



FIRST HALF 2008 REPORT

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I.1. EDP VISION, COMMITMENTS AND VALUES

VISION

An integrated energy company, a leader in value creation in the markets where we can make a difference.

COMMITMENTS

Customers:

- We put the customer first whenever we make a decision.
- We endeavour to anticipate the needs of our customers and fully meet them with our service.
- We know how to listen to our customers and never let their queries go unanswered, communicating with clarity and simplicity.

We provide the best and most innovative solutions on the market.

People:

- Our people and our teams are our main competitive advantage.
- We work enthusiastically and energetically to move the world.
- We attract, develop and reward our best employees through a merit-based system.
- We delegate responsibilities and provide autonomy whilst demanding ethics, integrity and professionalism.

Life and the environment:

- We recognize the social responsibilities which result from a company of our size. We want to help build a fairer society.
- We have a passion for living and a deep respect for nature.
- Our world is facing intense climatic challenges. We want to help restore the environmental balance and ensure its sustainability.

- We help our customers make rational use of energy as a way of assisting them and improving the environment.

Results:

- We respect the trust that our shareholders and investors place in us and we reward them with our results.
- We always seek to improve our performance and achieve excellence, working in partnership with our providers.
- We lead the energy markets in which we operate with top-level results in customer satisfaction, operational performance and efficiency indicators.
- We always seek success in everything that we do.

EDP VALUES – EDP WAY

Efficient and Excellent

Natural and Sustainable

Enthusiastic and All-encompassing

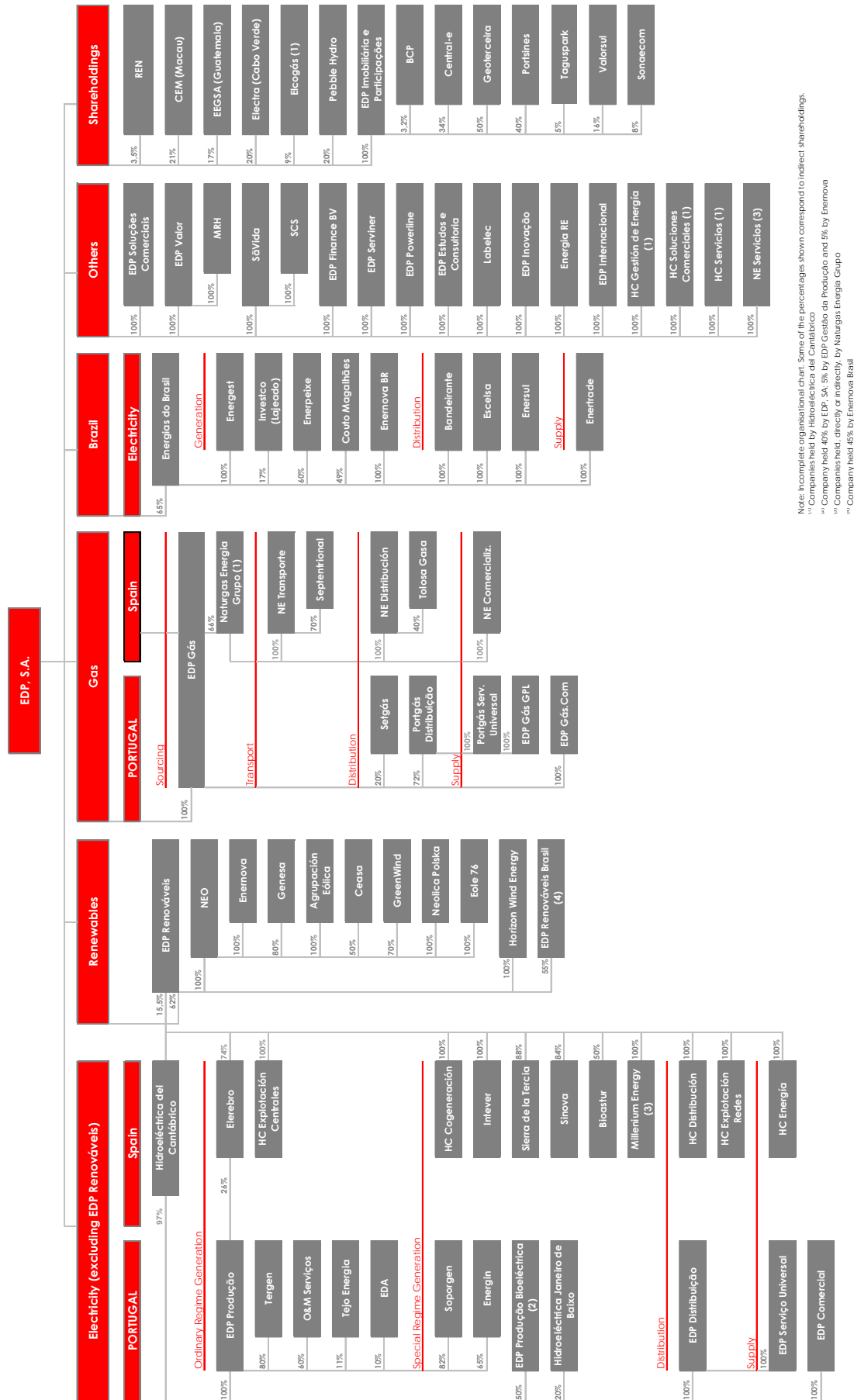
Responsible and Trustworthy

Global and Fair

Innovative and Enterprising

Ambitious and Receptive

I.2. ORGANISATIONAL CHART



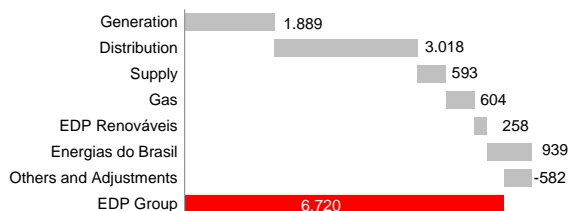
II. FINANCIAL & OPERATIONAL HIGHLIGHTS

Financial Indicators

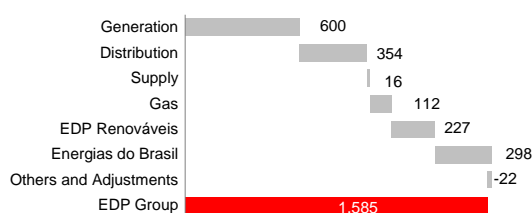
EUR Thousand	1H 2008	1H 2007	Var. %
EDP Group Consolidated			
Turnover	6.720.210	5.627.454	19,4%
Gross Operating Profit	1.584.535	1.352.565	17,2%
Operating Profit	973.385	827.502	17,6%
Net Profit	703.001	422.072	66,6%
Operating Cash-Flow	971.589	984.522	-1,3%
Net Operating Investment	1.345.124	554.385	142,6%
Financial Investment	93.275	52.483	77,7%
Net Assets	33.184.281	26.053.292	27,4%
Equity	8.492.621	6.898.622	23,1%
Financial Liabilities	13.395.462	10.064.727	33,1%
Return on Equity	11,1%	7,2%	3,9 p.p.
Return on Assets	2,2%	1,6%	0,5 p.p.
Financial Liabilities / Equity	157,7%	145,9%	11,8 p.p.
Net Assets / Liabilities	134,4%	136,0%	-1,6 p.p.
Earnings per Share (EPS)	0,19	0,12	66,6%
Dividend Yield	4,2%	3,1%	1,2 p.p.
Market Capitalization	12.121.423	14.955.239	-18,9%
Electricity Generation - Iberian Peninsula (excluding Renewables)			
Turnover	1.889.356	1.256.410	50,4%
Gross Operating Profit	600.134	576.716	4,1%
Operating Profit	414.705	394.390	5,2%
Net Profit	314.667	294.398	6,9%
Operating Investment	319.916	151.635	111,0%
Electricity Distribution - Iberian Peninsula			
Turnover	3.017.578	2.603.217	15,9%
Gross Operating Profit	354.109	309.965	14,2%
Operating Profit	215.284	163.122	32,0%
Net Profit	126.817	103.111	23,0%
Operating Investment	106.083	104.081	1,9%
Electricity Supply - Iberian Peninsula			
Turnover	593.239	542.667	9,3%
Gross Operating Profit	15.533	9.093	70,8%
Operating Profit	7.265	8.430	-13,8%
Net Profit	2.908	8.238	-64,7%
Operating Investment	1.315	248	431,0%
Gas - Iberian Peninsula			
Turnover	604.028	717.767	-15,8%
Gross Operating Profit	112.289	99.391	13,0%
Operating Profit	88.685	78.712	12,7%
Net Profit	54.593	51.980	5,0%
Operating Investment	26.733	23.924	11,7%
Renewables			
Turnover	258.466	128.493	101,2%
Gross Operating Profit	226.744	92.909	144,0%
Operating Profit	132.652	46.813	183,4%
Net Profit	49.570	4.099	1109,3%
Operating Investment	760.120	192.214	295,5%
Energias do Brasil			
Turnover	939.132	923.068	1,7%
Gross Operating Profit	297.673	323.037	-7,9%
Operating Profit	180.776	264.267	-31,6%
Net Profit	66.704	140.246	-52,4%
Operating Investment	129.574	79.705	62,6%

Note: For operating investment, 100% of the amounts is considered (net of co-payments).

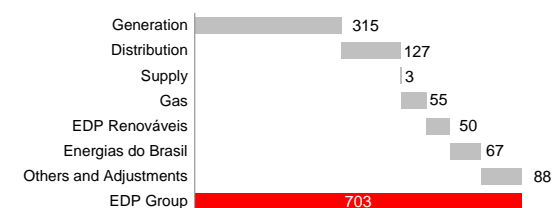
EDP Group Turnover (EUR million)



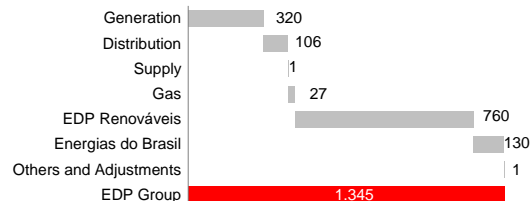
EDP Group Gross Operating Profit (EUR million)



EDP Group Net Profit (EUR million)



EDP Group Net Operating Investment (EUR million)



Operational Indicators

	1H 2008	1H 2007	Var. %
Number of Employees	13.049	13.259	-1,6%
Electricity Business (excluding Brazil)	7.491	7.497	-0,1%
Electricity Generation (excluding Renewables)	2.337	2.267	3,1%
Electricity Distribution	4.439	4.792	-7,4%
Electricity Supply	169	173	-2,3%
Renewables	546	265	106,0%
Gas Business	408	437	-6,6%
Electricity Business in Brazil	2.973	3.128	-5,0%
Generation	230	238	-3,4%
Distribution	2.729	2.876	-5,1%
Supply	14	14	0,0%
Support Services	1.601	1.669	-4,1%
Others	576	528	9,1%

Electricity Generation - Iberian Peninsula (excluding Renewables)

Maximum Capacity (MW)	11.978	11.389	5,2%
Portugal	9.003	8.770	2,7%
Spain	2.975	2.619	13,6%
Net electricity generation (GWh)	17.099	21.036	-18,7%
Portugal	11.031	13.593	-18,8%
Spain	6.069	7.444	-18,5%

Renewables

Maximum Capacity (MW)	3.240	1.361	138,0%
Portugal	517	332	55,5%
Spain	1.280	954	34,2%
Rest of Europe	122	75	62,8%
USA	1.321	0	-
Net electricity generation (GWh)	3.961	1.404	182,1%
Portugal	509	359	41,7%
Spain	1.324	1.008	31,4%
Rest of Europe	124	36	240,4%
USA	2.003	0	-

Electricity Distribution - Iberian Peninsula

Number of Customers	6.519.021	6.625.132	-1,6%
Portugal	5.896.252	6.015.505	-2,0%
Spain	622.769	609.627	2,2%
Electricity Sales (GWh)	29.899	29.528	1,3%
Portugal	24.988	24.701	1,2%
Spain	4.911	4.827	1,7%

Electricity Supply - Iberian Peninsula

Number of Customers	240.176	121.313	98,0%
Portugal	170.218	72.771	133,9%
Spain	69.958	48.542	44,1%
Electricity Sales (GWh)	6.197	6.147	0,8%
Portugal	572	1.242	-53,9%
Spain	5.625	4.905	14,7%

Gas Business

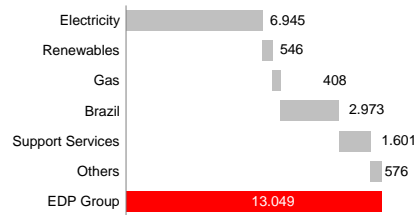
Gas Distribution - Portugal			
Number of Customers	188.001	169.311	11,0%
Gas sales (GWh)	1.412	1.369	3,2%
Gas Distribution - Spain			
Points of distribution	674.997	661.055	2,1%
Gas sales (GWh)	11.775	11.328	3,9%
Gas Supply - Spain			
Number of Customers	495.913	322.495	53,8%
Gas sales (GWh)	12.743	8.564	48,8%

Electricity Business in Brazil

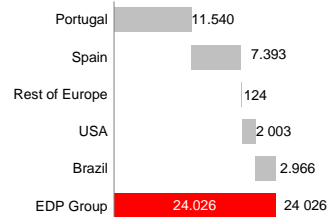
Maximum Capacity (MW)	1.044	1.043	0,0%
Electricity Sales (GWh)			
Generation	2.966	2.655	11,7%
Distribution	12.731	12.411	2,6%
Supply	3.579	3.612	-0,9%
Number of Customers	3.284.167	3.123.461	5,1%

Note: 100% of the amounts for all the companies are considered, regardless of the EDP Group's shareholding. The number of employees includes corporate bodies.

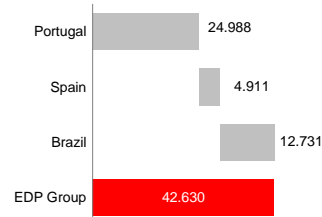
EDP Group Employees



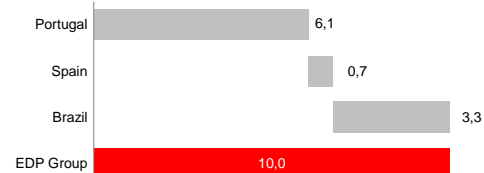
EDP Group - Electricity Generated (GWh)



EDP Group - Electricity Distributed (GWh)



EDP Group - Electricity Customers (Millions)



III. MAIN EVENTS OF THE 1ST SEMESTER 2008

02-JAN HORIZON CLOSES A USD 600 MILLION TRANSACTION WITH INSTITUTIONAL EQUITY INVESTORS: Horizon Wind Energy LLC ("Horizon"), a subsidiary of EDP – Energias de Portugal S.A. ("EDP"), agreed, on 31st December 2007 to a transaction with a consortium of institutional equity investors for the participation in a portfolio of four wind farm projects entering into operation between 2007 and early 2008 with a net installed capacity of 600MW. In this transaction the consortium will invest a total of USD 600 million of which USD 340 million was funded in 2007 and the remainder will be invested in.

18-FEB EDP ACQUIRES 1,050 MW OF EARLY STAGE WIND PROJECTS IN THE USA: Horizon Wind Energy acquired from Hydra Energy, LLC ("Hydra"), a portfolio of six early stage projects in an aggregate of 1,050 MW of wind capacity, located in the States of Illinois, Indiana and Ohio, USA, within the PJM and MISO transmission systems.

26-FEB EDP EXERCISE PUT OPTION OVER 40% OF EDINFOR: has notified LogicaCMG Corporate Holdings Limited ("LogicaCMG") that it wishes to exercise its put option over 40% of Edinfor – Sistema Informáticos, S.A. share capital. The price specified represents the minimum pre-agreed price (€55 million) and is subject to the conditions and obligations of the 2005 Shareholders' Agreement between EDP and LogicaCMG.

31-MAR EDP TRANSFERS THE RIGHT TO RECEIVE THE PORTUGUESE TARIFF DEFICIT RELATED TO 2006 AND 2007: EDP Serviço Universal, S.A. transferred today to Millennium BCP and Caixa Geral de Depósitos, without recourse, the current amount of the tariff deficit related to 2006 and 2007 years still pending to be received by EDP SU (176 million euros) for a price of 177 million euros

01-APR CONSTRUCTION AND OPERATION OF FOZ TUA HYDRO PLANT AWARDED TO EDP: Today, the Portuguese government awarded to EDP – Gestão de Produção de Energia, S.A. ("EDP Produção"), the concession for the use of the hydro resource of the Foz Tua Hydro Plant for a period of 75

years after its entry into operation, the installed capacity is around 324 MW. In accordance with the tender conditions, EDP paid to the Portuguese Water Institute an amount of 53.1 million euros and the estimated investment is 340 million euros, these values being dependent on the final maximum reservoir level to be set.

08-APR EDP ACQUIRES WIND ASSETS FROM EOLE 76 GROUP IN FRANCE: EDP Renováveis through NEO, companies 100% held by EDP Group, acquired in France from EOLE 76 and Eurocape: (i) 3 wind farms in operation in the Normandy region, with a gross installed capacity of 35 MW and an average load factor of 27%; and (ii) several wind farm projects under development, mostly located in the Normandy and Rhône-Alpes regions, with an expected average load factor of 28%, representing a total capacity of 560 MW. The payment will correspond to €51.3 million (including €8.5 million of shareholders' loans), and EDP Renováveis will assume an additional €43.3 million of project finance financial debt.

09-APR EDP AND IPIC AGREE A FRAMEWORK FOR A MUTUAL CO-OPERATION: has agreed with IPIC (International Petroleum Investment Company, a company wholly owned by the government of Abu Dhabi), to enter into a memorandum of understanding in relation to the development of a potential cooperation in the electricity and gas. This co-operation as a non-exclusive nature.

09-APR IPIC NOTIFIES EDP OF A 2% OWNERSHIP IN EDP'S SHARE CAPITAL: International Petroleum Investment Company ("IPIC") notified EDP that, on the 8th of April 2008, it became to hold 73,130,755 ordinary shares of EDP, which represents 2% of EDP share capital and 2% of the voting rights.

11-APR ANEEL APPROVES THE 2007 TARIFF RESET FOR ENERSUL: The Brazilian electricity regulator, ANEEL, approved a -7.18% tariff reset index for Enersul, for the period from April 8th 2008 to April 7th 2009. ANEEL decided that Enersul must do a compensation for the reduction of the Regulatory Asset Base (RAB) of 2003 in 36 months

time. This compensation will be rewarded by the Selic rate.

