	2 446 884	1 980 566
Payments to trade creditors	(1 639 841)	(1 542 756)
Payments to employees	(495 579)	(267 841)
Cash flows generated by operations	311 464	169 968
Receipts/Payments from income tax	(47 649)	(69 262)
Other operating activities (receipts/payments)	330 398	152 644
Cash flows from operating activities	594 213	253 351
Investing activities		
Receipts related to:		
Plant, property and equipment	573	7 155
Intangible assets	222	160
Financial investments	461 268	2 534 924
Grants related to assets	37 913	47 156
Interest and other financial income	13 168	12 435
Loans granded	16	-
Dividends	28 865	262 190
	542 026	2 864 020
Payments related to:		
Plant, property and equipment	(28 882)	(60 255)
Investment properties	(183)	(2 097)
Intangible assets	(81 040)	(101 899)
Financial investments	(38 906)	(186 603)
Loans granted	-	(1 219)
Other assets	(277)	(268)
Concession rights	(800 000)	(597)
	(949 288)	(352 939)
Cash flows from investing activities	(407 262)	2 511 081
Financing activities		
Receipts related to:		
Share capital increases and other equity instruments	3 207	3 725
Borrowings	1 970 285	269 852
Interest and other financial income	11 437	1 245
Other financing operations	-	1 000
	1 984 929	275 822
Payments related to:		
Borrowings	(1 012 851)	(444 126)
Lease contracts	(64 748)	(69 384)
Interest and other financial expense	(146 781)	(122 950)
Dividends	(17 094)	(35 428)
Other financing operations	(335)	-
	(1 241 809)	(671 888)
Cash flows from financing activities	743 121	(396 066)
Changes in cash and cash equivalents	930 072	2 368 366
From descontinued operational units (Note 53)	2 663 920	192 692
Foreign currency translation effect	(13 908)	(630)
Cash and cash equivalent at the beggining of the period	**658 647**	**471 180**
Overdrafts	170 448	278 104
Cash and cash equivalent at the end of the period	**1 574 811**	**2 838 917**

Reconciliation of Cash and Cash equivalents:

	1st semester 2013	1st semester 2012
Cash and cash equivalent at the end of the period	**1 574 811**	**2 838 917**
Bank overdrafts	170 448	278 104
Changes in cash due to business combinations	490 426	-
Other	1 464	1 466
Cash and cash equivalent classified as non current assets held for sale	(709 457)	(176 433)
Cash and cash equivalent in the balance sheet	**1 527 692**	**2 942 054**

NOTES

1 – PARPÚBLICA Group's economic activities

PARPÚBLICA – Participações Públicas, SGPS, SA (herein after designated by Company or PARPÚBLICA) is a whole owned public company and sets its main corporate object on management of investments (SGPS). The Company was incorporated by Decree-Law Nr. 209/2000 of September 2, with the aim to be an essential tool of the State, to intervene in the following areas:

a) Managing participations in companies undergoing a privatizing process, or able to be privatized, in a certain term;

b) Developing privatizing processes, in the scope of the law;

c) Re-structuring companies transferred to its portfolio;

d) Following participations in privatized companies, which grant special rights to the State;

e) Managing surplus public real estate patrimony, through specialized subsidiary companies;

f) Support to the work by the Finance Minister of the financial tutelage over State-owned companies and companies concessionary of general economic interest service;

g) Promotion of the use of public-private partnerships to the development of public services in better quality and efficiency conditions.

Considering the activities developed by the companies whose financial statements were included in the consolidated financial statements of the PARPÚBLICA Group, seven business segments were identified: (i) Parpública ; (ii) Real estate Management and Promotion; (iii) Agricultural, Livestock breeding and Forestry; (iv) Mint, Printing/Publications and Safety products; (v) Air Transport; (vi) Water and Waste; (vii) Supply Markets; (viii) Postal Services and (ix) Sundries.

Segment reporting

in thousand Euro

	30-Jun-13											
	SGPS	Business segments										
	Parpública	Real Estate Management and Development	Agriculture, Lifestock Breeding and Forestry	Production of currency, Publications and Safety Products	Air Transport	Water and Waste	Supply Markets	Postal Services	Miscelaneous Activities	Total	Inter-segmental Eliminations	Consolidated
Assets												
Non-current Assets	6 736 029	610 219	86 109	75 697	1 064 183	6 624 205	185 473	0	120 730	8 766 616	(2 197 763)	13 304 882
Current Assets	1 894 004	1 198 803	12 651	92 811	3 119 953	965 731	8 324	1 209 844	14 489	6 622 605	(799 855)	7 716 755
(of which held for sale)	*937 255*	*0*	*0*	*0*	*2 420 157*	*0*	*2 807*	*1 209 844*	*0*	*3 632 808*	*(783 810)*	*3 786 253*
Total Assets	**8 630 034**	**1 809 022**	**98 761**	**168 507**	**4 184 136**	**7 589 936**	**193 796**	**1 209 844**	**135 218**	**15 389 220**	**(2 997 618)**	**21 021 636**
Liabilities												
Non- current Liabilities	3 883 727	489 704	17 092	32 716	885 046	5 453 636	98 230	0	84 446	7 060 870	(1 026 458)	9 918 139
(of which financing liabilities)	*3 226 198*	*442 491*	-	-	*695 962*	*2 460 833*	*46 179*	*0*	*84 055*	*3 729 521*	*(491 527)*	*6 464 192*
(of which government grants r	-	-	-	*17*	-	*1 904 624*	*26 275*	*0*	-	*1 930 916*	-	*1 930 916*
Current Liabilities	2 420 346	88 777	2 873	14 183	3 426 623	955 763	43 286	953 303	15 859	5 500 666	(20 070)	7 900 942
(of which held for sale)	-	-	-	-	*2 032 274*	-	-	*953 303*	-	*2 985 576*	*68*	*2 985 645*
(of which financing liabilities)	*1 781 550*	*3 039*	-	*2 544*	*339 025*	*635 755*	*34 805*	*0*	*9 875*	*1 025 043*	*(1 907)*	*2 804 687*
(of which government grants rel	-	-	*1 194*	-	-	-	*771*	-	-	*1 965*	-	*1 965*
Total Liabilities	**6 304 073**	**578 481**	**19 965**	**46 899**	**4 311 669**	**6 409 399**	**141 516**	**953 303**	**100 305**	**12 561 536**	**(1 046 527)**	**17 819 082**
Group's Equity	**2 325 961**	**1 229 152**	**78 796**	**121 608**	**-135 690**	**704 176**	**47 303**	**254 775**	**30 092**	**2 330 212**	**(1 951 090)**	**2 705 082**
Non-controlling interests	**0**	**1 388**	-	-	**8 158**	**476 360**	**4 977**	**1 767**	**4 821**	**497 472**	-	**497 472**
Total equity	**2 325 961**	**1 230 541**	**78 796**	**121 608**	**-127 532**	**1 180 537**	**52 280**	**256 541**	**34 913**	**2 827 684**	**(1 951 090)**	**3 202 554**

Note: The SGPS values differ from those in the financial statements due to the different measurement methods of the equity stakes

Segment reporting

in thousand Euro

31DEC12										
	SGPS	Atividades Operativas								
0	Parpública	Real Estate Management and Development	Agriculture, Lifestock Breeding and Forestry	Production of currency, Publications and Safety Products	Air Transport	Water and Waste	Miscelaneous Activities	Total	Inter-segmental Eliminations	Consolidated
Assets										
Non-current Assets	7 838 587	616 910	86 436	77 234	1 119 280	6 596 547	96 432	8 592 839	(2 112 967)	14 318 460
Current Assets	535 639	1 244 773	12 112	98 942	2 975 555	1 002 982	15 948	5 350 311	(303 900)	5 582 050
(of which held for sale)	*200 604*	*0*	*0*	*0*	*2 438 003*	*0*	*0*	*2 438 003*	*(184 754)*	*2 453 854*
Total Assets	**8 374 226**	**1 861 683**	**98 547**	**176 176**	**4 094 835**	**7 599 529**	**112 380**	**13 943 150**	**(2 416 867)**	**19 900 509**
Liabilities										
Non- current Liabilities	2 755 420	489 786	17 092	32 674	980 430	5 526 156	83 513	7 129 651	(879 856)	9 005 215
(of which financing liabilities)	*2 365 496*	*442 694*	-	*0*	*775 390*	*2 476 131*	*82 980*	*3 777 195*	*(490 451)*	*5 652 240*
(of which government grants related to assets)	-	-	-	*17*	-	*1 925 338*	-	*1 925 355*	-	*1 925 355*
Current Liabilities	3 081 086	149 499	2 903	19 849	3 104 837	937 006	16 809	4 230 904	(126 440)	7 185 550
(of which held for sale)	-	-	-	-	*2 040 521*	-	-	*2 040 521*	-	*2 040 521*
(of which financing liabilities)	*2 589 568*	*67 239*	-	*10 196*	*258 674*	*619 911*	*7 128*	*963 148*	*(64 305)*	*3 488 410*
(of which government grants related to assets)	*0*	*0*	*1 332*	-	-	-	*0*	*1 332*	-	*1 332*
Total Liabilities	**5 836 506**	**639 286**	**19 995**	**52 523**	**4 085 267**	**6 463 162**	**100 322**	**11 360 555**	**(1 006 296)**	**16 190 766**
Group's Equity	**2 537 720**	**1 220 963**	**78 553**	**123 652**	**-129 943**	**599 207**	**7 380**	**1 899 812**	**(1 410 572)**	**3 026 960**
Non-controlling interests	**0**	**1 435**	**-**	**-**	**139 511**	**537 160**	**4 678**	**682 783**	**-**	**682 783**
Total equity	**2 537 720**	**1 222 398**	**78 553**	**123 652**	**9 568**	**1 136 367**	**12 058**	**2 582 595**	**(1 410 572)**	**3 709 744**

Note: The SGPS values differ from those in the financial statements due to the different measurement methods of the equity stakes

Segment reporting

in thousand Euro

	SGPS	Business Segments										
1st semester 2013	Parpública	Real Estate Management and Development	Agriculture, Lifestock Breeding and Forestry	Production of currency, Publications and Safety Products	Air Transport	Water and Waste	Supply Markets	Postal Services	Miscelaneous Activities	Total	Inter-segmental Eliminations	Consolidated
Sales and services rendered	-	42 135	1 206	37 663	1 372 238	394 327	7 814	344 185	5 041	2 204 609	(3 495)	2 201 114
Grants related to income	-	-	933	-	1 603	49	-	-	-	2 585	-	2 585
Share of profit and loss of associates	5 080	6	-	-	(383)	-	-	-	-	(377)	-	4 703
Dividend from investments at cost or at fair value	127 656	-	-	-	14	-	-	-	-	14	(111 306)	16 364
Changes in finished goods and work in progress and own work capitalised	-	(2)	926	(869)	2 193	8 648	-	146	-	11 042	-	11 042
Inventories consumed and sold	-	(10 167)	(1 532)	(8 616)	(107 121)	(15 054)	-	(7 760)	(1)	(150 252)	-	(150 252)
Materials and services consumed	(1 215)	(5 732)	(1 343)	(6 146)	(870 425)	(110 640)	(1 625)	(115 591)	(1 136)	(1 112 638)	3 495	(1 110 357)
Employee benefits expenses	(961)	(2 815)	(1 135)	(10 824)	(320 880)	(73 887)	(826)	(161 550)	(367)	(572 284)	-	(573 245)
Inventories' impairment	-	1 679	-	1	(3 307)	-	-	(188)	-	(1 815)	-	(1 815)
Provisions	(145 527)	(120)	-	-	2 717	717	-	(3 520)	-	(207)	145 527	(207)
Impairment of non depreciable (amortizable) assets	2 033	(175)	-	4 935	106	(509)	3	(1 729)	-	2 632	-	4 664
Net changes in fair value	(40 309)	(2 853)	854	-	(135)	13 267	-	-	180	11 313	-	(28 996)
Other income and gains	27 062	2 663	1 327	1 289	28 900	26 723	107	10 977	188	72 174	23 508	122 744
Other expenses and losses	(36)	(2 527)	(166)	(2 483)	(41 077)	(6 073)	(262)	(5 127)	(3)	(57 718)	0	(57 754)
Result before interest, tax, depreciation and amortization	**(26 216)**	**22 092**	**1 070**	**14 949**	**64 444**	**237 568**	**5 211**	**59 841**	**3 902**	**409 077**	**57 730**	**440 590**
Expense/reversals of depreciation and amortization	(22)	(525)	(625)	(2 505)	(85 903)	(121 310)	(2 537)	(12 414)	(2 753)	(228 571)	-	(228 593)
Impairment of depreciable (amortizable) assets (expense/reversals)	-	1	-	-	-	-	-	(1 031)	-	(1 031)	-	(1 031)
Grants related to assets	-	-	138	-	111	36 075	386	-	-	36 709	-	36 709
Result before interest, tax, depreciation and amortization	**(26 238)**	**21 568**	**583**	**12 444**	**(21 348)**	**152 333**	**3 060**	**46 396**	**1 149**	**216 185**	**57 730**	**247 676**
Interest expense	(117 087)	(12 850)	(0)	(140)	(52 516)	(54 381)	(1 574)	(140)	(3 407)	(125 008)	18 046	(224 048)
Other financing gains and losses	(4 731)	38	-	-	(10 368)	(5 000)	(142)	(34)	-	(15 506)	-	(20 237)
Result before taxes	**(148 056)**	**8 755**	**583**	**12 304**	**(84 232)**	**92 952**	**1 345**	**46 223**	**(2 258)**	**75 671**	**75 776**	**3 390**
Income tax for the period	(10)	(3 307)	(26)	(4 041)	(8 964)	(22 642)	(475)	(14 405)	-	(53 859)	-	(53 869)
Net profit or loss for the period	(148 066)	5 449	557	8 263	(93 196)	70 310	870	31 818	(2 258)	21 812	75 776	(50 478)
Net profit or loss for the period from non controlling interests	**0**	**41**	-	-	**2 122**	**23 346**	**27**	**174**	**-422**	**25 288**	-	25 288
Net profit or loss for the period attributable to equity holders	**(148 066)**	**5 408**	**557**	**8 263**	**(95 318)**	**46 964**	**843**	**31 644**	**(1 836)**	**(3 476)**	**75 776**	**(75 766)**
Net profit or loss from discontinued operations included in Net profit or or loss for the period	7 205	-	-	-	15 644	-	-	31 803	-	47 447	(432)	54 220
Net profit or loss from discontinued operations included in Net profit or or loss for the period attributable to equity holders	7 205	-	-	-	15 524	-	-	31 629	-	47 153	(432)	53 926

Note: The SGS values differ from those in the financial statements due to the different measurement methods of the equity stakes

Segment reporting

in thousand Euro

Rubricas	SGPS	Atividades Operativas							Inter-segmental Eliminations	Consolidated
1st semester 2012	Parpública	Real Estate Management and Development	Agriculture, Lifestock Breeding and Forestry	Production of currency, Publications and Safety Products	Air Transport	Water and Waste	Miscelaneous Activities	Total		
Sales and services rendered	-	40 511	1 072	43 083	1 333 588	415 664	6 711	1 840 628	-	1 840 628
Grants related to income	-	-	955	6	1 805	96	752	3 614	-	3 614
Share of profit and loss of associates	5 654	-	-	-	(2 275)	-	-	3 379	-	3 379
Dividend from investments at cost or at fair value	261 596	-	-	-	11	-	-	261 607	(29 922)	231 686
Changes in finished goods and work in progress and own work capitalised	-	(2 153)	620	1 241	(4 964)	13 991	-	8 735	-	8 735
Inventories consumed and sold	-	(9 972)	(1 257)	(10 992)	(93 820)	(14 834)	(5)	(130 880)	-	(130 880)
Materials and services consumed	(890)	(6 698)	(1 111)	(6 342)	(883 074)	(109 236)	(2 247)	(1 009 599)	-	(1 009 599)
Employee benefits expenses	(861)	(3 117)	(1 062)	(10 764)	(311 159)	(69 604)	(460)	(397 026)	-	(397 026)
Inventories' impairment	-	275	-	134	(1 234)	-	-	(825)	-	(825)
Provisions	-	(120)	-	-	2 178	(1 058)	-	1 000	-	1 000
Impairment of non depreciable (amortizable) assets	(48 807)	(75)	32	1 536	(2 362)	(2 623)	(234)	(52 534)	(194)	(52 728)
Net changes in fair value	(154 904)	180	508	-	-	(10 587)	406	(164 397)	-	(164 397)
Other income and gains	124 921	7 169	1 187	1 785	28 269	24 015	590	187 935	(123 566)	64 370
Other expenses and losses	(840)	(4 053)	(42)	(5 020)	(25 283)	(6 926)	(10)	(42 174)	-	(42 174)
Result before interest, tax, depreciation and amortization	**760 038**	**21 946**	**902**	**14 666**	**41 679**	**238 898**	**5 503**	**1 083 632**	**(153 681)**	**929 950**
Expense/reversals of depreciation and amortization	(38)	(564)	(902)	(2 861)	(101 007)	(119 791)	(2 658)	(227 822)	-	(227 822)
Impairment of depreciable (amortizable) assets (expense/reversals)	-	59	-	-	-	-	-	59	-	59
Grants related to assets	-	-	73	-	2 070	37 918	-	40 061	-	40 061
Result before interest, tax, depreciation and amortization	**760 000**	**21 441**	**73**	**11 805**	**(57 258)**	**157 025**	**2 845**	**895 930**	**(153 681)**	**742 249**
Interest expense	(112 319)	(33 646)	(22)	(233)	(32 120)	(56 472)	(2 431)	(237 243)	32 859	(204 384)
Other financing gains and losses	(5 349)	82	-	-	(5 829)	(2 097)	1 510	(11 683)	-	(11 683)
Result before taxes	**642 332**	**(12 124)**	**51**	**11 571**	**(95 207)**	**98 456**	**1 924**	**647 003**	**(120 822)**	**526 180**
Income tax for the period	(8)	2 881	(12)	(4 679)	(14 162)	(31 779)	-	(47 759)	-	(47 759)
Net profit or loss for the period	642 323	(9 243)	39	6 892	(109 369)	66 677	1 924	599 244	(120 823)	478 421
Net profit or loss for the period from non controlling interests	**0**	**55**	-	-	**11 398**	**33 260**	**18**	**44 731**	-	44 731
Net profit or loss for the period attributable to equity holders	**642 323**	**(9 297)**	**39**	**6 892**	**(120 767)**	**33 417**	**1 906**	**554 514**	**(120 822)**	**433 691**
Net profit or loss from discontinued operations included in Net profit or or loss for the period	621 241	-	-	-	-6 616	-	-	614 625	-	614 625
Net profit or loss from discontinued operations included in Net profit or or loss for the period attributable to equity holders	621 241	-	-	-	-16 069	-	-	605 173	-	605 173

Note: The SGS values differ from those in the financial statements due to the different measurement methods of the equity stakes

2 - Basis of presentation and major accounting policies

2a - Introduction

The current consolidated financial statements concern the period ended at 30 June 2013 and were prepared based on the accounting records of the Group prepared on a going concern assumption and are presented in thousand euro except when other currency is referred.

The main accounting policies adopted by PARPÚBLICA Group in preparation of these consolidated financial statements are disclosed in the following notes. With the exception of the situations described in Note 2.b, these policies have been consistently applied to all years presented.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards and Interpretations, collectively designated IFRS, issued by the International Accounting Standards Board (IASB), and as adopted by the European Union (EU).

The preparation of the financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to decide the most appropriate way to apply the PARPÚBLICA Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements are disclosed in note 2ac.

All the amounts are in thousand Euros, rounded to nearest thousand, except when otherwise indicated.

2b – Amendments in accounting policies

2bi New standards, interpretations and amendments effective from the 1srt of January of 2013

- **Amendments to IAS 1 Presentation of financial statements (Regulation nr. 475/2012, of 5 of June) – Presentation of Other comprehensive income items >** (i) The amendments introduced a new terminology for "Comprehensive Income Statement" accordingly renamed "Income and Other Comprehensive Income Statements". However, the use of the new title is not mandatory and entities may continue to use any titles for their financial statements not used in the regulation.

  (ii) The amendments to IAS 1 allow to present income and the other comprehensive income either in one or in two separated statements (option adopted by PARPÚBLICA Group), provided that they are consecutive. However, amendments to IAS 1 require other comprehensive income items to be classified in two categories: a) items that will not later on be reclassified in income, and b) items that could later on be reclassified in income, under some conditions. The amendments to IAS 1 should be retroactively applied and, therefore, the presentation (in separated groups) of other comprehensive income items should be change in order to reflect those amendments also in the comparative period.

  Besides the alterations mentioned under the above (ii), the amendments to IAS 1 do not have any more impact in income, other comprehensive income and total comprehensive income.

- **Amendments IAS 19 Employees benefits (Regulation 475/2012, of June 5)>** The most significant amendments to the new version of IAS 19 are related to alterations of the benefits and assets defined in the plan. These amendments require that the alterations of the benefits and in the assets at fair value defined in the plan should be recognized at the very moment when they occurred, thus preventing the "corridor" approach allowed by the previous version of IAS 19 and speeding up the recognition of the costs of previous services costs. With this new IAS 19 version, all actuarial profit and loss shall be immediately recognized in other comprehensive income. Furthermore, in this new version, the interest expenses and the expected return from assets, used in the previous version of IAS 19, are replaced by an amount concerning a "net interest over liabilities (assets) net of defined benefits" calculated by applying the discount rate to the liabilities (assets) net of defines benefits.

  These amendments have mainly impact in the amounts recognized in previous years results and other comprehensive income. Furthermore, this new IAS19 version brings certain alterations in the presentation of the defined benefits costs, including more extensive disclosures.

  The new IAS19 version was applied retrospectively.

- **Adoption of IFRS 13 Measurement at fair value (Regulation nr. 1255/2012, of December 11) >** The IFRS 13 establishes a single framework for calculating fair cost according to the IFRS (except for payments based in shares under IFRS 2, leasing transactions under IAS 17 and measurements similar but not exactly at fair value, such as the net value of inventories or the value in use to impairments measurements) and gives comprehensive guidelines for calculating financial and non-financial assets and liabilities at fair value. The IFRS 13 defines fair value as the price to receive from the sale of an asset or to pay for transferring a liability ordered by the market participants at measurement date. The fair value in IFRS 13 consists of an "exit price" regardless of that price be directly observable or estimated by another evaluation method.

  IFRS 13 includes comprehensive requirements of additional disclosures.

  IFRS 13 requires only a prospective application as from the 1st of January 2013 and therefore the disclosure requirements are not mandatory for the comparative information of the periods previous to the early implementation of the regulation.

  Besides the additional disclosure requirements there are no further impacts in the values recognized in the financial statements.

- **Amendments to IAS 12 Income taxes (Regulation nr. 1255/2012, of December 11) – Deferred tax: recovery of underlying assets >** The amendments aim to introduce an exception to the principle of measurement included in IAS 12, under a rebuttable presumption that the booked at fair value amount would be recover through the sale and that an entity should have to use the interest rate applicable to the sale of the underlying asset. This amendment to IAS 12 suppresses SIC 21 Income taxes – Recovery of Revalue Non-depreciable Assets, which is now, included in the regulation together with more application examples.

  These amendments had no impact in the values and disclosures of the financial statements.

- **Amendments to IFRS 1 For the first time adoption**

  (i) Severe over inflation and suppression of fixed dates for the first time adopters: (Regulation nr. 1255/2012, of 11 of December) > The goal of the amendments to IFRS 1 is to introduce a new exemption, namely the entities subject to a severe over inflation may use the fair value as the value considered for their assets and liabilities in the financial statement at the opening of the agreement with the IFRS. In IFRS 1, the amendments also replace the references to fixed dates, for references to dates of transition.

  (ii) Government loans (Regulation nr. 183/2013, of March 4) > The amendments to IFRS 1 concern to loans received from the Government at an interest rate lower than the market rate and aim to enable first time IFRS adopters not to total and retrospectively adopt them during the transition to the IFRS.

  These amendments in IFRS 1 had no impact in the values and disclosures of the financial statements.

- **IFRIC 20 Stripping costs in the production phase of a surface mine (Regulation 1255/2012, of December 11) >** The goal of IFRIC 20 is to deliver guidelines about the recognition of the production costs related to the stripping as an asset and about the initial and subsequent measurement of the asset related to the stripping activities, in order to reduce, in practical terms, the several ways how the entities recorded the stripping costs in the production phase of a surface mine.

  The adoption of IFRIC 20 had no impact in the values and disclosures of the financial statements.

- **Amendment to IFRS 7 Financial Instruments: Disclosures > Amendments to IFRS 7: Presentation (Regulation 1256/2012 of December 13) >** The goal of the amendment to IFRS 7 is to demand the presentation of further quantitative disclosure about compensation between financial assets and liabilities in order to unable the users to better compare and reconcile the disclosures according to the IFRS and the generally accepted accounting principles (GAAP) in USA. On the other hand, the IASB amended IAS 32 giving further guidelines in order to reduce inconsistencies in the practical implementation of the rule.

- **Annual improvements: cycle of 2009-2011 (Regulation nr. 301/2013, of March 27) >** The improvements include amendments in five IFRS, summarized as follows:
  - **IFRS 1 First time adoption – Repeated application IFRS 1 >** The amendments clarify that an entity may apply IFRS 1 if the recent financial statements had no explicit and unrestricted declaration of conformity with the IFRS, even if it had applied IFRS 1 in the past.
  - **IFRS 1 First time adoption – Granted loans costs >** The amendments clarify that the granted loans costs, capitalized according to previous PCGA before the transition date to IFRS, may be used without adjustment to the amount capitalized previously to the transition date.
  - **IAS 1 Presentation of financial – Clarification of the requirements for a comparative information >** The amendments stated that a third financial statement is required whenever: a) an entity applies retrospectively an accounting policy or makes a restatement or reclassification in its financial statements, and b) the retrospective

application, restatement or reclassification has a value impact in the information of the third financial statement. The amendments established that there is no need the related notes to be presented in the third financial statement.

- **IAS 16 Property, plant and equipment – Classification of service equipments (spare parts, reserve and maintenance equipments) >** The amendments specify that spare parts and reserve and maintenance equipments should be classified as property, plant and equipment whenever they comply with the definition of property, plant and equipment established by IAS 16 and as inventories in other situations.
- **IAS 32 Financial instruments: Presentation – Tax effect of the distribution to the holders of equity instruments >** The amendments clarify that income tax over the distributions to holders of equity instruments should be accounted according to IAS 12 Income taxes.
- **IAS 34 Interim financial report >** The amendments clarify that the total assets and liabilities of a certain reporting segment should be separately disclosure if those values were regularly presented to the main responsible for the operative decisions and if a significant change in the disclosure value of last annual financial statements for that reporting segment was verified.

2bii New standards, interpretations and amendments effective from or after the 1rst of January of 2014

- **Adoption of IFRS 10 Consolidated financial statements, of IFRS 11 Joint agreements and of IFRS 12 Disclosure of interests in other entities, as well as the amended versions of IAS 27 Separate Financial Statements and of IAS 28 Investments in associates and joint ventures (Regulation nr. 1254/2012, of December 11) >** The goal of IFRS 10 is to deliver an unique consolidation model, that identifies the control relation as the support for the consolidation of all kind of entities. The IFRS 10 replaces the IAS 27 Consolidated and separate financial statements and the SIC 12 Consolidation — Entities with a special purpose. The IFRS 11 establishes the principle of financial report in case of joint ventures and replaces IAS 31 Interests in joint ventures and the SIC 13 jointly controlled entities – Non monetary contributions by venturers. The IFRS 12 combines, reinforces and replaces the disclosure requirements for the branches, joint agreements, associated companies and non consolidated structured entities. As consequence of these new IFRS, IASB also issued an amended version of IAS 27 and of IAS 28.

- **Amendments to IFRS 10 Consolidated financial statements, to IFRS11 Joint agreements and to IFRS 12 Disclosures of interests in other entities (Regulation nr. 313/2013, of April 4) >** The aim of the amendments is to clarify the intention of IASB when for the first time it issued the transition guidelines regarding IFRS 10. The amendments also allow the flexibility of another additional transition concerning IFRS 10, IFRS 11 and IFRS 12, restricting the comparative information disclosures only to the previous comparative period. In addition and concerning the disclosures related to non consolidated structured entities, the amendments eliminate the obligation to present comparative information of the previous periods to the first time implementation of IFRS 12.

2c - Principles of consolidation

The consolidated financial statements of PARPÚBLICA Group are the presented as those of a single economic entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Subsidiaries included in the financial statements are listed in note 2e.

2d - Business Combinations

The present consolidated financial statements incorporate the results of business combinations using the purchase method. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

2e - Subsidiaries

All entities controlled by PARPÚBLICA Group were deemed as subsidiary companies, and control is deemed as the power to manage the financial and operating policies of an entity so as to obtain benefits from its activities. The existence of control was assumed when PARPÚBLICA Group is, directly or indirectly holder, through subsidiary companies, of more than half of the entity voting power.

The entities classified as subsidiary companies are as follows:

Name	Location	Main activity	Share capital owner		
			Entity	% of share capital by its direct owner	
				30 Jun 2013	31 Dec 2012
AdP - Águas de Portugal, SGPS, S.A.	Lisboa	Investment management	PARPÚBLICA, SGPS, S.A.	80,99%	72,17%
ANA - Aeroportos de Portugal, S.A. (a)	Lisboa	Portugal Airport public service and civilian navigation support	PARPÚBLICA, SGPS, S.A.	100,00%	68,56%
CE – Circuito do Estoril, SA	Alcabideche	Sport events	PARPÚBLICA, SGPS, S.A.	100,00%	100,00%
Companhia das Lezírias, S.A.	Samora Correia	Agriculture and livestock breeding	PARPÚBLICA, SGPS, S.A.	100,00%	100,00%
ENVC – Sociedade Imobiliária, S.A.	Viana do Castelo	Development of real estate projects	PARPÚBLICA, SGPS, S.A.	-	99,80%
INCM - Imprensa Nacional Casa da Moeda, S.A.	Lisboa	Portuguese coin issuing, official printing and other publications	PARPÚBLICA, SGPS, S.A.	100,00%	100,00%
CTT – Correios de Portugal, S.A. (a)	Lisboa	Postal services	PARPÚBLICA, SGPS, S.A.	100,00%	-
SIMAB – Sociedade Instaladora de Mercados Abastecedores, S.A.	S. Julião do Tojal	Development building, installation and management of wholesale markets	PARPÚBLICA, SGPS, S.A.	100,00%	-
MARGUEIRA - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Almada	Management of real estate fund "Margueira Capital"	PARPÚBLICA, SGPS, S.A.	51,00%	51,00%
SAGESECUR - Sociedade de Estudos, Desenvolvimento e Participação em Projetos, S.A.	Lisboa	Studies, development and participation in security investments	PARPÚBLICA, SGPS, S.A.	80,50%	80,50%
SAGESTAMO - Sociedade Gestora de Participações Sociais Imobiliárias, S.A.	Lisboa	Investment management and rendering of services	PARPÚBLICA, SGPS, S.A.	100,00%	100,00%
TAP - Transportes Aéreos Portugueses, SGPS, S.A.	Lisboa	Investment management	PARPÚBLICA, SGPS, S.A.	100,00%	100,00%
AdP – Águas de Portugal Serviços Ambientais, S.A.	Lisboa	Technical services	AdP - Águas de Portugal, SGPS, S.A.	100,00%	100,00%
Aquasis, S.A.	Lisboa	Geographic information systems	AdP - Águas de Portugal Serviços, S.A. EGF AdP – Águas de Portugal, SGPS, S.A.	54,98% 0,01% 0,01%	54,98% 0,01% 0,01%
Águas de Santo André, S.A.	V.N. Santo André	Multi-municipal water supply system	AdP - Águas de Portugal, SGPS, S.A.	100,00%	100,00%

Name	Location	Main activity	Share capital owner		
			Entity	% of share capital by its direct owner	
				30 Jun 2013	31 Dec 2012
EPAL – Empresa Portuguesa das Águas Livres, S.A.	Lisboa	Water distribution	AdP - Águas de Portugal, SGPS, S.A.	100,00%	100,00%
Empresa Geral do Fomento, S.A.	Lisboa	Investment management	AdP - Águas de Portugal, SGPS, S.A.	100,00%	100,00%
AdP Energias, S.A. (Reciclamas – Multigestão Ambiental, S.A.)	Lisboa	Environment management	AdP - Águas de Portugal, SGPS, S.A.	100,00%	100,00%
AdP – Águas de Portugal Internacional, S.A.	Lisboa	Investment management	AdP - Águas de Portugal, SGPS, S.A.	100,00%	100,00%
Aquatec, Lda	Maputo	Technical services	AdP - Águas de Portugal Internacional, S.A.	100,00%	100,00%
Águas do Brasil, S.A.	Rio de janeiro	Water distribution	AdP - Águas de Portugal, SGPS, S.A.	100,00%	100,00%
Águas do Algarve, S.A.	Faro	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	54,44%	54,44%
Águas do Centro Alentejo, S.A.	Évora	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Águas do Centro, S.A.	Castelo Branco	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	70,00%	70,00%
Águas do Douro e Paiva, S.A.	Porto	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Águas do Noroeste, S.A.	Barcelos	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	56,66%	56,66%
Águas do Mondego, S.A.	Taveiro	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Águas do Norte Alentejano, S.A.	Portalegre	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Águas do Oeste, S.A.	Óbidos	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Águas de Trás-os-Montes, S.A.	Vila Real	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	70,54%	70,54%
Águas do Zêzere e Côa, S.A.	Guarda	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	87,46%	87,46%
AdRA - Águas da Região de Aveiro, S.A.	Aveiro	Integrated management of municipal services of water supply and sanitation	AdP – Águas de Portugal, SGPS, SA	51,00%	51,00%
AgDA - Águas Públicas do Alentejo, S.A.	Beja	Concession management of water supply services	AdP – Águas de Portugal, SGPS, SA	51,00%	51,00%
Sanest, S,A	Cascais	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%

Name	Location	Main activity	Share capital owner		
			Entity	% of share capital by its direct owner	
				30 Jun 2013	31 Dec 2012
Simarsul, S.A.	Setúbal	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Simlis, S.A.	Leria	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	70,16%	70,16%
Simria, S.A.	Aveiro	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	67,72%	67,72%
Simtejo S.A.	Lisboa	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	50,50%	50,50%
Simdouro S.A.	Vila Nova de Gaia	Multi-municipal water supply and sanitation	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Algar, S.A.	Faro	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	56,00%	56,00%
Amarsul, S.A.	Moita	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	51,00%	51,00%
Ersuc, S.A	Coimbra	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	51,46%	51,46%
Resiestrela, S.A.	Fundão	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	62,95%	62,95%
Resinorte, S.A.	Celorico de Basto	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	51,00%	51,00%
Resulima, S.A.	Viana do Castelo	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	51,00%	51,00%
Suldouro, S.A.	Sermonde	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	60,00%	60,00%
Valnor, S.A.	Avis	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	53,33%	53,33%
Valorlis, S.A.	Leiria	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	51,00%	51,00%
Valorminho, S.A.	Valença	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	51,00%	51,00%
Valorsul, S.A.	São João da Talha	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	56,17%	56,17%
ANAM – Aerop. Navegação Aérea da Madeira, SA (a)	Funchal	Airport infrastructure management	ANA, SA	80,00%	70,00%
Portway- Handling de Portugal, SA. (a)	Lisboa	*Handling*	ANA, S.A.	100,00%	100,00%
Lazer e Floresta - Empresa de Desenvolvimento Agro-Florestal Imobiliário Turístico e Cinegético,SA	Lisboa	Real estate agro forest development	PARPÚBLICA, SGPS, S.A.	100,00%	100,00%
SPE – Sociedade Portuguesa de Empreendimentos, S.A.	Lisboa	Mining / ore	PARPÚBLICA, SGPS, S.A.	81,13%	81,13%

Name	Location	Main activity	Share capital owner		
			Entity	% of share capital by its direct owner	
				30 Jun 2013	31 Dec 2012
BAÍA DO TEJO, S.A. (ex-QUIMIPARQUE – Parques Empresariais, S.A.	Barreiro	Industrial parks	PARPÚBLICA, SGPS, S.A.	100,00%	100,00%
AMBISIDER - Recuperações Ambientais, S.A.	Paio Pires	Environmental recovery and dismantling of industries	BAÍA DO TEJO, S.A.	100,00%	100,00%
ECODETRA - Sociedade de Tratamento e Deposição de Resíduos, S.A.	Paio Pires	Special industrial waste treatment and deposit	BAÍA DO TEJO, S.A.	51,00%	51,00%
APIS – Associação Parque Industrial do Seixal	Lisboa	Technologic and industry parks	BAÍA DO TEJO, S.A.	93,77%	93,77%
Fundo de Investimento Imobiliário Fechado Estamo	Lisboa	Real estate fund	SAGESECUR, S.A. ESTAMO, SGPS, S.A.	99,97% 0,03%	99,97% 0,03%
CONSEST – Promoção Imobiliária, S.A.	Lisboa	Real estate	SAGESTAMO, SGPS, S.A.	100,00%	100,00%
ESTAMO – Participações Imobiliárias, S.A.	Lisboa	Real estate	SAGESTAMO, SGPS, S.A.	100,00%	100,00%
FUNDIESTAMO - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Lisboa	Real estate funds management	SAGESTAMO, SGPS, S.A.	100,00%	100,00%
TAP - Transportes Aéreos Portugueses, S.A.	Lisboa	Air transport	TAP, SGPS, S.A.	100,00%	100,00%
TAPGER - Sociedade de Gestão e Serviços, S.A.	Lisboa	Management services	TAP, SGPS, S.A.	100,00%	100,00%
CATERINGPOR - Catering de Portugal, S.A.	Lisboa	*Catering*	TAPGER, S.A.	51,00%	51,00%
L.F.P. - Lojas Francas de Portugal, S.A.	Lisboa	Tax "free shops" exploitation	TAPGER, S.A.	51,00%	51,00%
MEGASIS - Soc. de Serviços e Engenharia Informática, S.A.	Lisboa	Computer engineering services	TAPGER, S.A.	100,00%	100,00%
U.C.S. - Cuidados Integrados de Saúde, S.A.	Lisboa	Health care services	TAPGER, S.A.	100,00%	100,00%
Aeropar Participações, S.A.	Brasil	Air transport	TAP, SGPS, S.A. PORTUGÁLIA	99,00% 1,00%	99,00% 1,00%
PORTUGÁLIA – Companhia Portuguesa de Transportes Aéreos, S.A. ("PORTUGÁLIA")	Lisboa	Air transport	TAP, SGPS, S.A.	100,00%	100,00%
TAP – Manutenção e Engenharia Brasil, S.A. (ex-VEM)	Brasil	Air transportation maintenance and engineering	Aeropar Participações TAP, SGPS, S.A.	47,64% 51,00%	47,64% 51,00%

Name	Location	Main activity	Share capital owner		
			Entity	% of share capital by its direct owner	
				30 Jun 2013	31 Dec 2012
CTT Expresso, S.A. (a)	São Julião do Tojal	CEP and Logistics	CTT - Correios de Portugal, SA	100,00%	-
CORRE - Correio Expresso Moçambique, S.A. (a)	Moçambique	CEP	CTT - Correios de Portugal, SA	50,00%	-
Tourline Express Mensajeria, S.A. (a)	Barcelona	CEP and Logistics	CTT - Correios de Portugal, SA	100,00%	-
Post Contacto - Correio Publicitário, Lda. (a)	Lisboa	Unaddressed mail	CTT - Correios de Portugal, SA	95,00%	-
CTT Gestão de Serviços e Equipamentos Postais, S.A. (a)	Lisboa	Management of services and equipment	CTT - Correios de Portugal, SA	100,00%	-
Payshop Portugal, S.A. (a)	Lisboa	Management of payment points network	CTT - Correios de Portugal, SA	100,00%	-
EAD - Empresa de Arquivo de Documentação, S.A. (a)	Palmela	Custody and archive management	CTT - Correios de Portugal, SA	51,00%	-
Mailtec Holding, SGPS, S.A. (a)	Amadora	Documental Services	CTT - Correios de Portugal, SA	100,00%	-
Mailtec Consultoria S.A. (a)	Amadora	Documental Services	CTT - Correios de Portugal, SA. Mailtec Holding, SGPS, S.A.	10,00% 90,00%	-
Mailtec Comunicação S.A. (a)	Amadora	Documental Services	CTT - Correios de Portugal, SA. Mailtec Holding, SGPS, S.A.	18,00% 82,00%	-
Mailtec Processos, Lda (a)	Amadora	Documental Services	Mailtec Holding, SGPS, S.A.	100,00%	-
Post Contacto - Correio Publicitário, Lda. (a)	Lisboa	Unaddressed mail	CTT Expresso, S.A.	5,00%	-
MARL – Mercado Abastecedor da Região de Lisboa, S.A.	Lisboa	Development, implementation, building and direct or indirect management of MARL	SIMAB, S.A.	87,87%	-
MARB – Mercado Abastecedor da Região de Braga, S.A.	Braga	Development, implementation, building and direct or indirect management of MARB	SIMAB, S.A.	83,35%	-

Name	Location	Main activity	Share capital owner		
			Entity	% of share capital by its direct owner	
				30 Jun 2013	31 Dec 2012
MARF – Mercado Abastecedor da Região de Faro, S.A.	Faro	Development, implementation, building and direct or indirect management of MARF	SIMAB, S.A.	74,68%	-
MARE – Mercado Abastecedor da Região de Évora, S.A.	Évora	Development, implementation, building and direct or indirect management of MARÉ	SIMAB, S.A.	68,85%	-

(a) Entity included in the disposal group according to a IFRS 5.

