



MANAGEMENT REPORT
AND
INTERIM FINANCIAL STATEMENTS

1ST Semester 2015

GOVERNING BODIES

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

Statutory Auditor (ROC)

Grant Thornton & Associados, SROC
Represented by Dr. Carlos António Lisboa Nunes
(ROC nr 427)

Effective Statutory Auditor (ROC)

Pedro Miguel Raposo Lisboa Nunes (ROC nr 1202)
Substitute Statutory Auditor (ROC)

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MANAGEMENT REPORT

- ❖ MAJOR EVENTS OCCURED IN THE 1ST SEMESTER
- ❖ DEVELOPMENT OF PARPÚBLICA'S GROUP
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INTERIM FINANCIAL STATEMENTS

MANAGEMENT REPORT

❖ MAJOR EVENTS OCCURED IN THE 1ST SEMESTER

Concerning the *holding* business and the privatisation program, the first half of 2015 was mainly marked by the progress in the re-privatisation of TAP, S.A. , Portugal 's State owned airline, through the re-privatisation of the share capital of TAP — SGPS, S.A., (Decree-Law nr 181-A/2014, of 24 December). Throughout this process and at June 24th, PARPÚBLICA and the Consortium *Gateway* signed a contract of purchase and sale for the shares of 61% of TAP – SGPS, S.A.'s capital share. However, this transaction should be subject to some conditions such as obtaining approvals which at the date of this report, weren't fully granted.

Besides TAP' re-privatisation, EGF's (an AdP group company) alienation was carried out. The related contract signed in 2014 in terms that constrained their effectiveness to obtaining the approvals of the regulatory authorities in matters of competition. Those approvals were only issued at the end of the semester.

On August 6th was also signed an agreement for sale and purchase of Circuito do Estoril 's (owner of Autódromo do Estoril) share capital with Cascais Municipality. The contract will only be in force after Court of Auditors' approval.

The reporting period, under the new European Accounting System SEC2010, coincides with the integration of PARPÚBLICA and other Group companies – Sagestamo, Estamo, Consest, SPE, TAP-SGPS and Ecodetra (from Baía do Tejo Group) on the Public Administrations perimeter. This situation implies not only a certain financing model and certain working conditions to ensure the controlling and reporting duties concerning budget, but also the compliance with the accounting rules and corporate management.

In the scope of PARPÚBLICA Group internal organization, during the first half of 2015 significant changes took place and the restructuring of the Group's Real Estate Area was approved under Order nr 567/15, of April 22, by the Secretary of State for the Treasury. As a result at the end of the first half of the current year the 1st stage of the restructuring took place by merging the total assets of SAGESTAMO – Sociedade Gestora de Participações Sociais Imobiliárias, SGPS, S.A. into PARPÚBLICA, with accounting effects from 1 January 2015. During July, a 2nd stage implied the merger of three

more Group companies of the Real Estate business (Estamo, S.A., Lazer e Floresta, S.A. and Consest, S.A.).

Concerning subsidiaries, AdP Group was reorganized through the concentration of multi-municipal water supply and wastewater sanitation systems into bigger systems. This process meant the creation of three new multi-municipal systems with the aim of getting scale economies, ensuring economic, social and environmental sustainability of the services rendered and a step further in social cohesion as well by decreasing tariff disparity in the country.

❖ DEVELOPMENT OF PARPÚBLICA'S GROUP

Despite the business negative net result, the financial position of PARPÚBLICA Group is stable and there is even a hedging reinforcement on assets through equity due to the decrease of the consolidated indebtedness.

▪ ECONOMIC SITUATION

The following frame sums up the profit and loss position of first half of 2015 of PARPÚBLICA Group:

	<i>in million euro</i>		
	30-06-2015	30-06-2014*	% Δ
+ Operating Income	1.927.456	1.784.673	8,0%
- Operating Costs and Losses Payable	1.614.089	1.512.873	6,7%
= EBITDA	313.368	271.800	15,3%
- Depreciation + Amortization	130.050	149.445	-13,0%
+ Government Grants	36.317	36.835	-1,4%
= Operating Results	183.318	122.356	49,8%
- Financial Costs and Losses	171.098	189.260	-9,6%
= Profit Before Income Tax	12.220	(66.905)	-118,3%
- Net Income Tax Expense	39.183	29.899	31,1%
= Net Result for the Year	(26.963)	(96.804)	-72,1%
- Net Result of Non-Controlling Interest	18.858	21.165	-10,9%
= Net Result for the Year of the Owners of the Parent Company	(45.822)	(117.970)	-61,2%

* restated values

In the current period, the turnover (sales + services) of PARPÚBLICA Group's companies was more than 1,7 billion Euro, mainly from Air Transport and Water and Waste businesses. Despite the slight decrease (less than 1%) recorded in Air Transport, in consolidated terms there is a grow of 2,3% due

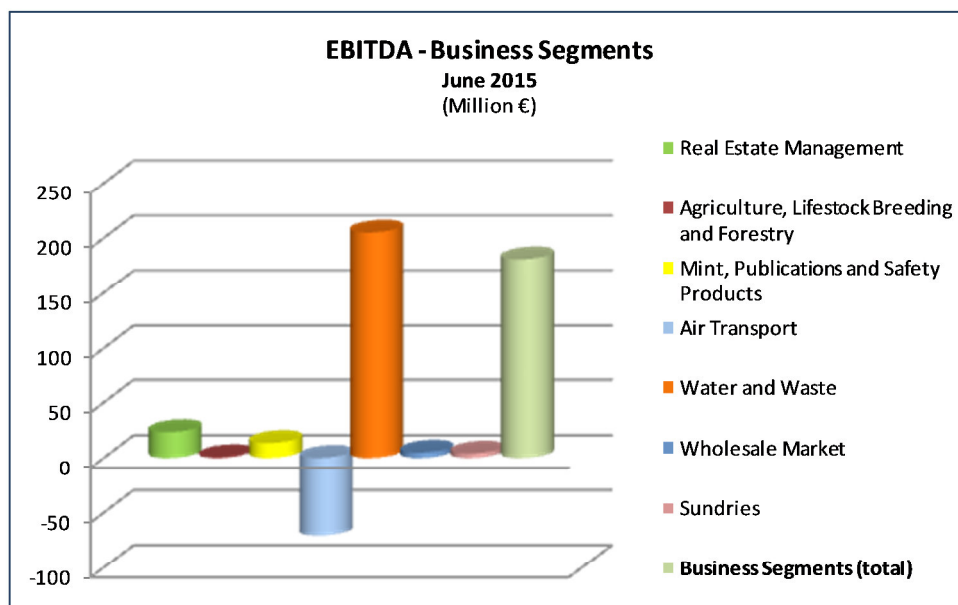
to the increase in Water and Waste (+3,8%) and in Real Estate development and promotion where Estamo presents almost the double of sales registered in the same period of previous year.

Operating expenses and losses recorded a smaller proportional grow than operating incomes and gains. It should be mentioned that the sum of the two main items of operating costs (material and services consumed + employee benefits expenses) present an increase of 2,8%, justified by the change in the legal framework relating to the wage cuts refund.

The expenses of TAP Group's companies grew rapidly due to strikes which, among other consequences, originated more costs.

Concerning costs by segment, it should be specially mentioned the position of the holding and of Real Estate's management and promotion since there are significant changes in the related amounts in comparison with the same semester of previous year. This situation can be fully explained by the merger of Sagestamo in PARPÚBLICA occurred just in the end of this 1st semester. Therefore, the costs related to PARPÚBLICA present an abnormal growth while those related to Real Estate's management and promotion are significantly lower than those presented in the first semester of 2014.

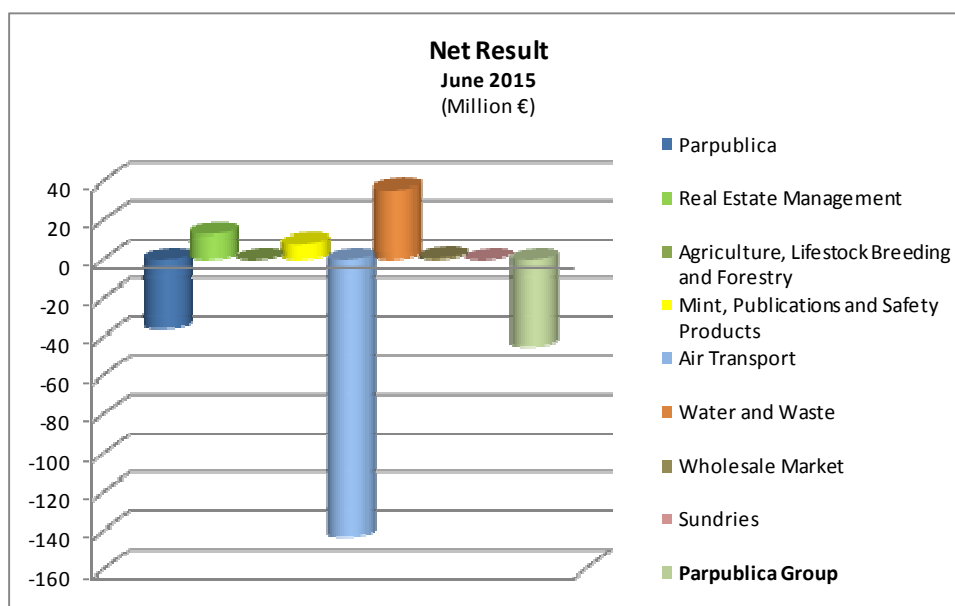
In consolidated terms, the generated **EBITDA** at the end of the semester presents a growth of 16,8%, amounting to 319,9 million Euro, due to the *holding* situation, where EBITDA came from -26,5 million Euro to 65,5 million Euro, since the operating activities presented a highly negative development (EBITDA decreased from 265,8 million Euro to 187,3 million Euro) mainly due to the worsening of TAP Group' companies position. The labour events in the company had an impact in the company's growth trend leading to a break in sales and to an increase in costs. This situation was reflected in a breakdown of the EBITDA from -1,5 million Euro to -68,8 million Euro.



The Water and Waste segment is the most contributing segment for the formation of EBITDA as it has been verified during the last years.

Concerning the financial position, the interests paid decreased because of the reduction of the Group debt.

Likewise, at the end of the period, the **consolidated net result** of PARPÚBLICA Group, besides representing a loss of 45,8 million Euro, is far better than the result of the same period in previous year. This improvement was due to the positive development of the *holding*, whose result came from -140,2 million Euro to -36,5 million Euro, while the loss in operating activities worsened from 23,8 million Euro to 84,8 million Euro.



The loss decrease of the *holding* is related to the positive development at fair value of an interest rate *swap* operation in the amount of 23,9 million Euro and to the option related to issue of exchangeable bonds with GALP shares as underlying asset with a positive net effect of 97,8 million Euro. These operations led to a profit of 121,7 million Euro in comparison with a loss of 13,6 million Euro in the same period of last year. A negative highlight is the reinforcement of provisions in the amount of 113,8 million Euro, mainly to cope with the equity evolution of TAP Group which came from -511,8 million Euro to -631,0 million Euro during the semester.

On the other hand, the worsening of the operating activities' losses is directly related to TAP Group's situation with losses amounted to 142,9 million Euro, in comparison with 83,4 million Euro of the first semester of previous year. This worsening in losses is of course connected to strikes (announced and carried out) and related impact in services rendered in air transport, although the maintenance activity performed in Brazil also contributed to the referred worsening.

The remaining companies presented similar results to the same semester of previous year. Among the most important companies, it should be mentioned that AdP registered a mild profit contraction mainly due to the impairment recognition in Trade Debtors receivables.

Concerning Real Estate management, whose main companies are Estamo, Baía do Tejo and Lazer e Floresta, it should be mentioned the significant increase in Estamo's turnover. However the increase in the net result is mainly related to the financial performance where there is a contraction in interests paid by Estamo, due to the decrease of the debt stock and interest rate.

■ FINANCIAL SITUATION

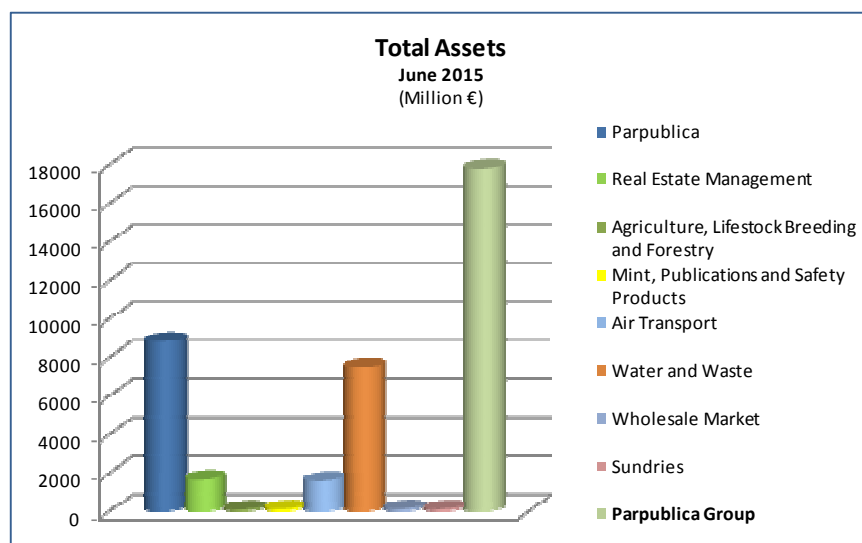
In the current period, the development of PARPÚBLICA Group's financial situation was as follows:

	<i>in million euro</i>		
	30-06-2015	30-06-2014*	% Δ
Non current assets	12.649.160	12.492.779	1,3%
Current assets	4.491.602	4.476.842	0,3%
<i>from which</i>			
<i>Non current assets held for sale</i>	<i>2.527.534</i>	<i>2.499.799</i>	<i>1,1%</i>
Total assets	17.140.762	16.969.621	1,0%
Equity	3.855.429	3.668.545	5,1%
Non current liabilities	8.844.423	8.810.870	0,4%
Current liabilities	4.440.911	4.490.205	-1,1%
<i>from which</i>			
<i>Liabilities related with non current assets held for sale</i>	<i>2.995.536</i>	<i>2.859.644</i>	<i>n.a.</i>
Total liabilities	13.285.333	13.301.076	-0,1%
Total equity + liabilities	17.140.762	16.969.621	1,0%

* restated values

At the end of the semester, the consolidated assets amounted to 17,1 billion Euro, representing a mild increase of 1% in comparison with the end of 2014.

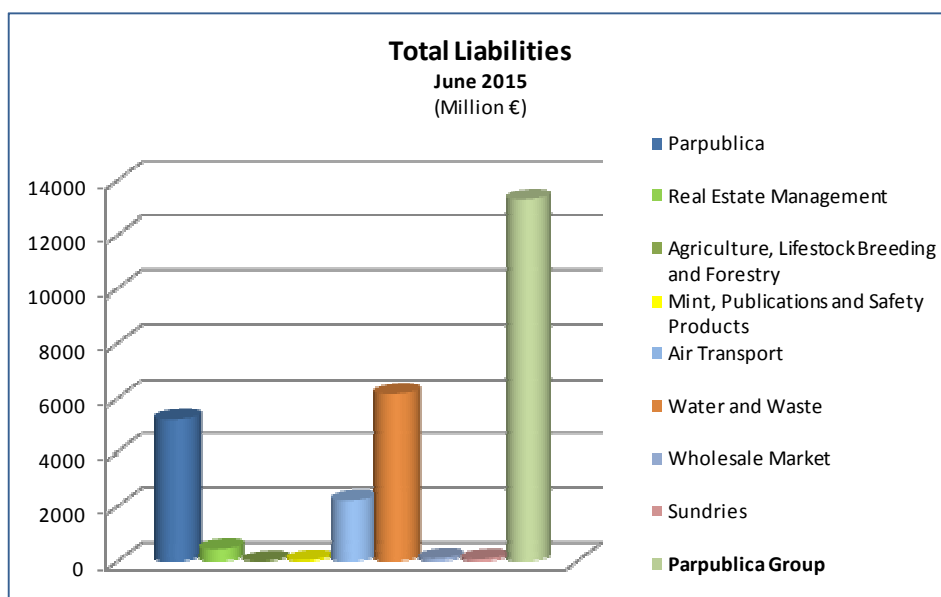
The assets held for sale represent 15% (2,5 billion Euro) and are related to ongoing operations at 30 June. TAP, SGPS, SA's equity reprivatisation is the most significant one. On June 30th and as already above mentioned, the privatisation of the total equity of EGF (AdP Group's company) and Circuito do Estoril were ongoing. Although only EGF was sold.



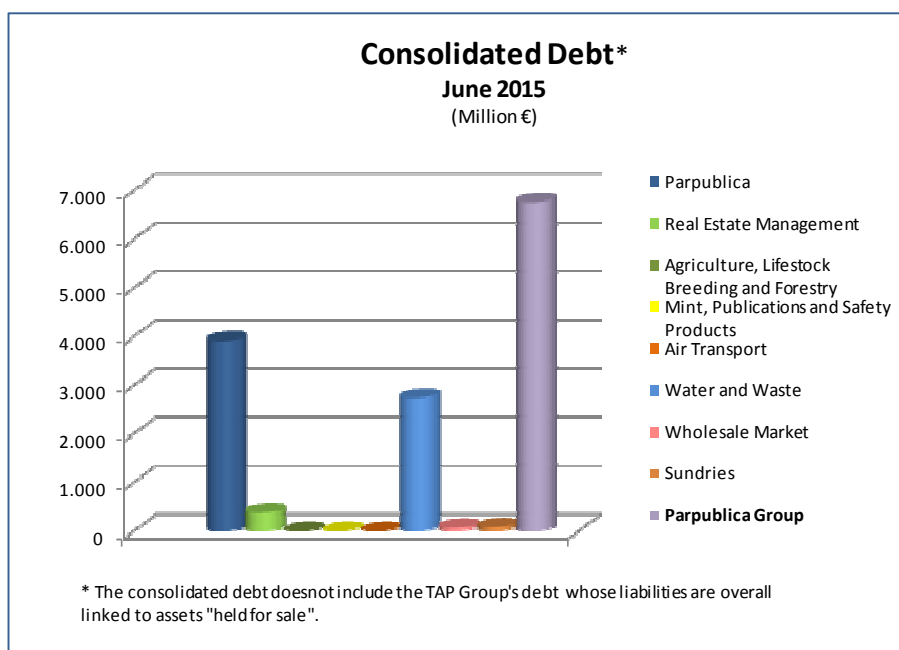
The increase in the total assets of the Group was mainly explained by the realization by the State of a tranche of the subscribed share capital and still to be paid up in the amount of 200 million Euro. This operation is related with the new financing model of the company due to its integration in the perimeter of Public Accounts according to EU legislation in force.

Despite the mild weight increase in the assets of the *holding*, more than half of the Group's assets still relates to operating activities, mainly to Water and Waste, Real Estate management and promoting and Air Transport. However, the *holding* shall be the direct owner of the majority of the consolidated assets as soon as the ongoing disposal operations are concluded.

On the other hand, the consolidated liabilities in the amount of 13,2 billion Euro at 30 June was almost similar to the amount at the end of 2014, with even a mild decrease due mainly to the reduction of the Group's debt, that does not include the debt in liabilities linked to assets held for sale. These assets as a whole represent 23% of consolidated liabilities.



At the end of the current period, the financial debt of PARPÚBLICA Group amounted to 6,7 billion Euro, 130,7 million Euro less than the amount registered on December 31st 2014, being the biggest slice of 126,8 million Euro related to the indebtedness decrease of PARPÚBLICA.



❖ OUTLOOK FOR THE 2ND SEMESTER

As above mentioned, the restructuring of the Real Estate of PARPÚBLICA Group is underway with the approval of the supervisory bodies. In July the merger process of *Estamo – Participações Imobiliárias, S.A.*, of the total equity of *Lazer e Floresta – Empresa de Desenvolvimento Agro-florestal, Imobiliário, Turístico e Cinegético, S.A.* and *Consest – Promoção Imobiliária, S.A.* took place. This process shall be concluded until the end of 2015.

The alienation of the *Empresa Geral do Fomento, S.A.* (*sub-holding* of AdP Group in the waste area), was concluded in July of this year since all previous requirements were fulfilled namely the study from the Competition Authority. On this path, the disposal and accordingly the privatisation of that asset of AdP-SGPS, SA Group was concluded being the related revenue allocated in the latter.

In what the TAP, SA reprivatisation process is concerned and accordingly to the Direct Sale Agreement signed at 24 August, the acquiring party is making the necessary procedures in order to comply with the conditions precedent for the closing of the transaction which would take place until the end of the current year.

During the current semester, once the authorities approval is granted, it is also expected the sale of the whole capital in *Circuito Estoril, S.A.* to the Municipality of Cascais to close.

At last, in the scope of the financial relationship between DGTF and PARPÚBLICA (considering the integration of the latter in the perimeter of Public Accounts regime), it is expected that the shareholder shall realize an additional amount of the subscribed capital not yet realized (paid-up) next September in the amount of 95 million Euro. Such allocation of funds fulfils all the financing needs for Parpública in 2015

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

▪ 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.

▪ **Shareholders**

The share capital of PARPÚBLICA - SGPS, S.A., public shares company, is fully owned 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 also includes an adequate description of the main risks and uncertainties for the following six months.

Lisbon, 31 of August of 2015

BOARD OF DIRECTORS

Pedro Macedo Santos Ferreira Pinto
Chairman

Carlos Manuel Durães da Conceição
Director

José Manuel Pereira Mendes Barros
Director

Fernanda Maria Mouro Pereira
Non-executive Director

Maria João Dias Pessoa Araújo
Non-executive Director

Pedro Miguel Nascimento Ventura
Non-executive Director

INTERIM FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	30-Jun-15	31-Dec-14 (Restated)
ASSETS			
Non current assets			
Property, Plant and Equipment	5	1.130.112	1.156.806
Investment property	6	528.232	535.512
Goodwill	7	90.984	90.984
Intangible assets	8	4.015.269	4.003.415
Biological assets	9	16.432	17.548
Investments in associates	10	480.494	479.726
Other investments	11	629.395	505.303
Other financial assets	12	4.721.947	4.716.335
Deferred tax assets	13	230.043	230.460
Other receivables	17	169.700	166.070
Deferrals	18	636.551	590.619
		12.649.159	12.492.779
Current assets			
Inventories	19	888.287	921.484
Biological assets	9	2.868	2.755
Trade debtors	14	477.137	522.988
Advances to trade creditors	15	7.074	6.225
Public administrative sector	16	12.932	11.575
Other receivables	17	89.966	84.408
Deferrals	18	14.825	16.333
Other financial assets	12	7.733	6.908
Cash and cash equivalents	20	463.244	404.368
		1.964.067	1.977.043
Non current assets held for sale	21	2.527.536	2.499.799
		4.491.603	4.476.842
Total assets		17.140.762	16.969.621
EQUITY AND LIABILITIES			
Equity			
Share capital		1.227.151	1.027.151
Legal reserves		731.600	731.245
Other reserves		13.856	16.582
Share of changes in equity of associates		(10.160)	(8.087)
Retained earnings		1.393.799	1.726.242
Net profit for the period attributable to equity holders		(45.822)	(367.176)
Total equity attributable to equity holders	22	3.310.424	3.125.957
Non-controlling interests	23	545.005	542.588
Total equity		3.855.429	3.668.545
Non current liabilities			
Provisions	24	19.834	20.003
Borrowings	25	6.088.230	6.054.739
Retirement benefits obligations	26	33.084	33.847
Deferred tax liabilities	13	288.135	281.118
Other payables	29	120.342	121.366
Other financial liabilities	30	194.666	222.645
Deferrals	18	2.100.130	2.077.151
		8.844.423	8.810.870
Current liabilities			
Provisions	24	490	0
Trade creditors	28	38.548	37.068
Advances from trade debtors	27	1.249	497
Public administrative sector	16	38.265	32.954
Shareholders		18	18
Borrowings	25	670.941	835.226
Other payables	29	670.523	697.807
Deferrals	18	25.341	26.991
		1.445.375	1.630.561
Liabilities related with non current assets held for sale	21	2.995.536	2.859.644
		4.440.911	4.490.205
Total liabilities		13.285.333	13.301.076
Total equity and liabilities		17.140.762	16.969.621

CONSOLIDATED INCOME STATEMENT BY NATURE FOR THE PERIOD ENDED AT 30 JUNE 2015

in thousand euro

	Notes	1st Semester 2015	1st Semester 2014 (Restated)
Revenue	31	1.724.373	1.673.381
Grants related to income	32	1.511	2.841
Share of profit and loss of associates	33	2.624	5.499
Dividend from investments at cost or at fair value	34	10.330	36.645
Gains in shareholdings' sale	35	-	(20.376)
Changes in inventories of finished goods and work in progress	36	4.761	17.062
Own work capitalized	37	6.402	6.411
Inventories consumed and sold	38	(204.921)	(149.467)
Material and services consumed	39	(974.957)	(946.602)
Employee benefits expenses	40	(370.885)	(361.895)
Increases and reversals of inventories adjustments	41	193	5.409
Increases and reversals of receivables adjustments	42	(22.537)	(5.128)
Increases and reversals of provisions	43	187	(727)
Increases and reversals of impairment of non depreciable (amortizable) assets	44	-	23
Net changes in fair value	45	124.394	(13.942)
Other operating income	46	59.667	65.411
Other operating expense	47	(41.169)	(40.544)
Earnings before interest, taxes, depreciation and amortization		319.974	274.003
Expense/reversals of depreciation and amortization	48	(163.306)	(186.280)
Impairment of depreciable (amortizable) assets (expense/reversals)	44	(3.059)	-
Grants related to assets	49	36.317	36.835
Earnings before interest and taxes		189.926	124.558
Interest and other financial expenses	50	(177.708)	(191.463)
Profit before income tax		12.218	(66.905)
Net income tax expense	51	(39.183)	(29.899)
Net result for the year		(26.965)	(96.804)
Net result of non-controlling interest	52	18.858	21.165
Net result for the year of the owners of the parent		(45.822)	(117.970)
Result on discontinued operations included in the net result for the year	53	(137.914)	(60.214)
Result on discontinued operations included in the net result of the owners of the parent	53	(141.310)	(63.225)
Earnings per share basic and diluted (euro):			
From continued operations and discontinued operations		-0,11	-0,29
From discontinued operations		-0,35	-0,16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED AT 30 JUNE 2015

	1st Semester 2015	1st Semester 2014 (Restated)
Net profit for the period	(26.965)	(96.804)
Other comprehensive income		
Values not afterwards reclassified in the income		
Remeasurement of benefits plan liabilities	1.086	2.777
Share of other comprehensive income of associates and joint ventures	(2.489)	10.849
Adjustments for deferred tax recognition	(524)	(833)
Other gains and losses recognized directly in equity	1.388	(38)
Other gains and losses	(3.617)	7.437
	(4.156)	20.192
Values that may afterwards be reclassified in the income		
Exchange differences on translating foreign operations	(4.236)	3.833
Gains and losses on the remeasurement of the assets held for sale	(443)	4.699
Gains and losses on cash flow hedges	48.667	(2.297)
Adjustments for deferred tax recognition	(13.197)	-
	30.791	6.235
Total comprehensive income for the period after income tax	26.635	26.427
Total comprehensive income	(331)	(70.379)
Comprehensive income		
Attributable to equity holders	(15.532)	(86.775)
Attributable to non-controlling interests	15.201	16.398

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED AT JUNE 2015

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 controlling interests
Financial position at 01-01-2014	4.100.715	1.027.151	725.556	9.609	(16.197)	1.048.083	792.000	3.586.203	514.512
Retrospective adjustments and corrections	-	-	-	-	-	-	-	-	-
Financial position at 01-01-2014	4.100.715	1.027.151	725.556	9.609	(16.197)	1.048.083	792.000	3.586.203	514.512
Transactions with owners for the 1st half of 2014	(63.383)	-	6.250	556	-	735.194	(792.000)	(50.000)	(13.383)
Application of results and distribution of results and reserves	(63.383)	-	6.250	556	-	735.194	(792.000)	(50.000)	(13.383)
Comprehensive income in the 1st half of 2014	(70.379)	-	(593)	9.984	(25.585)	47.388	(117.970)	(86.776)	16.398
Net profit for the period	(96.804)	-	-	-	-	-	(117.970)	(117.970)	21.165
Other comprehensive income	26.427	-	(593)	9.984	(25.585)	47.388	0	31.195	(4.767)
Financial position at 30-06-2014	3.966.954	1.027.151	731.213	20.149	(41.782)	1.830.667	(117.970)	3.449.427	517.527
Transactions with owners for the 2nd half of 2014	3.464	-	0	(0)	0	(0)	(0)	(0)	3.464
Share capital increases	4.031	-	-	-	-	-	-	-	4.031
Application of results and distribution of results and reserves	(567)	-	0	(0)	-	(0)	(0)	0	(567)
Comprehensive income in the 2nd half of 2014	(301.873)	0	32	(3.567)	33.694	(104.424)	(249.205)	(323.470)	21.597
Net profit for the period	(225.838)	-	-	-	-	-	(249.205)	(249.205)	23.367
Other comprehensive income	(76.034)	0	32	(3.567)	33.694	(104.424)	-	(74.265)	(1.770)
Financial position at 31-12-2014	3.668.545	1.027.151	731.245	16.582	(8.087)	1.726.242	(367.176)	3.125.957	542.588
Transactions with owners for the 1st half of 2015	187.216	200.000	2.477	1.932	26	(371.611)	367.176	200.000	(12.784)
Capital	201.096	200.000	-	-	-	-	-	200.000	1.096
Application of results and distribution of results and reserves	(13.880)	-	2.477	1.932	26	(371.612)	367.176	(0)	(13.880)
Comprehensive income in the 1st half of 2015	(331)	0	(2.123)	(4.658)	(2.098)	39.168	(45.822)	(15.532)	15.201
Net profit for the period	(26.965)	-	-	-	-	-	(45.822)	(45.822)	18.856
Other comprehensive income	26.635	0	(2.123)	(4.658)	(2.098)	39.168	-	30.291	(3.655)
Financial position at 30-06-2015	3.855.429	1.227.151	731.600	13.856	(10.160)	1.393.799	(45.822)	3.310.424	545.005
Dividend paid in 2015 (to equity holders of parent company)	0								
Number of shares	400.000.000								
Dividends per share (euro)	0								

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED AT 30 JUNE de 2015

	Notes	1st semester 2015	1st semester 2014
Operating activities			
Receipts from trade debtors		1.894.810	1.666.193
Payments to trade creditors		(1.139.942)	(1.199.619)
Payments to employees		(282.488)	(266.021)
<i>Cash flows generated by operations</i>		472.380	200.553
Receipts/Payments from income tax		(21.467)	(24.887)
Other operating activities (receipts/payments)		(191.221)	131.606
<i>Cash flows from operating activities</i>	4	259.692	307.271
Investing activities			
Receipts related to:			
Plant, property and equipment		818	1.334
Investment properties		6.789	-
Intangible assets		2	-
Financial investments		3.347	182.991
Grants related to assets		32.065	44.136
Interest and other financial income		6.262	8.062
Loans granted		1.500	-
Dividends		10.330	36.774
		61.113	273.297
Payments related to:			
Plant, property and equipment		(33.923)	(15.660)
Investment properties		(433)	(3.577)
Intangible assets		(82.290)	(94.562)
Financial investments		(5.593)	(13.191)
Loans granted		-	(1.400)
Other assets		-	(0)
		(122.239)	(128.391)
<i>Cash flows from investing activities</i>	4	(61.126)	144.906
Financing activities			
Receipts related to:			
Share capital increases and other equity instruments	22	201.581	2.376
Borrowings		403.316	1.002.993
Interest and other financial income		70	307
Other financing operations		1	-
		604.968	1.005.676
Payments related to:			
Borrowings		(622.077)	(1.201.374)
Lease contracts		(50.967)	(47.961)
Interest and other financial expense		(111.928)	(131.252)
Dividends		(13.799)	(53.062)
Other financing operations		-	(2.663)
		(798.770)	(1.436.311)
<i>Cash flows from financing activities</i>	4	(193.802)	(430.635)
Changes in cash and cash equivalents		4.764	21.542
From discontinued operational units (Note 53)	53	(21.985)	6.652
Foreign currency translation effect		(153)	(31.380)
Cash and cash equivalent at the beginning of the period		515.693	758.122
Cash and cash equivalent at the end of the period		520.303	748.285

Reconciliation of Cash and Cash equivalents

	Notes	1st semester 2015	1st semester 2014
Cash and cash equivalent at the end of the period		520.303	748.285
Bank overdrafts	25	212.454	183.820
Other		(5.543)	65
Cash and cash equivalent classified as non current assets held for sale	21	(263.970)	(55.749)
Cash and cash equivalent in the balance sheet	20	463.244	876.419

NOTES

1 – PARPÚBLICA's Group 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 investments 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.