11-APR GENERAL ASSEMBLY OF SHAREHOLDERS OF EDP: Approval of the individual and consolidated documents of the year 2007, election of Cajastur Inversiones SA, Mr. Jorge Carlos Ramalho dos Santos Ferreira, Mr Fernando Manuel Barbosa Faria de Oliveira and Mr Khalifa Al Romaithi to members of the General and Oversight Board and amendment of articles of the company's contract.

11-APR PORTGÁS EXECUTES CONCESSION AGREEMENT FOR REGIONAL DISTRIBUTION OF GAS IN THE NORTHERN AREA OF PORTUGAL: Portgás which holds the gas distribution concession for the northern Portugal region executed with the Portuguese State a new concession agreement for the regional distribution of natural gas. With this new concession, with a 40 years duration, starting in January 1st 2008, it is ensured the remuneration of the distribution activity and the periodical valuation of the respective assets, according to terms and conditions to be established by ERSE, as well as in relation to the regulated supply activity, a margin of supply that allows, according to the terms of the applicable legislation and regulation, the economic and financial balance of such activity, under conditions of an efficient management.

29-APR EDP SIGNED CREDIT FACILITY FOR €925,000,000: EDP signed a five year revolving credit facility in the amount of EUR 925,000,000. The facility is intended for general corporate purposes and to refinance short term debt and is in line with the Group's financial policy of extending the average term of its debt portfolio and reinforcing its financial flexibility. For the current rating level the facility bears an interest rate of Euribor plus 45 basis points, which will be increased by 10 basis points if utilization exceeds 50% of the facility amount and front-end fees between 25 and 35 basis points depending on participation amounts.

6-MAY EDP SELLS ITS STAKES IN TURBOGÁS AND PORTUGEN: EDP signed with International Power Portugal Holdings SGPS, SA a sale and purchase agreement for the sale of its 40% stake in the share capital of Turbogás Produtora Energética, SA ("Turbogás") and its 27% stake in the

share capital of Portugal – Energia, SA ("Portugen"). The price for 40% of equity of Turbogás and 27% of equity of Portugal was €140 million.

08-MAY DIVIDENDS PAYMENT: Payment of gross dividend per share amounting to 0125 euro per share (year 2007).

14-MAY EDP CONTRACTS TO PURCHASE FROM ACCIONA UP TO 782 MW OF WIND TURBINES TO BE DELIVERED IN 2009-2011: EDP Renováveis, contracted the procurement of wind turbines from Acciona Windpower under the following terms: Supply, installation, commissioning and operation and maintenance of wind turbine units with 1.5MW capacity representing a total installed capacity of 382.5 MW to be delivered in 2009-2011; -Call option on 1.5 MW and 3 MW wind turbine units representing a total installed capacity of 400 MW to be delivered in 2009-2011.

25-MAY ERSE WITHDRAW ALLOWED REVENUES ASSOCIATED TO METERS IN ELECTRICITY DISTRIBUTION: The Portuguese regulator ("ERSE") announced the revision of the Portuguese electricity sector regulation in order to reflect change imposed by law nº 12/2008, on February 26th, and approved by Portuguese Parliament. This law determines the prohibition to collect any kind of payment regarding hire, amortization or periodic inspections of meters and that the invoice should have a monthly periodicity. Following these changes, in the next tariff revision and with retroactive effects from the date of entrance of the law nº 12/2008 (May 26th, 2008), the regulated asset base related to the meters (€111 million) will be withdraw from allowed revenues calculation in the electricity distribution activity.

02-JUN EDP RENOVÁVEIS SETS SUBSCRIPTION PRICE FOR ITS IPO SHARES AT 8 EUROS PER SHARE: EDP Renováveis, S.A. settled the final subscription price for the Combined Offer of its shares launched on May 15 (which namely includes a Public Subscription Offer in Portugal and a sale to institutional investors in Portugal and abroad) at €8.00 (eight euros) per share. The total gross amount of the Combined Offer is of 1,568 million euros (excluding greenshoe).

09-JUN EDP AND SONATRACH SIGN A MEMORANDUM OF UNDERSTANDING FOR A POTENTIAL PARTNERSHIP IN LATIN AMERICA: EDP and Sonatrach, signed a memorandum of understanding regarding the potential extension to countries in Latin America of their non-exclusive strategic partnership established in April 2007, in respect of electricity generation and natural gas in Iberia.

19-JUN ENERGIAS DO BRASIL AND GRUPO REDE AGREE TO AN ASSET EXCHANGE WHICH REINFORCES EDP GROUP'S POSITION IN POWER GENERATION IN BRAZIL: Energias do Brasil executed a share exchange agreement with Grupo Rede that sets out the terms and conditions to enable an asset swap which object consists in a swap, on one hand, of Enersul's and, on the other hand, of the company shareholdings owned on Rede Lajeado Energia S.A. ("Rede Lajeado") and Investco S.A. ("Investco") by Rede Energia. This will assure a managing control position by Energias do Brasil in Investco, the company that holds Lajeado Hydro plant in Tocantins. This plant has a total installed capacity of 902.5 MW. This operation's closing will be subject to approval by the Brazilian energy sector regulator, ANEEL, and to other contractual and governance procedures as result of the handover of the management control of the companies involved in the agreement.

19-JUN COMPETITION AUTHORITY AUTHORISES OPERATION OF ALQUEVA AND ACQUISITION OF MINI-HYDROS BY EDP: The Portuguese Competition Authority notified EDP of the Draft Decision of non-opposition to the following two operations that were previously notified to the Authority: Operation and management of the hydroelectric power plants of Alqueva and Pedrogão, for a period of 35 years; acquisition of 80% of Pebble Hydro, Lda and H. Janeiro de Baixo, Lda, as part of the deal reached by EDP and Banco Espírito Santo de Investimento with Babcock & Brown. The draft decisions referred here-above are subject to a number of undertakings, such as EDP's commitment to temporarily assign, for a period of 5 years, the right to operate and manage the hydroelectric facility of Agueira-Raiva (with an installed capacity of 360 MW), to an operator to be selected in the upcoming months. In exchange for the rights' assignment, EDP will receive

an appropriate rent, whilst revenues and costs related to the operation will be supported by the chosen operator. Thus, financial neutrality of this operation from EDP group stand point will be secured under the terms of CMECs regime.

RECENT DEVELOPMENTS

03-JUL STANDARD & POOR REVISED OUTLOOK ON EDP FROM NEGATIVE TO STABLE: Standard & Poor's Ratings Services ("S&P") revised its outlook on EDP - Energias de Portugal, S.A. ("EDP") to stable from negative reflecting the improvement in EDP's financial profile following the partial IPO of its renewable arm, which generated proceeds of €1.56bn, which shall be used to reduce debt and fund this business' capital expenditures. At the same time, Standard & Poor's affirmed its 'A-/A-2' long and short-term corporate credit ratings on EDP

17-JUL CONSTRUCTION OF FRIDÃO AND ALVITO HYDRO PLANTS IN PORTUGAL AWARDED TO EDP: EDP won the auction for the concession to build the Fridão (256 MW) and Alvito (136MW) hydro plants and operate them for a period of 65. EDP's proposal amounted €161.7 million plus the €70 million minimum value established in the terms of the tender, which should be paid by EDP in 2008. The investment in the two plants should amount to €510 million and the plants are expected to enter in operation in 2016.

IV. EDP GROUP BUSINESS

IV.1. EDP GROUP

In the first six months of 2008, the EDP Group net profit reached EUR 703.0 million, compared with EUR 422.1 million in the same period in 2007.

Net profit of EUR 703 million in first half of 2008 was boosted by capital gains worth EUR 481 million (in first half of 2008), including: (1) EUR 405 million resulting from the dilution of EDP's stake in EDP Renováveis, (2) EUR 49 million gain booked on the sale of stakes in Turbogás (40%) and Portugen (27%). On the other hand, net profit was penalized by a EUR 67 million impairment loss due to overall impact of discontinued operations of Enersul booked as a result of regulatory economic imports and by EUR 8.4 million as a result of the asset swap between Enersul and shareholding control of Lajeado hydro plant. Net profit adjusted for these issues, including BCP and Sonaecom impairments, rose by 12%, to EUR 473 million.

Income Statement – EDP Grup

Consolidated Income Statement (EUR million)	1H08	1H07	Δ 08/07
Electricity Sales	6,041.4	4,831.2	25.1%
Gas Sales	590.3	680.3	-13.2%
Other Sales	25.7	41.4	-38.0%
Services Provided	62.9	74.6	-15.7%
Operating Revenues	6,720.2	5,627.5	19.4%
Electricity	3,257.3	2,341.4	39.1%
Gas	385.7	517.8	-25.5%
Fuel	606.7	467.8	29.7%
Materials and goods for resale	25.5	37.8	-32.7%
Direct Activity Costs	4,275.2	3,364.8	27.1%
Gross Profit	2,445.0	2,262.6	8.1%
Gross Profit/Revenues	36.4%	40.2%	-3.8 pp
Supplies and services	355.2	324.2	9.6%
Personnel costs	301.5	298.4	1.0%
Costs with social benefits	57.9	53.7	7.7%
Concession fees	117.6	109.3	7.5%
Other operating costs (or revenues)	28.3	124.3	-77.2%
Operating costs	860.5	910.1	-5.4%
EBITDA	1,584.5	1,352.6	17.2%
EBITDA/Revenues	23.6%	24.0%	-0.5 pp
Provisions for risks and contingencies	17.5	42.3	-58.7%
Depreciation and amortisation	648.1	534.9	21.2%
Comp. of subsidised assets' depreciation	(54.4)	(52.2)	-4.2%
EBIT	973.4	827.5	17.6%
EBIT/Revenues	14.5%	14.7%	-0.2 pp
Capital gains/(losses)	481.5	5.6	8535.8%
Financial income/(expense)	(511.4)	(176.0)	-190.6%
Income/(losses) from group and associated companies	19.0	11.1	70.7%
Pre-tax profit	962.4	668.2	44.0%
Income taxes	184.1	176.7	4.2%
Discontinued Activities	(8.5)	-	-
Profit for the period	769.9	491.5	56.6%
Equity holders of EDP	703.0	422.1	66.6%
Minority interests	66.9	69.5	-3.7%

Overall, EDP reported a consolidated EBITDA of EUR 1,585 million in first half of 2008, up 17.2% Year on year. Excluding impacts from acquisitions (Horizon in July 2007) pro-forma EBITDA increased by 10.2%.

EBITDA – EDP Group

EBITDA (EUR million)	1H08	1H07	% Δ
IBERIAN MARKET *	1,204.7	1,029.5	17.0%
Generation & Supply	615.7	585.8	5.1%
Wind	226.7	92.6	144.9%
Distribution	354.1	310.0	14.2%
Gas	112.3	99.4	13.0%
Brazil	297.7	323.0	-7.9%
Other & Adjustments	(21.9)	(58.2)	62.3%
Consolidated	1,584.5	1,352.6	17.2%

* Including "Other & Adjustments" in the Iberian Market and excluding Horizon (USA) and Neo's business activity in France

The integrated EBITDA for the generation and supply businesses in Iberia rose by 5.1% (+EUR 30 million) Year on year, to EUR 616 million in first half of 2008. EBITDA from long term contracted generation (PPAs/CMECs and special regime) was 13% (EUR 52 million) higher year on year, benefiting from an increase in contracted margin of Sines plant (EUR 9.5 million starting this half), following desox investments in this facility and costs of coal consumed below the international indexes (EUR 24 million). In turn, EBITDA from liberalized generation declined by 4% year on year, caused by a 10% Year on year decline in gross margin. In Spain, gross profit from generation decreased by 30% year on year, penalized by the outage for large maintenance works of our Soto 3 plant in the first quarter of 2008 and by the strong increase of coal marginal generation cost, together with the decline of Spanish pool prices, in the second quarter of 2008. In Portugal, gross profit from liberalized generation grew by 62%, to EUR 76 million, fuelled by higher load factors of Ribatejo CCGT (74% versus 50% in first six months of 2007) and average selling price in the pool EUR 5.6/MWh higher than in Spain, at EUR 67/MWh. In the supply business, performance was mixed: in Spain volumes grew by 15% year on year on average selling prices to clients in line with the average Spanish pool; in Portugal, the low EUR 51/MWh generation price assumed by the regulator in 2008 retail tariffs is limiting volume supplied to a few segments of residential consumers in which market prices are still competitive versus tariffs.

The contribution from wind power generation to consolidated EBITDA increased by 145% year on year to EUR 226 million in first half of 2008. EBITDA from EDP Renováveis' wind farms activity in Europe increased by 63% year on year, to EUR 151 million, boosted by: (1) capacity additions (+558MW, +41% year on year based on period end), (2) higher average tariffs (+15% year on year) propelled by higher pool prices in Spain, and (3) continuing high load factors. Load factors in the first half of 2008 confirm EDP Renováveis's first class assets: 27.6% in Spain, 28.8% in Portugal and 25.9% in France. Even so, it is noteworthy that load factors in the second quarter of 2008 were penalized by poor wind conditions particularly in May/June and in Spain and France. The group's US subsidiary, Horizon, which started being fully consolidated in Jul-07, booked an EBITDA of EUR 76m (USD 116 million) in first half of 2008. Gross profit adjusted for revenues from production tax credits (PTC) and other revenues related to Horizon's institutional partnerships, reached EUR 95.2 million, on load factor of 37.8%. Adjusted for these revenues related to institutional partnerships, operational costs stood at EUR 22 million, or EUR 10.9/MWh (USD 16.8/MWh). In first half of 2008, EDP Renováveis increased its installed portfolio by 206MW (140MW in Europe, 66MW in US) and has currently under construction 1,677MW, which will ensure the match of 1.4GW annual target in 2008 and further meets 35% of EDP Renováveis' target for 2009.

The EBITDA for the distribution business in Portugal increased by 15.7% year on year, to EUR 308 million in first half of 2008, driven by an 8.4% year on year increase in gross profit. Controllable operational costs rose by 3.3% year on year, reflecting higher commercial costs and new costs with management of energy purchases resulting from new rules of MIBEL, on the one hand, and the group's successful HR Restructuring program, on the other hand. Electricity gross profit year on year was in line with regulated revenues set by ERSE in December 2007, since tariff deviations are accounted as revenues from January 2008 onwards, in line with currently in course change in regulatory legislation.

Tariff deviations in first half of 2008 amounted to EUR 479 million as a result of several deviations from ERSE's assumption in the calculation of 2008 tariffs: (i) slower growth in electricity entered in the distribution grid (up 1.2% year on year), (ii) increasing volume of electricity supplied by the last resource electricity supplier (+10.4% year on year) and (iii) higher procurement costs in first half of 2008 (EUR 74/MWh versus EUR 51/MWh ERSE's estimate). In Spain, EBITDA increased by 4.9% year on year to EUR 46m in first half of 2008, largely reflecting a 3.9% increase in regulated revenues recognized in the 2008 tariffs.

Gas distribution and transmission regulated activities posted a 11% year on year increase EBITDA, to EUR 84 million in first half of 2008, reflecting a 3.7% increase in the number of supply points and the 4.6% year on year backed by an expansion in the extension of our networks. In the liberalized gas procurement and supply business, EBITDA grew 20% year on year, supported by an increase in both volumes (+49% year on year) and clients (+54% year on year). In turn, average gross margin per MWh sold in gas supply decreased by 6.3% year on year, due to an increase in the average purchase cost in line with the movement of CMP.

Energias do Brasil's EBITDA contribution decreased by 8% (11.4% in local currency) year on year to EUR 298 million (BRL 777.9 million) in first half of 2008, penalized by the reduction of the amount of regulatory receivables recovered in first half of 2008 (versus first six months of 2007) and the tariff revisions for the new regulatory periods. EBITDA in generation activity increased by 56% Year on year, impacted by a one-off increase in electricity sales by Enerpeixe in first quarter of 2008 and an increase in the average selling price due to the readjustment of some contracts and the start of new contracts with higher prices. In distribution, EBITDA decreased by 27.7% dragged by (i) a decrease in the amount of regulatory receivables recovered through tariffs, (ii) energy costs higher than the ones considered on tariff assumptions and (iii) tariff revisions only partially compensated by (iv) demand growth.

Financial Results – EDP Group

Financial Results (EUR million)	1H08	1H07	Δ 08/07
Investment income	4.1	6.2	-
Financial Investments Gains/(Losses)	4.1	6.2	-
Net financial interest paid	(341.2)	(227.3)	-50.1%
Net foreign exchange differences	5.4	13.5	-60.1%
Other Financials	(179.7)	31.6	-
Financing Gains/(Losses)	(515.4)	(182.2)	-183.0%
Financial results	(511.4)	(176.0)	-190.6%

The EDP Group **financial results** reflect:

a) Higher net financial interests paid (+50% year on year) due to higher average gross debt during the period (+32% year on year) and a 20bp increase in the group's average cost of debt resulting from credit market conditions (5.6% in the first half of 2008 versus 5.4% in the first six months of 2007). In fact, the 200bp reduction in average cost of debt denominated in BRL partially compensated the 50bp increase in the cost of the remaining debt.

b) Decline in other financials due to: 1) impairment losses of EUR 34m in first quarter of 2008 to reflect the decrease in market value of EDP's 8% stake in Sonaecom, 2) impairment losses of EUR 114 million in second quarter of 2008 to reflect the decrease in market value of EDP's 3,2% stake in BCP, 3) the inclusion of hedging financial results in energy markets which declined from EUR 7.2 million gain in first six months of 2007 to EUR 53.7 million loss in first half of 2008.

Income from associated companies amounted to EUR 19.0 million in the first half of 2008, up from EUR 11.1 million in the first six months of 2007: i) the first half of 2008 include a EUR 4.7 million equity contribution from CEM, versus EUR 4.1 million in the first six months of 2007; ii) the first six months of 2007 include a EUR 3.4 million loss regarding Edinfor's equity contribution, versus no contribution in the first half of 2008, resulting from EDP's decision to exercise its put option over the 40% owned in the company in the first quarter of 2008 and iii) the first half of 2008 includes a EUR 4.3 million equity contribution from Turbogás, disposed of in May 2008, versus EUR 6.9 million in the first six months of 2007.