In January 2013 and under Order 2468/12-SEPT, of December 28, a set of State stakes were transferred to PARPÚBLICA as a compensation for the delivery of privatizations receipts, being worth mentioned the 100% of CTT – Correios de Portugal, SA (CTT)'s and SIMAB – Sociedade Instaladora de Mercados Abastecedores, SA's, 31, 44% of ANA -Aeroportos de Portugal, SA's and 8, 82% of AdP - Águas de Portugal, SGPS, SA's equities. Concerning those acquisitions, prices and assets values may be altered by the ongoing evaluations and the goodwill can be adjusted.

Ana Group and CTT Group were included in a disposal group classified as held for sale according to IFRS 5, as described in note 21.

EGF Group, including AdP, was not yet classified as non current asset held for sale because all legal instruments necessary to its privatization were not yet approved by the Government.

2f - Associates

It is considered as associate companies all entities over which PARPÚBLICA Group has shares and a significant influence and that are neither a subsidiary nor an interest in a joint venture. Significant influence was deemed as the power to participate in the financial and operating policy decisions of the invested company but not as control or joint control over those policies. The existence of a significant influence was considered, when PARPÚBLICA directly or indirectly holds 20% or more of the voting power in the invested company.

Entities qualified as associates, excepting those whose shares are classified as non current assets held for sale (see note 21) are as follows:

Name	Location	Main activity	Share capital owner		
			Entity	% of share capital by its direct owner	
				30 Jun 2013	31 Dec 2012
CVP - Sociedade de Gestão Hospitalar, S.A.	Lisboa	Health care management	PARPÚBLICA, SGPS, S.A.	45,00%	45,00%
Parcaixa, SGPS, SA	Lisboa	Investment management	PARPÚBLICA, SGPS, S.A.	49,00%	49,00%
INAPA – Investimentos Participações e Gestão, SA	Lisboa	Investment management	PARPÚBLICA, SGPS, S.A.	24,04%	24,04%
ISOTAL - Imobiliário do Sotavento Algarvio, S.A.	Faro	Tourism development	PARPÚBLICA, SGPS, S.A.	31,05%	31,05%
CREDIP - Instituição Financeira de Crédito, SA (b)	Lisboa	Banking	PARPÚBLICA, SGPS, S.A.	20,00%	20,00%
Águas de Timor, S.A. (a)	Timor	Water supply	AdP – Águas de Portugal Internacional, S.A.	100,00%	100,00%
Clube de Golf das Amoreiras, S.A.(a)	Lisboa	Golf development	EPAL, S.A.	100,00%	100,00%
ORIVÁRZEA, S.A.	Benavente	Rice selling and production	COMPANHIA DAS LEZÍRIAS, S.A.	26,82%	26,81%
CLR – Companhia das Lezírias e Associados Renováveis, Lda	Benavente	Timber and forest product industry	COMPANHIA DAS LEZÍRIAS, S.A.	20,00%	20,00%
Multicert – Serviços de Certificação Eletrónica	Lisboa	Electronics certification	INCM	20,00%	20,00%
Trevoeste	Alcobaça	Water sanitation	AdP, SGPS	43,24%	43,24%
Miese	Vila Real	Environmental engineering	AdP Energias, S.A.	40,00%	40,00%
SML – Sociedade Mineira do Lucapa, Lda	Angola	Diamond mining.	SPE, S.A.	49,00%	49,00%
Propnery – Propriedades e Equipamentos, S.A.	Torres Novas	Real estate	PARPÚBLICA, SGPS, S.A.	41,82%	-
SPdH – Serviços Portugueses de Handling, S.A. ("SPdH")	Lisboa	*Handling*	TAPGER, SA PORTUGÁLIA	43,90% 6,00%	43,90% 6,00%

(a) Entity with no activity in 2012, in liquidation phase.
(b) Entity in liquidation phase.

A summary of the financial information of the associated companies:

In thousand Euro

Associated Companies	Total Assets 30Jun13	Total Assets 2012	Liabilities 30Jun13	Liabilities 2012	Total revenue and gains 30Jun13	Total revenue and gains 2012	Net Profit 30Jun13	Net Profit 2012
Águas de Timor (i)	N.d.	N.d.	N.d.	N.d.	N.d.	N.d.	N.d.	N.d.
Clube Golf das Amoreiras (i)	1 379	1 388	1 398	1 393	N.d.	N.d.	-14	-16
CREDIP - Instituição Financeira de Crédito, S.A. (ii)	11 778	11 796	0	348	0	N.d.	-19	N.d.
CLR – Companhia das Lezírias e Associados Renováveis, Lda	3	3	3	3	0	0	-2	-2
CVP - Sociedade de Gestão Hospitalar, S.A.	41 944	43 431	32 067	33 149	17 645	16 404	-405	-2 293
INAPA – Investimentos Participações e Gestão, S.A.	662 520	677 239	465 664	480 067	459 524	491 287	594	396
ISOTAL - Imobiliário do Sotavento Algarvio, S.A.	N.d.	207	N.d.	1	N.d.	N.d.	N.d.	N.d.
Miese	17	32	7	13	N.d.	N.d.	-9	-4
Multicert - Serviços de Certificação Eletrónica	5 003	N.d.	1 284	N.d.	3 716	4 030	656	617
ORIVÁRZEA, S.A.	15 325	15 325	9 226	9 226	17 402	17 137	452	444
Parcaixa, SGPS, S.A.	951 159	931 153	14 024	8 366	12 588	16 090	10 491	13 392
PORTOSIDER (iv)	N.d.	N.d.	N.d.	N.d.	N.d.	N.d.	N.d.	N.d.
SML – Sociedade Mineira do Lucapa, Lda	N.d.	N.d.	N.d.	N.d.	N.d.	N.d.	N.d.	N.d.
SPdH – Serviços Portugueses de Handling, S.A. ("SPdH")	23 405	23 675	29 375	28 887	N.d.	50 667	-768	-2 275
Propnery - Propriedades e Equipamentos, S.A. (iii)	N.d.	3 814	N.d.	649	N.d.	N.d.	N.d.	N.d.
Trevoeste (iii)	3 201	3 201	787	787	N.d.	N.d.	-40	-18

(i) - Company with no activity
(iv) - Dissolution in progress
(ii) - Only values until 31 December 2012
(iv) - Dissolved company
N.d. - Information not available

On acquisition of the investment in associates any difference between the cost of the investment and the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for and included in the carrying amount of the investment.

Investments in associates were accounted for the equity method, whereby the investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognised in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportional interest in the investee arising from changes in the investee's equity that have not been recognised in the investee's profit or loss. The investor's share of those changes is recognised directly in the equity of the investor.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses; after the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations.

After the equity method, IAS 39 requirements were applied, so as to determine whether it would be necessary to recognise any loss by additional impairment, considering the interest of the Group in each one of the associates.

The amounts resulting from the disclosure of funds or from other financial relation with the subsidiaries of a loan nature and that had no foreseen reimbursement in the period of one year, shall be presented as loans granted in the non current assets. Interests are calculated over these loans, at rates taking into account the market conditions.

2g – Property, plant and equipment

Property, plant and equipment of PARPÚBLICA Group are measured at cost less accumulated depreciation and accumulated impairment losses, whenever applicable.

In the initial recognition of an asset, the PARPÚBLICA Group considers in the respective cost: (i) its purchase price; (ii) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; (iii) the initial estimate of the costs of dismantling and removing the item and restoring the site on which is located.

Only direct expenses related with technical areas involved in the construction of assets for the PARPÚBLICA Group are capitalised as tangible asset. This capitalisation is based on the internal resources used and allocated time, and recognised in the statement of profit or loss as own work capitalised.

Direct expenses with the construction of assets shall only be considered as such, if it can be proved that they will bring future economic benefits for the Group. All expenses with maintenance and reparation of assets are considered as cost, on an accrual basis.

PARPÚBLICA Group calculates the depreciation of its property, plant and equipment by applying the straight-line method, according to the following estimated useful life (in years):

Property, plant and equipment	**Useful life**
Buildings and other constructions	4 to 50
Basic equipment	3 to 25
Transport equipment	4 to 10
Administrative equipment	3 to 16
Tools and utensils	4 to 16
Other tangible fixed assets	4 to 10

When there is an indication that an asset may be impaired, its recoverable value is estimated and an impairment loss is recognised whenever the net value of an asset exceeds its recoverable amount. The PARPÚBLICA Group recognises those impairment losses in profit or loss for the period.

The recoverable amount is determined as the highest of an asset's fair value less costs to sell and its value in use. Value in use is the current value of the future cash flows expected to be derived from the continuing use of the asset and from its ultimate disposal in the end of its useful life.

The carrying amount of an item of property, plant and equipment is derecognised by PARPÚBLICA Group in the following situations: (i) on disposal and (ii) when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment: (i) is included in profit or loss for the period when the item is derecognised and (ii) is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2h – Investment properties

Investment properties of PARPÚBLICA Group come from the real estate properties held with the purpose to earn rentals, from capital appreciation or both.

Investment properties are initially measured at cost, including direct transaction costs. After initial recognition, investment properties are measured at fair value, reflecting the market conditions. Fair value measurements are based in independent evaluations held at the end of each reporting period.

Gains or losses arising from changes on fair value of investment properties are recognised in the profit or loss of the period in which they occur.

Investment properties shall be derecognised on disposal or when they are permanently withdrawn from use and no future economic benefits are expected from its disposal.

2i – *Goodwill*

The goodwill represents the excess of the cost of an acquisition, in a business combination, over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. The cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree plus any cost directly attributable to the business combination.

The *goodwill* of subsidiaries acquisitions is classified as non tangible assets and the *goodwill* of associates acquisitions is included in investment in associates.

The *goodwill* is annually subject to impairment tests and is carried to cost, less the accumulated losses of impairment.

Gains or losses from the disposal of an entity include the related *goodwill* value.

2j – Other intangible assets

Other intangible assets of PARPÚBLICA Group are recognised at cost, less accumulated amortization and accumulated impairment losses.

PARPÚBLICA Group calculates the amortization of other intangible assets applying the straight-line method, according to the following estimated useful lives (in years):

Other intangible assets	**Useful life**
Development expenses	3
Commercial and industrial rights	3 to 10
Software	3
Service concession rights	50

2k – Impairment of assets in general

Intangible assets that do not have definite useful lives are not amortised, but are subject to annual impairment tests, as it happens, for instance with *goodwill*. Amortizable assets are revised as to impairment, whenever events or changes in the involving conditions indicate that its carrying amount exceeds its recoverable amount. An impairment loss is recognised when the recoverable amount of an asset is less than its carrying amount. If it is not possible to assign a recoverable amount to a certain asset, it shall be aggregated to other assets, in order together to generate independent cash flows and, so, form a UGC (dash generating unit). Whenever there is an impairment loss in a CGU, which *goodwill* has been allocated to, the loss shall be allocated prior to the *goodwill*, and the remaining shall be rated among the assets, which compose it, based upon the net value of the balance of these assets. In this distribution among the assets, the adjusted value of each asset cannot be lower than the highest among the value of an asset deducted from sale expenses, its value of use, and 0 (zero).

Impairment loss is recognised in the consolidated income statement. The asset amortization shall be prospectively adjusted according to its amortizable value adjusted by the carrying impairment loss.

2l – Biological assets and agriculture produce

Biological assets are measured at their fair value less estimated point-of-sale costs. In the situations where the fair value cannot be reliably measured, the biological assets are measured at its cost less any accumulated depreciation.

Agricultural produce is measured at its fair value less estimated point-of-sale costs at the point of harvest. The carrying amount on harvest date will be the amount to recognise on inventories.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological asset is included in the net profit or loss for the period in which it arises.

An unconditional Government grant related to a biological asset or to an agricultural produce measured at fair value less estimated point-of-sale costs is recognised as income whenever the Government grant becomes receivable.

If a Government grant related to a biological asset measured at fair value less estimated point-of-sale costs is conditional, PARPÚBLICA Group recognises the grant as income when, and only when, the conditions attached to the Government grant are fulfilled.

2m – Other financial assets

The financial assets covered by IAS 39 are classified according to each of the following categories, depending on the purpose of the purchase of the asset:

- Financial assets at fair value through profit or loss are financial assets that were designated as such or are classified as held for trading, so that are held by PARPÚBLICA Group for the main purpose of generating short term profit and include derivatives not classified as hedging instruments. They are initially measured at fair value, and any subsequent changes in their fair values are directly recognised in profit or loss.

- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. These assets are initially measured at fair value plus direct transaction costs, and subsequently are measured at amortized cost using the effective interest method.

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value plus direct transaction costs, and subsequently are measured at amortised cost using the effective interest method.

- Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified in any of the previous categories. They are initially recognised at fair value plus direct transaction costs , and any subsequent changes in fair value are directly recognised in equity, with the exception of impairment losses and foreign exchange gains and losses, until the derecognition of the asset, moment in which the cumulative gain or loss previously recognised in equity will be recognised as profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the entity's right to receive payment is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured (as well as derivatives that are linked and that must be settled by delivery of such unquoted equity instrument), are measured at cost.

A financial asset is derecognised when (i) the contractual rights to the cash flows from the financial assets expire; (ii) all risks and benefits associated to the holding of that asset have been substantially transferred; or (iii) despite the risks and the benefits have not been substantially transferred, the Group did not hold back the control over that asset.

The PARPÚBLICA Group evaluates on a regular basis whether there is objective evidence that a financial asset or a group of financial assets not measured at fair value through profit or loss, have any indications of impairment, and in that case, the future discounted cash flows arising from the asset are estimated and an impairment loss is recognised.

When there is any evidence of impairment in available-for-sale financial assets, the accumulated potential loss recognised in equity (corresponding to the negative variations in their fair value) is transferred to profit or loss. For the remaining categories of financial assets measured at cost or amortised cost (including investments in equity instruments measured at cost), the recognised impairment losses are directly recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases, and such fact is objectively related to an event which occurs after the recognition of impairment, the previously recognised impairment loss is reverted, not surpassing, however, the amortised cost which would result, had the impairment not been recognised, on the date on which it was reverted.

In the case of investments in equity instruments measured at cost, as well as investments in equity instruments classified as available-for-sale, the recognised impairment losses are not reversible. In the case of investments in debt instruments classified as available-for-sale, the reversal of those losses is recognised in the profit or loss.

2n – Inventories

Inventories are measured at the lowest of cost and net realizable value. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their current location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Positive differences between inventories' cost and its net realisable value, when lower, as well as the price of potentially outdated materials, are recognised in impairment losses of inventories.

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

The inventories concerning the biological assets related to the agricultural activity and the agricultural produce at the time of harvest are dealt according to IAS 41, as referred to in Note 2l.

2o – Cash and bank deposits

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2p – Non current assets held for sale and related liabilities

PARPÚBLICA Group classifies a non-current asset or disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use if they were in perfect conditions for immediate sale that has to be highly likely and achievable for recognition a year after its classification.

It is expected that the sale of non current assets or disposal groups will be completed within one year from the date of classification as held for sale. Despite maintaining a commitment to sell those assets or disposal groups, there may occur events and circumstances beyond the control of the PARPÚBLICA Group that require the extension of the period to complete the sale beyond a year, in these cases the classification as held for sale is maintained.

Non-current assets or disposal groups classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Immediately before the initial classification of the asset or disposal group as held for sale, the respective carrying amounts were measured in accordance with the applicable IFRS. On the other hand, impairment losses are recognized for all reductions of the asset or group of assets for sale over its fair value less costs of sale, and gains are recognised for every increase in value from its fair value less cost of sale to limit of its initial carrying amount.

The non current assets held for sale and related liabilities belong to ANA Group and to CTT Group, as detailed in Note 21 (see Note 2e).

2q – Equity instruments

A financial instrument is classified as being an equity instrument, when it evidences a residual interest in the assets of an entity after deducting all of its liabilities. Costs directly attributable to the issue of such equity instruments are recognised as a deduction to the value of the issue.

Dividends attributed to holders of equity instruments issued by PARPÚBLICA Group are only recognised as liabilities or payment and directly debited in the equity in the financial year in which these distributions are approved by the shareholder of PARPÚBLICA Group.

2r – Provisions, contingent assets and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are recognised for its present value whenever time value of money is significant.

Contingent assets and liabilities are not recognized in the financial statements. In the cases in which the possibility of an outflow of resources that incorporate economic benefits is remote, or if it is less probable that an inflow of economic benefits occur, the respective contingent liabilities or contingent assets are not disclosed.

2s – Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised at fair value on the date of their negotiation. Subsequently, the fair value of derivative financial instruments is measured in a regular basis, and changes in fair value (gains or losses) are recognised in profit or loss, except for fair value changes on hedging derivatives. Embedded derivatives are separated from the host contract whenever the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract and as long as the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss. Embedded derivatives are registered at fair value with its changes to be recognised in profit or loss.

The fair value of the derivative financial instruments corresponds to their market value, when available, or, in its absence, it is determined by external entities based upon valuation techniques, including the discounted cash flow model and models of evaluation of options, according to what is most appropriate.

PARPÚBLICA Group makes use of derivative financial instruments to cover its risks. The derivatives, which do not qualify for hedge accounting, are registered as negotiation derivatives.

The hedging instruments are registered at their fair value, and the gains or losses are recognized according with the hedging accounting model adopted by the PARPÚBLICA Group.

A hedging relationship is qualified for hedge accounting if, and only if, all of the following conditions are fulfilled:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how it will be assessed the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship.

- For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.

- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.

- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

On a fair value hedging operation of an asset or liability, the balance value of that asset or liability, based on its specific accounting policy, is adjusted so that it reflects the change of the fair value attributed to the hedged risk. Fair value changes of hedging derivatives are recognised in profit or loss, together with the changes of fair value on the assets or liabilities attributed to the hedged risk. If the hedging operation ceases to fulfil the hedge accounting criteria, the derivative financial instrument is transferred to held for trading portfolio and the hedge accounting is discontinued prospectively and the hedged asset or liability will then be measured according with the financial category in which they belong.

On a operation of hedging the exposure to variations in cash flows that are highly probable, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised directly in equity, and will be transferred to profit or loss in the periods in which the hedged item will affect profit or loss. The ineffective portion of the gain or loss on the hedging instrument shall be recognised in profit or loss. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for similarly to cash flow hedges.

2t – Other financial liabilities

A financial instrument is classified as a financial liability whenever there is a contractual obligation to deliver cash or another financial asset to another entity, independently of its legal form. These financial liabilities are initially measured at fair value less transaction costs directly attributable to the issue of the financial liability, and subsequently measured by the amortized cost, using the effective interest method.

2u – Employee benefits

PARPÚBLICA Group attributes post-employment benefits to a part of its employees, through defined benefit plans, namely pension plans which guarantee survival, disability and age retirement complements, anticipated retirement pensions and healthcare during the retirement and the anticipated retirement periods. However, beyond the defined benefit plans, some subsidiaries of PARPÚBLICA Group give post-employment benefits to its employees, through defined contribution plans.

The established benefits plans are financed through pension funds, complemented by specific provisions, whenever necessary.

In this context, PARPÚBLICA Group determines the deficit or surplus (current value of the defined benefits, less the fair value of the assets of the plan, should they exist), (i) using an actuarial method, the projected unit credit method, to make a reliable estimate of the final cost for the entity of the benefits the employees get as reward for the service rendered during the current and the previous periods; (ii) discounting that benefit as to determine the current value of the defined benefits obligation and the current cost of the service, and (iii) deducting the fair value of any asset of the plan from the current value of the defined benefit obligation.

Annually, at the closing balance date, the responsibilities of PARPÚBLICA Group are calculated on a regular basis by independent experts, individually for each plan, based upon the Projected Credit Unit Method, and in this way the present value of its definite benefits obligations and the respective current service costs are determined.

Past services costs are recognized in profit and loss during the alterations period of the plan. The net interest amount over liabilities (assets) net of defined benefits is estimated according to the discount rate to liabilities (assets) net of defined benefits.

Defined benefits costs comprise:

- Service cost (including the current service cost, past service cost and gains and losses at the time of liquidation), booked in profit and loss in staff expenses
- Net interest over liabilities (assets) net of defined benefits, booked in profit and loss in staff expenses
- Remeasurement of liabilities (assets) net of defined benefits, booked (actuarial gains and losses, return of plan assets, except the amounts included in the net interest over liabilities (assets) net of defined benefits and any change of the effect of the assets maximum limit, except the amounts included in the net interest over liabilities (assets) net of defined benefits) booked in other comprehensive income

The actuarial assumptions are the Group's best available estimates of the variables, which will determine the final cost of providing post-employment benefits. The actuarial assumptions comprise:

- demographic assumptions on the future features of current and former employees (and their dependent relatives) which are eligible to receive the benefits. The demographic assumptions deal with matters such as:

  (i) mortality, either during or after the time of employment;

  (ii) rotation, disability and anticipated retirement ratios of the employees;

  (iii) the proportion of the members of the plan, when dependents, who are eligible to receive benefits; and

  (iv) claim ratios, according the medical plans.

- financial assumptions, dealing with items such as:

  (i) discount rate;

  (ii) levels of future wages and of benefits;

  (iii) in the case of medical benefits, future medical costs including, when material, the cost of managing claims and payments of benefits; and

  (iv) expected return rate of the assets of the plan.

2v – *Leasing*

According with IAS 17, the PARPÚBLICA Group classifies the *leasing* operations as finance *leasing* or operating *leasing*, in accordance with their substance and financial reality and not merely with their legal form.

The financial *leasing* contracts are recorded on the date of their inception, as assets and liabilities, at the cost of acquisition of the leased property, or (if lower) at the present value of future lease instalments. Lease instalments include: (i) finance charges charged directly to profit or loss; and (ii) reduction of the lease obligation deducted from liabilities. The financial expenses are recognized as costs during the lease period, so as to achieve a constant rate of interest on the remaining balance of the liability for each period.

The *leasing* payments under operating *leasing* contracts are registered as an expense in the period in which they occur, on a straight-line basis during the lease period.

The PARPÚBLICA Group presents in the balance sheet the leased assets to thirds (operating *leasing*) according to the nature of the asset.

The income from operating *leasing* contracts is recognized as income on a straight-line basis during the lease period.

The initial direct costs incurred are added to the carried amount of the leased asset, and recognized as an expense during the lease period, on the same basis of the lease income.

IAS 36 provisions are applied to determine the possible impairment of the leased asset.

2w – Recognition of expenses and losses and of revenues and gains

Expenses and revenues are recognised in the period, to which they refer to, on an accrual basis, independently of their payment or receipt. Differences between the paid and received amounts and their respective expenses and revenues are registered as liabilities and as assets, respectively.

Revenue from the sale of goods is recognised when all the following conditions have been fulfilled:

- The PARPÚBLICA Group has transferred to the buyer the significant risks and rewards of the ownership of the goods;
- The PARPÚBLICA Group retains neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be reliably measured;
- The economic benefits associated with the transaction will probably flow to the Group; and
- The costs incurred or to be incurred related to the transaction can be reliably measured.

Revenue from services rendered is recognised when the outcome of that transaction can be reliably estimated, as follows:

- The amount of revenue can be reliably measured;
- The economic benefits related to the transaction will probably flow to the Group;
- The stage of completion of the transaction at the balance sheet date can be reliably measured; and

- The costs incurred by the transaction and the costs to complete the transaction can be reliably measured.

Revenue arising from the use by others of the PARPÚBLICA Group's assets, yielding interest, royalties and dividends is recognised when:

- The economic benefits related to the transaction will probably flow to the Group; and
- The amount of revenue can be reliably measured.

Revenue from the use of those assets is recognised on the following basis:

- Interests are recognised using the effective interest method;
- Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement; and
- Dividends are recognised when (as shareholder) the Group PARPÚBLICA's right to receive the payment is established, except for associates where revenue corresponds to the result attributable to the shareholding.

Revenues and expenses of construction contracts are recognised according with the stage of completion method.

Own work capitalized essentially correspond to the costs associated to the performance and repair of the Group's own equipment, and include costs with materials, direct man-power and general expenses.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset classified as part of the cost of that asset, are subject to capitalization. Other borrowing costs are recognised as an expense in the period in which they incur, in accordance with the principle of accrual -based accounting and according to the effective interest rate method.

The capitalization of those expenses starts as from the beginning of the reparation of the activities of construction or development of the asset and stops as from the date the asset starts to be used or when the execution of the referred project stays suspended or substantially finished.

Although the interest rate of the bonds with embedded option has been established having also into account the evolution estimates of the value of the underlying shares and, therefore, the option value, the difference between the variations at fair value in the options and in the shares are included in the item " variations at fair value" of the income statement and not as a complement or mitigation of the recognized interests in funding expenses, as these variations are considered to have a strict relation with the re-privatizations operations of the assets they supported.

Government grants are recognized at fair value when there is the reasonable assurance that the PARPÚBLICA Group will comply with the conditions attached to it, and that the grant will be received. Government grants related to assets are booked as deferred income and recognised in the profit or loss, in the proportions in which depreciation on those assets is charged. Government grants related to income are recognized as income over the periods necessary to match them with the related costs, which they are intended to compensate, on a systematic basis. Government grants related to biological assets are treated as described in Note 2l.

2x – Income tax

Income tax comprises current tax and deferred tax. Current tax is the amount of income tax to be paid or to be received regarding the net profit or loss for the period. Deferred taxes are assessed on the temporary differences between the accounting values of the assets and the liabilities and their tax base, by using the tax rates approved or substantially approved on the balance sheet date in each jurisdiction, and which are expected to be applied, when the temporary differences are reversed.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized, unless those temporary difference arises from the initial recognition of an asset or liability in a transaction that:

- It is not a business combination; and
- At the time of the transaction, it affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for all taxable temporary differences, except when that deferred tax results from:

- The initial recognition of the goodwill; or
- The initial recognition of an asset or liability in a transaction that is not a business combination and does not affect, at the moment of that transaction, either the accounting profit or the taxable profit.

Deferred Tax Assets shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available. The uncertainty of recoverability of tax losses carried forward and unused tax credits is considered in the calculation of deferred tax assets.

2y – Foreign currency transactions

Transactions in foreign currency are translated at the exchange rate in force at transaction date. Monetary assets and liabilities denominated in foreign currency are translated into euro at the exchange rate in force at the reporting balance sheet date. Exchange differences resulting from this conversion are recognized in profit and loss. Non-monetary assets and liabilities recorded at historical cost denominated in foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies recorded at fair value are translated at the exchange rate in force on the date on which the fair value was determined.

The financial statements of subsidiaries, joint ventures and associated companies whose functional currency differs from the euro are translated into euro as follows:

- Each balance sheet assets and liabilities are translated at the exchange rate at the date of the balance sheet;
- The income, expenses and cash flows highlighted in each financial statement are translated at the exchange rates at the dates of transactions; and
- All resulting exchange differences are recognised in equity.

2z – Regulated activities – recognition of regulatory assets and liabilities

a) Introduction

The managing companies of the MMS (multi-municipal systems) operate under regulated activities. The major effect of regulation over the activities of these companies is the scrutiny that the regulatory entity (ERSAR- DL 362/98 of November 18, with the amendments introduced by DL 151/2002 of May 23 and DL 277/2009 of October 2) uses in determining the rate to apply to services rendered and as well in the corresponding annual budget.

According to this scrutiny, the tariffs to practice by the companies must be approved by the body that exercises the grantor power, based upon the opinion of the regulator on its suitability.

Taking into account the hierarchy established in IAS 8, the companies of the Group with regulated activities adopted the rules provided by FAS 71, issued by FASB. Therefore, a set of criteria was determined for recognition of assets and liabilities related with regulatory rules. These rules determine that a company should recognise in its financial statements the effects of its operating activity, as long as it provides services with prices subjected to regulatory provisions.

Only regulatory assets and liabilities are likely to be recognised if, and only if: (i) an accredited body (for example, the regulator) determines the price that an entity should charge their customers for the goods or services that it provides, and that this price binds customers to accept it, and (ii) the price established by the regulation (tariff) is determined to recover specific costs incurred to provide the goods or services and to achieve a certain remuneration.

The activity of MMS Companies of AdP Group is regulated by the calculation of prices by a third entity (Ministry of Agriculture, Sea, Environment and Territorial Planning) according to the opinion of the regulator - ERSAR, I.P., Entidade Reguladora dos Serviços de Água e Resíduos, I.P., and therefore being under its regulation.

In conclusion, it is required that a company recognises regulatory assets and liabilities if the regulator allows the recovery of the expenses previously incurred or the reimbursement of the amounts previously charged, and to be paid for its regulated activities, through adjustments in the price charged to customers. It means that, when there is the right to increase, or the obligation to reduce the prices in coming periods as result of the current or expectable practice of the regulator, (i) the company should recognise a regulatory asset that allows the recover of expenses previously incurred and get a certain remuneration, or; (ii) the company should recognise a regulatory liability that allows the reimbursement of the amounts previously charged and the payment of a certain remuneration. The effects of applying the before mentioned requirements are the recognition of the initial asset (or liability), that otherwise would be recognised in the profit or loss, as an expense (or an income).

Not only the tariff deviations, but also accrual costs for future contractual investment are included in this category. Thus, according to the rule of recognition of regulatory assets and liabilities, these assets (and/or liabilities) should be recognised in the balance sheet since the recovery of its cost (and/or refund) is eligible for the purpose of determining the rate by the regulator in subsequent periods assuring the correct balance between incomes and expenses.

b) Tariff deviation of assets and liabilities

In legal terms, the shareholders of the of AdP Group concession companies have the right to a guaranteed remuneration of the invested capital as foreseen by law and as established in the concession contracts containing the criteria for the establishment of rates or annual granted remuneration, based in the full recovery of the investment, operational, financial expenses, taxes and also a fitted remuneration of the equity of the concession companies. Potentially, it can also be added remuneration for efficiency gains.

Therefore, annually, the difference between the profit generated by its operations and the equity remuneration granted should be calculated and the gross value registered as income– tariff deviations – and the related tax as income tax, against the balance sheet, as required in the recognition of regulatory assets and liabilities.

The revenue from the tariff deviation corresponds to the credit or debit adjustments to be made to the revenue from regulatory activities, in a way that it shows the profit required to comply with the agreement terms regarding the full recovery of the expenses, including income tax (IRC), and the annual guaranteed remuneration.

If it is a positive difference (performed tariff > necessary tariff), a negative tariff deviation occurs and it should be registered by debiting revenue. This situation originates a deferred tax asset, regarding the adjustment in income tax. The net effect corresponds to the correction of profit or loss for the year in order to recover in full the expenses incurred and the annual guaranteed remuneration.

If it is a negative difference (performed tariff < necessary tariff), a positive tariff deviation occurs and it should be registered by crediting revenue. This situation originates a deferred tax liability, regarding the adjustment in income tax. The net effect corresponds to the correction of profit or loss for the year in order to recover in full the expenses incurred and the annual guaranteed remuneration.

c) Costs accruals to contractual investments and depreciations policy

In compliance with the concession and partnership management agreements and with regulatory rules, and whenever applicable, it is registered the annual share of estimated expenses to face contractual expenses in investments not yet performed (regulated) or in expansion and modernization investments (regulated) in the concession or partnership.

These accruals are calculated based on the economic benefits pattern related to the contract investment established by the economic model of support to the concession contract. In what the AdP Group concession companies are concerned the obtained economic benefits are established by the economic regulation.

For the assets with useful lives longer than the concession agreement period (that will be materialized in the right to use the infrastructures – IFRIC 12), the amortization of the initial investments or of the future investments approved or demanded by the Grantor related with expansion or modernization of the initial obligations, are recognised throughout the concession period. However, additional expansion or modernization investments, whose useful lives are longer than the concession period, and a residual amount is presented, will give place to an indemnity corresponding to the unamortized amount at the end of the concession period. Amortizations are calculated taking into account the initial investments and the investments yet to realize, that are included in the economic and financial feasibility study, based on effluent flow rates billed in the period and the effluents to bill until the end of the concession that are predicted in the feasibility study.

The procedure of recognition of accrued costs for contractual investment is justified by the need to ensure the accrual-based accounting and the matching, during the term of the concession contracts with the State, with income (fees) and costs (incurred and to be incurred) that constitute its basis of calculation. It is understood that these accruals, correspond to an obligation for tariff reimbursement in the future, allowing a level of stabilisation of these tariffs, as well as the matching, during the term of the concession contracts with the State, with income (fees) and costs (incurred and to be incurred) referred to earlier.

These accruals are recognized as depreciation costs and as liabilities (non-current). The liabilities are transferred to accumulated depreciation at the time of completion of the underlying investment.