Considering the activities developed by the companies whose financial statements were included in the consolidated financial statements of the PARPÚBLICA Group, nine 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) Wholesale markets; and (viii) Sundries.

Segment reporting

30-Jun-15											
	SGPS	Business segments								Inter-segmental Eliminations	Consolidated
	Parpública	Real Estate Management and Development	Agriculture, Lifestock Breeding and Forestry	Mint, Publications and Safety Products	Air Transport	Water and Waste	Wholesale markets	Miscellaneous Activities	Total		
Assets											
Non-current Assets	7.904.767	672.535	96.076	59.440	0	5.829.130	134.641	103.064	6.894.886	(2.150.495)	12.649.159
Current Assets	133.313	1.003.944	13.143	68.782	1.610.012	1.689.051	2.909	22.150	4.409.991	(51.701)	4.491.603
(of which held for sale)	4.824	0	0	0	1.610.012	898.567	712	11.261	2.520.553	2.160	2.527.536
Total Assets	8.038.080	1.676.479	109.219	128.223	1.610.012	7.518.181	137.550	125.214	11.304.878	(2.202.196)	17.140.762
Liabilities											
Non-current Liabilities	4.074.309	369.500	16.862	29.657	0	4.563.415	106.566	78.172	5.164.172	(394.059)	8.844.423
(of which financing liabilities)	3.894.872	320.698	-	-	0	2.112.546	65.422	77.804	2.576.470	(383.111)	6.088.230
(of which government grants related to)	-	-	-	10	-	1.635.070	15.516	-	1.650.596	-	1.650.596
Current Liabilities	1.136.650	105.429	2.468	20.453	2.235.186	1.604.488	9.989	14.744	3.992.757	(688.496)	4.440.911
(of which held for sale)	625.174	-	-	-	2.235.186	759.254	-	3.349	2.997.789	(627.427)	2.995.536
(of which financing liabilities)	21.026	57.086	-	0	0	623.175	4.640	8.199	693.100	(43.185)	670.941
(of which government grants related to)	-	-	1.010	-	-	-	471	-	1.482	-	1.482
Total Liabilities	5.210.959	474.929	19.330	50.110	2.235.186	6.167.903	116.555	92.916	9.156.930	(1.082.555)	13.285.334
Group's Equity	2.827.121	1.200.125	89.888	78.113	-631.043	817.605	20.783	27.471	1.602.943	(1.119.641)	3.310.424
Non-controlling interests	0	1.426	-	-	5.869	532.673	211	4.827	545.005	-	545.005
Total equity	2.827.121	1.201.550	89.888	78.113	-625.174	1.350.278	20.994	32.298	2.147.948	(1.119.641)	3.855.429

31-Dez-14 (Restated)											
	SGPS	Business segments								Inter-segmental Eliminations	Consolidated
	Parpública	Real Estate Management and Development	Agriculture, Lifestock Breeding and Forestry	Mint, Publications and Safety Products	Air Transport	Water and Waste	Wholesale markets	Miscellaneous Activities	Total		
Assets											
Non-current Assets	7.753.698	684.034	96.462	61.049	-	5.771.151	137.413	114.561	6.864.671	(2.125.590)	12.492.779
Current Assets	80.028	1.060.561	13.029	69.661	1.560.397	1.721.179	3.029	14.876	4.442.732	(45.920)	4.476.842
(of which held for sale)	0	0	0	0	1.560.397	928.619	712	0	2.489.728	10.070	2.499.799
Total Assets	7.833.726	1.744.596	109.491	130.711	1.560.397	7.492.330	140.441	129.437	11.307.403	(2.171.509)	16.969.621
Liabilities											
Non-current Liabilities	4.025.034	411.436	16.579	29.759	-	4.565.740	109.688	81.177	5.214.380	(428.544)	8.810.870
(of which financing liabilities)	3.821.618	373.519	-	0	-	2.139.653	67.687	80.806	2.661.665	(428.544)	6.054.739
(of which government grants related)	-	-	-	10	-	1.630.393	15.753	-	1.646.157	-	1.646.157
Current Liabilities	1.225.891	121.312	2.487	13.385	2.072.257	1.598.925	10.981	15.524	3.834.870	(570.557)	4.490.205
(of which held for sale)	511.860	-	-	-	2.072.257	787.387	-	-	2.859.644	(511.860)	2.859.644
(of which financing liabilities)	221.134	54.233	-	0	-	598.893	5.344	6.965	665.435	(51.343)	835.226
(of which government grants related)	0	0	1.085	-	-	-	466	0	1.550	-	1.551
Total Liabilities	5.250.924	532.748	19.066	43.144	2.072.257	6.164.665	120.669	96.701	9.049.250	(999.101)	13.301.076
Group's Equity	2.582.802	1.210.478	90.425	87.567	-519.795	799.327	19.797	27.767	1.715.565	(1.172.409)	3.125.957
Non-controlling interests	0	1.370	-	-	7.935	528.338	(25)	4.969	542.588	-	542.588
Total equity	2.582.802	1.211.848	90.425	87.567	-511.860	1.327.665	19.772	32.736	2.258.153	(1.172.409)	3.668.545

PARPÚBLICA – PARTICIPAÇÕES PÚBLICAS (SGPS), S. A.

1st semester 2015											
	Parpública	Business segments								Inter-segmental Eliminations	Consolidated
		Real Estate Management and Development	Agriculture, Lifestock Breeding and Forestry	Mint, Publications and Safety Products	Air Transport	Water and Waste	Wholesale markets	Miscellaneous Activities	Total		
Sales and services rendered	422	81.857	1.304	42.643	1.183.120	402.855	7.610	5.147	1.724.535	(584)	1.724.373
Grants related to income	-	15	1.000	-	293	203	-	-	1.511	-	1.511
Share of profit and loss of associates	3.256	-	-	-	(632)	-	-	-	(632)	-	2.624
Dividend from investments at cost or at fair value	48.083	-	-	-	-	-	-	-	-	(37.753)	10.330
Gains in shareholdings selling	-	-	-	-	-	-	-	-	-	-	-
Changes in finished goods and work in progress and own work	-	(1.070)	1.267	2.903	2.083	5.980	1	-	11.164	-	11.163
Inventories consumed and sold	-	(47.977)	(1.731)	(12.687)	(126.773)	(15.753)	-	-	(204.921)	-	(204.921)
Materials and services consumed	(1.377)	(5.042)	(1.432)	(7.169)	(841.806)	(115.933)	(1.546)	(1.267)	(974.196)	616	(974.957)
Employee benefits expenses	(1.392)	(2.520)	(1.288)	(10.025)	(284.144)	(70.287)	(850)	(378)	(369.493)	-	(370.885)
Inventories' impairment	-	(0)	-	45	148	-	-	-	193	-	193
Provisions	(113.804)	(114)	-	-	621	183	(13)	-	677	113.314	187
Impairment of non depreciable (amortizable) assets	-	(69)	(8)	10	(1.867)	(20.603)	(0)	-	(22.537)	-	(22.537)
Net changes in fair value	121.796	(1.006)	186	-	(201)	3.321	-	298	2.598	-	124.394
Other income and gains	8.569	7.452	1.545	668	25.805	23.773	123	201	59.568	(8.470)	59.667
Other expenses and losses	(30)	(6.350)	(143)	(2.891)	(25.510)	(5.817)	(427)	(1)	(41.139)	-	(41.169)
Result before interest, tax, depreciation and amortization	65.523	25.176	699	13.498	(68.863)	207.922	4.898	4.001	187.330	67.122	319.974
Expense/reversals of depreciation and amortization	(37)	(412)	(568)	(2.286)	(32.493)	(122.354)	(2.545)	(2.610)	(163.269)	-	(163.306)
Impairment of depreciable (amortizable) assets (expense/reversal)	(3.085)	26	-	-	-	-	-	-	26	-	(3.059)
Grants related to assets	-	-	75	-	-	36.011	232	-	36.317	-	36.317
Result before interest, tax, depreciation and amortization	62.400	24.789	206	11.211	(101.356)	121.579	2.584	1.391	60.405	67.122	189.926
Interest expense	(92.501)	(7.678)	-	(8)	(20.816)	(37.053)	(466)	(1.800)	(67.821)	-	(160.322)
Other financing gains and losses	(6.439)	0	-	-	(14.568)	(4.745)	(74)	-	(19.387)	8.440	(17.386)
Result before taxes	(36.539)	17.112	206	11.203	(136.740)	79.781	2.044	(411)	(26.804)	75.561	12.218
Income tax for the period	(0)	(3.786)	(283)	(3.147)	(4.152)	(26.962)	(821)	(31)	(39.182)	-	(39.183)
Net profit or loss for the period	(36.539)	13.325	(77)	8.056	(140.892)	52.819	1.223	(442)	(65.986)	75.561	(26.965)
Net profit or loss for the period from non controlling interest	0	58	-	-	2.088	16.620	236	-142	18.858	-	18.858
Net profit or loss for the period attributable to equity holders	(36.539)	13.268	(77)	8.056	(142.980)	36.199	988	(298)	(84.844)	75.561	(45.822)
Net profit or loss from discontinued operations included in net profit or loss for the period	-	-	-	-	-140.892	2.978	-	-	(137.914)	-	(137.914)
Net profit or loss from discontinued operations included in net profit or loss for the period attributable to equity holders	-	-	-	-	-142.980	1.670	-	-	(141.310)	-	(141.310)

PARPÚBLICA – PARTICIPAÇÕES PÚBLICAS (SGPS), S. A.

1st Semester 2014 (Restated)											
	SGPS	Business segments								Inter-segmental Eliminations	Consolidated
	Parpública	Real Estate Management and Development	Agriculture, Livestock Breeding and Forestry	Mint, Publications and Safety Products	Air Transport	Water and Waste	Wholesale markets	Miscellaneous Activities	Total		
Sales and services rendered	-	39.987	1.253	40.246	1.191.852	387.882	7.827	4.454	1.673.500	(120)	1.673.381
Grants related to income	-	8	994	-	1.694	145	-	-	2.841	-	2.841
Share of profit and loss of associates	6.414	-	-	-	(916)	-	-	-	(916)	-	5.499
Dividend from investments at cost or at fair value	74.879	-	-	-	-	-	-	-	-	(38.234)	36.645
Gains in shareholdings selling	(20.376)	-	-	-	-	-	-	-	-	-	(20.376)
Changes in finished goods and work in progress and own work capital	-	(44)	1.089	2.391	13.811	6.227	-	-	23.475	-	23.474
Inventories consumed and sold	-	(11.212)	(1.313)	(10.945)	(111.227)	(14.770)	-	-	(149.467)	-	(149.467)
Materials and services consumed	(1.073)	(5.336)	(1.501)	(6.349)	(817.093)	(113.145)	(1.563)	(679)	(945.666)	137	(946.602)
Employee benefits expenses	(863)	(3.012)	(1.273)	(9.251)	(277.428)	(68.871)	(847)	(351)	(361.032)	-	(361.895)
Inventories' impairment	-	4.866	-	3	540	-	-	-	5.409	-	5.409
Provisions	(84.398)	101	-	-	(801)	(48)	21	-	(727)	84.398	(727)
Impairment of non depreciable (amortizable) assets	29	(75)	(24)	192	(4.408)	(827)	8	-	(5.134)	-	(5.105)
Net changes in fair value	(13.653)	-	186	-	-	(688)	-	213	(289)	-	(13.942)
Other income and gains	14.787	5.564	1.441	1.023	28.483	25.242	210	195	62.158	(11.535)	65.411
Other expenses and losses	(2.281)	(3.386)	(166)	(2.161)	(26.049)	(6.279)	(218)	(3)	(38.263)	-	(40.544)
Result before interest, tax, depreciation and amortization	(26.534)	27.459	687	15.150	(1.542)	214.868	5.439	3.829	265.890	34.647	274.002
Expense/reversals of depreciation and amortization	(19)	(460)	(566)	(2.383)	(54.092)	(123.621)	(2.494)	(2.643)	(186.261)	-	(186.280)
Impairment of depreciable (amortizable) assets (expense/reversals)	-	-	-	-	-	-	-	-	-	-	-
Grants related to assets	-	-	75	-	-	36.524	236	-	36.835	-	36.835
Result before interest, tax, depreciation and amortization	(26.553)	26.999	196	12.767	(55.634)	127.771	3.180	1.185	116.464	34.647	124.558
Interest expense	(105.200)	(10.602)	-	(0)	(23.106)	(47.593)	(904)	(2.101)	(84.306)	-	(189.507)
Other financing gains and losses	(8.521)	(0)	-	-	(1.789)	(3.078)	(84)	-	(4.952)	11.517	(1.956)
Result before taxes	(140.273)	16.396	196	12.767	(80.529)	77.100	2.192	(916)	27.206	46.164	(66.905)
Income tax for the period	(12)	(4.032)	(39)	(3.164)	(1.283)	(20.427)	(929)	(14)	(29.888)	-	(29.899)
Net profit or loss for the period	(140.285)	12.364	157	9.603	(81.812)	56.672	1.263	(930)	(2.683)	46.164	(96.804)
Net profit or loss for the period from non controlling interests	0	38	-	-	1.636	19.249	233	9	21.165	-	21.165
Net profit or loss for the period attributable to equity holders	(140.285)	12.326	157	9.603	(83.448)	37.422	1.030	(939)	(23.849)	46.164	(117.970)
Net profit or loss from discontinued operations included in net profit or loss for the period	18.902	-	-	-	-81.812	2.698	-	-	(79.114)	-	(60.214)
Net profit or loss from discontinued operations included in net profit or loss for the period attributable to equity holders	18.902	-	-	-	-83.448	1.323	-	-	(82.125)	-	(63.225)

2 - Basis of presentation and major accounting policies

2a - Introduction

The current consolidated financial statements of Parpública, SGPS, SA reflect the results of the company's operations and its subsidiaries and associated companies for the period ended 30 June 2015.

The financial statements are presented in thousands of Euros excepted when other currency is referred.

The main accounting policies adopted by PARPÚBLICA Group in preparing 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 the 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 the IFRS requires the use of certain critical accounting estimates. It also requires that the Group management 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 2ab.

2b – Amendments in accounting policies

2bi New standards, interpretations and amendments effective from the 30 June 2015

- **Adoption of IFRIC 21 Taxes (Regulation no 634/2014, of June 13)** > This interpretation relates to the accounting of a liability concerning the payment of a tax if this liability is covered by IAS 37. Also concerns the accounting of a liability concerning the payment of a tax with a known timing and value. However, this interpretation do not concern the costs accounting relating the recognition of a liability concerning the payment of a tax. The Entities should apply other rules in order to determine the recognition of a liability concerning the payment of a tax originating an asset or a cost, being not included: a) the outflows of resources under other rules (i.e. income taxes under IAS 12 Income taxes; and b) fines and other sanctions to break the law. This interpretation enlightens that an entity recognizes a liability to a tax when the activity originating payment occurs, as identified by related legislation. Concerning a tax when reaching a lowest limit, this interpretation enlightens that no liability can be anticipated before the specified lowest limit is reached. In the interim report, an entity should apply the same tax recognition principles as in the annual financial statements, being retrospective application required.
- **Annual improvements: cycle of 2011-2013 (Regulation no 1361/2014, of 19 December)** > The improvements include three international accounting rules, as follows:

- **IFRS 3 Business Combinations – Scope** Exceptions for joint agreements > The amendments clarify that IFRS 3 is not applicable in the accounting of the joint agreements in the related financial statements.
- **IFRS 13 Fair Value Measurements – Scope of portfolio exception in paragraph 52** > Clarify that in the scope of the portfolio exception at fair value measurement defined in paragraph 48, the financial assets and liabilities referred in paragraph 48-51 and 53-56 should be applicable to all contracts accounted for in IAS 39, regardless for whether they meet the definition of financial assets and liabilities included in IAS 32.
- **IAS 40 Investment Property – Interrelationship between IAS 40 and IFRS 13**> The amendments required the use of the accounting guidelines of IAS 40 and IFRS 3 for investment property (or business), not introducing a new accounting approach. These amendments clarify whether a specific transaction implies: (i) an asset acquisition (or group of assets) that should be accounted according to IAS 40 , or (ii) a business combination that should be accounted for according to IFRS 3.

No significant impact resulting from these amendments is expected in the financial statements.

2bii New standards, interpretations and amendments effective from or after the 30 of June of 2015

- **Annual Improvements: cycle 2010-2012 (Regulation no 28/2015, of December 17)**> The improvements include amendments to eight international accounting rules, as follows:
 - **IFRS 2 Share-based Payment** – Definition of vesting conditions > the amendments reinforce the current definition of vesting conditions by separating conditions of performance from vesting conditions. The amendments also clarify the definition of both vesting and non-vesting conditions.
 - **IFRS 3 Business Combinations** – Accounting for contingent consideration > The amendments clarify that: (i) regardless its nature, every contingent consideration should be measured at fair value at the initial recognition date; (ii) paragraph 40 of IFRS 3 requires that the contingent consideration should be a financial instrument recorded as share capital or as liabilities according to IAS 32; and (iii) regardless its nature, every contingent consideration should be measured at fair value through profit and loss. Resulting from the amendments to IFRS 3, the IAS 37, IAS 39 and IFRS 9 are also amended.
 - **IFRS 8 Operating Segments** > The amendments clarify the requirements for: (i) disclosure of judgements of the management bodies regarding the criteria of operating segments aggregation; and (ii) presentation of reconciliation assets of reportable segments and of the company.
 - **IAS 16 Property, Plant and Equipment** – Revaluation Method > The amendments clarify the method to apply to Property, plant and equipment (gross and accumulated depreciations) at the date of the revaluation.
 - **IAS 24 Related Parties Disclosure** – Key-management personnel services> Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
 - **IAS 38 Intangible Assets** – Revaluation method > The amendments clarify the method to apply to intangible assets (gross and carrying amount) at the revaluation date.

- **IAS 19 Employees Benefits (Regulation no 29/2015, of December 17)** > The amendments clarify the requirements for employees or third parties services benefits according to paragraph 70, i.e., according to the benefits plan or a straight-line method. Additionally, the amendments added application guidance for employees and third parties benefits. These amendments clarify how a company can recognized the employees and third parties services benefits, regardless the years of services rendered, as a reduction in the service cost, in the related period of the service.

No significant impact in the financial statements is expected resulting from these amendments, whenever applicable.

2c - Principles of consolidation

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

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 statements from the date on which the control is obtained.

2e - Subsidiaries

All entities controlled by PARPÚBLICA Group were deemed as subsidiary companies whenever PARPÚBLICA: (i) has the power to manage the subsidiary; (ii) is exposed and untitled to variable results due to its link to the subsidiary; (iii) can use its power over the subsidiary to affect the results with the investors. 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 companies classified as subsidiaries are the following:

Name	Location	Main activity	Entity	Share capital ownership	
				% of share capital held by its direct owner	
				30 Jun 2015	31 Dec 2014
AdP - Águas de Portugal, SGPS, S.A.	Lisboa	Public investment management	PARPÚBLICA, SGPS, S.A.	81,00%	81,00%
CE – Circuito do Estoril, SA (a)	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%
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%

Name	Location	Main activity	Entity	Share capital ownership	
				% of share capital held by its direct owner	
				30 Jun 2015	31 Dec 2014
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. (b)	Lisboa	Public investment management and services rendering	PARPÚBLICA, SGPS, S.A.	Company subject of merger with PARPÚBLICA	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%	100,00%
TAP - Transportes Aéreos Portugueses, SGPS, S.A (a).	Lisboa	Public 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 and sanitation system	AdP - Águas de Portugal, SGPS, S.A.	100,00%	100,00%
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. (EGF) (a)	Lisboa	Public investment management	AdP - Águas de Portugal, SGPS, S.A.	100,00%	100,00%
AdP Energias, S.A. (Reciclamos – 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	Public investment management	AdP - Águas de Portugal, SGPS, S.A.	100,00%	100,00%
Águas de Timor, S.A. (c)	Timor	Water distribution	AdP - Águas de Portugal Internacional, 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 system	AdP - Águas de Portugal, SGPS, S.A.	54,44%	54,44%

Name	Location	Main activity	Entity	Share capital ownership	
				% of share capital held by its direct owner	
				30 Jun 2015	31 Dec 2014
Águas do Centro Alentejo, S.A.	Évora	Multi-municipal water supply and sanitation system	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Águas do Centro, S.A.	Castelo Branco	Multi-municipal water supply and sanitation system	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 system	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Águas do Noroeste, S.A.	Barcelos	Multi-municipal water supply and sanitation system	AdP - Águas de Portugal, SGPS, S.A.	56,66%	56,66%
Águas do Mondego, S.A.	Taveiro	Multi-municipal water supply and sanitation system	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Águas do Norte Alentejano, S.A.	Portalegre	Multi-municipal water supply and sanitation system	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Águas do Oeste, S.A.	Óbidos	Multi-municipal water supply and sanitation system	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 system	AdP - Águas de Portugal, SGPS, S.A.	70,08%	70,08%
Águas do Zêzere e Côa, S.A.	Guarda	Multi-municipal water supply and sanitation system	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 system	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Simarsul, S.A.	Setúbal	Multi-municipal water supply and sanitation system	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%
Simlis, S.A.	Leiria	Multi-municipal water supply and sanitation system	AdP - Águas de Portugal, SGPS, S.A.	70,16%	70,16%
Simria, S.A.	Aveiro	Multi-municipal water supply and sanitation system	AdP - Águas de Portugal, SGPS, S.A.	67,72%	67,72%
Simtejo S.A.	Lisboa	Multi-municipal water supply and sanitation system	AdP - Águas de Portugal, SGPS, S.A.	50,50%	50,50%
Simdouro S.A.	Vila Nova de Gaia	Multi-municipal water supply and sanitation system	AdP - Águas de Portugal, SGPS, S.A.	51,00%	51,00%

Name	Location	Main activity	Entity	Share capital ownership	
				% of share capital held by its direct owner	
				30 Jun 2015	31 Dec 2014
Algar, S.A.	Faro	Multi-municipal solid waste treatment	Empresa Geral do Fomento, SA	56,00%	56,00%
Amarsul, S.A.	Palmela	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.	Serra da Estrela	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	55,08%	55,63%
Lazer e Floresta - Empresa de Desenvolvimento Agro-Florestal Imobiliário Turístico e Cinagético, 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%
BAÍA DO TEJO, S.A. (ex-QUIMIPARQUE – Parques Empresariais, S.A.	Barreiro	Industrial parks management and development	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. (em 2008 SNESGES, 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. (em 2008) URBINDÚSTRIA, S.A.	51,00%	51,00%
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	PARPÚBLICA, SGPS, S.A. SAGESTAMO, SGPS, S.A.	100,00% -	- 100,00%

Name	Location	Main activity	Entity	Share capital ownership	
				% of share capital held by its direct owner	
				30 Jun 2015	31 Dec 2014
ESTAMO – Participações Imobiliárias, S.A.	Lisboa	Real estate	PARPÚBLICA, SGPS, S.A. SAGESTAMO, SGPS, S.A.	100,00% -	- 100,00%
FUNDIESTAMO - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Lisboa	Real estate funds management	PARPÚBLICA, SGPS, S.A. SAGESTAMO, SGPS, S.A.	100,00% -	- 100,00%
TAP - Transportes Aéreos Portugueses, S.A. (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	Prestação de cuidados de saúde	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%
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%	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%	83,35%
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%	74,68%
MARE – Mercado Abastecedor da Região de Évora, S.A.	Évora	Development, implementation, building and direct or indirect management of MARE	SIMAB, S.A.	68,85%	68,85%

(a) – Classified as non-current asset held for sale.

(b) – Merger through transfer to Parpública – Participações Públicas, SGPS, SA of the whole patrimony of Sagestamo – Sociedade Gestora de Participações Sociais Imobiliárias, SGPS, SA, with accounting effects from 1 of January of 2015. The referred patrimony included the investments in Estamo, Conset and Fundiestamo (now directly owned by PARPÚBLICA);

(c) – In 2014 AdP Timor-Leste activity was reactivated (inactive since 2006).

2f - Associates

It is considered as associate companies all entities over which PARPÚBLICA Group has 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 or has some special voting power.

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	Entity	Share capital ownership	
				% of share capital held by its direct owner	
				30 Jun 2015	31 Dec 2014
CVP - Sociedade de Gestão Hospitalar, S.A.	Lisboa	Health care management	PARPÚBLICA, SGPS, S.A.	45,00%	45,00%
Parcaixa, SGPS, S.A.	Lisboa	Public investment management	PARPÚBLICA, SGPS, S.A.	49,00%	49,00%
ISOTAL - Imobiliário do Sotavento Algarvio, S.A.	Faro	Tourism development	PARPÚBLICA, SGPS, S.A.	31,05%	31,05%
ORIVÁRZEA, S.A.	Benavente	Rice selling and production	COMPANHIA DAS LEZÍRIAS, S.A.	27,12%	27,12%
CRL – 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 (a)	Alcobaça	Water sanitation	AdP, SGPS	43,24%	43,24%
Miese (a)	Vila Real		AdP Energias, S.A.	40,00%	40,00%
SML – Sociedade Mineira do Lucapa, Lda (b)	Angola	Diamond mining.	SPE, S.A.	49,00%	49,00%
SPdH – Serviços Portugueses de Handling, S.A. (“SPdH”)	Lisboa	Handling	TAP SGPS, SA PORTUGÁLIA	43,90% 6,00%	43,90% 6,00%
Propnery – Propriedade e Equipamentos, S.A.	Castelo Branco	Real estate management	PARPÚBLICA, SGPS, S.A.	41,82%	41,82%

(a) Entity with no activity in 2014, in liquidation

(b) Entity with no activity and facing bankruptcy

A summary of the financial information of the associated companies:

Associated Companies	Assts 30 Jun 2015	Assets 2014	Liabilities 30 Jun 2015	Liabilities 2014	Total revenue and gains 30Jun15	Total revenue and gains 30Jun14	Net Profit 30Jun15	Net Profit 30Jun14
CLR – Companhia das Lezírias e Associados Renováveis, Lda	3	3	3	3	-	-	-	-
CVP - Sociedade de Gestão Hospitalar, S.A.	44.271	39.331	32.842	28.037	19.633	17.642	135	-64
ISOTAL - Imobiliário do Sotavento Algarvio, S.A. (iii)	191	191	3	3	N.d.	N.d.	-9	N.d.
Miese	7	13	28	28	N.d.	-	-19	-9
Multicert - Serviços de Certificação Eletrónica	3.068	2.730	1.280	1.427	2.501	-	512	-
ORIVÁRZEA, S.A.	15.349	15.349	7.916	7.916	21.192	20.427	730	662
Parcaixa, SGPS, S.A.	975.922	974.025	14.529	14.148	7.368	14.458	6.734	12.520
SPdH – Serviços Portugueses de Handling, S.A. (“SPdH”)	25.256	25.368	25.828	25.087	52.356	50.044	147	-2.619
Propnery - Propriedades e Equipamentos, S.A.	3.248	3.338	731	718	101	99	-103	-113
Trevoeste, S.A. (i) (ii)	N.d	3.201	N.d	787	N.d	N.d	N.d	(40)

(i) - Company with no activity

(ii) - Information related to 2013

(iii) - Information related to 31 December 2014

N.d. - Information not available

In 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 is initially recognized at cost and afterward adjusted in relation to the post-acquisition evolution of the net assets share of the invested companies by the Group. The Group profit and loss includes its own share in the invested companies results and the Group other comprehensive income includes its share in the invest companies other comprehensive income.

If the Group’s share in losses of an associate equals or exceeds its interest in the associate, the recognition of further losses is discontinued; after the investor’s interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments in the name of the associate.

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

2g – Property, plant and equipment

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

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; and (iii) the initial estimate of the costs of dismantling and removing the item and restoring the site on which is located.

The 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 recognized in the statement of profit or loss as own work capitalised.

Direct expenses with the tangible 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
Land and natural resources	5 to 10
Buildings and other constructions	4 to 50
Basic equipment	3 to 25
Transport equipment	4 to 10
Administrative equipment	4 to 16
Tools and utensils	4 to 20
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 recognized whenever the net value of an asset exceeds its recoverable amount. The PARPÚBLICA Group recognizes 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 derecognized 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 de-recognition of an item of property, plant and equipment: (i) is included in profit or loss for the period when the item is derecognized 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 recognized in the profit or loss of the period in which they occur.

Investment properties shall be derecognized 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 the total value: (i) of the transferred retribution usually at fair value at the time of acquisition; (ii) of the amount of any non-controlling interest in the acquired; and (iii) in a business combination in phases, at fair value at the time of the acquisition of the share capital previously held by the acquirer in the acquired, over the net value of the amounts at the time of the assets given and the liabilities incurred or assumed.

The *goodwill* of subsidiaries acquisitions is classified as non tangible assets and the *goodwill* of associate's 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 recognized 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 amortized, 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 recognized 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 recognized 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 recognize 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.

A gain or loss arising on initial recognition of an agriculture produce at fair value less estimated point-of-sale costs 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 recognized 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 recognizes 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 recognized in profit or loss.
- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the PARPÚBLICA 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.
- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the PARPÚBLICA 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.

- 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 recognized at fair value plus direct transaction costs, and any subsequent changes in fair value are directly recognized in equity, with the exception of impairment losses and foreign exchange gains and losses, until the de-recognition of the asset, moment in which the cumulative gain or loss previously recognized in equity will be recognized as profit or loss. Dividends on available-for-sale equity instruments are recognized 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 derecognized 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 recognized.