Capital gains/(Losses) amounted to EUR 481.5 million in the first half of 2008, up from EUR 5.6 million in the first six months of 2007 due to: i) EUR 405 million gain stemming from the dilution of financial participation that EDP has in EDP Renováveis as a result of the IPO, ii) EUR 49 million gain, stemming from the sale of EDP's 40% stake in Turbogás and 27% of equity of Portugal for a price of EUR 140 million, in May 2008 and iii) EUR 17m gain booked on the disposal of 1,5% stake in REN in first quarter of 2008 and iv) EUR 4.8m gain booked on the exercise of EDP's put option over the 40% owned in Edinfor for a minimum pre-agreed price of EUR 55 million, in first quarter of 2008.

CAPEX – Grupo EDP

Capex (EUR million)	1H08	1H07	% Δ
Generation and Supply Iberia	319.6	151.9	110%
Wind	759.8	192.2	295%
Regulated Energy Networks Iberia	132.8	125.7	5.6%
Brazil	129.6	79.7	63%
Other	3.0	4.2	-28%
EDP Group	1,344.8	553.7	143%
Expansion Capex	1,021.3	270.5	278%
Maintenance Capex	323.5	283.2	14%

Consolidated capex increased by 143% Year on year (EUR 791 million), to EUR 1,345 million in the first half of 2008, reflecting: (i) the start of consolidation in Jul-07 of Horizon, our US wind subsidiary (+EUR 417 million); (ii) a 110% (EUR 168 million) Year on year increase in capex at the Iberian generation business; (iii) a 79% (EUR 151 million) Year on year increase in capex at our EUR open wind business, and (iv) a 63% (EUR 50 million) Year on year increase in capex at the Brazilian subsidiary largely stemming from investments in new generation capacity (EUR 35 million).

In first half of 2008, 76% of EDP Group's capex was devoted to the expansion of installed capacity, namely in new wind farms (56% of group capex) and in new generation capacity in Iberia peninsula (24%), namely CCGTs and hydro.

Moreover, close to 80% of EDP's capex is related to regulated businesses and long term contracted generation, therefore implying low risk of return.

Capex in generation and supply in the Iberian Peninsula amounted to EUR 320 million in first half of 2008, reflecting accelerating pace of investments in low CO2 emission technologies: CCGT and hydro. In first half of 2008, 74% of total capex referred to expansion projects (versus 49% in first six months of 2007), the bulk of which in the liberalized market. In CCGTs, Soto 4 plant in Spain will start up operations in August 2008 (EUR 30 million capex in first half of 2008) and the construction works of the Lares 1 and 2 plants in Portugal, representing a 862MW capacity and EUR 458 million total capex, continue on schedule to start operating in 3Q09 (EUR 111 million capex in first half of 2008). In hydro, expansion capex in first half of 2008 amounted to EUR 78 million including: (1) EUR 53 million payment for Foz Tua concession (312MW) and (2) EUR 23 million capex on the ongoing construction works of Picote II and Bemposta II repowering projects and the new Baixo Sabor hydro plant.

In April 2008, EDP paid EUR 759 million for the extension of the hydro concession of the 4,095MW hydro plants currently under PPA/CMEC. EDP will operate these plants in the market after the end of PPA/CMEC regime. Latter in July, EDP won the international tender for the concession of the new Fridão and Alvito hydro plants in Portugal (total 392MW capacity) which will imply a payment in advance of EUR 231.7 million in 2008 for the concession rights and further EUR 510 million total construction capex until 2016.

Capex in wind business activity was nearly EUR 800m. Year to June, EDP Renováveis brought on stream 206MW (140MW in Europe, 66MW in US) and has currently under construction 1,677MW, which will allow it to meet its annual target. By June 2008, EDP Renováveis' works in progress (on balance sheet) relative to capacity under construction and turbine deposits amounted EUR 989.1m. In first half of 2008, EDP Renováveis invested nearly EUR 800 million: (1) EUR 748 million of capex, EUR 343 million of which in EUR ope and EUR 405 million in US (USD 622 million); and 2) EUR 44 million in the acquisition of a wind portfolio in France, EOLE 76 and EUR ocape. EOLE 76 and EUR ocape comprise 3 operating wind farms located in the Normandy region, with a gross installed capacity of 35 MW and 560 MW of wind projects under development, mostly located in the Normandy and Rhône-Alpes regions.

Capex in distribution activity in Portugal decreased 12.4% Year on year to EUR 86.6 million in first half of 2008 due to different scheduling of the investments in the distribution network, which will increase in the second half of the year in order to respond to regulatory requirements and the growth of electricity consumers. The quality of service of EDP Distribuição distribution grid remained clearly above the regulatory targets, with an Equivalent Interruption Time of 57 minutes in first half of 2008. Moreover, adjusted for non-recurring impacts in first half of 2008 (rainstorms and high winds), EIT decreased 5.3% Year on year to 49 minutes.

Capex in distribution activity in Spain rose EUR 15 million Year on year to EUR 19 million in first half of 2008, on the back of higher investments at our distribution grid. The quality of service of our grid increased on a Year on year base with Equivalent Interruption Time (EIT) decreasing 9% Year on year to 35 minutes.

Capex in the regulated gas business in the Iberia Peninsula in first half of 2008 amounted to EUR 26.7 million, up 20% Year on year, largely devoted to the expansion of our network (+380 Km Year on year in Jun-08). Transmission network in Spain represented almost 50% of capex year on year, following the ongoing construction of the Bergara-Irun pipeline (88 kms extension, EUR 67.5 million expected total capex, to be fully operational by 2008YE). The new remuneration model for gas transmission in Spain improved significantly the rates of return of this pipeline, which has a higher investment cost per km than the average cost in the Spanish transmission network due to its location in a mountain region.

Capex in Energias do Brasil increased 63% Year on year, to EUR 130 million (BRL 339 million) in the first half of 2008, mostly related to the repowering of Suíça and Mascarenhas hydro power plants (+2.3MW and +17.5MW, respectively) and to the start of construction of the new Santa Fé hydro power plants (+29MW), all to start operations in 2009. Capex in distribution activity relates to the extension and improvement in the distribution network of the concession areas of Bandeirante, Escelsa and Enersul.

FINANCIAL DEBT

In the first half of 2008, the Group's (nominal) consolidated debt increased to EUR 13.170 billion. When compared to December 2007, the Group's debt was nearly EUR 600 million higher, mostly due to the payment of EUR 759 million for the extension of the hydro public domain in Portugal.

During the first half of 2008, following the announcement of a share exchange agreement between EDP – Energias do Brasil and Rede Empresas de Energia Eléctrica, S.A., the Group's shareholding stake in Enersul changed to asset held for sale and discontinued operations. As a consequence, Enersul's financial debt (EUR 230 million) is no longer included in the consolidated debt of Energias do Brasil, and consequently, of the EDP Group.

EDP Group's consolidated net debt at the end of the first semester of 2008 stood at EUR 11.841 billion, due to cash and cash equivalents held by EDP SA and EDP Finance BV (EUR 759 million), by the Group's Brazilian subsidiaries (EUR 300 million) and by EDP Renewables (EUR 246 million).

Nominal Financial Debt - EDP Group

Eur millions

	Jun 2008	Dec 2007	Var
EDP S.A. and EDP Finance BV	11.046	10.393	6%
EDP Produção	44	19	132%
EDP Comercial	-	-	n.a.
EDP Renováveis	606	560	8%
EDP Distribuição	-	-	n.a.
Portgás	104	106	-2%
HC Energia	437	433	1%
Energias do Brasil	934	1.059	-12%
Nominal Financial Debt	13.170	12.570	5%

During the first six months of 2008, EDP kept its policy of centralizing funding at EDP SA, EDP Finance BV and EDP Sucursal, which represented 84% of the Group's consolidated debt. The remainder consists of debt contracted by the Brazilian holdings, project finance debt from the subsidiaries of the EDP Renewables Group and related to wind power generation partnership projects, as well as short term debt and borrowings contracted by Hidrocanábico.

At the beginning of the year, EDP SA signed a loan agreement with the Euronext Investment Bank, in the amount of EUR 200 million and with a tenor of 9 years, to finance the construction of the Lares CCGT.

In April 2008, EDP SA and EDP Finance BV signed a five year revolving credit facility in the amount of EUR 925 million. The facility is intended for general corporate purposes and to refinance short term debt, in line with the Group's financial policy of extending the average term of its debt portfolio and reinforcing its financial flexibility. The facility was self-arranged as a Club Deal and was participated by 16 international banks.

Additionally, in May 2008, EDP SA issued a structured bond, through a private placement, in the amount of EUR 300 million and with a tenor of 10 years.

In Brazil, Energest signed a loan in the amount of BRL 48 million with a tenor of 7 years and a three year grace period. The proceeds were used for investments in the Santa Fé hydropower plant.

The Brazilian subsidiaries also signed bridge loans totalling BRL 28.9 million (18.6 by Energest and 10.3 by Cesa), to finance the repowering of Rio Bonito, Mascarenhas and Suíça. This bridge loan will be early redeemed prior to its redemption date, in February 2009, and refinanced with long-term indirect funding from BNDES.

Additionally, attention should be drawn to the utilizations of BNDES long-term funding (6 years) in the total amount of BRL 128 million. These drawdowns were used by Bandeirante, Enersul and Escelsa to fund their Capex programmes.

In terms of maturity, EDP Group's consolidated debt breaks down into 15% in short-term debt and borrowings and 85% in medium- and long-term debt and borrowings.

IFRS Debt - EDP - Group

EUR Millions

	Jun 2008	Dec2007	Var
Short term debt and borrowings	2.004	2.441	-18%
Bond loans	123	458	-73%
Bank loans	592	649	-9%
Other loans	2	2	-18%
Commercial Paper	1.287	1.331	-3%
Medium and long term debt and borrowings	11.166	10.129	10%
Bond loans	6.449	6.426	0%
Bank loans	4.661	3.643	28%
Other loans	56	61	-8%
Nominal Financial Debt	13.170	12.570	5%
Interest payable	111	101	
Fair value hedge for debt	-118	-65	
IFRS Financial Debt	13.162	12.606	4%

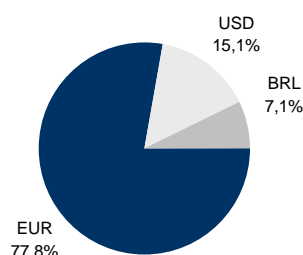
In relation to short-term financing and treasury management, EDP SA continues to favour to the use of issues of "Euro Commercial Paper" programmes, an instrument that provides access to an enlarged investor base at very competitive costs, ensuring the necessary flexibility for efficient cash management. In Spain, the Group also has a "pagarés" programme (domestic commercial paper) through its HC subsidiary, in the amount of EUR 500 million, which provides similar flexibility and efficiency in terms of cash management.

Maintaining a prudent financial management policy, by the end of June 2008 EDP SA had access to EUR 1,722 billion of available credit lines and EUR 650 million of commercial paper with underwriting commitment, of which EUR 495 million was available. It is the Group's policy to maintain these long-term credit facilities with several banks with a high credit rating, ensuring liquidity and financial flexibility.

By the end of the first half of 2008, the average interest rate, after hedging instruments, of EDP, S.A., EDP Finance BV and EDP Sucursal financial debt was 4.84% per year and approximately 31.9% of its medium/long-term debt and borrowings had a fixed rate.

In terms of currencies, the USD financing contracted to fund the purchase and capex of Horizon justifies the Group's exposure to USD. However, the EDP Group maintains the same currency exposure profile presented in the end of 2007, with the EUR o as the main funding currency (77.8%).

Debt by Currency - EDP Group



RATING

In July 2008, following the IPO (22.5%) of EDP Renováveis, which generated proceeds of EUR 1.567 billion, S&P revised its outlook on EDP SA and EDP Finance BV from negative to stable.

Global						
	S&P	Last update	Moody's	Last update	Fitch	Last update
EDP SA e EDP Finance BV	A-/Stab/A-2	3-7-08	A2/Out-/P1	19-10-07	A-/Stab/F2	3-7-07
HC			A3/Out-/P2	19-10-07	A-/Stab/F2	3-7-07
Bandeirante			Ba2/Stab	17-5-07		
Eselsa	BB-/Posit	13-6-07	Ba2/Stab	17-5-07		
EDB			Ba2/Stab	20-7-08		
Enersul			Ba2/CW -	20-7-08		

The rating assigned by Fitch to HC remained at A-, with a stable outlook. According to this agency, the high level of integration of the company within the Group justified the assignment of the same rating as EDP SA Moody's also kept the A3 rating assigned to HC.

Local - Brazil						
	S&P	Last update	Moody's	Last update	Fitch	Last update
Bandeirante	brA/Posit	13-6-07	Aa3.br/Stab	17-5-07		
Eselsa	brA/Posit	13-6-07	Aa3.br/Stab	17-5-07		
EDB			Aa3.br/Stab	20-7-08		
Enersul	brA/ CW -	13-7-08	Aa3.br/ CW -	20-7-08		

The share exchange agreement signed between EDP – Energias do Brasil and Rede Empresas de Energia Eléctrica, S.A., in the first semester of 2008, led Moody's and S&P to place the rating of Enersul on credit watch negative. This resulted from the fact that Enersul's rating reflected EDP – Energias do Brasil's strong support.

IV.2. EDP'S BUSSINESS AREAS EVOLUTION

IV.2.1. GENERATION AND SUPPLY IN THE IBERIAN PENINSULA

Operating profit for the integrated generation and supply business in the Iberian Peninsula showed an increase of 5.1% to EUR 615.7 million in the first six months of 2008.

Operating Income Statement – Generation and Supply in the Iberian Peninsula

(EUR million)	Total		
	1H08	1H07	Δ 08/07
Gross Profit	797.1	787.2	1.3%
Supplies and services	96.9	95.1	2.0%
Personnel costs	65.8	65.5	0.4%
Costs with social benefits	11.5	12.3	-6.6%
Generation centre rentals	2.0	2.0	2.0%
Other operating costs / (revenues)	5.3	26.6	-80.1%
Operating Costs	181.5	201.4	-9.9%
EBITDA	615.7	585.8	5.1%
EBIT / Revenues			
Provisions for risks and contingencies	7.1	0.6	1187.1%
Depreciation and amortization	188.6	184.5	2.2%
Comp. of subsidised assets' depr.	(2.0)	(2.0)	0.2%
EBIT	422.0	402.8	4.8%

On an integrated basis, gross margin in generation and supply business in Iberia was grew by 1,3% year on year. Operating costs of integrated generation and supply decreased 10% year on year. Nevertheless, excluding non recurrent regulatory items in Spain, operating costs fell 4% year on year (EUR 7 million). The major non-recurrent items are (1) the partial reversal by EUR 13 million in first half of 2008 of the EUR 30 million provision booked in Spain generation business in first six months of 2007, related to potential deviation between EDP's interpretation of the RD 03/2006 and the final regulatory outcome and (2) a EUR 31 million negative impact from the RD 11/2007 regarding the CO2 clawback. The sum of supplies and services, personnel costs and social benefits increased 0.8% year on year, clearly below inflation and including the costs with new capacity additions.

Operating Income Statement – Generation in Iberian Peninsula

(EUR million)	Portugal			Spain		
	1H08	1H07	Δ 08/07	1H08	1H07	Δ 08/07
Gross Profit	602.1	533.5	12.9%	164.6	222.0	-25.8%
Supplies and services	50.8	44.5	14.3%	26.1	25.9	1.0%
Personnel costs	42.6	43.3	-1.5%	17.4	17.0	2.3%
Costs with social benefits	10.5	11.4	-8.3%	0.8	0.7	21.7%
Generation centre rentals	2.0	1.9	2.6%	-	-	-
Other operating costs / (revenues)	(4.3)	(2.1)	-109.6%	20.6	35.5	-41.9%
Operating Costs	101.6	99.1	2.6%	65.0	79.1	-17.8%
EBITDA	500.5	434.4	15.2%	99.6	142.8	-30.3%
EBIT / Revenues	33.2%	51.2%	-18.0 pp	24.8%	34.8%	-10.0 pp
Provisions for risks and contingencies	(0.0)	4.0	-	(0.0)	(0.4)	-100.0%
Depreciation and amortization	136.8	127.6	7.3%	50.6	53.3	-4.9%
Comp. of subsidised assets' depr.	(1.8)	(1.8)	-	(0.2)	(0.2)	2.1%
EBIT	365.5	304.7	20.0%	49.2	90.2	-45.5%

Operating Income Statement – Supply in Iberian Peninsula

(EUR million)	Portugal			Spain		
	1H08	1H07	Δ 08/07	1H08	1H07	Δ 08/07
Gross Profit	6.7	9.2	-27.5%	27.3	22.1	23.9%
Supplies and services	7.1	9.3	-23.0%	17.6	14.4	21.8%
Personnel costs	2.4	2.6	-6.7%	3.3	2.6	27.5%
Costs with social benefits	0.1	0.1	-19.6%	0.1	0.1	18.8%
Generation centre rentals	-	0.0	-	-	-	-
Other operating costs / (revenues)	(0.9)	0.6	-	(11.3)	(7.5)	49.9%
Operating Costs	8.7	12.6	-30.5%	9.8	9.6	1.4%
EBITDA	(2.0)	(3.3)	-39.0%	17.6	12.4	41.4%
EBIT / Revenues	-2.2%	-2.1%	-0.1 pp	3.5%	3.2%	0.3 pp
Provisions for risks and contingencies	7.4	(0.6)	-	(0.2)	(2.4)	-91.0%
Depreciation and amortization	0.5	2.5	-79.7%	0.6	1.2	-46.4%
Comp. of subsidised assets' depr.	-	-	-	-	-	-
EBIT	(9.9)	(5.2)	89.3%	17.2	13.7	25.6%

IV.2.1.1. Contracted Generation in the Iberian Market: PPAs/CMECs and Special Regime

In June 2007 the long term contracts that EDP had with the Portuguese electricity regulated system (named PPAs - Power Purchase Agreements) were replaced by the CMECs financial system to conciliate: (1) the preservation of the NPV of these PPAs and a stable contracted gross profit over the next 10 years with an implicit real pre-tax 8.5% ROA and (2) the increase in liquidity of the Iberian electricity wholesale market. In terms of EDP's profit and losses, the total gross profit resulting from the new CMECs financial system will keep the same profile over the next 10 years as the former PPA.