2aa – Services in the scope of water and waste concessions

Concessionary companies from AdP Group engaged in activities that constitute services of general economic interest (30 inter municipal grants and partnerships – 11 of waste and 19 of water and sanitation) are the following:

Water and sanitation	Concession/ Partnership	Term	Period	Shareholder's remuneration	
				Rate	Basis [1]
Águas do Algarve	Concession	35 years	2001-2037	OT 10 years + 3%	S. Capital+Legal Reserve
Águas do Centro	Concession	30 years	2001-2031	OT 10 years + 3%	S. Capital+Legal Reserve
Águas do Centro Alentejo	Concession	30 years	2003-2032	OT 10 years + 3%	S. Capital+Legal Reserve
Águas do Douro e Paiva	Concession	30 years	1996-2026	OT 10 years + 3%	S. Capital+Legal Reserve
Águas do Mondego	Concession	35 years	2004-2039	OT 10 years + 3%	S. Capital+Legal Reserve
Águas do Norte Alentejano	Concession	30 years	2001-2030	OT 10 years + 3%	S. Capital+Legal Reserve
Águas do Noroeste	Concession	50 years	2010-2060	OT 10 years + 3%	S. Capital+Legal

					Reserve
Águas do Oeste	Concession	35 years	2001-2035	OT 10 years + 3%	S. Capital+Legal Reserve
Águas da Região de Aveiro	Partnership	50 years	2009-2059	OT 10 years + 3%	S. Capital+Legal Reserve
Águas de Santo André	Concession	30 years	2001-2030	OT 10 years + 3%	S. Capital+Legal Reserve
Águas de Trás-os-Montes	Concession	30 years	2001-2031	OT 10 years + 3%	S. Capital+Legal Reserve
Águas do Zêzere e Côa	Concession	30 years	2000-2030	OT 10 years + 3%	S. Capital+Legal Reserve
Águas Públicas do Alentejo	Partnership	50 years	2009-2059	OT 10 years + 3%	S. Capital+Legal Reserve
Sanest	Concession	25 years	1995-2020	TBA + 3%	S. Capital+Legal Reserve
Simarsul	Concession	30 years	2004-2034	OT 10 years + 3%	S. Capital+Legal Reserve
Simdouro	Concession	50 years	2009-2059	OT 10 years + 3%	S. Capital+Legal Reserve
Simlis	Concession	30 years	2000-2029	Euribor 6 months + 3%	S. Capital+Legal Reserve
Simria	Concession	50 years	2000-2049	OT 10 years + 3%	S. Capital+Legal Reserve
Simtejo	Concession	43 years	2001-2044	OT 10 years + 3%	S. Capital+Legal Reserve

Waste	Concession/	Term	Period	Shareholder's remuneration	
	Partnership			Rate	Basis (1)
Algar	Concession	25 years	1996-2021	TBA + 3%	S. Capital+Legal Reserve
Amarsul	Concession	25 years	1997-2022	TBA + 3%	S. Capital+Legal Reserve
Ersuc	Concession	33 years	1997-2030	TBA + 3%	S. Capital+Legal Reserve
Resiestrela	Concession	25 years	2003-2027	TBA + 3%	S. Capital+Legal Reserve
Resinorte	Concession	30 years	2009-2039	OT 10 years + 3%	S. Capital+Legal Reserve
Resulima	Concession	25 years	1996-2021	TBA + 3%	S. Capital+Legal Reserve
Suldouro	Concession	25 years	1996-2021	TBA + 3%	S. Capital+Legal Reserve
Valorlis	Concession	25 years	1996-2021	TBA + 3%	S. Capital+Legal Reserve
Valorminho	Concession	25 years	1996-2021	TBA + 3%	S. Capital+Legal Reserve
Valorsul	Concession	25 years	2011-2034	OT 10 years + 3%	S. Capital+Legal Reserve
Valnor	Concession	35 years	2001-2036	OT 10 years + 3%	S. Capital+Legal Reserve

(1) In addition to the share capital and legal reserve, when applicable, the shareholder's remuneration shall be calculated over remuneration and debt (undistributed dividends).

The activities of the Group developed under concession by the inter-municipal water supply, sanitation and wastewater treatment and waste recovery services (services in "high") are regulated. These activities are developed in a context defined by the legislation and regulations in force, by the provisions of the public service concession contracts signed with the State and by the provisions and recommendations issued by the regulatory authority of water and waste Services (ERSAR). Weighing up the public interest and the economic and financial balance of the companies in accordance with the concession contract, the regulator may take measures with negative impact on *cash-flow*, with all the adverse consequences resulting from there.

The concessions managed by AdP Group are of BOT type (*Built-Operate-Transfer*), and generally include the reception infrastructure already built by municipalities (on payment or not of a financial consideration), the construction of new infrastructures, the maintenance and its operation. At the end of the term of the concession these infrastructures are transferred back again to the grantor in full state of use. As they do not deter the full enjoyment of the infrastructures (for instance, there are restrictions regarding its sale, pledge as security, etc.), these are classified as intangible assets under IFRIC 12 – Service concession contracts.

Contractually, the concessions are based on models tending to classify the infrastructure as a financial asset, since it does not present any risk, having the right to a guaranteed annual contractual minimum remuneration, whose receipt can be deferred in time, but that is guaranteed. However, the definition of a financial asset, established by IAS 32, is not associated with risk but with the present and unconditional right to receive money or other financial asset. Among the various mechanisms of rebalancing the concession contracts of the companies of AdP Group, the tariff increase, the direct compensation of the grantor and/or extension of the grant, the deadline extension does not comply with the requirements of that standard (IAS 32), since it is a future right to charge users, which precludes the option for recognition of the financial asset. In this way, the AdP Group companies of SMM or partnership managers classify the system's infrastructure that they explore as intangible assets –right to use the infrastructures.

According to IFRIC 12, construction services revenue should be recognised in accordance with IAS 11-construction contracts. It should be noted that the AdP Group, in the construction of infrastructures, acts as an "agent"/intermediate, transferring the risks and returns to a third party (who builds), without appropriating any margin, in the course of its operational activity and, therefore, revenue and charges with the acquisition of infrastructure have equal amounts. So, and taking into account the regulated activity of AdP Group companies, the recognized revenue results strictly from the application of tariffs approved by the grantor and scrutinized by the regulator, more or less the underlying tariff deviation, as foreseen in the concession contracts, being the revenue of construction services not recognized.

Intangible assets are recorded at cost of acquisition or production including costs and revenues (net) direct and indirectly related to the investment projects, which are capitalized in assets in progress. The costs that can be capitalised are those related to the carrying out of the investment. Operating costs are allocated to the intangible assets in progress through a percentage calculated on the basis of the staff allocation to the related projects. The finance charges relating to borrowings for the ongoing investment financing are entirely capitalized until its availability for use.

The expenses for expansion or modernisation of infrastructures, through economic regulation of concessions, are specifically remunerated to the extent that they contribute to the formation of the tariff (i.e. have an implicit acceptance of the depreciation recovery by the regulator), thus being accounted as part of the intangible asset. Conservation and maintenance costs, current costs are recognized in the years in which they occur.

The additional investments of expansion or modernisation approved or imposed by the grantor, whose lifetime extends beyond the term of the concession, may resent a residual value that will originate a compensation equivalent to the unamortized value at that date, being these amounts classified as financial assets (value to receive, discounted).

The intangible asset, right to the use of infrastructure, is amortised on a systematic basis in accordance with the related standard for obtaining economic benefits, and they are settled by the economic regulation and by the acceptance of the amortization expenses in the annual formation of tariffs by the regulator.

Depreciations in the companies of UNA-PD are calculated by the sum of units method, that is, by depreciation of contractual investments, included in the economic and financial feasibility study, based on effluent flow rates billed in this exercise and the effluents to bill till the end of the concession provided for in economic and financial feasibility study attached to the concession agreement. The amortizations in the companies of UNR are calculated based on the term of the concession provided for in the economic and financial feasibility study.

2ab – Services in the scope of airport concessions

The Group companies classify the infrastructure as a financial asset being the Group responsible for the exploitation risks and the services search of its airport concessions in Portugal, Azores e Madeira, i.e, it has the right to charge the users of the services of its infrastructure, during the concession contracts. Therefore, the ANA Group companies, as the airports concessionary companies, classified the operating infrastructures as intangible asset – Concession Right.

The intangible assets are recorded at cost of construction of the concession infrastructures, according to the percentage completion method, including subcontracting, material and equipment costs and costs of staff assigned to the project. Operating costs are allocated to the intangible assets in progress at the completion date of the construction services related to each project. The financial charges relating to borrowings for the ongoing investment financing are entirely capitalized until the availability for use of the related concession infrastructures.

The intangible asset, right to the use of infrastructure, is amortised on a systematic basis in accordance with the concession contract term.

According to IFRIC 12 – Concession contracts, the construction services revenue should be recognised in accordance with IAS 11 - Construction contracts. ANA Group registers the construction services revenue related to its concession contracts in the Group income statement by nature, under caption intangible assets – concession rights.

2ac – Judgements, estimates and critical assumptions

The preparation of consolidated financial statements according with IFRS requires PARPÚBLICA Group to make certain judgements, estimates and assumptions that affect the application of accounting policies and the amounts of income, expenses, assets and liabilities. Changes in such assumptions or any differences of these assumptions with reality may have impact over the present estimates and judgements. The areas involving a significant level of judgement and complexity, or where assumptions and significant estimates are used in preparing the consolidated financial statements are as follows:

Concession term

Law nr 17/2012, of April 26, applied Directive nr. 2008/6/EC of the European Parliament and European Council, of February 20, 2008, (also called the 3ª Postal Directive) to the internal legal system, establishing a legal system applicable in full competition to the provision of postal services, either in national territory as in the provision of international services to and from the national territory. In what the final and transitional provisions of this Law are concerned, the CTT - Correios de Portugal, SA (CTT) is designed as the universal postal service provider, until December 31 of 2020.

The concession contract for the provision of universal postal service, signed between the Portuguese Government and CTT, at September 1 of 2000, established a 30 years term of the contract, i.e., until September 1 of 2030.

In order to change the term of the concession contract in force, an agreement between the parties will be required. Since the concession contract alteration process is still ongoing, the Group thinks that there is no reason to change its accounting procedures of its financial statements. Moreover, the end of the concession contract does not prevent the provision of postal services caused by the above mentioned liberalization of the market.

Useful lives of property, plant and equipment and intangible assets

The definition of useful lives of assets, as well as the depreciation or amortization method is critical to determine the amount of depreciation/amortization to recognise on the consolidated income statement. These two parameters are defined according with the management's best judgement for the business and assets in question and also considering the best practices adopted by international related companies.

Fair value for investment property and biological assets

Investment property and biological assets that are measured at fair value are subject to independent valuations that are performed in a regular way. These valuations were performed in 2012 according with the following methods: income method, residual value methods, cost method and market comparing method.

Impairment

The Group performs impairment tests in accordance with the accounting policy described in Note 2k. The recoverable amounts of the assets or of cash-generating units are based on the estimate of values in use or on market values considering the best estimates.

Fair value of financial instruments

The fair value of financial instruments that have no active market is determined through valuations that reflect the "*mark-to-market"* of those instruments. The Group uses valuation techniques and assumptions for the evaluation of derivatives contracted at the reporting date, with supported by experts, and having *inputs* such as interest rate curves, underlying assets and volatilities.

Provisions

Provisions are recognised by the Group for liabilities of uncertain timing or uncertain amount as the result of past events and are measured by the best available estimate in the end of the reporting period. Whenever the estimate is not available or the existence of the obligation subject to the occurrence (or not) of certain future events, the PARPÚBLICA Group discloses this fact as a contingent liability, unless the assessment of the enforceability of the output of resources for payment is considered remote.

Provisions for ongoing legal cases are settled according to the risk evaluations made by the Group and by its legal consultants, based on historic successful rates, by the nature of the case and feasibility of an unfavourable decision for the Group.

The provisions for future operational losses are not recognized. The provisions are reviewed at the reporting date in order to reflect the best estimate at that date.

Income tax

The Group recognises liabilities for tax additional settlements that may result from reviews by the tax authorities. When the final result of these situations is different from the values initially recorded, the differences will have an impact in the income tax and tax provisions in the fiscal year in which such differences are noted.

3 – Restatements and reclassifications

in thousand euro

	Notes	31-Dec-12	Restatements	31-Dec-12
ASSETS				
Non current assets				
Property, Plant and Equipment	5	1 925 721	-	1 925 721
Investment property	6	440 836	-	440 836
Goodwill	7	299 638	-	299 638
Intangible assets	8	4 722 248	-	4 722 248
Biological assets	9	17 613	-	17 613
Investments in associates	10	468 863	-	468 863
Other investments	11	1 142 325	-	1 142 325
Other financial assets	12	4 166 856	-	4 166 856
Deferred tax assets	13	356 983	(927)	357 910
Other receivables	17	263 361	-	263 361
Deferrals	18	514 015	2 082	511 933
		14 318 460	**1 155**	**14 317 305**
Current assets				
Inventories	19	1 227 997	-	1 227 997
Biological assets	9	2 849	-	2 849
Trade debtors	14	783 198	-	783 198
Advances to trade creditors	15	7 088	-	7 088
Public administrative sector	16	51 714	-	51 714
Other receivables	17	239 623	-	239 623
Deferrals	18	28 455	-	28 455
Other financial assets	12	6 201	(11 064)	17 265
Cash and cash equivalents	20	770 007	-	770 007
		3 128 196	**-**	**3 128 196**
Non current assets held for sale	21	2 453 854	-	2 453 854
		5 582 050	**1 155**	**8 710 246**
Total assets		**19 900 509**	**1 155**	**19 899 354**
EQUITY AND LIABILITIES				
Equity				
Share capital		1 027 151	-	1 027 151
Legal reserves		730 231	-	730 231
Other reserves		86 762	2 508	84 254
Share of changes in equity of associates		(323 862)	-	(323 862)
Retained earnings		1 081 256	(680)	1 081 936
Net profit for the period attributable to equity holders		425 423	405	425 018
Total equity attributable to equity holders	22	**3 026 960**	**2 233**	**3 024 727**
Non-controling interests	23	682 783	-	682 783
Total equity		**3 709 744**	**2 233**	**3 707 511**
Non current liabilities				
Provisions	24	56 137	-	56 137
Borrowings	25	5 652 240	-	5 652 240
Retirement benefits obligations	26	107 391	(1 078)	108 469
Deferred tax liabilities	13	395 053	-	395 053
Public administrative sector	16	76 557	-	76 557
Other payables	30	150 581	-	150 581
Other financial liabilities	31	59 680	-	59 680
Deferrals	18	2 507 576	-	2 507 576
		9 005 215	**(1 078)**	**9 006 293**
Current liabilities				
Provisions		63	-	63
Trade creditors	24	172 022	-	172 022
Advances from trade debtors	27	1 151	-	1 151
Public administrative sector	16	74 637	-	74 637
Shareholders	29	18	-	18
Borrowings	25	3 488 410	-	3 488 410
Other payables	30	1 316 896	-	1 316 896
Other financial liabilities	31	-	-	-
Deferrals	18	91 831	-	91 831
		5 145 029	**-**	**5 145 029**
Liabilities related with non current assets held for sale	21	2 040 521	-	2 040 521
		7 185 550	**-**	**7 185 550**
Total liabilities		**16 190 766**	**(1 078)**	**16 191 844**
Total equity and liabilities		**19 900 509**	**1 155**	**19 899 354**

in thousand Euro

	Notes	1st semester 2012	Restatements	1st semester 2012
Revenue	32	1 840 628	-	1 840 628
Grants related to income	33	3 614	-	3 614
Share of profit and loss of associates	34	3 379	-	3 379
Dividend from investments at cost or at fair value	35	231 686	-	231 686
Gains resulting from reprivatisations	36	574 169		574 169
Changes in inventories of finished goods and work in progress	37	(6 302)	-	(6 302)
Own work capitalized	38	15 037	-	15 037
Inventories consumed and sold	39	(130 880)	-	(130 880)
Material and services consumed	40	(1 009 599)	-	(1 009 599)
Employee benefits expenses	41	(397 026)	415	(397 441)
Increases and reversals of inventories adjustments	42	(825)	-	(825)
Increases and reversals of receivables adjustments	43	(3 726)	-	(3 726)
Increases and reversals of provisions	44	1 000	-	1 000
Increases and reversals of impairment of non depreciable (amortizable) assets	45	(49 001)	-	(49 001)
Net changes in fair value	46	(164 397)	-	(164 397)
Other operating income	47	64 370	-	64 370
Other operating expense	48	(42 174)	-	(42 174)
Earnings before interest, taxes, depreciation and amortization		**929 950**	**415**	**929 536**
Expense/reversals of depreciation and amortization	49	(227 822)	-	(227 822)
Imparity of depreciation/amortization investments (expense/reversals)	45	59	-	59
Grants related to assets	50	40 061	-	40 061
Earnings before interest and taxes		**742 249**	**415**	**741 834**
Interest and other financial income	51	3 451	-	3 451
Interest and other financial expenses	51	(219 520)	-	(219 520)
Profit before income tax		**526 180**	**415**	**525 765**
Net income tax expense for the period	52	(47 759)	(172)	(47 587)
Net result for the period		**478 421**	**243**	**478 179**
Net result of non-controling interest	53	44 731	-	44 731
Net result for the period of the owners of the parent company		**433 691**	**243**	**433 448**
Result on discontinued operations included in the net result for the period	54	614 625	(41 096)	655 722
Result on discontinued operations included in the net result of the owners of the parent	54	605 173	(39 151)	644 324
Earnings per share basic and diluted (euro):				
From continued operations and discontinued operations		1,08	0,00	1,08
From descontinued operations		1,51	-0,10	1,61

Restatements and reclassifications at December 31, 2012 and the first half of 2012 results, are related to the retrospective effects of the amendments to IAS 19 Employee Benefits (see Note 2b).

The restatement, carried on in the results of the discontinued operations, concerns to the fact that TAP Group is no longer part of the disposal group held for sale.

4 – Cash flows

Operating cash flow relates essentially to the Air transport segment and the trade debtors payments represent 67% (30JUN12: 77%) of total receipts. Concerning payments to trade creditors and staff, this operating segment represents 81% (30JUN12: 87%) and 57% (30JUN12: 77%), respectively.

The financing and investing activities essentially concern operations of AdP Group, TAP Group and ANA Group, except the receipts and payments resulting from financial investment of the financing activity and the receipts and payments resulting from the financing activity which mainly include operations with PARPÚBLICA.

The cash flows of the discontinued operations are presented in Note 54.

5 – Property, plant and equipment

	1st Semester 2013									
Property, plant and equipment	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools and utensils	Administrative Equipment	Other tangible fixed assets	Fixed assets in progress	Advances on tangible fixed assets	Total
Gross value										
Opening balance	301 260	704 333	3 226 616	14 293	31 066	112 828	154 496	18 482	70 137	4 633 511
Increases through concentration of business a	30 870	214 968	1 319	154	-	2 177	3 682	49	-	253 219
Aditions	171	671	6 128	312	661	1 135	1 478	3 304	61	13 919
Disposals	(3)	-	(350)	(133)	(15)	(6)	(2)	-	-	(509)
Other transfers/Write-offs	(194)	83	(1 605)	(32)	960	(754)	(233)	(5 503)	(331)	(7 608)
Exchange rate differences	(52)	(326)	(1 077)	(6)	(666)	(279)	-	(179)	-	(2 585)
Closing balance	332 051	919 728	3 231 031	14 588	32 006	115 100	159 421	16 153	69 868	4 889 947
Accumulated depreciation										
Opening balance	878	423 587	2 034 849	13 216	19 311	104 142	70 608	1	-	2 666 592
Increases through concentration of business a	65 961	1 146	154	-	2 152	1 567	-	-	-	70 979
Aditions	87	7 620	63 085	295	905	1 759	3 567	-	-	77 319
Disposals	-	-	(287)	(133)	(14)	(4)	(2)	-	-	(440)
Other transfers/Write-offs	-	(7)	(3 966)	(25)	(1)	(1 118)	(109)	0	-	(5 226)
Exchange rate differences	-	(98)	(934)	(6)	(352)	(253)	-	-	-	(1 643)
Exchange rate differences	66 926	432 247	2 092 901	13 347	22 001	106 094	74 064	1	-	2 807 582
Accumulated impairment losses										
Opening balance	25 356	12 282	-	-	-	-	3 560	-	-	41 198
Other transfers/Write-offs	(1)	-	-	-	-	-	-	-	-	(1)
Exchange rate differences	25 356	12 282	-	-	-	-	3 560	-	-	41 198
Net amount	**239 769**	**475 199**	**1 138 130**	**1 241**	**10 005**	**9 007**	**81 797**	**16 151**	**69 868**	**2 041 168**

	Year 2012									
Ativos fixos tangíveis	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools and utensils	Administrative Equipment	Other tangible fixed assets	Fixed assets in progress	Advances on tangible fixed assets	Total
Gross value										
Opening balance	262 276	354 636	1 112 809	9 342	73	45 795	129 836	13 307	63 957	1 992 032
Aditions	-	252	33 209	541	1 031	2 998	4 540	20 386	40	62 998
	42 179	349 831	2 127 791	5 172	32 683	66 680	22 688	8 753	7 140	2 662 917
Tranfers to and from "Held for sale"										
Impairment loss recognition	-	130	(1 679)	-	-	-	-	-	-	(1 549)
Disposals	(2 769)	-	(50 596)	(80)	(1 714)	(17)	(5)	-	-	(55 182)
Other transfers/Write-offs	(331)	86	7 047	(670)	162	(2 114)	(2 558)	(23 678)	(1 000)	(23 057)
Exchange rate differences	(95)	(602)	(1 966)	(12)	(1 169)	(513)	(5)	(286)	-	(4 648)
Closing balance	301 260	704 333	3 226 616	14 293	31 066	112 828	154 496	18 482	70 137	4 633 511
Accumulated depreciation										
Opening balance	734	177 383	561 324	8 304	63	41 210	47 316	1	-	836 335
Aditions	188	15 480	132 029	704	2 006	3 810	7 119	-	-	161 336
	-	230 913	1 375 163	4 960	19 268	62 311	17 970	-	-	1 710 585
Tranfers to and from "Held for sale"										
Disposals	-	-	(21 690)	(80)	(1 508)	(2)	(5)	-	-	(23 285)
Other transfers/Write-offs	(43)	(34)	(10 365)	(663)	(5)	(2 732)	(1 787)	-	-	(15 629)
Exchange rate differences	-	(156)	(1 612)	(9)	(513)	(455)	(5)	-	-	(2 750)
Closing balance	878	423 587	2 034 849	13 216	19 311	104 142	70 608	1	-	2 666 592
Accumulated impairment losses										
Opening balance	25 405	12 282	-	-	-	-	2 900	-	-	40 587
Impairment loss recognition	252	-	-	-	-	-	660	-	-	912
Impairment loss reversal	(300)	-	-	-	-	-	-	-	-	(300)
Closing balance	25 356	12 282	-	-	-	-	3 560	-	-	41 198
Net amount	**275 025**	**268 464**	**1 191 767**	**1 077**	**11 755**	**8 686**	**80 328**	**18 481**	**70 137**	**1 925 721**

The increases due to business concentrations are related to SIMAB Group that was transferred to PARPÚBLICA in the 1st half of 2013, as referred in note 2e.

Land and Buildings (net values) at 30 June 2013 mainly included:

- 239 million euro (31DEC12: 242 million euro) related to infrastructures for production, transport and distribution of water of AdP Group;
- 180 million euro related to the several kind of buildings connected to SIMAB Group supply markets (fresh products halls, warehouses, trading stores and other); and
- 61million euro (31DEC12: 60 million euro) related to Baía do Tejo.

The Basic equipment at 30 June of 2012 (net values) mainly includes:

- 581 million euro(31DEC12: 625 million euro) of flight equipment of which 450 million euro(31DEC12: 529 million euro) as *leasing* resulting from TAP Group;
- 528 million euro (31DEC12: 537 million de euro) related to production, transport and distribution of water belonging to AdP Group; and
- 23 million euro (31DEC12: 24 million euro) of machines and various equipment of TAP Group.

The addition of Basic equipment mainly refers to the acquisition by TAP Group of reactors in the amount of 2 043 thousand euro, spare parts in about 1 097 thousand euro and of change and flight simulator in the amount of 883 thousand euro.

The disposals and transfers of Basic equipment in the amount of 1605 thousand euro majority included:

- the decrease of 1,7 million euro due to the ongoing transfer of Group assets;
- the increase of 1,1 million euro from TAP Group, related to transfers and write-off of spare parts by scrap and other maintenance equipment; and
- the decrease of 1 million euro from INCM.

The closing balance of Transport equipment (net value) mainly results from AdP Group, with 530 thousand euro (31DEC12: 644 thousand euro).

The closing balance of Tools and utensils (net value) mainly results from TAP Group, with 12,1 million euro (31DEC12: 11,7 million euro).

The closing balance of Administrative equipment (net value) mainly results from TAP Group, with 3,8 million euro (31DEC12: 4,2 million euro), from AdP Group with 2,6 million euro (31DEC12: 2,5 million euro) and from INCM with 1,2 million euro (DEC12: 1 million euro).

Other tangible fixed assets mainly includes (net value): (i) 3,6 million euro (31DEC12: 64,8 million euro) of rolling stock in operations in "Eixo Ferroviário Norte-Sul" from SAGESECUR; (ii) 8,7 million euro (31DEC12: 8,7 million euro) relating to INCM; (iii) 3,5 million euro (31DEC12: 4,3 million euro) from TAP Group; and (iv) 2 million euro (31DEC12: 2,3 million euro) from AdP Group. The related increases mainly result from SAGESECUR and the addition of SIMAB assets in the amount of 3,7 million euro..

The increases in Ongoing fixed assets mainly resulted from AdP Group in the amount 2,1 million euro.

The reduction in this item mainly includes the amount of 4,5 million euro from TAP Group.

Advances on tangible fixed assets (net values) refer to:

- advances made by Baía do Tejo Group in the amount of 58,2 million euro (31DEC12: 58,5 million euro), related with the amount of the purchase and sale contract signed between Baía do Tejo Group and the Portuguese State for the acquisition of the real estate of the complex of Margueira;
- advances made by TAP Group in the amount of 7,1 million euro (31DEC12: 7 million euro) related to the future purchase of aircrafts; and
- advances made by Lazer e Floresta in the amount of 4, 6 million euro (the same value as in 31DEC12), related to the acquisition of properties, still awaiting for the completion of the deed

The initial balance of accumulated impairment losses is mostly related to assets of Companhia das Lezírias , SAGESECUR and Lazer e Floresta.

6 – Investment property

Investment property	1st Semester 2013		Year 2012	
	At fair value	At cost	At fair value	At cost
Opening balance	439 767	1 069	458 193	1 165
Increases through concentration of business activities	1 148	-	-	-
Adjustments to fair value - Net gains and losses	(2 992)		(10 457)	-
Increases - Acquisitions	436	-	2 102	-
Disposals	-	-	(12 216)	-
Transfers from and to inventories and to property occupied by the owner	-	-	(803)	-
Depreciation	-	(48)	-	(96)
Tranfers to "Held for sale"	-	-	2 862	-
Other variation	-	-	86	-
Closing balance	438 359	1 021	439 767	1 069
Total		439 380		440 836

Investment property refers to the following entities:

Investment property by entity	30-Jun-13	31-Dec-2012
Grupo Sagestamo	176 522	176 339
Grupo Baía do Tejo	131 260	131 007
Companhia das Lezírias	53 341	53 345
Fundo IIF Estamo	31 854	34 708
Lazer e Floresta	40 094	40 094
Grupo TAP	4 139	4274
Grupo AdP	1 021	1 069
SIMAB	1 148	
Total	439 380	440 836

The amount of 3 million euro of net loss in Fair value adjustments mainly comes from the Estamo Fund IIF related to real estate in the portfolio.

The year increases in the amount of 1,6 million euro are mainly related to the addition of SIMAB Group assets.

The significant methods applied in determining the fair value of investment property are described as follows:

- Market Comparison Method – Consists in relating the value of a real estate property, with the market data available from recent real estate transactions occurred in the same locations, with similar or comparable characteristics.

- Cost Method – Considers the sum of all expenses needed to build a property with the same characteristics and materials of the valuated property, considering the prices in place in the market.

- Income Method – Is an indirect method, commonly used in determining the market value of assets with the ability to generate income from its use. The fair value of the property corresponds to the investment needed to obtain an effective income generated from the exploration of the business, and is determined by capitalising that income with a yield (binomial Risk/income associated with the investment) adequate to the characteristics of the real estate property and to the level of risk of the real estate investment.

- Residual Value Method – This method is based on the principle of the maximum and best use of an urban property, according to the premises approved by the entities with jurisdiction over the real estate property and considering that the property is free of constructions, safeguards and urban commitments of public character. The urban land value is determined by deducting to the set of the potential earned income by the real estate property (determined using the Market Comparison Method and/or the Income Method), the expenses needed to the construction of the property, infrastructures and urban constructions, as well as related indirect expenses, like projects, fees, management, supervising, promotion and selling expenses (determined using the Cost Method). Considering the temporal character of the development of the investment, the global return study is performed from a cash flow analysis using a discount rate corresponding to the minimal return rate required by the investor/entrepreneur.

The major assumptions considered by PARPUBLICA Group when using the Residual Value Method and the Income Method are described below:

Discount rates	Method of income	Residual Value Method
Grupo SAGESTAMO	Between 6,5% and 9,5%	Between 8% and 11%
Grupo Baía do Tejo	Between 7% and 11%	n.a.
Companhia das Lezírias	5,25%	15%
Fundo IIF Estamo	n.a.	10%
Lazer e Floresta	5,25%	n.a.

7 – *Goodwill*

Goodwill	1st Semester 2013				Year 2012			
	Opening balance	Tranfers to "Held for sale"	Other variations	Closing balance	Opening balance	Tranfers to "Held for sale"	Other variations	Closing balance
Reaching Force	91 605	-	-	91 605	-	91 605	-	91 605
Aero -LB	46 191	-	(2 978)	43 213	-	51 691	(5 500)	46 191
Portugália	63 099	-	-	63 099	-	63 099	-	63 099
AdP	95 005	-	-	95 005	95 005	-	-	95 005
Valorsul	3 307	-	-	3 307	3 307	-	-	3 307
Algar	130	-	-	130	130	-	-	130
Aquasis	210	-	-	210	210	-	-	210
Baía do Tejo	91	-	-	91	91	-	-	91
	299 638	**-**	**(2 978)**	**296 660**	**98 743**	**206 395**	**(5 500)**	**299 638**

Other variations include the amount of 2 978 thousand euro that comes from the changes on foreign currency translation of Aero-LB's *goodwill*, in Brazilian Reais (124 880 960 BRL).

For the impairment test, the recoverable amount of cash-generating units (CGUs) Reaching Force, AERO LB and PORTUGÁLIA was determined considering the value in use, according to the discounted Cash-flow Method. The impairment tests are determined at an annual basis, the last one being related to 31 of December of 2012 and with no significant developments in the recoverable amount of CGUs during the first half of 2013.

8 – Other intangible assets

Other intangible assets (net values)	1st Semester 2013			Year 2012		
	Indefinite useful life	Finite useful life	Total	Indefinitive useful life	Finite useful life	Total
Opening balance	3	4 722 245	4 722 248	3	4 792 294	4 792 297
Increases through concentration of business activities	-	2 050	2 050	-	-	-
Transfers to "held for sale"	-	-	-	-	1 424	1 424
Additions	-	57 972	57 972	-	215 800	215 800
Other transfers/Write-offs	-	(10 220)	(10 220)	-	(129 258)	(129 258)
Amortizations	-	(82 791)	(82 791)	-	(158 014)	(158 014)
Closing balance	**3**	**4 689 257**	**4 689 260**	**3**	**4 722 245**	**4 722 248**

Other intangible assets come mainly from AdP Group, being 4,7 thousand million Euro (31DEC12: 4,7 thousand million Euro). These intangible assets are mainly rights of infrastructures' use (IFRIC 12) of UNA-PD (water production and purification) and UNR (waste) business units.

Additions (60 million euro), as well as other transfers/write-offs (10,2 million euro) and amortizations (82,3 million euro) mainly come from AdP Group.

During the first half of 2013, there was a significant contraction in the investment carried out by the companies of AdP Group. This contraction is due to the current economic, financial and regulatory constraints and to the impositions related to the Stability and Growth Program 2010-2013.

9 – Biological assets

1st Semester 2013							
Biological assets- Non current	Opening balance	Increases due to acquisitions	Changes in fair value less estimated point-of-sale costs	Disposals	Depreciation	Other variations	Closing balance
At fair value							
Forest							
Pine	8 933	-	-	-		-	8 933
Eucalyptus	6 831	-	-	-		(2)	6 830
Breeding stock	736	-	(31)	(30)		-	674
	16 500	-	(31)	(30)	-	(2)	16 436
At cost							
Olive tree	381	12		-	(4)	-	389
Vine	713	-		-	(26)	-	687
Other	20	0		-	(1)	-	19
	1 114	12	-	-	(31)	-	1 095
Total	17 613	12	(31)	(30)	(31)	(2)	17 531

Year 2012							
Biological assets- Non current	Opening balance	Increases due to acquisitions	Changes in fair value less estimated point-of-sale costs	Disposals	Depreciation	Other variations	Closing balance
At fair value							
Forest							
Pine	9 924	-	-	(435)	-	(557)	8 933
Eucalyptus	9 695	-	-	(2 707)	-	(156)	6 831
Breeding stock	772	-	(37)	-	-	-	736
	20 392	-	(37)	(3 142)	-	(713)	16 500
At cost							
Olive tree	376	14	-	-	(8)	-	381
Vine	764	-	-	-	(51)	-	713
Other	21	1	-	-	(2)	-	20
	1 160	15	-	-	(62)	-	1 114
Total	21 552	15	(37)	(3 142)	(62)	(713)	17 613

1st Semester 2013							
Biological assets - Current	Opening balance	Increases due to acquisitions	Changes in fair value less estimated point-of-sale costs	Disposals	Depreciation	Other variations	Closing balance
At fair value							
Forest							
Pine	0	-	-	-		-	0
Eucalyptus	2 000	-	-	-		-	2 000
Breeding stock	849	-	(1)	-		(31)	817
Total	2 849	-	(1)	-	-	(31)	2 817

Year 2012							
Biological assets- Non current	Opening balance	Increases due to acquisitions	Changes in fair value less estimated point-of-sale costs	Disposals	Depreciation	Other variations	Closing balance
At fair value							
Forest							
Pine	9 924	-	-	(435)	-	(557)	8 933
Eucalyptus	9 695	-	-	(2 707)	-	(156)	6 831
Breeding stock	772	-	(37)	-	-	-	736
	20 392	-	(37)	(3 142)	-	(713)	16 500
At cost							
Olive tree	376	14	-	-	(8)	-	381
Vine	764	-	-	-	(51)	-	713
Other	21	1	-	-	(2)	-	20
	1 160	15	-	-	(62)	-	1 114
Total	21 552	15	(37)	(3 142)	(62)	(713)	17 613

The main biological assets are forest (mainly pinewoods, eucalyptus and cork oak trees), olive trees and vine and also working animals and livestock breeding.

The forests are registered at a fair value assessed through the method of the present value of the cash flows, discounted as foreseen in IAS 41. The area concerned is: (i) pine trees and other resinous trees, 3 398 hectares (31DEC12: 3 38 hectares); (ii) Eucalyptus, 5 916 hectares (31DEC12: 5 916 hectares); and (iii) cork oak trees, 8 399 hectares (31DEC12 8 399 hectares).

As the cork oak landscape (“montado de sobro”) is an asset under a conditioned regime, it is classified as a tangible fixed asset.

The biological assets of olive trees and vine are evaluated at the depreciated cost (taking into account a 20 to 25 year useful life, respectively), since it is not possible to estimate reliably their respective fair value.

Working animals and the livestock breeding are evaluated at fair value.

The fair value of biological assets was determined by independent evaluators using physical, timing and evaluation indicators relevant for the types of assets. To estimate the fair value it was used the method of discounted cash flows with a discount rate of 5, 25%.

10 – Investments in associates

Investments in associates	1º semestre 2013					
	Opening balance	Additions	Equity method movments	Impairment loss recognition	Impairment reversals	Closing balance
Parcaixa, SGPS, SA	452 166	-	7 031	-	-	459 196
CVP - Sociedade de Gestão Hospitalar, S.A.	5 902	-	(182)	-	-	5 720
Credip - Instituição Financeira de Crédito	2 359	-	(4)	-	-	2 356
ISOTAL - Imobiliário do Sotavento Algarvio, S.A.	64	-	-	-	-	64
Multicert - Serviços de Certificação Electrónica	642	-	-	-	-	642
ORIVÁRZEA, S.A.	1 621	39	-	-	-	1 659
INAPA - Invest. Part. E Gestão, SA	5 890	-	(69)	-	2 033	7 854
Águas de Timor	5	-	-	-	-	5
Mieses	209	-	-	-	-	209
CLR - Comp. Lezírias e Associados Renováveis, Lda	1	-	-	-	-	1
Propnery		3 220				3 220
ACEs Quimiparque, Snesges Urbindustria, Portosider	4	-	-	-	-	4
	468 863	3 259	6 775	-	2 033	480 930

Investments in associates	Year 2012				
	Opening balance	Equity method movments	Impairment loss recognition	Other transfers	Closing balance
Parcaixa, SGPS, SA	500 688	(48 522)	0	-	452 166
CVP - Sociedade de Gestão Hospitalar, S.A.	10 280	(734)	(3 643)	-	5 902
Credip - Instituição Financeira de Crédito	2 379	(20)	-	-	2 359
ISOTAL - Imobiliário do Sotavento Algarvio, S.A.	66	(2)	-	-	64
Multicert - Serviços de Certificação Electrónica	666	93	-	(117)	642
ORIVÁRZEA, S.A.	1 467	154	-	-	1 621
INAPA - Invest. Part. E Gestão, SA	6 872	(1 480)	-	-	5 890
Águas de Timor	5	-	-	-	5
Mieses	187	-	-	-	209
CLR - Comp. Lezírias e Associados Renováveis, Lda	1	-	-	-	1
ACEs Quimiparque, Snesges Urbindustria, Portosider	4	-	-	-	4
	522 614	(50 512)	(3 643)	(117)	468 863

From the main changes verified in 2012, we point out:

- The use of the equity equivalence method;
- Reversal of recognized impairment loss with INAPA so that the value of stake equals the fair value (quote price at 30 June 2013) less the selling costs (considered immaterial); and
- Acquisition of the Propnery shares (41,82%) in the amount of 3 220 thousand euro, through the transfer of a set of State stakes as compensation for the delivery of the reprivatisation's receipts (see Note 12).