When there is any evidence of impairment in available-for-sale financial assets, the accumulated potential loss recognized 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 amortized cost (including investments in equity instruments measured at cost), the recognized impairment losses are directly recognized 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 recognized impairment loss is reverted, not surpassing, however, the amortized cost which would result, had the impairment not been recognized, 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 recognized impairment losses are not reversible. In the case of investments in debt instruments classified as available-for-sale, the reversal of those losses is recognized 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.

Differences between inventories' cost and its net realisable value, when lower, as well as the price of potentially outdated materials, are recognized 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 21.

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 recognized for every increase in value from its fair value less cost of sale to limit of its initial carrying amount.

The financial investment held in TAP Group, in Circuito do Estoril, in the land of MARF and MARB of SIMAB Group and of AdP Group in EGF - Empresa Geral do Fomento were classified as held for sale, as detailed in note 21.

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 recognized as a deduction to the value of the issue.

Dividends attributed to holders of equity instruments issued by PARPÚBLICA Group are only recognized 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 recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are recognized for its present value whenever time value of money is significant.

Contingent assets and liabilities are not recognized in the financial statements but are disclosed in the attached notes. 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 recognized on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is measured in a regular basis, being changes in fair value (gains or losses) recognised directly in the income statement, except for fair value changes on hedging derivatives. The recognition of the hedging derivatives variations at fair value in profit and loss depends on the hedged risk and the used hedging model.

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

PARPÚBLICA Group uses 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 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 recognized 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 fair value hedging operation of an asset or liability, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized 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 recognized 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 recognized when the forecast transaction is ultimately recognized 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 recognized 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. The gain and loss from the hedging instrument related with the hedging efficiency portion directly recognized in equity, is recognized in profit and loss when the foreign operating unit is alienated.

The derivatives embedded in financial instruments are separately handled whenever the economic risk and benefits of the derivative are not related with those of the main instrument and whenever the latter is not accounted at fair value with impact in profit and loss of the year. The embedded derivatives are registered at fair value and their variations are recorded in the profit and loss of the year.

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 established 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
- Re-measurement 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 responsibilities are determined through certain actuarial assumptions. 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 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 rate of return on assets 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized on the following basis:

- Interests are recognized using the effective interest method;
- Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement; and
- Dividends are recognized 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 recognized 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 recognized 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 recognized 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 21.

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 recognized 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 recognized 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

Foreign currency transactions are converted at the exchange rate in force at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are converted into Euros at the exchange

rates in force at the balance sheet date. These exchange differences arising on conversion are recognised in the income statement.

Foreign currency non-monetary assets and liabilities recorded at historical cost are converted using the exchange rates in force at the dates of the transaction. Foreign currency non-monetary assets and liabilities recorded at fair value are converted into Euros at the exchange rates in force at the dates on which the fair value was determined.

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

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

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

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.

Taking into account the hierarchy established in IAS 8, the companies of the Group with regulated activities adopted the international rules applied to the companies which act in markets with such characteristics (namely FAS 71, issued by FASB and the new IFRS issued by FASB about regulated activities). Therefore, a set of criteria was determined for recognition of assets and liabilities related with regulatory rules. These rules determine that a company should recognize in its financial statements the effects of its operating activity, as long as it provides services with prices subjected to regulatory provisions.

The activity of MMS Companies of AdP Group is regulated by the calculation of prices by a third entity (Ministry of Environment) 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 recovery 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 recognized 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 recognized 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.

a) 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.

b) 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.

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 recognized 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. They are recognized in profit and loss as accumulated depreciation and accrued costs for contractual investment in liabilities.

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	Additions under considerations by grantor	Shareholder's remuneration	
					Rate	Basis ⁽¹⁾
Águas do Algarve	Concession	30 years	2001-2031	37 years	OT 10 years + 3%	S. Capital+Legal Reserve
Águas do Centro	Concession	30 years	2001-2031	50 years	OT 10 years + 3%	S. Capital+Legal Reserve
Águas do Centro Alentejo	Concession	30 years	2003-2032	50 years	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	50 years	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	50 years	OT 10 years + 3%	S. Capital+Legal Reserve
Águas do Zêzere e Côa	Concession	30 years	2000-2030	50 years	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	50 years	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/ Partnership	Term	Period	Shareholder's remuneration	
				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 recognized 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 amortized 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 – Judgments, estimates and critical assumptions

The preparation of consolidated financial statements in conformity with IFRS requires PARPÚBLICA Group to make judgments, 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 judgments. The areas involving a significant level of judgment and complexity, or where assumptions and significant estimates are used in preparing the consolidated financial statements are as follows:

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 properties and biological assets

Investment properties 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 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 recognized 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.

2ac – Specifications under IAS 34 (interim financial report)

IAS 34 establishes the minimum content of an interim financial report and the principles for recognition and measurement in full or condensed financial statements for an interim period.

PARPÚBLICA Group is subject to a consolidated interim financial report, showing full financial statements under IAS 1 (IAS 34.9).

Materiality shall be esteemed in relation to the interim period data, under IAS 34.23 concerning recognition, measurement, classification or disclosure of items for the financial interim report.

In the preparation of the interim financial report, measurements can use further estimates than those used in the annual financial report (IAS 34.41).

The interim financial statements follow the some accounting policies and estimated methods as applied in the late annual financial statements.

3 - Restatements and reclassifications

The restatement at 31 December 2014 results from the reclassification of the balance sheet in what AdP is concerned. Therefore, the line Deferred tax assets (non-current assets) changed from 229.872 thousand Euros to 230.460 thousand Euros and the Public Administrative Sector (current liabilities) from 32.367 thousand Euros to 32.954 thousand Euros.

The restatement made in the results of the 1st semester 2014 results consists in a reclassification in Financial assets not related to borrowings of interests and similar income line in other operating income.

4 - Cash flows

Operating cash flows relates essentially to the Air transport segment and related activities and the trade debtors payments represent 74% (30JUN14: 77%) of total receipts. Concerning payments to trade creditors and staff, this operating segment represents 86% (30JUN14: 88%) and 82% (30JUN14: 83%), respectively.

The investing activities essentially concern to operations with the AdP and TAP Group.

The financing and investing activities essentially concern the operations that come from AdP and TAP Group. Investment totally concerns to the partial investment by the State (DGTF) in the share capital in the amount of 200 million Euros (see Note 22).

The cash flows of the discontinued operations are presented in Note 53.

5 - Property, plant and equipment

	30-Jun-15									
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	288.389	502.949	1.131.135	7.656	77	49.921	133.905	11.406	61.258	2.186.696
Additions	2	82	492	31	-	1.017	143	2.918	-	4.683
Transfers to and from "Held for sale"	(9.669)	(26.290)	(538)	(129)	(73)	(225)	(34)	(194)	-	(37.151)
Disposals	(388)	-	(370)	(81)	-	(17)	(7)	-	-	(862)
Other transfers/Write-offs	-	848	1.546	(41)	(1)	(191)	68	(3.142)	-	(913)
Exchange rate differences	-	-	-	(1)	-	(5)	(6)	-	-	(12)
Closing balance	278.334	477.590	1.132.265	7.434	4	50.501	134.069	10.988	61.258	2.152.442
Accumulated depreciation										
Opening balance	1.226	257.819	615.900	7.139	74	44.799	62.812	1	-	989.770
Additions	87	6.930	10.608	118	-	1.073	2.760	-	-	21.577
Transfers to and from "Held for sale"	-	(6.229)	(505)	(128)	(72)	(184)	(23)	-	-	(7.141)
Recognized impairment losses	-	-	369	-	-	-	-	-	-	369
Disposals	-	-	(330)	(81)	-	(17)	(5)	-	-	(432)
Other transfers/Write-offs	-	9	(693)	(42)	1	(234)	6	-	-	(954)
Exchange rate differences	-	-	-	(3)	-	(4)	(6)	-	-	(13)
Closing balance	1.313	258.529	625.350	7.003	3	45.433	65.545	1	-	1.003.176
Accumulated impairment losses										
Saldo inicial (final de n-1)	15.521	7.256	16	-	-	13	(554)	386	-	22.638
Reexpressões	-	-	-	-	-	-	-	-	-	-
Notas	5.592	12.282	-	-	-	-	-	-	-	-
Opening balance	21.152	19.113	16	-	-	7	(554)	386	-	40.120
Increases through concentration of business activities	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Transfers to and from "Held for sale"	(4.489)	(19.150)	-	-	-	-	-	(386)	-	(24.025)
Recognized impairment losses	2.624	461	-	-	-	-	-	-	-	3.085
Disposals	(26)	-	-	-	-	-	-	-	-	(26)
Closing balance	19.261	424	16	-	-	7	(554)	-	-	19.154
Net amount	257.760	218.637	506.899	431	1	5.062	69.078	10.987	61.258	1.130.112

	31-Dec-14									
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	330.822	844.036	3.233.852	14.327	31.837	115.136	159.006	16.813	68.265	4.814.093
Additions by business combinations	-	-	-	57	-	-	-	-	-	57
Additions	85	1.521	16.589	427	1.146	2.366	410	17.525	10.269	50.337
Transfers to and from "Held for sale"	(41.919)	(349.154)	(2.093.896)	(6.746)	(33.009)	(67.550)	(24.119)	(3.332)	(17.167)	(2.636.892)
Disposals	(973)	(33)	(1.975)	(117)	-	(15)	(45)	(3)	(11)	(3.171)
Other transfers/Write-offs	366	6.531	(24.628)	(406)	(14)	(60)	(1.350)	(19.619)	(98)	(39.278)
Exchange rate differences	8	48	163	5	117	44	2	23	-	410
Closing balance	288.389	502.949	1.131.135	7.656	77	49.921	133.905	11.406	61.258	2.186.696
Accumulated depreciation										
Opening balance	1.053	485.777	2.151.820	13.437	20.194	106.657	78.741	1	-	2.857.680
Additions by business combinations	-	-	-	6	-	-	-	-	-	6
Additions	173	19.811	94.783	507	1.892	3.439	7.512	-	-	128.118
Transfers to and from "Held for sale"	-	(248.033)	(1.599.682)	(6.313)	(22.020)	(64.492)	(22.321)	-	-	(1.962.861)
Recognized impairment losses	-	-	1.984	-	-	-	-	-	-	1.984
Disposals	-	(19)	(1.859)	(98)	-	(14)	(36)	-	-	(2.026)
Other transfers/Write-offs	-	274	(31.970)	(403)	(13)	(825)	(1.086)	-	-	(34.024)
Exchange rate differences	-	9	117	3	21	34	2	-	-	186
Closing balance	1.226	257.819	615.900	7.139	74	44.799	62.812	1	-	989.770
Accumulated impairment losses										
Opening balance	21.273	18.689	-	-	-	-	1.090	386	-	41.438
Recognized impairment losses	55	424	16	-	-	7	-	-	-	501
Impairment loss reversal	(94)	-	-	-	-	-	(1.644)	-	-	(1.738)
Disposals	(82)	-	-	-	-	-	-	-	-	(82)
Closing balance	21.152	19.113	16	-	-	7	(554)	386	-	40.120
Net amount	266.011	226.017	515.219	517	3	5.115	71.648	11.019	61.258	1.156.806

Land and Buildings (net values) at 30 June 2015 mainly included:

- 235 million Euros (31DEC14: 238 million Euros) related to infrastructures for production, transport and distribution of water of AdP Group;
- 116 million Euros (31DEC14: 118 million Euros) related to the several kind of buildings connected to SIMAB Group supply markets (fresh products halls, warehouses, trading stores and other); and
- 58 million Euros (31DEC14: 58 million Euros) related to Baía do Tejo.

The Basic equipment at 30 of June 2015 (net values) mainly includes 502 million Euros (31DEC14: 510 million de Euros) related to production, transport and distribution of water belonging to AdP Group.

The amount of Transport Equipment (net values) come mainly from AdP Group with 169 thousand Euros (31DEC14: 239 thousand Euros), Baía do Tejo with 119 thousand Euros (31DEC14: 122 thousand Euros) and Companhia das Lezírias, with 107 thousand Euros (31DEC14: 104 thousand Euros).

The amount of Administrative Equipment (net values) come mainly from AdP Group, with 3,2 million Euros (31DEC14: 3 million Euros) and from INCM with 1,2 million Euros (31DEC14: 1,4 million Euros).

Other tangible fixed assets mainly includes (net value): (i) 57 million Euros (31DEC14: 59,5 million Euros) of rolling stock in operations in “Eixo Ferroviário Norte-Sul” from SAGESECUR; (ii) 8,8 million Euros (31DEC14: 8,8 million Euros) relating to INCM; and (iii) 2,3 million Euros (31DEC14: 2,3 million Euros) from AdP Group.

The AdP Group was responsible for 3,2 million Euros of the total acquisitions made during the 1st semester of 2015 (4,7 million Euros).

Transfers and write-offs in fixed assets in progress mainly included 2,3 million Euros from AdP Group.

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

- advances made by Baía do Tejo Group in the amount of 56,8 million Euros (31DEC14: 56,8 million Euros), 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; and
- advances made by Lazer e Floresta in the amount of 4,5 million Euros (31DEC14: 4,5 million Euros), related to the acquisition of properties, still waiting for the completion of the deed.

The amounts classified as Transfers to Held for sale referred in the first half of 2015 to the net amount of 6 million Euros from Circuito do Estoril, which is now in a held for sale disposal group, according to IFRS 5, as detailed in Note 21 where the balances at 30 of June 2015 can be found.

The initial balance of accumulated impairment losses is mostly related to assets of Companhia das Lezírias and Circuito do Estoril.

Depreciation (21,6 million Euros) had a significantly decreased due to the classification of TAP as non-current asset held for sale. In 2014, depreciation included 85 million Euros related to TAP, that were afterwards reclassified as non-current assets held for sale.

The amounts identified as Transfers from/to held for sale in 2014 in the net amount of 674 million Euros correspond to 673,7 million Euros relating TAP Group and to 313 thousand Euros relating EGF Group (held by AdP Group) which are now included in a held for sale group according to IFRS 5 as described in Note 21 where the balances at 31 December 2014 can be found.

6 - Investment properties

Investment property	30-Jun-15	31-Dec-14
	At fair value	At fair value
Opening balance	535.512	545.833
Adjustments to fair value - Net gains and losses	(1.008)	(20.684)
Increases - Acquisitions	204	17.553
Disposals	(6.863)	(4.204)
Transfers to property, plant and equipment	-	(27)
Transfers to "Held for sale"	-	(2.139)
Other variation	386	(821)
Closing balance	528.232	535.512
Total		
Investment property (by at fair value hierarchy)	30-Jun-15	31-Dec-14
Level 1 (market prices)	-	-
Level 2 (other observable sources than market prices)	-	-
Level 3 (sources not based on the observable market)	528.232	535.512
	528.232	535.512

Investment properties refer to the following entities:

Investment property by entity	30-Jun-15	31-Dec-14
Estamo	191.456	197.815
Consest	61.753	61.750
Baía do Tejo Group	126.397	126.193
Companhia das Lezírias	62.954	62.956
Fundo IIF Estamo	30.689	31.695
Lazer e Floresta	36.825	36.898
AdP Group	13.698	13.745
SIMAB	4.460	4.460
Total	528.232	535.512

The main criteria used to distinguish Investment properties from properties held for sale in the regular course of the business comes from renting.

The net losses value in Adjustments at fair value, in the amount of 1 million Euros, comes mainly from losses from the Fundo de Investimento Imobiliário Fechado Estamo, related to properties in portfolio.

The sales of the semester in the amount of 6,9 million Euros are mainly related to the sale of a building by Estamo in Lisbon (6,8 million Euros).

The amount classified as Transfers/Held for sale at 30 June 2015 corresponds to TAP Group assets included in the held for sale according to IFRS 5 as described in note 21.

The significant methods applied in determining the fair value of investment properties 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** – 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. It is an indirect method, commonly used in determining the market value of assets with the ability to generate income from its use.
- **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 PARPÚBLICA Group when using the Residual Value Method and the Income Method are described below:

Discount rate by method and subsidiary	Method of income	Residual Value Method
Estamo	Between 5,5% and 9%	Between 8,5% and 11,5%
Consest	n.a.	10%
Grupo Baía do Tejo	Between 7% and 10%	n.a.
Companhia das Lezírias	5,25%	15%
Fundo IIF Estamo	n.a.	Between 9% and 9,5%
Lazer e Floresta	Between 8% and 10%	n.a.
SIMAB	n.a.	Between 9% and 10,25%

7 - Goodwill

Goodwill	30-Jun-15		31-Dec-14		
	Opening balance	Closing balance	Opening balance	Transfers to "Held for sale"	Closing balance
Manutenção e Engenharia Brasil	-	-	129.940	(129.940)	-
Air transport	-	-	63.099	(63.099)	-
AdP	84.934	84.934	95.005	(10.070)	84.934
Valorsul	-	-	3.307	(3.307)	-
Algar	-	-	130	(130)	-
Aquasis	210	210	210	-	210
Baía do Tejo	91	91	91	-	91
Simab	5.749	5.749	5.749	-	5.749
	90.984	90.984	297.530	(206.546)	90.984

The amounts identified as Transfers to held for sale in 2014 in the amount of 193 million Euros refers to TAP Group and the amount of 13,5 million Euros to EGF Group (held by AdP Group), included in a held for sale disposal group, according to IFRS 5, as detailed in Note 21.

For the calculation of impairment tests, the recoverable value of the cash generated units (CGUs) is determined based on the value in use in accordance with the discounted cash flows method. The impairment tests are annually carried out and are related to 31 of December 2014 and there were no significant changes in the recoverable value of the CGUs during the first half of 2015.

8 – Other intangible assets

Other intangible assets (net values)	30-Jun-15			31-Dec-14		
	Indefinite useful life	Finite useful life	Total	Indefinite useful life	Finite useful life	Total
Opening balance	3	4.003.412	4.003.415	3	4.688.572	4.688.575
Transfers to "held for sale"	-	-	-	-	(683.181)	(683.181)
Recognized impairment losses (signal-)	-	-	-	-	663	663
Additions	-	79.415	79.415	-	140.903	140.903
Other transfers/Write-offs	-	964	964	-	(12.204)	(12.204)
Amortizations	-	(68.525)	(68.525)	-	(131.338)	(131.338)
Exchange rate differences (signal +or-)	-	-	-	-	(2)	(2)
Closing balance	3	4.015.266	4.015.269	3	4.003.412	4.003.415

Other intangible assets come mainly from AdP Group in the amount of 4 billion Euros (31DEC14: 4 billion Euros). These intangible assets correspond mainly to rights of infrastructures' use (IFRIC 12) of UNA-PD (water production and purification) and UNR (waste business units).

Additions (79,4 million Euros), as well as other transfers/disposals (1 million Euros) and amortizations (68,5 million Euros) come mainly from AdP Group. The business unit that contributed more to this volume of investments was the UNA-PD.

The amounts identified as Transfer from/held for sale in 2014 correspond to 738 thousand Euros from TAP Group and 682,4 million Euros from EGF Group (held by AdP Group), which are no longer included in the held for sale alienation Group, according to IFRS 5 as described in note 21.

9 - Biological assets

30-Jun-15							
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
<u>At fair value</u>							
Forest							
Pine	9.262	-	-	(229)		-	9.033
Eucalyptus	6.449	-	-	(841)		-	5.608
Breeding stock	607		(27)	-		-	581
	16.319	-	(27)	(1.070)	-	-	15.222
<u>At cost</u>							
Olive tree	345	-		-	(8)	-	337
Vine	862	16		-	(26)	-	852
Other	22	-		-	(2)	-	21
	1.229	16	-	-	(35)	-	1.210
Total	17.548	16	(27)	(1.070)	(35)	-	16.432

30-Jun-15							
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
<u>At fair value</u>							
Forest							
Eucalyptus	2.000	-	-	-		-	2.000
Breeding stock	755		113	-		-	868
Total	2.755	-	113	-	-	-	2.868

31-Dec-14							
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
<u>At fair value</u>							
Forest							
Pine	9.577	-	(196)	(119)	-	-	9.262
Eucalyptus	7.281	-	(139)	(693)	-	-	6.449
Breeding stock	659	-	(51)	-	-	-	607
	17.517	-	(385)	(812)	-	-	16.319
<u>At cost</u>							
Olive tree	361	-	-	-	(16)	-	345
Vine	661	252	-	-	(51)	-	862
Other	26	-	-	-	(3)	-	22
	1.048	252	-	-	(71)	-	1.229
Total	18.564	252	(385)	(812)	(71)	-	17.548

31-Dec-14							
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
<u>At fair value</u>							
Forest							
Pine	0	-	-	-	-	-	0
Eucalyptus	2.000	-	-	-	-	-	2.000
Breeding stock	797	-	(41)	-	-	-	755
Total	2.797	-	(41)	-	-	-	2.755

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

Forests, with the exception of the cork oak landscape, are registered at a fair value assessed through the method of the current value of discounted cash flows, as foreseen in IAS 41. The area concerned is: (i) pine

trees and other resinous trees, 3.460 hectares (31DEC14: 3.493 hectares); (ii) Eucalyptus, 3.938 hectares (31DECC14: 4.432 hectares); and (iii) cork oak trees, 8.287 hectares (31DEC14 8.287 hectares).

As cork oak landscape (“montado de sobro”) is an asset under a conditioning 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 reliably estimate 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 type of the asset. To estimate fair value it was used the discounted cash flows method with a discount rate between 5,00% and 6,00%.

10 - Investments in associates

Investments in associates	30-Jun-15			
	Opening balance	Equity method movements	Impairment loss recognition	Closing balance
Parcaixa, SGPS, SA	470.340	743	-	471.083
CVP - Sociedade de Gestão Hospitalar, S.A.	5.814	61	(61)	5.814
ISOTAL - Imobiliário do Sotavento Algarvio, S.A.	58	-	-	58
Multicert - Serviços de Certificação Electrónica	261	-	-	261
ORIVÁRZEA, S.A.	1.956	-	-	1.956
Mieses	265	-	-	265
CLR - Comp. Lezírias e Associados Renováveis, Lda	1	-	-	1
Propnery - Propriedade e Equipamentos, SA	1.027	25	-	1.052
ACEs Quimiparque, Snegs Urbindustria, Portosider	4	-	-	4
	479.726	828	(61)	480.494

Investments in associates	31-Dec-14						
	Opening balance	Additions	Equity method movements	Transfers to "held for sale"	Impairment loss recognition	Other transfers	Closing balance
Parcaixa, SGPS, SA	465.723	-	4.617	-	(0)	-	470.340
CVP - Sociedade de Gestão Hospitalar, S.A.	5.814	-	195	-	(195)	-	5.814
ISOTAL - Imobiliário do Sotavento Algarvio, S.A.	62	-	(3)	-	-	-	58
Multicert - Serviços de Certificação Electrónica	256	-	5	-	-	-	261
ORIVÁRZEA, S.A.	1.776	-	181	-	-	-	1.956
INAPA - Invest. Part. E Gestão, SA	10.799	-	475	(11.274)	-	-	(0)
Águas de Timor	5	-	-	-	-	(5)	-
Mieses	232	33	-	-	-	-	265
CLR - Comp. Lezírias e Associados Renováveis, Lda	1	-	-	-	-	-	1
Propnery - Propriedade e Equipamentos, SA	1.150	-	(123)	-	-	-	1.027
ACEs Quimiparque, Snegs Urbindustria, Portosider	4	-	-	-	-	-	4
	485.821	33	5.347	(11.274)	(196)	(5)	479.726

From the main changes verified in the 1st semester of 2015, it should be noted the use of the equity equivalence method.

During 2014 in an Extraordinary General Assembly, a clause was approved non-considering voting rights, during the period in which the INAPA preferred shares with voting rights, relating to shares held by one

shareholder or by shareholders under a common ownership corresponding to a third of the whole votes relating the share capital. Therefore, the 49.084.738 shares of INAPA held by PARPÚBLICA currently represent 8,26% of voting rights, since PARPÚBLICA and PARCAIXA are considered to be under the State ownership. PARPÚBLICA has no longer any significant influence and the investment in INAPA is now classified as financial assets available for sale and measured at fair value with the recognized amendments in other comprehensive income.

11 - Other investments-other methods

Other investments	30-Jun-15	31-Dec-14
At fair value		
GALP	619.112	494.570
INAPA	7.068	7.363
NOS (ex ZON Multimédia)	810	591
PHarol SGPS, SA (ex PT SGPS, SA)	316	692
Lisnave - Estaleiros Navais, S.A.	2.000	2.000
Other	21	20
	629.327	505.236
At cost		
Other	67	67
	67	67
	629.395	505.303

The main variation verified in the first semester of 2015 concerns the accrual of 124.533 thousand Euros, which includes the amount of 122.567 thousand Euros of positive variations at fair value of GALP's shares underlying to the option of the bond loan (see Note 45) issued by PARPÚBLICA.

The estimate used to assess the fair value of these financial investments was based on market references (whenever the price was available), in recent transactions or in technical evaluations.

12 - Other financial assets

Other financial liabilities	30-Jun-15		31-Dec-14	
	Current	Non current	Current	Current
Financial assets at fair value through profit or loss				
Held for trading				
Imopoupança Fund and Fundiestamo I shares	7.729	-	6.904	-
Other	-	6.405	-	6.405
Held to maturity	-	6.299	-	6.314
Loans and receivables				
Payments in advance regarding privatizations	-	4.588.830	-	4.588.830
"Fundo de reconstituição"	-	106.507	-	102.668
Others	-	13.888	-	12.108
Available for sale				
Others	4	19	4	10
	7.733	4.721.947	6.908	4.716.335

Financial investments at fair value through profit or loss - current assets - corresponds to shares held by SAGESECUR in Fundiestamo Fund I with 7.649 shares (31DEC14: 6.886 shares) and in the Imopoupança Fund with 1.970 shares (31DEC14: 1.970 shares) in the total amount of 7.729 thousand Euros (31DEC14: 6.904 thousand Euros).

The amount of 6.405 thousand Euros of Other financial investments at fair value through profit and loss – non-current – comes from AdP Group and relates to medium and long term financial investments as senior notes.

The value in Other financial assets – held to maturity, in the amount of 6.299 thousand Euros (31DEC14: 6.314 thousand Euros), is mainly related to Treasury bonds held by INCM in the amount of 5.794 thousand Euros (31DEC14: 5.794 thousand Euros).

The amount of 4.589 million Euros mainly relates to Advances concerning privatizations (31DEC14: 4.589 million Euros), of deliveries of re-privatization proceeds to the State in compliance with Law Nr 11/90, of April 14, to be compensated pursuant art. nr 9 of Decree-Law Nr 209/2000, of September 2 and to the amounts not compensated by the State as result of PARPÚBLICA's intervention in the former IPE liquidation.

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

Other current loans and other receivables include the amount of 12.008 thousand Euros related to credits granted by SPE to Sociedade Mineira do Lucapa. Despite Sociedade Mineira do Lucapa (SML) inactivity and bankruptcy, its credits are not considered as impairment due to the fact that, besides the ongoing legal procedures, under the Angolan jurisdiction and in arbitration courts concerning the mining concession and the investment in SML, there are privileges of the shareholders as creditors which can guarantee the recovery of the related amounts.

13 - Deferred tax assets and liabilities

Deferred taxes	30-Jun-15				31-Dec-14				
	Opening balance	Changes on profit or loss	Changes directly on equity	Closing balance	Opening balance	Changes on profit or loss	Changes directly on equity	Transfers to "held for sale"	Closing balance
Deferred tax assets									
Reportable tax losses	29.574	(3.687)	-	25.888	44.594	(6.399)	(49)	(8.572)	29.574
Retirement benefit obligations	7.559	-	-	7.559	27.803	(8.054)	(468)	(11.722)	7.559
Impairment losses on inventories	2.658	-	-	2.658	11.147	(437)	-	(8.052)	2.658
Transition adjustments and fair value variations	10.880	-	-	10.880	6.034	4.859	(13)	-	10.880
Other provision and adjustments not tax deductible	4.060	2	-	4.061	5.990	(1.455)	(3)	(471)	4.060
Others	175.729	3.269	-	178.998	273.351	(1.664)	(72)	(95.886)	175.729
	230.460	(416)	-	230.043	368.919	(13.151)	(605)	(124.703)	230.460
Deferred tax liabilities									
Transition adjustments and fair value variations	42.274	283	-	42.557	71.982	(6.026)	(47.146)	23.464	42.274
Reinvestment of PP&E values	33	-	-	33	56	(23)	-	-	33
Grants to investment	(0)	(46)	-	(46)	(0)	-	-	-	(0)
Other	238.810	6.810	(30)	245.591	310.576	(27.337)	(4.608)	(39.821)	238.810
	281.118	7.047	(30)	288.135	382.614	(33.385)	(51.754)	(16.357)	281.118

The Deferred tax assets include 25,9 million Euros (31DEC14: 29,6 million Euros) related to the recognition of reportable financial losses, mainly from Estamo.

The variation with effects in profit and loss occurred in reportable fiscal losses in deferred tax assets, in the negative amount of 3,7 million Euros, mainly includes the negative variation of Estamo by the estimating use of loss report.

Deferred tax assets include 7,6 million Euros (31DEC14: 7,6 million Euros) related to the recognition of obligations with retirement benefits not fiscally accepted, although the variations of the period comes mainly from INCM.

Deferred tax assets include 2,7 million Euros (31DEC14: 2,7 million Euros) related to the recognition of inventories adjustments not fiscally accepted, mainly from Estamo.

Transfer adjustments and variations at fair value in the amount of 10, 9 million Euros (31DEC14: 10, 9 million Euros) are mainly related to the recognition of the variations at fair value of Estamo (8 million Euros) and Conset (1,8 million Euros).

The deferred tax Assets include 4,1 million Euros (31DEC14: 4,1 million Euros) related to Other provisions and adjustments not accepted for tax purposes mainly from AdP Group.

Other deferred tax assets and liabilities include 179 million Euros (31DEC14: 175,7 million Euros) and 245,6 million Euros (31DEC14: 238,8 million Euros), resulting from:

- AdP Group, with 167,1 million Euros in non-current asset (31DEC14: 162,8 million Euros) and 242,9 million Euros (31DEC14: 236 million Euros), in non-current liabilities related to the IFRIC 12 enforcement in AdP Group, where there are significant eventual differences between the tax and accounting depreciations and with similar impact in the deferred taxes associated with investment subsidies. It should be noted that the deferred tax assets and liabilities tariff adjustments are also registered in this item; and

- SIMAB Group, with 11,8 million Euros in non-current assets (31DEC14: 12,1 million Euros) and 2,7 million Euros in non-current liabilities (31DEC14: 2,7 million Euros), related to eventual differences in fixed tangible assets.

The Liabilities transfer and variations adjustments at fair value in the amount of 42,6 million Euros are related to undertaken revaluations being 16,2 million Euros from Baía do Tejo Group, 14,5 million Euros from Companhia das Lezírias, 5,4 million Euros from Lazer e Floresta, 3,4 million Euros from Estamo and 3,1 million Euros from INCM.