Regarding gross profit break down there are now 4 components: 1) Revenues in the market, resulting from the sale of electricity in the Iberian wholesale market and including both ancillary services and capacity payments; 2) Annual deviation, equivalent to the difference between CMECs' main assumptions (outputs, market prices and fuel costs) and the market real data, which will be paid/received by EDP through regulated tariffs one year after taking place; 3) PPAs/CMECs Accrued Income, reflecting the differences year on year in terms of cash flow profile between PPAs and CMECs assumed at the beginning of the system; 4) Base CMEC Fee, the fixed monthly fee of EUR 6.5 million EDP will receive through regulated tariffs over the 20.5 years lifetime of the CMECs system, if not securitized before.

Main Financial Indicators - Contracted Generation in the Iberian Market

(EUR million)	1H08	1H07	Δ 08/07
PPA Revenues (1H07)	3.8	580.0	-
Capacity Charge	0.6	467.0	-
Energy Charge	3.2	113.0	-
PPA/CMEC Revenues (1H08)	778.7	-	-
Revenues in the market	621.8	-	-
Annual Deviation - Market vs. CMEC Assumptions	85.9	-	-
PPAs/CMECs Accrued Income	32.0	-	-
Base CMEC Fee	39.0	-	-
PPA/CMEC Direct Costs	278.5	124.7	123.4%
Coal	83.9	79.9	5.0%
Fuel Oil	19.6	38.4	-49.9%
CO2 and Other Costs (Net)	174.9	6.3	2660%
Gross Profit PPAs/CMECs	504.0	455.3	10.7%
Cogeneration, Waste & Biomass	25.9	24.9	4.1%
Mini-Hydro	9.3	8.1	14.9%
Gross Profit Special Regime	35.3	33.1	6.8%
Gross Profit Total	539.2	488.3	10.4%

In first half of 2008, EBITDA from Iberian contracted generation increased by 13% (or +EUR 52 million) year on year fuelled by higher gross profit (+11% year on year, or +EUR 49m). The main growth driver of recurrent gross profit was the new Sines coal plant's desox facilities which had a first time EUR 9.5 million contribution for gross profit in first half of 2008. Sines desox more than compensated the PPA termination of the 165MW Tunes gasoil plant in December 2007, which had a EUR 3 million contribution to first six months of 2007 gross profit. Note that the new desox facilities at Sines represented a EUR 196 million investment, from which 50% was commissioned in June 2007 and the remaining 50% in June 2008. Furthermore, the Portuguese government has already approved a EUR 100 million denox investment at Sines, to be installed between 2008 and 2011. All these investments are to be remunerated at 8.5% ROA before inflation and taxes and should be fully recovered over the lifetime of Sines plant's PPA which ends by December 2017. The real/contracted availability ratio showed a slight decline in hydro, due to ongoing repowering at two plants, and also a slight decline in thermal, due to some punctual unexpected outages at Sines.

Recurrent EBITDA grew by 6% year on year. Main non recurrent adjustments include: (i) EUR 2 million net negative impact in first six months of 2007 due to fuel procurement costs below international indexes (EUR 5.8 million cost in first six months of 2007, EUR 3.8 million of which was recovered in first half of 2008), (ii) a EUR 28 million positive impact in first half of 2008 stemming from procurement cost below international indexes.

Note that from January 2008 onwards EDP started to hedge the deviations in fuel costs resulting from the time lag between fuel procurement and consumption date in PPA/CMEC activity through financial derivatives. As a result, EDP's first half of 2008 financial results include EUR 23.7 million costs with fuel hedging, which closely matches the non-recurrent components at the gross profit level.

The 7% (+EUR 2.2 million) year on year increase in gross profit of special regime is explained by the acquisition of the Pedrogão mini-hydro plant in Portugal (10MW) and the acquisition of VV Rodão biomass plant also in Portugal. Note that the acquisition of Pebble Hydro, which has 11 mini-hydro plants in Portugal with a 89MW capacity, was already approved by the Portuguese competition authority and will start being fully consolidated in July 2008. In cogeneration, the lower output in Portugal resulting from the outage for major maintenance works was more than compensated by higher load factors in Spain.

IV.2.1.2. Liberalised Generation and Supply on the Iberian Market

In first half of 2008, gross profit of liberalised electricity generation and supply in the Iberian market declined by 10.5% (-EUR 30 million) year on year, largely penalised by generation in Spain.

Gross Profit – Liberalised Generation and Supply on the Iberian Market

(EUR million)	1H08	1H07	Δ 08/07
Gross Profit	257.9	288.1	-10.5%
Generation	223.9	256.9	-12.8%
Portugal	76.1	46.9	62.0%
Spain	147.8	209.9	-29.6%
Supply	34.0	31.3	8.8%
Portugal	6.7	9.2	-27.5%
Spain	27.3	22.1	23.9%

In Spain, gross margin from generation decreased by 30% year on year, to EUR 148 million. Our liberalized coal generation was penalized in first quarter of 2008 by the outage for large maintenance works of our Soto 3 plant and, in the second quarter of 2008 2Q08, by the sharp increase of coal marginal generation cost together with the decline of Spanish pool prices. The increase of gas marginal cost and the decrease of Spanish pool price justified the stabilization of the load factor of our CCGTs in Spain at 44%. The year on year decline in nuclear production was justified by a programmed outage for maintenance works.

As a result of pool prices being below HC's marginal generation cost in Spain during a significant part of 2Q08, our electricity purchases in the Spanish pool increased substantially in first half of 2008 versus first six months of 2007. Note that EDP's low average coal generation cost showed in first half of 2008 is justified by: (1) consumption of coal purchased in 2007 at prices around USD90/ton, and (2) concentration of coal output in our most efficient plants (namely Aboño II, which benefits from the burn of syderurgic gases) following a decline in output and resulting decrease in the ratio CO2 allowances purchases / total CO2 emissions. Note that over the second quarter of 2008, given the unexpected decrease of coal load factors due to commercial conditions, EDP accumulated significant levels of coal purchased in 2007 but that was not consumed at our plants in first half of 2008. The gross profit of generation in Spain is also penalized by the reduction of capacity payments (- EUR 8 million versus first six months of 2007).

In Portugal, gross margin from liberalized generation grew by 62% year on year, to EUR 76 million. This activity includes mainly our Ribatejo 1,176MW CCGT, which showed a 74% load factor in first half of 2008, significantly above the Iberian average, as a result of the lower reserve margin in Portugal, low hydro production in first quarter of 2008 and outage of 50% of Sines coal plant for maintenance in 2Q08. The bulk of our Ribatejo CCGT output in first half of 2008 was sold in the Portuguese pool, which in this period showed an average price EUR 5.6/MWh higher than in Spain, at EUR 67/MWh. This together with our competitive integrated gas sourcing allowed the achievement of realized spark spreads in first half of 2008 higher than in Spain.

In the supply business, our average selling price to clients in Spain (EUR 61.2/MWh) was in line with the average Spanish pool price year on year (EUR 61.4/MWh) and the volume sold rose 15% year on year.

In Portugal, given the low generation price (EUR 50/MWh including ancillary services) assumed by the regulator in 2008 retail tariffs, volume sold in supply fell significantly and is now concentrated in a few segments of residential consumers in which market prices are still competitive versus tariffs.

For 2008, EDP has already contracted 91% of expected output of its liberalized generation plants in the Iberian market at an average price above EUR 58/MWh through sales contracts with retail customers or in forward markets. For the volume already contracted for 2008, EDP has locked-in an average spark spread of EUR 11/MWh and an average dark spread of EUR 27/MWh (already considering CO2 emissions licences bought and the RD 11/07 impact).

IV.2.2. RENEWABLE ENERGIES

EDP Renováveis were incorporated on December 4, 2007 to hold and operate EDP's growing European and North American renewable energy assets and activities. Shortly after its creation, EDP Renováveis acquired EDP's principal existing European and North American renewable energy subsidiaries, NEO and Horizon, respectively. In June 2, 2008, EDP Renováveis sets subscription price for its IPO shares at EUR 8 per share and EDP Group decreased its qualified position in EDP Renováveis to 77.5%.

Operating Income Statement – EDP Renováveis

(EUR million)	EDP Renováveis		
	1H08	1H07	Δ 08/07
Gross Profit	256.6	-	-
Supplies and services	45.8	-	-
Personnel costs and soc. benefits	17.1	-	-
Other operating costs/(revenues) ⁽¹⁾	-33.0	-	-
Operating Costs	29.9	-	-
EBITDA	226.7	-	-
EBITDA / Gross Profit	88.4%	-	-
Provisions for risks and contingencies	0.8	-	-
Depreciation and amortisation	93.6	-	-
Comp. of subsidised assets' depreciation	(0.4)	-	-
EBIT	132.7	-	-
EBIT / Gross Profit	51.7%	-	-

Since EDP Renováveis was only incorporated in December 2007 and Horizon (US arm of the group) was only consolidated in EDP group as from July 2007 onwards, there is no comparable data for in first six months of 2007.

Operating Income Statement – EDP Renováveis in Europe and USA

(EUR million)	EUROPE (NEO)			USA (Horizon)		
	1H08	1H07	Δ 08/07	1H08	1H07	Δ 08/07
Gross Profit	192.3	121.3	58.6%	44.3	-	-
Supplies and services	26.9	18.6	43.1%	18.9	-	-
Personnel costs and soc. benefits	9.6	7.1	36.7%	7.8	-	-
Other operating costs/(revenues) ⁽¹⁾	4.8	2.8	62.9%	38.1	-	-
Operating Costs	41.3	28.4	44.7%	-11.5	-	-
EBITDA	151.3	92.9	62.8%	75.8	-	-
EBITDA / Gross Profit	78.6%	76.6%	0.0 p.p.	171.8%	-	-
Provisions for risks and contingencies	-	0.1	-	0.8	-	-
Depreciation and amortisation	55.1	46.2	19.3%	38.6	-	-
Comp. of subsidised assets' depreciation	-0.4	-0.1	-175.0%	-	-	-
EBIT	96.4	46.8	106.3%	36.4	-	-
EBIT / Gross Profit	50.2%	38.6%	0.30 p.p.	82.0%	-	-

In Europe (NEO), gross profit increased by 59% Year on year in first half of 2008, to EUR 192 million, boosted by: (1) capacity additions (+558MW, +41% year on year based on period end), (2) higher average tariffs (+16% year on year) propelled by higher pool prices in Spain, and (3) continuing high load factors resulting from EDP Renováveis' first class assets.

In turn, EBITDA was 63% higher year on year, backed by slower growth of operational costs resulting in an OPEX/MWh growth broadly in line with inflation. In detail, strong growth in supplies and services and personnel costs was primarily driven by growing activity.

Gross Profit – EDP Renováveis in Europe

(EUR million)	1H08	1H07	Δ 08/07
Portugal	51.2	36.4	40.7%
Spain	127.1	71.5	77.9%
France	8.6	3.2	164.6%
Wind	186.9	111.1	68.2%
Other & Adjustments	5.5	10.2	46.5%
Total	192.3	121.3	58.6%

In USA (Horizon), gross margin adjusted for revenues from production tax credits (PTC) and other revenues related to Horizon's institutional partners, reached EUR 98 million. Adjusted for these revenues related to institutional partners, operational costs stood at EUR 19.4 million, or EUR 10.9/MWh.

Adjusted Gross Profit – EDP Renováveis in USA

(EUR million)	1H08
Electricity Revenues & RECs	64.4
Services Rendered & Other	(0.1)
Gross Profit	64.3
PTC Revenues & Other Related Revenues from Horizon Equity Partners ⁽²⁾	30.9
Adjusted Gross Profit	95.2

EDP Renováveis is on track to achieve the 1.4 GW of additional capacity targeted for FY 2008. The current construction process of more than 40 wind farms, with total capacity of 1,667 MW, provides clear evidence of the organization's ability to manage more than 1,900 MW under construction cumulative in one year. The bulk of the capacity currently under construction will start operations in the fourth quarter of 2008, in line with EDP Renováveis' historical investment cycle.

EDP Renováveis' projects portfolio increased by 2.8 GW year to date and by 1.0 GW versus March 2008, to a robust 27.1 GW. The enlarged pipeline gives visibility on future growth and its maturing gives confidence to meet annual targets: +1.4GW/year in 2008-12.

IV.2.3. DISTRIBUTION IN IBERIAN PENINSULA

The distribution business in the Iberian Peninsula includes EDP Distribuição, a subsidiary of the EDP Group which operates in the areas of electricity distribution and EDP Serviço Universal, which operates in the supply within the regulated system in Portugal, and the distribution company HC Energía, which operates in the Spanish electricity market.

The distribution business in the Iberian Peninsula showed an EBITDA of EUR 215.3 million in the first half of 2008, representing 32.0% year-on-year increase.

Operating Income Statement – Distribution in the Iberian Peninsula

(EUR million)	1H08	1H07	Δ 08/07
Gross Profit	775.0	712.6	8.8%
Supplies and services	159.5	147.1	8.4%
Personnel costs	102.8	109.8	-6.4%
Costs with social benefits	47.6	49.8	-4.5%
Concession fees	113.9	104.0	9.4%
Other operating costs / (revenues)	(2.8)	(8.2)	65.7%
Operating Costs	420.9	402.6	4.5%
EBITDA	354.1	310.0	14.2%
EBITDA/Gross profit	45.7%	43.5%	2.2 pp
Provisions for risks and contingencies	0.4	6.8	-93.5%
Depreciation and amortization	183.1	183.7	-0.3%
Compensation of subsidised assets' depreciation	(44.8)	(43.6)	-2.6%
EBIT	215.3	163.1	32.0%
EBIT/Gross Profit	27.8%	22.9%	4.9 pp

IV.2.3.1. Distribution in Portugal

Integrated gross profit from distribution grid and regulated last resource supplier rose 8.4% Year on year to EUR 693.3 million in first half of 2008, of which electricity gross profit is in line with regulated revenues set by ERSE in December 2007.

Electricity inflow into EDP Distribuição distribution grid in Portugal increased 1.2% year on year in first half of 2008, or 1.8% year on year adjusted for temperature and working days. These 25.0TWh distributed fell short of regulator's assumption input in the calculation of 2008 tariffs, reflecting the slowdown of Portuguese economy and higher energy efficiency. This lower consumption led to a EUR 25 million tariff deviation in distribution grid activity.

The volume of electricity supplied to regulated clients by EDP Serviço Universal, the Portuguese regulated last resource electricity supplier, rose 10.4% Year on year to 24.2TWh in first half of 2008, above the regulator's assumption in 2008 tariff's calculation, given the unexpected massive switching of clients from liberalized market to the regulated supplier, due to a significant increase in market prices compared to the 2008 tariffs set by the regulator. Note that in first half of 2008, the electricity procurement cost supported by EDP Serviço Universal for the supply of regulated clients was EUR 74/MWh, or EUR 23/MWh higher than the regulator's assumption for 2008 tariffs' calculation of EUR 50/MWh (including ancillary services). As a result of higher electricity procurement costs and volumes supplied, EDP Serviço Universal had to support a tariff deviation of EUR 454 million in first half of 2008.

EDP Distribuição and EDP Serviço Universal tariff deviations accumulated over first half of 2008, totalling EUR 479 million, were booked as electricity revenues of the period, as a result of the currently in course change in regulatory legislation which will determine the same regulatory/legal framework of tariff deviations and tariff deficits. Note that in March 2008, EDP transferred without recourse to financial institutions EUR 177 million referent to the 2006 and 2007 tariff deficits, to be recovered through tariffs in a 10-year period. This deal implied the net debt reduction by a similar amount and had no impact on EBITDA as it had already been booked as revenues in 2006 and 2007. According to Portuguese regulation, tariff deficits and deviations are remunerated at a cost of carry of EUR ibor + 50bps.

Operating Income Statement – Distribution in Portugal

(EUR million)	1H08	1H07	Δ 08/07
Gross Profit	693.3	639.4	8.4%
Supplies and services	131.4	128.3	2.4%
Personnel costs	91.3	97.1	-6.0%
Costs with social benefits	46.2	41.3	12.0%
Concession fees	113.9	104.0	9.4%
Other operating costs / (revenues)	2.7	2.6	5.3%
Operating Costs	385.6	373.4	3.3%
EBITDA ⁽¹⁾	307.7	266.0	15.7%
EBITDA/Gross profit	44.4%	41.6%	2.8pp
Provisions for risks and contingencies	0.4	6.8	-94.6%
Depreciation and amortization	169.4	168.5	0.5%
Compensation of subsidised assets' depreciation	(43.2)	(42.4)	-1.8%
EBIT	181.1	133.1	36.0%
EBIT/Gross Profit	26.1%	20.8%	5.3pp

Gross Profit – Distribution in Portugal

(EUR million)	1H08	1H07	Δ 08/07
Electricity Sales & Tariff Deviations and Deficits Accounted as Reve	2,917.3	2,319.5	25.8%
Electricity Purchases	2,237.5	1,686.6	32.7%
Electricity Gross Profit	679.8	632.9	7.4%
(1) Tariff Deficits Accounting Adjustment Reversion ⁽²⁾	(2.4)	-	-
Adjusted Electricity Gross Profit	682.2	632.9	7.8%
Total Allowed Revenues	682.3	629.0	8.5%

Controllable operating costs (supplies & services and personnel costs) decreased 1.2% year on year. The growth in supplies and services costs was mainly driven by higher commercial costs, in the distribution grid activity, and to a lower extent by new costs with management of electricity purchases in the regulated supply activity, following the new rules of MIBEL from July 2007 onwards. Personnel Costs decreased by 6.0% Year on year (3.0% excluding severance payments and personnel costs capitalization), reflecting the 7.8% year on year decrease in the number of employees year on year. Recall that in the fourth quarter of 2007 the company managed to anticipate its HR Restructuring Program, which translated into a total of 512 retirements and early retirements agreed and signed in the 4Q07, out of which 228 left the company in 2007, while the remaining 284 signed to leave in 2008 (some of these already left the company during the first half of 2008). Costs with social benefits increased 12.0% Year on year, reflecting an increase in pension premiums as well as higher provisions for medical care. As a result, the efficiency ratio Clients/Employee improved 9.5% Year on year to 1.286, converging to Iberian best practices.

Electricity distribution and regulated supply activities in Portugal will start in January 2009 a new regulatory period: 2009-2011. The new regulatory assumptions and regulated revenues for these companies over the next 3 years should be proposed on a preliminary base by ERSE on 15 October 2008, and final figures should be published until 15 December 2008.