11 – Other investments

Other investments	30-Jun-13	31-Dec-12
At fair falue		
EDP - Energias de Portugal, S.A.	-	346 974
GALP	662 765	682 967
GALP ENERGIA - não afectas a permutáveis	47	48
Portugal Telecom e ZON Multimédia	2 815	3 340
REN	116 317	108 915
Lisnave - Estaleiros Navais, S.A.	3 208	2
Efacec	18	-
	785 169	1 142 246
At cost		
Soc. Parque Industrial de Vendas Novas	10	10
P.I.S.	3	3
Outros	66	66
	79	79
	785 248	**1 142 325**

The drop in the amount of 346 974 thousand euro in EDP is related to the sale of the last PARPÚBLICA stake in the EDP's equity (4%).

Shares of GALP are underlying the *swap* option in the reimbursement of loan bonds (see Note 25).

The changes occurred in fair value are registered as Increases / decreases at fair value (see Note 46), but there are still revenues with dividends registered in Dividends of investments at cost and at fair value (see Note 35).

The estimate used to assess the fair value of these investments was based on market references (whenever those assets price is available).

The stakes of 2,08% in Lisnave – Estaleiros Navais, S.A. and of 5% in Efacec Internacional Financing , SGPS, SA are included in the set of State investments transferred to PARPÚBLICA during January 2013, under Order 2468/12-SEPT, of December 28 (see Note 12).

PARPÚBLICA has a stake of 0,09% in Lisnave - Infraestruturas Navais, S.A. that at June 30 of 2013, presented a carrying amount of nil.

12 – Other financial assets

Other financial assets	30-Jun-13		31-Dec-12	
	Current	Non current	Current	Non current
Financial assets at fair value through profit or loss				
Held for trading				
Other	6 603	-	6 152	-
Held to maturity				
Other	-	5 560	-	5 560
Loans and receivables				
Payments in advance regarding privatizations	-	3 213 532	-	4 040 438
"Fundo de renovação"	-	2 678	-	2 678
"Fundo de reconstituição"	-	114 829	-	114 829
Others	27	13 576	-	3 314
Available for sale				
Others	41	9	49	9
Payments in advance regarding investments	-	28	-	28
	6 671	3 350 212	6 201	4 166 856

Other financial investments at fair value through profit or loss - current assets - corresponds to shares held by SAGESECUR in Fundiestamo Fund I with 5 332 shares (31DEC12: 5 332 shares) and in the Imopoupança Fund with 1 970 shares (31DEC12: 1 970 shares) in the total amount of 6 603 thousand euro (31DEC12: 6 152 thousand euro).

The amount of 3 214 million euro in Advances concerning privatizations (31DEC12: 4 040 million euro), relates to the delivery of reprivatisation receipts to the State in compliance with Law Nr 11/90, of April 14, to be compensated pursuant to art. nr 9 of Decree-Law Nr 209/2000, of September2 and to the amounts not compensated by the State as a result of the intervention of the PARPÚBLICA in reprivatisations. The decrease verified in this item, in the amount of 826 million euro, is related to the transfer in January 2013 of a set of State stakes as compensation for the delivery of reprivatisation receipts under Order 2468/12-SEPT, of December 28, being worth mentioned the 100% of CTT – Correios de Portugal, SA – CTT equity (360 million euro) and of SIMAB – Sociedade Instaladora de Mercados Abastecedores, SA (4 million euro),

31,44% of ANA -Aeroportos de Portugal, SA (361 million euro), 8,82% of AdP - Águas de Portugal, SGPS, SA (80 million euro).

The value in Other financial assets – held till maturity -, in the amount of 5 560 thousand euro (31DEC12: 5 560 thousand euro), is related to the acquisition of Treasury bonds by INCM.

The Funds of renovation and reconstruction are formed under the concession contracts and refer to medium and long-term financial investments.

The amount of 13 578 thousand euro included in Other current loans and receivables came from SPE with 10 413 thousand euro, from TAP Group with 2 677 thousand euro (31DEC12: 2 848 thousand euro) and from AdP Group with 486 thousand euro (31DEC12: 466 thousand euro).

13 – Deferred tax assets and liabilities

Deferred taxes	1st Semester 2013						Year 2012				
	Opening balance	Increases through concentration of business activities	Changes on profit or loss	Changes directly on equity	Transfers to "hold for sale"	Closing balance	Opening balance	Changes on profit or loss	Changes directly on equity	Transfers to "hold for sale"	Closing balance
Deferred tax assets											
Non Current											
Reportable tax losses	43 559		(2 769)	-	-	40 791	41 849	(372)	-	2 082	43 559
Retirement benefit obligations	30 359		-	-	-	30 359	14 971	(1 523)	1 455	15 456	30 359
Impairment losses on inventories	10 077		-	-	-	10 077	2 658	1 199	-	6 220	10 077
Transition adjustments and fair value variations	7 588		-	-	-	7 588	2 169	5 372	47	-	7 588
Other provision and adjustments not tax deductible	6 576	66	(335)	-	-	6 307	4 170	2 053	354	-	6 576
Other	258 823		8 093	(48)	-	266 868	228 146	31 462	(785)	-	258 823
	356 983	66	4 989	(48)	-	361 990	293 963	38 191	1 070	23 758	356 983
Deferred tax liabilities											
Non current											
Retirement benefit obligations	74 520		(60)	(118)	-	74 342	56 617	(6 527)	497	23 933	74 520
Reivestment of PP&E values	92		-	-	-	92	123	(31)	-	-	92
Write-off of provisions	-		-	-	-	-	20	(20)	-	-	-
Other	320 441		631	-	-	321 072	308 515	11 926	-	-	320 441
	395 053	-	571	(118)	-	395 506	365 275	5 348	497	23 933	395 053

The variation with effects in profit and loss occurred in reportable fiscal losses in assets for deferred tax, in the negative amount of 2 769 thousand euro, mainly comes from SAGESTAMO Group with negative 2 663 thousand euro to use during the first half of 2013, due to the fact that Estamo had positive fiscal profits during the first half of the year.

Other assets and Other liabilities for deferred tax include 266,9 million euro and 321, 1 million euro, respectively, resulting almost entirely from AdP Group, with 264,2 million euro in non current asset and 321, 1 million euro in non current liabilities. The increase in Other assets and liabilities deferred tax, is partially explained by the fulfilment of IFRIC 12 in AdP Group, where there are significant timing differences between the tax and accounting depreciations and with equivalent impact in the deferred taxes associated with investment subsidies. It should be noted that the assets and liabilities deferred tax of tariff adjustments are also registered in this item. In Other deferred liabilities tax is also registered a significant amount of the subsidiary EPAL, resulting from the evaluation carried out to the property, land and equipment at the transition time to the international procedures.

14 – Trade debtors

Trade debtors	30-Jun-13	31-Dec-12
Current account	850 166	781 253
Doubtful accounts	58 074	60 062
"Water on counter" to bill	26 012	26 049
Other	6	-
Accumulated impairment losses	(80 723)	(84 166)
	853 535	**783 198**

Trade debtors - Current account includes:

- Trade debtors from AdP Group in the amount of 448,3 million euro (31DEC12: 446,7 million euro), from which 407million euro (31DEC12: 411,8 million euro) are related to municipalities debts;
- Trade debtors from TAP Group with a total amount of 321,7 million euro (31DEC12: 257,4 million euro), which mainly correspond to active balances with private entities in the amount of 144,7 million euro (31DEC12: 99,5 million euro), with travel agencies in the amount of 111,2 million euro (31DEC12: 80,6 million euro) and airlines in the amount of 28,7 million euro (31DEC12: 41,8 million euro);
- Trade debtors from SAGESTAMO Group with a total amount of 55,8 million euro (31DEC12: 62million euro), essentially relating to leases to Portuguese State entities ; and
- Trade debtors from INCM with a global amount of 16,3 million euro (31DEC12: 8,6 million euro).

The balance of Doubtful accounts comes essentially from TAP Group, with 35,7 million euro (31DEC12: 36,8 million euro) and from AdP Group with the global amount of 18,4 million euro (31DEC12: 18,2 million euro).

Water on counter to bill relates to an estimate of consumed water by trade debtors at the end of each period, which will be later invoiced.

Variations on Impairment losses from trade debtors are detailed in Note 43.

15 – Advances to trade creditors

Advances to trade creditors	Current	
	30-Jun-13	31-Dec-12
Advances to trade creditors		
Current account	9 058	6 520
Property, plant and equipment	594	568
	9 652	7 088

The balance of Advances to suppliers at 30 June 2013, corresponds mostly to TAP Group with 7,8 million euro (31DEC12: 5,4 million euro) and to AdP Group with 1,5 million euro (31DEC12: 1,7 million euro).

16 – Public administrative sector

Public administrative sector	30-Jun-13		31-Dec-12	
	Current	Non-current	Current	Non-current
Assets				
Public administrative sector				
Income tax to be received	45 261	-	25 633	-
Other	19 458	-	26 081	-
	64 720	-	51 714	-
Liabilities				
Assets				
Income tax to be paid	29 592	-	15 085	-
Income tax to be received	60 645	65 304	59 552	76 557
	90 237	65 304	74 637	76 557

The amount recorded under Other – current assets - includes mostly: (i) 11 million euro (31DEC12: 17,5 million euro) from TAP Group, of which 2,3 million euro (31DEC12: 6,6 million euro) relate to compensatory allowances and 4,5 million euro (31DEC12: 6,8 million euro) to VAT receivable; and (ii) 7,2 million euro (31DEC12: 7,3 million euro) from AdP Group, which correspond mostly to VAT receivable.

The amount recorded under Other – non current liabilities – is entirely related to TAP Group and corresponds to debts to the Brazilian State. In 2009 TAP Manutenção e Engenharia Brasil, S.A. joined the tax refinancing program named REFIS, and therefore compensated part of the interest and penalties of contingencies with income tax and social contribution deferred, over all tax losses and negative base of social contribution, having reduced to its debt the amount of 49 448 million euro. Decree-Law nr 258/98 of August 17th, revoked the tax exemptions from which TAP S.A. had been benefiting and which had been established in base XII set forth in the appendix of Decree-Law nr 39 188 of April 25th, 1953, and in Decrees-Law nr 39 673 of May 22nd, 1954, nr 41 000 of February 12th, 1957 and nr 44 373 of May 29th 1962, being therefore no longer exempted to pay taxes and contributions to the State.

The amount recorded under Other – current liabilities – includes mostly:

- 31,3 million euro (31DEC12: 26,4 million euro) from TAP Group, of which: (i) 11,5 million euro (31DEC12: 8 million euro) are debts to the Brazilian State on the REFIS process; (ii) 8,7 million euro (31DEC11: 8,2 million euro) are debts to the Social Security; and (iii) 7,8 million euro (31DEC12: 7,8 million euro) are IRS debts; and
- 24 million euro (31DEC12: 28,6 million euro) related to AdP Group, of which 15,6 million euro (31DEZ12: 22,2 million euro) refer to water resources and waste management charges to be paid in the beginning of 2014.

According to legislation in force, tax declarations of companies with its headquarters in Portugal, included in the consolidation, are subject to revision and correction to be made by tax authorities within a period of four years (five years to Social Security), except when tax losses have occurred, tax benefits have been granted, or in cases of ongoing inspections, complaints or disputes. In such cases, depending on the circumstances, the deadlines are extended or suspended. PARPÚBLICA Group considers that possible corrections resulting from revisions/inspections made by tax authorities to those tax declarations will not affect significantly the financial statements at 30 June 2013.

17 – Other receivables

Other receivables	30-Jun-13		31-Dec-12	
	Current	Non-current	Current	Non-current
Group entities	6 904	3 700	6 471	3 700
Staff	10 057	-	9 287	-
Trade receivables	-	138 654	-	106 434
Trade suppliers	157	-	126	-
Other prepaiments	-	36	-	38
Accumulated impairment	(10 546)	(1 921)	(10 657)	(1 921)
Accrued income	40 735	-	47 729	256
Government grants related to assets	69 896	31 363	86 952	33 962
Real estate sales	10 391	30 830	7 758	32 113
Others	82 225	95 624	91 956	88 779
	209 818	**298 285**	**239 623**	**263 361**

The line Staff – current asset – is mostly from TAP Group, with the global amount of 9,4 million euro(31DEZ12: 8,6 million euro).

The line Trade Receivables – non current asset – corresponds almost entirely to balances with trade debtors from AdP Group resulting from payment agreements, with 138,7 million euro (31DEC12: 106,4 million euro).

The amount of 10,5 million euro at 30 June 2013 referring to Adjustments by impairment of other receivables – current asset – is mostly from AdP Group, in the total amount of 6,4 million euro (31DEC12: 6,5 million euro) and from TAP Group in the total amount of 4 million euro (31DEC12: 4,1 million euro).

The line Accrued income – current asset – includes:

- 23,1 million euro (31DEC12: 27,5 million euro) from AdP Group, with 12,0 million euro related to interests (31DEC12: 15,7 million euro) and 11,1 million euro related to other Income accruals (31DEC12: 11,9 million euro);
- 10,2 million euro (31DEC12: 14,7 million euro) referring to TAP Group, mostly related to works for airlines, sales of miles to passengers, publicity and terminal charges;
- 3,7 million euro (31DEC12: 3,1 million euro) essentially related with interest to be received by ESTAMO and with management fees funds to be received from Fundiestamo; and
- 2,4 million euro (31DEC12: 557 thousand euro) from Companhia das Lezírias referring to rentals and allowances to be received.

The line Subsidies to receivable investment – current asset and non current asset – is from AdP Group and is related to the receivable subsidies from Cohesion Fund.

The line Real Estate sale – current asset and non current asset – corresponds to amounts due to ESTAMO for the sale of Real Estate, which will be paid in instalments.

The item Others in Other receivable accounts – non current asset – includes essentially:

- 48,3 million euro (31DEC12: 43 million euro) from AdP Group, of which 40,6 million euro (31DEC12: 38,5 million euro) correspond to the residual value to be received at the end of the concession, relating to modernization and expansion assets; and.
- 47,1 million euro (31DEC12: 45,6 million euro) from TAP Group, of which (i) 21,9 million euro (31DEC12: 20,4 million euro) correspond to judicial deposits in Brazil, (ii) 7,7 million euro (31DEC12: 8 million euro) correspond to guarantee deposits within operating leasing contracts for airplanes and reactors, and (iii) 6 million euro (31DEC12: 5,6 million euro) correspond to guarantees within future maintenance services to French Air Force airplanes.

The item Others in Other receivable accounts – current asset – includes essentially:

- 48 million euro (31DEC12: 81,4 million euro) from AdP Group, with highlight to: (i) 12,2 million euro (31DEC12: 12,9 thousand euro) fines charged by consortium responsible for the ETAR da Guia construction; and (ii) 2,9 million euro (31DEC12: 2,8 million euro) concerning studies charged to municipalities; and
- 27,2 million euro (31DEC12: 32,2 million euro) from TAP Group, of which (i) 10,7 million euro (31DEC12: 8,4 million euro) correspond to mainly to interline invoicing, and (ii) 7,7 million euro (31DEC12: 6,9 million euro) correspond to other debtors from Brazil and Italy.

18 – Deferrals

Deferrals - Assets	30-Jun-13		31-Dec-12	
	Current	Non current	Current	Non current
Regulatory asset - tariff deviations	-	542 227	-	511 934
Other deferred expenses	34 542	1 991	28 142	-
Net surplus on retirement benefit plan	313	-	313	2 081
	34 855	**544 218**	**28 455**	**514 015**

Deferrals - Liabilities	30-Jun-13		31-Dec-12	
	Current	Non current	Current	Non current
Deferred income				
Government grants related with assets	1 965	1 930 916	1 332	1 925 355
Other	37 948	24 420	37 139	-
Regulatory liability - Tariff deviations	-	125 408	-	116 772
Contractual (service concession) investments	-	481 425	-	465 449
Other	61 128	-	53 360	-
	101 041	**2 562 169**	**91 831**	**2 507 576**

The lines Regulatory asset – tariff deviations and Regulatory liability – tariff deviations are totally from AdP Group and can be detailed as follows:

	DEFERRED ASSET		DEFERRED LIABILITIES		Net effect	Effect
	Deviation	Tax	Deviation	Tax	deviation	in results
Production, Treatment e Transport						
Águas do Algarve, S.A.	15 414	68	0	-4 153	11 517	1 198
Águas do Centro Alentejo, S.A.	8 625	21	0	-2 306	6 395	-154
Águas do Centro, S.A.	64 978	10	0	-17 229	47 787	5 126
Águas do Douro e Paiva, S.A.	1 487	49	0	-443	1 228	150
Águas do Mondego, S.A.	11 160	42	0	-3 000	8 319	1 097
Águas do Norte Alentejano, S.A.	32 721	70	0	-8 741	24 244	2 213
Águas do Noroeste, S.A.	103 850	35	0	-27 555	76 424	7 974
Águas do Oeste, S.A.	60 621	33	0	-16 098	44 649	4 447
Águas de Trás-os-Montes e Alto Douro, S.A.	71 701	95	0	-19 095	52 963	1 923
Águas do Zêzere e Côa, S.A.	51 859	17	0	-13 759	38 164	2 035
Águas Públicas Alentejo, S.A	-63	98	-308	0	-227	-57
Sanest, S.A.	-234	7 059	-26 403	0	-19 406	-1 301
Simarsul, S.A.	36 411	83	0	-9 732	26 992	2 532
Simdouro, S.A.	6 923	12	0	-1 847	5 121	838
Simlis, S.A.	15 800	11	0	-4 199	11 644	-651
Simria, S.A.	33 566	62	0	-8 957	24 842	2 089
Simtejo, S.A.	-32	8 886	-33 503	0	-24 625	-3 001
Total Production, Treatment e Transport	**514 787**	**16 651**	**-60 214**	**-137 114**	**336 031**	**26 458**
Solid waste						
Algar, S.A.	-396	1 172	-4 026	0	-2 960	605
Amarsul, S.A.	-250	1 942	-7 070	0	-5 195	-176
Ersuc, S.A.	-77	1 613	-6 010	0	-4 416	-1 326
Resiestrela, S.A.	0	856	-3 233	0	-2 378	-169
Resinorte,S.A.	409	0	0	-109	301	105
Resulima, S.A.	-44	897	-3 340	0	-2 455	-382
Suldouro, S.A.	-78	2 290	-8 561	0	-6 292	-902
Valnor, S.A.	-75	1 206	-4 474	0	-3 289	228
Valorlis, S.A.	0	693	-2 614	0	-1 921	-17
Valorminho, S.A.	-5	460	-1 735	0	-1 274	-332
Valorsul, S.A.	-952	6 647	-24 131	0	-17 737	-1 806
Total Solid Waste	**-1 468**	**17 776**	**-65 194**	**-109**	**-47 616**	**-4 172**
Distribution and collect						
AdRA – Águas da Região de Aveiro, S.A.	28 907	55	0	-7 717	21 399	4 075
Total Distribution and Collect	**28 907**	**55**	**0**	**-7 717**	**21 399**	**4 075**
Total	**542 226**	**34 482**	**-125 408**	**-144 940**	**309 814**	**26 361**

Other current deferred expenses is mainly from AdP Group with the amount of 14,1 million euro (31DEC12: 9,9 million euro) and from TAP Group with the amount of 12,5 million euro (31DEC12: 8,8 million euro) referring mainly to (i) commissions paid to agents for overdue tickets not yet flied and valid until 30 June 2013, (ii) financial lease rents paid in advance, and, (iii) insurances and rents paid in advance.

Net surplus on retirement benefit plan is described in Note 26.

Non current deferred income mainly refers to Government grants related to assets from AdP Group, as follows:

	30-Jun-13	31-Dec12
Government grants related with assets – EC Cohesion Fund	1 630 170	1 643 519
Government grants related with assets – Other	23 892	25 006
Asset integration	250 562	256 813
	1 904 624	1 925 338

EC Cohesion Fund_ movements for the period	**30-Jun-13**	**31-Dec-12**
Grants (year N-1)	1 643 519	1 659 095
Recognition of right to receive	16 728	50 100
Income recognition	(29 150)	(54 666)
Recognition adjustments	(66)	(549)
Right recognition adjustments	(861)	(10.460)
Grants (year N-1)-Closing balance	1 630 170	1 643 519
Receipts for the period	35 517	110 209

Deferred income – other current liabilities – includes:

- 32,3 million euro (31DEC12: 34 million euro) from AdP Group;
- 2,3 million euro related to access fees paid by the users (supply markets clients) at the beginning of the contract of use of SIMAB Group areas;
- 1,4 million euro from lease rents received by ESTAMO in advance (31DEC12: 1,5 million euro); and
- 971 thousand euro concerning Baía do Tejo Group (31DEC12: 971 million euro).

Contractual investments – non current liabilities – refer entirely to AdP Group and are detailed as follows:

	30-Jun-13	31-Dec-12
Water – Production, Treatment and Transport	291 748	286 196
Water - Distribution and collection	19 807	16 891
Solid Waste	169 870	162 362
	481 425	**465 449**

Other deferrals – current liabilities – in the amount of 61,1 million euro is entirely from TAP Group, concerning mostly (i) provisional invoicing of maintenance works for aviation companies in the amount of 33,2 million euro (31DEC12: 27,5 million euro) and (ii) the fair value of miles and points granted to clients included in loyalty programs named TAP Victória, not used and valid until 30 June 2013, with expected usage, in the amount of 26,2 million euro (31DEC12: 25,1 million euro).

19 – Inventories

Inventories	30-Jun-13	31-Dec-12
Merchandise	936 399	907 554
Finished and intermediate goods	10 917	10 227
Subproducts and other	3 478	3 400
Work in progress	31 614	28 139
Raw materials and Other	166 175	170 325
Purchase advances	244 935	278 122
Accumulated impairment losses	(172 777)	(169 770)
TOTAL	1 220 741	1 227 997

Merchandise includes, essentially, the amount of 907,1 million euro of real estate owned by ESTAMO (31DEC12: 879,4million euro), merchandise from TAP Group in the amount of 15,4 million euro (31DEC12: 14,4 million euro) and properties of Lazer e Floresta in the total amount of 13,1 million euro (31DEC12: 12,3 million euro).

Finished and intermediate goods mostly relating to INCM with 8,7 million euro (31DEC12: 9 million euro), of which 3,3 million euro relating to several books (31DEC12: 3,3 million euro), 1,9 million euro relating to commemorative coin collection (31DEC12: 1,8 million euro) and 1,3 million euro relating to PVC cards (31DEC12: 1,3 million euro).

Work in progress comprises essentially, (i) 16 million euro (31DEC12: 16 million euro) with allotment projects from Baía do Tejo Group, of which 8,4 million euro (31DEC12: 8,4 million euro) are from projects in phase of infrastructure and 6,8 million euro (31DEC12: 6,8 million euro) of land with infrastructure; and (ii) 10,7 million euro (31DEC11: 10 million euro) from TAP Group which correspond to the value of the materials and hours dedicated to aircrafts maintenance for third parties which were already in progress at 30 June 2013.

Raw materials and consumables mainly include:

- technical material of TAP Group for repairing own aircrafts and in works for other airlines, in the amount of 145,2 million euro (31DEC12: 147,9 million euro);
- coin and other assets of INCM, in the amount of 13,8 million euro (31DEC12: 14,8 million euro); and
- reagents and counters of AdP Group, in the overall amount of 6,3 million euro (31DEC12: 6,7 million euro).

Purchase advances are entirely related with real estate from ESTAMO.

Accumulated adjustments in inventories include mainly 115,4million euro (31DEC12: 114,2 million euro) of ESTAMO and 49 million euro (31DEC12: 47,3 million euro) of TAP Group.

20 – Cash and bank deposits

Cash and bank deposits	30-Jun-13	31-Dec-12
Financial aplications	600	600
Time deposits	1 132 474	530 460
Bank deposits readily convertible into cash	390 117	236 270
Cash	4 191	2 677
Other	311	-
	1 527 693	**770 007**

The cash equivalents presented by PARPÚBLICA Group correspond essentially to investments in Time deposit accounts and other deposits immediately convertible into cash, being the most relevant, the balances of PARPÚBLICA with 908,9 million euro (31DEC12: 193,8 million euro), AdP Group with 32,6 million euro (31DEC12: 333,3 million euro), TAP Group with 192,8 million euro (31DEC12: 85,2 million euro), INCM with 48,6 million euro (31DEC12: 59,6 million euro) and SAGESTAMO Group with 18,6 million euro (31DEC12: 60,3 million euro).

21 – Non current assets held for sale and related liabilities

Assets and liabilities held for sale	30-Jun-13	31-Dec-12
Assets		
Grupo SIMAB Properties	2 807	
Financial Investments		
CTT		
CTT- Property, plant and equipment	250 389	
CTT - Goodwill	163 210	
CTT - Other intangible assets	13 907	
CTT -Investment properties	3 107	
CTT - Financial investments - equity method	690	
CTT - Financial investments - other methods	131	
CTT - Deferred tax assets	98 895	
CTT - Other receivales (non current and current) and diferrals	28 390	
CTT - Inventories	6 219	
CTT - Trade debtors and advances to trade creditors	136 850	
CTT - Cash and bank deposits	645 649	
	-	
	1 347 438	-
ANA		
ANA - Property, plant and equipment	95 371	98 683
ANA - Goodwill	17 280	17 280
ANA - Other intangible assets	2 141 773	2 146 227
ANA - Financial investments - other methods	641	777
ANA - Other financial assets	-	108
ANA - Deferred tax assets	28 017	26 931
ANA - Other receivales (non current and current) and diferrals	29 958	25 923
ANA - Inventories	1 061	505
ANA - Trade debtors and advances to trade creditors	48 913	29 581
ANA - Public administrative sector	9 184	12 140
ANA - Cash and bank deposits	63 808	95 699
	2 436 007	2 453 854
	-	-
	3 786 253	**2 453 854**
Liabilities		
Financial Investments		
CTT		
CTT - Provisions, deferred tax liabilities and public administrative sector	344 938	
CTT - Borrowings (current and non current)	6 288	
CTT - Trade creditors and advances to trade debtors	66 740	
CTT - Other payables (non current and current) and deferrals	535 323	
	953 288	-
ANA		
ANA - Provisions, deferred tax liabilities and public administrative sector	24 270	11 172
ANA - Borrowings (current and non current)	1 464 159	672 797
ANA - Trade creditors and advances to trade debtors	12 548	24 010
ANA - Other payables (non current and current) and deferrals	528 136	1 328 325
ANA - Other financial liabilities	3 243	4 217
	2 032 357	2 040 521
	2 985 645	**2 040 521**

CTT Group is classified as disposal group held for sale and the Government already approved the most important legal instruments for its privatization. The *goodwill* may be adjusted due to alterations in the price or in the concentrated assets measurement (see Note 2e).

ANA Group is still classified as disposal group held for sale as the previous conditions for the closing of the operation are not yet fulfilled.

The amount of 2 870 thousand euro concerns to the lands where the SIMAB Group supply markets are located, mainly Faro and Braga markets. The sale prices of these lands are 2 100 thousand euro and 707 thousand euro, respectively, based on the Sale Agreements already signed.

EGF Group, including AdP Group, was not yet classified as disposal group as the Government has not yet approved the most important legal instruments for its privatization (see Note 2e).

The total assets of CTT Group, in the amount of 1 347 million euro mainly included at 30 June 2013:

- 646 million euro concerning cash and bank deposits;
- 250 million euro concerning property, plant and equipment are mainly related to own lands and buildings and related improvement works;
- 137 million euro concerning to trade debtors; and
- 99 million euro concerning deferred tax assets.

The CTT Group liabilities in the amount of 953 million euro mainly include:

- 535 million euro concerning other payables is mainly related to values received from the Centro Nacional de Pensões. The payment term to pensioners shall be in the following month to the end of the period;
- 291 million euro concerning post-employment benefits liabilities; and
- 64 million euro concerning trade creditors.

ANA Group assets in the total amount of 2 436 million euro at 30 June 2013 (31DEC12: 2 454 million euro), essentially include:

- 2 142 million euro concerning intangible assets (31DEC12: 2 146 million euro) mainly referring to the concession fee of ANA and ANAM; and
- 95,3 million euro concerning property, plant and equipment (31DEC12: 98,7 million euro), related to land assets (assets bought by ANA Group located in public land) and property assets (assets not related to public service, bought by ANA Group companies), not yet suitable to receive the recognition as the Right of Concession; and
- 63,8 million euro concerning cash and bank deposits (31DEC12: 95,7 million euro).

ANA Group liabilities in the total amount of 2 032 million euro at 30 June 2013 (31DEZ12: 2 041 million euro), essentially include:

- 1 464 million euro concerning granted loans (31DEC12: 672,8 million euro) including a 800 million euro taken up during the first half of 2013 and with one year term in order to comply with the payment of 2/3 of ANA, SA concession *fee* (total *fee* in the amount of 1 200 million euro) within the initially defined terms; and

- 520 million euro concerning other payable accounts (31DEC12: 1 328 million euro) mainly related to the concession *fee*.

22 – Equity

The nominal capital in the amount of 2 000 000 thousand euro is composed by 400 000 000 nominative shares, with a par value of 5 Euro each, is paid in 1 027 151 EUR and held by the Portuguese State.

Legal reserves, non distributable reserves, represents the reserve set up in compliance with Article 295 of the Trading Companies Code, which foresees that at least 5% of the net profit of the year has to be assigned to legal reserves until it reaches one fifth of the share capital. This reserve is not distributable, except in case of liquidation of the company, but it may be used to absorb losses, after the other reserves have been used, or incorporated into the share capital.

Adjustments in financial assets correspond mainly to: (i) adjustments resulting from applications of the equity method foreseen in IAS 28; (ii) adjustments on fair value of financial assets available for sale foreseen in IAS 39; e (iii) adjustments to fair value of cash flow coverage financial instruments, as well as exchange differences resulting from the translation of operating units in foreign currency (also recognized at Comprehensive Income Statement, as other comprehensive income).

Retained earnings correspond to the net profit of the previous periods, in accordance to resolutions from general meetings. The adjustments made, regarding the adoption for the first time, of the International Financial Reporting Standards are also registered in this account.

Other comprehensive income mainly relates with the recognition of other comprehensive income from associates when applying the equity method.

23 – Non controlling interests – balance sheet

Non-controlling interests (Balance sheet)	30-Jun-13	31-Dec-12
Equity minority interests		
Grupo AdP	476 360	537 160
Cateringpor	2 289	2 840
LFP	2 955	5 759
APIS	95	96
ENVC	-	1
SAGESECUR	6 307	6 564
ECODETRA	890	982
Margueira	403	357
Grupo ANA	-	126 721
ANAM	2 914	4 191
SPE	(1 486)	(1 887)
MARL, SA	4 336	-
MARF, SA	(594)	-
MARE, SA	724	-
EAD - Empresa de Arquivo e Documentação, S.A.	1 539	-
Correio Expresso de Moçambique, S.A.	228	-
MARB, SA	510	-
	497 472	**682 783**

24 – Provisions

Provisions (Balance sheet)	1st Semester 2013							
	Opening balance	Increases through concentration of business activities	Increases	Decreases from utilization	Reverted amounts not used	Unwinding of discount on provisions	Other movements	Closing balance
Provisions - non current								
Lawsuit in progress	24 139	27	171	(32)	(2 849)	(784)	411	21 083
Environmental obligations	6 112	-	-	-	-	-	-	6 112
Cost of removal of materials	499	-	-	-	-	-	-	499
Retirement benifits and pension related	371	-	-	(21)	-	-	-	350
Provisions for investments in associates	6 794	-	383	-	-	-	-	7 177
Taxes	409	-	-	-	-	-	-	409
Work accidents/Industrial diseases	147	-	-	(21)	-	-	-	126
Other provisions	16 979	-	171	(33)	(806)	(60)	104	16 354
Provision for labour contingencies	688	-	-	-	-	-	-	688
	56 137	27	725	(108)	(3 655)	(844)	515	**52 798**

Provisions (Balance sheet)	2012							
	Opening balance	Increases	Decreases from utilization	Reverted amounts not used	Unwinding of discount on provisions	Other movements	Transfer to Non Current Assets Held for Sale	Closing balance
Provisões - não corrente								
Lawsuit in progress	5 656	2 289	(3 204)	(6 324)	(1 995)	1 893	25 824	24 139
Environmental obligations	6 730	-	(618)	-	-	-	-	6 112
Cost of removal of materials	499	-	-	-	-	-	-	499
Retirement benifits and pension related	413	-	(43)	-	-	-	-	371
Provisions for investments in associates	498	1 886	-	(2 996)	-	(119 379)	126 785	6 794
Taxes	474	32	-	(97)	-	-	-	409
Work accidents/Industrial diseases	155	-	-	(8)	-	-	-	147
Other provisions	16 475	2 165	(2 929)	(4 000)	(278)	69	5 477	16 979
Provision for labour contingencies	784	-	(96)	-	-	-	-	688
	31 684	6 372	(6 890)	(13 425)	(2 273)	(117 417)	158 086	**56 137**

The amount identified as Transference from/to Held for sale in 2012 includes the amounts from TAP Group, which in 2011 were classified as liabilities associated to ANCDV.

Lawsuits in progress

Provisions for lawsuits in progress are incorporated under the risk assessments carried out by PARPÚBLICA Group's companies and its legal advisors, based on historical success rates by nature of the process and likelihood of unfavourable outcome. The existing provisions at 30 June 2013 address essentially the ongoing lawsuits initiated against the TAP Group, in Portugal and abroad, in the amount of 19 114 thousand euro.

Environmental proceedings

Provisions for environmental liabilities and removal of materials come from Baía do Tejo Group and are intended to ensure the charges which will be supported with the environmental recovery of the territory that it holds, including also the costs of demolition and dismantling of old steelworks and removal of waste and debris, destined for landfill.

In the context of the development of the project of environmental recovery are currently under development the application processes EU funds under the QREN, by means of two “Agrupamentos Complementares de Empresa” (ACE), formed between Baía do Tejo and Empresa Geral de Fomento. As a result of the work carried out at 30 June 2013, it was found that the company is liable for the work undertaken by the ACE in the amount of 2 905 thousand euro.

Provisions for financial investments

Provisions for financial investment include the amount of 6 679 thousand euro of TAP Group, resulting from the increase of 383 thousand euro concerning the provision increase in the SPdH negative equity.

Other provisions

Other provisions corresponds mainly to provisions of AdP Group of in the amount of 11,4 million euro (31DEC12: 12,2 million euro), mainly to cover: (i) the debts that are in legal ongoing proceeds, (ii) the cost of treatment of sludge from ETAR; and (iii) tax contingencies.

The other TAP Group provisions in the amount of 2 350 thousand euro (31DEC12: 2 306 thousand euro), include 822 thousand euro corresponding to lawsuits where affiliate TAP ME Brazil is involved and 1 528 thousand euro of other provisions related to the remaining affiliates of the group.

Provisions from SAGESTAMO Group in the amount 2 226 thousand euro (31DEC12: 2 226 thousand euro) are also included to cover the liability contractually assumed at the time of purchase to the State, to share with the State the gains obtained with the sale of some real estate properties.

25 – Borrowings

Borrowings	30-Jun-13		31-Dec-12	
	Current liabilities	Non current liabilities	Current liabilities	Non current liabilities
Finance lease liabilities	91 241	416 646	111 768	460 459
Bonds	904 055	3 104 197	993 726	2 751 247
Commercial paper	875 867	-	1 425 794	-
Bank borrowings	760 489	2 899 842	578 679	2 311 265
Overdrafts	171 767	-	208 396	-
Other borrowings	1 268	15 042	170 047	15 019
Embedded derivatives	-	28 465	-	114 249
	2 804 687	**6 464 192**	**3 488 410**	**5 652 240**

Borrowings are essentially related to bonds issued and to borrowings from national and foreign credit institutions.

Segmentation of debt's nominal amounts by maturity and types of interest rate is the following:

Borrowings	30-Jun-13	31-Dec-12
By maturity		
Up to 1 year	2 698 441	3 451 943
From 1 year to 2 years	1 222 364	923 853
From 2 years to 3 years	364 663	418 542
From 3 years to 4 years	270 362	260 499
From 4 years to 5 years	1 143 586	1 146 087
Over 5 years	3 470 931	2 972 413
	9 170 346	**9 173 337**
By type of interest rate		
Variable rate		
Expires in one year	1 735 563	2 473 143
Expires between 1 and 2 years	489 351	272 638
Expires between 2 and 3 years	110 116	94 437
Over 3 years	1 624 948	1 255 838
	3 959 978	4 096 056
Fixed rate		
Expires in one year	962 879	978 800
Expires between 1 and 2 years	733 013	651 215
Expires between 2 and 3 years	254 546	324 105
Over 3 years	3 259 930	3 123 161
	5 210 368	5 077 281
	9 170 346	**9 173 337**

Bonds issued, mostly by PARPÚBLICA, are measured at amortized cost and the option embedded in two of them is measured at fair value (see Note 46). At 30 June 2013 and at 31 December 2012 were the following:

	30-jun-13	31-dec-12
PARPÚPLICA		
500,0 million euro issued in 2004	513 571	502 985
500,0 million euro issued in 2005	513 106	504 149
150,0 million euro issued in 2005	152 106	150 014
250,0 million euro issued in 2006	256 545	251 295
1 015,2 million euro issued in 2007	-	8 109
800,0 million euro issued in 2009	827 477	813 035
885,6 million euro issued in 2010 *	891 436	865 386
Intercompany loan of 170,0 million euro taken in 2012	-	170 047
150,0 million euro issued in 2012	154 011	150 000
599,2 million euro issued in 2013	595 535	-
200 million euro issued in 2013	200 000	-
Sub-total PARPÚBLICA	3 508 252	3 244 973
AdP Group	500 000	500 000
Total	**4 008 252**	**3 744 973**

*** Has associated an embedded option at fair value by *mark to market* in the amount of 28 4659 thousand euro (31DEC12: 114 249 thousand euro)**

The bond of 500 million euro, issued in October 2004 by PARPÚBLICA, with a 10 years term, has an annual fixed interest rate of 4,191%. The bond of 500 million euro, issued in September 2005, with a 15 years term, has an annual fixed interest rate of 3,567%. The bond of 150 million euro, issued in December 2005, with a 15 years term, has an interest rate variable and indexed to *Euro Mid Swap* 10 years. The bond of 250 million euro, issued in November 2006, with a 20 years term, has an annual fixed interest rate of 4, 2%. These bonds foresee the possibility for the bondholders to exercise their right to an anticipated reimbursement of the bonds, if the State stops holding the totality of the share capital of PARPÚBLICA and/or loses the direct or indirect control over the company, and/or also if Articles 501 to 503 of the Trading Companies Code stop being applied in the relationship between the State and the company. Additionally, PARPÚBLICA has the obligation to reimburse the bondholders in case of an anticipated maturity of other financial debts, of insolvency, of total or substantial cessation of business, or of submission to lawsuits that affect the assets and the revenues.