At 2014, the amounts classified as Transfers to Held for sale are related to TAP Group (53,4 million Euros assets and 21 million Euros liabilities) and to EGF Group (81,6 million Euros assets and 35 million Euros liabilities) that were included in a held for sale disposal group according to IFRS 5, as detailed in Note 21.

In 2014, the estimate of deferred tax assets and liabilities was adjusted according to the change in the income tax rate which decreased from 23% to 21%.

14 – Trade Debtors

Trade debtors	30-Jun-15	31-Dec-14
Current account	453.086	481.820
Doubtful accounts	43.234	24.322
"Water on counter" to bill	22.173	39.191
Other	23	32
Accumulated impairment losses	(41.379)	(22.377)
	477.137	522.988

Trade debtors - Current accounts includes:

- Trade debtors from AdP Group in the amount of 358,9 million Euros (31DEC14: 372,5 million Euros), from which 358,7 million Euros (31DEC14: 358,7 million Euros) are related to municipalities debts;
- Trade debtors from Estamo in the amount of 71,5 million Euros (31DEC14: 85 million Euros), essentially relating to leases to Portuguese State entities; and
- Trade debtors from INCM in the amount of 16,4 million Euros (31DEC14: 16,4 million Euros), mainly related to debts from Portuguese State entities.

The balance of Doubtful accounts comes essentially from AdP Group with the total amount of 40,5 million Euros (31DEC14: 20,2 million Euros).

According to a principle of agreement between Águas de Portugal, Águas do Zêzere e Côa and the municipalities integrating the Water System of Zêzere e Côa (waiting for the approval of the Minister of Environment and Regional Planning and Development), an impairment in the amount of 19,6 million Euros was recognized as result of a downwards review to tariffs carried out in previous years. The referred tariff review was due to the government compensation to the municipalities using the mentioned system due to the decision of the disaffection grantor of the Covilhã Municipality in the Multi-municipal Water and Sanitation System of Alto Zêzere e Côa, contrary to the initially estimated. The disaffection of the Covilhã Municipality, according to the amendment to the Concession Contract and related Feasibility Study caused

a loss of about 28,5% of the sanitation flow causing an economic downturn in the system and system users.

Variations on Impairment losses from trade debtors are detailed in Note 42.

Water on counter to bill relates to an estimate of consumed water by trade debtors at 30 June 2015, which will only be invoiced after that date.

The variation of Trade debtors balance comes mainly from the reclassification of the trade debtors' debts of AdP in the amount of 30,7 million Euros and Estamo in the amount of about 13,4 million Euros.

15 Advances to trade creditors

Advances to trade creditors	Current	
	30-Jun-15	31-Dec-14
Advances to trade creditors		
Current account	5.961	4.808
Property, plant and equipment	1.113	1.417
	7.074	6.225

The balance of Advances to trade creditors at 30 June 2015 corresponds mostly to AdP Group with 6,8 million Euros (31DEC14: 6,1 million Euros).

16 - Public administrative sector

Public administrative sector	30-Jun-15		31-Dec-14	
	Current	Non-current	Current	Non-current
Assets				
Public administrative sector				
Income tax to be received	6.063	-	4.801	-
Other	6.869	-	6.773	-
	12.932	-	11.575	-
Liabilities				
Public administrative sector				
Income tax to be paid	21.977	-	9.837	-
Other	16.289	-	23.118	-
	38.265	-	32.954	-

The receivable Income tax comes mainly from PARPÚBLICA in the total amount of 4,1 million Euros (31DEC14: 4,1 million Euros), mostly resulting from withholding taxes by third parties related to income from dividends.

Other-current assets includes 5,93 million Euros (31DEC14: 5,3 million Euros) from AdP Group, mostly related to VAT receivable.

The payable Income tax comes mainly from AdP Group in the total amount of 18,3 million Euros (31DEC14: 2,7 million Euros). At the first semester of 2015, this line has higher values since payments on account are made during the second semester of the year.

The amount recorded in Other-current liabilities mainly includes:

- 12,3 million Euros (31DEC14: 19,4 million Euros) related to AdP Group, of which 6.602 million Euros related to Water and Waste Management Taxes (31DEC14: 13, 6 million Euros); and
- 1,4 million Euros (31DEC14: 0,7 million Euros) related to INCM.

According to legislation in force, tax declarations of companies with 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 2015.

17 - Other receivables

Other receivables	30-Jun-15		31-Dec-14	
	Current	Non-current	Current	Non-current
Accumulated impairment	6.938	-	2.951	-
Accrued income	-	1.128	-	1.097
Government grants related to assets	1.389	38.670	4.597	37.414
Staff	728	-	301	-
Trade receivables	215	64.978	28	65.042
Real estate sales	85.388	64.924	81.197	62.517
Others	(4.692)	-	(4.665)	-
	89.966	169.700	84.408	166.070

The line Trade receivables – non-current assets relates to trade debtors balances of AdP Group according to payment agreements in the amount of 65 million Euros (31DEC14: 65 million Euros).

The line Accrued income – current assets mainly includes; (i) 3,8 million Euros (31DEC14: 0,6 million Euros) from INCM and (ii) 2,6 million Euros (31DEC14: 0,7 million Euros) from Companhia das Lezírias.

The line Real Estate sales – current and non-current assets relate to amounts due to ESTAMO for real estate sales, which will be paid in instalments.

The line Others –current assets – essentially includes:

- 79,5 million Euros (31DEC14: 73,8 million Euros) from AdP Group, including: (i) 34,9 million Euros from grants to investment (31 DEC14: 30 million Euros), (ii) 22,1 million Euros from accrued interests (31 DEC14: 22,7 million Euros), and (iii) 22,5 million Euros to other receivables (31DEC14: 20,9 million Euros); and
- 3,5 million Euros (31DEC14: 3,3 million Euros) from Companhia das Lezírias including 2,8 million Euros related to payments in the name and on behalf of the Directorate General of Treasury and

Finance due to the liquidation process of Fundação Alter Real (Decree-Law nr 109/2013, of August 1, amended by Decree-Law nr 171/2014, of November 10).

The item Others – non-current asset – essentially includes 64 million Euros (31DEC14: 61,5 million Euros) from AdP group related to the residual value to be received at the end of the concession, relating to modernization and expansion assets. This variation is due to the investment volume of the initial concession contracts and sometimes to expansion and upgrading investments showing a residual value at the end of the concession period.

The amount of 4,7 million euro at 30 June 2015 referring to Adjustments by impairment of other receivables – current asset – is mostly from AdP Group, in the total amount of 3,6 million euro (31DEC14: 3,7 million euro).

18 - Deferrals

Deferrals - Assets	30-Jun-15		31-Dec-14	
	Current	Non current	Current	Non current
Regulatory asset - tariff deviations	-	636.551	-	590.619
Other deferred expenses	14.825	-	16.333	-
	14.825	636.551	16.333	590.619

Deferrals - Liabilities	30-Jun-15		31-Dec-14	
	Current	Non current	Current	Non current
Regulatory liability - Tariff deviations	-	66.485	-	61.014
Deferred income				
Government grants related with assets	1.482	1.650.596	1.551	1.646.157
Other	23.859	21.340	25.060	21.977
Contractual (service concession) investments	-	361.709	-	348.003
Other	-	-	381	-
	25.341	2.100.130	26.991	2.077.151

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 Deviation	Effect Tax
	Deviation	Tax	Deviation	Tax		
UNA-PD						
Águas do Algarve, S.A.	11.032	-	-	2.482	8.550	(1.263)
Águas do Centro Alentejo, S.A.	10.478	-	-	2.357	8.120	(202)
Águas do Centro, S.A.	76.531	-	-	17.219	59.311	3.183
Águas do Douro e Paiva, S.A.	-	885	3.932	0	(3.047)	(2.511)
Águas do Mondego, S.A.	10.182	-	-	2.291	7.891	(133)
Águas do Norte Alentejano, S.A.	36.296	-	-	8.167	28.129	1.043
Águas do Noroeste, S.A.	128.550	-	-	28.924	99.626	9.620
Águas do Oeste, S.A.	74.518	-	-	16.767	57.752	1.711
Águas de Trás-os-Montes e Alto Douro, S.A.	64.183	-	-	14.441	49.742	1.499
Águas do Zêzere e Côa, S.A.	79.566	-	-	17.902	61.664	25.448
AgdA - Águas Públicas Alentejo, S.A.	-	655	2.913	-	(2.257)	(696)
Sanest, S.A.	-	5.500	24.444	-	(18.944)	(2.511)
Simarsul, S.A.	47.070	-	-	10.591	36.480	2.776
Simdouro, S.A.	11.158	-	-	2.511	8.647	606
Simlis, S.A.	15.010	-	-	3.377	11.633	(397)
Simria, S.A.	34.417	-	-	7.744	26.673	3
Simtejo, S.A.	-	7.919	35.197	-	(27.278)	247
AdRA - Águas da Região de Aveiro, S.A.	37.561	-	-	8.451	29.110	2.040
Total UNA-PD	636.551	14.959	66.485	143.224	441.802	40.462

Other current deferred expenses are mainly from:

- 9 million Euros (31DEC14: 9,4 million Euros) from AdP Group;
- 3,3 million Euros (31DEC14: 4 million Euros) from Estamo; and
- 1,6 million Euros (31DEC14: 1,5 million Euros) from PARPÚBLICA.

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

Government Grants – AdP Group	30-Jun-15	31-Dec-14
Government grants related with assets – EC Cohesion Fund	1.392.111	1.381.321
Government grants related with assets – Other	8.219	8.604
Asset integration	234.740	240.468
	1.635.070	1.630.393

EC Cohesion Fund- movements for the period	30-Jun-15	31-Dec-14
Grants (year N-1)	1.381.321	1.663.124
Recognition of right to receive	31.940	41.702
Income recognition	(21.011)	(43.523)
Recognition adjustments	(24)	842
Right recognition adjustments	(114)	(11.274)
Reclassification to assets/liabilities held for sale (balance at 1JAN14)	-	(269.550)
Receipts for the period (year N)	1.392.111	1.381.321

Deferred income – other current liabilities – includes:

- 19,6 million Euros (31DEC14: 20,5 million Euros) from AdP Group;
- 1,6 million Euros (31DEC14: 2,1 million Euros) from lease rents received by ESTAMO in advance; and
- 1,3 million Euros related to access fees paid by the users (supply markets clients) at the beginning of the contract of use of SIMAB Group areas (31DEC13: 2 million Euros).

- 1,1 million Euros from incomes to be recognized, related to access fees paid by the users (supply markets clients) at the beginning of the contract of use of SIMAB Group areas (31DEC14: 1,3 million Euros).

Deferred income – other non-current liabilities – is totally related to SIMAB Group concerning to incomes to be recognized which are related to access fees paid by the users wholesale markets' clients) at the beginning of the contract of use of SIMAB Group areas. The amounts are recognized in Income of the period, during the contracts' period and when during notice the amount not recognized at notice's date is fully integrated.

Contractual investments – non-current liabilities – refer entirely to AdP Group.

19 - Inventories

Inventories	30-Jun-15	31-Dec-14
Merchandise	779.509	821.390
Finished and intermediate goods	11.958	10.742
Subproducts and other	2.192	2.131
Work in progress	19.287	15.974
Raw materials and Other	16.334	16.692
Purchase advances	203.864	208.264
Accumulated impairment losses	(144.855)	(153.711)
TOTAL	888.287	921.484

Merchandise includes, essentially, the amount of 765,7 million Euros of real estate owned by ESTAMO (31DEC14: 807,7 million Euros), and properties of Lazer e Floresta in the total amount of 13 million Euros (31DEC14: 13 million Euros).

Finished and intermediate goods are mostly related to INCM with 11,5 million Euros (31DEC14: 10,4 million Euros), of which 3,9 million euro relating to commemorative coin collection (31DEC14: 3,9 million euro), 3,5 million euro relating to several books (31DEC14: 3,5million euro), and 1,2 million euro relating to PVC cards (31DEC14: 1 million euro).

Work in progress comprises essentially, 15 million euro (31DEC14: 15 million euro) with allotment projects from Baía do Tejo Group, of which 8,4 million euro (31DEC14: 8,4 million euro) are from projects in stage of infrastructure and 6,5 million euro (31DEC14: 6,5million euro) of land with infrastructure.

Raw materials and consumables mainly include:

- coin and other assets of INCM, in the amount of 9,8 million euro (31DEC14: 10 million euro); and
- reagents and counters of AdP Group, in the total amount of 5,9 million Euros (31DEC14: 5,7 million Euros).

Purchase advances are entirely related with real estate from ESTAMO.

Accumulated adjustments in inventories include mainly 136,3 million Euros (31DEC14: 145,1 million Euros) of ESTAMO and 4,9 million Euros (31DEC14: 5 million Euros) of INCM.

20 - Cash and bank deposits

Cash and bank deposits	30-Jun-15	31-Dec-14
Financial applications	-	890
Time deposits	255.586	281.897
Bank deposits readily convertible into cash	206.794	114.073
Cash	849	7.464
Cash equivalent	-	44
Other	16	-
	463.244	404.368

The cash equivalents presented by PARPÚBLICA Group essentially correspond to investments in term deposit accounts and other deposits immediately convertible into cash, being the most relevant, the balances of AdP Group with 302,7 million Euros (31DEC14: 281,9 million Euros), of PARPÚBLICA with 68,7 million Euros (31DEC14: 18,4 million Euros), of INCM with 27,6 million Euros (31DEC14: 33,7 million Euros), of Estamo with 27,9 million Euros (31DEC14: 23,9 million Euros) and of Lazer e Floresta with 22,9 million Euros (31DEC14: 21,3 million Euros).

21 - Non-current assets held for sale and related liabilities

Non current assets and liabilities held for sale	30-Jun-15	31-Dec-14
Assets		
Investments		
EGF - subholding da AdP		
EGF - Intangible assets	641.481	657.547
EGF - Goodwill	13.507	13.507
Financial investments	30.603	30.603
EGF - Deferred tax assets	83.905	81.592
EGF - Trade debtors and other non current assets	21.328	29.547
EGF - Trade debtors - current	49.577	57.873
EGF - Other current assets	15.188	20.304
EGF - Cash and bank deposits	50.124	45.061
EGF - Other assets	2.922	2.655
	908.635	938.689
TAP		
TAP - Investment property	2.189	2.139
TAP - Property, plant and equipment	667.427	673.718
TAP - Goodwill	190.694	193.479
TAP - Other intangible assets	615	738
TAP - Other financial assets	1.761	2.122
TAP - Deferred tax assets	39.239	53.410
TAP - Other current and non-current receivables and deferrals	123.380	128.724
TAP - Inventories	98.361	97.172
TAP - Trade debtors and advances to trade creditors	258.822	153.736
TAP - Public administrative sector	15.099	13.878
TAP - Cash and bank deposits	212.425	241.281
	1.610.012	1.560.397
MARF Land - SIMAB	5	5
MARF Land - SIMAB	707	707
CE		
CE - Property, land and equipment	5.985	-
CE - Trade debtors	588	-
CE - Cash and bank deposits	1.420	-
CE - Other current assets	183	-
	8.176	-
Total non-current assets held for sale	2.527.536	2.499.799
Liabilities		
EGF - subholding da AdP		
EGF - Borrowings	155.112	178.522
EGF - Deferred tax liabilities	33.393	35.008
EGF - Amortization of investments	179.533	182.016
EGF - Grants to investment	264.492	273.180
EGF - Tariff deficit	86.190	77.263
EGF - Other liabilities	40.532	41.397
	759.252	787.387
TAP		
TAP - Retirement benefits expenses	54.970	56.626
TAP - Provisions, deferred tax liabilities and public administrative sector	73.319	72.779
TAP - Borrowings (current and non current)	1.045.558	1.061.651
TAP - Trade creditors and advances to trade debtors	142.216	141.902
TAP - Other payables (non current and current) and deferrals	919.123	739.299
	2.235.186	2.072.257
CE		
CE - Deferrals	760	-
CE - Other current assets	338	-
	1.098	-
Total liabilities of non-current assets held for sale	2.995.536	2.859.644
	(468.000)	(359.845)

At 31 December 2014, the lands of MARF and MARB of SIMAB Group were to be alienated; TAP Group was to be privatized as well as the total investment of AdP Group in the Empresa Geral de Fomento. At 30 June 2015, the investment in Circuito do Estoril still is to be sold.

Under Decree-law nr 45/2014, of March 20, the Government approved the privatization of the share capital investment held by AdP – Águas de Portugal, SGPS, S.A., in the Empresa Geral de Fomento's equity. Under the Resolution of the Council of Ministers nr 30/2014, of 3 April 2014, published in the Official Journal of 8 April, the Government decided the disposal of the representative shares of the Empresa Geral de Fomento's equity, approved the conditions of the disposal public tender, approved the terms of the disposal option of municipalities of the related public investments in the managing companies of multi-municipal systems of exploitation and management of collection and treatment of solid waste and decided the beginning of the public tender established in nr 2 of article 2 of Decree-Las nr 45/2014, of March 20. At 31 July 2014, 4 of the seven tenders invited to bidder for the acquisition of the investment of AdP - Águas de Portugal, SGPS, S.A. in the share capital of Empresa Geral de Fomento, presented their proposals. Under the Council of Ministers Resolution nr 55-B/2014 of September 19, the Agrupamento SUMA, consisting of Suma - Serviços Urbanos e Meio Ambiente, S.A., Mota - Engil Ambiente e Serviços, SGPS, S.A, and Urbaser, S.A., was considered the winner of the reprivatisation public tender of EGF. At 06 of November 2014, the sale contract of 95% of EGF's equity was signed. The remaining 5% are reserved to be purchase by EGF's employees after the conclusion of the transaction. At the end of July, after the final approval of the Competition Authority the shares and shareholders' loans of EGF (AdP-Águas de Portugal SGPS, S.A.) were transferred to Suma Tratamento, S.A.. For this reason, the financial statements at 30 June 2015 record the balance sheet, operations and profit and loss of EGF Group registered in held for sale/discontinued operations.

The Goodwill of EGF corresponds to:

- 10.070 thousand Euros relating the allocation of AdP Goodwill to EGF Group, on a 10,6% basis, which correspond to the net assets weight of EGF Group in AdP Group, at 31 December 2014;
- 3.307 thousand Euros relating the EGF Goodwill in Valorsul; and
- 130 thousand Euros relating the EGF Goodwill in Algar.

At the end of the first semester, Parpública and Consórcio Gateway signed a contract to buy and sell the TAP-SGPS, S.A.'s shares. However this operation relied on several conditions, such as, approvals which until the date of the current report were not fully granted.

At the beginning of August, after negotiations with the Cascais Municipality (CMC) and under Orders from Mrs SET and Mr SEJD, a contract was signed to alienate 100% of C.E.- Circuito Estoril, S.A.. The purchase from the CMC depends on the prior approval of the Court of Auditors.

22 - Equity

The nominal capital in the amount of 2.000.000 thousand Euros is composed by 400.000.000 nominative shares, with a par value of 5 Euros each, is paid in 1.227.151 thousand Euros (2014: 1.027.151 thousand Euros) and held by the Portuguese State. At 22 June 2015, the State (DGTF) made a partial realization of capital in the amount of 200 million Euros, under Order nr 915/15-SET establishing partial realizations of share capital during the current year in a total amount of 295 million Euros (200 million Euros at June and 95 million Euros at September 2015).

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; and (iii) adjustments to fair value of cash flow hedging financial instruments, as well as exchange differences resulting from the translation of operating units in foreign currency.

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 to: (i) the recognition of other comprehensive income from associates when applying the equity method, (ii) adjustments at fair value of the financial assets available for sale and (iii) re-measurement of the liability for defined benefits.

At 30 June 2015, other comprehensive income also included gains and losses on conversion of Balance sheets made in foreign currency (see Notes 2m and 2y).

23 - Non controlling interests – balance sheet

Non-controlling interests (Profit or loss)	30-Jun-15	31-Dec-2014
Equity minority interests		
AdP Group (except EGF - held for sale)	478.385	456.209
EGF - held for sale	54.288	72.129
Cateringpor	3.109	3.293
LFP	2.760	4.642
SAGESECUR	6.979	6.907
ECODETRA	874	880
Margueira	552	490
SPE	(2.152)	(1.938)
MARL, SA	2.655	2.444
MARF, SA	(2.390)	(2.389)
MARE, SA	422	403
MARB, SA	(477)	(482)
	545.005	542.588

24 - Provisions

Provisions (Balance sheet)	30-Jun-15				
	Opening balance	Increases	Decreases from utilization	Other movements	Closing balance
Provisions (non-current)					
Lawsuit in progress	1.425	198	(117)	(3)	1.503
Environmental obligations	4.222	-	-	-	4.222
Cost of removal of materials	499	-	-	-	499
Retirement benefits and pension related	328	-	-	-	328
Provisions for investments in associates	498	-	-	-	498
Taxes	448	-	-	-	448
Work accidents/Industrial diseases	82	-	-	(4)	78
Other provisions	12.501	121	(4)	(360)	12.258
Provision for labour contingencies	-	-	-	-	-
	20.003	319	(121)	(367)	19.834
Provisions - current					
Taxes	-	490	-	-	490
	-	490	-	-	490

Provisions (Balance sheet)	31-Dec-2014						
	Opening balance	Increases	Decreases from utilization	Reverted amounts not used	Effect of passing of time and changes in discount rate	Transfers to "held for sale"	Closing balance
Provisions (non-current)							
Lawsuit in progress	18.942	10.378	(1.447)	(3.724)	(100)	(22.624)	1.425
Environmental obligations	4.415	-	(193)	-	-	-	4.222
Cost of removal of materials	499	-	-	-	-	-	499
Retirement benefits and pension related	328	-	-	-	-	-	328
Provisions for investments in associates	5.733	-	-	(1.611)	-	(3.624)	498
Taxes	408	69	-	-	-	(29)	448
Work accidents/Industrial diseases	114	-	(32)	-	-	-	82
Other provisions	17.831	1.248	(498)	(973)	15	(5.122)	12.500
Provision for labour contingencies	688	-	-	(688)	-	-	-
	48.957	11.695	(2.170)	(6.996)	(85)	(31.399)	20.003

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 current provisions at 30 June 2015 address to several ongoing lawsuits initiated against the AdP Group in the amount of 1.332 thousand Euros.

The increases mainly concern to lawsuits against AdP Group and decreases to PARPÚBLICA.

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 the 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 until the end of the 1st half of 2015, it was calculated that the company responsibilities for the work undertaken by the ACE reached 4.721 thousand Euros.

Taxes

The movement in Provisions-taxes is fully related to PARPÚBLICA.

Other provisions

Other provisions corresponds mainly to provisions of AdP Group in the amount of 9,3 million Euros (31DEC14: 9,6 million Euros), mainly to cover: (i) the debts in ongoing legal proceedings, (ii) the cost of treatment of sludge from ETAR; and (iii) tax contingencies.

Are also included provisions of Estamo in the total of 2,6 million Euros (31DEC14: 2,6 million Euros) with the scope of covering the contractually liability assumed at the time of the purchase to the State in order to share with it the gain obtained with the sale of some real estate properties.

In 2014, the amounts identified as Transfer from held to sale in the amount of 31 million Euros correspond to 29 million Euros of TAP Group and to 2 million Euros of EGF Group (held by AdP Group) which are now included in a Held for sale disposal group, according to IFRS 5, as detailed in Note 21.

25 - Borrowings

Borrowings are essentially related to bonds and loans from national and foreign credit institutions and are measured at amortized cost.

Borrowings	30-Jun-15		31-Dec-2014	
	Current liabilities	Non current liabilities	Current liabilities	Non current liabilities
Bonds	-	3.865.555	200.108	3.811.806
Bank borrowings	463.677	2.140.217	455.099	2.185.934
Finance lease liabilities	1.674	14.327	1.715	15.175
Commercial paper	-	28.950	-	29.000
Overdrafts	205.330	-	178.304	-
Other borrowings	260	13.054	-	11.408
Embedded derivatives	-	26.127	-	1.417
	670.941	6.088.230	835.226	6.054.739

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

Borrowings	30-Jun-15	31-Dec-14
By maturity		
Up to 1 year	670.941	835.122
From 1 year to 2 years	288.269	292.683
From 2 years to 3 years	1.002.111	1.002.720
From 3 years to 4 years	859.983	111.432
From 4 years to 5 years	137.484	886.016
Over 5 years	3.773.219	3.813.640
	6.732.007	6.941.613
By type of interest rate		
Variable rate		
Expires in one year	493.859	681.446
Expires between 1 and 2 years	219.749	232.153
Expires between 2 and 3 years	38.589	36.541
Over 3 years	2.094.703	2.160.342
	2.846.901	3.110.482
Fixed rate		
Expires in one year	177.082	153.676
Expires between 1 and 2 years	68.520	60.530
Expires between 2 and 3 years	963.522	966.179
Over 3 years	2.675.983	2.650.746
	3.885.107	3.831.131
	6.732.007	6.941.613

Bonds loans issued, mostly by PARPÚBLICA, are measured at amortized cost and the option embedded in one of them is measured at fair value (see Note 45). At 30 June 2015 and at 31 December 2014 were the following:

	30-Jun-15	31-Dec-14
PARPÚBLICA		
Loan of 500,0 million Euros issued in 2005	513.210	504.321
Loan of 150,0 million Euros issued in 2005	152.998	152.321
Loan of 250,0 million Euros issued in 2006	256.501	251.295
Loan of 885,6 million Euros issued in 2010	930.537	879.393
Loan of 200 million Euros issued in 2013	-	200.108
Loan of 170 million Euros issued in 2013	171.926	171.641
Loan of 750 million Euros issued in 2014	748.972	748.234
Loan of 600 million Euros issued in 2014	617.537	606.018
Sub-total PARPÚBLICA	3.391.681	3.513.331
AdP Group	500.000	500.000
Total	3.891.681	4.013.331

The bond loan of 500 million Euros, issued in September 2005, with a 15 years term, has an annual fixed interest rate of 3,567%. The bond loan of 150 million Euros, issued in December 2005, with a 15 years term, has an interest rate variable and indexed to *Euros Mid Swap* 10 years. The bond loan of 250 million Euros, issued in November 2006, with a 20 years term, has an annual fixed interest rate of 4,2%. These bond loans 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 issue of PARPÚBLICA Variable Rate bonds 2013-2016 in the amount of 170 million Euros, at September 2013 with a 3 years term has a semi-annual variable interest rate indexed to Euribor 6 months. 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 2014-2019 in the amount of 750 million Euros, at June 2014 with a 5 years term, has a semi-annual variable interest rate indexed to Euribor 6 months. 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 2014-2021 in the amount of 600 million euro, at July 2014 with a 7 years term, has a fixed interest rate of 3,75%. 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 Euros 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 underlying 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 borrowing in the amount of 599,2 million Euros held by PARPÚBLICA is a syndicated bank loan of four banks in which PARPÚBLICA has succeeded to ELOS consortium. 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 448,8 million Euros has a variable tax rate term and the amount 134 169 thousand Euros and has a fixed tax rate term of 7,82% for the amount of 129,5 million Euros keeping the 3 remaining *swaps* a variable tax rate-fixed tax rate.

The initial fair value of the loan based on an update market tax rate is of 514,8 million Euros resulting in the recognition of the initial profit of 84,6 million Euros to reverse throughout the loan life measured at the amortized cost. The negative *mark to market* value of the 3 existing *swaps* was initially of 133,6 million Euros, being of also negative 178,5 million Euros at 31 June 2015.

The AdP Group bond loan 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;
- Undertake operations only under the agreement/guarantee;
- 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 2.140 thousand Euros (31DEC14: 2.186 million Euros) mainly includes:

- the amount of 1.598 million Euros (31DEC14: 1.625 million Euros) from AdP Group, mainly related with borrowings from European Bank of Investment;
- the amount of 503 million Euros (31DEC14: 508 million Euros) related to borrowings obtained by PARPÚBLICA from national and international financial entities; and
- the amount of 36 million Euros (31DEC14: 39 million Euros) from SIMAB Group, relating borrowings from national and international entities.

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

Finance lease liabilities	30-Jun-15	31-Dec-14
Finance leases		
Finance leases' debt		
Buildings and other constructions	15.935	16.753
Basic equipment	60	76
Transport equipment	6	61
	16.001	16.890
Future minimum payments		
Up to 1 year	1.748	1.796
From 1 to 5 years	6.537	6.980
Over 5 years	8.076	8.532
	16.361	17.308
Interest		
Up to 1 year	74	81
From 1 to 5 years	216	237
Over 5 years	70	100
	360	418
Current value of minimum payments		
Up to 1 year	1.674	1.715
From 1 to 5 years	6.321	6.743
Over 5 years	8.006	8.432
	16.001	16.890

Finance lease liabilities, current and non-current, refer mainly to AdP Group.

26 - Post employment benefits obligations

Retirement benefit obligations	30-Jun-15	31-Dec-14
Past service obligations at beginning of period	69.121	115.373
Interest cost	638	2.500
Current service cost	169	440
Actuarial gains and losses	-	2.452
Return on plan assets	-	(214)
Benefits paid	(2.255)	(6.262)
Recognition of past service cost	-	1.074
Other	44	1.879
Transfers to "held for sale"	-	(48.122)
Past service obligations at ending of period	67.718	69.121
Net surplus on retirement benefit plan (EGF)		
Amount at beginning period	39.474	37.810
Effective return	482	1.164
Contributions to the plan	847	-
Benefits paid	(1.933)	(2.205)
Other	1.049	2.705
	39.919	39.474
Net surplus on retirement benefit plan (EGF)	5.285	4.200
Retirement benefit obligations	33.084	33.847

The evolution of the Obligations in the past 5 years was the following:

	30-Jun-15	31-Dec-2014	31-Dec-2013	31-Dec-2012	31-Dec-2011
Current benefit expenses	79.609	81.012	252.797	285.220	87.631
Fund assets at fair value	46.525	47.165	176.282	180.662	46.188
Plans deficit	33.084	33.847	77.097	104.558	41.443

The fair value of funds' assets was as follows:

Fair value of plans's assets by category (in value)	30-Jun-15	31-Dec-14
Equity instruments	13.590	13.447
Debt instruments	28.282	29.102
Properties	660	660
Other assets	3.993	3.956
	46.525	47.165

Complying with the company agreements, PARPÚBLICA Group maintains in some companies (namely PARPÚBLICA, after the merger with Portucel, Companhia das Lezírias, EPAL 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 established 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.

EPAL has a social benefits 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 an established benefit plan to a mixed plan with both established benefit and established contribution schemes.

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-15	31-Dec-14
	Portugal	Portugal
Mortality table	TV 80/90	TV 88/90
Invalidity table	EVK80	EVK80
Revenue rate	2,50%/3,75%	2,50%/3,75%
Growth rate		
Wages	0,00% - 2,5%	0,00% - 2,5%
Pensions	0,00% - 1,25%	0,00% - 1,5%
Social security retirement pension	0,00% - 1,25%	1,3%

27 - Advances from trade debtors

Advances from trade debtors amount to 1.249 thousand Euros (31DEC14: 497 thousand Euros) mainly related to INCM with 878 thousand Euros (31DEC14: 73 thousand Euros) and to SIMAB Group with 276 thousand Euros (31DEC14: 272 thousand Euros).