IV.2.3.2. Distribution in Spain

In the first half of 2008, the volume of electricity distributed in Asturias increased 1.7% year on year. Our electricity distribution activity in Spain showed a gross profit increase of 11.8% year on year to EUR 81.7 million in the first half of 2008, reflecting a 3.9% year on year increase of regulated revenues recognized in the 2008 tariffs and a EUR 5.1 million increase in services rendered due to non-recurrent regulatory revenues from previous years.

Operating Income Statement – Distribution in Spain

(EUR million)	1H08	1H07	Δ 08/07
Gross Profit	81.7	73.1	11.8%
Supplies and services	28.1	26.5	6.2%
Personnel costs	11.4	12.7	-10.1%
Costs with social benefits	1.3	0.5	158.0%
Other operating costs / (revenues)	(5.5)	(10.8)	48.6%
Operating Costs	35.3	28.9	22.2%
EBITDA	46.4	44.2	4.9%
EBITDA / Gross Profit	56.8%	60.4%	-3.7 pp
Provisions for risks and contingencies	0.1	-	-
Depreciation and amortization	13.8	15.2	-9.5%
Compensation of subsidised assets' depreciation	(1.6)	(1.2)	-30.4%
EBIT	34.1	30.2	13.0%
EBIT / Gross Profit	41.8%	41.3%	0.4 pp

Regulated Revenues – Distribution in Spain

Regulated Revenues (€ m)	1H08	1H07	Δ 08/07
Transmission	2.1	3.0	-31.3%
Distribution	66.8	63.2	5.6%
Supply	4.0	3.9	3.3%
Electricity Regulated	72.8	70.1	3.9%

Operating costs increased 22% year on year, or +EUR 6.4 million, to EUR 35.3 million in first half of 2008. Excluding the impact from the EUR 3 million capital gain in first six months of 2007 with the disposal of two substations to REE (Quart and Elche), booked at the level of other operating costs, operating costs rose 11% year on year mainly due to a decrease in own work capitalized expenses.

All in all, EBITDA from our Spanish distribution activity improved 4.9% Year on year to EUR 46.4 million in first half of 2008.

Electricity tariffs in Spain were not enough to cover for electricity procurement costs, reflecting into a EUR 79 million first half of 2008 tariff deficit for HC Energia, which compares with a EUR 74 million tariff deficit in 2007.

Although 2007 tariff deficit ex ante was EUR 1.5 billion, the real 2007 tariff deficit was EUR 1.3 billion. On top of this, the first quarter of 2008 the tariff deficit ex ante was set at EUR 1.2 billion. In June 2008, the Spanish government's attempt to close the securitization of EUR 2.7 billion tariff deficit (2007 and first quarter of 2008) was closed with an amount of EUR 1.3 billion, which only correspond to the real 2007 tariff deficit. The cash proceed received by HC in July due to this deal was EUR 79 million.

As mentioned below, the increase in Spanish regulated electricity tariffs in the second half of 2008 results in a tariff deficit ex-ante defined for the period April-September of EUR 2.7 billion.

This amount will be added to the EUR 1.4.billion (that were not securitized in June) being expected another attempt to close the securitization of EUR 4.1billion tariff deficit in the end of September.

In what regards the 2006 tariff deficit, even though the final amount to be recovered was not defined yet, a provisional amount is being recovered through the tariffs, during a 15 years period that started in 2007.

In January 2008, electricity tariffs in Spain have been increased 3.3% and an additional 5.6% in July, assuming a 61.1EUR /MWh average wholesale price of electricity during the lasts six months of the year (excluding ancillary services). From July onwards, the Spanish government approved the transfer of high voltage industrial users, excluding the users of the G4 tariff, to the liberalized market, with no possibility of coming back to the regulated price and with a transitional price until they sign new contracts with the supply companies.

IV.2.4. GAS IN IBERIAN PENINSULA

EDP's gas business in Iberia is mainly focused on the regulated distribution segment. Naturgas has increased its presence in the Spanish liberalised market. EDP's assets in this business area include: Naturgas, in Spain (with an indirect shareholding of 63.5%), and in Portugal, Portgás (72%; fully consolidated) and Setgás (19.8%; consolidated by equity method).

Operating Income Statement – Gas in Iberian Peninsula

(EUR million)	1H08	1H07	Δ 08/07
Gross Profit	152.3	141.6	7.6%
Supplies and services	25.0	23.1	8.2%
Personnel costs	13.6	11.9	13.7%
Costs with social benefits	0.3	0.2	20.7%
Other operating costs / (revenues)	1.2	7.0	-82.8%
Operating Costs	40.0	42.2	-5.2%
EBITDA	112.3	99.4	13.0%
EBITDA / Gross Profit	73.7%	70.2%	3.5 pp
Provisions risks and contingencies	2.3	0.3	602.5%
Depreciation and amortization	23.5	21.8	7.9%
Comp. of subsidised assets' depr.	(2.2)	(1.5)	-50.3%
EBIT	88.7	78.7	12.7%
EBIT / Gross Profit	58.2%	55.6%	2.6 pp

IV.2.4.1. Gas – Regulated Activity

Our gas regulated activity includes the EDP Gás' (ex-Portgás) gas distribution concession in the north of Portugal (72% owned by EDP), and Naturgas gas distribution and transmission networks in the Basque Country and Asturias in Spain (63.51% owned by EDP).

Operating Income Statement – Gas Regulated Activity in Iberian Peninsula

(EUR million)	Total		
	1H08	1H07	Δ 08/07
Gross Profit	110.1	106.6	3.3%
Supplies and services	16.9	17.6	-3.5%
Personnel costs	12.1	10.8	12.1%
Costs with social benefits	0.2	0.2	23.2%
Other operating costs / (revenues)	(3.3)	2.0	-
Operating Costs	25.9	30.6	-15.1%
OPEX / Gross Profit	23.6%	28.7%	-5.1 pp
EBITDA	84.1	76.0	10.7%
EBITDA / Gross Profit	76.4%	71.3%	5.1 pp
Provisions risks and contingencies	2.3	0.3	762.8%
Depreciation and amortization	23.3	21.6	8.2%
Comp. of subsidised assets' depr.	(2.2)	(1.5)	50.3%
EBIT	60.8	55.7	9.1%
EBIT / Gross Profit	55.2%	52.2%	3.0 pp

Operating Income Statement – Gas Regulated Activity in Portugal and Spain

(EUR million)	Portugal			Spain		
	1H08	1H07	Δ 08/07	1H08	1H07	Δ 08/07
Gross Profit	27.0	27.2	-0.7%	83.1	79.4	4.6%
Supplies and services	5.6	3.9	40.8%	11.4	13.6	-16.4%
Personnel costs	2.9	2.6	8.0%	9.2	8.1	13.4%
Costs with social benefits	0.0	0.0	-	0.2	0.2	18.0%
Other operating costs / (revenues)	(0.3)	0.9	-	(3.1)	1.2	-
Operating Costs	8.2	7.5	9.1%	17.8	23.1	-23.0%
OPEX / Gross Profit	30.3%	27.6%	2.7 pp	21.4%	29.1%	-7.7 pp
EBITDA	18.8	19.7	-4.5%	65.3	56.3	16.0%
EBITDA / Gross Profit	69.7%	72.4%	-2.7 pp	78.6%	70.9%	7.7 pp
Provisions risks and contingencies	2.0	0.1	-	0.2	0.2	28.7%
Depreciation and amortization	6.7	6.3	7.0%	16.6	15.3	8.7%
Comp. of subsidised assets' depr.	(0.8)	(0.7)	20.4%	(1.4)	(0.8)	77.3%
EBIT	10.9	14.0	-22.3%	49.8	41.6	19.7%
EBIT / Gross Profit	40.4%	51.7%	-11.2 pp	60.0%	52.4%	7.6 pp

Overall, our gas regulated activity showed a 10.7% year on year growth of EBITDA to EUR 84.1 million, reflecting the 3.7% increase in the number of supply points to 863,000 customers (+31,000 customers connected), a 4.6% increase in the extension of our networks to 8,635 Kms and 3.9% increase on volume of gas distributed.

Regulated Revenues – Gas Regulated Activity in Portugal and Spain

(EUR million)	1H08	1H07	% Δ
Spain	75.7	75.8	-0.2%
Transport	8.1	8.2	-1.3%
Distribution	64.0	61.6	4.0%
Regulated Supply	3.5	6.0	-41.8%
Portugal	27.0	27.2	-0.7%
Regulated Revenues	102.6	103.0	-0.3%

In Spain, our gas regulated revenues remained flat at EUR 75.7 million in first half of 2008:

- Gas distribution regulated revenues grew by 4.0% to EUR 64.0 million reflecting 2.1% year on year increase in the number of supply points in our distribution network to 675,000 customers (14,000 additional customers connected), and a 4.0% year on year increase in the extension of our gas distribution network to 5,280 kms. The volume of gas distributed grew 3.9% Year on year comparing with a 0.6% grow of conventional gas demand in the Spanish market.

- Gas transmission regulated revenues fell by 1.3% year on year to EUR 8.1 million, penalised by EUR 0.3 million non-recurrent revenue in first six months of 2007.

- Regulated supply revenues fell 42% year on year to EUR 3.5 million, reflecting the massive transfer of gas consumers from the regulated tariffs to liberalized suppliers, anticipating the end of gas tariffs by June 2008. From July-08 onwards Naturgas became the last resource regulated gas supplier in the Basque and Asturias regions and will continue to supply final clients that opt for continuing to pay the regulated last resource supply tariff based on the CMP reference gas sourcing tariff.

Gross profit in Spain had a positive contribution from other activities not included in regulated revenues, like inspections services and meter rentals reflecting 2x increase from EUR 3.6 million in first six months of 2007 to EUR 7.4 million in first half of 2008, following a change in legislation which allowed the pass-through of the cost of this services from distribution companies to distribution clients, from 2007 onwards.

In Portugal, our gas regulated revenues decreased by 0.7% year on year to EUR 27.0 million, reflecting a provision accounted due to potential accumulated gas losses in meters. This fact offset the good performance in terms of operating figures with a 9.7% year on year increase in the number of supply points to 188,000, the 3.2% growth of gas volumes distributed and a 6.2% increase of the extension of our network to 3,046 kms. Penetration rates and efficiency ratios improved significantly year on year as shown by the ratio clients/Kms, up to 62 in first half of 2008 from 60 in first six months of 2007.

In April 2008, EDP Gás concluded the renegotiation of its concession contract with the Portuguese State, extending the concession period to 40 years (starting in January 1st 2008) and ensuring the maintenance of the concession's economic and financial balance, the remuneration of the distribution activity and the periodic valuation of the respective assets, according to the terms and conditions established by the Portuguese regulator ERSE and considering the regulatory change in the gas distribution sector, which became effective from July 2008 onwards.

Following the release of the regulated revenues for the July-08/June-09 period, there are still some pending issues regarding the pass-through to tariffs of some assumptions agreed in the new concession contract which are expected to be clarified over the current regulatory year. The main assumptions by ERSE regarding the July 2008 to June 2011 regulatory period include the setting of a Regulated Return on Assets of 9%.

Operating costs decreased by 15.1% helped by a EUR 5.9 million non-recurrent capital gain with real estate disposals in Spain included in other operating costs/revenues in first half of 2008.

IV.2.4.2. Gas – Actividade Liberalizada

Our gas liberalised activity includes gas supply business (through Naturgas and HC Energia in Spain and EDP Gás.Com in Portugal) and wholesale gas sourcing activities. EBITDA from gas liberalized activity grew 20.4% year on year, to EUR 28.2 million.

Operating Income Statement – Gas Liberalised Activity in Iberian Peninsula

(EUR million)	1H08	1H07	Δ 08/07
Gross Profit	42.9	35.0	22.5%
Supplies and services	8.7	5.5	58.7%
Personnel costs	1.5	1.2	28.3%
Costs with social benefits	0.0	0.0	4.3%
Other operating costs / (revenues)	4.5	4.9	-9.1%
Operating Costs	14.7	11.6	26.8%
OPEX / Gross Profit	34.4%	33.2%	1.1 pp
EBITDA	28.2	23.4	20.4%
EBITDA / Gross Profit	65.6%	66.8%	-1.1 pp
Provisions for risks and contingencies	-	0.1	-
Depreciation and amortization	0.2	0.3	-21.0%
Compensation of subsidised assets' depreciation	-	-	-
EBIT	27.9	23.0	21.3%
EBIT / Gross Profit	65.1%	65.8%	-0.7 pp

Our gas sourcing activity is currently based on an existing 4.8bcm/year portfolio of long term contracts which include 4 contracts currently at cruise speed in terms of deliveries (1bcm/year with Trinidad & Tobago, currently swapped with Gas Natural, 0.5bcm/year with ENI, 1.2bcm/year with Galp and 0.5bcm/year with Gas Natural) and a new contract of 1.6bcm/year with Sonatrach, signed in 2007, with deliveries starting in April 2008, which is expected to reach cruise speed by 2010.

This portfolio of gas sourcing contracts is managed on an integrated way taking into consideration the fuel needs of our current 2,000 MW CCGT fleet, the 1,200 MW CCGT capacity currently under construction and other retail gas supply activity in Spain and Portugal. The 49% year on year increase in the volume of gas sourced in first half of 2008 is related with an integrated management of the existing contracts and the delivery of the first gas volumes by Sonatrach in April 2008.

The volume of gas sold to clients in the retail liberalized market grew by 49% Year on year versus a 11.7% year on year increase of conventional gas demand in the Spanish gas liberalized market. This growth rate clearly above market average was similar both in the industrial segment, with the closing of new contracts with some large clients, and in the residential segment, following a 54% increase in the number of clients. Note that gas supply tariffs ended in Spain by June 2008, and this fact has been a key driver from the massive switching of clients from the regulated tariff system to the liberalized market. This increase of market share both in terms of volumes and number of customers reflects the growth of our competitive gas sourcing portfolio and the strong commercial capabilities of our Naturgas/HC Energia commercial platforms in Spain.

Our average gross margin per MWh sold in gas supply decreased by 6.3% Year on year, due to an increase in the average purchase cost in line with the movement of CMP. The increase of operating costs, mainly in supplies and services, is related to the reinforcement of commercial platform in Spain, namely through higher marketing and commercial team costs.

IV.2.5. BRAZIL

EDP's activities in Brazil, through Energias do Brasil (owned 64.8% by EDP), where negatively affected by the reduction of the amount of regulatory receivables recovered in first half of 2008 and the adverse tariff revisions for the new regulatory periods. In first half of 2008, Energias do Brasil's contribution to consolidated EBITDA benefited from 4.0% appreciation of the Real against the EUR o, with an average BRL/EUR o rate of 2.72 in first six months of 2007 evolving to 2.61 in first half of 2008 (+EUR 12 million impact at the EBITDA level).

Operating Income Statement – Energias do Brasil

(BRL million)	Consolidated		
	1H08	1H07	Δ 08/07
Gross Profit	1,195.8	1,373.1	-12.9%
Supplies and services	201.4	191.4	5.2%
Personnel costs and soc. benefits	160.3	156.1	2.7%
Other operating costs/(revenues)	56.2	147.3	-61.8%
Operating Costs	417.9	494.8	-15.5%
EBITDA	777.9	878.3	-11.4%
EBITDA / Gross Profit	65.0%	64.0%	1p.p.
Prov. for risks and contingencies	11.9	19.6	-39.6%
Depreciation and amortization	306.5	153.5	99.7%
Comp. of subsid. assets' depreciat	(12.9)	(13.3)	3.6%
EBIT	472.4	718.5	-34.3%
EBIT / Gross Profit	39.5%	52.3%	-13p.p.

In first half of 2008, Energias do Brasil's EBITDA decreased by 11.4% to BRL 777.9 million. EBITDA in generation activity increased by 49.7% year on year impacted by a one-off increase in electricity sales by Enerpeixe in first quarter of 2008, taking advantage of higher prices in the residual market, and by an increase in the average selling price due to the readjustment of some contracts and the start of new contracts with higher prices. In distribution, EBITDA decreased by 30.5% driven essentially by: i) impact of tariff revisions occurred in our distribution companies, ii) energy costs higher than the ones considered on tariff assumptions and iii) the decrease in receivement through tariffs of regulatory receivables accumulated in previous years which was partially offset by iv) demand growth. Excluding non recurrent tariff deviations normalized EBITDA in distribution would have decreased 22.1%, to BRL 503.6 million. EBITDA of liberalized supply increased by 18% year on year, following an increase by 29% in the average selling price of supply market.

Operating costs of Energias do Brasil decreased by 15.5%. Excluding one-offs (regulatory costs which in first six months of 2007 are compensated at the gross profit level), operating costs decreased by 3.4% bellow inflation 13.4% (IGP-M 12 months):

a) supplies and services' increase of 5.2%, essentially due to: i) the increase in expenditure with maintenance of distribution networks due to market expansion and ii) operating efficiency programs, IT expenses, call centers and customer services;

b) a 61.8% decrease in "Other operating costs" is explained by: i) one-off regulatory costs which in first six months of 2007 had been compensated at the gross profit level and ii) a decrease in provisions for doubtful clients in distribution. Excluding the one-off cost booked in first six months of 2007, "Other operating costs" would have decreased by 35%.

Depreciation and amortization of Energias do Brasil increased by 100% due to an accelerated amortization (impairment) of Enersul by an amount of EUR 49.6 million (BRL 130 million) as a result of regulatory imports.

In June 2008, Energias do Brasil and Grupo Rede agreed to an asset exchange which object consists in a swap of Enersul by the company shareholdings owned on Rede Lajeado which assure a managing control position in Lajeado Hydro plant (902.5 MW). This operation's closing will be subject to approval by the Brazilian energy sector regulator.