The bond of 800 million euro, issued in july 2009 with a 4 years term and under the program Euro Medium Term Notes with a total amount of 1 500 million euro, has an annual fixed interest rate of 3,5%. It foresees the possibility for the bondholders to exercise their right to an anticipated reimbursement of the bonds, if the State stops holding the totality of the share capital of PARPÚBLICA and/or loses the direct or indirect control over the company, and/or also if Articles 501 to 503 of the Trading Companies Code stop being applied in the relationship between the State and the company. During the bond PARPÚBLICA won't be allowed to offer real guarantees to other creditors. Additionally, PARPÚBLICA has the obligation to reimburse the bondholders in case of an anticipated maturity of other financial debts, of insolvency, of total or substantial cessation of business, or of submission to lawsuits that affect the assets and the revenues.

The issue of Galp Convertible Bonds in the amount of 885, 65 million euro, dated September 2010, with a 7 years term, was set in the context of the 5th re-privatization phase of Galp's share capital, according to Decree Law nr 185/2008 of September 19th. It has an annual fixed interest rate of 5, 25%. Bondholders were given the right to choose between the reimbursement for the nominal value of the bonds at the maturity of the bond or before, in 28 September 2015, and the swap of the bonds for Galps's shares, which are the underlying asset, after 28 march 2013. Should shareholders choose to swap bonds for Galp's shares, PARPÚBLICA can choose between hand-over of the shares, or of the corresponding amount in cash, calculated according to defined valorisation criteria. PARPÚBLICA has the possibility of reimbursing the bonds if the value of the underling asset is equal or superior to 30%, during at least 20 working days within 30 consecutive working days, as of 13 October 2013. It foresees the possibility for the bondholders to exercise their right to an anticipated reimbursement of the bonds, if the State stops holding the totality of the share capital of PARPÚBLICA and/or loses the direct or indirect control over the company, and/or also if Articles 501 to 503 of the Trading Companies Code stop being applied in the relationship between the State and the company or should an event of change in Galp's control occurs. During the bond PARPÚBLICA won't be allowed to offer real guarantees to other creditors. Additionally, PARPÚBLICA has the obligation to reimburse the bondholders in case of an anticipated maturity of other financial debts, of insolvency, of total or substantial cessation of business, or of submission to lawsuits that affect the assets and the revenues.

The embedded option in the convertible loans and the underling shares are measured at fair value through profit or loss. The effects on profit and loss of the semester were a profit of 85,8 million euro in the option and a loss of 22,5 million euro in underlying shares.

The issue of PARPÚBLICA bonds 2012-2014 in the amount of 150 million euro, in December 2012 with a 2 years term, has a semi-annual variable interest rate indexed to Euribor 6 months. Bondholders may ask the reimbursement every six months as of June 2013. It foresees the possibility for the bondholders to exercise their right to an anticipated reimbursement of the bonds, if the State stops holding the totality of the share capital of PARPÚBLICA and/or loses the direct or indirect control over the company, and/or also if Articles 501 to 503 of the Trading Companies Code stop being applied in the relationship between the State and the company. During the bond PARPÚBLICA won't be allowed to offer real guarantees to other creditors. Additionally PARPÚBLICA has the obligation to reimburse the bondholders in case of an anticipated maturity of other financial debts, of insolvency, of total or substantial cessation of business, or of submission to lawsuits that affect the assets and the revenues.

The issue of PARPÚBLICA bonds 2013-2015 in the amount of 200 million euro, in June 2013 with a 2 years term, has a semi-annual variable interest rate indexed to Euribor 6 months. Bondholders may ask the reimbursement every six months as of June 2013. It foresees the possibility for the bondholders to exercise their right to an anticipated reimbursement of the bonds, if the State stops holding the totality of the share capital of PARPÚBLICA and/or loses the direct or indirect control over the company, and/or also if Articles 501 to 503 of the Trading Companies Code stop being applied in the relationship between the State and the company. During the bond PARPÚBLICA won't be allowed to offer real guarantees to other creditors. Additionally PARPÚBLICA has the obligation to reimburse the bondholders in case of an anticipated maturity of other financial debts, of insolvency, of total or substantial cessation of business, or of submission to lawsuits that affect the assets and the revenues.

The borrowing from ELOS in the amount of 599,238 million euro is a syndicated bank loan of four banks. The bank loan has a 30 years maturity, until December 15, 2042, and will be amortized by 57 equal instalments from December 15, 2014 till the maturity term. It has a variable interest tax rate indexed to Euribor at 6 months. The loan has attached 4 *swaps* at variable tax rate – fixed tax rate, allowing the banks to change it to a fixed tax rate. One of the banks already exercised its right and so currently the amount of 465 069 thousand euro has a variable tax rate term and the amount 134 169 thousand euro has a fixed tax rate term of 5,91%. The 3 remaining *swaps* kept a variable tax rate-fixed tax rate.

The initial fair value of the loan based on an update market tax rate is of 593.535 thousand euro resulting in the recognition of the initial profit of 12 704 thousand euro to reverse throughout the loan life by the amortized cost. The negative mark *to market* value of the 3 existing *swaps* was initially of 133 648 thousand euro, being of 122 083 thousand euro at June 30, 2013.

The AdP Group bond is subject to *ownership* terms related to any amendments to shareholding structure of the company that cause an immediate term of the debt. Concerning the borrowing contracts with the European Bank of Investment and besides the usual constraints (default on payment, compliance with the general and environmental law, *cross default, pari passu, negative pledge*, false statements, bankruptcy, insolvency, liquidation, assets alterations), the Adp Group has also to comply with:

- Amendments in the shareholding structure of the AdP Group companies;
- Amendments from division, merger or sale of companies;
- Amendments in companies' assets;
- Amendment/cession of companies' business;
- Amendments in the shareholding structure of AdP/EGF;
- Undertake operations only under the agreement/guaranty of AdP/EGF;
- Compliance with the Concession/Managements Contracts;
- Amendments in the companies' turnover.

Additionally and in the scope of the mentioned financing contracts, the Portuguese Republic will act as guarantor of AdP Group before the European Bank of Investment for the timely and full payment of its financial and monetary obligations.

Bank Borrowings – non current liabilities – in the amount of 2 899 842 thousand euro mainly includes:

- the amount of 1 943 019 thousand euro (31DEC12: 1 957 373 thousand euro) from AdP Group, mainly related with borrowings from European Bank of Investment;
- the amount of 593 535 thousand euro related to borrowings obtained by PARPÚBLICA from national and international financial entities; and
- the amount of 297 232 thousand euro (31DEC12: 334 014 thousand euro) from TAP Group, concerning four bank loans at a 3 months Euribor fixed tax rate. The amount of 83 558 thousand euro is included, related to liabilities from a securitisation operation of future credits undertook by

TAP S.A. in December 2006, under Decree-Law nr. 453/99 of November 5, in which Deutsche Bank acted as lead manager and the futures credits having been bought by Tagus – Sociedade de Titularização de Créditos, S.A.

Finance lease liabilities included in other borrowings are detailed as follows:

Finance lease liabilities	30-Jun-13	31-Dec-12
Finance leases		
Finance leases' debt		
Land and natural resources	136	206
Buildings and other constructions	19 449	20 391
Basic equipment	487 636	550 875
Transport equipment	475	622
Administrative Equiment	-	1
Other tangible assets	192	133
	507 887	572 227
Future minimum payments		
Up to 1 year	91 366	111 992
From 1 to 5 years	364 854	384 205
Over 5 years	52 321	77 196
	508 541	573 393
Interest		
Up to 1 year	125	224
From 1 to 5 years	334	596
Over 5 years	195	347
	654	1 166
Present value of minimum payments		
Up to 1 year	91 241	111 768
From 1 to 5 years	364 520	383 610
Over 5 years	52 126	76 849
	507 887	572 227

Finance lease liabilities, current and non current, refer mainly to TAP, from finance lease contracts of 11 Airbus A330airplanes, fourteen Airbus A319airplanes, five Airbus A320airplanes, three Airbus 320airplanes, six Fokker 100airplanes, eight Embraer 145 airplanes and other, being the outstanding capital included in the finance position in "Borrowings" as follows:

	30-jun-13	31-dec-12
Finance lease liabilities		
Basic equipment	486 760	549 649
Other tangible fixed assets	192	133
	486 952	**549 782**
Capital funds payments		
Until 1 year	88 222	108 406
From 1 year until 5 years	357 665	376 366
More than 5 years	41 065	65 010
	486 952	**549 782**

Liabilities from operational lease of TAP Group are not registered in the Balance sheet. These contracts have variable terms, which may go up to 8 years, and may be extended by expressed will of the parties.

At 30 June 2013 there were 18 aircrafts and 4 reactors in operational lease regime.

At 30 June 2013 and at 31 December 2012 the financial commitments assumed by TAP Group from airplanes' and reactors' operational lease rents were in the amount of 229 240 thousand euro (298 012 thousand USD) and 245 068 thousand euro (318 588 thousand USD), respectively.

The rent plans for operational leases are detailed as follows:

	30-jun-13	31-dec-12
Until 1 year	25 405	50 799
From 1 to 2 years	45 631	44 424
From 2 to 3 years	40 496	39 030
From 3 to 4 years	38 751	37 385
More than 4 years	78 957	73 430
	229 240	**245 068**

These contracts implicate the constitution of guarantee deposits which at 30 June 2013 were in the amount of 8 043 thousand euro and At 31 December 2011 were in the amount of 3 550 thousand euro. These deposits shall be returned to the group as the airplanes are returned to the lessors.

26 – Post employment benefits obligations

Retirement benefit obligations	30-Jun-13	31-Dec-12
Past service obligations at begining of period	142 999	72 868
Interest cost	3 873	17 587
Current service cost	3 615	3 403
Contributions to the plan - employer	(2 328)	(13 079)
Contributions to Retirement Plan - members	-	-
Actuarial gains and losses	1 222	(725)
Foreign currency exchange rate changes on plans	(1 421)	(913)
Return on plan assets	(1 364)	(12 018)
Benefits paid	(7 013)	(11 292)
Recognition of past service cost	-	(45)
Other	-	8 674
Transfers to "held for sale"		78 540
Past service obligations at ending of period	139 583	142 999
Net surplus on retirement benefit plan (EGF)		
Amount at begining period	38 040	35 963
Efective return	685	1 665
Contributions to the plan	-	2 403
Benefits paid	(1 130)	(5 799)
Other	(54)	3 805
	37 541	38 037
Net surplus on retirement benefit plan (EGF)	313	313
Retirement benefit obligations	102 355	107 391

Evolution of the Obligations in the past 5 years was the following:

	30-Jun-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
Present value of obligations	152 540	285 624	87 631	289 840	267 939
Value of fund assets	50 498	178 546	46 188	160 597	139 306
Surplus/deficit	102 042	107 078	41 443	129 243	128 633

Fair value of plans' assets was as follows:

Fair value of plans's assets by category (in value)	1st semester 2013	1st semester 2012
Equity instruments	15 880	10 230
Debt instruments	31 961	33 422
Properties	1 746	688
Other assets	910	2 262
	50 498	46 602

Considering the company agreements, PARPÚBLICA Group maintains in some of the companies (namely PARPÚBLICA, after the merger with Portucel, TAP, Companhia das Lezírias, Lazer e Floresta, EPAL, EGF and INCM) a set of defined benefit obligations towards its employees, under IAS 19.

Under the Social Benefits Regulations in force, the permanent staff of former Portucel, SGPS with more than five years of service, is entitled, after retirement or in a disability situation, to a monthly retirement or disability pension complement. This complement is defined according to a formula, which takes into account the updated gross monthly remuneration for the professional category of the employee on the date of his retirement and the number of years in service, maximum 30, being also guaranteed a survival pension to the wife/husband and to the direct descendants. In order to cover this responsibility, an autonomous pension fund was created, managed by an external entity.

The benefit plans defined cover not only retirement benefits, but in TAP also: (i) retirement prizes which are prizes to be paid as a lump sum, to plane pilots at retirement age and until 60 years. Finance guarantee for this comes from accumulated capitals in a collective capitalization insurance incorporated by the Group (ii) healthcare provided by the Group to pre-retired and retired workers from Aeronautic Activities segment.

TAP S.A. Company Agreement signed with the Civil Aviation Pilots Union (SPAC) foresees the guarantee from TAP S.A. of not only a pensions plan but also a retirement prize to each pilot, to be paid as a lump sum at the retirement moment at the formation date of the complete pension. Finance guarantee for this comes from accumulated capitals in a collective capitalization insurance incorporated by TAP S.A. in the name of the pilots. The underling principles of the collective retirement insurance policy agreed with the insurance company, which reproduce this Pilots Retirement Benefits Plan, are the following:

(i) Admission conditions: Pilots working effectively;

(ii) Normal retirement age: 60 years; and

(iii) Guarantees: Each participant will be entitled, at the normal retirement age, to a capital of 16 times the last monthly salary declared.

The finance of the benefits plan is made through the insurance policy, which is reinforced by the contributions (prizes) made by the company and by the income obtained from financial applications made by the insurance company in an Autonomous Fund that supports this insurance modality.

After the amendment of the company agreement with SPAC in October 2008:

(i) Pilots hired until 31 May 2007: the retirement prize still applies but shall only be due in case of retirement at the formation date of the complete pension, considering the capital can be increased for each year of service after the formation of the complete pension;

(ii) Pilots hired after 1 July 2007: the retirement prize does not apply.

TAP S.A. provides pre-retired and early retired workers, with less than 65 years, a healthcare plan that gives access to healthcare services at reduced prices. On the other hand TAP S.A. has been providing to retired workers, by way of donation, the possibility of access and use of UCS's medical services, for which they will only pay one part of the cost and the remaining is supported by TAP S.A.

TAP S.A. considers that allowing its former workers, now retired, the use of healthcare services provided in UCS (a TAP Group company), is not an obligation, but a donation granted at some moment, and therefore it doesn't have to register any liability with healthcare services related to workers currently active, for the period after the termination of their activity in the company. Therefore currently the existing provision covers all the liabilities with medical acts for pre-retired and early retired, having such responsibility been determined according to an actuarial study calculated by an independent entity.

TAP S.A. considers that allowing its former workers, now retired, the use of healthcare services provided in UCS (a TAP Group company), is not an obligation, but a donation granted at some moment, and therefore it doesn't have to register any liability with healthcare services related to workers currently active, for the period after the termination of their activity in the company. Therefore currently the existing provision covers all the liabilities with medical acts for pre-retired and early retired, having such responsibility been determined according to an actuarial study calculated by an independent entity.

EPAL has a benefit plan for its employees, which includes the obligation of paying a complement for retirement pension (age or invalidity) given by the State's Social Security. Additionally, EPAL supports the obligations from pre-retirement situations. The obligations from the Pension Plan are financed through EPAL Pension Fund, created on November 1990, where pre-retirements are supported directly by the company. The company's overall obligations are covered by the fund's assets and by a specific provision registered in the liabilities of the company. On 22 March 2008, EPAL changed its pension plan from defined benefit plan to a mixed plan with both defined benefit and defined contribution schemes.

Regarding pre-retirements, during the first semester of 2008, EPAL changed its criteria/assumptions related to the estimate of company's obligations towards pre retired workers. Until that moment, that estimate was based on the assumption that annually a set of workers representing 10% of payroll (eligible for pre-retirement) would pass to the situation of pre-retirement. Seeing that this assumption was unadjusted to reality, from that moment only the effective obligations of pre-retirement were considered as provisions, and hence when an employee enters in a pre-retirement situation the related total obligation is recognized in that year.

Also in the first semester of 2008, the Pension Plan was changed, from defined benefit plan (DB) to a mixed plan with both defined benefit and defined contribution (DC) schemes. Consequently the company's portion of DB obligations concerning the employees now on DC was decreased, as well as the corresponding fund's value, since this fund was transferred to individual employee's accounts allocated to DC plan, all of this according to the agreement between the company and the EPAL's workers organization.

INCM grants its workers, by way of donation, some after retirement benefits, namely medical care, complementary funeral cash benefits and special survival pensions. There is other after retirement benefits but difficult to predict and use by workers (cafeterias, etc). INCM immediately acknowledges all the actuarial gains and losses from the liabilities for past services with post employment health benefits.

Companhia das Lezírias assigns post-employment benefits to part of its employees, through defined benefit plans, namely pension plans that ensure add-ons of retirement by age, invalidity and survival, early retirement pensions and health care during the retirement period and early retirement.

The obligations from all the mentioned companies were quantified individually for each entity, by actuarial studies performed by an independent entity, using the Projected Credit Unit method, with the following main assumptions:

	30-jun-13	31-dec-12	31-dec-11
	Portugal	**Portugal**	**Portugal**
Mortality table	TV 88/90	TV 88/90	TV 88/90
Invalidity table	EVK80/Swiss RE	EVK80	EVK80
Revenue rate	3,75%	4,10/4,75%	4,50%/4,75%
Growth rate			
Wages	0% to 2014; after 1,25% - 2,75%	0% to 2014; after 1,5% - 2,5%	1,5% - 2,5%
Pensions	0% to 2014; after 1,25% - 1,5%	0% to 2014; after 1,25% - 1,5%	1,25% - 1,5%
Social security retirement pension	2,5%	2,5%	2,5%

27 – Advances from trade debtors

Advances from trade debtors are in the amount of 3 011 thousand euro (31DEC12: 1 151 thousand euro).

28 – Trade creditors

Trade creditors	30-Jun-13	31-Dec-12
Current account	121 428	161 737
Invoices for aproval	59 277	10 285
	180 705	172 022

The amount owed to suppliers (current account) results especially of amounts payable: (i) by TAP Group with 63 025 thousand euro (31DEC12: 99 922 thousand euro,); (ii) by AdP Group with 47 461 thousand euro (31DEC12: 50 602 thousand euro); (iii) by INCM with 3 582 thousand euro (31DEC12: 4 869 thousand euro); (iv) by Circuito Estoril with 2 814 thousand euro (31DEC12: 2 895 thousand euro); and (v) by Baía do Tejo with 1 431 thousand euro (31DEC12: 1 271 thousand euro) in the development of their operational activity.

29 – Shareholders

Shareholders	30-Jun-13		31-Dec-12	
	Current	Non current	Current	Non current
Liabilities				
Shareholders	50 018	-	18	-

At 30 June 2013, this item includes an amount of 50 million euro concerning dividends approved by general meeting to be delivered to the Portuguese State.

30 – Other payables

Other payables	30-Jun-13		31-Dec-12	
	Current	Non current	Current	Non current
Advances on sales	46 289	-	53 309	-
Property, plant and equipment supliers	49 401	31 536	59 376	32 290
Other related entities	9 740	-	2 163	-
Staff	23 571	-	12 173	-
Advances from customers - tickets to be used	505 722	-	278 658	-
Accrued expenses	276 896	-	275 291	-
CGD and Parcaixa - EDP shares	484 644	-	481 456	
Other	289 273	105 789	154 471	118 291
	1 685 536	137 325	1 316 896	150 581

Advances on sales essentially relate to the sale of real estate properties by SAGESTAMO Group, including 26 million euro (same amount as in 31DEC12) of "Pavilhão do Conhecimento" building.

Debts to Property, plant and equipment suppliers come essentially from AdP Group with 44 013 tEUR in current liabilities and 31 536 tEUR in non current liabilities (31DEC12: 55 730 tEUR in current liabilities and 32 290 tEUR in non current liabilities).

The amount in Advances from customers – tickets to be used, from TAP affiliate, corresponds to the sale value of passengers and cargo transportation, which in the moment of sale is registered as liability in item "Advances from customers – tickets to be used". During the first half of 2013 and of the year 2012 and as result of partial and periodic analysis, there were some adjustments to passengers and cargo transportation incomes in the amounts of 51 033 thousand euro (5,6% of flight income) and 107 224 thousand euro (5,5% of flight income), respectively, that were recognized in "Sales and services rendered".

At 30 June 2013 and December 2012 the liability of the Group regarding tickets issued and not used, registered as Advances from customers – "tickets to be used", was the following:

	30-Jun-2013	31-Dec-2012
Passengers	505 181	278 126
Cargo	541	532
	505 722	**278 658**

Accrued expenses - current liabilities - include:

- 225 376 thousand euro from TAP Group (31DEC12: 219 978 thousand euro) refers essentially to retributions (58 572 thousand euro), maintenance reserves (45 048 thousand euro), airplane fuel (23 860 thousand euro), air navigation charges (13 871 thousand euro) and special costs of sales activity (11 969 thousand euro);
- 44 829 thousand euro from AdP Group (31DEC12: 47 092 thousand euro); and

- 2 323 thousand euro from Sagestamo Group (31DEC12: 2 479 thousand euro).

The amount of 484 644 thousand euro in current liabilities (31DEC12: 481 456 thousand euro) is from PARPÚBLICA and is related to the debt from acquisitions of shares to reinforce the position in associates, in view of the reprivatisation.

The line Other – current liabilities – includes, essentially:

- 100 002 million euro (31DEC12: 2 130 million euro) related to an advance made by VINCI for ANA'S privatization;
- 95 972 thousand euro (31DEC12: 59 379 thousand euro) from TAP Group related to charges and taxes;
- 76 247 thousand euro (31DEC12: 76 021 thousand euro) from AdP Group; and
- 15 698 thousand euro (31DEC12: 16 491 thousand euro) from Grupo SAGESTAMO Group.

The line Other – non current liabilities – includes, essentially:

- 97 155 thousand euro (31DEC12: 111 084 thousand euro) from AdP Group, related to debts to municipalities from the integration of assets in the Multi-municipal systems;
- 4 805 thousand euro (31DEC12: 4 805 thousand euro) corresponding to the net debt of Baía do Tejo Group to the General Treasury Directorate; and
- 2 484 thousand euro (31DEZ12: 2 380 thousand euro) from TAP Group, resulting from the fair value of derivative financial instruments, namely interest rate *swaps* and of *jet fuel*.

31 – Other financial liabilities

Other financial liabilities	30-Jun-13		31-Dec-12	
	Current	Non current	Current	Non current
Swaps	-	138 490	-	59 680

The amount recorded in Other financial liabilities - non current liabilities – includes:

- 122 083 thousand euro from PARPÚBLICA, related to the three *swaps,* concerning the loan of ELOS, which were not either entirely suitable to be registered as embedded derivatives inseparable from the host contract or as hedging instruments of cash flow risks.

- 16 407 thousand euro corresponds to the interest rate *swaps* and exchange rate *swaps* of AdP Group, not included in hedge accounting, measured at fair value at the balance sheet date, based on ratings provided by independent entities. These *swaps* are associated with a global notional amount of 395 million euro.

32 – Revenue

Revenue	1st semester 2013	1st semester 2012
Sales		
Internal Market	262 578	243 391
External Market	70 844	74 625
	333 422	**318 017**
Services rendered		
Internal Market	789 526	494 511
Rentals from investment properties	31 284	27 829
External Market	1 078 165	1 028 101
	1 867 691	**1 522 611**
Total	**2 201 114**	**1 840 628**

As it can be observed in segment business report presented on Note 1, Aeronautical Activities are the most significant segment, contributing with about 2 991 million euro (1st half of 2012: 1 334 million euro), corresponding to 62% (1st half of 2012: 72%) of the total revenue. About 188 million euro of the segment's total correspond to discontinuing activities, due to the fact that its assets and liabilities were included in a disposal group classified as held for sale in accordance to IFRS 5. The second most significant segment is Water and Waste contributing with 394 million euro (1st half of 2012: 416 million euro), corresponding to 18% (1st half of 2012: 23%) of the total revenue. Other significant segment is Postal Services contributing with about 351 million euro, corresponding to 16% of total revenue. The entire segment of Postal Services is related to discontinued operations since its assets and liabilities were classified as held for sale according to IFRS 5 (see Note 54).

33 – Grants related to income

Grants related to income	1st semester 2013	1st semester 2012
Related with biological assets	933	955
Other	1 652	2 659
Total	**2 585**	**3 614**

Grants related to income from biological assets concern the operational activity of Companhia das Lezírias.

Other grants respect Grants related to income, mainly, from TAP Group – 1603 thousand euro (1st half 2012: 1 802 thousand euro) receivable from the State, concerning the co-participation in the sale price of the tickets for passengers, whose destination or origin is the archipelagos of Azores, providing that the passengers fit in the applicable legal system. The amount recognized in each financial year corresponds to the estimate, by the Group, of the value receivable for flown tickets in the very financial year, by passengers covered by this benefit.

34 – Share of profit and loss of affiliates, associates and joint ventures

Share of profit and loss of associates	1st semester 2013	1st semester 2012
Profit by equity method		
ECODETRA	6	-
Parcaixa, SGPS, SA	5 141	6 562
Credip - Instituição Financeira de Crédito	-	39
INAPA - Invest. Part. E Gestão, SA	125	91
Subtotal	**5 272**	**6 691**
Loss by equity method		
INAPA - Invest. Part. E Gestão, SA	-	-
CVP - Sociedade de Gestão Hospitalar, S.A.	182	1 032
Credip - Instituição Financeira de Crédito	4	-
SPdH - Serviços Portugueses de Handling, S.A.	383	2 275
ISOTAL - Imobiliário do Sotavento Algarvio, S.A.	-	5
Subtotal	**569**	**3 312**
TOTAL	**4 703**	**3 379**

35 – Dividend from investments at cost or at fair value

The participations in EDP (21, 35%), REN (40%) and HCB (15%) were sold in 2012 and therefore PARPÚBLICA did not receive any dividends related to them.

Dividend from investments at cost or at fair value	1st semester 2013	1st semester 2012
EDP - Energias de Portugal, SA	-	172 448
REN	8 988	45 034
GALP	6 970	11 616
HCB	-	2 038
PT - Portugal Telecom, SA	260	521
Lisnave	119	-
ZON Multimédia	14	18
Futuro SGFP	14	11
	16 364	**231 686**

36 – Profit on shares disposal

Gains resulting from reprivatisations	1st semester 2013	1st semester 2012
EDP	-	500 050
REN	-	74 120
	-	574 169

The 2012 gains refer to the sales of 21,35% of EDP, 40% of REN and 15% of HCB – Hidroelétrica de Cahora Bassa.

37 – Changes in inventories of finished goods and work in progress

Changes in Inventories of Finished Goods and Work in Progress	1st semester 2013			1st semester 2012		
	Finished and intermediate goods	Subproducts and other	Work in progress	Finished and intermediate goods	Subproducts and other	Work in progress
Opening balance (final n-1)	(10 227)	(3 400)	(28 139)	(10 006)	(2 342)	(24 234)
Restatements (signal +/-)	-	-	-	-	-	-
Notes				-	-	-
Restated opening balance [1]	(10 227)	(3 400)	(28 139)	(10 006)	(2 342)	(24 234)
Regularization of inventories [1]	(493)	0	(2 865)	(2 269)	0	(3 221)
Transferred from/to "held for sale"			-			-
Closing balance [1]	10 917	3 478	31 614	12 661	930	22 178
Changes in inventories	**197**	**78**	**611**	**387**	**(1 411)**	**(5 278)**
			886			**(6 302)**

[1] inventories and their changes related to entities held for sale are included in changes in inventories

38 – Own work capitalised

Own work capitalised	1st semester 2013	1st semester 2012
Non current asset		
Intangible assets	146	-
Property, plant and equipment	894	721
Other non current assets	8 516	13 765
	9 556	14 486
Current asset		
Inventories	600	551
	600	551
TOTAL	**10 156**	**15 037**

Own work capitalised related with Property, plant and equipment include essentially the capitalization of direct costs related with the technical areas involved in the construction of the assets from ANA Group, in the amount of 877 thousand euro (1st half of 2012: 653 thousand euro), as follows:

- Other expenses – 761thousand euro (1st half of 2012: 542 thousand euro) ;
- Materials and services consumed – 111 thousand euro (1st half of 2012: 107 thousand euro); and
- Merchandise sold and raw materials consumed – 5 thousand euro (1st half of 2012: 4 thousand euro).

Own work capitalised regarding Other non-current assets, amounting to 8 516 thousand euro (1st half of 2012: 13 765 thousand euro) are related with the capitalisation of expenses regarding its incorporation into the formation of the cost of the concession right to use the infrastructures of AdP Group, as follows:

- Financial expenses – 4 123 thousand euro (1st half of 2012: 8 263 thousand euro);
- Employee benefits – 2 933 thousand euro (1st half of 2012: 3 499 thousand euro); and
- Materials and services consumed – 1 461 thousand euro (1st half of 2012: 1 972 thousand euro).

Own work capitalised related to Inventories, amounting to 600 thousand euro, respect to employee benefits and Other expenses included in the purchase cost / production cost of the inventories of TAP Group (1st half of 2012: 551 thousand euro).

39 – Inventories consumed and sold

Inventories consumed and sold	1st semester 2013		1st semester 2012	
	Merchandise	Raw materials and others	Merchandise	Raw materials and others
Opening balance	907 652	170 732	849 590	191 068
Purchases	101 935	88 250	88 411	70 742
Regulation of inventories	(873)	(4 859)	694	(6 965)
Closing balance	(942 537)	(170 048)	(879 919)	(182 741)
Inventories consumed and sold	**66 176**	**84 076**	**58 775**	**72 105**
		150 252		**130 880**

Inventories consumed and sold, amounting to 150 252 thousand euro (1st half of 2012: 130 880 thousand euro), mainly include:

- 105 904 thousand euro (1st half of 2012: 92 784 thousand euro), mainly related to technical material to be used in the repair of aircrafts and in works to other aviation companies by TAP Group;
- 15 054 thousand euro (1st half of 2012: 14 834 thousand euro) regarding reagents and counters from AdP Group;
- 10 035 thousand euro (1st half of 2012: 9 452 thousand euro) of real estate properties from SAGESTAMO Group;
- 8 616 thousand euro (1st half of 2012: 10 992 thousand euro) of coins and other assets from INCM; and
- 7 760 thousand euro related to the operative activity of CTT Group.

Movements on Inventories, raw materials and consumables regularization, mainly respect to TAP Group (5 541 thousand euro of negative adjustments in June 2013).

40 – Materials and services consumed

Materials and services consumed	1st semester 2013	1st semester 2012
Fuel	382 934	395 971
Other material and services consumed	211 023	119 460
Airport assistance outsourced	74 120	73 518
Professional services	90 120	72 140
Airport navigation fees	64 753	63 914
Repair and maintenance of flying equipment	43 648	59 368
Repair and maintenance of other assets	29 636	34 091
Subcontracts	37 044	32 442
Operational leases on aircrafts	26 175	25 579
Comissions	17 706	21 544
Expenses on board (plain)	21 194	20 833
Selling expenses related to air transport segment	21 850	19 647
Expenses on board (plain)	35 431	17 716
Landing fees	15 265	14 516
Surveillance and security	15 521	14 727
Board and lodging at scales	9 865	10 169
Insurance expenses	10 763	9 435
Professional fees	3 310	4 530
	1 110 357	1 009 599

Aeronautical Activities is the most significant segment in this set of expenses with 78% (87% in June 2012) of the total Materials and services consumed.

Fuel is the most significant expense, with 33% of the total of Materials and services consumed.

The increase in the Materials and services consumed is mainly due to the inclusion of the costs of CTT Group, mainly cargo transport, postal operators, agencing, communication, cleaning, hygiene and comfort, postal agencies and insurance.

Other materials and services consumed come mainly from CTT Group with 62 542 thousand euro, TAP Group with 53 431 thousand euro (1st half of 2012: 54 806 thousand euro), AdP Group with 45 939 thousand euro (1st half of 2012: 46 105 thousand euro) and ANA Group with 42 818 thousand euro (1st half of 2012: 13 256 thousand euro).

41 – Employee benefit expenses

Employee benefit expenses	1st semester 2013	1st semester 2012
Wages	434 495	296 574
Social security	90 690	61 491
Other employee benefit expenses	41 832	34 248
Retirement benefit expenses	6 227	4 713
	573 245	**397 026**

Board and executive members' remunerations of PARPUBLICA and its subsidiaries were at 30 June 2013, as follows:

Board of the General Assembly:	7 thousand euro
Board of Directors:	3 491 thousand euro
Statutory Auditor:	333 thousand euro

Other employee benefit expenses are essentially from TAP Group (20 101 thousand euro), as follows:

- Insurance expenses – 5 485 thousand euro (1st half of 2012: 5 967 thousand euro);
- Social expenses – 5 761 thousand euro (1st half of 2012: 5 855 thousand euro);
- Meals co-participation – 2 461 thousand euro (1st half of 2012: 2 438 thousand euro);
- Labour insurance expenses – 1 696 thousand euro (1st half of 2012: 1 746 thousand euro); and

- Other personnel expenses – 4 698 thousand euro (1st half of 2012: 4 395 thousand euro).

In compliance with the company agreements, PARPÚBLICA Group maintains a set of obligations of defined benefits towards its employees, which are handled according to IAS 19.

Retirement benefits expenses	1st semester 2013	1st semester 2012
Current service cost	5 556	3 459
Interest cost	10 164	2 524
Expected return on plan assets	-	(770)
Current service cost	(600)	168
Other	(8 893)	(668)
TOTAL	**6 227**	**4 713**

Retirement benefit expenses are essentially from TAP Group with 5 739 thousand euro. The changes occurred during the year regarding defined benefit obligations, as well as the major assumptions used for preparing the studies, are disclosed in Note 26.

42 – Inventories adjustments (losses / reversals)

Inventories Adjustments	1st semester 2013		1st semester 2012	
	Losses in inventories	Reversals of adjustments	Losses in inventories	Reversals of adjustments
Merchandise	190	1 679	-	275
Finished and Intermediate goods	-	1	-	134
Raw materials and other	3 333	27	1 234	-
Advance payments for purchases	-	-	-	-
	3 522	**1 707**	**1 234**	**409**
		(1 815)		**(825)**

The balances of Inventories (see Note 19) are net from accumulated impairment losses.

The losses in merchandise respect essentially to real estate of Sagestamo Group.

The losses and reversals of adjustments in merchandise and advance payments for purchases are registered according to their net realisable values in the end of each period.

The losses and reversals of inventories adjustments concerning raw materials and consumables are from TAP Group and relate to technical material to be used in the repair of own aircrafts and in woks for other airlines.

43 – Increases and reversals of receivables adjustments

Increases and reversals of receivables adjustments	1st semester 2013		1st semester 2012	
	Increases in adjustments	Reversal of adjustments	Increases in adjustments	Reversal of adjustments
Trade debtors	5 233	3 676	4 749	2 944
Accounts receivable - non current	-	-	156	-
Othe accounts receivables - current	888	143	3 537	2 006
Other financial assets and liabilities	-	33	234	-
	6 121	**3 852**	**8 676**	**4 950**
		(2 268)		**(3 726)**

Balances of Trade debtors and Other accounts receivables (see Notes 14 and 17) amounts are net from accumulated impairment losses.

The increases of receivables adjustments are essentially due to: (i) adjustments of 2 089 thousand euro from CTT Group; (ii) adjustments of 1 748 thousand euro from ANA Group; (iii) adjustments of 1 040 thousand from TAP Group; and (iv) adjustments of 1 016 thousand euro from AdP Group.

Reversals of adjustments in accounts receivable in the first half of 2013 respect essentially to: (i) 2 887 thousand euro from TAP Group; (ii) 507 thousand euro from AdP Group; and (iii) 360 thousand euro from CTT Group.

44 – Provisions

Provisions (expense/reversal)	1st semester 2013	1st semester 2012
Lawsuit in progress	1 283	2 169
Other provisions	(1 490)	(1 169)
	(207)	**1 000**

The major variations are explained in Note 24 – Provisions, with special notice for the most significant amounts on TAP Group and CTT Group, from lawsuits in progress and other provisions.

45 – Impairment of investments

Impairment of other non-depreciable (amortizable) assets	1st semester 2013		1st semester 2012	
	Expenses	Reversals	Expenses	Reversals
Non-depreciable fixed assets				
Outros ativos financeiros				
INAPA - Invest. Part. E Gestão, SA	-	2 033	55	-
REN – Rede Eléctrica Nacional, S.A.	-	-	48 946	-
Other financial assets	100	-	-	-
Trevo Oeste	-	5 000	-	-
	100	7 033	49 001	-
		6 933		**(49 001)**

Reversion in Impairment losses from INAPA was determined after the application of the Equity Method in this associate. Therefore, the reverted amount of 2 033 thousand euro from INAPA (1st half of 2012: 234 thousand euro of acknowledged impairment losses), is the difference between the carrying amount after the application of the Equity Method and its fair value (determined using the quote of INAPA shares), as at 30 of June 2013, less the estimated costs to sell (considered as intangible).