28 - Trade creditors

Trade creditors	30-Jun-15	31-Dec-14
Current account	34.050	34.328
Invoices for approval	1.819	1.142
Securities to be paid	-	61
Other	2.679	1.537
	38.548	37.068
		-

The amount owed to trade creditors results especially from amounts payable: (i) by AdP Group with 25.688 thousand Euros (31DEC14: 26.025 thousand Euros); (ii) by INCM with 4.391 thousand Euros (31DEC14: 4.715 thousand Euros); (iii) by Baía do Tejo with 1.566 thousand Euros (31DEC14: 1.393 thousand Euros); and (iv) by Estamo with 1.032 thousand Euros (31DEC14: 715 thousand Euros).

29 - Other payables

Other payables	30-Jun-15		31-Dec-14	
	Current	Non current	Current	Non current
Advances from customers - tickets to be used	-	-	-	-
Accrued expenses	28.740	-	35.123	-
Investment suppliers	483.912	-	481.456	-
Advances on sales	29.365	-	49.442	-
Property, plant and equipment suppliers	38.491	114.056	41.261	115.094
Group entities	-	-	0	-
Staff	10.932	-	11.343	-
Other	79.083	6.286	79.181	6.272
	670.523	120.342	697.807	121.366

Accrued expenses - current liabilities - include:

- 23.549 thousand Euros from AdP Group (31DEC14: 25.779 thousand Euros) related to accrued interests, electricity, insurances, etc.;
- 2.166 thousand Euros from INCM (31DEC14: 2.771 thousand Euros); and
- 912 thousand Euros from SIMAB Group (31DEC14: 1.050 thousand Euros) related to costs with real estate municipal taxes, with the CRE building in MARL, to payable remunerations and other operating costs.

The amount of 483,9 million Euros in Investment suppliers - current liabilities (31DEC14: 481,5 million Euros in non-current liabilities) - is related to PARPÚBLICA and concerns to the debt related to shares acquisitions for the reinforcement of position in associates.

Sales advances are mainly related to properties selling of Estamo, including 26 million Euros (31DEC14: 48,5 million Euros). At 31DEC14 the amount 26 million Euros was related to the Pavilion of Knowledge building.

The debts to Property, plant and equipment suppliers are mainly from Adp Group in the amount of 37.346 thousand Euros – current liabilities - (31DEC14: 40.076 thousand Euros) and 114.056 thousand Euros – non-current liabilities - (31DEC14: 115 094 thousand Euros).

Other – current liabilities – essentially includes:

- 70.632 thousand Euros (31DEC14: 64.043 thousand Euros) from AdP Group related to sanitation fees, advances of grants, advance of the EGF Group sale and subsoil taxes to be paid by Municipalities; and
- 5.496 thousand Euros (31DEC14: 6.506 thousand Euros) related to Estamo.

Other – non-current liabilities – essentially includes:

- 4.757 thousand Euros (31DEC14: 4.794 thousand Euros) corresponding to the net debt of Baía do Tejo Group to the General Treasury Directorate; and
- 1.512 thousand Euros (31DEC14: 1.461 thousand Euros) from SIMAB Group, related to collaterals of operators (clients of the Wholesale Markets).

30 - Other financial liabilities

Other financial liabilities	30-Jun-15		31-Dec-14	
	Current	Non current	Current	Non current
<i>Swaps</i>	-	194.666	-	222.645

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

- 178,5 million Euros from PARPÚBLICA, related to three *swaps* of the bank loan of 599.238 thousand Euros (see Note 25). The initial value of the *swaps* was 133.648 thousand Euros, and at 30 June 2015 their fair value (*mark-to-market*) was 178.491 thousand Euros (31DEC14: 202.470 thousand Euros); and
- 16,2 million Euros (31DEC14: 20,2 million Euros) 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 270 million Euros.

31 - Revenue

Revenue	1st semester 2015	1st semester 2014
Sales		
Internal Market	317.200	264.886
External Market	90.502	86.387
	407.702	351.273
Services rendered		
Internal Market	292.056	286.780
Rentals from investment properties	26.004	30.682
External Market	1.024.615	1.035.328
	1.316.671	1.322.108
Total	1.724.373	1.673.381

As it can be observed in the segments business report presented on Note 1, Air Transport and related activities is the most significant segment, contributing with about 1.183 million Euros (1st half 2014: 1.192 million Euros), corresponding to 69% (1st half of 2014: 71%) of total Revenue. The second most significant segment is Water and Waste contributing with almost 403 million Euros (1st half of 2014: 388 million Euros), corresponding to 24% (1st half of 2014: 23%) of total Revenue.

32 - Grants related to income

Grants related to income	1st semester 2015	1st semester 2014
Related with biological assets	1.000	994
Other	511	1.847
Total	1.511	2.841

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

Others concern to Grants related to income, mainly, from TAP Group with 293 thousand Euros (1st half 2014: 1.694 thousand Euros) receivable from the State, concerning the co-participation in the sale price of the tickets for passengers flying to or from the archipelagos of Azores, providing that they fit in the applicable legal system. The amount recognized in each financial year corresponds to the TAP Group estimate of the value receivable for flown tickets in the related financial year, by passengers covered by this benefit. It also includes the amount of 186 thousand Euros of AdP Group (1st half 2014: 103 thousand Euros).

33 - Share of profit and loss of associates

Share of profit and loss of associates	1st semester 2015	1st semester 2014
<u>Profit by equity method</u>		
Parcaixa, SGPS, SA	3.300	6.136
INAPA - Invest. Part. E Gestão, SA	-	355
Subtotal	3.300	6.491
<u>Loss by equity method</u>		
CVP - Sociedade de Gestão Hospitalar, S.A.	-	28
SPdH - Serviços Portugueses de Handling, S.A.	633	917
Propnery - Propriedade e Equipamentos, SA	43	47
Subtotal	676	992
TOTAL	2.624	5.499

34 - Dividend from investments at cost and at fair value

Dividends from investments at cost or at fair value	1st semester 2015	1st semester 2014
REN	-	9.041
GALP	10.137	8.391
PHarol SGPS, SA (ex PT SGPS, SA)	-	80
Lisnave	178	178
NOS SGPS	14	14
CTT	-	18.902
IHRV (ex-INH)	-	41
	10.330	36.645

35 - Profit/loss on shares disposal

Gains in shareholdings' sale	1st semester 2015	1st semester 2014
REN	-	(20.376)
	-	(20.376)

In the 1st half of 2014, the 20.376 thousand Euros loss concerns the REN shares' disposal (9,9% of remaining shares) resulting from the 2nd stage of the re-privatization, as detailed in Note 11.

Gains in shareholdings' sale	1st semester 2015	1st semester 2014
REN		
Disposal revenue	-	141.669
Company's fair value when control is lost (with disposal expenses)	-	162.045
Gain/loss in disposal	-	(20.376)

36 - Changes in inventories of finished goods and work in progress

Changes in Inventories of Finished Goods and Work in Progress	1st semester 2015			1st semester 2014		
	Finished and intermediate goods	Subproducts and other	Work in progress	Finished and intermediate goods	Subproducts and other	Work in progress
Opening balance ¹	(10.743)	(2.131)	(30.148)	(10.218)	(1.964)	(22.197)
Regularization of inventories ¹	11	0	(1.604)	4.144	(76)	(1.534)
Transfers to "held for sale"	-	-	-	1.192	-	-
Closing balance ¹	11.959	2.192	35.227	7.185	2.222	38.309
Changes in inventories	1.226	59	3.475	2.303	182	14.578
			4.761			17.062

37 - Own work capitalised

Own work capitalised	1st semester 2015	1st semester 2014
Non current assets		
Property, plant and equipment	10	61
Other non current assets	6.106	5.944
	6.116	6.004
Current assets		
Inventories	286	407
	286	407
TOTAL	6.402	6.411

Own work capitalized regarding Other non-current assets, amounting to 6.106 thousand Euros (1st half 2014: 5.944 thousand Euros) are related with the capitalization of expenses regarding its incorporation into the cost of the concession right to use the infrastructures of AdP Group, as follows:

- Employee benefits – 2.464 thousand Euros (1st half 2014: 2.189 thousand Euros);
- Materials and services consumed – 2.092 thousand of Euros (1st half 2014: 1.502 thousand Euros); and
- Financial expenses – 1.550 thousand Euros (1st half 2014: 1.878 thousand Euros).

Own work capitalized related to Inventories, amounting to 286 thousand Euros, concerns to Employee benefits and Other expenses included in the purchase cost / production cost of the inventories of TAP Group with a duration of more than one year (1st half 2014: 407 thousand Euros).

38 - Inventories consumed and sold

Inventories consumed and sold	1st semester 2015		1st semester 2014	
	Merchandise	Raw materials and others	Merchandise	Raw materials and others
Opening balance ¹	836.502	134.011	826.034	147.156
Purchases ¹	74.725	92.670	35.923	137.991
Regularization of inventories	(8.640)	1.782	79	5.871
Transfers to and from "held for sale"	-	-	1.044	2.628
Closing balance ¹	(795.271)	(130.860)	(838.847)	(168.411)
Inventories consumed and sold	107.317	97.604	24.232	125.234
		204.921		149.467

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

Inventories consumed and sold, amounting to 204.921 thousand Euros (1st half 2014: 149.467 thousand Euros), mainly include:

- 126.773 thousand Euros (1st half of 2014: 111.227 thousand Euros), mainly related to technical material to be used in the aircrafts' maintenance and works in other airlines by TAP Group;
- 47.891 thousand Euros (1st half of 2014: 11.099 thousand Euros) of real estate properties from Estamo;
- 15.753 thousand Euros (1st half of 2014: 8.953 thousand Euros) regarding reagents and counters from AdP Group; and
- 12.687 thousand Euros (1st half of 2014: 10.945 thousand Euros) of coins and other assets from INCM.

In the first semester of 2015, the movements on Inventories and Raw materials and Consumables Regularization, mainly respect to Estamo (8.636 thousand Euros of negative adjustments). In the first semester of 2014, the main movement was related to TAP Group (6.944 thousand Euros of positive adjustments).

39 - Materials and services consumed

Materials and services consumed	1st semester 2015	1st semester 2014
Fuel	336.292	355.361
Other material and services consumed	132.665	120.568
Airport assistance outsourced	74.914	75.974
Professional services	67.416	67.218
Airport navigation fees	71.970	66.361
Repair and maintenance of flying equipment	43.884	40.813
Repair and maintenance of other assets	27.193	26.763
Subcontracts	26.509	25.601
Operational leases on aircrafts	38.374	24.516
Comissions	15.732	20.044
Expenses on board (plain)	23.610	21.691
Selling expenses related to air transport segment	13.846	14.848
Expenses on board (plain)	37.260	33.832
Landing fees	35.656	29.187
Surveillance and security	5.220	3.606
Board and lodging at scales	12.862	10.026
Insurance expenses	8.426	7.242
Professional fees	3.129	2.952
	974.957	946.602

Air transport and Related is the most significant segment in Materials and services consumed with 86% in both semesters of the total expenses incurred.

Fuel is the most significant expense with 34% of the total of Materials and services consumed in the 1st semester of 2015 and 38% in the 1st semester of 2014.

Other materials and services consumed came mainly from TAP Group in the amount of 72.852 thousand Euros (1st half of 2014: 62.032 thousand Euros) including expenses with passengers, air control fees, etc. and from AdP Group in the amount of 52.136 thousand Euros (1st half of 2014: 52.073 thousand Euros) mainly related with electricity costs.

40 - Employee benefit expenses

Employee benefit expenses	1st semester 2015	1st semester 2014
Wages	279.697	273.196
Social security	57.246	50.892
Other employee benefit expenses	27.115	32.527
Retirement benefit expenses	6.827	5.280
	370.885	361.895

Governing Bodies members' remunerations of PARPÚBLICA and its subsidiaries were at 30 June 2015, as follows:

- Board of the General Assembly: 7,62 thousand Euros
- Board of Directors: 2.671,60 thousand Euros

Other employee benefit expenses are essentially from TAP Group with 19.903 thousand Euros (1st half 2014: 20.673 thousand Euros), as follows:

- Insurances – 6.118 thousand Euros (1st half 2014: 4.992 thousand Euros);
- Social expenses – 5.394 thousand Euros (1st half 2014: 6.060 thousand Euros);
- Other – 3.935 thousand Euros (1st half 2014: 5.202 thousand Euros).
- Meals co-participation – 2.631 thousand Euros (1st half 2014: 2.587 thousand Euros); and
- Labour insurance expenses – 1.825 thousand Euros (1st half 2014: 1.832 thousand Euros).

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

Retirement benefits expenses	1st semester 2015	1st semester 2014
Current service cost	3.322	3.090
Interest cost	2.739	1.903
Other	766	286
TOTAL	6.827	5.280

Retirement benefit expenses are essentially from TAP Group with 6.660 thousand Euros. The changes occurred during the year regarding established benefit obligations, as well as the major assumptions used for preparing the studies, are disclosed in Note 26.

41 - Increases and reversals of inventories adjustments

Inventories Adjustments	1st semester 2015		1st semester 2014	
	Losses in inventories	Reversals of adjustments	Losses in inventories	Reversão de ajustamentos em inventários
Merchandise	-	-	-	4.866
Finished and Intermediate goods	-	45	-	3
Raw materials and other	660	808	401	941
	660	853	401	5.810
		193		5.409

Losses and reversals in inventories adjustments are recorded according to the net carried amount estimated at the end of every period.

Losses and reversals in inventories adjustments of Raw-materials, subsidiaries and consumption are mainly from TAP Group relating technical material to repair aircrafts and in works of other Airlines.

In the 1st semester of 2014, the reversals in inventories adjustments are related to Estamo real estate.

42 - Increases and reversals of receivables adjustments

Increases and reversals of receivables adjustments	1st semester 2015		1st semester 2014	
	Increases in adjustments	Reversal of adjustments	Increases in adjustments	Reversal of adjustments
Trade debtors	22.759	400	7.036	1.962
Receivables - non-current	150	346	-	-
Other receivables - current	26	23	57	3
Other financial assets and liabilities	370	-	-	-
	23.306	769	7.093	1.965
		(22.537)		(5.128)

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

The reinforcement in Trade Debtors adjustments come mainly from AdP Group through the recognition of an impairment in the amount of 19,6 million Euros, see Note 14.

43 - Provisions

Provisions (expenses/reversions)	1st Semester 2015	1st Semester 2014
Lawsuit in progress	431	58
Tax	(490)	-
Accidents at work and occupational diseases	3	-
Other provisions	243	(785)
	187	(727)

The main variations are detailed in Note 24-Provisions, with special notice for the most significant amounts in TAP Group from lawsuits in progress and other provisions.

44 - Impairment of investments

Non-depreciable/ amortizing (losses / reversals)

Impairment of other non-depreciable (amortizable) assets	1st semester 2015		1st semester 2014	
	Expenses	Reversals	Expenses	Reversals
Non-depreciable fixed assets				
Other	-	-	6	-
CVP	-	-	-	29
	-	-	6	29
		-		23

Depreciable/ amortizing (losses / reversals)

Impairment of depreciable (amortizable) investments	1st semester 2015		1st semester 2014	
	Expenses	Reversals	Expenses	Reversals
Property, plant and equipment				
Land and other natural resources	2.624	26	-	-
Buildings and other constructions	461	-	-	-
	3.085	26	-	-
		(3.059)		-

45 – Net changes at fair value

Net changes in fair value	1st semester 2015	1st semester 2014
Positive adjustments		
Biological assets	413	514
Net income from financial investment at fair value through	122.527	85.358
Net income from other financial investments	298	213
Other adjustments		
Interest rate swaps	25.845	-
Other	1.455	-
	150.538	86.085
Negative adjustments		
Investment properties	1.209	2
Biological assets	226	327
Other adjustments		
Option over GALP shares	24.710	56.195
Other	-	43.504
	26.144	100.027
	124.394	(13.942)

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

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

Gains/losses of other financial investments at fair value through profit and loss and increases/reductions at fair value related to Other (net amounts) can be summarized as follows:

	1st semester 2015			1º semestre 2014		
	Positive adjustments	Negative adjustments	Net adjustments	Positive adjustments	Negative adjustments	Net adjustments
Losses from financial investments at fair value through results						
Other adjustments						
Option over GALP shares		24.710	-24.710	-	56.195	-56.195
Interest rate swaps	25.845		25.845		42.780	-42.780
Exchange swaps	1.455	-	1.455		724	-724

Note: (*) Public investments in other companies either than subsidiaries and associates

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 financial entities.

46 - Other operating income

Other operating income	1st semester 2015	1st semester 2014
Supplementary income	26.896	27.752
Disposals-inventories	44	237
Disposals- property, plant and equipment	211	1.425
Other income from investment properties	1.400	1.224
Cash discounts	125	95
Other interest	22.430	23.922
Other financial income	7.775	10.202
Exchange gains	785	554
Total	59.667	65.411

Supplementary income come mainly from the Air Transport and Related and respects among others to sales of air miles to partners under “TAP Victoria” programme in the amount of 8.243 thousand Euros (1st half 2014: 8.881 thousand Euros), gains with advertising of 4.894 thousand Euros (1st half 2014: 4.395 thousand Euros), sales of warehouse recovered material of 4.901 thousand Euros (1st half 2014: 4.316 thousand Euros) and rentals and subleases of 1.116 thousand Euros (1st half 2014: 1.186 thousand Euros). It also includes 3.454 thousand Euros from AdP Group (1st half 2014: 2.765 thousand Euros).

1st half of 2014, Gains on fixed assets are mainly from TAP Group in the amount of 1.160 thousand Euros.

Interest revenue in the amount of 22.430 thousand Euros (1st half 2014: 23.922 thousand Euros), are mainly related to the amount of 18.300 thousand Euros from AdP Group (1st half 2014: 20.018 thousand Euros).

Other income and financial gains, in the amount of 7.776 thousand Euros is mainly composed by Estamo in the amount of 4.999 thousand Euros (1st half 2014: 2.209 thousand Euros), by AdP Group in the amount of 1.267 thousand Euros (1st half 2014: 1.735 thousand Euros) and by TAP Group in the amount of 983 thousand Euros (1st half 2014: 1.210 thousand Euros).

47 - Other operating expenses

Other operating expenses	1st semester 2015	1st semester 2014
Taxes	12.348	14.646
Losses on disposal of Property, plant and equipment	921	1.188
Losses on disposal of inventories	995	823
Fines and penalties	268	342
Exchange losses	14.436	12.125
Cash discount	6	9
Other financial expenses	2.388	2.998
Other	9.806	8.413
	41.169	40.544

Tax expenses includes 4.687 thousand Euros from TAP Group (1st half 2014: 6.945 thousand Euros), 4.622 thousand Euros from AdP Group (1st half 2014: 5.100 thousand Euros), and 2.196 thousand Euros from INCM (1st half 2014: 1.923 thousand Euros).

Losses on disposal of property, plant and equipment come mostly from TAP Group with a total loss of 896 thousand Euros (1st half of 2014: 1.110 thousand Euros).

Losses on disposal of inventories are essentially from TAP Group in the amount of 675 thousand Euros (1st half of 2014: 716 thousand Euros).

Exchange losses are almost entirely from TAP Group.

Financial Expenses and losses are mainly from TAP Group, 2.308 thousand Euros (1st half of 2014: 2.039 thousand Euros).

Other is mainly from TAP Group, 2.122 thousand Euros (1st half 2014: 2.742 thousand Euros) and from Estamo in the amount of 5.832 thousand Euros (1st half 2014: 1.948 thousand Euros).

48 - Expenses/reversals of depreciation and amortization

Expenses/reversals of depreciation and amortization	1st semester 2015	1st semester 2014
Property, plant and equipment		
Land and natural resources	87	87
Buildings and other constructions	9.815	9.889
Basic equipment	38.374	58.921
Transport equipment	197	275
Tools and utensils	732	854
Administrative equipment	1.670	1.518
Other fixed tangible assets	3.101	3.750
	53.976	75.294
Other intangible assets		
Other intangible assets		
With finite useful life	109.248	110.904
	109.248	110.904
Investment properties (at cost)	47	47
Biological assets (at cost)	35	35
Total	163.306	186.280

The variation is mainly due to the review to aircrafts useful life of TAP Group.

49 - Grants related to assets

Grants related to assets in the amount of 36.317 thousand Euros (1st half of 2014: 36.835 thousand Euros) are mainly from Water and Waste segment (99% of grants amount).

50 - Interest and other financial income / expense

Interest and other financial income /expense	1st semester 2015	1st semester 2014
Expenses and losses		
Interest and similar expenses	153.898	180.377
Exchange losses	13.176	331
Other financial expenses and losses	10.635	10.755
	177.708	191.463

Interest and similar expenses in the amount of 153.898 thousand Euros (1st half of 2014: 180.377 thousand Euros) includes:

- 92.501 thousand Euros from PARPÚBLICA (1st half of 2014: 105.200 thousand Euros);
- 39.068 thousand Euros from AdP Group (1st half of 2014: 49.981 thousand Euros); and
- 20.816 thousand Euros from TAP Group (1st half of 2014: 23.106 thousand Euros).

Exchange losses come entirely from TAP Group, due to the financial leases valued in USD.

Other financial expenses and losses in the amount of 10.635 thousand Euros (1st half of 2014: 10.755 thousand Euros) refers to:

- 6.439 thousand Euros from PARPÚBLICA (1st half of 2014: 8.521 thousand Euros), refer to expenses/payments in the contracts of interest rate *swaps*; and
- 1.392 thousand Euros from TAP Group (1st half of 2014: 1.458 thousand Euros).

51 - Net Income tax for the period

Income tax for the period	1st semester 2015	1st semester 2014
Current tax expense (gain)	38.077	35.815
Adjustments recognised in the period for current tax of prior years	-	-
Income arising from a temporary difference of a previous period used to reduce tax expenses	618	(5.946)
taxes expense	450	(776)
Expenses due to a reduction or reversal of deferred tax asset	(5)	1.283
Other	43	(477)
TOTAL	39.183	29.899

Income tax - Relation between the tax expense (gain) and the profit or loss for the year	1st semester 2015	1st semester 2014
Earnings before taxes	12.218	(66.906)
Tax rate	22,5%	23,2%
Product	2.749	(15.525)
Non deductible or non taxable income and expenses	(2.393)	28.171
Deferred tax assets and liabilities	198	1.600
Municipal tax	4.464	3.264
Separate taxation	1.436	1.382
Temporary differences	(1.407)	(1.998)
Use of tax losses not previously recognised	(131)	18.757
Other	34.268	(5.752)
TOTAL	39.183	29.899

Tax losses not recognised as deferred tax assets (by extinction date):	1st semester 2015	1st semester 2014
N	15.547	236.160
N+1	26.125	122.826
N+2	9.054	8.032
N+3	96.611	131.867
N+4	2.016	32.107
N+5	499	1.629
TOTAL	149.852	532.621

Income tax expenses for the period, in the amount of 39.183 thousand Euros (1st half of 2014: 29.899 thousand Euros) come mostly from AdP Group (1st half of 2015: 26.962 thousand Euros; 1st half of 2014: 20.427 thousand Euros).

PARPÚBLICA Group is subject to Corporate Income Tax (IRC). The calculation of the tax at 30 June of 2015 corresponds to the annual rate of 21%, plus Municipal Surtax and plus State Surtax. Municipal Surtax is calculated up to the maximum limit of 1,5% over the taxable income. State Surtax is calculated at a 3% rate, 5% rate or 7% rate over a taxable income higher than 1,5 million Euros, 7,5 million Euros and 35 million Euros, respectively.

Corporate tax declarations by PARPÚBLICA Group are deemed to be subject to inspection and eventual adjustments by the local tax authorities for a period of four years. Board of Directors of PARPÚBLICA Group considers that possible corrections from revisions/inspections by tax authorities to those tax declarations will not significantly affect the June of 2015 financial statements.

52 - Non controlling interests – Profit or Loss

Non-controlling interests (Profit or loss)	1st semester 2015	1st semester 2014
Non-controlling interests (Profit or loss)		
AdP Group (except EGF - held for sale)	15.312	17.875
EGF - held for sale	1.308	1.375
Cateringpor	466	440
LFP	1.622	1.196
SAGESECUR	72	9
ECODETRA	(5)	(6)
Margueira	62	43
SPE	(214)	-
MARL, SA	211	224
MARF, SA	(1)	(18)
MARE, SA	19	8
MARB, SA	6	19
	18.858	21.165

53 - Discontinuing operating units

The results and cash-flows of discontinuing operating units in the first half of 2015 are related to discontinuing operations of TAP and EGF. The results and cash-flows of discontinuing operating units in the first half of 2014 are related to TAP, EGF and to dividends from CTT received by PARPÚBLICA.

In the first half of 2015 and 2014, the results and cash-flows of the discontinuing operating units are the following:

	1st Semester 2015	1st Semester 2014 (Restated)
Revenue	1.259.595	1.270.639
Grants related to income	310	1.736
Share of profit and loss of associates	(632)	(916)
Dividend from investments at cost or at fair value	-	18.902
Gains in shareholdings' sale	-	-
Changes in inventories	1.671	13.687
Own work capitalized	539	772
Inventories consumed and sold	(132.671)	(117.044)
Materials and services consumed	(869.013)	(845.785)
Employee benefits expenses	(304.308)	(297.374)
Increases and reversals of inventories adjustments	148	540
Increases and reversals of receivables adjustments	(1.671)	(4.393)
Increases and reversals in provisions	630	(777)
Net changes at fair value	(201)	-
Other operating income	29.251	31.690
Other operating expense	(26.833)	(27.893)
Earnings before interest, taxes, depreciation and amortization	(43.185)	43.783
Expense/reversals of depreciation and amortization	(61.473)	(83.022)
Imparity of depreciation/amortization investments (expense/reversals)	-	-
Grants related to assets	9.166	9.121
Earnings before interest and taxes	(95.492)	(30.118)
Interest and other financial income	-	-
Interest and other financial expenses	(37.460)	(27.973)
Profit before income tax	(132.952)	(58.091)
Net income tax expense	(4.962)	(2.123)
Net profit for the period	(137.914)	(60.214)
Net profit for the period attributable to non-controlling interests	3.396	3.011
Net profit for the period attributable to equity holders	(141.310)	(63.225)

Net Cash Flows of the discontinued operational units

	1st semester 2015	1st semester 2014
Cash flow from		
Business Activities	90.345	203.627
Investment Activities	(31.399)	3.623
Financing Activities	(80.931)	(153.411)
	(21.985)	53.839

In the first half of 2015, the Net income for the period of the discontinuing operational units, in the negative amount of 137.914 thousand Euros includes:

- 140.893 thousand Euros negative from TAP; and
- 2.978 thousand Euros from EGF.

In the first half of 2014, the Net income for the period of the discontinuing operational units in the negative amount of 60.214 thousand Euros is related to:

- 81.814 thousand Euros negative from TAP;
- 18.902 thousand Euros from PARPÚBLICA related to dividends from CTT concerning 2013; and

- 2.698 thousand Euros from EGF.

54 - 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 current 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 2015	Total	Associates	Management of the entity or parent company	Other related parties
Assets	390.530	9.804	-	380.726
Liabilities	56.779	10.542	-	46.237
Income	109.835	4.051	-	105.784
Expenses	41.475	39.187	188	2.100

Balances and transactions with related parties at 30 June 2014	Total	Associates	Management of the entity or parent company	Other related parties
Assets	498.331	10.133	-	488.198
Liabilities	100.088	8.181	-	91.907
Income	199.568	4.204	-	195.364
Expenses	42.271	39.241	181	2.849

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 similar operations.

55 - Financial assets and liabilities

1) Financial assets and liabilities

PARPÚBLICA Group financial assets and liabilities are as follows:

	30-Jun-15						
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 assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
ASSETS							
Non current assets							
Financial Investments-Other	-	67	629.327	-			629.395
Other financial assets	4.709.233	11	6.405	6.299			4.721.947
Other accounts receivable	169.700	-	-	-			169.700
	4.878.933	78	635.732	6.299	-	-	5.521.042
Current assets							
Trade debtors	477.137	-	-	-			477.137
Advances to trade creditors	7.074	-	-	-			7.074
Other accounts receivable	89.966	-	-	-			89.966
Other financial assets	-	4	7.729	-			7.733
Cash and cash equivalents	463.244	-	-	-			463.244
	1.037.422	4	7.729	-	-	-	1.045.155
Total assets	5.916.355	82	643.461	6.299	-	-	6.566.197
LIABILITIES							
Non current liabilities							
Borrowings					26.127	6.062.103	6.088.230
Other accounts payable					-	120.342	120.342
Other financial liabilities					194.666	-	194.666
	-	-	-		220.793	6.182.446	6.403.239
Current liabilities							
Trade creditors					-	38.548	38.548
Advance to trade debtors					-	1.249	1.249
Shareholders					-	18	18
Borrowings					-	670.941	670.941
Other accounts payable					-	670.523	670.523
	-	-	-	-	-	1.381.279	1.381.279
Total liabilities	-	-	-	-	220.793	7.563.725	7.784.518
Net	5.916.355	82	643.461	6.299	(220.793)	(7.563.725)	(1.218.321)

	30-Jun-15			
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	Level 3	Total
Financial assets at fair value through profit and loss	619.112	14.134	-	633.246
Financial assets at fair value - hedging derivatives	-	-	-	-
Financial assets available for sale - Fair value	10.215	-	-	10.215
	629.327	14.134	-	643.461
Financial liabilities at fair value through profit and loss	-	216.284	-	216.284
Financial liabilities at fair value - hedging derivatives	-	4.509	-	4.509
	-	220.793	-	220.793

	31-Dec-2014						
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 assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
ASSETS							
Non current assets							
Financial Investments-Other methods	-	67	505.237	-	-	-	505.303
Other financial assets	4.703.606	10	6.405	6.314	-	-	4.716.335
Other accounts receivable	166.070	-	-	-	-	-	166.070
	4.869.676	77	511.642	6.314	-	-	5.387.709
Current assets							
Trade debtors	522.988	-	-	-	-	-	522.988
Advances to trade creditors	6.225	-	-	-	-	-	6.225
Other accounts receivable	84.408	-	-	-	-	-	84.408
Other financial assets	-	4	6.904	-	-	-	6.908
Cash and cash equivalents	404.368	-	-	-	-	-	404.368
	1.017.989	4	6.904	-	-	-	1.024.897
Total assets	5.887.666	81	518.546	6.314	-	-	6.412.606
LIABILITIES							
Non current liabilities							
Borrowings	-	-	-	-	1.417	6.053.322	6.054.739
Other accounts payable	-	-	-	-	-	121.366	121.366
Other financial liabilities	-	-	-	-	222.645	-	222.645
	-	-	-	-	224.062	6.174.688	6.398.751
Current liabilities							
Trade creditors	-	-	-	-	-	37.068	37.068
Advance to trade debtors	-	-	-	-	-	497	497
Shareholders	-	-	-	-	-	18	18
Borrowings	-	-	-	-	-	835.226	835.226
Other accounts payable	-	-	-	-	-	697.807	697.807
	-	-	-	-	-	1.570.616	1.570.616
Total liabilities	-	-	-	-	224.062	7.745.304	7.969.367
Net	5.887.666	81	518.546	6.314	(224.062)	(7.745.304)	(1.556.760)

	31-Dec-2014			
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	Level 3	Total
Financial assets at fair value through profit and loss	505.237	13.309	-	518.546
Financial assets at fair value - hedging derivatives	-	-	-	-
Financial assets available for sale - Fair value	-	-	-	-
	505.237	13.309	-	518.546
Financial liabilities at fair value through profit and loss	-	224.062	-	224.062
Financial liabilities at fair value - hedging derivatives	-	-	-	-
	-	224.062	-	224.062

Measurements at fair value

i) Financial assets and liabilities at fair value repeatedly measured at fair value

Some PARPÚBLICA Group assets and liabilities are measured at fair value at the end of every reporting period. The frame below shows how those financial assets and liabilities are determined, namely the evaluation methods and the inputs used in the measurements:

PARPÚBLICA – PARTICIPAÇÕES PÚBLICAS (SGPS), S. A.