Operating Income Statement by Business Area – Energias do Brasil

(BRL million)	Distribution			Generation			Supply		
	1H08	1H07	Δ 08/07	1H08	1H07	Δ 08/07	1H08	1H07	Δ 08/07
Gross Profit	823.9	1,097.5	-24.9%	330.8	239.7	38.0%	41.1	37.0	11.2%
Supplies and services	170.8	165.4	3.3%	15.9	16.8	-5.3%	2.4	2.1	13%
Personnel costs and soc. benefits	138.9	125.6	10.6%	12.4	14.2	-12.4%	2.4	4.2	-42%
Other operating costs/revenues	41.6	126.1	-67.0%	8.3	12.2	-31.9%	1.5	6.4	-76%
Operating Costs	351.3	417.0	-15.8%	36.7	43.2	-15.1%	12.4	12.7	-2.6%
EBITDA	472.6	680.5	-30.5%	294.1	196.5	49.7%	28.7	24.3	18%
EBITDA / Gross Profit	57.4%	62.0%	-4.6p.p.	88.9%	82.0%	6.9p.p.	69.9%	65.6%	4.3p.p.
Prov. for risks and contingencies	11.4	19.6	-41.9%	0.5	0.0	-	-	-	-
Depreciation and amortization	128.6	111.7	15.1%	40.1	34.1	18%	0.1	0.2	-6.6%
Comp. of subsid. assets/depreciat	(12.9)	(13.3)	3.6%	-	-	-	-	-	-
EBIT	345.4	542.5	-36.4%	253.6	162.4	56.2%	28.6	24.1	18.7%
EBIT / Gross Profit	41.9%	51.2%	-9.3p.p.	76.7%	67.7%	8.9p.p.	69.5%	65.2%	4.3p.p.

IV.2.5.1. Generation and Supply in Brazil

In first half of 2008, Energias do Brasil had an installed capacity of 1,044 MW. The generation volumes sold increased by 11.7% is explained by higher energy availability in the Group's power plants and a seasonal increase of energy sales in the first quarter of 2008 by Enerpeixe which allowed it to take advantage of higher prices in the residual electricity market in first quarter of 2008. As referred in 1Q07 results release, this effect will be smoothed in the following quarters. The electricity generated increased by 10.1% due to maintenance works in Lajeado during first six months of 2007.

Gross Profit – Generation in Brazil

(BRL million)	1H08	1H07	Δ 08/07
Lajeado (27.65%)	42.1	44.5	-5.4%
Enerpeixe	181.0	124.3	45.6%
Enersul (13 Hydro plants)	107.8	70.9	52.0%
Total	331	240	38.0%

On July 2008, Energias do Brasil announced that the construction of Pecém coal plant has started, project in which it holds a 50% stake in partnership with MPX Mineração e Energia. The conditions contracted in the electricity auction promoted by the Brazilian regulatory authorities include the availability of an installed capacity of 615 MW for a 15-year term starting in January 2012 and a gross profit of BRL 417.4 million per year (amount at 2007 nominal prices to be updated at inflation) with the full pass through of fuel costs. According to the engineering and procurement signed with suppliers, the new plant will represent a USD 1.2 billion capex. The project should be financed with 75% of long term debt with the Brazilian development bank BNDES and in the market. Until the end of 2008, we expect an estimated capex to the construction of Pecém around BRL 300 million.

This year, Energias do Brasil has established a new business unit, EDP Renováveis Brasil (EDP Renováveis 55%; Energias do Brasil 45%), which will hold the company's investments in renewable sources of energy in South America. In June 2008, EDP Renováveis Brasil acquired 100% of CENAEEL for BRL 51.3 million (Enterprise Value). CENAEEL has 2 wind farms currently in operation with an installed capacity of 13.8 MW. The energy is contracted through Proinfa (9 MW) and a bilateral agreement (4.8 MW). Besides the operating sites, there is also a 70 MW expansion project that could be developed.

EDP Renováveis Brasil is developing feasibility studies in partnership with Cemig to analyze the potential implementation of 500 MW wind farms in the States of Minas Gerais and Espírito Santo. Energias do Brasil has also entered into a Memorandum of Understanding with the Government of Espírito Santo that foresees the analysis of projects with a combined capacity of more than 200 MW.

On April 2008, Energias do Brasil signed an agreement with Petrobras for the supply of natural gas to UTE Resende and UTE Norte Capixaba projects (1,000 MW). However, the actual sale of the energy to be generated by the two CCGT's projects will depend on the commercial and financial terms attained in the auction.

Regarding new hydro capacity, the installation license to begin the construction of Santa Fé mini-hydro was issued in the beginning of October 2007. Santa Fé will have an installed capacity of 29 MW (assured energy of 16 MW) and should start-up in Jul-09. The total estimated investment for the construction is BRL 120 million.

Additionally, ANEEL ratified a 17.5 MW and a 5 MW power upgrade in the Mascarenhas and Rio Bonito Hydro Plant. The additional capacity should be fully operational by the end of 2009. The ratification process for the 2.3 MW power upgrade to Suíça Hydro Plant is currently in progress, and should be operational in 2009. Assured energy from both power upgrades (11.7 average MW) has been contracted in the liberalised market at BRL 130/MWh.

Moreover, Energias do Brasil is also carrying out feasibility studies for new hydro projects with a total installed capacity of 1,439 MW.

Electricity volumes sold to liberalized customers decreased 1.4% year on year but the electricity spot market price had an average increase of 29% which allowed a margin improvement supported by a growth in the gross profit of Enertrade of 11.2%.

IV.2.5.2. Distribution in Brazil

The gross profit of the Distribution Companies in first half of 2008 decreased 24.9% impacted by: (3) higher than expected energy costs versus the ones assumed in tariffs' calculation which will be recover in the next annual tariff revisions, (2) tariff revisions occurred in our distribution companies and (4) the decrease year on year in cash-in through tariffs of regulatory receivables accumulated in previous years which were partially offset by (1) a 2.6% year on year growth of electricity distributed volumes. On a normalized base, gross profit decrease by 7.9% year on year.

Gross Profit – Distribution Activity in Brazil

(BRL million)	Distribution		
	1H08	1H07	Δ 08/07
IFRS Gross Profit	824	1,098	-24.9%
Rationing Losses and Parcela A	(11)	(94)	88.9%
Adjustments of Tariff Revisions	-	(39)	-
Tariff dev. in recuperation	(113)	(75)	-51.0%
Tariff dev. to be recovered	31	(34)	-
Others	38	(20)	-
Brazilian GAAP Gross Profit	770	835	-7.9%
Regulatory Receivables	115	425	-73.1%

1. Recurrent growth of electricity distribution gross profit: Total electricity distributed by Energias do Brasil increased 2.6% year on year supported by an increase in the number of clients (5.1%), an increase of consumption per capita and reflecting a strong economic growth namely at Bandeirante and Escelsa regions.

2. Tariff revisions: New regulatory period for all distribution companies set a decrease in tariffs (see table).

3. Negative tariff deviation: Distribution gross profit in first half of 2008 includes a BRL 31 million negative tariff deviation from energy procurement costs higher than the ones set in the regulator's assumptions for tariff calculation. Note that in first six months of 2007 distribution gross profit recorded a BRL 34 million positive tariff deviation. These non recurrent component of gross profit will be recovered to the system through a positive impact in the next annual tariff adjustment.

4. Recovery through tariffs of regulatory receivables accumulated in the past: The regulatory receivables which the system owed us due to lower than expected gross profit in past periods and that our distribution activity is recovering through tariffs decreased 55% year on year from BRL 229 million to BRL 103 million. In first half of 2008, our distribution activity had total regulatory receivables of BRL 115 million, which should be recovered over the next quarters, meaning that Energias do Brasil distribution gross profit is expected to continue to be positively impacted by the cash-in through tariffs of these receivables.

IV.3. EDP'S MAIN RISKS FOR THE SECOND SEMESTER OF 2008

The EDP Group maintains a low level of risk, because on the one hand, the lower exposure of its lines of business to market risk and, secondly, because of its policy of further growth in low risk activities, including renewable generation, and implementation of appropriate hedging policies to mitigate the financial risks of fuel and price and volume of electricity purchased or sold into market. Also, the structure of the risk management of the Group ensures a continuous assessment of regulatory, environmental, credit and operational risks, to ensure its efficient management and anticipation of measures, where appropriate.

In this context it's not expected to register relevant changes in the Group's exposure to risk for the 2nd half of 2008. Rather, the recent public offer of selling of EDP Renováveis, through a capital increase of 1,550 million Euro, has strengthened the structure of capital of EDP Group, which was reflected in the revision of credit rating from Standard & Poor's, from A-negative outlook to stable outlook.

In generation and supply of electricity and gas in the liberalized market in Portugal and Spain, it is expected that the recent rise in fuel prices have a very limited impact on the 2nd half of 2008, resulting from the anticipated buying at fixed prices of: a very high percentage of the expected volume of electricity generation by the power plants of EDP and fuel and CO2 emissions needed to ensure that production, resulting in a very significant reduction of the volatility of gross margin for this business for the 2nd half of 2008.

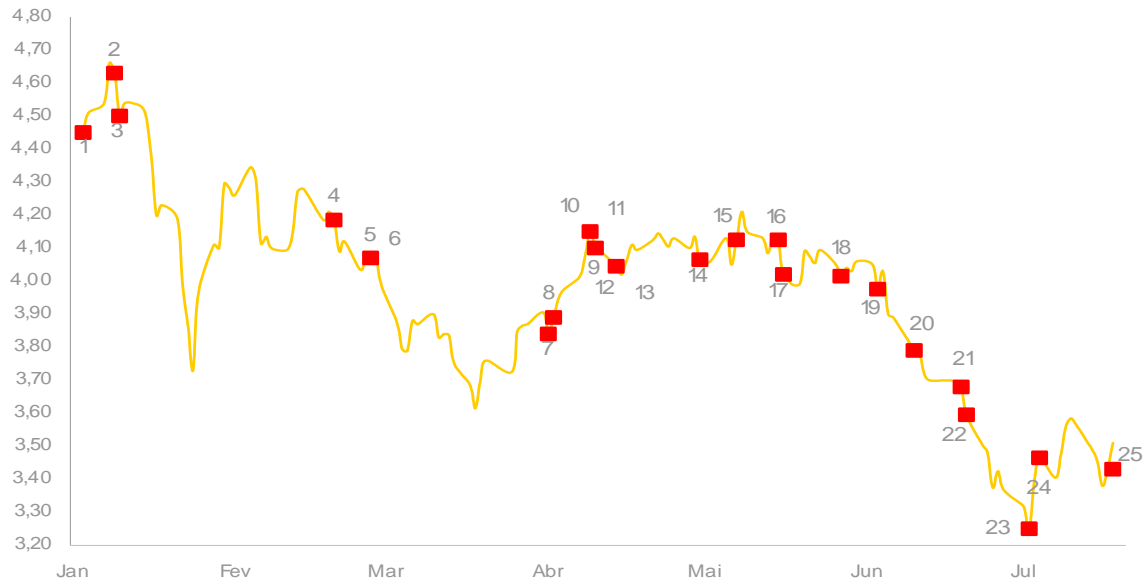
However, it is a source of concern this unfavourable global economic scenario, coupled with the rising price of fuel and inflation, about what is predicted to have more impact in 2009, although moderate, in Portfolio business of EDP. Indeed, it has to be noted:

- **Increase in fuel prices.** The questions that arise are closing positions on the market for 2009, currently under review within the policy of hedging that has been practicing. Similarly, the forecasts for the increase in the price of electricity anticipates a continuous loss of competitiveness of the liberalized market.
- **Amendment of the regulatory landscape for the supply of electricity to end consumer customers.** As is known there is a goal to finish with the system of regulated tariffs set administratively, except in terms of last resort. Tariffs. This action is already felt in the Spanish market (end of the regulated tariff of high tension on July 1, 2008) and is expected to be deepened in 2009 and launched in the Portuguese part of MIBEL. The Group considers this a positive development as it provides the setting of prices through competitive positions in market and the planned harmonization of rules of MIBEL, between Portugal and Spain. EDP Group is prepared to act in the new framework, both in terms of its commercial position, or the adjustment of positions in its Trading portfolio. This last activity is key to the optimization of the means of generation of the Group, and the creation of value to an acceptable level of risk, through the appropriate balancing of hedging and the close coordination of positions with Commercial activity, with respect to hiring end consumers customers.
- **Slowdown in growth of electricity consumption in the Iberian market.** This is the result of the slowdown in economic growth, with little immediate significance in our sales in markets, and even less in the activities covered;

- **During the 2nd half of 2008, EDP will continue to develop its ambitious program of organic growth:** the construction of an average installed capacity of wind 1.4GW per year in the U.S. and EU, the start of the program of building more than 1200 MW of hydro capacity in Portugal between 2008 and 2014, the construction of 800 MW of capacity to CCGT's in Lares, Portugal with entry into operation planned for the 3rd quarter of 2009, and the construction of new coal plant in Pécem, Brazil with entry in operation scheduled for 2012. The high volume of work being done at the level of construction of new production capacity, is undoubtedly a major challenge over the next six months to ensure the entry of these plants in operation within the due dates and in line with the estimated costs.
- **Amendment of the European regulatory landscape.** It is known the need to stabilize a regulatory framework at EU level to simplify processes and motivate companies to invest in this geographical area regarding a fair return on those investments and a clear level of risk within their environmental policies and organizational structure markets. The most complex relate to the technological options for the replacement of thermal power wrecks and modernization which drags in itself a positive effect on reducing CO2 emissions, and the need of new production of this type. For the moment this question is not relevant to the Group as it has privileged the effort of investment in renewable generation and in power plants with the best available technology - combined cycle gas turbine (CCGTs) - both in terms of energy efficiency, and environmental.

V. PERFORMANCE OF EDP ON THE STOCK MARKET

Main events affecting EDP's share price



#	Date	Description
1	2-Jan	Horizon closes a USD 600 million transaction with institutional equity investors
2	8-Jan	EDP launches tender for the Alqueva Hydro plant repowering
3	9-Jan	Energias do Brasil has new board
4	19-Feb	EDP acquires 1,050MW of early wind projects in the USA
5	26-Feb	EDP exercises put option over 40% of Edinfor
6	26-Feb	EDP establishes new renewable energy unit in South America
7	31-Mar	EDP transfers the right to receive the Portuguese tariff deficit related to 2006 and 2007
8	1-Apr	Construction and operation of Foz Tua hydro plant awarded to EDP
9	8-Apr	EDP acquires wind assets from EOLE76 Group in France
10	9-Apr	EDP and IFC agree a framework for mutual cooperation
11	9-Apr	IFC notifies EDP of a 2% ownership in EDP's share capital
12	11-Apr	ANEEL approves the 2008 tariff reset for Eversul
13	11-Apr	Portgás executes concession agreement for regional distribution of gas in the northern area of Portugal
14	29-Apr	EDP signed credit facility for €925m
15	6-May	EDP sells its stakes in Turbogás and Portugal
16	14-May	EDP to purchase from Acciona up to 782 MW of wind turbines to be delivered in 2009-2011
17	15-May	EDP Renováveis announces launch of its IPO at a price range of €7.40 to €8.90 per share
18	26-May	ERSE withdraw allowed revenues associated to meters in electricity distribution
19	2-Jun	EDP Renováveis sets subscription price for its IPO shares at 8 euros per share
20	9-Jun	EDP and Sonatrach sign a memorandum of understanding for a potential partnership in Latin America
21	18-Jun	Energias do Brasil and Grupo Rede agree to an asset exchange which reinforces EDP Group's position in power generation in Brazil
22	19-Jun	Competition Authority authorises operation of Alqueva and acquisition of mini-hydropower by EDP
23	1-Jul	EDP starts construction of Baixo Sabor hydro plant and repowering of Alqueva
24	3-Jul	Standard & Poor revised outlook on EDP from negative to stable
25	17-Jul	Construction of Fridão and Alvão hydro plants in Portugal awarded to EDP

Capital Market Indicators

	1H2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
EDP Shares on Euronext Lisbon (euros)											
Opening price						158	2,43	3,52	3,50	3,79	3,49
Closing price						2,09	1,59	2,44	3,52	3,47	3,75
Peak price						2,14	2,50	3,64	4,22	4,36	4,99
Minimum price						1,38	1,47	2,29	3,10	2,82	3,40
EDP share price adjusted for share capital increase (euros) (1)											
Opening price	4,48	3,84	2,60	2,22	2,01	1,52	2,33	3,38	3,36	3,64	3,35
Closing price	3,32	4,47	3,84	2,60	2,23	2,01	1,53	2,34	3,38	3,33	3,60
Peak price	5,00	5,00	3,86	2,68	2,42	2,06	2,40	3,50	4,05	4,19	4,79
Minimum price	3,79	3,79	2,58	2,04	1,93	1,33	1,41	2,20	2,98	2,71	3,26
Variation in share price and reference indices											
EDP Shares (1)	(26%)	16%	48%	17%	11%	31%	(35%)	(31%)	2%	(8%)	8%
PS120	(32%)	16%	30%	13%	13%	16%	(26%)	(25%)	(13%)	9%	25%
Dow Jones Eurostoxx Utilities	(16%)	18%	36%	26%	25%	10%	(27%)	(11%)	7%	(5%)	32%
Euronext 100	(21%)	3%	19%	23%	8%	13%	(33%)	(20%)	-	-	-
Liquidity of EDP shares on the markets											
Volume on Euronext Lisbon (EUR million)	6.050,1	21.256,5	12.812,5	5.639,4	5.470,9	2.800,2	2.489,5	3.475,5	4.535,4	3.450,1	4.364,0
Mean daily volume (EUR million)	48,0	83,4	50,2	21,9	21,1	11,0	10,1	14,1	18,4	13,9	17,6
Number of shares traded (million) (2)	1500,0	5.079,7	4.080,9	2.505,2	2.477,2	1.587,5	1.294,2	1.228,9	1.308,4	1.024,2	1.078,0
Total number of shares issued (million)	3.656,5	3.656,5	3.656,5	3.656,5	3.656,5	3.000,0	3.000,0	3.000,0	3.000,0	3.000,0	3.000,0
Privatised shares at the end of the year (million)	2.936,2	3.096,2	3.096,2	3.096,2	2.936,2	2.099,1	2.099,1	2.099,1	2.099,1	1.499,1	1.499,1
% of capital already privatised	80%	85%	85%	85%	80%	70%	70%	70%	70%	50%	50%
Number of own shares held (treasury stock) as at 31 De	26,1	15,5	7,1	17,3	14,3	21,4	17,4	11,7	2,4	1,8	0,0
Annual rotation of capital (privatised shares)	51,1%	164,1%	1318%	85,0%	84,4%	75,6%	61,7%	58,5%	62,3%	68,3%	719%
EDP Market Value (EUR million)											
Market appreciation at the end of the financial year	12.121,4	16.344,7	14.041,1	9.507,0	8.154,1	6.270,0	4.770,0	7.320,0	10.560,0	10.398,0	11.250,0
Total shareholder profitability											
Annual variation in share price (1)	(1,16)	0,63	1,24	0,37	0,22	0,48	(0,82)	(10,4)	0,05	(0,27)	0,26
Gross dividend distributed per share in the year	0,125	0,110	0,100	0,092	0,090	0,090	0,113	0,140	0,140	0,140	0,130
Total shareholder profitability	-23%	19%	52%	21%	16%	37%	-30%	-27%	6%	-4%	12%
Dividends											
Dividend per share	-	0,125	0,11	0,10	0,092	0,090	0,090	0,113	0,140	0,140	0,140
Dividend yield	-	2,8%	2,9%	3,8%	4,1%	4,3%	5,7%	4,6%	4,0%	4,0%	3,7%

(1) In order to ensure comparability, prices for EDP shares prior to 9 November 2004 have been adjusted to show EDP share capital increase rights in 2004.