Reversion in Impairment losses in the amount of 5 000 thousand euro is related to treasury bonds of INCM.

Impairment of depreciable (amortizable) investments	1st semester 2013		1st semester 2012	
	Expenses	Reversals	Expenses	Reversals
Property, plant and equipment				
Land and other natural resources	-	1	-	59
Buildings and other constructions	1 031	-	-	-
	1 031	1	-	59
		(1 031)		**59**

Impairment losses related to buildings and other constructions registered in the first half of 2013 were from CTT Group.

46 – Net changes in fair value

Net changes in fair value	1st semester 2013	1st semester 2012
Positive adjustments		
Investment properties	-	180
Biological assets	1 180	817
Net income from financial investment at fair value through profit or loss	93 269	5 892
Other	26 151	406
	120 600	7 295
Negative adjustments		
Investment properties	2 992	-
Biological assets	322	309
Losses from other financial investments at fair value through results	24 199	160 797
Other	122 083	10 587
	149 596	171 693
	(28 996)	**(164 397)**

The negative adjustments in fair value in Investment properties respect, mainly, to the following subsidiaries (net amounts):

- Fundo IIF Estamo – 2 853 thousand euro;
- TAP Group – 135 thousand euro.

The methods used to determine the fair value are described in Note 6 - Investment properties.

Fair value positive and negative adjustments in biological assets totally respect to Companhia das Lezírias.

The methods used to determine the fair value are described in Note 9 - Biological assets.

At 30 June of 2013, the gains/losses of other financial investments held for negotiation and net changes at fair value related to Other (net values) are mostly from PARPÚBLICA, in the negative amount of 40 309 thousand euro.

	1st semester 2013			1st semester 2012		
	Positive adjustments	Negative adjustments	Net adjustments	Positive adjustments	Negative adjustments	Net adjustments
Interests *swaps*	12 704	123 147	-110 442	5 890	0	5 890
Option associated to excangeable bond loans				0	0	0
EDP shares (*)				0	79 849	-79 849
GALP shares (*)	93 269	23 136	70 134	0	80 144	-80 144
GALP Energia - other shares				0	6	-6
Zon shares				2	0	2
PT shares				0	797	-797
	105 974	**146 282**	**-40 309**	**5 892**	**160 796**	**-154 904**

Note: (*) Shares of non subsidiary or associate companies

The fair value of the shares is based on NYSE Euronext quotation and the fair value of the derivatives is based on *mark to market* determined by international financing entities

The other increases of fair value include the amount of 13 267 thousand euro, and correspond to the variation occurred in the *swaps* held by AdP Group.

47 – Other operating income

Other operating income	1st semester 2013	1st semester 2012
Supplementary income	31 222	27 576
Disposals-inventories	1 273	431
Disposals- property, plant and equipment	7 247	2 892
Gains on Inv.Prop. Gains as Fair Value impossible to determine	-	194
Other income from investment properties	1 249	1 023
Interest revenue and other financial income		
Cash discounts	220	221
Other financial income	6 859	8 576
Exchange gains	1 705	7
Other interest	31 414	23 450
Concentration from SIMAB	41 555	-
Total	**122 744**	**64 370**

Supplementary income come mainly from the Aeronautical activities segment, and respects among others to sales of air miles to partners under "TAP Victoria" programme of 9 314 thousand euro (1st half of 2012: 8 311 thousand euro), gains with advertising of 4 620 thousand euro (1st half of 2012: 4 337 thousand euro), sales of warehouse recovered material of 4 634 thousand euro (1st half of 2012: 3 346 thousand euro), rentals and subleases of 965 thousand euro (1st half of 2012: 1 042 thousand euro). It also includes 2 984 thousand euro from AdP Group (1st half of 2012: 3 630 thousand euro) and 2 795 thousand euro from ANA Group (1st half of 2012: 2 556 thousand euro).

The amount related to the SIMAB merger was estimated in a provisional basis, as either the amount related to the acquisition price or the fair value of acquired assets and liabilities are still provisional (see Note 2e).

Interest revenue, amounting to 51 755 thousand euro (2011: 57 404 thousand euro), includes essentially:

Interest revenue, amounting to 31 414 thousand euro (1sthalf of 2012: 23 450 thousand euro), includes essentially:

- 20 466 thousand euro of AdP Group (1sthalf of 2012: 19 418 thousand euro);
- 6 210 thousand euro of CTT Group; and
- 3 212 thousand euro of PARPÚBLICA (1sthalf of 2012: 1 341 thousand euro).

Gains and losses in fixed assets is mainly composed by PARPÚBLICA in the amount of 5 792 thousand euro (1sthalf of 2012: 664 875 thousand euro). During the first half of 2012, those Gains in fixed assets were related to the re privatizations (sales) of REN and EDP in the beginning of 2012 which had been classified as non current assets held for sale at 31 December 2011.

Other income and financial gains, in the amount of 6 859 thousand euro is mainly composed by AdP Group in the amount of 2 908 thousand euro (1sthalf of 2012: 713 thousand euro), by SAGESTAMO Group in the amount of 1 579 thousand euro (1sthalf of 2012: 2 943 thousand euro) and by CTT Group in the amount of 1 550 thousand euro.

48 – Other operating expenses

Other operating expense	1st semester 2013	1st semester 2012
Taxes	12 854	11 340
Losses on disposal of Property, plant and equipment	1 626	1 000
Losses on disposal of inventories	881	2 460
Fines and penalties	141	212
Exchange losses	21 518	9 565
Cash discount	9	-
Other financial expenses	4 768	4 420
Outros	15 957	13 176
	57 754	**42 174**

Tax expenses includes essentially 4 912 thousand euro from AdP Group (1sthalf of 2012: 4 740 thousand euro), 4 460 thousand euro from TAP Group (1sthalf of 2012: 3 373 thousand euro) and 2 133 thousand euro from INCM (1sthalf of 2012: 2 360 thousand euro).

Losses on disposal of property, plant and equipment come mostly from ANA Group with total losses of 1 068 thousand euro (1sthalf of 2012: 32thousand euro).

In what concerns to Losses on disposal of inventories, those are essentially from TAP Group with an amount of 618 thousand euro (1sthalf of 2012: 2 161 thousand euro).

Exchange losses are almost totally from TAP Group.

Other financial expenses are essentially from TAP Group, 1 929 thousand euro (1sthalf of 2012: 2 327 thousand euro), from ANA Group, 1 709 thousand euro (1sthalf of 2012: 435 thousand euro) and from SAGESTAMO Group, 1 089 thousand euro (1sthalf of 2012: 1 631 thousand euro).

Other operating expenses includes, mainly:

- 7 395 thousand euro (1sthalf of 2012: 4 628 thousand euro) from ANA Group, of which thousand euro (1sthalf of 2012: 3 405 thousand euro) are from incentives to airline companies with the aim to capture traffic, namely forming new routes and / or loyalty and maximize the offered capacity in the airports of ANA Group;

- 4 595 thousand euro from CTT Group with unfavourable Exchange rates of different assets and liabilities of financing, contributions, donations, taxes, banking services, bad debts, interests, inventory losses, gains and losses in non financial investment and other gains and losses.

49 – Expenses/reversals of depreciation and amortization

Expenses/reversals of depreciation and amortization	1st semester 2013	1st semester 2012
Property, plant and equipment		
Land and natural resources	87	298
Buildings and other constructions	18 409	23 374
Basic equipment	67 147	86 275
Transport equipment	722	1 531
Tools and utensils	906	1 002
Admninistrative equipment	3 957	3 232
Other fixed tangible assets	4 359	3 478
	95 587	119 191
Other intangible assets		
Internally generated		
With finite useful life	1 806	-
Other intangible assets		
With indefinite useful life	-	-
With finite useful life	131 121	108 519
	132 927	108 519
Investment properties (at cost)	48	1
Biological assets (at cost)	31	111
Total	**228 593**	**227 822**

50 – Grants related to assets

Grants related to assets in the amount of 36 709 thousand euro (1st half of 2012: 40 061 thousand euro) are mainly from the water and waste segment (98% of total grants).

51 – Interest and other financial income / expense

Interest and other financial income /expense	1st semester 2013	1st semester 2012
Income and gains		
Interest from financial investments not at fair value through profit or loss	36	87
Other interest	1 584	569
Other financial income and gains	-	2 795
	1 620	**3 451**
Expenses and losses		
Interest and similar expenses	224 048	202 875
Exchange losses	1 899	4 046
Other financial expenses and losses	19 958	12 598
	245 906	**219 520**

Interest expenses from borrowings amounting to 224 047 thousand euro (1st half of 2012 : 202 875 thousand euro) includes:

- 117 087 thousand euro from PARPÚBLICA (1st half of 2012: 112 319 thousand euro);
- 54 382 thousand euro from AdP Group (1st half of 2012: 56 474 thousand euro);
- 27 864 thousand euro from ANA Group (1st half of 2012: 8 564 thousand euro); and
- 20 654 thousand euro from TAP Group (1st half of 2012: 23 556 thousand euro).

The increase in the interest expenses is explained by the increase of the loans in the Group and by the significant increase of the interest rates (namely *spreads* charged by banks), as well as by the increase in short term loans.

Other financial expenses, amounting to 19 958 thousand euro (1st half of 2012 : 12 598 thousand euro), refer to:

- 8 206 thousand euro from ANA Group (1st half of 2012: 1 202 thousand euro);
- 5 000 thousand euro from AdP Group (1st half of 2012: 4 892 thousand euro);
- 4 731 thousand euro from PARPÚBLICA (1st half of 2012 : 5 349 thousand euro); and
- 1 878 thousand euro from TAP Group (1st half of 2012: 1 150 thousand euro).

Income and gains with other interest and other financial income and gains are almost exclusively from TAP Group.

52 – Net Income tax for the period

Income tax for the period	1st semester 2013	1st semester 2012
Current tax expense (gain)	57 276	47 600
Adjustments recognised in the period for current tax of prior	(235)	333
Income arising from a temporary difference of a previous period used to reduce tax expenses	(6 208)	(403)
Expenses due to a reduction or reversal of deferred tax asset	3 157	229
Other	(121)	-
TOTAL	53 869	47 759

Income tax - Relation between the tax expense (gain) and the profit or loss for the year	1st semester 2013	1st semester 2012
Earnings before taxes	3 390	526 180
Tax rate	28,9%	30,8%
Product	981	162 031
Non deductible or non tributable income and expenses	(52 412)	(232 105)
Non deductible expenses	85 149	51 405
Deferred tax assets and liabilities	10 711	24 113
Municipal tax	7 261	6 963
Separate taxation	2 245	1 731
Temporary differences	(5 978)	17 663
Non relevant tax amortization	-	69
Use of tax losses not previously recognised	30 893	29 176
Other	(24 981)	(13 287)
TOTAL	53 869	47 759

Tax losses not recognised as deferred tax assets (by extinction date):	1st semester 2013	1st semester 2012
N	10 197	12 375
N+1	45 460	90 688
N+2	59 188	45 710
N+3	25 474	52 512
N+4	3 647	22 753
N+5	4 340	5 614
TOTAL	148 307	229 652

Income tax expenses for the period, in the amount of 53 869 thousand euro (1st half of 2012: 47 759 thousand euro) come mostly from AdP Group (1st half of 2013: 22 642 thousand euro; 1st half of 2012: 31 779 thousand euro) and CTT Group (1st half of 2013: 14 405 thousand euro).

PARPÚBLICA Group is subject to Corporate Income Tax (IRC) and corresponding Municipal Surtax and State Surtax. The calculation of the tax until 30 June of 2013 corresponds to the annual rate of 25%, plus Municipal Surtax and plus State Surtax, calculated according to the taxable income being of 3% in cases of taxable income between 1,5 million euro and 7,5 million euro and of 5% when the taxable income is superior to 7,5 million euro. After 2008 the Municipal Surtax is calculated up to the maximum limit of 1,5% of the taxable income, and therefore taxation may reach a maximum aggregate rate of 31,5%.

53 – Non controlling interests – Net Profit or Loss

Non-controlling interests (Profit or loss)	1st semester 2013	1st semester 2012
Non-controlling interests (Profit or loss)		
Grupo AdP	23 346	33 260
Cateringpor	184	143
LFP	1 818	1 802
APIS	(1)	-
SAGESECUR	(257)	18
ECODETRA	(6)	(3)
Margueira	47	58
ANA, SA	-	8 870
ANAM	120	608
NAER	-	(25)
SPE	(165)	-
EAD - Empresa de Arquivo e Documentação, S.A.	136	-
Correio Expresso de Moçambique, S.A.	39	-
MARL, SA	111	-
MARF, SA	(78)	-
MARE, SA	13	-
MARB, SA	(18)	-
	25 288	44 731

54 – Discontinuing operating units

The results and cash-flows of Discontinuing operating units have correspondence with the disposal groups (ANA and CTT Groups)

At 30 June of 2013 the results and cash-flows of the discontinuing operating units are the following:

	1st semester 2013	1st semester 2012
Revenue	528 826	162 320
Grants related to income	-	3
Share of profit and loss of associates	-	-
Dividend from investments at cost or at fair value	7 219	47 083
Gains resulting from reprivatisations	-	574 169
Changes in inventories of finished goods and work in progress	-	-
Own work capitalized	1 023	653
Inventories consumed and sold	(8 977)	(1 036)
Materials and services consumed	(155 962)	(53 167)
Employee benefits expenses	(211 342)	(50 361)
Increases and reversals of inventories adjustments	(188)	-
Increases and reversals of receivables adjustments	(3 470)	(2 174)
Increases and reversals in provisions	(3 520)	-
Increases and reversals of impairment of non depreciable (amortizable) assets	-	(2 362)
Net changes in fair value	-	-
Other operating income	15 044	4 520
Other operating expense	(15 505)	(5 558)
Earnings before interest, taxes, depreciation and amortization	**153 147**	**674 089**
Expense/reversals of depreciation and amortization	(40 292)	(40 990)
Imparity of depreciation/amortization investments (expense/reversals)	(1 031)	-
Grants related to assets	111	2 070
Earnings before interest and taxes	**111 935**	**635 169**
Interest and other financial income	493	569
Interest and other financial expenses	(36 243)	(9 766)
Profit before income tax	**76 184**	**625 972**
Net income tax expense	(21 964)	(11 347)
Net profit for the period	**54 220**	**614 625**
Net profit for the period attributable to non-controling interests	294	9 453
Net profit for the period attributable to equity holders	**53 926**	**605 173**

Net Cash Flow of the descontinued operational units

	1st semester 2013	1st semester 2012
Cash flow from		
Business Activities	(15 614)	167 942
Investment Activities	1 918 429	194 813
Financing Activities	761 105	(170 063)

55 – Related parties

Balances and transactions among companies of the Group, which integrate the consolidation perimeter, are eliminated in the consolidating process, and are not disclosed in the present note. The balances and transactions between the major companies of PARPÚBLICA Group and its related parties are as follows:

Balances and transactions with related parties at 30 June 2013	Total	Associates	Management of the entity or parent company	Other related parties
Assets	552 783	11 396	-	541 387
Liabilities	124 429	10 351	-	114 078
Income	236 269	4 380	-	231 889
Expense	49 047	39 843	178	9 026

Balances and transactions with related parties at 31 December 2012	Total	State and other Public Companies	Entities with joint control or significative influence on the Company	Associates	Management of the entity or parent company	Other related parties
Assets	4 567 476	4 040 438	1 149	11 329	-	514 561
Liabilities	(366 511)	(481 456)	-	7 346	-	107 599
Income	698 151	-	-	25 310	-	672 841
Expense	95 747	-	-	80 104	444	15 199

The terms or conditions practiced between PARPÚBLICA Group and the related parties are substantially identical to the terms that would normally be contracted between independent entities in comparable operations.

56 – Financial assets and liabilities

	30-Jun-13					
Financial assets and liabilities	Loans and accounts receivable	Financial assets available for sale	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Financial liabilties at amortised cost	Total
ASSETS						
Non current assets						
Financial Investments-Other methods	-	79	785 169			785 248
Other financial assets	3 344 615	9	28			3 350 212
Other accounts receivable	298 285	-	-			298 285
	3 642 900	**87**	**785 197**	**-**	**-**	**4 433 745**
Current assets						
Trade debtors	853 535	-	-			853 535
Advances to trade debtors	9 652	-	-			9 652
Other accounts receivable	209 818	-	-			209 818
Other financial assets	27	41	6 603			6 671
Cash and cash equivalents	1 527 693	-	-			1 527 693
	2 600 724	**41**	**6 603**	**-**	**-**	**2 607 368**
Total assets	**6 243 624**	**128**	**791 800**	**-**	**-**	**7 041 113**
LIABILITIES						
Non current liabilities						
Borrowings				28 465	6 435 727	6 464 192
Other accounts payable				-	137 325	137 325
Other financial liabilities				138 490	-	138 490
	-	**-**	**-**	**166 955**	**6 573 052**	**6 740 007**
Current liabilities						
Trade creditors				-	180 705	180 705
Advance to trade debtors				-	3 011	3 011
Shareholders				-	50 018	50 018
Borrowings				-	2 804 687	2 804 687
Other accounts payable				-	1 685 536	1 685 536
	-	**-**	**-**	**-**	**4 723 957**	**4 723 957**
Total liabilities	**-**	**-**	**-**	**166 955**	**11 297 009**	**11 463 963**
Net	**6 243 624**	**128**	**791 800**	**(166 955)**	**(11 297 009)**	**(4 422 850)**

LEVEL OF HIERARCHY OF FAIR VALUE IN WHICH THE FAIR VALUE MEASURES ARE CATEGORIZED IN FULL, SPLITTING THE FAIR VALUE MEASUREMENTS IN ACCORDANCE WITH THE LEVELS DEFINED IN PARAGRAPH 27 A OF IFRS 7	30-Jun-13			
	Level 1	Level 2	Leval 3	Total
Financial assets at fair value through profit and loss	785 197	6 603	-	791 800
Financial assets at fair value - hedging derivatives	-	-	-	-
Financial assets available for sale - Fair value	-	-	-	-
	785 197	**6 603**	**-**	**791 800**
Financial liabilities at fair value through profit and loss	-	163 553	-	163 553
Financial liabilities at fair value - hedging derivatives	-	3 402	-	3 402
	-	**166 955**	**-**	**166 955**

	31-Dec-2012						
Financial assets and liabilities	Loans and accounts receivable	Financial assets available for sale	Financial assets at fair value through profit or loss	Held -to-maturity investments	Financial liabilities at fair value through profit or loss	Financial liabilties at amortised cost	Total
ASSETS							
Non current assets							
Financial Investments-Other methods	-	79	1 142 246	-	-	-	1 142 325
Other financial assets	4 161 259	9	28	5 560	-	-	4 166 856
Other accounts receivable	263 361	-	-	-	-	-	263 361
	4 424 620	**87**	**1 142 274**	**5 560**	**-**	**-**	**5 572 542**
Current assets							
Trade debtors	783 198	-	-	-	-	-	783 198
Advances to trade debtors	7 088	-	-	-	-	-	7 088
Other accounts receivable	239 623	-	-	-	-	-	239 623
Other financial assets	-	49	6 152	-	-	-	6 201
Cash and cash equivalents	770 007	-	-	-	-	-	770 007
	1 799 916	**49**	**6 152**	**-**	**-**	**-**	**1 806 117**
Total assets	**6 224 537**	**136**	**1 148 426**	**5 560**	**-**	**-**	**7 378 660**
LIABILITIES							
Non current liabilities							
Borrowings	-	-	-	-	-	5 652 240	5 652 240
Other accounts payable	-	-	-	-	-	150 581	150 581
Other financial liabilities	-	-	-	-	59 680	-	59 680
	-	**-**	**-**	**-**	**59 680**	**5 802 821**	**5 862 501**
Current liabilities							
Trade creditors	-	-	-	-	-	172 022	172 022
Advance to trade debtors	-	-	-	-	-	1 151	1 151
Shareholders	-	-	-	-	-	18	18
Borrowings	-	-	-	-	-	3 488 410	3 488 410
Other accounts payable	-	-	-	-	-	1 316 896	1 316 896
	-	**-**	**-**	**-**	**-**	**4 978 498**	**4 978 498**
Total liabilities	**-**	**-**	**-**	**-**	**59 680**	**10 781 319**	**10 840 999**
Net	**6 224 537**	**136**	**1 148 426**	**5 560**	**(59 680)**	**(10 781 319)**	**(3 462 339)**

	31-Dec-2012			
LEVEL OF HIERARCHY OF FAIR VALUE IN WHICH THE FAIR VALUE MEASURES ARE CATEGORIZED IN FULL, SPLITTING THE FAIR VALUE MEASUREMENTS IN ACCORDANCE WITH THE LEVELS DEFINED IN PARAGRAPH 27 A OF IFRS 7	**Level 1**	**Level 2**	**Leval 3**	**Total**
Financial assets at fair value through profit and loss	1 142 274	17 216	-	1 159 490
Financial assets at fair value - hedging derivatives	-	700	-	700
Financial assets available for sale - Fair value	-	-	777	777
	1 142 274	**17 916**	**777**	**1 160 967**
Financial liabilities at fair value through profit and loss	-	59 680	-	59 680
Financial liabilities at fair value - hedging derivatives	-	6 597	-	6 597
	-	**66 277**	**-**	**66 277**

57 - Perspective on risks arising from financial instruments

The risks that entities are exposed to can arise from internal and external factors. The identification of the relevant risks is based on a profound understanding of the entity, of its core business and the market within that business operates. Taking into account the perspective of impact of loss, the material relevant risks that the Group is exposed to are the following:

- Market Risk, which comprises three types of risk: (i) currency risk – is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates; (ii) interest rate risk – The risk that the value of a financial instrument will fluctuate because of changes in market interest rates; and (iii) price risk – is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

- Credit Risk – is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. PARPÚBLICA Group is subject to this risk when granting credit to its customers. However, credit sales are subject to rules that assure that those are made to costumers with an adequate credit history and that are within the maximum pre-defined limits of exposure approved for each customer.

- Liquidity Risk (also referred as financing risk) – is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at the close of the market at its fair value.

For their relevance in PARPÚBLICA Group, the following entities should be mentioned: PARPÚBLICA, AdP Group, ANA Group, TAP Group and CTT Group.

PARPÚBLICA

In its activity PARPÚBLICA identifies the following areas of financial risks that may affect its asset value or its interest by third parties: (i) *credit risk*, (ii) *liquidity risk*, and (iii) *market risk* for interest rate and price.

i) Credit risk

Credit risk, associated with the possibility that one of the parties involved in a financial instrument does not fulfill its obligation, is present mainly in financial applications of cash surpluses, in contracted *swaps* and in granted loans.

Granted loans are given to companies which financial policies may be controlled (subsidiaries) for investments with appropriate return. The loans are approved by PARPÚBLICA Executive Committee and bear interests.

ii) Liquidity Risk

Liquidity risk is associated to the possibility of the company not to be able to meet its commitments and it is mitigated by the existence of four Commercial Paper Programmes with a global amount of 1 825 million euro, which are contracted with financial institutions of recognised financial strength. These instruments confer to PARPÚBLICA an immediate access to liquidity.

Segmentation of debt by nature of instruments and by time until maturity is as follows (nominal amounts in million of euro):

in million euro

	1-3 months	4-12 months	1-2 years	3-5 years	> 5 years	Total
Borrowings						4.810,9
Commercial Paper		710,0				710,0
Eurobonds			800,0	500,0	900,0	2.200,0
EDP Convertible Bonds				1.015,2		1.015,2
Galp Convertible Bonds					885,7	885,7

in million euro

31-Dec-2012	< 3 months	4-12 months	1-2 years	2-5 years	> 5 years	Total
Borrowings	1.348,1	1.055,0	649,0	885,7	900,0	**4.837,8**
Commercial Paper	1.170,0	255,0				1.425,0
Bank Financing	170,0					170,0
Eurobonds		800,0	649,0		900,0	2.349,0
EDP Convertible Bonds	8,1					8,1
Galp Convertible Bonds				885,7		885,7

Covenant clauses existing in debt instruments are as follows:

Borrowings	Convenants
Eurobonds	
EMTN 800M€ - 2009, due 2013	*Cross Default / Negative Pledge*
Bonds 500M€ - 2004, due 2014	*Cross Default / Force Majeure*
Bonds 500M€ - 2005, due 2020	*Cross Default / Force Majeure*
Bonds 150M€ - 2005, due 2020	*Cross Default*
Bonds 250M€ - 2006, due 2026	*Cross Default*
EDP Convertible Bonds – 2007, due 2014	*Cross Default*
GALP Convertible Bonds – 2010, due 2017	*Cross Default / Negative Pledge / Restrictions on Activity*
Parpública Bonds – 2012/2014	*Cross Default / Negative Pledge / Pari Passu*
Parpública Bonds – 2013/2015	*Cross Default / Negative Pledge / Pari Passu*
ELOS Bank financing	*Cross Default / Negative Pledge / Pari Passu*

iii) Market Risk

Interest rate risk

Interest rate risk respects to the possible change, due to changes in interest rates, of the remuneration of financial instruments indexed to a floating interest rate or the fair value of financial instruments indexed to a fixed interest rate.

As per medium and long term debt, about 90,75% has a fixed interest rate and only about 9,25% has a floating interest rate.

With such a high percentage of debt issued with a fixed interest rate, PARPUBLICA has, in terms of cash flows, little exposure to the changes in interest rates. In what concerns to fair value risk, it is not relevant for the existing borrowings, but it is relevant for the effect in the secondary market yield, that may restrain new debt issues.

Together with the ELOS bank financing, there are three floating rate-fixed rate *swaps* with the total notional of 465 million euro, in which Parpública receives floating rate indexed to Euribor 6 months and pays fixed rate. These swaps may be cancelled by the Banks becoming the related loan at a fixed rate regime. The foreseen interest flows of the financing and of the swaps are:

30-06-2013

	<1 year	1 a 5 years	>5 years	Total
Medium long term debt interest	-174.000,7	-517.845,5	-695.154,3	-1.387.000,4
Flows from swaps	-8.310,6	-17.672,0	-18.116,7	-44.099,2

To minimize the interest rate risk due to increases in *spreads* in short term borrowings, the Commercial Paper Programmes existing at 30 June 2013 in the amount of 875 million euro had a fixed *spread*, in force until the date of its payment or renovation.

Price risk

Price Risk is the possibility of the value of a financial instrument floats as the result of changes in markets, whether those changes are caused by specific individual instrument factors or its issuer, or whether by factors that affect every single instruments traded in the market. Currently this risk exists only in the bond issued with the nominal amount of 885, 65 million euro, with embedded options that allow the investors to convert its bonds by GALP shares held in the portfolio, for the effects of changes in the price of these shares.

The borrowing of 885, 65 million euro has its maturity in 28 September 2017, with the possibility of (i) the investors convert its bonds for Galp shares after March 2013, (ii) under certain conditions the company exercise a call option and reimburse the bonds after 13 October 2013, and (iii) the investors to ask for the reimbursement of the bonds in 28 September 2015. Should bondholders choose to convert its bonds by GALP shares, PARPÚBLICA may choose between delivering the shares or the corresponding value in cash, calculated according to valorisation criteria defined.

By using the fair value to measure the options and also the underlying shares, the annual net effects caused by the changes in the quotes of the underlying asset are recognised. Those effects were the following (in million euro):

In million euro

	1st half of 2013	2012	1st half of 2012
Changes in the value of the options	85,736	-114,2	0
Changes in the value of the underlying asset	-20,202	6,7	-160,0
Net Gain/Net Loss	**65,534**	**107,5**	**-160,0**

Assuming positive and negative changes of 15% in the quotes of Galp shares at 30 June 2013, effects in the embedded option of convertible bonds would be the following:

Bonds convertible in GALP shares						
GALP Shares			**Option**			**Net Change(M€)**
Price (€)	**Value (M€)**	**Change**	**Value %**	**Value (M€)**	**Change**	
11,4	660,9	-	3,2%	28,4	-	-
13,1	759,6	15,0%	6,2%	54,5	91,6%	72,6
9,7	561,6	-15,0%	1,3%	11,9	-58,3%	-82,8

The effect in the same option as a result of a change in the credit *spread* and in the implicit volatility would be the following:

Bonds convertible in GALP shares							
Credit *spread*				**Implicit volatility**			
Points base	**Value %**	**Value (M€)**	**Change**		**Value %**	**Value (M€)**	**Change**
335	3,2%	28,4	-	21%	3,2%	28,4	-
385	3,2%	28,5	0,3%	24%	4,3%	37,9	33,3%
285	3,2%	28,2	-0,9%	18%	2,2%	19,1	-32,7%

The effects in market value of the *swaps* linked to the ELOS financing due to 1% of positive and negative changes in the interest rate curve at 30 June 2013 are as follows:

	Change MtM for interest rate change	
Notional	**-1%**	**+1%**
213,69	-33,93	28,23
140,28	-21,77	18,34
111,10	-16,70	14,40

<u>AdP Group</u>

Risk factors

The activities of AdP Group are exposed to a variety of financial risk factors: credit risk, liquidity risk and risk from cash flow related to interest rate. It is a common practice in AdP Group, among other financial instruments, to contract derivatives to minimize the exposure to some of the risks. AdP Group developed and implemented a risk management programme that, together with the monitoring of the financial markets, seeks to minimize the potential adverse effects in the financial performance of AdP and its subsidiaries. The risk management is driven by the central treasury department based on policies approved by the Board of Directors. The treasury department identifies, evaluates and performs operations with the aim to minimize the financial risks, in straight cooperation with the operating units of AdP Group.

The Board of Directors provides principles for risk management as a whole and policies that cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivatives, other non structured instruments and treasury surplus investments. The Board has the responsibility to define the general principles of risk management as well as the exposure limits. All operations with derivative instruments need to be previously approved by the Board of Directors that defines the parameters of each operation and approves formal documents where the goals of the operations are described.

i) Credit Risk

Credit risk is essentially related with the risk that one party fails to comply with its contractual obligations, resulting in a financial loss for AdP Group. The Group is exposed to credit risk in its operating, investing and treasury activities.

Credit risk in operations is essentially related with receivables from the services rendered to customers (water supply, sanitation and waste). This risk is in theory reduced given the characteristics of the service rendered (to state related entities - municipalities). However, considering the economical and financial situation of the country in the last two years, with direct consequences in the municipalities, the amount overdue, have been significantly increasing.

Impairment adjustments on accounts receivable are measured considering: (i) customer risk profile, evaluating whether if that customer is institutional or a business company; (ii) average term of receipt, which differs from business to business; and (iii) the customer's financial condition.

The State Budget for 2012, in article 58, nr 1, established that municipalities with debts overdue to management entities for the municipal systems of water, sanitation and waste should present a plan to pay such debts to the relevant ministry until 15 February 2012

At 28 august 2012 was created the Program for Supporting the Local Economy (PAEL) which goal is the regularization of municipalities debts overdue in more than 90 days and registered before "Direção-Geral das Autarquias Locais" until 31 March 2012.

PAEL foresees all municipality payments overdue in more than 90 days, regardless of their commercial or administrative nature, being the municipalities engaged in this agreement authorised to celebrate a loan agreement with the State according to Law nr 43/2012.

Constraints on medium and long-term borrowing as foreseen in Local Finance Law do not affect loans agreed within the above mentioned Law. The fund available for PAEL financing is in the amount of 1 000 million euro. 263 municipalities can benefit from the agreement signed between the Government and municipalities to a line of credit of one thousand million euro

PAEL is divided in two programs: the first for authorities in a situation of structural imbalance and with a financial re-balancing request made to the State. In such cases financing can reach 100% of the debts. The second is for the remaining municipalities with overdue debts at least for 90 days, where agreements may cover 50% to 90% of the debts.

Municipalities that sign agreements within PAEL are imposed a group of obligations, namely the payment of fines should an increase of borrowings occur during the life of the agreement.

AdP Group's Administration followed closely (together with "interested entities") these negotiations and is optimist on their closing. Although it is not yet possible to determine exactly the amounts that will be paid to AdP Group, significant amounts of Municipalities receivables prior to 31 December 2011 are expected to be paid with the signature of these agreements and the amounts of money made available to the Municipalities by the Central Government.

Additionally AdP Group's Board of Directors is currently evaluating the adoption of other measures to ensure the recoverability of the Municipalities receivables, namely triggering the mechanism associated with the Priority Credit held by the company, which falls upon current debts, and the establishment of payment agreements

Despite the uncertainty about the terms in which Municipalities will fulfil their obligations, AdP Group's Board of Directors still believes that those balances don't have indicators that will lead to acknowledgment of impairment losses.

The following table represents the maximum exposure of the Group to the credit risk (not including balances of trade debtors and other debtors) at 30 June 2013, not considering any collateral held or other credit risk improvements. For assets in the balance sheet, the defined exposure is based on its carrying amount as reported in the balance sheet.

Banking financial assets	**1st half of 2013**
Banking deposits	54 305
Time deposits	264 053
Equipment renovation fund	2 678
Capital Reconstitution fund	114 829
Other	161
Total	**436 026**

Rating	**1st half of 2013**
A2	84
A3	213
B1	41 971
B2	3 076
Ba 1	34 665
Ba 3	346 661
Baa 3	8 478
Unknown *rating*	876
Total	**436 026**

Nota: notação de *rating* obtida nos sites das instituições financeiras em janeiro de 2013.

ii) Currency risk

Currency risk exposure is not relevant for AdP Group. This risk materialises on future commercial transactions, recognised assets and liabilities, as well as investments on foreign operations that did not yet took place or were expressed on the AdP's functional currency. The Group's central treasury department is responsible for the management of the net exposure of every currency, contracting *swaps* centrally, in order to minimize the commercial risk, recognised assets and liabilities. AdP Group holds investments on foreign currency, of which the related net assets are exposed to currency risk, as well as loans in foreign currency exposed to currency risk. Currency exposure embedded on foreign currency net assets is managed trough the contracting of loans in the same currency and through loans with currency hedge *swaps*.

iii) Liquidity risk

Liquidity risk management involves keeping cash at a reasonable level, floating debt consolidation viability trough an adequate amount of credit facilities and the ability to liquidate market positions. In face of its own business dynamics, AdP cash pretends to assure floating debt flexibility, holding for this effect the credit lines available. AdP group manages liquidity risk trough contracting and maintaining credit lines and funding facilities with firm underwriting commitment before national and international financial institutions of high credit rated that allow an immediate access to funds. In 2012 this practice has been highly restrained by the well-known difficulties in accessing credit markets in Portugal, as well as by the increasing amount of customers' debt.

Like the country, AdP Group is going through a phase of reduced liquidity. Considering this problem AdP Group analysed its investments commitments and rescheduled AdP Group's investments, with a map considering their importance, financial, economic and environmental impact, minimizing the risks associated with the commitments before the different entities.

The table bellow presents AdP Group responsibilities as per contracted residual maturity intervals. The amounts presented in that table are the contracted cash flows, not discounted, to pay in the future (not including the interests related to these liabilities).

	< 1 year	1 to 5 years	> 5 years
Borrowings	635 755	503 005	1 957 828
Trade creditors and other liabilities	272 276	73 170	55 521

AdP Group doesn't foresee any problems in the payment of its short term liabilities. In what concerns short term banking loans AdP Group considers it is able to guarantee the renewal of the main credit lines, and therefore their payment is not expected to be immediate. Currently and for future disbursements, it is available the total amount of 79 million euro from BEI IV line that has not yet been used by the Group.

iv) Risk from cash flow and fair value related to interest rate

AdP group interest rate risk, essentially comes from contracting long-term loans. In this context, loans with variable rate expose AdP group to cash flow risk and loans with fixed interest rates expose the group to risk of fair value associated to the interest rate. AdP group manages cash-flow risk related to interest rate, by contracting *swaps* that allow the conversion of variable interest rate loans into fixed interest rate loans. Also related with the variance of the interest rate is the guaranteed return on the concession agreements, and consequently the tariff deviation.

The table below shows the sensibility analysis of financial expenses of AdP Group.

	1st half of 2013	Average Rate + 1%	Average Rate - 1%
Interest paid	54 382	81 231	50 852

v) Capital risk

AdP Group objective concerning capital management, which is a wider concept than capital share on the face of the balance sheet, is to maintain an optimal capital structure, through a prudent use of funding that allows the Group to reduce capital cost.

The objective of capital risk management is to assure the group will continue its operations, with an adequate return to the shareholders and generating benefits for all interested third parties.

AdP Group policy is to contract loans from financial entities, by the group parent company – AdP, SGPS, SA (with the exception of EPAL and of investing loans) that will give loans to its subsidiaries. This policy aims the optimization of capital structure in order to get tax efficiency and a decrease in the average cost of capital.