Financial assets and liabilities	30-Jun-15	31-Dec-2014	Evaluation Methods
Financial assets at fair value through profit or loss	633.246	518.546	
Shares held by Parpública	619.112	488.515	Market prices (NYSE Euronext)
US of Imopoupança Fund	10	10	The Fundo Imopoupança's UP at fair value results from the measurement of the equity value disclosed by the related company at 30 of June of 2015
US of Fundiestamo Fund I	7.719	6.894	As there is no reference market price to be the fair value of these PU, since there are few market transactions and their price have as reference the offered price under a liquidity contract, some alternative techniques of at fair value measurement were established, namely of the assets value of these UP (UPV) disclosed by CMVM. The VUP results from the ratio between the total Share Capital and the number of investments. Considering that the assets of this Fund are mainly real estate properties subject to regular reviews, the value of the Share Capital is a good approximation to the fair value. In the current market conditions, this technique is considered to be more representative of these UP's fair value. This change in the measurement technique is considered as an estimate change according to IAS 8 and is forward looking applied. It should be mentioned that the most of the impact is explained by the reduction to 3,7%, in 2014, of the IPD index concerning the Portuguese office real estate market.
Financial investments in commercial banks-shares	6.405	6.405	The financial instruments fair value is not settled based on the market prices but on evaluation models. The main inputs of the models used are observable at the markets as, for instance, the over-the-counter derivatives.
Financial assets available for sale - Fair value	10.215	-	
Shares	10.215	-	Market prices (NYSE Euronext)
Financial liabilities at fair value through profit and loss	216.284	224.062	
Parpública interests SWAPs	178.491	202.470	The financial instruments at fair value with no market price are determined by "mark-to-market" evaluated by foreign financial entities
Option in bond loan of Parpública	26.127	1.417	
AdP interests SWAPs	11.666	20.175	a)
Financial liabilities at fair value - hedging derivatives	4.509	-	
Swaps of AdP	4.509	-	a)

a) AdP uses derivatives only to manage the financial risks it is subject to. According to the financial policies of the company, AdP do not uses derivatives for negotiation. Despite the AdP's contracted derivatives are related to efficient instruments in the economic risk hedging, not everyone classifies as accounting hedge instruments according to IAS 39 rules and requirements. The instruments not classified as accounting hedge instruments as recorded in the balance sheet at fair value and their variations are recognized as financial results. The fair value of derivatives is whenever possible estimated based on quoted instruments. When there are no market prices, the derivatives fair value are estimated through the discounted cashflows method established by external entities, based on valuation techniques accepted by the market. The derivative financial instruments are recognized at fair value at their trade date. Subsequently, the derivative financial instruments at fair value are regularly revaluated and gains and losses are directly recorded in the year profit and loss, except those referring to hedging derivatives. The recognition of the variations at fair value of the hedging derivatives depends on the nature of the hedging risk and on the used hedging method. The financial instruments related to Depfa loans (Notional of 50 million euro) are considered as cashflows hedging instruments and therefore the related variations at fair value in directly booked in shre capital as from 2012. The efficacy of the instruments was evaluated and results were between 80% and 125%.

ii) Financial assets and liabilities at fair value not repeatedly measured at fair value (but with at fair value disclosures)

Due to its short-term nature, the Board of Directors of AdP Group considers that the carrying amount of financial assets and liabilities not measured at fair value is close to its fair value, with the following exceptions:

	30-Jun-2015		31-Dec-2014	
	Carrying amount	At fair value	Carrying amount	At fair value
Financial liabilities				
Borrowings	2.230	2.000	2.266	1.503
Total	2.230	2.000	2.266	1.503

56 - Perspective on risks arising from financial instruments

The risks that entities are exposed to can come 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 it operates. Taking into account the perspective of impact of loss, the Group is exposed to the following materially relevant risks:

- **Market Risk**, which comprises three types of risk: (i) currency risk – is the risk that the value of a financial instrument can fluctuate due to changes in foreign exchange rates; (ii) interest rate risk – the risk that the value of a financial instrument can fluctuate due to changes in market interest rates; and (iii) price risk – is the risk that the value of a financial instrument can fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or to its issuer, or factors that affect every single instrument traded in the market.
- **Credit Risk** – is the risk that one party of 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 the Group may find difficulty in obtaining funds to meet the obligations associated with financial instruments. Liquidity risk may result from an inability to sell quickly a financial asset 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 and TAP 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 fulfil its obligation, refers mainly to financial investments of cash surpluses (mitigated since these applications are made with the IGCP), to contracted *swaps* and to granted loans.

Granted loans are granted to companies whose financial policies are controlled (subsidiaries) for investments with expectation of appropriate return. The loans are approved by PARPÚBLICA Executive Committee and bear interests at market rates.

ii) Liquidity risk

Liquidity risk associated to the possibility of the company not to be able to meet its commitments is covered by the State Budget according to integration of PARPÚBLICA in the State's budgetary consolidation perimeter as of 1 January 2015. Therefore financial needs not covered by PARPÚBLICA's funds are met with deliveries from DGTF.

Segmentation of debt by nature of instruments and by remaining time until maturity is as follows (nominal values in million of Euros):

in thousand euro						
30-06-2015	1-3 months	4-12 months	1-2 years	2-5 years	>5 years	Total
Financing						3.883,9
Commercial Paper						0,0
<i>Eurobonds</i>					1.500,0	1.500,0
GALP Exchangeable Bonds				885,7		885,7
Other Bonds			170,0	750,0		920,0
Bank Financing		21,0	21,0	63,1	473,1	578,2

in thousand euro						
31-12-2014	1-3 months	4-12 months	1-2 years	2-5 years	>5 years	Total
Financing						4.094,4
Commercial Paper						0,0
<i>Eurobonds</i>					1.500,0	1.500,0
GALP Exchangeable Bonds				885,7		885,7
Other Bonds		200,0	170,0	750,0		1.120,0
Bank Financing		21,0	21,0	63,1	483,6	588,7

Covenant clauses existing in debt instruments are as follows:

Borrowings	Covenants
<i>Eurobonds</i> Bonds 500M€ - 2005, due 2020 Bonds 150M€ - 2005, due 2020 Bonds 250M€ - 2006, due 2026 Bonds 600M€ - 2014, due 2021 Galp Exchangeable Bonds 885,65M€– 2010, due 2017 PARPÚBLICA Bonds at floating rate 170M€ - 2013/2016 PARPÚBLICA Bonds at floating rate 750M€ - 2014/2019 Bank loan 599,238M€	<i>Cross Default / Force Majeure</i> <i>Cross Default</i> <i>Cross Default</i> <i>Cross Default / Negative Pledge / Pari Passu</i> <i>Cross Default / Negative Pledge / Restrictions on Activity</i> <i>Cross Default / Negative Pledge / Pari Passu</i> <i>Cross Default / Negative Pledge / Pari Passu</i> <i>Cross Default / Negative Pledge / Pari Passu</i>

i) 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 57,6% has a fixed interest rate and only about 42,4% has a floating interest rate.

PARPÚBLICA keeps three interest rate *swaps* structures *plain vanilla* (floating rate-fixed rate swap). At 30 June 2015 the total *notional* amount of the three structures is 448,8 million Euros. The three structures together had the following impacts (thousand Euros):

	1st Semester of 2015	2014
Payments	-6.308	-12.055
Gains (Losses) in changes at fair value after initial recognition	23.979	-92.349

At 30 June 2015 the forecast flows of the medium and long term debt interests and the *swaps* interests were as follows:

30-Jun-15

	<1 year	1 a 5 years	>5 years	Total
Medium/long term debt interest	-156.119,8	-483.010,0	-497.194,0	-1.136.323,8
Swap flows	-20.323,3	-63.977,3	-102.976,3	-187.276,9

31-Dec-14

	<1 year	1 a 5 years	>5 years	Total
Medium/long term debt interest	-157.046,9	-484.647,9	-486.785,4	-1.128.480,2
Swap flows	-16.336,8	-69.664,7	-129.907,0	-215.908,5

Price risk

Price Risk is the possibility of the value of a financial instrument to float as the result of changes in markets, whether those changes are caused by specific individual instrument factors or its issuer, or whether by systemic factors. In the specific case of the bond issued with the nominal amount of 885,65 million Euros, with embedded options that allow the investors to convert its bonds in GALP shares held in the portfolio the risk exists mainly due to changes in the price of these shares.

The borrowing of 885,65 million Euros has its maturity in 28 September 2017, with the possibility of (i) the investors convert its bonds in 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 ask for the reimbursement of the bonds in 28 September 2015. Should bondholders choose to convert its bonds in

GALP shares, PARPÚBLICA may choose between delivering the shares or the corresponding value in cash, calculated according to defined valuation criteria.

The basic component and the embedded option of those loans are separated for accounts purposes being measured according to notes 2m, 2t and 2w.

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

	1st Semester of 2015	2014
Changes in the value of the options	-24,7	+11,7
Changes in the value of the underlying asset	+124,5	-199,7
Net Gain/Net Loss	+99,8	-188,0

Assuming positive and negative changes of 15% in the quotes of Galp shares at 30 June 2015, effects in the embedded option of convertible bonds would be the following:

Convertible Bonds in GALP's Shares						
GALP's Shares			Option			Net Change (M€)
Price	Value (M€)	Change	Value %	Value (M€)	Change	
10,52	619,1	-	2,95%	26,1	-	-
12,10	711,9	15,0%	6,33%	56,1	114,7%	62,8
8,94	526,0	-15,0%	0,43%	3,8	-85,4%	-72,8

The effects in the same option as a result of a change in the implicit volatility would be the following:

Convertible Bonds in GALP's Shares			
Implicit volatility			
%	Option (%)	Value (M€)	Change
38,8%	2,95%	26,1	-
43,8%	4,38%	38,8	48,5%
33,8%	1,52%	13,5	-48,5%

The effects on the *swaps* related to the 599,2 million Euros loan by positive and negative changes of 1% in the floating interest rate (Euribor 6M) would be the following:

Rate	Value	Change
Euribor 6M	178,5	
Euribor 6M + 1%	114,2	-36,0%
Euribor 6M - 1%	252	41,2%

AdP Group

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 financial derivative instruments to minimize the exposure to some 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 years, with direct consequences in the municipalities, the amount overdue still has significant values.

Impairment adjustments on accounts receivable are measured considering: (i) customer risk profile, evaluated according to if that customer is an institutional or a business company; (ii) average collection period, which differs from business to business; and (iii) the customer's financial condition. AdP Group has been alerting the Central Government about the unsustainability of the overdue debts of some municipalities in order to find other options to collect the amounts due.

AdP Group's Board of Directors is always evaluating the adoption of measures to ensure the recoverability of the Municipalities receivables, namely, the PAEL (Local Economy Support Programme), the triggering of the mechanism associated with the Priority Credit (which is applicable to current debt) and the establishment of payment agreements and filing of injunctions/legal proceedings.

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 indicate that they will lead to recognition 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 2015, 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	30-Jun-15	31-Dec-14
Bank deposits	96.947	51.140
Time deposits and other securities	205.536	223.877
Other financial assets	6.519	6.514
Capital reconstitution fund	106.507	102.668
Total	415.509	384.199

Rating	30-Jun-15
A1	-
A2	1.334
B1	58.484
B2	58.834
Ba1	244.233
Ba3	6.953
Baa 1	3.810
Baa 3	27.347
Caa2	4.270
Rating unknown	10.244
Total	415.509

ii) Currency risk

Currency risk exposure is not relevant for AdP Group. This risk materialises on future commercial transactions, recognized assets and liabilities, as well as net 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, recognized 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 through the contracting of loans in the same currency and through loans with currency hedge *swaps*.

iii) Liquidity risk

Liquidity risk management implies keeping cash at a reasonable level, floating debt consolidation viability through an adequate amount of credit facilities and the ability to liquidate market positions. In face of its own business dynamics, AdP cash wants to assure floating debt flexibility, keeping the credit lines available for this effect. AdP group manages liquidity risk through contracting and maintaining credit lines and financing facilities with firm underwriting commitment before national financial institutions that allow an immediate access to funds. During the last years 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.

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 all the risks associated with the commitments before the different entities.

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

	< 1 year	1 to 5 years	> 5 years
Borrowings	623.175	370.070	1.742.477
Trade creditors and other liabilities	191.507	67.009	47.046

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 to be able to guarantee the renewal of the main credit lines, and therefore their payment is not expected to be immediate.

Risk from cash flow and fair value related to interest rate

AdP group interest rate risk, comes essentially 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.

	30-Jun-15	Average Rate + 1%	Average Rate - 1%
Interests paid	37.053	62.865	12.573

iv) Capital risk

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

The purpose of capital risk management is to assure that AdP 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 investment loans - EIB) that will give loans to its subsidiaries. This policy aims the optimization of capital structure in order to get a bigger efficiency and the decrease in the average cost of capital.

	30-Jun-15	31-Dec-14
Non-current borrowings	2.112.547	2.139.653
Current borrowings	623.175	598.893
Cash and equivalents	(302.717)	(281.885)
Debt	2.433.004	2.456.660
Investment grants	1.635.070	1.630.393
Total equity	1.350.278	1.327.665
Capital and grants	5.418.352	5.414.717
Debt/total capital	0,45	0,45

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 EIB and with equity, and non-refundable grants related to assets.

v) Regulatory risk

The regulation is the most significant limitation to the profitability of the economic activities of AdP Group. 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 (Regulator of water and waste services).

The XIX Constitutional Government Program, and the Economic and Financial Aid Program (“Plano de Assistência Económica e Financeira”) foresee the separation from AdP Group of the waste subsector and the need to implement measures in order to open this sector to private initiative. Ongoing measures will lead to the sector restructuring, among them the sale of the sub-holding EGF (waste). At the present date the AdP SGPS Board of Directors does not know yet the impacts that those measures may have on the consolidated financial statements of AdP Group, besides those disclosed in the current financial statements.

Law nr 10/2014, of 6 March approved the new statutes of ERSAR, transforming it in an independent administrative entity, with a reinforced organic, functional and financial autonomy, equivalent to other regulatory independent entities. Law nr 12/2014, of 6 March, amending for the second time Decree-Law nr 194/2009, of 20 August (already amended by Decree-Law nr 92/2010, of 26 July), was also published and establishes the new legal framework of the municipal services of water supply and sanitation and urban waste management, by amending the billing and infractions regimes.

TAP Group

The first semester of 2015 was initially marked by a positive economic environment both in Europe and United States, continuing the recovery tendency of these economies as registered during 2014. In the second half of 2014 and especially since the fall, the prices in the oil market dropped strongly. This situation was not inverted significantly in the first semester of 2015 therefore the prices remained low in such period. The same happened with the Euros against dollar, which started to fall in the end of 2014, along with the fall of raw material prices. The fall in the raw materials quotations for levels much lower than the previous years and other determinant factors, such as the slowdown of Chinese economy, had an important impact in emerging economies. Brazilian economy for instance, which was already showing signs of stagnation in 2014, continued to present negative signs in the present year. The Russian economy entered in recession. With the Chinese, Brazilian, Russian and other emerging countries economies clearly slowing down, the growth foreseen for global economy was revised downwards along 2015, despite the stabilization of more developed economies.

In the beginning of the year the financial markets registered a global climate of stability with very low interest rates and growing liquidity in the markets. However, the end of the semester was marked by the dramatic situation lived in Greece with the suspension of both its banking system and local financial markets, as a result of a possible exit from euro zone, avoided in-extremis after long and tense negotiations with the European partners.

The Portuguese economy continued a financial and economic recovery tendency, with a remarkable very positive evolution that continues to be registered namely in the touristic sector, which directly benefited the activity of TAP Group. On the negative side, it was however registered a growing impact of Angola's financial difficulties in the national economy. The first semester of 2015 was equally marked in a negative sense by the labour issues raised in TAP, S.A. and by the consequences it had on sales, because of both the public announcement of the strike during Christmas time in December 2014, and the long strike imposed by the pilots' labour union that occurred in May. The semester was also marked by the ongoing privatization process of TAP Group and the final selection by the Government, in June, of the respective buyer, in the year of the 70th birthday of one of the oldest airlines in the world.

(i) Price risk

Compared to the same period in the previous year, the first semester of 2015 registered an increase of about 5% in the supply of passengers' air transport, measured according to the number of seats supplied per kilometre ("PKOs"), as a result of the fleet and network expansion carried out in mid 2014. Although

the company overcame several operational and technical problems in the beginning of the new operation in 2014, other problems arose, namely labour issues, which resulted in a demand below expected, with a growth in the number of passengers per kilometres travelled ("PKUs") of only 0,4% in all the operations. Consequently, the average rate of fleet occupation had a reduction of the load-factor from 80% in 2014 to about 77%.

Geographically, the demand measured by PKUs decreased particularly in Azores, Africa (with the exception of Angola), in South Brazil routes and, severely, in the Venezuela route. In the opposite sense, the volume of traffic increased in most European markets, with an average growth of PKUs in Europe of about 3%, as well as in North Brazil routes, including the new lines of Bethlehem and Manaus as and also because of the new routes of Colombia and Panama. The traffic volume in the USA maintained the level of the previous year.

Like the use of the several destinations offered by TAP S.A., the geographic behaviour of sales was also very diverse. The two main markets, Portugal and Brazil, each with about 23-24% of total sales, presented opposite behaviours with an increase of the sales value in Brazil and a decrease of the sales value in Portugal. Sales in Brazil may have been influenced, partially, by exchange rate effects, namely the high level of the dollar – the currency in which the tariffs are defined – comparing to the corresponding period of 2014.

In African markets, representative of 7% of total sales in TAP S.A., it was verified a marginal fall in the global sales value. In the USA, with 5% of total sales, it was verified a growth of about 30% which is significantly related to the interruption of sales in Venezuela since mid 2014, due to the restrictions of funds transferences in that country, having the Venezuelans bought their tickets abroad. The decrease in sales verified in Venezuela, after the interdiction of emissions in this market, was of about 90% in 2015 comparing to the same period in the previous year. The average variation in the European markets sales, with 40% of total sales, was negative in about 2,5% in the semester.

Besides the geographic distribution of sales, their behaviour in time was also different, with more favourable numbers, deduced the seasonality, in the first quarter of the year and a more unfavourable behaviour in the second quarter, which may be related to the labour instability occurred. In terms of the global result of tickets income in the semester, when compared to the previous year it was registered a decrease of about 3,6%, mainly because of the price effect, with an average yield fall close to 4% compensated by the marginal rise of 0,4% in the traffic volume in all the network.

The cargo and mail activity, which represents about 5% of TAP Group global revenues, had a positive performance in the semester, with a significant growth comparing to the equivalent period in 2014, with meaningful increase of sales in several European markets and also in Brazil.

Maintenance and Engineering had different behaviours in Portugal and in Brazil, with a significant growth of revenues in Portugal and a reduction of revenues in Brazil. In Portugal the work for third parties increased and was diversified, including for new clients, almost doubling the amount of the previous year. However, considering the variation in the production, with very significant values in 2014, the amount of revenues in Portugal presented a less accentuated growth rate. In TAP M&E Brazil part of the drop was due

to a reduction in the number of active clients as well as in the average price of the interventions carried out, besides the exchange rate effects. The total amount of maintenance revenues of both Portugal and Brazil in the semester was of about 80 million Euros.

L.F.P.- Lojas Francas de Portugal, S.A. presented in the first semester of 2015 a volume of revenues with an amount similar to the abovementioned global amount of revenues in the activities of maintenance for third parties, having registered a growth in sales of 7,8% when comparing to the same period in the previous year. The growth in LFP sales resulted from the continuous growth of traffic in national airports and the consequent increase in the number of clients and duty-free transactions. The increase of clients and transactions registered was of about 10%, however it also occurred a slight decline of about 2% in the average amount spent per passenger in the airports. It should also be noted that the airports where the increase in sales was higher were Azores, Porto and Lisbon, where the increase of traffic was partially due to the increase in low cost airlines activity, which tends to result in an inferior per capita spending.

Summing up, in the first semester of 2015 the global amount of revenues and income of TAP Group was below the amount of the same period in the year of 2014, mainly due to the fall of average yield in the operation of passengers air transport, having the other activities of the group considered in aggregate presented a positive behaviour.

(ii) Fuel price risk and other expenses

In the semester fuel expenses represented 25% of the total expenses of TAP Group. The fall registered in oil prices and in the reference prices for the jet fuel of Platts was very significant in the end of 2014 and the average amounts registered in the first semester of 2015 were about 40% inferior to the ones registered in the same period in the previous year. However in an opposite tendency, it was registered an accentuated rise in the average level of Eurodollar exchange rate, which decreased from 1,37 in the first semester of 2014 to 1,12 in the first semester of 2015, a variation of about 20%, with direct impact in the fuel invoice. The negotiated hedging in 2014 for the first semester of 2015 had the negative consequence of a partial delay in the reduction of costs tendency resulting from the fall in prices, since the pricing was made considering price quotes in force before the strong fall in the end of 2014 and covered about 50% of the estimated consumption. Because of the activity increase registered in the semester, considering flight hours, in line with the increase of 5% in PKOs, the jet fuel consumption increased physically about 4,5%. In the semester, all these factors together contribute to an aggregate reduction in fuel expenses in Euros of about 5,3%, when compared to the same period of the previous year.

The increase of 5% in the entire operation of TAP Group passengers air transport also implicated an increase in several variable relevant expenses such as air navigation charges, landing charges, handling and expenses on board. These expenses, which altogether have an importance close to fuel, rose in some cases in numbers higher than the growth rate of the operation.

Although it has a reduced importance in the costs structure, costs with operational leasing of aircrafts registered a particularly high increase. The acquisition of additional aircrafts delivered to TAP Group in mid 2014 was made with operational leasing agreements, so the total number of leased aircrafts increased

from 18 to 24, four of which are for medium course and two for long course. The average rents in dollars for the fleet in operational regime remained relatively at the same level before and after the entrance of the new aircrafts, considering the negotiated contractual terms for aircrafts' age and characteristics. However, the 20% rise of the dollar - denomination currency of all the agreements - contributed significantly for the rise of operational leasing total expenses.

Personnel expenses of TAP Group increased moderately, since in the beginning of 2014 the staff had already increased, namely flying personnel, and the variable remunerations costs had also been higher in mid 2014 (during the transition for the operation of the new aircrafts and routs) than now in 2015, despite the actual increase in the operation, when compared to the same period in 2014. Factors like the impact of pilots strike had in salaries costs, for example, also contributed to the lower growth of personnel expenses.

i) Currency risk

Some currency risks of TAP Group were present again in 2015, namely the risk associated to the variation of the dollar exchange rates, which was accentuated in the end of 2014 and affected the operation during the first semester of 2015, when compared to the previous year.

When compared to the same period in the previous year, the average rise of the dollar in the semester was of about 20%, which neutralized significantly the positive effect of the jet fuel prices in the total fuel invoice, and had an impact in other operating costs in dollars. As per financial costs, which have also a limited influence in total costs, only a small fraction of the total TAP Group debt is denominated in dollars, about 13%.

In the current semester the exchange variation in the dollar was of about 10%, almost half the average exchange variation registered between the first semester of 2014 ad the first semester of 2015. So, the currency impact of the dollar appreciation in the end of the period was lower than the dollar average appreciation when compared to the same period in the previous year, since the currency had already appreciated significantly before December 2014.

Another source of TAP Group currency exposure is still the Brazilian real, both in air transportation because of ticket sales in real and in maintenance activity of TAP M&E Brazil.

Other sources of currency exposure to which the Group tries to adapt and be safeguarded are the ones arising from funds generated in several markets in the most diverse geographical areas and jurisdictions, with the inherent risk related to the repatriation of such funds and its possible depreciation or devaluation. In Venezuela, in light of last years' difficulties, the sales had to be interrupted almost completely in mid 2014. In Angola the commercial policy had to be adjusted to the growing financial difficulties of the country since 2014. But the financial and political risks are not only verified in emerging markets: the transfers of funds from Greece were blocked when in June the control of capitals was imposed in the country.

The exposure of TAP Group to currency risk at 30 June 2015 and 31 December 2014, based on the amounts of the financial position, assets and liabilities of TAP Group, in currencies, translated to Euros using the exchange rates of the balance sheet date, are as follows:

Assets and liabilities in currencies	30-jun-15			
	USD	BRL	Other	TOTAL
ASSETS				
Cash and cash equivalent	4.496	4.784	56.306	65.586
Restricted bank deposits	-	-	101.083	101.083
Accounts receivable – Trade debtors	35.106	108.559	26.897	170.562
Accounts receivable – Other	61.773	33.739	401	95.913
	101.375	147.082	184.687	433.144
LIABILITIES				
Debt	131.238	5	-	131.243
Accounts payable – Trade creditors	6.618	20.448	5.902	32.968
Accounts payable – other	4.046	12.154	3.423	19.623
	141.902	32.607	9.325	183.834
Assets and liabilities in currencies	31-Dec-14			
	USD	BRL	Other	TOTAL
ASSETS				
Cash and cash equivalent	3.189	1.052	36.467	40.708
Restricted bank deposits	-	-	100.917	100.917
Accounts receivable – Trade debtors	28.383	64.838	18.962	112.183
Accounts receivable – Other	43.319	31.749	801	75.869
LIABILITIES				
Debt	123.673	9	-	123.682
Accounts payable – Trade creditors	11.835	16.030	7.473	35.338
Accounts payable – other	3.834	13.013	4.371	21.218
	139.342	29.052	11.844	180.238

At 30 June 2015 the amount presented in restricted bank deposits in “Others” currencies refers to the funds withheld in Venezuela, denominated in Venezuelan bolivar (“VEF”).

At 30 June 2015, 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 25 million Euros.

(iii) Interest rate risk

Tap Group remunerating liabilities ended the semester in 1.045 million euro, slightly below the value registered in the end of the fiscal year of 2014, 1.062 million Euros. The total amount of the short-term lines component continued to represent a substantial part in the total, having increased from about 36% in 2014 to about 42% in the end of the semester. Tap Group onerous debt is now mainly concentrated in TAP S.A., with a small part in Portugal. Amounts in debt in TAP SGPS are not relevant after the termination of a financial operation of medium term in this entity.

The part of the debt with variable rate increased in the semester for 60% when comparing to the 56% registered in the end of 2014. Both the weighted average margin of variable rate loans and the average of interest rates in fixed rate loans maintained at end of the semester the level of the end of 2014 fiscal year.

The Euribor reduction for levels close to zero and sometimes negative had a minor additional effect in the reduction of interest costs. The renewal of short-term operations and also of a medium term operation produced however normal additional expenses with commissions which also load financial costs. The total financial cost was of about 35 million Euros for an average amount of paid debt in the period of approximately 1.050 million Euros. It should be noted that in this total amount, 13 million Euros are due to exchange currency updates resulting from the dollar appreciation in the financial leasing agreements based in this currency.

In the following table of remunerating liabilities comprising capital and interests, assumptions regarding market interest rates and Eurodollar Exchange rates were considered as follows: 3% to Euribor, 1,75% for dollar libor and 1,1189 in the Eurodollar (2014: 1,2141 in Eurodollar). The amounts in liabilities reflect the amounts to be paid within the specified deadlines, 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:

	30-Jun-15				
	< 1 year	1- 2 years	3 - 5 years	6 - 10 years	TOTAL
Borrowings	548.047	83.844	69.612	-	701.503
Finance Leases	123.400	93.403	187.358	2.178	406.339
Total	671.447	177.247	256.970	2.178	1.107.842
Fixed rate borrowings	51.642	65.015	68.841	-	185.498
Fixed rate finance leases	79.324	53.722	137.068	2.178	272.292
Total	130.966	118.737	205.909	2.178	457.790

	31-Dec-14				
	< 1 year	1- 2 years	3 - 5 years	6 - 10 years	TOTAL
Borrowings	534.044	83.446	50.204	-	669.714
Finance Leases	133.178	93.447	220.143	6.399	453.167
Total	667.222	178.913	270.347	6.399	1.122.881
Fixed rate borrowings	102.380	49.087	49.047	-	200.514
Fixed rate finance leases	85.736	52.238	151.050	6.399	295.423
Total	188.116	101.325	200.097	6.399	495.937

TAP Group uses the technique of sensitive analysis that measures the estimated changes in profit or loss, as a result of an immediate increase or decrease in market interest rates, considering the remaining variables constant. 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 recognized at fair value.

Under these assumptions, an increase or decrease of 0,5% in the market interest rates, in all currencies of TAP Group loans, as at 30 June 2015, would result in a decrease or increase in interest becoming due amount of, approximately, 2.400 thousand Euros.

ii) Credit and liquidity risk

In what concerns TAP Group liquidity position it was registered a deterioration of the situation along the semester, which results naturally from the use of cash because of the operating deficit in the period, with seasonal, structural and also exceptional causes such labour ones. Among the more operational factors, the volume of expenses necessary to the maintenance of an activity level in air transportation more wide and intense than in previous years, which was not possible to reflect completely in operational revenues because of the yield fall, the fall in sales and the cancelations, generated a significant cash-flow loss which can be seen in the liquidity levels of Tap Group financial position. The continued deficit of the maintenance operation in Brazil and the consequent need of funds for this affiliate had also a negative effect in the global TAP Group liquidity.

In addition to financial management, in the short and long term, and to cash management, also in the scope of the management of current assets, it was undertaken a rigorous monitoring of 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 the activity.