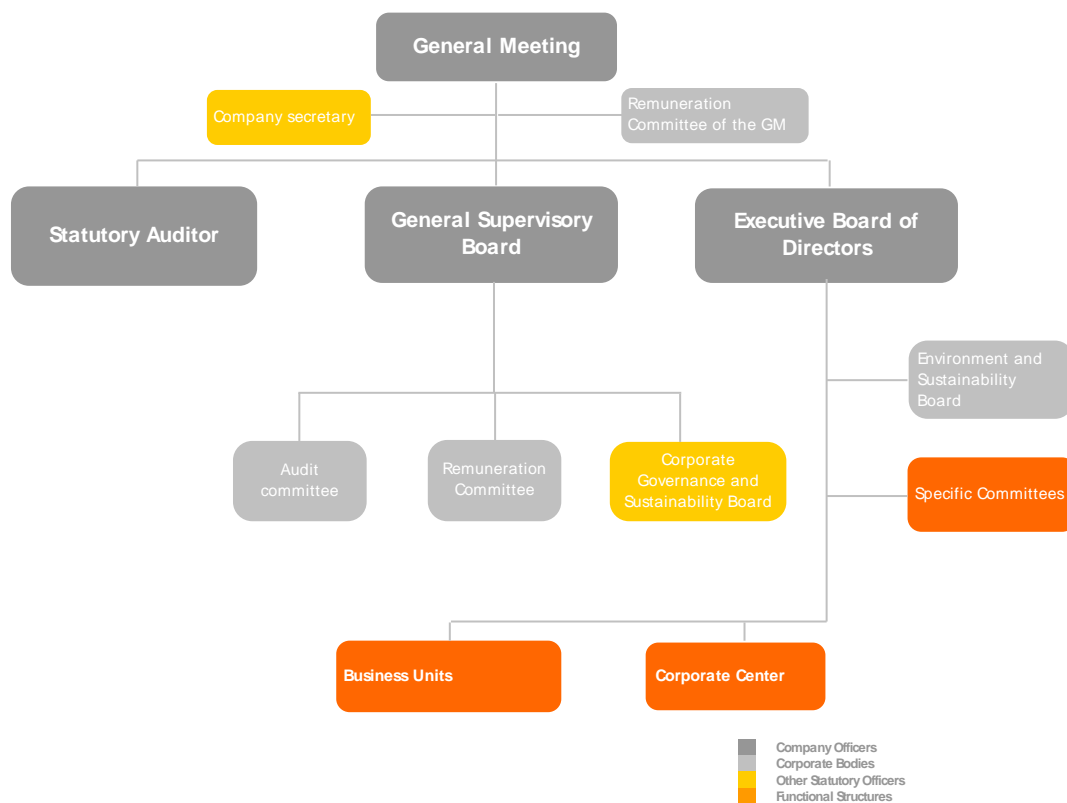
(2) The number of shares traded has been adjusted to keep the Daily Business Volume unchanged after the adjustment of the share price referred to in (1)

VI. CORPORATE BODIES

In 2006, EDP adopted a two-tier model involving an Executive Board of Directors responsible for the management of the company, supervised by the General Supervisory Board.

The statutes of EDP, entirely rewritten in 2006, incorporate key recommendations on transparency and efficiency applicable to corporate governance and include modern guidelines on corporate governance.

VI.1. Company structure



VI.2. Corporate Bodies

VI.2.1. General Meeting

The General Meeting of Shareholders is the body that represents the shareholders. The officers of the General Meeting are the Chairman and Vice-Chairman, elected by the General Meeting, and the Company Secretary.

Board of General Meeting	
Chairman	Rui Eduardo Ferreira Rodrigues Pena
Vice-Chairman	António Bernardo de Menezes e Lorena de Sêves
Company Secretary	Maria Teresa Isabel Pereira

VI.2.2. General Supervisory Board

The EDP General Supervisory Board monitors and oversees, on a permanent basis, the activities of the EDP management, cooperating with the Executive Board of Directors and the various other corporate bodies and officers to pursue the interests of the company, under the terms stipulated in the Companies Code and in its Articles of Association.

Under the terms of the Articles of Association, the current General Supervisory Board, which took office on 30 June 2006, has a mandate of 3 years. The Board is composed of 17 members, a majority of whom are independent, and who fulfil the qualification and experience requirements set forth in the legislation or regulations applicable to EDP.

Ordinary meetings of the General Supervisory Board are held at least once every quarter and extraordinary meetings take place whenever convened by the Chairman, either on his own initiative or at the request of any of its members, the Executive Board of Directors or its Chairman. In the first half of 2008, the General Supervisory Board met 6 times.

General Supervisory Board		
Chairman	António de Almeida	
Vice-Chairman	Alberto João Coração de Castro	Independent
	António Francisco Santos de Sousa Gomes	Independent
	Carlos Jorge Ramalho Santos Ferreira	
	Diogo Campos Barradas de Lacerda Machado	Independent
	Eduardo de Almeida Catroga	Independent
	Fernando Manuel Barbosa Faria de Oliveira	
	Manuel Menéndez Menéndez (em representação da Cajastur Inversiones, S.A.)	
	José Maria Espírito Santo Silva Riccardi	
	Khalifa Abdulla Kamei Al Romaithi	Independent
	Manuel Fernando de Macedo Alves Monteiro	
	Mohamed Meziane (em representação da Sonatrach)	
	Rui Eduardo Ferreira Rodrigues Pena	Independent
	Vasco Maria Guimarães José de Mello	
	Vital Martins Moreira	Independent
	Vitor Domingos Seabra Franco	Independent
	Vitor Fernando da Conceição Gonçalves	Independent

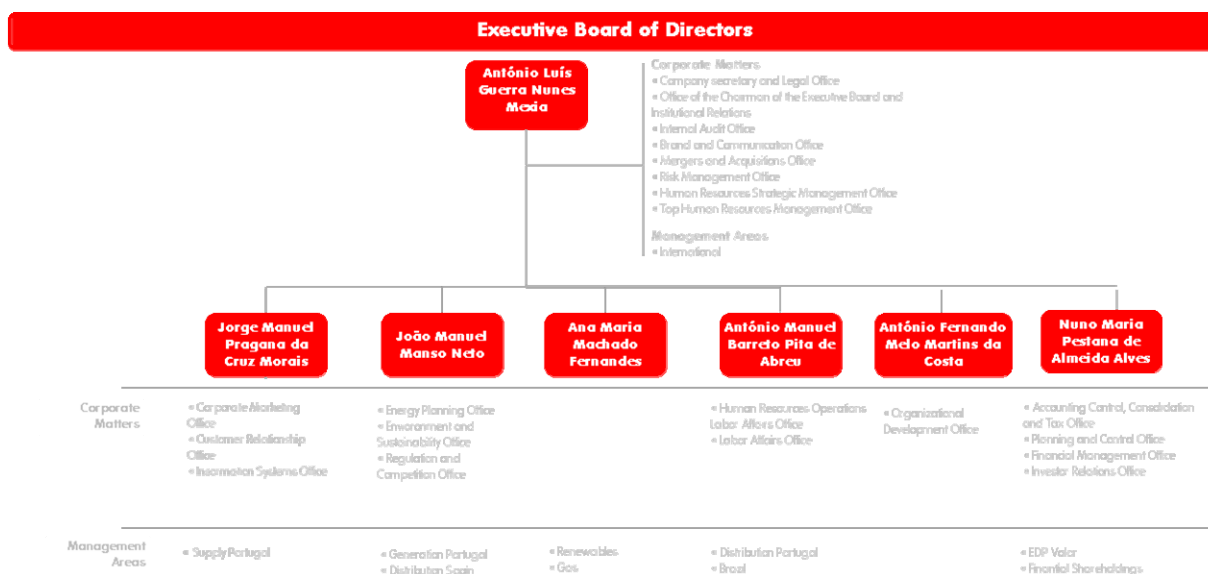
During the first half of 2008, the Annual General Meeting held on 10 April 2008 resolved to elect as members of the General and Supervisory Board, until the end of the 2006-2008 mandate: Cajastur Inversiones, S.A., a company incorporated under Spanish law; Mr. Carlos Jorge Ramalho dos Santos Ferreira; Mr. Fernando Manuel Barbosa Faria de Oliveira; and Mr. Khalifa Al Romaithi. In July 10, 2008, Cajastur Inversiones, S.A., appointed Mr. José Maria Brandão de Brito as representative to exercise the office in replacement of Mr. Manuel Menéndez Menéndez, who resigned to such function.

VI.2.3. Executive Board of Directors

The Executive Board of Directors is responsible for managing corporate affairs under the terms of the Portuguese Companies Code and the Articles of Association and is elected by shareholders at the General Meeting. The Executive Board of Directors is composed of 7 members. The Executive Board of Directors met 21 times in 2007.

The Executive Board of Directors is organised according to the following management areas and corporate themes:

:



VI.2.4. Remuneration Committee of the GM

The Remuneration Committee, elected at the General Meeting, is responsible for setting the remuneration of members of the corporate bodies, with the exception of the members of the Executive Board of Directors.

Remuneration Committee of the GM	
Chairman	Jose Manuel Aroner Carvalho - Irelis
	Parpublica

VI.2.5. Environment and Sustainability Committee

The Environment and Sustainability Board has certain consultative powers, especially in terms of providing the Executive Board of Directors with advice and support to define the company's environmental and sustainability strategy and issuing opinions and recommendations on the environmental impact of projects planned by the EDP Group.

The Environment and Sustainability Board is composed of four recognised experts in the field of environmental protection, elected by the General Meeting:

Environment and Sustainability Board	
	Jose Manuel da Silva
	Miguel S. Aubyn
	Madalena Presumido
	Graça Martinho

VI.2.6. Statutory Auditor

The company's Statutory Auditor is responsible for examining the reporting of accounts and is elected by the General Meeting.

Statutory Auditor	
Permanent	KPMG & Associados, SROU, S.A. - representada por Jean-eric Gaign, ROC
Deputy	Vitor Manuel da Cunha Ribeiro, ROC

VI.2.7. Company Secretary

The Company Secretary and his/her deputy are appointed by the Executive Board of Directors, exercise the powers set forth for them in the law and complete their terms at the same time as the Executive Board of Directors that appointed them.

Company Secretary	
Permanent Secretary	Maria Teresa Isabel Pereira
Deputy Secretary	Maria Virginia Bastos dos Santos

VI.2.8. Specialised Committees of the General Supervisory Board

Audit Committee

The Audit Committee is responsible for financial matters, the creation of such a body being mandatory for security-issuing companies listed on Euronext Lisbon, in accordance with Article 444.2 of the Companies Code.

In accordance with the model of corporate governance adopted by EDP, the Audit Committee forms part of the General Supervisory Board. It is composed of a minimum of three suitably qualified and experienced independent members, including at least one member with an advanced degree in auditing or accounting.

The current members of this committee are:

Audit Committee	
Chairman	Vitor Fernando da Conceição Gonçalves
	António Francisco Barroso de Sousa Gomes
	Manuel Fernando de Macedo Alves Monteiro
	Vitor Domingos Seabra Franco

Since it was formed in 2003, under the previous model of governance, the Audit Committee has always taken into account criteria related to the independence of its members, such as the inexistence of any employment relationship or contractual tie with EDP and its subsidiaries, or with shareholders with a holding of 2 percent or more, or with entities in a subsidiary or group relationship with such shareholders.

The Audit Committee met 9 times in the first half of 2008.

Remuneration Committee

The Remuneration Committee is a specialised committee of the General Supervisory Board whose duties involve setting the remuneration policy for the Chairman and other members of the Executive Board of Directors. It is separate from the Remuneration Committee appointed by the General Meeting, which is responsible for setting the remuneration policy for the remaining corporate bodies.

The Remuneration Committee is composed of suitably qualified and experienced members of the General Supervisory Board, a majority of whom are independent.

Remuneration Committee	
Chairman	Alberto João Coraceiro de Castro
	Eduardo de Almeida Catroga
	Vasco Maria Guimarães José de Mello

Corporate Governance and Sustainability Committee

The Corporate Governance and Sustainability Committee is a specialised committee of the General Supervisory Board, with the role to permanently monitor and supervise issues related to the corporate governance.

The Corporate Governance and Sustainability Committee is composed by 7 members of the General Supervisory Board of suitably qualified and experienced, a majority of whom are independent

Corporate Governance and Sustainability Committee	
Chairman	António de Almeida
	Alberto João Coraceiro de Castro
	Diogo Campos Barradas de Lacerda Machado
	José Maria Espírito Santo Silva Ricciardi
	Manuel Fernando de Macedo Alves Monteiro
	Vital Martins Moreira
	Vitor Domingos Seabra Franco

VII- EDP SHAREHOLDER STRUCTURE, MEMBERS OF THE MANAGING AND SUPERVISORY BOARD TRANSACTIONS AND TREASURY STOCK TRANSACTIONS

VII.1.1. EDP Shareholder Structure

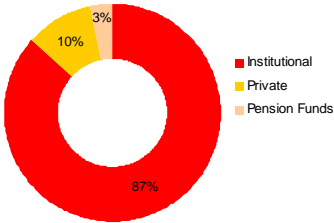
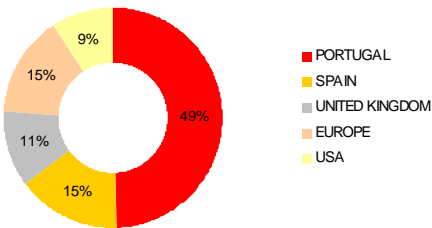
Qualifying Holdings

In accordance with Article 8.1e) of CMVM Regulation 4/2004, the following information is provided on the qualifying holdings of EDP shareholders in the first half of 2008:

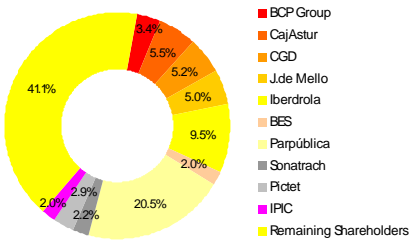
EDP Shareholder Structure			
Shareholders	Nº of Shares	% Capital	% Vote
PARPÚBLICA - Participações Públicas, SGPS, S.A.	749,323,856	20.49%	20.64%
IBERDROLA - Participações, SGPS, SA	347,371,083	9.50%	5.00%
CAJA DE AHORROS DE ASTURIAS (CajAstur)	202,250,158	5.53%	5.00%
CAIXA GERAL DE DEPOSITOS, S.A.	191,588,030	5.24%	5.00%
José de Mello - Soc. Gestora de Participações Sociais, S.A.	181,975,120	4.98%	5.00%
Grupo BCP + FUNDO DE PENSÕES DO GRUPO BCP	123,109,099	3.37%	3.39%
Pictet Asset Management	104,396,422	2.86%	2.88%
Sonatrach	81,713,076	2.23%	2.25%
BANCO ESPÍRITO SANTO, S.A.	73,317,240	2.01%	2.02%
IPIC	73,130,755	2.00%	2.01%
EDP (Ações próprias)	26,069,995	0.71%	-
Restantes Accionistas	1,502,292,881	41.09%	-
Total	3,656,537,715	100.00%	-

Note: In accordance with the made use one in nº 3 of the Art. 14º of the Partnership contract of the EDP will not be considered the inherent votes to the category shares, emitted for a shareholder, in proper name or as representative of another one, that 5% of the totality of the corresponding votes to the capital stock issued

The breakdown of the EDP shareholder structure by geographical area and investor type was as follows in the first six months of 2008:



Shareholder Structure



VII.1.2. Allocation of voting rights pursuant to article 20 of the Portuguese Securities' code

Shareholders	N.º of Shares	% Capital	% Vote
GRUPO CAIXA GERAL DE DEPÓSITOS			
Caixa Geral de Depósitos	187,027,165	12.45%	-
CGD Pension Fund	1,471,229	0.10%	-
Companhia de Seguros Fidelidade Mundial, S.A.	2,825,683	0.19%	-
Comp. Seg. Fidelidade Pension Fund	39,099	0.00%	-
Império Bonança - Companhia de Seguros, S.A.	178,881	0.01%	-
Via Directa - Companhia de Seguros, S.A.	13,490	0.00%	-
Cares - Companhia de Seguros, S.A.	21,800	0.00%	-
Multicare - Seguros de Saúde, S.A.	10,683	0.00%	-
Total	191,588,030	12.75%	5.00%
Caixa Geral de Depósitos holds 100% of the share capital and voting rights of Caixa Seguros, SGPS, S.A., which in turn holds: i) 100% of the share capital and voting rights of Companhia de Seguros Fidelidade-Mundial, S.A., which in turn holds 100% of the share capital and voting rights of Via Directa - Companhia de Seguros, S.A.; ii) 70% of the share capital and voting rights of Império Bonança, SGPS, S.A., which in turn holds 100% of the share capital and voting rights of Império Bonança - Companhia de Seguros, S.A.; iii) 100% of the share capital and voting rights of Cares - Companhia de Seguros, S.A. iv) 100% of the share capital and voting right of Multicare - Seguros de Saúde, S.A.			
CAJA DE AHORROS DE ASTURIAS (CajAstur)			
Cantabrica de Inversiones de Cartera, S.L.	147,402,092	4.03%	-
Caja de Ahorros de Asturias (CajAstur)	54,848,066	1.50%	-
Total	202,250,158	5.53%	5.00%

The company Cantabrica de Inversiones de Cartera, S.L. is fully owned by Caja de Ahorros de Asturias (CajAstur)

JOSÉ DE MELLO - SOC. GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A.