	1st half of 2013	2012
Non current borrowings	2 460 833	2 476 131
Current borrowings	635 755	619 911
Cash and equivalents	(321 596)	(335 280)
Debt	**2 774 993**	**2 760 761**
Grants related to assets	1 904 624	1 925 338
Total equity	1 179 603	1 138 134
Capital and grants	**5 859 220**	**5 824 233**
Debt/total capital	**0,47**	**0,47**

AdP Group funding model is based typically in two types that allow the capital balance structure: the bank funding, with a particular focus on the funding contracted with BEI and with equity, and non-refundable grants related to assets.

vi) Regulatory risk

The regulator may take measures with negative impact on cash flow, with all its adverse consequences. In order to minimize these risks, AdP Group has tried to closely monitor the activities of the regulator, trying to anticipate potential negative impacts in the subsidiaries, as a result of the regulations issued by ERSAR. The XIX Constitutional Govern Program, and the Economic and Financial Aid Program ("Plano de Assistência Económica e Financeira") foresee the separation from Águas de Portugal (AdP) Group of the waste subsector and the need to implement measures in order to open this sector to private initiative. Therefore during the first half of 2012 several working groups were started in order to develop studies for the revision of the regulatory model in force, namely the legal and economic framework of multi-municipal urban waste treatment systems. The new organic law of ERSAR, still being discussed in Parliament, was prepared during 2012 and it foresees the reinforcement of the regulator independence and his responsibilities, mainly, in tariff matters, a process still in progress.

ANA Group

The activities of ANA Group are exposed to several financial risk factors: credit risk, liquidity risk and risk from cash flow related to interest rate. The Group has a risk management programme that focuses its analysis in the financial markets seeking to minimize the potential adverse effects, using derivative instruments to hedge certain risks that it is exposed to.

i) Market risk – Interest rate

Since ANA Group does not have significant remunerated assets, profit and operating cash flows are substantially independent of changes on interest market rates.

Interest rate risk for ANA Group comes from long term debt, seen that, debt issued with floating rates, expose the Group to cash flow risk, and debt issued with fixed rates expose the Group to the risk of fair value.

ANA Group manages risk from cash flow related to interest rate by contracting derivative instruments that allow the conversion of variable interest rates into fixed interest rates.

Sensitivity analysis on interest rates variations gives the following impact on profit or loss:

Nature	Scenario with current rate	Scenario +0,5%	Scenario -0,5%
Floating rate funding	(5 667)	(826)	826
Fixed rate funding	(11 163)	-	-
Interest from financial leases	(101)	(2)	2
Interest from time deposits	374	-	-
Estimated impact on profit or loss / Current rate scenario		**(828)**	**828**

ii) Credit risk

O ANA Group is exposed to this risk because of the credits given to its customers. However, credit sales are subject to rules that ensure that these are made with customers with an appropriate credit history and are within the maximum pre-defined approved limits of exposure. In what concerns to receivables from financial institutions, the following table presents a resume of the credit quality from deposits and treasury applications:

	Receivables from financial institutions	
Rating	**1st half of 2013**	**2012**
Cash equivalents		
Baa3	7 219	8
Ba1	12 362	30 241
Ba2	-	-
Ba3	36 869	57 007
B1	5 887	7 680
B2		127
Caa1	1 374	
Other	35	577
	63 747	**95 640**

iii) Capital risk

ANA Group's goal concerning capital management also consists on keeping ANA group ability to maintain its business and make all the necessary investments related to its core concession purpose, keep an outstanding capital structure that permits the group to decrease the capital cost and create long-term value for the shareholders.

This management is developed trough measures like issuing debt instruments (issue of bonds), negotiation and rescaling of debt and new shareholders entries.

The gearing ratios at 30 June 2013 and at 31 December 2012 were the following:

	1st half of 2013	2012
Total borrowings	1 464 159	673 409
Cash and cash equivalents	(63 808)	(95 699)
Net debt	1 400 351	577 710
Equity	394 473	407 248
Total capital	1 794 824	984 958
Gearing (%)	78,0	58,7

TAP Group

The macroeconomic scenario surrounding TAP Group continued to be adverse. In Europe, the most important economies stagnated, like Germany, or they enter into recession, like France. The Portuguese economy continued into recession for the third consecutive year. The USA economy grew "mildly" in the first months of the year. In what the economies of the emerging markets are concerned, while Brazil has been facing a less dynamic period, the African countries kept high growth levels during the current year.

The financial crisis has gradually been reduced at the expense of big sacrifices of the real economy, of employment and of European countries income. However and despite the scare with Cyprus rescue, the adjustment programmes of the supported countries have continued and allowed to low the defaulting risk premia and diminish the difficulties and restraints to funding in the referred countries.

The financial, real values and commodities markets presented very different behaviours while stock markets, in general, kept positive behaviours, real estate markets and banking suffered successive losses and some commodities markets, such as energy, kept historical high levels. Since 2011, the oil price is about $100 per barrel having a significant effect in the developed markets economies and companies.

i) Price risk

The importance of the Brazilian and African markets together in the Group activity, representing almost 50% of passengers' transportation per kilometre, has allowed softening the impact of the Portuguese and European economic crisis. The markets diversification and the growing number of destinations operated by TAP S.A. have also allowed to reduce the adverse impact of recession and to compensate the downturn of the Portuguese market.

The Lisbon hub role as an interface between Europe, Africa and Brazil continued contributing to the growth of TAP Group activity and to get a better seat-occupancy rate and a better average tickets price, into a crisis context. The Brazilian market represented more than 22% of the paid tickets effectively used during the fist half of 2013. Angola represented about 4% getting closer, in relative terms, to the big European markets (France, Spain, Germany and Italy). The USA and Venezuela present about 3% of the total sales.

Any of the mentioned markets, excepting Italy, present significant sales increases during the semester.

As a whole, tickets paid grew more than 4% due to the increase of 2,5% of passengers per kilometre flown ("PKUs"), and to the raise of almost 2% of the average ticket price, in comparison with the 1st half of 2012.

However, in this changing economic framework, although the air transport activity, representing more than 80% of the Group sales volume, has a significant capacity to overcome this crisis, other related activities, such as air transport of passengers, have being suffering with the economic downturn. Examples of that are, in Portugal, the cargo transportation and the maintenance and support to third parties which registered significant drops, in comparison with the 1st half of the previous year and had a negative impact in the global rate growth of the Group turnover.

As a whole, the remaining Group activities outside TAP S.A., such as, exploitation of commercial spaces (free shops), catering for aviation, IR and health care services had, in average terms, a very stable behaviour, while TAP ME Brazil had an increase in its sales volume during the 1st half of the year.

ii) Currency risk

Given the geographically growing activity of TAP Group, it operates in a variety of economic spaces and in different currency zones, in Europe, Africa, Latin America and United States. The exposure to different economic markets and environments allows a higher stability and sustainability of the receipts in a context of constantly changing economic rhythm in several countries, which in aggregate terms is a protection for market risks. On the other hand, the strong direct or indirect exposure to Euro and to the currencies with fixed parity with Euro or with a strong correlation with Euro, means that the advantages of TAP S.A. and the Group diverse economic activity are not eliminated by the disadvantages related to an increase of Exchange risks. On the other hand, the currency flows in Euro, or related currencies, are very high and close to 2/3 of the total.

In Exchange terms, the most significant exposure is the sales in US$ or with underlying pricing in US$ and it will direct or indirectly represent less than 1/3 of the tickets total receipt related to the values received mainly with the Brazilian market and also Angola and USA markets.

On the expenditure side, the very significant weight of fuel costs, still is the main source of exposure in US$ as the oil market still operates in that currency, regardless the final settlement currency.

In overall terms and taking into consideration maintenance receipts in US$ and several costs with some parts in US$ and, also considering some indirect factors of Exchange exposure such as the aircraft market also be dominated by US$, there is a persistent tendency to the Group to present, in the balance and under the current fuel price context, an unfavourable net exposure to the US$.

The Group debt in US$, related to only 10% of the total amount, do not significantly contribute to the change of the Group exposure to that currency. However, it would not happen if we considered an estimate of the debt related to aircrafts operating leases, in US$, as in this currency the interest-bearing liabilities ("adjusted") will significantly grow.

It should be noted, however, that the volatility of the Eurodollar has been gradually decreasing along the years and, considering the last 5 years, the Eurodollar has almost change only between 1,30 and 1,40, being a stability factor to the Group.

The exposure of the Group to currency risk at 30 June 2013 and 31 December 2012, based on the amounts of the financial position, assets and liabilities of the Group, in currencies, translated to euro using the exchange rates of the balance sheet date, is as follows:

Assets and liabilities in currencies	1st half of 2013			
	USD	BRL	Other	TOTAL
ASSETS				
Cash and cash equivalent	11 598	4 830	48 033	64 461
Accounts receivables – Trade debtors	36 297	133 189	29 851	199 337
Accounts receivable – Other	31 794	30 045	868	62 707
	79 689	**168 064**	**78 752**	**326 505**
LIABILITIES				
Debt	104 826	17	-	104 843
Accounts payable – Trade creditors	13 239	12 663	1 993	27 895
Accounts payable – other	6 125	12 394	1 939	20 458
	124 190	**25 074**	**3 932**	**153 196**

Assets and liabilities in currencies	2012			
	USD	BRL	Other	TOTAL
ASSETS				
Cash and cash equivalent	13 960	3 423	43 870	61 253
Accounts receivables – Trade debtors	34 732	94 875	19 177	148 784
Accounts receivable – Other	29 533	22 108	2 556	54 197
	78 225	**120 406**	**65 603**	**264 234**
LIABILITIES				
Debt	124 301	21	-	124 322
Accounts payable – Trade creditors	15 638	13 022	5 491	34 151
Accounts payable – other	5 215	10 731	1 773	17 719
	145 154	**23 774**	**7 264**	**176 192**

At 30 June 2013, a variation (positive or negative) of 10%, in all currencies against Euro, would result in an impact on the net results for the year of about 17 331 thousand euro.

iii) Interest rate risk

The Group remunerating liabilities is less than half of the total liabilities. Almost 1/3 of the remunerating debt corresponds to under one year debt and a minority slice of this debt corresponds to short term lines that can or cannot become more permanent, depending from the will of banking entities to renew those lines to the Group.

Short term lines component is the most expensive of the Group due to the high margins since the beginning of the sovereign debts crisis of the peripheral countries. However, globally and considering the drop of Euribor, the average weighted cost of the remunerating liabilities has been kept quite moderate levels. Over time, the increase of the average margin of funding has been gradual and marginal as the replacement of oldest funding, with quite low margins and many at long term, is a gradual process depending from the scheduled depreciations and from the periodic contract of new operations.

The financial costs in the Group and TAP S.A. operating accounts show a low level of average interest rate on both entities debts. On the other hand, the impact of future Euribor increases in that average level is limited as the fixed interest rate of the Group total debt corresponds to 56% of the total debt. This ratio slightly decreased comparing both the end of the year and the same period of previous year. From the total fixed rate amount only one funding, related to an aircraft *leasing,* is subject to an operation with interest rate derivatives. The other interests were determined based in existing options in the funding contracts.

As mentioned before, the debt in US$ corresponds to almost 10% of the total debt and there is an insignificant *leasing* value in Reais. Therefore, the impact of the currency evolution in financial costs is limited, determining a reduced volatility.

In the following table of remunerating liabilities, comprising capital and interests, assumptions regarding market interest rates and Eurodollar were assumed as follows: 3% to Euribor, 1,75% for USD Libor, and 1,308 in the Eurodollar (2012: 1,3194 no Eurodollar). The amounts recognized in liabilities reflect the amounts to be paid within the specified term, including estimates of all contractual cash flows with reimbursements and interest, not discounted, until the term of the loans. A simplifying assumption of an intra-annual linear reimbursement rate was considered for the effect of calculation of future interests:

	1st half of 2013				
	< 1 year	**1- 2 years**	**3 - 5 years**	**6 - 10 years**	**TOTAL**
Borrowings	269 671	137 674	178 589	-	585 934
Finance Leases	105 998	128 047	269 869	42 459	546 373
Total	**375 669**	**265 721**	**448 458**	**42 459**	**1 132 307**
Fixed rate borrowings	51 660	102 333	122 951	-	276 944
Fixed rate finance leases	66 441	88 643	169 726	39 191	364 001
Total	**118 101**	**190 976**	**292 677**	**39 191**	**640 945**

	2012				
	< 1 year	**1- 2 years**	**3 - 5 years**	**6 - 10 years**	**TOTAL**
Borrowings	166 160	86 701	273 367	391	526 619
Finance Leases	128 720	105 179	318 824	67 327	620 050
Total	**294 880**	**191 880**	**592 191**	**67 718**	**1 146 669**
Fixed rate borrowings	51 648	51 676	200 514	-	303 838
Fixed rate finance leases	66 856	65 723	212 838	50 451	395 868
Total	**118 504**	**117 399**	**413 352**	**50 451**	**699 706**

TAP Group uses a technique of sensitive analysis that measures the estimated changes in profit or loss, as a result of an immediate increase or decrease in interest rates, considering the remaining variables constants. This analysis is used for illustrative purposes only, since, in reality, the market rates, rarely change in an isolated way.

The sensitive analysis is based on the following assumptions:

- Changes in market interest rates affect the income or the expenses of interest of floating financial instruments;

- Changes in market interest rates only affect the income or expenses of interest, regarding financial instruments with fixed interest rates, if they are recognised at fair value.

Under these assumptions, an increase or decrease of 0,5% in the market interest rates, in all currencies of the Group loans, as at 30 June 2013, would result in a decrease or increase in interest becoming due of, approximately, 3 645 thousand euro.

iv) Fuel price risk

The prices in the international energy markets were still high during the first half of 2013, with the petroleum Brent recording an average level above the 100 USD/barrel and the jet fuel with an average level about 1 000 USD/tonne slightly lower than in 2011 and 2012.

The value charged by the suppliers, reflecting also the marketing margins, the current average Exchange and any time lag existing between the estimate of the markets average rates and the invoicing, had as result the contraction of the fuel average cost supported by TAP S.A. Furthermore, the volume consumed presented also a slight decrease comparing with the same period in 2012 and in line with the evolution of tickets offer, measured by the number of seats, by kilometres offered (“PKOs”) which decreased more than 1%. The combination of these factors produced a decrease of 4% in the fuel total cost during the 1st half of 2013 when compared with the 1st half of 2012.

It should be also mentioned that the average market prices of a set of contractual hedging operations were below the contractual hedging prices.

The fuel cost being 1/3 of TAP S.A. total costs and representing almost 30% of the Group total costs is considered as the most significant and decisive line of the costs structure for the operating results. The variation of 100 USD/tonne (10% of the current price) at an Eurodollar exchange rate of 1,30, for a consumption pattern of the first half of the year of 450 thousand tones, would have an impact of about 35 million euro in the income of the first half of 2013.

v) Credit risk and liquidity

The Group net position depends on all the previous mentioned factors, as from the key variables of the operating account to the financial management and funding and ongoing investment renewals, among others. During the first half of the year, there was a significant improvement in cash position, both in the same period of 2012 and in the end of the year.

The Group’s credit risks correspond to normal exposure levels considering its activity and dimension. In what concerns operations with derivatives, namely for fuel, there is a natural diversity of counterparties which ensures anyway their credit quality. Other credit risks associated with amounts deposited in several countries where the Group operates are minimized as possible through a prudent policy of funds repatriation within the limits imposed by each country's authorities.

In addition to the financial management, in the short and long term, and to the cash management, also in the scope of the management of current assets, it was undertaken a rigorous monitoring of the trade debtors positions and the impact of the effects of the economic crisis in the credit quality of these trade debtors, being possible to reduce the aggravation, for example, of the adjustments to an immaterial value to the extent of activity.

The following table presents the elements regarding the liquidity position of TAP Group as at 30 June 2013 and 31 December 2012, as well as the balances of trade receivables, which reflect the maximum credit risk in these same dates:

	1st half of 2013	2012
Non-current assets		
Court deposits – Brazil	21 870	20 429
Other non-current assets	29 658	30 010
Current assets		
Cash and cash equivalents	192 812	85 353
Accounts receivable – trade debtors	298 182	231 574
Other current assets	56 208	61 950
	598 730	**429 316**
Off-balance sheet exposure		
Guarantees	68 282	49 602
Other commitments	229 240	245 068
	297 522	**294 670**

TAP Group credit and liquidity risk quality, as at 30 June 2013 and 31 December 2012, respecting to financial assets (cash and cash equivalents and derivative financial instruments), with financial institutions as counterparties are as follows

	1st half of 2013	2012
AA-	-	264
A+	-	2 033
A	21 674	20 678
BBB	3 960	3 029
BBB-	1 503	230
BB	-	5 401
BB-	5 345	5 949
B+	77 268	2 720
Other	82 590	45 615
	192 340	**85 919**
Derivative financial instruments	-	700
Bank deposits	192 340	85 219
	192 340	**85 919**

"Other" includes amounts from several international institutions, for which were not possible to obtain a rating notation.

At 30 June 2013 and 31 December 2012, the accounts receivable from trade debtors presented the following antiquity structure, considering as reference the due date of the balances:

	1st half of 2013	2012
Undue amounts	169 551	136 171
From 1 to 90 days	37 268	37 491
From 91 to 180 days	28 137	21 774
From 181 to 270 days	5 295	18 339
From 271 to 365 days	54 822	17 224
Over 366 days	62 773	63 261
	357 846	**294 260**
Impairments	(59 664)	(62 686)
Net balance	**298 182**	**231 574**

The amounts shown correspond to the outstanding amounts, considering the contracted due dates. Although there are some delays in the settlement of these amounts, considering the maturities, this does not result in the identification of other impairment situations in addition to the ones considered trough the corresponding losses.

Acknowledged imparity respects mainly to debts with more than 366 days.

From the total amount of trade debtors' receivables, the balances of airlines and travel agencies are mainly regularized through the *IATA Clearing House* system, which substantially minimizes TAP Group credit risk.

CTT Group

The CTT Group business is exposed to financial risks, namely: (i) credit risks – its debtors may not comply with their financial responsibilities, (ii) market risks – mainly from interest rates and Exchange rates, respectively ,linked to the impact of variation of the interest rates market in financial assets and liabilities and in profit and loss and to the fluctuation at fair value of the financial assets and liabilities as a result of the variation in the Exchange rates and (iii) liquidity risks – future difficulties to comply with responsibilities related to financial liabilities.

The risk management is related to the financial market unpredictability and tries to minimize the its adverse effects in the Group financial performance. The financial risk management integrates the Risk Management System of the Company lead by the Corporative Risk Management, directly reporting to the Board of Directors. The Directorates of Finance and Risk Management and of Accounting and Treasury ensure the centralized management of the funding operations, the investment of cash surpluses, the Exchange operations as well as the management risk of company counterparties and the Exchange risk monitoring, according to the policies approved by the Board of Directors.

The credit, market, interest and Exchange and liquidity risks are the most important financial risks.

i) Credit risk

The credit risk is mainly related to the possibility of a counterparty not to comply with its contractual responsibilities causing financial losses to the Group. In the Group, the credit risk lies mainly in account receivables from trade debtors and other debtors, related to the operative activity and to treasury. The credit risk is regularly monitorised by each of the Group business with the purpose to limit the credit granted to trade debtors, according to the profile and age of the receivable, following the evolution of the level of the credit granted and analyzing the recoverability of the receivable. The customers may have difficulty in complying with their responsibilities due to the worsening of the economic conditions or the adversities that eventually affect the economies with eventual negative effects in the Group profit and loss. Therefore, an effort to reduce the term and the amount of customers' credit has been made. The CTT Group does not present a significant credit risk with a special customer, since receivables are related to a high number of customers. Impairment losses for receivables are estimated considering mainly: (i) the age of the receivables; (ii) the risk profile of the customer; and (iii) the financial situation of the customer. The risk involving treasury comes mainly from Group cash investment. With the purpose to reduce that risk, The Group policy is to invest in short/medium terms investments in several financial institutions and all of them with a quite high credit *rating* (considering the Portuguese *rating*).

ii) Interest rate risk

The interest rate risk is mainly connected to interests related to cash surplus investment and the estimate, by its impact in the discount rate, of employee benefits responsibilities. The profit from financial operations is important and so changes in interest rates have a direct impact in the company financial result. With the purpose to reduce the impact of the interest rate, the Company regular and systematically follow the market trend in order to leverage by one hand the term/rate relation and on the other the risk/profitability relation.

iii) Exchange risk

The Exchange risks are related to balances registered in a different currency than euro, mainly balances related to operations with foreign Postal Operators expressed in terms of Special Drawing Right (SDR). The Exchange risk management lies in the periodic monitoring of the level of assets and liabilities exposure to the Exchange rate risk, based in previously defined goals according o the international activity development.

iv) Liquidity risk

Liquidity risk may occur if the funding sources, such as cash, operational cash flows and cash flows from investments, credit and funding lines, do not comply with the current needs, such as, operational cash inflows, investment and shareholder remuneration. The CTT Group, based in the operational cash flows and in the cash resources, believes it has the capacity to comply with its responsibilities.

58 - Contingent assets and liabilities and subsequent events

AdP Group

i) Treasury (Águas de Portugal Group)

Following the audit by the Court of Auditors to the compliance level of the State Treasury Unit by Public Companies as foreseen in the State Budget Law (SBL) of 2010 and confirmed in the following SBL, some AdP Group companies were notified as that Court believes they do not respect the mentioned Law. Therefore, the AdP Group exercised its right to answer that notification, believing that there has been no breach as, according to the mentioned law, it had asked for a partial exemption from the compliance with the referred rule and thus presenting relevant grounds. It is worth mentioned that the Treasury Secretary of Sate refers at that purpose (in the Court of Auditors report) that: "The reasons of public companies for the exemption to comply with the Treasury Unit principle, under the current context, are all acceptable". Up to this moment, there are no definitive conclusions of the process, although the AdP, SGPS, SA, Board of Director believes there will be no sanctions for the Group companies.

ii) Other contingent liabilities

Name	Description of process	Risk evaluation	Amount (EUR)	In favour of the company	In favour of third parties
Águas do Algarve, S.A.	Proc. nr 232/2000, taking place in the Administrative Court of Lisbon, requested by Sociedade de Construções Soares da Costa, S.A.. The request against ÁGUAS DO ALGARVE, S.A. initially against ÁGUAS DO SOTAVENTO ALGARVIO, S.A., is in the amount of 2 662 385,97 euro. Since the trial was concluded, currently de decision on facts is expected. AdA considered that the amounts in this lawsuit are not due, therefore it was not created a provision for it.	Remote	2 662 385,97	X	
Águas do Algarve, S.A.	Proc. nr 501/01 – Special administrative action with ordinary process – Administrative Court of Lisbon – requested by Sociedade Somague Engenharia S.A. in the amount of 1 909 823 euro related to civil liability from the construction agreement named "Sistema multimunicipal de abastecimento de água ao Barlavento Algarvio – Adutor Ocidental".	Remote	1 909 823,20	X	
Águas do Algarve, S.A.	Proc. nr 46/09.3BELLE required by Somague Engigás Neopul – Construtores, ACE within the construction agreement "Conceção/construção do sistema de abastecimento de água e saneamento às ilhas da Culatra e da Armona em alta – Travessias da Ria Formosa por perfuração horizontal dirigida" with grounds on the technical impossibility of the Ria Formosa crossings construction. The request was in the amount of 8 332 017,21 euro, from which 1 164 598,98 euro were considered expired. The construction company appealed against this decision.	Remote	9 191 597,54	X	
Águas do Algarve, S.A.	In 05-12-2011 Ada filled an injunction against VRSA Municipality in the amount of 1 596 416 euro. The Defendant contested and the Administrative Court of Loulé decided to consider the process invalid for ineptitude. AdA appealed against this decision as well as the Defendant. The appeal was filled in the Central Administrative Court of the South in 13-11-2012, was given the number 9414/12 and is waiting for	Probable	1 596 416,00	Partial	

Name	Description of process	Risk evaluation	Amount (EUR)	In favour of the company	In favour of third parties
	decision. Considering the processes in court regarding VMG invoices bear some risk, since there is some resistance in the Clients towards the payment of costs not suffered by the company, it was created a provision of 1 081 293,57 euro (VRSA 390 043,69 euro + Tavira Verde 691 249,87 euro). We admit that the argument that may be used by the Clients is supported in unjust enrichment and although we are protected by the contract, it was considered prudent to exclude these costs so that in a court decision pre negotiation stage we may receive the remaining amounts, which represent a significant part of VMG invoicing.				
Águas do Algarve, S.A.	In 05-12-2011 Ada filled an injunction against VRSA Municipality in the amount of 2 495 898,41 euro. The action was filled in the Administrative Court of Loulé in 23-01-2012. The court asked AdA to improve the initial application, which was accordingly resent to court in 01-03-2012. The Defendant contested in 11-04-2012 and the preliminary hearing will take place in 31-01-2013. Considering the processes in court regarding VMG invoices bear some risk, since there is some resistance in the Clients towards the payment of costs not suffered by the company, it was created a provision of 1 081 293,57 euro (VRSA 390 043,69 euro + Tavira Verde 691 249,87 euro). We admit that the argument that may be used by the Client is supported in unjust enrichment and although we are protected by the contract, it was considered prudent to exclude these costs so that in a court decision pre negotiation stage we may receive the remaining amounts, which represent a significant part of VMG invoicing.	Probablel	2 495 898,41	Partial	
Águas do Algarve, S.A.	In 14-07-2011 AdA filled an administrative action against Tavira/Tavira Verde, E.M. in the amount of 2 533 779,30 euro. In 21-05-2012 took place the preliminary hearing where it was decided to join this process to the previous one with the number 65/10.7BELLE. We are waiting for a court decision. Considering the processes in court regarding VMG invoices bear some risk, since there is some resistance in the Clients towards the payment of costs not suffered by the company, it was created a provision of 1 081 293,57 euro (VRSA 390 043,69 euro + Tavira Verde 691 249,87 euro). We admit that the argument that may be used by the Client is supported in unjust enrichment and although we are protected by the contract, it was considered prudent to exclude these costs so that in a court decision pre negotiation stage we may receive the remaining amounts, which represent a significant part of VMG invoicing.	Probable	2 533 779,30	Partial	
Águas do Algarve, S.A.	Proc. nr 715/09.8 BELLE - Action filled in Administrative Court of Loulé by Águas do Algarve, S.A. against Somague, Engigás, Neopul, Construtores, ACE and against the respective grouped companies, with a request in the amount of 1 894 762,79 euro for definite breach of the construction contract..	Remote	1 894 762,79	X	
Águas do Centro Alentejo, S.A.	Injunction against Évora Municipality that was contested. The subsequent declaratory is waiting for trial.	Probable	5 599 743, includes capital, interest and	X	

Name	Description of process	Risk evaluation	Amount (EUR)	In favour of the company	In favour of third parties
			justice fee at the date the action was brought		
Águas do Centro Alentejo, S.A.	Injunction against Évora Municipality that was not contested. The executive title is in the Administrative Court of Beja.	Probable	5 026 576, includes capital, interest and justice fee at the date the executive action was brought..	X	
Águas do Noroeste, S.A.	Proc. 256/06.5BERG - Construtora do Tâmega, SA and Others. Trial scheduled to 16.10.2013. In favour of third parties	Remote	3 326 979,76		X
Águas do Noroeste, S.A.	Proc. 515/05.4BERG - Construtora do Tâmega, SA and Others.. In favour of third parties. Trial in 12-03-2013 cancelled by request of both parties.	Remote	2 965 665,87		X
Águas do Noroeste, S.A.	Proc. 476/10.8BEBRG - Isolux Inginieria, SA. Process closed.	Remote	1 578 627,90	Settled in favour of the company but by agreement of both parties.	
Águas do Noroeste, S.A.	Proc. nr 113/10.OTYVNG - Alberto Martins Mesquita & Filhos, SA. Process closed.	Remote	8 457 484,60	Settled in favour of the company but by agreement of both parties	
Águas do Noroeste, S.A.	Process nr 1380/11.8BEBRG - ABB – Alexandre Barbosa Borges, S.A. Process closed.	Remote	3 230 064,75	Settled in favour of the company but by agreement of both parties	
Águas do Noroeste, S.A.	Process nr 1162/12.0BEBRG - Isolux Inginieria, S.A. Process closed.	Remote	5 200 396,47	Settled in favour of the company but by agreement of both parties	
Águas do Oeste, S.A	Process nr 1211/12.1BERRA administrative action filled by Asibel - Construções, S.A, related to contracts of the	Probable	135 000,00		X

Name	Description of process	Risk evaluation	Amount (EUR)	In favour of the company	In favour of third parties
	"Empreitada de Construção do Sistema de Águas Residuais de Maxial/Aldeia Grande" and of the "Empreitada de Construção do Sistema de Saneamento de Alcoentre". Request in the amount of EUR1 838 439,20.				
Águas de Santo André, S.A	Injunctions and administrative ordinary actions against Santiago do Cacém City Hall, related to rendered services of Collecting and Treatment of Urban Wastewater.	Probable	2 480 990,16	X	
Águas de Santo André, S.A	Injunctions and administrative ordinary actions against Sines City Hall, related to rendered services of Collecting and Treatment of Urban Wastewater and Supply of Water for Human Consumption in the High Level System.	Probable	2 580 693,31	X	
Águas de Trás-os-Montes e Alto Douro, S.A.	Administrative offense for lack of permit (the construction was dully licensed by CCDRN, according to permit P. Dv. nr 266/07). Defence already presented by ATMAD.	Remote	2 500 000,00		X
Águas de Trás-os-Montes e Alto Douro, S.A.	Defence already presented by ATMAD.	Remote	2 500 000,00		X
Águas de Trás-os-Montes e Alto Douro, S.A.	Administrative offense for disposal of waste water in the ditch. Defence already presented by ATMAD.	Remote	2 500 000,00		X
Águas de Trás-os-Montes e Alto Douro, S.A.	Administrative offense for disposal of waste water in a water line on the soil. Defence already presented by ATMAD	Remote	2 500 000,00		X
Águas de Trás-os-Montes e Alto Douro, S.A.	Administrative offense for disposal of waste water in a water line on the soil. Defence already presented by ATMAD	Remote	2 500 000,00		X
Águas de Trás-os-Montes e Alto Douro, S.A.	In this action it is alleged that the Defendant, within the construction agreement "Construção de Execução da Barragem de Pretarouca", imposed changes and amendments to the initial project, modifying its object and the initial form of the public tender, in order to obtain an indemnity. This was contested with what is believed to be enough documental proof to win the action. In both situations the scheduling of the trial is waited. Currently it is not possible to determine with reasonable probability the final estimation of responsibilities, including legal fees and other costs.	Remote	4 383 551,95		X
Águas de Trás-os-Montes e Alto Douro, S.A.	Declaratory action of conviction for lack of payment concerning invoices issued by ATMAD	Remote	1 736 979,58	X	
Águas de Trás-os-Montes e Alto Douro, S.A.	Common Administrative Action, where Consortium SADE/EDIOC, claims the payment of the amount of 3 053 327,10 euro, as an indemnity for surcharges in the construction. ATMAD contested and also formulated a request in the amount of 1 917 816,48 euro, as damage compensation for the breach of the contract term. For this breach ATMAD applied fines to the consortium, which are not being legally discussed.	Remote	1 859 935,84		X
Águas de Trás-os-Montes e Alto Douro,	Administrative and fiscal Court of Mirandela - Administrative action by Conduril company related to construction contract of Olgas dam. Waiting for trial.	Remote	2 019 888,40		X

Name	Description of process	Risk evaluation	Amount (EUR)	In favour of the company	In favour of third parties
S.A.					
Águas do Zêzere e Côa, S.A.	Proc. n.º 99/08.1 - BECTB – Administrative Court of Castelo Branco: Action against Águas do Zêzere e Côa, S.A., by the contractors Construtora Abrantina and Marsilop, regarding the public tender H, where is petitioned the payment of the global amount of 2 285 321,63tEUR, regarding staging costs, differential of the calculation of pricing review, compensation for damages and lost profits and financial costs, to which must be added the payment of interest since March 31, 2008. The process awaits exonerating order and trial.	Probable	2 285 321,63		X
Águas do Zêzere e Côa, S.A.	Proc. n.º 38/09.2 - BECTB – Administrative Court of Castelo Branco: Action against Águas do Zêzere e Côa, S.A., by the contractors Abrantina / Marsilop, regarding the public tender of Sanitation 10 – Fundão Subsystem, where they petitioned the payment of a total amount of 3 254 767,52EUR, regarding the indemnity for aggravation of yard costs, structure expenses, overheads and opportunity expenses, compensation for changes in the project, revising of costs and reimbursement of financial expenses incurred up to 31 December 2008, plus interest until the fulfilment of the obligation. The process is awaiting exoneration order and trial.	Probable	3 254 767,52		X
Águas do Zêzere e Côa, S.A.	Proc. n.º 225/09.3 - BECTB – Administrative Court of Castelo Branco: Action against Águas do Zêzere e Côa, S.A., by the contractor Abrantina / Marsilop, regarding the public tender I, where they petition the payment of a total amount of 6 077 796,43EUR, regarding an indemnity for losses caused by staging equipment, yard and structural costs, overheads, financial costs, costs with banking guarantees, indemnities and interest until the fulfilment of the obligation. The process is awaiting exoneration order and trial.	Probable	6 077 796,43		X
Águas do Zêzere e Côa, S.A.	Arbitration procedure filed by Fundão Municipality claiming an indemnity payment of 43 394 957,71 euro. In the same procedure ÁGUAS DO ZÊZERE E CÔA, S.A., claims an indemnity payment of 186 149 euro. In a decision dated 29 October 2010, the Arbitration Court acknowledged partially the Municipality claim, determining that the exact amount to be paid should be defined in the stage of sentence execution considering that the maximum amount is 762 022,59 euro. On the other hand ÁGUAS DO ZÊZERE E CÔA, S.A. indemnity request was also partially acknowledged being the final amount to be equally defined in the stage of execution with a maximum amount of 364 615 euro. Both parties appealed against this decision and the process waits for decision of the Central Administrative Court of the South.	Remote	43 394 957,71		X
Águas do Zêzere e Côa, S.A.	Proc. nr 450/11.7BECTB – Common Administrative Action, with ordinary procedure, in Administrative Court of Castelo Branco, filled by the following Municipalities: AGUIAR DA BEIRA, ALMEIDA, BELMONTE, CELORICO DA BEIRA, FIGUEIRA DE CASTELO RODRIGO, FORNOS DE ALGODRES, FUNDÃO, GOUVEIA, GUARDA, MANTEIGAS, MEDA, PENAMACOR, PINHEL and SABUGAL against the MINISTRY OF AGRICULTURE, SEA, ENVIRONMENT AND TERRITORY PLANNING and ÁGUAS DO ZÊZERE E CÔA, S.A.. In the process	Remote	N/A		

Name	Description of process	Risk evaluation	Amount (EUR)	In favour of the company	In favour of third parties
	the Municipalities claim *(i)* the declaration of invalidity of the concession agreement for the exploration and management of the multi-municipal system of water supply for public consumption and collection, processing and disposal of effluents, dated 15 September 2000, between the Portuguese State and ÁGUAS DO ZÊZERE E CÔA, S.A., *(ii)* the declaration of invalidity of the agreements for collection of effluents and water supply, signed in the same date between the Plaintiffs and ÁGUAS DO ZÊZERE E CÔA, S.A., and *(iii)* the declaration of invalidity of the agreements for transfer and improvement of municipal infrastructures signed between the Plaintiffs and ÁGUAS DO ZÊZERE E CÔA, S.A.. The process is awaiting the exoneration stage, prior to the trial.				
Simlis, S.A.	Proc. 1552/09.5BELRA – TAF Leiria - Administrative common action, brought by Construtora Abrantina, on 29-09-2009, asking the condemnation of SIMLIS in the payment of the amount of 3 099 892,27 euro and interest, regarding damages with losses of income, staging of the works, financial expenses and losses with the assembly and disassembly of the yard - "Empreitada de execução da Rede de Saneamento de Maceira- 3.ª,5.ª e 6.ª fases "	Remote	2 876 603,28		X
Sanest, S.A.	Type of procedure: Injunction nr 389714/08.3YIPRT, becoming Legal Proc nº 119/09.2BELSBTAC Lisboa. Description of the procedure: Injunction filled by SANEST according to instructions from AdP against Sintra Municipality due to debt from SMAS related to rendering of services of effluents collection in the area of the referred Municipality invoiced under the implementation of invoice system by flow measurement, according to the Concession Contract and the Effluent Collection Contract.	Probable	Debt value: €1 845 277,04 + interests	X	
Sanest, S.A.	Type of procedure: Payment claim of SANET at Cascais Municipality of a debt of this entity to the former. Description of the procedure: Payment claim of SANET at Cascais Municipality of a debt of the latter to the former concerning studies/projects and works of eradication of discharges and of landscape and environmental recovery of rivers and other services made by the former to the latter, according to The Amendment to The Effluent Collection Contract of 25/09/1997 and Protocols of 18/01/2000, 05/08/2002, 01/10/2004 e 15/05/2009;	Probable according to new protocol of instalments payment	Current debt value: 2 229 874,55	X	
Sanest, S.A.	Type of procedure: Legal Proc nr 3872/07.4TBCSC and Annex / Cascais – to determine the value of the compensation for expropriation. Description of the procedure: Judicial Appeal of the Indemnity Arbitration within the expropriation of Plot 1 by SANEST, required for the construction of the new Guia ETAR, Liquid Stage, as per Declaration of Public Utility issued in decision nr 26441/2005 of the SEOTC, published in D.R. II Series, nr 244, from 22/12/2005	Remote the value claimed by the interested parties.	Value claimed by the interested parties: €6 277 974,64.		X
Sanest, S.A.	Type of procedure: Legal Procs nrs 3877/07.5TBCSC / 3880/07.5TBCSC and 3881/07.3TBCSC – Cascais – de estimating the compensation for expropriations Description of the procedure: Judicial Appeal of the Indemnity Arbitration within the expropriation of SANEST of Plots 3, 5 ans 6, required for the construction of the new Guia ETAR, Solid Stage, as per Declaration of Public Utility issued in decision nr	Remote the value claimed by the interested parties	Value claimed by the interested parties: €1 800 140,00		X

Name	Description of process	Risk evaluation	Amount (EUR)	In favour of the company	In favour of third parties
	26441/2005 of the SEOTC, published in D.R. II Series, nr 244, from 22/12/2005.				
Sanest, S.A.	Type of procedure: Legal Proc nr 1263/12.4BELSB – Administrative Legal Action, with ordinary procedure, filed by the Sintra Municipality against SANEST, by alleged damages caused by the refund procedure concerning overpaid VAT by the Municipality to SANEST related to invoicing from July 2000 to April 2003, for the Services of Collection and Treatment of Residual Water, according to the Concession Agreements for Effluents Collection.	Probable	Value claimed €1 564 420,13 + interests		X

iii) Rights and Duties

Águas do Algarve, S.A.