The following table presents the elements regarding the liquidity position of TAP Group as at 30 June 2015 and 31 December 2014, as well as the balances of trade receivables, which reflect the maximum credit risk in these same dates:

	30-Jun-15	31-Dec-14
Non-current assets		
Court deposits – Brazil	27.429	27.560
Other non-current assets	24.158	23.131
Current assets		
Cash and cash equivalents	111.342	140.364
Restricted bank deposits	101.083	100.917
Accounts receivable – trade debtors	248.772	146.991
Other current assets	66.687	69.806
	579.471	508.769
Off-balance sheet credit risk exposure		
Guarantees	96.970	88.756
Other commitments	276.968	310.001
	373.938	398.757

TAP Group credit and liquidity risk quality, as at 30 June 2015 and at 31 December 2014, respecting to financial assets (cash and cash equivalents and derivative financial instruments), with financial institutions as counterparties are as follows:

	(in thousand Euros)	
	30-Jun-15	31-Dez-14
AA-	746	104
A+	-	287
A	25.459	17.014
A-	274	4.714
BBB	2.945	-
BBB-	4.197	761
BB+	175	151
BB	684	46.331
BB-	6.233	41.529
B+	2.807	2.092
B	1.562	-
B-	13.814	-
Other	153.148	128.221
	212.044	241.204
Restricted.bank.deposits	101.083	100.917
Bank.deposits	110.961	140.287
	212.044	241.204

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

At 30 June 2015 and 31 December 2014, the accounts receivable from trade debtors presented the following antiquity structure, considering as reference the due date of the balances:

	(in thousand Euros)	
	30-Jun-15	31-Dec-2014
Undue amounts	240.470	67.910
from 1 to 90 days	8.485	24.851
from 91 to 180 days	3.972	18.592
from 181 to 270 days	1.675	20.153
from 271 to 365 days	1.807	22.996
over 366 days	66.114	65.331
	322.523	219.833
Impairments	(73.751)	(72.842)
Net balance	248.772	146.991

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 through the corresponding losses. Acknowledged impairment respects mainly to debts with more than 366 days.

From the total amount of trade debtors' receivables, the balances of airlines and travel agencies as identified in Note 21 are mainly regularized through the BSP and the *IATA Clearing House* system, which substantially minimizes TAP Group credit risk.

(iv) Capital Management

In the period, the negative amount of equity in TAP Group increased in more than 100 million Euros to an amount superior to 600 million Euros negative. The deterioration of the equity amount was mainly due to the strongly negative result of the operation in the period. Such negative effect was however mitigated by the variation of reserves at fair value as a consequence of the termination of several fuel hedging operations made to cover the price in the first semester of 2015. The end and liquidation of such operations during the semester and the lower prices for the operations in effect for the second semester of the year resulted in an improvement of equity in about 35 million Euros.

Despite de reduction in equity, total assets registered an increase, mainly in trade debtors available, and liabilities also increased due to the effect of pending flight amounts, which means revenues sold but not yet flown.

57 - Contingent assets and liabilities and subsequent events

PARPÚBLICA

i) Contingent assets and liabilities

No contingent assets and liabilities are known besides possible liabilities regarding variable remunerations of former Directors related to management contracts of 2007-2009, about which there is a doubt if they really are company's liabilities. The bonuses are related to 50% of the variable remuneration of 2008 (77 850,06 Euros), whose payment was approved by the shareholder, and also to the variable remuneration of 2009 and to the performance in the 2007-2009 mandate. In 2010, the shareholder decided not to give the variable remuneration according to article nr 172 of Law OE/2010.

In 2005 IMOCAPITAL, SGPS, S.A. filled against the Portuguese State and PARPÚBLICA (the latter as successor in the rights and obligations of the terminated PORTUCEL, SGPS, S.A.), an administrative legal action where it requests the payment of a 46.765.399,62 Euros minimum indemnity, plus interest counted since the date of service until full payment, claiming the violation by the State and former PORTUCEL, SGPS, S.A. of its right to buy 25% of GESCARTÃO shares. Such right allegedly results from an agreement signed in 2002 between IMOCAPITAL and the defendants, during the first stage of GESCARTÃO share capital reprivatisation, in which IMOCAPITAL acquired 65% of such share capital. In 2008 the legal action was won by the defendants in the first instance but it has been subject to several appeals ever since. Because of these appeals in 2014 the procedure returned to the first instance, with the annulment of the process from page 1610 onwards and the obligation of appreciation of the complaints submitted so that afterwards the action may be judged normally again. However, it is not expected that a future decision will change substantially the contents of the first instance decision in what concerns the subjective question in discussion.

As per all the procedures related to tax inspections executed by Tax and Customs Authority in Sociedade Gestora do Autódromo Fernanda Pires da Silva SA, which was transferred to PARPÚBLICA after extinction, there was also a transfer considering them and the legal position the extinguished company had in such procedures. Consequently it should be noted the IRC (corporate income tax) legal action in course, concerning missing deductions at source in the fiscal years 2002, 2003 and 2004, in the global amount of 865 496,89 Euros. A court decision is waited.

ii) Relevant subsequent events

Galp Energia, SGPS, S.A. (“Galp Energia”) shareholders meeting which took place in 16 April 2015 approved the dividend concerning the financial year of 2014 of €0,3456 per share. As consequence the annual dividend for 2014 exceeded the maximum limit of dividends protection foreseen under Terms and Conditions of the Bonds, and the exceeding amount corresponded to a Capital Distribution of 8.540.434,45 Euros. For this reason PARPÚBLICA - Participações Públicas, (SGPS), S.A. used the mentioned amount in the acquisition of 816.396 Galp Energia shares, and the respective Underlying Asset was adjusted. Most acquisitions occurred already in the beginning of the 2nd semester.

Subsequently to the Restructuring of PARPÚBLICA’s Real Estate Division, as per Executive Decision nr 567/15 of the Treasury Secretary of State, the merger between PARPÚBLICA – Participações Públicas, SGPS, SA and Sagestamo – Sociedade Gestora de Participações Sociais Imobiliárias, SGPS, SA was executed, by transferring all the assets and liabilities of the later to the former, with accounting effects dated 1 January 2015. The Restructuring operation also foresees in a 2nd stage the transfer to Estamo – Participações Imobiliárias, S.A. of all assets and liabilities of the companies Lazer e Floresta – Empresa de desenvolvimento agro-florestal, imobiliário, turístico e cinegético, S.A. and Consest – Promoção Imobiliária, S.A.. The merger project of this 2nd stage was registered during July.

In the end of the 1st semester PARPÚBLICA and the Consortium Gateway signed a purchase and sale of shares agreement concerning 61% of TAP – SGPS, S.A. share capital. However the transaction is subject to the verification of several previous conditions, such as the acquisition of approvals which at the date of this report were not yet fully granted.

In the beginning of August, after negotiations with the Cascais City Council (CMC) and according to Executive Decisions of Secretary of State of Transports and Secretary of State of Youth and Sports it was signed the purchase and sale of shares agreement concerning 100% C.E.- Circuito Estoril, S.A. This acquisition by the CMC is subject to the Court of Auditors previous authorization.

AdP Group

Protective Measures

As a result of the strategy defined by the Government for the water sector, fifteen multi-municipal systems were extinguished and three new with a bigger size were created. Disagreeing with this strategy several Municipalities, as shareholders of the extinguished and new companies filled, up to this date, eight protective legal actions in which many companies appear as defendant or counterparts, such as companies of Águas de Portugal Group like Águas do Norte, S.A., the extinguished Águas do Douro e Paiva, S.A., Águas do Centro Litoral, S.A. and AdP – Águas de Portugal, SGPS, S.A.. Considering that these protective measures intend to stop the restructuring and reorganizing process in the water sector, at the present date we can't determine how any of these actions may end.

iii) Contingent assets and liabilities

Company	Description of process	Amount (in Euros)
Águas de Santo André, S.A.	Injunctions and administrative ordinary actions against Santiago do Cacém City Hall, related to services rendered of Collecting and Treatment of Urban Wastewater.	3.015.795
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.	3.428.910
Águas de Trás-os-Montes, 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. Proc. Nr 403549	2.500.000
Águas de Trás-os-Montes, S.A.	Defence already presented by ATMAD within this administrative offence. Proc. nr 2063/2008.	2.500.000
Águas de Trás-os-Montes, S.A.	Administrative offense for disposal of wastewater in the ditch. Defence already presented by ATMAD.Proc. nr 5955/2008.	2.500.000
Águas de Trás-os-Montes, S.A.	Defence already presented by ATMAD within this administrative offence. Proc. nr nº403549	2.500.000
Águas de Trás-os-Montes, S.A.	Administrative offense for disposal of wastewater in a water line on the soil. Defence already presented by ATMAD. Proc. nr 10586/2009.	2.500.000
Águas de Trás-os-Montes, S.A.	In this action it is alleged that the Defendant, within the construction agreement of the Pretarouca Dam, 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. Proc. Nr 334/10.	4.383.552
Águas de Trás-os-Montes, S.A.	Declaratory action of conviction for lack of payment concerning invoices issued by ATMAD. Proc. Nr 149/12.	1.736.980
Águas de Trás-os-Montes, S.A.	Common Administrative Action, where Consortium SADE/EDIOC claims the payment of the amount of 3.053.327,10 Euros, as an indemnity for surcharges in the construction. ATMAD contested and also formulated a request in the amount of 1.917.816,48 Euros, as compensation for the damages caused by the authors to ATMAD. For this breach ATMAD applied fines to the consortium, which are not being legally discussed.	1.859.936
Águas de Trás-os-Montes, S.A.	Administrative action filed by the company Conduril related to the construction agreement for the Olgas Dam in the Mirandela administrative court. Proc. nr 280/09	2.019.888

Company	Description of process	Amount (in Euros)
Águas do Algarve, S.A.	Proc. nr 46/09.3BELLE required by Somague Engigás Neopul – Construtores, ACE within the construction agreement “Project/construction of high level water supply and sanitation facilities for the Culatra and Armona islands – Ria Formosa crossing by horizontal guided drilling” with grounds on the technical impossibility of the Ria Formosa crossing construction. In the same action the author also contested three Ada decisions where the later denied the former requests for the construction deadline extension. It also contested the fines in the amount of 666.014,13 Euros for breach of both the interim mandatory deadlines and final deadline for the construction works. The process was contested by AdA, which joined scientific opinions issued by LNEC that contradict the alleged impossibility of construction. In its contestation AdA also claimed the expiry date of the action in what concerns the partial request of 1.164.598,98 Euros considering the action was filled after the term of 132 (working) days established in the law. In what concerns this question the court already ruled in favour of AdA and the counterpart appealed. The sentence concerning all the requests was also already issued and ruled totally in favour of AdA. The counterpart appealed and a decision is waited.	8.332.017
Águas do Algarve, S.A.	Proc. nr 516/09.3BELLE required by Somague Engigás Neopul – Construtores, ACE in the Loulé Administrative and Tax Court against Águas do Algarve, S.A. in which with the same grounds of the alleged technical impossibility of the Ria Formosa crossing construction (claiming the partial nullity of the respective construction agreement), it is contested AdA's decision to terminate the construction agreement with just cause for definitive breach of contract by the constructor ACE, and where it is claimed the payment of 9.191.597,54 Euros (a mere update of the request in the amount of 8.332.017,21 Euros requested in the previous legal action nr 46/09.3 BELLE). The process was contested by Águas do Algarve, S.A. on identical grounds of the previous action Proc. 46/09.3BELLE. A decision was issued determining the suspension of the process until decision of the above mentioned action nr 46/09.3BELLE. The action is therefore suspended.	9.191.598
Águas do Algarve, S.A.	Process nr 65/10.7BELLE required by AdA against the Tavira Municipality and the company Tavira Verde – Empresa Municipal de Ambiente, E.M.. Administrative legal action required at 22/01/2010.	1.630.949
Águas do Algarve, S.A.	Process nr 427/11.2BELLE required by AdA against the Tavira Municipality and the company Tavira Verde – Empresa Municipal de Ambiente, E.M.. Administrative legal action required at 14/07/2011, for which the defendants presented their reply in 06/10/2011. We were notified by the court in 24/05/2012 of the decision that determines that the process should wait the descend of Proc. 65/10.7BELLE to join it and be judged together. A final decision is therefore waited.	2.533.779
Águas do Algarve, S.A.	Process nr 104/12.7BELLE required by AdA in 5/12/2011, against the Municipality of VRSA. Initially an injunction process where it was claimed the amount of 2 496 051,41 Euros. After the opposition presented by the defendant, in 23-01-2012, the Injunction process was transformed in an Administrative Action being judged in the Loulé Administrative and Tax Court. In 01/03/2012 and following the court notification the improved initial application was delivered. In 11/04/2012 the defendant contested. In 02/05/2012 we presented our reply to the defendant's contestation. We were notified that the Preliminary Hearing was scheduled for 31/01/2013. In 30 January 2013 we were notified of the Preliminary Decision and of the decision that determined the Preliminary Hearing was invalid. A final decision is waited. In 31/12/2014 the invoices in dispute in this Administrative Action were received by AdA within the PAEL. It is AdA's intention to withdraw the Administrative Action.	2.495.898

Company	Description of process	Amount (in Euros)
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 Euros for definite breach of the construction contract by the contractor (it is the same construction work of "Project/construction of high level water supply and sanitation facilities for the Culatra and Armona islands –Ria Formosa crossing by horizontal guided drilling"). The court decision acquitted the defendants. This decision didn't examine the substance of the case (such as the fairness of the construction contract termination and AdA indemnity request based in it), having been exclusively grounded in the bringing of the action after the respective expiry date of 132 days, as foreseen in art. 255º of RJEOP (approved by Decree Law nr. 55/88 of 2nd March). This decision is clearly illegal. The rule (art. 255º do RJEOP) that establishes that the expiry date of 132 days used by the decision is only applicable to actions filled by constructors and not by the ones filled by the developer (in the Case Águas do Algarve), as the letter of the law indicates. And even if this rule was applicable to the case, the action was brought on the 130th day after the termination of the construction agreement. Therefore an appeal in the Central Administrative Court of the South was filled against the decision, which is waiting for decision. The victory in this appeal will only allow the action to follow its normal course, in order to determine if the termination of the agreement decided by Águas do Algarve is based in just cause or not, as well as to determine what are the damages that should be indemnified.	1.894.763
Águas do Algarve, S.A.	Process 105/12.7BELLE required by AdA in 5/12/2011 against the municipality of VRSA. Initially it was an Injunction process where it was claimed the payment of 1.596.738,95 Euros. After the opposition presented by the defendant in 24-01-2012, the Injunction process became an Administrative Action being judged in the Loulé Administrative and Tax Court. In 08/02/2012 the defendant presented its contestation. We replied to this in 28/02/2012. In 22/05/2012 a Decision was issued declaring the entire process invalid for ineptitude of the initial application and consequently considered the Vila Real de Santo António Municipality acquitted in the process. In 02/07/2012 we filled an appeal to the South Central Administrative Court because we disagreed of this Decision. The counterpart also appealed. We were notified by the South Central Administrative Court that the appeal was distributed in 13/11/2012, 2nd Juízo, 1st Section with the nr 09414/12. A final decision is waited. In 31/12/2014 the invoices in dispute in this Administrative Action were received by AdA within the PAEL. It is AdA's intention to withdraw the Administrative Action.	1.596.416
Águas do Centro Alentejo, S.A.	Proc. nr 360365/10.4YIPRT, being judged in the 1st Civil Sectin of the Évora Court, in which AdCA is the Author and the Évora Municipality the Defendant. It is an ordinary action resulting from a conversion of the injunction dated November 2010 to collect 5.599.742,96 Euros. Within the PAEL the Municipality paid already a great part of the debt. At the present date the debt amount is 107.737,39 Euros plus interests. Meanwhile a Decision was issued sentencing the Municipality to pay the remaining debt of 107.737,38 Euros as well as interests on the total amount of the process. This decision can still be challenged.	5.599.742,96, capital, interests and judicial fees (at file's date) are included
Águas do Centro Alentejo, S.A.	• Process 358/13.1BEBJA being judged in the Beja Administrative and Tax Court which was originally the Injunction 98658/13.5YIPRT, against the Évora Municipality to collect 7.498.698,00 Euros. It is the conversion in a common action of the Injunction required in 2013, because the Municipality opposed. There is a high chance of victory. Within the PAEL the municipality paid some invoices claimed in this process, but there is still a debt of 3.377.884,27 Euros.	5.599.742,96 capital, interests and judicial fees (at file's date) are included
Águas do Centro Alentejo, S.A.	• Process 359/13.0BEBJA being judged in the Beja Administrative and Tax Court which was originally the Injunction 99440/13.5YIPRT, against the Évora Municipality to collect 7.030.769,97 Euros. It is the conversion in an common action of the Injunction required in July 2013, because the Municipality opposed. There is a high chance of victory.	5.599.742,96 capital, interests and judicial fees (at file's date) are included
Águas do Oeste, S.A.	Injunction Alcobaça Municipality (invoicing of minimum fees in 2010) (Proc 286/13.0BELRA)	2.377.066
Águas do Oeste, S.A.	Injunction Alenquer Municipality (Proc 1352/11.2BELRA)	4.045.515
Águas do Oeste, S.A.	Process nr 82/14.8BELRA - Alcobaça Municipality (invoicing of minimum fees in 2010)	1.535.950
Águas do Oeste, S.A.	Process 132/15.0BELRA - Alcobaça Municipality	1.714.090
Águas do Zêzere e Côa, S.A.	Action nr 297/14.9 BECTB, required by AdZC in 24.06.2014 against the Guarda Municipality	2.041.466

Company	Description of process	Amount (in Euros)
Águas do Zêzere e Côa, S.A.	Action 740/14.7 BECTB, required by AdZC in 15.12.2014, against the Guarda Municipality	2.229.926
Águas do Zêzere e Côa, S.A.	Action 421/15.4BECTB, required by AdZC, against the Guarda Municipality	2.370.693
Águas do Zêzere e Côa, S.A.	Process nr 736/14.9 BECTB Fundão Municipality	15.083.255
Águas do Zêzere e Côa, S.A.	Arbitration procedure required by Fundão Municipality, where it claims an indemnity payment in the amount of 43.394.957,71 (forty three million three thousand ninety four nine hundred and fifty seven Euros and seventy one cents). At the same time ÁZC claims from Fundão Municipality the payment of a 186.149 Euros (one thousand eighty six one hundred and forty nine Euros) indemnity. In a decision dated 29 October 2010, the Arbitration Court accepted partially the Fundão Municipality claim, granting it an amount to be determined in an execution process with a limit of 762.022,59 Euros (seven thousand sixty two and twenty two Euros and fifty nine cents). On the other hand the decision also judged partially favourably ÁZC indemnity claim, granting it an amount to be determined in an execution process with a limit of 364.615 Euros (three thousand sixty four six hundred and fifteen Euros). Both parties appealed against this decision and the process is still waiting to be judged by the Central Administrative Court of the South.	43.573.424
Sanest, S.A.	Type of procedure: Injunction nr 389714/08.3YIPRT, which was transformed in Legal Proc nº 119/09.2BELSBTAC Lisboa. Description of the procedure: Injunction filled by SANEST according to instructions from AdP against Sintra Municipality for debts of the respective SMAS, related to rendering of services of effluents collection in the area of the referred Municipality, billed under the implementation of invoicing system by flow measurement, according to the Concession Contract and the Effluent Collection Contract.	1.845.277
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.	1.382.600
Sanest, S.A.	Type of procedure: Legal Proc nr 1263/12.4BELSB – Lisbon Administrative Court – Description of the procedure: 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 and for Effluents Collection.	1.564.420
Águas do Noroeste, S.A	IM – Water supply to a client which is not a Municipality	8.200.000

(iii) Subsequent relevant events

With Decree-law nr 45/2014, of 20 March, the Government approved the reprivatization process of EGF through the sale of its 100% shares held by AdP – Águas de Portugal, SGPS, S.A.. The same Decree-Law determined that the sale process would be made through an international public tender, established the tender stages, granted the acquisition rights of 5% of the share capital to the workers and defined a put option and pre-emption rights to be granted to the municipalities which are shareholders of management entities for multi-municipal systems in which EGF is also shareholder. In 31 July 2014, 4 of the 7 contestants invited to present binding bids for EGF shares acquisition made their bids. By Council of Ministers Decision nr 55-B/2014, of 19 September, the group of companies SUMA, comprising companies Suma - Serviços Urbanos e Meio Ambiente, S.A., Mota - Engil Ambiente e Serviços, SGPS, S.A. and Urbaser, S.A., was selected winner of the public tender for EGF reprivatization. In 6 November 2014 the shares sale and

purchase agreement for 95% of the EGF share capital was signed between AdP - Águas de Portugal, SGPS, S.A. and Suma Tratamento, S.A., a company incorporated by the members of the group of companies SUMA. The remaining 5% of the share capital are reserved for acquisition by the workers of EGF, which will take place after the conclusion of the transaction. After the final approval by the Competition Authority in the end of July, occurred the transfer of EGF's shares and loans from AdP - Aguas de Portugal SGPS, S.A. to Suma Tratamento, S.A.. For this reason these financial statements dated 30 June 2015 present balances, operations and results of EGF Group as held for sale/discontinued operations.

TAP Group

i) Contingent assets

At 30 June 2015 and 31 December 2014 the Group had no contingent assets.

ii) Contingent liabilities

The Brazilian subsidiary TAP M&E has the below mentioned tax, civil and labour actions, involving risks of loss classified as possible by the Board of Directors, based on the assessment of their legal counsels, for which no provision was set:

(in thousand Euros)

Description	30-Jun-15	31-Dec-14
Labour actions – Undeposited Guarantee for Time of Service Fund (“FGTS”) between 2002/2004 and Hazard/Unhealthy (action of the Union) 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 hazard and unhealthy, 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 or unhealthy. The process is in the Superior Labour Court of Brasília due to the appeal from the Union, waiting to be judged. TAP M&E 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 31 December 2014.	56.248	61.722
Tax Action - Tax execution of accessory obligations of merchandise and services circulation tax (“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 subsidiary is waiting for the Judge's decision on the suspension of the execution. The chance of failure by the subsidiary is considered possible.	9.126	9.589
Tax Action – Infraction auto for import tax (“II”), industrialized products tax (“IPI”), PIS and 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 M&E Brazil understands that, based on information given by its lawyers, from this process won't result significant impacts to the financial statements as at 31 December 2014. The chance of loss by the subsidiary is considered possible.	22.650	22.966
Tax action - Infraction auto of PIS and COFINS Tax authorities considered there was inconsistency between the analytic ledger and the Federal Tax profit and loss statement (“DCTF”) concerning 2006. Currently the subsidiary is waiting for the appeal trial in Delegacia da Receita Federal do Brazil de Julgamento (“DRJ”). There is a high possibility of loss.	2.741	6.328
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. Waiting for trial of appeal by the Board of Directors of Tax Resources (“CARF”). Defence lawyers concluded the chance of failure is possible.	5.480	5.881

Description	30-Jun-15	31-Dec-14
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 subsidiary TAP M&E Brazil declarations, therefore ignored all the accounting for the period and determined the amount of tax due. During 2013, the process related to IRPJ and CSLL, the most relevant amount, was successfully concluded. Relating to PIS and COFINS taxes Declaration of Inconformity was filled and is waiting for trial in the first instance.	1.533	1.268
Tax action – Infraction auto of ICMS (verify if has any amount in 2014) In 2014 TAP M&E Brazil was notified by Secretaria de Fazenda do Rio Grande do Sul, for the use of the ICMS electric energy credit in the subsidiary of Porto Alegre. The subsidiary appealed and there is not yet a date set for the trial. Defence lawyers concluded the chance of failure is possible.	1.106	-
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.	316	796
Tax action - Infraction auto – Tax fine Subsidiary TAP M&E 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 by the subsidiary is considered possible.	198	206
Civil proceeding - Payment of lawyers' fees Execution of lawyer's fees against Brazilian affiliate, after withdrawal of the proceeding and adhesion to the instalments payment procedure within the Tax Recovery Program (REFIS). The appeal is currently being decided and risk of defeat is probable.	3.408	3.854
Civil proceeding - Debt recovery action for tax contribution The affiliate TAP M&E Brazil was notified to pay a monthly tax contribution, on the grounds that the company is regarded and classified as industry. New hearing is waited and risk of defeat is probable.	110	113
Civil proceeding – Compensation claim Compensation claim against TAP M&E Brazil and others for contractual breach. Waiting for reconciliation hearing. Defence lawyers concluded the chance of failure for the subsidiary is considered possible.	9	10
Others – Pledged assets Subsidiary TAP M&E Brazil owns several pledged assets, in the amount of 14.148 thousand Euros (15.243 thousand Euros in December 2014), regarding guarantees required for fiscal and labour processes. Among these assets are cars, computers, parts, items of the hangars in Rio de Janeiro and Porto Alegre, among others.	14.148	15.243

The disclosure of the tax contingent liabilities dated 31 December 2014, related to Infraction Auto – not approved tax offset for inconsistencies in the Offsetting Tax Declaration is not applicable at 30 June 2015 because this proceeding was concluded successfully.

The disclosure of the civil contingent liabilities dated 31 December, related to an indemnity claim for a work accident, is not applicable at 30 June 2015, since after a revision of the proceeding it was considered that the affiliate didn't have any responsibility in the accident.

Baía do Tejo Group

i) Contingent liabilities

During 2014 and subsequently to unfavourable decisions a plaintiff/supplier filled new actions: a common administrative legal action against Baía do Tejo and the Environmental Ministry claiming 1.647.886,94 Euros, as soon as they received it from the Portuguese State, and another common action claiming 3.053.376 Euros for interests and amounts of invoices nr 1 and 2 of 2015. These procedures are ongoing.

It should be noted that, of the total claimed amount the Company has registered an invoice amounting to 635 thousand Euros. On the other hand, since this matter is related with the de-pollution process of the historical dust of Maia, all this process expenses will be 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.

Also related with the process of the historical dust of Maia, a lawsuit was filed at July 2008 against Urbindústria, Sneges, SN Longos and the above mentioned supplier concerning a claim for alleged removal of waste unduly deposited in the plaintiff lands. The claim amounts to 1.045 thousand Euros. As in the above mentioned situation, process expenses will be assumed by the Portuguese State and, for that, no provision was set.

1) Environmental matters

1.a) General matters

In the scope of the liquidation process of Siderurgia Nacional, SGPS, S.A. and under the joint order of the Secretary of State of Treasury and Finance and the Secretary of State of Industry and Energy, Urbindústria took over the responsibilities that company had under the agreements signed at July 1995 with Lusosíder, Aços Planos, S.A., Siderurgia Nacional – Empresa de Produtos Longos, S.A., related to the privatization processes, and Siderurgia Nacional – Empresa de Serviços, S.A., (later became SNESGES). Those agreements were related to environmental decontamination procedures, treatment solid waste and sediments in those companies' facilities in Seixal and Maia, which were generated before their construction.

Under the above 1995 mentioned agreements, the so called Siderurgia Nacional – Empresa de Serviços, S.A., also took similar environmental responsibilities.

Therefore and related to the merger in 2009, Baía do Tejo took over all the mentioned responsibilities.

On its turn, former Quimiparque, by including in its assets an industrial area in Barreiro, where during the years several chemical industries operated, also took over the responsibilities related to the waste and sediments which existed in that area.

1.b) Steel plants of Maia

The environmental decontamination procedure of the Maia plant waste, belonging to NA Longos, began in 1998. However and under a decision of the Regional Directorate of Environment and Spatial Planning – North, the works of waste removal were suspended in order to clarify some doubts related to the quantity and classification of the removed and to be removed waste. As result of this decision, the Board of Directors decided to suspend the payment of invoices submitted directly by the entity responsible for the waste removal until complete understanding of the situation.

As a consequence of the suspension of the works and of the invoices non-payment, injunction procedures claiming the payment of the due invoices were filled, in a first stage, by the company responsible by the waste removal, in the amount of 1.648 thousand Euros.

Baía do Tejo opposed considering the doubts related with the quantity of the removed waste and presented a guarantee in the total amount claimed by the supplier. Meanwhile, one invoice, in the amount of 1.013 thousand Euros, was returned because it was considered that it did not match the services actually rendered.

The remaining 635 thousand Euros are recorded in Suppliers-current account, although no accrued interests are being recognized.

The financial statements do not reflect any liabilities related to these law procedures as the Board of Directors understands that Baía do Tejo acted according to the law. However, if there is an unfavourable decision, any additional liability of Baía do Tejo will be supported by the State because those environmental responsibilities are related to facts occurred before the privatization period.

Meanwhile, in December 2011, the removal works of the remaining historical dust of the SN-Longos Maia facilities was concluded and the Certificate of Non Contamination of the referred area was issued by the Portuguese Agency for Environment under the agreement signed at December 2009 between Urbindústria, SN-Longos and PARPÚBLICA. According to the assumption by the State of these liabilities, the work has no impact on the operation account of Baía do Tejo.

1.c) Steel Facilities of Seixal

With the transformation of the Siderurgia Nacional, Empresa de Serviços, SA, (National Steel Company) giving rise to SNESGES, that took place in 2005, the main objectives of the management focused on the development of the study of the Urban Planning and Landscape for the conversion of the area dedicated to the steel activity of Seixal, with the perspective to create a Business Park that shall host new business units for industry, trade and services, residential areas, playground and recreational area along the river.

In the meantime, during the year 2011, the procedures concerning the demolition of a significant part of the discontinued buildings and the dismantling of the equipment of the old steel activity as well as cleaning of the respective plots were completed.

Following the Joint Order Nr 28.176/2007, of 24 August, of the Ministries of Environment, Spatial Planning and of Regional Development and of the Economy and Innovation, regarding the inventorying, qualification and quantification of environmental liabilities for contaminated soils in agricultural, industrial and mining areas, among others, and related implementation of an investment plan for its recovery, a Working Group was set up to develop guidelines and priorities for rehabilitation of contaminated areas and to structure the investment programme in this domain to submit to Community funding under the Operational Programmes of the National Strategic Reference Framework (NSRF 2007-2013).

In this context, a Joint Venture with EGF was formed in December 2008, with the purpose of coordinating and preparing the application for the Operational Programme for Territorial Development, in order to obtain EU Community funding required carrying out the environmental upgrading programme of the land previously allocated to the steel business in Seixal.

Under this Joint Venture, it was contracted the final study of characterizing the state of contamination of soil and groundwater and defining future uses of the territory, risk assessment and definition of decontamination scenarios and the respective costs estimate as well as the rendering of monitoring services of this study, which took place under the applications submitted.

The application of this study to the POVT grants had a favourable decision, involving a financing contract of 514 thousand Euros already signed, with a contribution of 356 thousand Euros.

The referred study was completed in the 4th quarter of 2011 allowing the preparation of the Master Plan of Intervention presented to the Agência Portuguesa do Ambiente (Portuguese Environment Agency) and to the POVT/QREN for validation and subsequent submission of new applications for EU funds in order to proceed with the waste removal and decontamination of soils and groundwater.

In the meantime, in 2010, a second application was submitted to POVT for the removal of waste deposited in the Central Dump and Dump I, including the respective monitoring actions, as well as its transport and delivery at final destination suitable for recycling/treatment/disposal. This application, which has been subject to a favourable financing decision, covers an estimated investment of 12.974 thousand Euros with an estimated EU contribution of 9.082 thousands Euros.

In 2011 and following an international public tender, it was contracted and completed the action of removing the waste deposited in the Dump West Zone I. This action, which included the rendering of monitoring services, had an overall expenditure of 2.870 thousand Euros with EU contribution of 2.009 thousand Euros.