According to nr 12 of Clause 17th of the protocol with INAG (Water Institute), the Águas do Algarve, S.A., contributes with 1 000 000 euro/year, for the expenses with works and maintenance of the Sistema de Odeleite-Beliche. This cost is registered in he accounts, account 62-FSE. Águas do Algarve has a protocol with ICNB - Instituto da Conservação da Natureza e da Biodiversidade, which foresees an annual contribution of 280 000 euro, updated at inflation rate , aiming the implementation and maintenance of the Centro Nacional de Reprodução do Lince Ibérico.

iv) Subsequent relevant events

Águas do Noroeste, S.A.

The Public Partnership Contract related to the Sistema de Águas da Região do Noroeste was signed at 5 of July in the Ministry of Agriculture, Sea, Environment and Territorial Planning between The Portuguese State and the Municipalities of Amarante, Arouca, Baião, Celorico de Basto, Cinfães, Fafe, Santo Tirso and Trofa. According to this contract, Águas do Noroeste starts managing the “in low water” systems of those Municipalities, including the collection of the service from the final consumers, during a period equal to the multi municipal system, i.e., for 46 years. The signature of the Management Contract between the above mentioned parties and Águas do Noroeste, S.A. is scheduled to the next 26 of July.

ANA Group

i) Contingent liabilities

In thousand euro

Description	30-jun-2013	2012
Labour processes	1 046	1 053
Expropriation processes	954	954
Process concerning annulment of the negotiation procedure for management services of car parks	33	33
Process concerning the contract for the development of concept and design of ANA's new website		74
Compensation process for annulment of contract award	134	134
Administrative action for damages caused by unfeasibility of allotment	103	103
Actions against t ANAM regarding the enlargement project of Funchal Airport	167	167
Actions contesting the traffic fees charged	266	266
Administrative actions	35 + 1 / month until the end of the process	35 + 1 / month until the end of the process
Indemnity actions for damages	589	589
Public tender procedures for licences	468	468
Contest of ground handling services fees	23	0
Contest of exploitation fees	99	0
Other responsibilities	537	542
	39 228	**39 192**

ii) Subsequent relevant events

Acquisition of ANAM, SA shares

At 19 of July 2013, the Contract of Acquisition of Shares representing 20% of the equity of ANAM – Aeroportos e Navegação Aérea da Madeira, S.A was signed between the Autonomous Region of Madeira and ANA– Aeroportos de Portugal, S.A..

According to this contract, the Autonomous Region of Madeira has sold ANA, S.A., by 1 euro, 20% of its remaining financial stake in the ANAM, S.A. equity. Therefore, from that day on, ANA, S.A. holds 100% of ANAM, S.A. equity.

Renewal of the short-term loan (up-front concession fee)

Due to the delay in the conclusion of the sale of the ANA, S.A. equity shares to Vinci Concessions, S.A.S., and the Group renewed the 800 million euro loan until 30th September 2013 (earlier renewed at 31st July 2013).

<u>TAP Group</u>

i) Contingent Assets

At 30 June 2013 and 31 December 2012 the Group had no contingent assets.

ii) Contingent Liabilities

The Brazilian subsidiary TAP ME Brazil has tax, civil and labour actions, involving risks of loss classified by the Administration as possible, based on the assessment of their legal counsels, for which no provision was set.

Description	30-jun-2013	2012
Labour actions – Undeposited Guarantee for Time of Service Fund ("FGTS") between 2002/2004 and Hazard/Unhealthy The main labour action is a process moved by the Union where is claimed the deposit of the FGTS between 2002 and 2004 of all employees of Porto Alegre. The other action refers to the requirement of an additional payment regarding the hazard, for all the employees who work as auxiliary aircraft maintenance in Porto Alegre. After the analysis of the expert evidence, it was concluded that the activities performed were not dangerous for health. The process is in TST (Brasília) due to the appeal from the Union, waiting for the judgement. TAP ME Brazil considers that, based on the information provided by its lawyers, from these processes it will not result any significant impacts that may affect the financial statements as at 30 June 2013.	76 589	75 864
Tax Action - Tax execution of accessory obligations of ICMS On December 2007, the subsidiary was notified of a fiscal execution brought by Fazenda do Estado de São Paulo (Guarulhos), regarding the fulfilment of accessory obligations of ICMS. The subsidiary was pledged in 2% of the revenue, as well as the suspension of the execution on the grounds for the revision of the tax execution. Currently the company is waiting for the Judge's decision on the suspension of the execution. The chance of failure by the subsidiary is considered possible.	9 816	10 288

Description	30-jun-2013	2012
Tax Action – Infraction auto for import tax (“II”), industrialized products tax (“IPI”), social integration program (“PIS”) and contribution for social security financing (“COFINS”) The subsidiary was notified by the Federal Reserve, on 16 October 2007, which understood that the exemption from II and IPI and the aliquot 0% of PIS and COFINS were not applicable to the import operations performed by the subsidiary. It is awaited the trial of the defence presented by the subsidiary. TAP ME Brazil understands that, based on information given by its lawyers, from this process won’t result significant impacts to the financial statements as at 30 June 2013. The chance of loss by the subsidiary is considered possible.	42 892	44 740
Tax action - Infraction auto for corporate income tax (“IRPJ”), social contribution on net profit (“CSLL”), PIS and COFINS from 2007 Federal tax authorities considered there was inconsistency in TAP ME Brazil declarations, therefore ignored the accounting for the period and determined the amount of tax due. The process is still waiting for trial in Delegacia da Receita Federal. Lawyers consider the chance of loss is possible.	46 745	48 488
Tax action - Infraction auto for non-compliance of the temporary admission regime In 2012 Receita Federal notified the subsidiary due to non-compliance of temporary import regime. Defence lawyers concluded the chance of failure is considered possible.	5 505	5 692
Tax action - Infraction auto of IRPJ/CSLL In 2012 several administrative processes were started because of non recognition of the offsetting procedure, from Offsetting Tax Declaration referring to negative balances of IRPJ and CSLL, for supposed use of undue credits. It was filled a Declaration of Inconformity and the trial is waited. Lawyers consider the chance of loss is possible.	224	232
Tax action - Infraction auto – Tax fine Subsidiary TAP ME Brazil was fined for non-compliance of temporary export regimes in 2009. All related administrative procedures are being defended in Conselho de Contribuintes. The chance of failure is considered possible.	208	216
Tax action - Infraction auto – Tax fine related to accessory obligations The Brazilian subsidiary was fined for non delivery of accessory obligation. Defence lawyers concluded the chance of failure is considered possible.	272	281
Tax action - Infraction auto – Non recognition of the offsetting procedure The subsidiary was notified of unconformities in the Offsetting Tax Declaration, which was not recognized. Defence lawyers concluded the chance of failure is considered possible.	84	88
Others – Pledged assets Subsidiary TAP ME Brazil owns several pledged assets, amounting to 16 987 thousand euro (18 158 thousand euro in 2012), regarding guarantees required for fiscal and labour processes. Among these assets are cars, computers, parts, and items of the hangar in Rio de Janeiro and Porto Alegre.	16 987	18 158

Baía do Tejo Group

i) Contingent liabilities

Several lawsuits pending with a supplier who claims the payment of issued invoices and interest, as well as other works performed, in a total amount of 4 563 thousand euro. As a result of the decision of the court in June 2010, regarding one of these processes, Baía do Tejo was condemned to pay the invoices due. However, it was placed an appeal, requiring the suspension of the decision, and presented a bank guarantee amounting to 1 666 tEUR. In result of such appeal Baía do Tejo ended up being acquitted by a

Supreme Court of Justice decision. Currently we wait for a decision on an appeal filled by the Plaintiff, which required the invalidity of the STJ decision, therefore the process is not yet concluded and the bank guarantee is still active. On the other hand, there was also a favourable decision for Baía do Tejo regarding one of the processes where were claimed the interest for the delay in the payment of the invoices. The plaintiff appealed in January 2013.

It should be noted that, of the total amount claimed, the Company has registered an invoice amounting to 635 305 thousand euro. On the other hand, since this subject is related with the de-pollution process of the historical dust of Maia, all this expenses were assumed by the Portuguese State, by order of the Secretary of State of Treasury and Finance nr 814/08-SETF, of October, and for that, no provision was set.

SIMAB Group

i) Contingent Assets

Ongoing legal process: in SIMAB, at 4th of July 2013 the Tribunal Tributário de Lisboa (Tax Court of Lisboa) received a legal process against the Administração Tributária in which SIMAB demands the payment of 11,8 thousand euro, as compensatory interest.

This process was originated by a tax inspection to SIMAB, resulting from a VAT reimbursement request in June 2000. SIMAB complained about the additional VAT payment made by the Tax Inspectorate but it paid in 2005 the amount of 69 139,81 euro, This amount was reimbursed only in 2009 and 2010 after the favourable dispatch in hierarchical procedure.

Under article 43 of the General Taxation Law, compensatory interests do not depend on the request of the taxpayer and they should be informal paid by Tax Administration. However, as the company confirmed that this rule had not been satisfied, asked for the payment but its request was dismissed. The company appealed hierarchically the decision and in October 2012 it was notified that the appeal was rejected. As there were no more administrative means of defence, the mentioned legal process was filled. At 14 June 2013, the Tribunal Tributário de Lisboa (Tax Court of Lisboa), second organic unit, informed the applicant that, under the process nr 50/13.7 (BELRS), the claim was accepted and now it is expected the adversarial proceedings from the tax authority.

ii) Contingent liabilities

1) In SIMAB, there is a pending legal dispute against MACB – Mercado Abastecedor da Cova da Beira, SA, in the amount of 57 thousand euro. In the same legal process, a counterclaim was brought by MACB asking for the payment of 230 thousand euro. In connection with this process, a claim of the solution dispatch was presented and a trial was held at 29 April 2013 and 07 May 2013, the witnesses from both parties were heard and the reading of the 1st degree sentence is expected.

   It is not possible to determine if the decision will be or not favourable to SIMAB, depending of external factors not controlled by the company. Therefore, it was decided to record no value in provisions for risks and expenses related to this process.

2) In MARL, the total amount of lawsuits by operators and other entities are classified as follow:

Identification	Type	Defendant	Initial values	Plaintiff	Initial values
ADD4YOU	Executive process			x	22,89
Azeol	Declaratory relief			x	6,32
ASAE	Infraction	x	3,50		
Fenixpesca, S.A.	Executive process			x	42,51
Frigoservice	Declaratory relief	x	29,77		
Helena Maria Cruz Dias	Executive process			x	3,23
João Severino	Injunction			x	3,17
Largopesca, S.A.	Declaratory relief			x	6,28
Liberty seguros	Lawsuit	x	19,25		
Maria dos Anjos Vidal	Executive process			x	2,48
Ricardo Jorge M. Constantino	Executive process			x	3,62
Ricofish, Lda	Declaratory relief	x	199,80		
Rui Costa Sousa & Irmão, S.A.	Declaratory relief			x	12,88
Teoflor, Lda	Declaratory relief	x	1 959,10		
Vitor Rodrigues	Declaratory relief			x	13,10
Zonafao, Lda	Injunction			x	3,57
(1) Subtotal (as defendant)			**2 211,41**		
(1) Subtotal (as plaintiff)					**120,06**
TOTAL		**2 091,35**			

According to the analysis of the situation related to commitments, current responsibilities, probable or contingent, lawsuits, claims or litigation files and from a careful risk analysis, supported by the opinion of the company's lawyers, the MARL, SA Administration considers that the amount registered in "Provisions," that at 30 June 2013 amounted 27 thousand, is adequate to face the identified risks.

Concerning the declaratory relief of Teoflor, MARL, SA believes that the claim and the compensatory request have no justification, but what eventually would be a risk to MARL, SA would be the reimbursement of amounts paid by Teoflor, SA, in the total of 21 thousand euro, which is already included in provision.

3)In MARB, at 2 December 2008, a special administrative procedure was filed by MARB,SA in the Tribunal Administrativo e Fiscal de Braga (Proc. Nr 1736/08.3BEBRG) against the Manager of the Operational Program of Northern Region (Chairman of CCDR-N), the Ministry of Economy and Innovation and the Ministry of the Environment and Regional Planning and Development, to cancel or to declare cancelled the decision of the POR-Norte manager and of the DRE-Norte sectoral coordinator concerning the reimbursement request of the paid subsidies in the amount of 1 015 thousand euro related to the construction project of MARN (current MARB).

The special administrative procedure claims the annulment or annulment declaration of the decision of the Manager of the Operational Program of Northern Region and of the DRE-Norte Sectoral Coordinator who asked for the reimbursement of 1 015 thousand euro and 338 thousand euro, respectively, due to the breach of procedure as the tenders for contract works were not published in Diário da República (Official Gazette) having, however, followed the public procurement procedures, including the publication in several national and local daily newspapers.

The mentioned annulment request is based on the assumption that that breach of procedure did not affect the usual course of the tenders and contract works, and that that breach of procedure is only essential when, for legal effects of annulment, it will harm community assets, i.e., if the related community subsidies have not been well applied. In fact, it was as if the granted amounts had been applied in a different purpose.

In 11 March 2011, the TAF de Braga decided to grant the MARB, SA request and annulled the administrative procedure due to lack of reasoning. The Ministry of Economy, Innovation and Development instituted court proceedings.

In 24 January 2012, the TAF de Braga informed MARB, SA that the process was transferred to the Tribunal Administrativo e Fiscal do Porto (TAF), with nr 296/09.2BEBRG, where processes of more than 1 000 thousand euro were gathered. The examination of witnesses took place at 14 May 2012, being the Judge presiding the process concerned about the good allocation of the funds what has been confirmed by the witnesses.

In 8 February 2013, the Tribunal Central Administrativo Norte (TCA) granted the court proceeding of the Ministry of Economy, Innovation and Development and revoked the sentence of the Tribunal Administrativo e Fiscal de Braga, based on an error of judgment of the law, related to the breach of procedures due to lack of reasoning by which MARB, SA had to return a certain amount of the granted subsidy, under the Operational Program of Northern Region. It was also decided that the process should return to the 1st instance to be re-evaluated. In 16 March 2013, MAB, however, decided to appeal that decision of TCA do Porto to the STA. The Ministry of Economy, Innovation and Development submitted its arguments to that appeal in 27 May 2013. In this process it is difficult to known the final decision since it depends on long procedure requirements in several instances and depending on several external factors not controlled by the company.

4) In MARE, the total amount of lawsuits is classified as follow:

<table>
<tr><th>Identification</th><th>Type</th><th>MARE position</th><th>Claim value (thousand euro)</th><th colspan="2">Stage of the process</th></tr>
<tr><td>Sobral, Lda – Refª 5 473 002</td><td>Insolvency procedure</td><td>Claimant creditor</td><td>29,82</td><td>Mare credits were fully recognized, in the total amount of 83 562 euro, awaits payment of the insolvency assets. The amount of 53 511 euro is a credit under suspensive condition depending on the instalments actually been paid by MARE, as guarantor of the loan contract between MG and Sobral.</td><td>The assets of the insolvency assets have a small value (office materials), there are no movable or immovable assets registered, therefore there is a very small probability of MARE to be compensated.</td></tr>
<tr><td>Finioption, Lda</td><td>Executive Procedure</td><td>Execution creditor</td><td>2,21</td><td>Process closed. The execution was cancelled because there were no seizable assets.</td><td>Certificate was sent for tax purposes.</td></tr>
<tr><td>Carriço Peixaria, Lda</td><td>Insolvency procedure</td><td>Plaintiff</td><td>6,87</td><td colspan="2">MARE credit was claimed and received under the required terms. The General Meeting of Creditors took place at 27 November 20012. The Social Security contested the creditors list because it was not considered its preferential debt. The file is being organized.</td></tr>
<tr><td>Maria Bento Silva</td><td>Executive Procedure</td><td>Plaintiff</td><td>8,18</td><td colspan="2">The application concerning the executive process was filed at 14 November 2012 and Na EA was appointed. Due diligences to check the existence of seizable assets were unsuccessful. The indication of other seizable assets known by MARE is on hold.</td></tr>
<tr><td>Joel Filipe Pereira Serrano</td><td>Payment Procedure</td><td>Plaintiff</td><td>2,09</td><td colspan="2">A payment procedure was initiated at 01 September 2008 and Mare ordered to continue to the executive stage in April 2010.</td></tr>
<tr><td>Optha, Lda</td><td>Executive Procedure</td><td>Plaintiff</td><td>2,92</td><td colspan="2">The executive procedure was initiated at 16 July 2010, waiting for the follow-up by the executive agent.</td></tr>
<tr><td colspan="3">TOTAL</td><td>52,09</td><td colspan="2"></td></tr>
</table>

5) In MARF, there is the legal insolvency of Frutar Sul, Lda, whose debt amounts to 8 thousand euro and it was required the certificate proving the demand of these credits in the process. MARF is waiting for the conclusion of the referred process.

Companhia das Lezírias

Subsequent relevant events

At the 01st of August 2013, Decree-Law 109/2013 was published extinguishing the Fundação Alter Real, and transferring to Companhia das Lezírias, by delegation of the State, some of the main purposes and activities of Fundação Alter Real (as well as, some assets related to the execution of those activities, liabilities and some staff) and up till now it was not yet possible to determine the impact in Companhia das Lezírias of that transfer of new purposes and activities.

CTT Group

Subsequent relevant events

Following the legal procedure concerning three former directors, a Judgment was delivered at 11 June 2013 in the "Vara de Competência Mista de Coimbra" acquitting the defendants of the crimes they have been accused. The CTT Board of Directors acknowledged that decision during July and decided not to appeal. The court fees to be paid by "CTT – CORREIOS DE PORTUGAL" will still be decided by the Judges according to the complexity of the process.

59 - Non-accounting nature disclosures

i) Guarantees

AdP Group

Responsibilities with bank guarantees given to business units of the companies included in the consolidation perimeter of AdP Group were as follows:

BU	Courts	Financial Institutions	Grantors	Other	1st half of 2013	2012
UNAPD	9 547	-	249	13 503	23 300	29 901
EPAL	5 176	93 587	-	331	99 094	102 612
UNADR	-	-	-	227	227	134
UNR	153	168	1 096	4 605	6 022	12 273
UNI	-	-	-	-	-	2 330
Corporate	-	1 646 262	-	1 429	1 647 691	1 659 256
TOTAL	**14 876**	**1 740 017**	**1 345**	**20 097**	**1 776 335**	**1 806 505**

The holding company (AdP SGPS), regarding the borrowings contracted with BEI, is the grantor for the fulfilment of the contracted obligations.

ANA Group

	1st half of 2013	Increases	Decreases	2012
BEI Financing	266 186	77 701	2 809	191 294
Income Tax	3 011			3 011
Expropriation litigation	492			492
Management of customs warehouses	1 202	215		987
Other	150		20	170
	271 041	**77 916**	**2 829**	**195 954**

TAP Group

	1st half of 2013	2012
Bank guarantees given to TAP S.A.		
Portuguese State – Exploration of Azores flying route	1 654	4 234
Natwest - "Acquiring" regarding credit cards	2 450	2 573
Labour Court	2 302	3 633
Aircrafts	25 410	21 166
Fuel	3 002	2 994
BIC credit line	15 291	
Other	11 012	7 970
Guarantees given to L.F.P., S.A.		
Concession agreements regarding the exploration airport duty free shops	6 336	6 336
Bank guarantees given to other Group companies	**663**	**534**
Cautions given to insurance companies	**162**	**162**
Total	**68 282**	**49 602**

Baía do Tejo Group

At 30 June 2013, the bank guarantees given to third parties were as follows:

Beneficiary	Nature	1st half of 2013	2012
Câmara Municipal do Seixal	Good execution of the infrastructures construction contract.	141	141
Tribunal Cível da Comarca do Seixal	Caution to be attributed a suspension effect to the appeal related with Terriminas process (Maia Dust)	1 666	1 666
Administração do Porto de Lisboa (APL)	Guarantee the expenses related with the use of Seixal terminal	68	68
Administração do Porto de Lisboa (APL)	Use of the public domain area	42	42
EDP	Guarantee the electric infrastructures in the Seixal Industrial Park - Process EDP-RCLER.	21	21
Tribunal do Trabalho de Almada	Caution for a process involving a former worker	19	19
SLE	Supplying of electrical power to the facilities located in Barreiro Park	7	7
		1 963	**1 963**

Additionally, the Company contracted purchase contracts of lots located in PIS I, between former Urbindústria and particulars, jointly guaranteed, to ensure contingent indemnities to pay to the former owners of the lands of former Siderurgia Nacional, S.A.

In turn, it promised, as collateral, to the Municipality of Seixal, to make the lieu of compliance of 10 plots of land in Parque Industrial do Seixal – 3rd stage (PIS III) in the event of breach of commitment to proper implementation of the infrastructure to make in that park, budgeted in 4 660 thousand euro.

Companhia das Lezírias

At 30 June 2013, Companhia das Lezírias has the following bank guaranties granted to the company:

- Bank guaranty in the amount of 2 493,99 euro, in BPI, to secure wine; and
- Bank guaranties in the amount of 45 000 euro, in BCP, to secure diesel supply.

In “Other receivables” it is registered the amount of 22 371,07 euro, deposited on behalf of the Labor Court of Tomar, concerning the legal action related to the accident at work of Bernardo da Silva Moreira and it was made as guaranty of future pension payments.

CTT Group

At 30 June 2013, the Group had provided bank guaranties to third parties in the amount of 2 323 thousand euro.

The bank guaranties were detailed as follows (thousand euro)

Description	1st half of 2013
Court	977
Lisboagás, S.A.	190
Municipalities	140
ACT Autoridade Condições Trabalho	48
Sofinsa	92
Solred	80
Parc Logistics Zona Franca	78
Alfândega do Porto	75
Secretary General of the Ministry of Internal Affairs	48
National Road Safety Authority	-
PT PRO – Serv Adm Gestão Part, S.A.	50
Directorate for Administrative Litigation of Lisbon	50
Record Rent a Car (Cataluña, Levante)	40
SetGás, S.A.	30
ANA – Aeroportos de Portugal	29
Santa Casa da Misericórdia de Lisboa	87
TIP – Transportes Intermodais do Porto, ACE	50
Ministry of Education	39
EPAL – Empresa Portuguesa de Águas Livres	21
Natur Import (nave Barbera)	18
Albert Vilella I Camprubi	17
Portugal Telecom, S.A.	17
General Secretary for the Ministry of the Interior	14

Description	1st half of 2013
SPMS – Serviços Partilhados do Ministério da Saúde	16
Petrogal, S.A.	11
Alquiler Nave Tarragona	7
TNT Express Worldwide	6
SMAS Torres Vedras	4
Infarmed IP	8
Institute of Employment and Vocational Training	4
Controlplan S.L.	3
Junta de Extremadura	-
Inmobiliaria Ederkin	8
Institut of Road Infra-Structures	4
Estradas de Portugal, EP	5
REN Serviços, S.A.	10
EMEL, S.A.	19
IFADAP	2
Other entities	27
TOTAL	**2 323**

According to the rental contracts of the Praça dos Restauradores, Rua do Conde Redondo and Av. Casal Ribeiro buildings, if the Portuguese State looses the majority of the CTT, SA, equity, it should be presented bank guaranties on first demand, in the amount equal to 24 months of current rent values at that date.

SIMAB Group

Guaranties granted to third parties

Beneficiary	Issuing entity	Values	Company
CM Figueira da Foz	BES	6,93	SIMAB
REPSOL	Millennium BCP	5,00	SIMAB
BES	BES	3 334,00	SIMAB
Millennium BCP	Millennium BCP	23 000,00	SIMAB
Repsol, Lda	CGD, S.A.	7,98	MARL
BES	BES	1 500,00	MARF

Guaranties held from third parties

1) In MARL, SA at 30 June 2013, the company had the following bank guaranties from third parties, related to the accomplishment of the responsibilities resulting from the related contracts of services rendered:

Issuing entity (ies)	Purpose	Type	Value
Armando Cunha, Lda	Remodelling Works in the area surrounding the CTT Expresso building	Bank guaranty – Millennium BCP	8,66
CHARON, Lda	Services Rendered, Security and Monitoring Contract	Bank guaranty - BES	23,06
Dalkia, S.A.	Contract of Maintenance and Mechanical and Electric Operational Services of AVAC, Of Structures and Buildings of Chillers and of Heat Pumps.	Bank guaranty - BES	40,68
Dalkia, S.A.	Contract of Maintenance and Mechanical and Electric Operational Services of AVAC, Of Structures and Buildings of Chillers and of Heat Pumps.	Bank guaranty – BNP Paribas	17,09
Edivisa, S.A.	Improvement Works of the Pavilhão do Pescado	Bank guaranty - BARCLAYS	65,48
Edivisa, S.A.	Improvement Works of the Pavilhão do Pescado	Bank guaranty - BPN	9,74
NCC Facility Services, S.A.	Contract of Inside Cleaning Services	Bond Insurance - AXA	29,92
Hidurbe, S.A.	Contract of Cleaning Services	Bank guaranty – Millennium BCP	100,00

Issuing entity (ies)	Purpose	Type	Value
JCDecaux, S.A.	Contract of Services of Urban Furniture	Bank guaranty - SANTANDER	59,32
Planirest, Lda	Collateral for Implementation of Document Archive - NAC	Bank guaranty - BES	8,30
Planirest, Lda	Improvement Works of the Pavilhão do Pescado	Bank guaranty - BES	15,93
Proman, Lda	Monitoring Services of Coverage of the CTT Expresso Building	Bank guaranty – BPN	1,13
PT Comunicações	Design, Constr., Explo. and Maint. Telec. Networks and IT Systems	Bank guaranty – Millennium BCP	149,64
Ramos Catarino, Lda	Contract of Rehabilitation of the Coverage of the CTT Expresso Building	Bank guaranty – Banco Popular	14,62
Ramos Catarino, Lda	Contract of Rehabilitation of the Coverage of the CTT Expresso Building	Bank guaranty – Banco Popular	15,20
Resopre, Lda	Contract of Remodelling and Installation of the Pórtico IT System.	Bank guaranty - CGD	15,37
Strong, S.A.	Prevention and Surveillance Services	Bank guaranty – Millennium BCP	15,00
TRAFIURBE, S.A.	Works of Painting of Markings in Bituminous Pavements.	Bank guaranty - BES	0,75
VISACASA, S.A.	Contract of Equip. and Facilities Maintenance Services	Bank guaranty – Banco BIC	9,62
TOTAL			**599,52**

At 30 June 2013, MARL SA hold the following bank guaranties and promissory notes over third parties, related to collateral of good and full compliance of the responsibilities concerning the contract of spaces:

Issuing entity (ies)	Purpose	Type	Value
MARL Energia, Lda	Contract for the use of the Photovoltaic Central facilities	Promissory note	500,00
Bargosa, S.A.	Contract Collateral	Bank guaranty - BES	9,98
CEMG	Contract Collateral	Bank guaranty - MG	24,35
Doca Marinha, Lda	Contract Collateral	Bank guaranty - BES	1,85
Espada Pescas Unipessoal	Contract Collateral	Bank guaranty – BES Açores	3,57

Issuing entity (ies)	Purpose	Type	Value
Eurotejo, Lda	Contract Collateral	Bank guaranty - BES	7,50
Eurotejo, Lda	Contract Collateral	Bank guaranty - BES	3,69
Figueira, Lda	Contract Collateral	Bank guaranty - BES	36,13
Recheio, S.A.	Contract Collateral	Bank guaranty - BES	72,31
Repsol, Lda	Contract Collateral	Bank guaranty – Millennium BCP	4,96
Torrestir, S.A.	Contract Collateral	Bank guaranty - BPI	15,40
Disgelo, Lda	Collateral for exploration of the Unit of Ice Production and Cold Stores	Bank guaranty - CGD	19,00
Total			**698,74**

2) In MARF, SA at 30 June 2013, the company hold the following bank guaranties over third parties related to the compliance with the contracts of services rendered:

Issuing entity (ies)	Purpose	Type	Value
Hidurbe	Acquisition of Cleaning Services and Solid Waste Removal	Bank guaranty - BCP	12,51
JFS	Construction of the Supply Market of Faro – 4th stage – Warehouse E3	Insurance policy/Mapfre Caucion y credito	148,69
JFS	Construction of the Supply Market of Faro – 4th stage – Warehouse E3 (security reinforcement 5%)	Insurance policy/Mapfre Caucion y credito	148,69
JFS	Construction of the Supply Market of Faro – 4th stage – Warehouse E3	Insurance policy/Mapfre Caucion y credito	6,79
JFS	2nd Amendment to the construction contract – 4th stage – Warehouse E3	Bank guaranty – BPN	24,02
NCC Facility Services, S.A.	Acquisition of Cleaning Services of Internal Offices, Market Hall and Hallway.	Bond insurance - AXA	1,50
FCC, Logística, S.A.	Not paid rentals related to signed renting contract	Bank guaranty - Totta	7,00
Total			**377,76**

3) In MARB, SA at 30 June 2013, the bank guarantees given to third parties were as follows:

Issuing entity (ies)	Purpose	Type	Value
Construções Europa Ar Lindo, S.A.	Construction Contract of the CTT Expresso Facilities in MARB	Bank guaranty - BCP	16,99
Construções Europa Ar Lindo, S.A.	Construction Contract of the CTT Expresso Facilities in MARB	Collateral: Invoice Withholding 10% over contract value	17,34
Construções Europa Ar Lindo, S.A.	Construction Contract to checking and repair of the rainwater system in MARB building.	Bank guaranty - BES	0,72
Vadeca Serviços – Limpeza Industrial, S.A.	Contract of Cleaning and Solid Waste Removal Services in MARB	Bank guaranty – Banco Popular	4,73
Lying Gest, S.A.	Contract of Cleaning and Solid Waste Removal Services in MARB	Bank guaranty – BCP	4,13
Total			**43,92**

4) In MARE, SA at 30 June 2013, the bank guarantees given to third parties were as follows:

Issuing entity (ies)	Purpose	Type	Value
Bloco	10% of the value of works of reinforcement and isolation of the Market Hall coverage.	Bank guaranty - BCP	4,80
Bloco	10% of the value of works of reinforcement and isolation of the Market Hall coverage. (other works)	Bank guaranty - BCP	1,00
José Quintino, Lda	External repairs of the Warehouse Surroundings (Chronopost)	Bank guaranty - BPI	6,85
JFS, S.A.	Execution of Alterations in the Warehouse (Chronopost)	Bank guaranty – BCP	18,35
JFS, S.A.	2nd Amendment to the Contract of Execution of Alterations in the Warehouse (Chronopost)	Bank guaranty – Santander Totta	1,92
Caetano Coatings, S.A.	Repair of the Warehouse Floors	Bank guaranty - BES	0,59
PSG, S.A.	Guaranty of full accomplishment of the duties of the Security Company PSG under the signed contract conditions.	Bond insurance: Policy nr 5622237/Zurich	2,40
Total			**35,91**

ii) Financial off balance sheet commitments

AdP Group

The estimate of off-balance sheet financial commitments assumed by AdP Group resulting from the celebration of the concession agreements regarding initial, replacement, renewal and expansion investments to be made throughout the remaining concession period, can be shown as it follows:

	Contractual investment	Investment made	Ongoing investment	Contractual investment not made (N)	Contractual investment not made (N+1)	Contractual investment not made (N+2…N+5)	Contractual investment not made (>N+5)
UNA-PD	6 512 974	4 619 940	216 189	97 199	165 173	289 498	1 124 974
UNA-DR	1 528 470	1 104 940	62 392	51 519	75 001	90 118	156 471
UNR	497 932	10 853	8 442	11 106	36 780	103 882	326 867
	8 539 376	**5 735 733**	**287 024**	**159 825**	**276 954**	**483 499**	**1 608 313**

Companies	Supply / Sanitation	Waste	Distribution and collection	1st half of 2013	2012
Contractual investment	6 512 974	1 528 470	497 932	8 539 376	8 527 075
Investment made	4 619 940	1 104 940	10 853	5 735 733	5 622 012
Ongoing investment	216 189	62 392	8 442	287 024	345 079
Contractual investment					
Contractual investment -N	97 199	51 519	11 106	159 825	
Contractual investment (N+1)	165 173	75 001	36 780	276 954	353 664
Contractual invest. (N+2 .. N+5)	289 498	90 118	103 882	483 499	633 708
Contractual investment (>N+5)	1 124 974	156 471	326 867	1 608 313	1 585 499

In the following table it can be found the future commitments of the Group regarding the rents to be paid to municipalities for infrastructures integration, as defined in the concession agreements.

	Rents already recognised	Recognised rents not yet paid	Future Rents - (N)	Future Rents - (N+1)	Remaining future rents	1st half of 2013	2012
Águas do Algarve, S.A.	725			55	2 997	3 778	3 778
Águas do Centro Alentejo, S.A.	1 256	170		176	2 214	3 816	3 816
Águas do Mondego, S.A.	30 710		721	1 475	3 361	36 267	36 267
Águas do Norte Alentejano, S.A.	363	22	42	86	1 406	1 918	1 456
Águas do Noroeste, S.A.	4 841		168	187	3 917	9 113	8 688
Águas do Oeste, S.A.	38		2	5	113	158	158
Águas de Santo André, S.A.	5 507		239	479	8 140	14 365	14 365
Águas de Trás-os-Montes e Alto Douro, S.A.	3 812	1 126	347	735	13 357	19 377	19 234
Águas do Zêzere e Côa, S.A.	6 596	441	817	971	18 919	27 743	27 688
Águas Públicas Alentejo, S.A.		368	165	170	14 169	14 872	7 313
Simarsul, S.A.	2 040	839		284	5 577	8 740	8 740
Simdouro, S.A.	48 341		1 114	5 615	18 811	73 881	73 881
Simlis, S.A.	1 202		51	101	1 513	2 867	2 867
Simtejo, S.A.							47 282
	105 432	**2 966**	**3 667**	**10 337**	**94 493**	**216 895**	**255 532**

ANA Group

Off-balance sheet financial commitments assumed	1st half of 2013	2012
With signed contracts in progress	109 967	159 742

TAP Group

At 30 June 2013 there were financial commitments assumed by affiliate TAP S.A. regarding aircrafts and reactors operating lease rents, in the amount of 229 240 thousand euro (245 068 thousand euro at 31 December 2012).

Additionally, it is contracted with Airbus a future purchase of twelve Airbus A350, with 3 more as option, to be received between 2015 and 2017, subject to negotiable adjustments.

Baía do Tejo Group

At 30 June 2013 there are the following off-balance commitments:

Nature	1st half of 2013	2012
IMT payment regarding “Complexo da Margueira”	3 781	3 781
Employee benefits estimate regarding the workers of former Quimigal	2 100	2 100
Renting contracts	143	143
Total	**6 025**	**6 025**

As above mentioned there are also responsibilities assumed for the execution of the infrastructure of PIS III lands, estimated in about 10 180 thousand euro.

CTT Group

At 30 June 2013, the Group has promissory notes in the amount of about 831 thousand euro in favor of several leasing companies in order to ensure the accomplishment of the leasing contracts.

SIMAB Group

At 30 June 2013, SIMAB presents financial commitments (comfort letters) to the European Bank of Investment related to the subsidiaries MARF, SA and MARB, SA, whose debt values amount, up till now, to 8 000 thousand euro and 2 666,6 thousand euro, respectively.

Concerning the funding of subsidiary MARL, SA in the European Bank of Investment (EBI), a Guaranty Contract was signed between EBI and the Portuguese State at 8 September 2011, ensuring the debt service till maturity, thus replacing the commercial banking under less expensive conditions to the company. This process relieved SIMAB of the responsibility taken by the signature of the contract, being the related side letter no longer in effect.

This guaranty was provided under Law nr 112/97, of 16 September, with a fifteen years term, as from 8 October 2011, having being settled a guaranty rate of 0,2% per year.

iii) Employees in service

During the period ended at 30 June of 2013 and during 2012, the average number of employees in service (of the company and of the subsidiaries) was 33 740 and 20 218, respectively:

iv) Fees and services rendered by the Statutory Auditor (ROC)

The fees of the Statutory Auditors of the PARPÚBLICA Group companies during the first half of 2013 were as follows:

- Statutory audit – 313 thousand euro;
- Other assurance services – 188 thousand euro.

APPROVAL OF THE FINANCIAL STATEMENTS

The interim financial statements were approved in the Board of Directors' meeting on 30 August 2013, being their opinion that they present a complete, true, timely, clear, objective and licit view of the operations of PARPÚBLICA Group, as well as of its financial position as at 30 June of 2013 and of its performance and cash-flows in the first half of 2013, according to the International Financial Reporting Standards, as adopted in European Union.

Board of Directors

Joaquim Pais e Jorge
Chairman (Resigned at 2/7/2013)

Carlos Manuel Durães da Conceição
Director

José Manuel Pereira Mendes Barros
Director

Fernanda Maria Mouro Pereira
Non executive Director

Pedro Soares Vasquez
Non executive Director

Pedro Miguel Nascimento Ventura
Non executive Director

Mário Alberto Duarte Donas
Non executive Director