In 2012 and following a new international public tender, it was awarded and completed the removal of sludge from the blast furnace located in the central area, more specifically on the north bank of the Lagoa da Palmeira. This action had an overall spending, including the monitoring services, amounting to 2.084 thousand Euros.

According to the methodology of previous actions, in 2014 two actions were executed to eliminate environmental liabilities (waste removal in Central and East Zones of the Dump I), in the total amount of 5.714 thousand Euros.

A provision in the amount of 4.222 thousand Euros was set up to cover the arising environmental liabilities. Additionally, there is another provision designed to cover the charges of dismantling facilities in the amount of 499 ME, in the total amount of 4.222 thousand Euros.

Accordingly, the Board of Directors is not yet in a position to assess whether the provision made is or not sufficient to cover the charges involved which are company's responsibilities.

1.d) Industrial facilities of Barreiro

The process concerning the environmental responsibilities related to the industrial activity in the industrial Park of Barreiro is very similar to the referred process of Seixal lands.

At the end of 2008 and following the above mentioned Joint Order nr 28.176/2007, of August 24, another Joint Venture was formed, also including EGF, with the purpose of coordinating and preparing the application for Operational Programme for Territorial Development, in order to get the community funding needed to accomplish the environmental updating programme of the industrial zone of Barreiro, belonging to Baía do Tejo.

The work of the above Joint Venture led to the contract of the final study for the characterization of the soil contamination and groundwater and definition of future use of the land, the risk evaluation and definition of decontamination scenarios and related costs estimate, as well as the supervision services related to this study concerning the submitted application.

The application of this study to POVT support was approved including a financing contract of 537 thousand Euros, signed last September of 2009, with a contribution of 376 thousand Euros.

The above mentioned study was finished during the 3rd quarter of 2011 and allowed the preparation of the Intervention Master Plan presented to the Portuguese Environment Agency and to the P.O.V.T./Q.R.E.N. for validation and subsequent approval of new applications for community funds in order to proceed with waste removals and soil and groundwater decontamination.

Meanwhile and following the tender procedure, the work of removal of the waste disposed in the Zinc Sludges Dump (Parque de Lamas de Zinco) was already awarded and finished. This investment was contracted in the amount of 4.355 thousand Euros by approval of co-funding in the amount of 3.049 thousand Euros.

Although the ongoing works help to reduce the environmental responsibilities, it is not yet possible to estimate the total charges amount to Baía do Tejo. No related provision is yet set up to cover the responsibilities concerning the Barreiro territory.

However and as stated in 1.c), provisions are set up to cover the environmental responsibilities in the amount of 4.721 thousand Euros.

SIMAB Group

There are the following contingent liabilities in SIMAB Group, related to **MARB**:

Name	Type	MARB Position	Claim value (thousand Euros)	Stage of the process
António Cunha Leite	Declaratory of conviction – Braga – Central Inst. – 1st Civil Sec. – J4 – Proc. 1754/15.5T8BRG	Defendant	540,0	Summons in 31-03-2015. 06-05-2015 – Opposition presented. 27-05-2015 – Reply to the opposition filled. 28-05-2015; In 08-07-2015 reception of first decision (despacho saneador) and scheduling of trial for 12-11-2015.
Novo Banco (BES)	Execution – Braga Court	Execution – Braga Court – Guimarães – Central Inst. – 1 st Execution Section – J2	13,1	Summons in 05-05-2015; 25-05-2015 filling of the opposition by the executed with a request to suspend the effects of the execution; 09-06-2015 – Order that accepts the opposition and notifies the author (term to contest the opposition: 2nd July) – 10-07-2015 – Notification of the contestation to the opposition by Novo Banco.
TOTAL			553,1	

In MARE:

Name	Type	MARE Position	Claim value (thousand Euros)	Stage of the process
Sobral, Lda	Insolvency proceeding – Évora Court – Inst. Local – Cível Section – J1 – Proc. 1929/11 . 6TBEVR	Plaintiff	29,8	Claiming of credits for utilization fees. In 30.12.2014 sent of NIB to Insolvency Administrator for payment of the part attributed in the division; 2015.01.05 contact with IA – payments will be initiated. According to the division map MARE will receive only 196,45 Euros.
Carriço Peixaria, Lda	Insolvency proceeding – Évora Court – Inst. Local – Cível Section – J1 – Proc. 1953/12. 1TBEVR	Plaintiff	7,2	MARE claimed credits in the amount of 7 268,36 Euros for utilization fees, that were entirely acknowledged. In 14.11.2014 – the liquidation was concluded. In 2015.01.05 – Insolvency Administrator didn't elaborate the division map. However, up to this date no amount was paid yet. There are not many perspectives for MARÉ, SA to receive any payment within this proceeding other than the VAT. According to the division map MARE will receive only 466,49.
TOTAL			37,0	

In MARL:

Name	Type	MARL position	Claim value (thousand Euros)	Stage of the process
Amilcar Augusto	Declarative legal action for conviction	Plaintiff/Defendant	2,8	Compensation claim for breach of contract. Notified of the reply with counterclaim.
ASAE	Administrative infraction	Defendant	Fine of 3,5 to 30	MARL appealed and waits for the decision of the administrative body.
Disgelo	Declarative legal action for conviction	Plaintiff	119,3	Compensation claim for breach of contract. Notification of the reply. Waits for the decision/prior hearing and court notification about the object of investigation.
Fenixpesca, S.A.; Manuel Ibanez Carrera; Zonafao, Lda	Common Execution Process	Creditor	42,5	Execution for the payment of a defined amount with pending actions for seizure of assets. Seizure of movable assets executed in 13.12.2014. The assets seized were sold for the amount of 2.007,00 Euros. A court decision is waited concerning the safes for the conclusion of the process.
João Alexandre Miguel Severino	Execution Process	Creditor	3,4	Execution based on Injunction.
Liberty Seguros	Summary Process	Defendant	19,25	Compensation claim resulting from a work accident caused by insufficient security conditions in the facilities. Decision convicted MARL to pay the liability insurance excess contracted with Tranquilidade, in the amount of 1.924,71 thousand Euros. Tranquilidade appealed of this decision. This benefits MARL as co-defendant. A decision from Relação de Lisboa is waited.23-04-

				2015 decision form Relação Lisboa: judges Tranquilidade right acquitting it from the claim.
Maria dos Anjos Botelho Saudade Vidal	Execution Process	Plaintiff	3,1	Execution with ongoing actions for seizure of assets. Insolvency proceeding already in the stage of accounts reporting. It was only possible to pay the mortgage credit and the execution was suspended.
Marco António Conceição Santos	Crime-claim	Plaintiff	0,4	Waits for schedule of trial.
RECHEIO	Declarative legal action for conviction	Plaintiff	214,7	Indemnity claim for breach of contract. Opposition filled in 25.06.2014. With counter claim. 06-05-2015 reply to the opposition filled.
Ribafresh	Declarative legal action for conviction	Defendant	7,3	Opposition of MARL with a counter claim. Waits for decision (despacho saneador)/pre-trial hearing.
Ricardo Jorge Marques Constantino	Execution Process	Creditor	3,1	Waits for seizure of assets.
Vitor Manuel Vaz Rodrigues	Declarative legal action for conviction	Plaintiff	30,0 (value of the process)	In 11-05-2015 Relação de Lisboa Court Decision of 30-04-2015 annuls the decision and determined the reopening of the trial for extension of the facts debated (interpretation of provision 13ª e 6 NE of RIM) Waits for schedule of trial.

In MARF:

Name	Type	MARF position	Claim value (thousand Euros)	Stage of the process
Paulo Alexandre Oliveira Cesar	Injunction nr 166161/14.5Y IPRT (Balcão Nacional injunções)	Plaintiff	0,6	Claim of credits (utilization fees); 13.10.2014 Injunction application filled; 5.11.2014 notification sent by BNI to the defendant; 5.01.2015 the process was consulted in citius; 6.1.2015 mail sent to BNI requiring the issue of the enforcement order; 2016.01.07 – BNI informs that the Secretariat of BNI is working on it with directly with CTT. 05-05-2015 – Enforcement order received
Logiters – Logística Portugal, SA	Declarative legal action for conviction (Faro Court – Inst. Local – Cível Section – J2 – Proc. 1181/15. 4T8FAR)	Plaintiff	19,7	Waits notification of the opposition to Defendant. 04/07/2015 – Notified of the opposition.
TOTAL			20,3	

CE

At 30 June 2015 the contingent liabilities are the following:

Type	Description	Measurable	Probability of occurrence	Amount (thousand Euros)	Time Horizon	Comments
Litigation	Procº nº 4345/12.9 TBCSC – Declarative legal action for conviction	Yes	15%	573,9		Several parties involved (not only CE). CE appealed and waits for further process development.
Litigation	Procº nº 1797/05.7 TBELSB – Special Administrative legal action	No		0		The court of first instance granted the procedure. The Portuguese State and CE appealed to the Tribunal Central Administrativo – Sul, and waits for a decision.
Litigation	Proc nº 991/103.3 BESNT – Pre-contract legal procedure	No		0		High Court decided that the process should be judged by the Court of 1st instance in order to decide if CE shall be considered the awarding authority concerning the Account Code enforcement and possible conversion of the procedure into a compensation procedure.
Operating leases	Renting Car 50-NN-92. Contract ends at 12/03/2017 not yet due instalments 27 – 0.513X27=13,84 thousand Euros	Yes	100%	10,7	12/03/2017	
Operating leases	Renting car 32-NO-15 Contract ends at 15/03/2017 not yet due instalments 27 – 0,522X27=14,09 thousand Euros	Yes	100%	10,9	15/03/2017	
Operating leases	Renting car 75-PI-59 Contract ends at 22/12/2018 not yet due instalments 48 – 0,593X48=28,49 thousand Euros	Yes	100%	24,9	22/12/2018	

Companhia das Lezírias

Companhia das Lezírias asked for the VAT (Value Added Tax) reimbursement relating to July 2013 in the amount of 201.509,95 Euros. This amount has been credited by the Tax and Customs Authority (TCA) in 08/01/2014.

Following the reimbursement request, the TCA made a tax inspection to the years 2012 and 2013 and the related report from 13 May 2014, received at 21 May, broadly concludes that the VAT was deductible but,

at the same time, there was the VAT amount of 686.825,71 Euros to be paid (304.906,72 Euros + 381.918,99 Euros, respectively), there was an improper deduction of 18.800,87 Euros (6.963,84 Euros + 11.837,03 Euros, respectively) and an improper tax deduction over a credit note issued to a client in December 2013, in the amount of 2.760,00 Euros. In other words, the report considered that there was an unpaid total tax in the amount of 708.386,58 thousand Euros.

Following the receiving of the related assessment notes, Companhia das Lezírias used the related defence resources to challenge them.

Concerning the unpaid VAT, the TCA alleged “No VAT payment in Real Estate Leases”, because “concerning real estate leases, the review to the renting contracts signed between Companhia das Lezírias and several entities, in 2012 and 2013, showed that some of the agricultural leases, namely related to the buildings in Lezíria Grande de Vila Franca de Xira zone, are temporary leases of exploitation rights transferred for a price, which are not covered by nr 29, of art. 9 of VAT Code, but are considered services rendered subject to VAT payment, according to paragraph a) of nr 1 of art. 1 of the VAT Code together with nr 1 of art. 4 ...”

Companhia das Lezírias can't agree and does not agree with the interpretation and conclusions of the TCA resulting from a deficient perception, apprehension and legal qualification of the facts in question and applicable law. No services are effectively rendered to those tenants and the contractual agreements are only related to land leases and therefore no VAT should be applied to the agricultural rental amounts under nr 29 of art. 9 of the Value Added Tax Code (VATC).

The current systems and infrastructures of Lezírias Norte e Sul are owned by the State, that means, they are public property managed by the Associação de Beneficiários da Lezíria Grande de Vila Franca de Xira under the concession contract. They are not owned by Companhia das Lezírias. On behalf of the Associação, this company just collect to the tenants the amounts related to the services rendered exclusively by the Associação and gives the Associação the invoiced amounts in terms of exploitation and preservation rates.

Concerning the VAT undue deduction, the TCA grounded its decision in relation to tax deducted in purchases of “merchandise light cars” between 1 of January 2012 and 15 of October 2013. Under the clarification given by Letter-Circulated no. 30152, of 16/10/2013, the TCA considered that those transactions “were not entitled to the VAT deduction right, since the related assets are not vital to the productive activity or are easily used for private consumption”.

Companhia das Lezírias cannot also agree with these interpretation and conclusions of the TAC since the related invoiced expenses are directly related to the activity subject tax and are not subject to any exemptions foreseen in art 21 of VAT Code. On the other hand, the company considers that the interpretation under Letter-Circulated of 16 October 2013 is not applicable to the years 2012 and 2013, due to the general principles of legal certainty and of non-retroactivity of tax law.

As an alternative to the payment of the TAC assessment notes, Companhia das Lezírias chose to give to TAC a bank guarantee in the amount of 858.689,32 Euros at October 2014.

Through the decision about the administrative appeal filed, TAC partially rejected the request by giving right to Companhia das Lezírias regarding the claim about the tax deduction on the credit note and

annulling the related assessment notes, but keeping the decision concerning the other two matters. Therefore there is still an ongoing litigation in the amount of 705.626,58 Euros.

Therefore, at February 2015, Companhia das Lezírias filled in the Leiria Administrative and Tax Court a judicial challenge of the VAT additional assessment notes made by the TAC and has not made any related provision since the company considers that those additional assessment notes are not well founded and no significant impact on assets is expected in the end of this process.

58 - Non-accounting nature disclosures

i) Guarantees

AdP Group

Responsibilities with bank guarantees given by business units of the companies included in the consolidation perimeter are as follows:

(in thousand Euros)

BU	Courts	Financial Institutions	Grantors	Other	30-Jun-15	31-Dec-14
UNAPD	5.314	-	-	12.804	18.118	21.464
EPAL	5.176	178.498	-	325	183.999	171.223
UNADR	-	-	-	413	413	407
UNI	-	539	-	740	1.279	3.307
Corporate	-	863.393	-	1.409	864.802	1.715.923
TOTAL	10.490	1.042.430	-	15.691	1.068.611	1.912.323

The holding company of AdP Group (AdP SGPS), within the borrowings contracted with EIB, is the grantor for the fulfilment of the contracted obligations.

The guaranties amount of EGF Group recorded in held for sale corresponds to:

(in thousand Euros)

BU	Courts	Financial Institutions	Grantors	Other	30-Jun-15	31-Dec-14
UNR	132	255	1.484	4.930	6.801	18.546
TOTAL	132	255	1.484	4.930	6.801	18.546

TAP Group

At 30 June 2015 and December 2014 the guaranties granted by TAP Group may be detailed as follows:

(in thousand Euros)

	30-Jun-15	31-Dec-14
Bank guarantees given to TAP S.A.		
Portuguese State – Exploration of Azores flying route	1.654	1.654
Natwest - "Acquiring" regarding credit cards	2.952	2.696
Labour Court	1.196	1.525
Aircrafts	44.643	37.573

	30-Jun-15	31-Dec-14
BIC Angola credit line (not used)	17.875	16.473
Fuel	2.994	3.072
Other	16.025	16.004
Guarantees given by L.F.P., S.A.		
Concession agreements regarding the exploration airport duty free shops	9.000	9.000
Bank guarantees given by other Group companies	544	672
Cautions given to insurance companies	87	87
Total	96.970	88.756

The increase in bank guarantees related to aircrafts granted by TAP S.A. during the first semester of 2015, is mainly due to the operating leasing contracts.

Baía do Tejo Group

At 30 June 2015 and 31 December 2014, the bank guarantees given to third parties were as follows:

(in thousand Euros)

Beneficiary	Nature	30-Jun-15	31-Dec-14
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
Administração do Porto de Lisboa (APL)	To 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	To 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
		298	1.963

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 case of breach of commitment to proper implementation of the infrastructure to make in the referred park, budgeted in 4.660 thousand Euros.

SIMAB Group

Guarantees granted to third parties

Beneficiary	Issuing entity	Values (thousand Euros)	Company
REPSOL	Millennium BCP	2	SIMAB
REPSOL	CGD, SA	2	MARL
CEMG – Subscribed Promissory Note	CEMG – Secured CA	1.500	SIMAB
CEMG – Subscribed Promissory Note	CEMG – Commercial Paper	29.000	SIMAB
BES, S.A.	BES, S.A.	3.334	SIMAB

Guarantee granted to the European Investment Bank (EIB)

In the scope of the funding held by affiliates MARL, SA, MARF, SA e MARB, SA at the European Investment Bank (EIB), the granting of a Portuguese State personal guarantee was authorized for the bonds and interests related to loans from the EIB for the financing of the project “Projeto Agro Logistics Portugal”. Thus, the State replaced commercial banks in more inexpensive conditions for the companies and exempting SIMAB, SA from the responsibility assumed when the contracts were signed being the related *side letters* no longer in force.

At September 2011 the granting of a State personal guarantee was authorized for MARL, SA financing and at August 2013 was authorized for MARB, SA and MARF, SA.

Guarantees held from third parties

1) MARL, SA, 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 (thousand Euros)
Armando Cunha, Lda	Remodelling works in the area surrounding the CTT Expresso building	Bank guarantee – Millennium BCP	0,9
Caetano Coatings	Repairing works in the area surrounding the CTT Expresso building	Bank guarantee / SANTANDER	0,9
Caetano Coatings	Repairing works in the floor of Pavilhão do Pescado	Bank guarantee / SANTANDER	25,9
Caetano Coatings	Repairing works in the floor of Pavilhão do Pescado	Bank guarantee / SANTANDER	25,9
Casa dos Asfaltos – Isolfrei, Lda	Works of rehabilitation of the waterproofing Coverage of NAC	Proof of payment	1,4
Casa dos Asfaltos – Isolfrei, Lda	Works to build the coverage of the Technical rooftop CTT Expresso	Proof of payment	1,0
CHARON, Lda	Secutiry and Surveilance Services Agreement	Bank guarantee - BES	23,1
Dalkia, S.A.	Maintenance Services Agreement	Bank guarantee - BES	40,7
Edivisa, S.A.	Improvement Works of the Pavilhão do Pescado	Bank guarantee – Banco BIC (BPN)	9,7
Electrolimpa Sul, S.A.	Contract of Inside Cleaning Services	Insurance Collateral AXA	29,9
Electrolimpa	Contract of Inside Cleaning Services	Insurance Collateral COSEC	100,0
JCDcaux, S.A.	Contract of Services of Urban Furniture	Bank guarantee - SANTANDER	59,3
Proman, Lda	Monitoring Services of Coverage of the CTT Expresso Building	Bank guarantee – Banco BIC (BPN)	1,1
Ramos Catarino, Lda	Contract of Rehabilitation of the Coverage of the CTT Expresso Building	Bank guarantee – Banco Popular	3,8
Ramos Catarino, Lda	Contract of Rehabilitation of the Coverage of the CTT Expresso Building	Bank guarantee – Banco Popular	3,7
Resopre, Lda	Contract of Remodelling and Installation of the Pórtico IT System.	Bank guarantee - CGD	15,4
Strong, S.A.	Prevention and Surveillance Services	Bank guarantee – Millennium BCP	15,0
Strong, S.A.	Prevention and Surveillance Services	Bank guarantee – Santander	24,8
TRAFIURBE, S.A.	Works of Painting of Markings in Bituminous Pavements.	Bank guarantee - BES	0,8
SUMA, S.A.	Contract of Cleaning Services	Bank guarantee - Millennium BCP	60,8
VISACASA, S.A.	Contract of Maintenance Services	Bank guarantee – Banco BIC	9,6
VISACASA, S.A.	Contract of Rehabilitation of the Northern side of A07 pavilion	Bank guarantee - Millennium BCP	3
VISACASA, S.A.	Contract of Coverage of MARL A08 and A10 Pavilions	Bank guarantee - Millennium BCP	13,4
VISACASA, S.A.	Contract of painting Works of the facades of the A01, A03 and A08 Pavilions	Bank guarantee - BIC	3,7

Issuing entity(ies)	Purpose	Type	Value (thousand Euros)
VISACASA, S.A.	Acquisition of Equip. and Facilities Maintenance services in MARL	Bank guarantee - BIC	18,9
VISACASA, S.A.	Contract of Supply and Ass. of 3un Prod. Cold Water Pav. A01/A05 and A07	Bank guarantee - BIC	13,5
Total			506,2

At 30 June 2015, MARL held the following bank guarantees and promissory notes over third parties, related to collateral of good and full compliance of the responsibilities concerning the contract of spaces in the MARL:

Issuing entity(ies)	Purpose	Type	Value (thousand Euros)
Bargosa, S.A.	Contract Collateral	Bank guarantee - BES	10,0
Catefru, Lda	Contract Collateral	Bank guarantee - BPI	19,0
CEMG	Contract Collateral	Bank guarantee - MG	24,4
Doca Marinha, Lda	Contract Collateral	Bank guarantee - BES	1,9
Eurotejo, Lda	Contract Collateral	Bank guarantee - BES	3,7
Espada Pescas, Lda	Contract Collateral	Bank guarantee - BES	5,6
Figueira, Lda	Contract Collateral	Bank guarantee - BES	36,1
Repsol, Lda	Contract Collateral	Bank guarantee – Millennium BCP	15,0
Torrestir, S.A.	Contract Collateral	Bank guarantee - BPI	15,4
Total			131,1

Issuing entity(ies)	Purpose	Type	Value (thousand Euros)
MARL Energia, Lda	Contract of use of space for the photovoltaic plant.	Promissory note	500,00
HYPESOLAR Fanhões, Lda	Guarantee of the full and timely compliance with the building lease.	Promissory note	50,00
HYPESOLAR Sacavém, Lda	Guarantee of the full and timely compliance with the building lease.	Promissory note	50,00
Total			600,00

2) At 30 June 2015 MARF, SA hold the following bank guaranties over third parties related to the compliance with the contracts of services rendered:

Issuing entity(ies)	Purpose	Type	Value (thousand Euros)
NCC Facility Systems, SA	Acquisition of internal cleaning services of offices, market pavilion and lobby	Insurance Collateral - AXA	1,5
Total			1,5

3) At 30 June 2015 MARB, SA holds the following bank guaranties over third parties:

Issuing entity(ies)	Purpose	Type	Value (thousand Euros)
Construções Europa Ar Lindo, S.A.	Construction Contract of the CTT Expresso Facilities in MARB	Bank guarantee - BCP	17,00
Construções Europa Ar Lindo, S.A.	Construction Contract of the CTT Expresso Facilities in MARB	Bank guarantee - BES	17,00
Construções Europa Ar Lindo, S.A.	Construction Contract to checking and repair of the rainwater system in MARB building.	Bank guarantee - BES	0,7
Climex, controlo de ambiente, S.A.	Contract of Cleaning and Solid Waste Removal Services in MARB	Bank guarantee – Millennium BCP	3,1
Líder – Serviços Gerais de Vigilância, Lda	Security and surveillance services in the Braga Wholesale Market	Bank guarantee – Millennium BCP	1,9
Strong - Segurança	Security and surveillance services Agreement	Bank guarantee – Santander Totta	2,2
Total			41,9

4) At 30 June 2015 MARE, SA holds the following bank guaranties over third parties:

Issuing entity(ies)	Purpose	Type	Value (thousand Euros)
Bloco	10% of the value of works of reinforcement and isolation of the Market Hall coverage.	Bank guarantee - BCP	4,8
Bloco	10% of the value of works of reinforcement and isolation of the Market Hall coverage (other works)	Bank guarantee - BCP	1,0
José Quintino, Lda	External repairs of the Warehouse Surroundings (Chronopost)	Bank guarantee - BPI	6,9
JFS, S.A.	Execution of Alterations in the Warehouse (Chronopost)	Bank guarantee – BCP	18,4
JFS, S.A.	2nd Amendment to the Contract of Execution of Alterations in the Warehouse (Chronopost)	Bank guarantee – Santander Totta	1,9
PSG – Segurança privada, SA	Security and surveillance services Agreement	Bank guarantee – Novo Banco	3,7
Total			36,6

At 30 June 2015, MARE held the following bank guarantee related to collateral of good and full compliance of the responsibilities concerning the contract of spaces in the MARL:

Issuing entity(ies)	Purpose	Type	Value (thousand Euros)
CEMG	Cauções contratuais	Bancária - MG	4,3
Total			4,3

Companhia das Lezírias

At 30 June 2015, Companhia das Lezírias holds the following bank guarantees over third parties:

- Bank guarantee in the amount of 2,5 thousand Euros, in BPI, to secure wine export;
- Bank guarantee in the amount of 45 thousand Euros, in BCP, to secure the BP supply of diesel;
- Bank guarantee in the amount of 859 thousand Euros, in BCP, to secure a VAT reimbursement.

In “Other receivables” it’s registered the amount of 22 thousand Euros, deposited in the name of Tomar Labour Court, within the legal procedure concerning the work accident of Bernardo da Silva Moreira and was done as a guarantee for future due pensions.

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	Contractual investment not made	Contractual investment not made	Contractual investment not made
				N	(N+1)	(N+2...N+5)	(>N+5)
UNA-PD	7.168.350	4.848.697	267.570	129.681	126.170	281.631	1.514.602
	7.168.350	4.848.697	267.570	129.681	126.170	281.631	1.514.602

The contractual investment amount of EGF Group reflected in held for sale corresponds to:

	Contractual investment	Investment made	Ongoing investment	Contractual investment not made	Contractual investment not made	Contractual investment not made	Contractual investment not made
				(N)	(N+1)	(N+2...N+5)	(>N+5)
UNR	1.412.363	1.013.412	65.849	29.722	48.170	88.740	178.156
	1.412.363	1.013.412	65.849	29.722	48.170	88.740	178.156

In the following table it can be found the future commitments of AdP Group regarding the rents to be paid to municipalities, as defined in the concession agreements:

(in thousand Euros)

Companies	Rents already recognized	Recognized rents not yet paid	Future Rents N	Future Rents N+1	Remaining future rents	30-Jun-15	30-Jun-14
Águas do Algarve, S.A.	1.677	-	-	206	4.466	6.349	-
Águas do Centro Alentejo, S.A.	1.603	-	145	147	1.482	3.377	3.925
Águas do Mondego, S.A.	33.676	2	768	1.570	438	36.454	36.267
Águas do Norte Alentejano, S.A.	445	9	30	57	1.033	1.574	1.918
Águas do Noroeste, S.A.	5.257	-	-	139	3.625	9.020.	9.017
Águas do Oeste, S.A.	47	-	2	5	103	158	158
Águas de Santo André, S.A.	6.464	-	239	479	7.183	14.365	14.365
Águas de Trás-os-Montes e Alto Douro, S.A.	8.666	1.198	218	463	7.766	18.310	24.128
Águas do Zêzere e Côa, S.A.	7.614	1.622	475	1.019	16.900	27.631	27.792
AgdA – Águas Públicas do Alentejo, S.A.	-	792	-	178	13.817	14.787	14.872
Simarsul, S.A.	2.349	136	281	281	4.946	7.992	8.712
Simdouro, S.A.	58.848	-	-	2.841	12.668	74.357	74.357
Simlis, S.A.	1.622	-	51	101	1.105	2.879	2.879
Total	128.270	3.759	2.208	7.486	75.531	217.254	218.390

TAP Group

At 30 June 2015 there were financial commitments assumed by affiliate TAP S.A. regarding aircrafts and reactors operating lease rents, in the amount of 276.968 thousand Euros (310.001 thousand Euros at 31 December 2014).

Additionally, it is contracted with Airbus a future purchase of twelve Airbus A350, and 3 more as option, to be received between 2018 and 2020.

Baía do Tejo Group

At 30 June 2015 the off-balance commitments are as follows:

(in thousand Euros)

Nature	30-Jun-15	31-Dec-14
IMT payment regarding “Complexo da Margueira”	3.782	3.782
Employee benefits estimate regarding the workers of former Quimigal	1.628	1.628
<i>Renting Agreements</i>	47	66
Total	5.457	5.476

As above mentioned there are also responsibilities assumed for the execution of the infrastructure of PIS III lands, estimated in about 10.180 thousand Euros.

Companhia das Lezírias

The Development Plan approved by Law nr 2058, of December 29 of 1952, included the project of defence and sweating of the Lezíria Grande of Vila Franca de Xira. The works carried out were financed by the Portuguese State and the owners were the responsible for the payment of the amounts borrowed by the State. The land was the guarantee for the compliance with the commitments.

The works were handed over to the then called Associação de Defesa da Lezíria Grande de Vila Franca de Xira, currently known as Associação dos Beneficiários da Lezíria Grande de Vila Franca de Xira. The approval of these loans is defined in the following legal acts: Decree-Law nr 39601, of April 3, of 1954; Decree-Law nr 41956, of November 12, of 1958 and Decree-Law nr 840/76, of December 4.

Currently the responsibility of Companhia das Lezírias amounts to 9.875,36 Euros, to be paid in 16 instalments of 617,21 Euros each.

iii) Employees at service

During the semester ended in 30 June 2015 and the year of 2014, the average number of employees at service (of the company and of the subsidiaries) was 15.311 and 15.253, respectively.

iv) New Systems

According to Decrees Law nrs 92/2015, 93/2015 and 94/2015 of May 29, were created the multi-municipal water supply and sanitation system of Norte de Portugal, the multi-municipal water supply and sanitation system of Centro Litoral de Portugal and the multi-municipal water supply and sanitation system of Lisboa e Vale do Tejo, respectively. In the first case 4 multi-municipal water supply and sanitation systems were extinguished as well their respective managing entities, and in replacement was created the multi-municipal water supply and sanitation system of Norte de Portugal and the company Águas do Norte, S.A. was incorporated succeeding the extinguished companies. In the second case 3 multi-municipal water supply and sanitation systems were extinguished as well their respective managing entities, and in replacement was created the multi-municipal water supply and sanitation system of Centro Litoral de

Portugal and the company Águas do Centro Litoral, S.A. was incorporated succeeding the extinguished companies. Last, 8 multi-municipal water supply and sanitation systems were extinguished as well their respective managing entities, and in replacement was created the multi-municipal water supply and sanitation system of Lisboa e Vale do Tejo and the company Águas de Lisboa e Vale do Tejo, S.A. was incorporated succeeding the extinguished companies. In this process the assets and liabilities rights and obligations of the 15 managing entities were transferred for the new incorporated entities, which according to the new concession agreements will continue the current activities. It is not expected the occurrence of relevant effects in the consolidated financial statements of Águas de Portugal Group, as result of the new concession agreements in force from the second semester of 2015 onwards.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved in the Board of Directors' meeting on August 31 of 2015, being their opinion that it was prepared according to the International Financial Reporting Standards, as adopted in European Union, and presents a complete, true, timely, clear, objective and licit view of PARPÚBLICA Group operations, as well as its financial position at 30 June 2015 and its performance and cash-flows during the first semester of 2015.

Board of Directors

Pedro Macedo Santos Ferreira Pinto
Chairman

Carlos Manuel Durães da Conceição
Director

José Manuel Pereira Mendes Barros
Director

Fernanda Maria Mouro Pereira
Non-executive Director

Maria João Dias Pessoa de Araújo
Non-executive Director

Pedro Miguel Nascimento Ventura
Non-executive Director