José de Mello Energia, SGPS, S.A.	181,956,526	4.98%	5.01%
Company Officers	18,594	0.00%	0.00%
Total	181,975,120	4.98%	5.01%

The company José de Mello Energia, SGPS,S.A. (formerly known as Baltic, SGPS, S.A.) is fully owned by José de Mello Participações II, SGPS, S.A., the entire share capital of which is held by José de Mello - Sociedade Gestora de Participações Sociais, S.A.

GRUPO BCP + FUNDO DE PENSÕES DO GRUPO BCP

Company Officers	239,498	0.01%	0.01%
Fundação Banco Comercial Português	350,000	0.01%	0.01%
Banco Millennium BCP Investimento, SA	186,479	0.01%	0.01%
Banco Comercial Português, S.A. (Discretionary management)	43,528	0.00%	0.00%
BCP Group Pension Fund	122,289,594	3.34%	3.37%
Total	123,109,099	3.37%	3.39%

BANCO ESPÍRITO SANTO, S.A.

Banco Espírito Santo, S.A.	73,304,026	2.00%	2.02%
Members of corporate bodies	13,214	0.00%	0.00%
Total	73,317,240	2.01%	2.02%

INTERNATIONAL PETROLEUM INVESTMENT COMPANY (IPIC)

Senhora SARL	73,130,755	2.00%	2.01%
Total	73,130,755	2.00%	2.01%

The company Senhora SARL a Luxembourg company that is wholly and directly owned by IPIC, which is a company wholly owned by the government of Abu Dhabi.

VII.1.4. Treasury Stock Transactions

Treasury Stock Transactions	
Acquired Volume	22,900,371
Sold Volume	- 12,342,061
Final Position	26,069,995
Peak price (€)	4.61
Minimum price (€)	2.21
Average Price (€)	4.05

The treasury stock transactions occurred during first half of 2008, did not exceed in net terms 1% of the share capital neither were acquire share capital representing more than 0.05% of the listed capital in the same market session.

VII.1.3. EDP shares held by company officers

In accordance with Article 447, number 5 of the Portuguese Companies Code, transactions of shares belonging to members of the corporate bodies between the year ending on 31 December 2007 and the first half of 2008 was as follows:

	Movements in #108	Average Price Purchase/Sale	N.º of Shares 30-06-2008	N.º Acções 31-12-2007
Board of the General Meeting				
Rui Eduardo Ferreira Rodrigues Pena			1,445	1,445
António Bernardo de Menezes e Lorena de Seves			0	0
Maria Teresa Isabel Pereira ¹⁾	3,065		9,257	9,257
General and Supervisory Board				
António de Almeida			0	0
Alberto João Coração de Castro			4,578	4,578
António Francisco Barroso de Sousa Gomes			4,135	4,135
Carlos Jorge Ramalho dos Santos Ferreira (3)			24,400	24,400
Diogo Campos Barradas de Lacerda Machado			260	260
Eduardo de Almeida Catroga			0	0
Fernando Manuel Barbosa Raria de Oliveira			0	0
José Maria Espírito Santo Silva Ricciardi			0	0
Khalifa Adbulla Kamis Al Romailhi			0	0
Manuel Fernando de Macedo Alves Monteiro			0	0
José Maria Brandão de Brito			0	0
Mohammed Meziane (em representação da Sonatrach)			0	0
Rui Eduardo Ferreira Rodrigues Pena			1,445	1,445
Vasco Maria Guimarães José de Mello			0	0
Victor Domingos Siabira Franco			0	0
Vital Martins Moreira			21,870	21,870
Vitor Fernando da Conceição Gonçalves			3,465	3,465
Executive Board of Directors				
António Luís Guerra Nunes Mexia			1,000	1,000
Ana Maria Machado Fernandes			0	0
António Fernando Melo Martins da Costa			13,299	13,299
António Manuel Barreto Rita de Abreu			34,074	34,074
Jão Manuel Manso Neto			1,268	1,268
Jorge Manuel Pragana da Cruz Morais			12,497	12,497
Nuno Maria Pestana de Almeida Alves	20,000	3.52	20,000	0

Note:

¹⁾ Part of the bonus paid out in shares

VIII. CONDENSED FINANCIAL STATEMENTS

AS OF 30TH JUNE 2008



EDP - Energias de Portugal, S.A.

Condensed Consolidated Financial Statements

(Unaudited)

30 June 2008

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EDP - Energias de Portugal

Unaudited Condensed Consolidated Income Statement for the periods ended 30 June 2008 and 2007

		2008			2007		
	Notes	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		(Thousands of Euros)	(Thousands of Euros)	(Thousands of Euros)	(Thousands of Euros)	(Thousands of Euros)	(Thousands of Euros)
Turnover	5	6,557,260	162,950	6,720,210	5,446,805	180,650	5,627,455
Cost of consumed electricity	5	-3,209,447	-47,879	-3,257,326	-2,287,670	-53,761	-2,341,431
Cost of consumed gas	5	-385,679	-	-385,679	-517,803	-	-517,803
Changes in inventories and cost of raw materials and consumables used	5	-630,146	-2,044	-632,190	-503,907	-1,692	-505,599
		2,331,988	113,027	2,445,015	2,137,425	125,197	2,262,622
Other operating income / (expenses)							
Other operating income	6	109,806	1,823	111,629	49,206	326	49,532
Supplies and services	7	-333,083	-22,143	-355,226	-307,197	-17,418	-324,615
Personnel costs	8	-288,988	-12,511	-301,499	-287,291	-11,129	-298,420
Employee benefits	8	-56,682	-1,183	-57,865	-53,432	-312	-53,744
Other operating expenses	9	-221,418	-36,101	-257,519	-248,215	-34,985	-283,200
		-790,365	-70,115	-860,480	-846,929	-63,518	-910,447
		1,541,623	42,912	1,584,535	1,290,496	61,679	1,352,175
Provisions	10	-14,685	-2,803	-17,488	-39,253	-3,080	-42,333
Depreciation and amortisation expense	11	-626,157	-21,907	-648,064	-515,268	-19,654	-534,922
Compensation of amortisation and depreciation	11	52,193	2,209	54,402	50,290	1,902	52,192
		952,974	20,411	973,385	786,265	40,847	827,112
Gain from the sale of financial assets	12	481,520	-	481,520	-	-	-
Other financial income	13	294,247	8,924	303,171	320,455	7,182	327,637
Other financial expenses	13	-802,840	-11,769	-814,609	-483,393	-14,288	-497,681
Share of profit of associates		18,978	-	18,978	11,114	-	11,114
Profit / (loss) before tax		944,879	17,566	962,445	634,441	33,741	668,182
Income tax expense	14	-178,095	-5,960	-184,055	-164,937	-11,716	-176,653
Profit after taxes and before gains/(losses) from discontinued operations		766,784	11,606	778,390	469,504	22,025	491,529
Gains / (losses) on sale of discontinued operations	44	-	-8,477	-8,477	-	-	-
Net profit / (loss) for the period		766,784	3,129	769,913	469,504	22,025	491,529
Attributable to:							
Equity holders of EDP		703,957	-956	703,001	408,824	13,248	422,072
Minority interests	31	62,827	4,085	66,912	60,680	8,777	69,457
Net profit / (loss) for the period		766,784	3,129	769,913	469,504	22,025	491,529
Earnings per share (Basic and diluted) - Euros	28	0.19	0.00	0.19	0.11	0.01	0.12

USBON, 30 JULY 2008

THE ACCOUNTANT
N.º 17.713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated Balance Sheet as at 30 June 2008 (Unaudited) and 31 December 2007

	Notes	<u>2008</u> (Thousands of Euros)	<u>2007</u> (Thousands of Euros)
Assets			
Property, plant and equipment	15	18,959,478	18,669,477
Intangible assets	16	2,395,018	2,173,141
Goodwill	17	3,053,787	3,048,691
Investments in associates	19	164,639	251,807
Available for sale investments	20	501,114	705,260
Advanced payments for financial investments		58,557	-
Deferred tax assets	21	600,816	687,265
Trade receivables	23	134,222	136,748
Debtors and other assets	24	<u>1,686,145</u>	<u>1,447,033</u>
Total Non-Current Assets		<u>27,553,776</u>	<u>27,119,422</u>
Inventories	22	313,024	282,595
Trade receivables	23	1,507,403	1,622,428
Debtors and other assets	24	1,174,847	669,102
Tax receivable	25	477,624	834,129
Financial assets at fair value through profit or loss	26	37,863	49,034
Cash and cash equivalents	27	1,283,679	864,711
Assets classified as held for sale and discontinued operations	38	<u>836,066</u>	<u>42,386</u>
Total Current Assets		<u>5,630,506</u>	<u>4,364,385</u>
Total Assets		<u><u>33,184,282</u></u>	<u><u>31,483,807</u></u>
Equity			
Share Capital	28	3,656,538	3,656,538
Treasury stock	29	-103,787	-65,741
Share premium	28	501,992	501,992
Reserves and retained earnings	30	1,580,210	1,264,105
Consolidated net profit attributable to equity holders of the parent		<u>703,001</u>	<u>907,252</u>
Total Equity attributable to equity holders of the parent		6,337,954	6,264,146
Minority interests	31	<u>2,154,667</u>	<u>986,626</u>
Total Equity		<u>8,492,621</u>	<u>7,250,772</u>
Liabilities			
Medium / Long term financial debt	33	11,047,945	10,064,346
Employee benefits	34	1,800,696	1,715,377
Provisions	35	352,320	376,041
Hydrological correction account	32	232,722	227,686
Deferred tax liabilities	21	585,355	617,555
Trade and other payables	36	<u>4,520,619</u>	<u>4,464,517</u>
Total Non-Current Liabilities		<u>18,539,657</u>	<u>17,465,522</u>
Short term financial debt	33	2,114,299	2,541,646
Trade and other payables	36	3,145,488	3,649,890
Tax payable	37	361,864	575,977
Liabilities classified as held for sale and discontinued operations	38	<u>530,353</u>	<u>-</u>
Total Current Liabilities		<u>6,152,004</u>	<u>6,767,513</u>
Total Liabilities		<u>24,691,661</u>	<u>24,233,035</u>
Total Equity and Liabilities		<u><u>33,184,282</u></u>	<u><u>31,483,807</u></u>

USBON, 30 JULY 2008

THE ACCOUNTANT
N.º 17.713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed consolidated statement of Recognised Income and Expense for the periods ended 30 June 2008 (Unaudited) and 31 December 2007

(Thousands of Euros)

	2008		2007	
	Equity holders of EDP	Minority Interests	Equity holders of EDP	Minority Interests
Exchange differences on consolidation	28,645	30,967	56,930	57,393
Fair value reserve (cash flow hedge)	35,833	1,920	16,279	762
Tax effect from the fair value reserve (cash flow hedge)	-9,898	-376	-826	-16
Fair value reserve (available for sale investments)	-91,949	-	-23,070	-
Tax effect from the fair value reserve (available for sale investments)	12,245	-	6,158	-
Actuarial gains / (losses)	-108,031	2,032	155,009	9,935
Tax effect from the actuarial gains / (losses)	-1,273	-691	-6,928	-3,378
Net profit for the period recognised directly in equity	-134,428	33,852	203,552	64,696
Net profit for the period	703,001	66,912	907,252	112,679
Total gains and losses recognised in the period	568,573	100,764	1,110,804	177,375

EDP - Energias de Portugal

Condensed Statement of Changes in Consolidated Equity for the periods ended 30 June 2008 (Unaudited) and 31 December 2007

(Thousands of Euros)

	Total Equity	Share Capital	Share Premium	Legal Reserve	Reserves and retained earnings	Exchange differences	Treasury stock	Equity attributable to equity holders of EDP	Minority interests
Balance as at 31 December 2006	6,534,896	3,656,538	501,992	392,946	967,650	84,651	-14,542	5,589,235	945,661
Transfer to legal reserve	-	-	-	25,784	-25,784	-	-	-	-
Dividends paid	-401,385	-	-	-	-401,385	-	-	-401,385	-
Dividends attributable to minority interests	-27,086	-	-	-	-	-	-	-	-27,086
Purchase and sale of treasury stock	-38,065	-	-	-	13,770	-	-51,835	-38,065	-
Share - based payments	1,566	-	-	-	930	-	636	1,566	-
Minority interests resulting from acquisitions and changes in the method of consolidation	-93,415	-	-	-	-	-	-	-	-93,415
Fair value reserve (cash flow hedge) net of tax	16,199	-	-	-	15,453	-	-	15,453	746
Fair value reserve (available-for-sale) financial assets) net of tax	-16,912	-	-	-	-16,912	-	-	-16,912	-
Actuarial gains/(losses) net of tax	154,638	-	-	-	148,081	-	-	148,081	6,557
Exchange differences arising on consolidation	114,323	-	-	-	-	56,930	-	56,930	57,393
Liability for purchase options over minority interest	-15,909	-	-	-	-	-	-	-	-15,909
Other reserves arising on consolidation	1,991	-	-	-	1,991	-	-	1,991	-
Profit for the year	1,019,931	-	-	-	907,252	-	-	907,252	112,679
Balance as at 31 December 2007	7,250,772	3,656,538	501,992	418,730	1,611,046	141,581	-65,741	6,264,146	986,626
Transfer to legal reserve	-	-	-	25,108	-25,108	-	-	-	-
Dividends paid	-454,937	-	-	-	-454,937	-	-	-454,937	-
Dividends attributable to minority interests	-16,052	-	-	-	-	-	-	-	-16,052
Purchase and sale of treasury stock	-41,156	-	-	-	-1,778	-	-39,378	-41,156	-
Share - based payments	1,801	-	-	-	469	-	1,332	1,801	-
Minority interests resulting from EDP Renováveis IPO	1,128,649	-	-	-	-	-	-	-	1,128,649
Purchase of treasury shares - Energias do Brasil	-52,905	-	-	-	-	-	-	-	-52,905
Share capital increase / disposal of - NEO companies	7,015	-	-	-	-	-	-	-	7,015
Fair value reserve (cash flow hedge) net of tax	27,479	-	-	-	25,935	-	-	25,935	1,544
Fair value reserve (available-for-sale) net of tax	-79,704	-	-	-	-79,704	-	-	-79,704	-
Actuarial gains/(losses) - net of tax	-107,963	-	-	-	-109,304	-	-	-109,304	1,341
Exchange differences arising on consolidation	59,612	-	-	-	-	28,645	-	28,645	30,967
Other reserves arising on consolidation	97	-	-	-	-473	-	-	-473	570
Profit for the period	769,913	-	-	-	703,001	-	-	703,001	66,912
Balance as at 30 June 2008	8,492,621	3,656,538	501,992	443,838	1,669,147	170,226	-103,787	6,337,954	2,154,667

EDP - Energias de Portugal

Consolidated and Non-consolidated Cash Flow Statements as at 30 June 2008 (Unaudited) and 31 December 2007

(Thousands of Euros)

	Group		Company	
	2008	2007	2008	2007
Cash flows from operating activities				
Cash receipts from customers	6,180,547	10,806,930	940,755	1,218,553
Cash paid to suppliers	-4,773,707	-7,243,762	-1,023,882	-1,073,878
Cash paid to personnel	-295,658	-728,888	-18,073	-12,672
Concession rents paid	-115,364	-213,173	-	-
Other receipts / (payments) relating to operating activities	-3,149	-146,410	86,658	114,968
Net cash from operations	992,669	2,474,697	-14,542	246,971
Income tax received / (paid)	-33,970	-204,546	3,629	188,731
Net cash from operating activities	958,699	2,270,151	-10,913	435,702
Discontinued activities	42,254	97,445	-	-
Continuing activities	916,445	2,172,706	-10,913	435,702
Cash flows from investing activities				
Cash receipts relating to:				
Financial assets	235,674	552,126	79,783	689,791
EDP Renováveis IPO	1,566,726	-	-	-
Property, plant and equipment and intangible assets	2,362	9,735	429	5,941
Investment grants	67,000	143,803	5	-
Interest and similar income	33,549	81,791	185,764	244,356
Dividends	4,117	78,966	407,259	439,252
	1,909,428	866,421	673,240	1,379,340
Cash payments relating to:				
Financial assets	-185,682	-2,345,041	-2,472	-2,173,059
Property, plant and equipment and intangible assets	-2,275,983	-2,742,078	-5,155	-3,893
Investment grants	-	-	-	-834
	-2,461,665	-5,087,119	-7,627	-2,177,786
Net cash from investing activities	-552,237	-4,220,698	665,613	-798,446
Discontinued activities	-18,923	-73,301	-	-
Continuing activities	-533,314	-4,147,397	665,613	-798,446
Cash flow from Financing activities				
Receipts / (payments) relating to loans and interest	801,348	2,321,776	147,599	1,011,636
Interest and similar costs	-350,088	-661,643	-225,006	-369,357
Receipts / (payments) relating to derivative financial instruments	-70,358	-1,317	-8,462	41,868
Dividends paid	-454,937	-401,385	-454,937	-401,385
Treasury stock sold / (purchased)	-40,995	-35,643	-40,995	-35,643
Advances received from wind activity institutional partnerships - Horizon	168,066	775,428	-	-
	53,036	1,997,216	-581,801	247,119
Net cash from financing activities	53,036	1,997,216	-581,801	247,119
Discontinued activities	697	-18,630	-	-
Continuing activities	52,339	2,015,846	-581,801	247,119
Net increase in cash and cash equivalents	459,498	46,669	72,899	-115,625
Effect of exchange rate fluctuations on cash held	-3,527	-5,498	527	-
Cash and cash equivalents at the beginning of the period	864,711	752,231	119,609	235,234
Cash and cash equivalents at the end of the period	1,320,682	793,402	193,035	119,609
Net increase in cash and cash equivalents resulting from perimeter variations	4,540	71,309		
Discontinued activities	41,543	-		
Cash and cash equivalents from continuing operations at the end of the period (*)	1,283,679	864,711		

(*) See details of "Cash and cash equivalents" in Note 27.

EDP - Energias de Portugal, S.A.

Unaudited Condensed Company Income Statement for the periods ended 30 June 2008 and 2007

	Notes	2008	2007
		(Thousands of Euros)	(Thousands of Euros)
Turnover	5	1,124,021	240,447
Cost of consumed electricity	5	-881,070	-107,781
Changes in inventories and cost of raw materials and consumables used	5	-192,403	-100,507
		<u>50,548</u>	<u>32,159</u>
Other operating income / (expenses)			
Other operating income	6	3,259	5,670
Supplies and services	7	-45,786	-44,746
Personnel costs	8	-5,266	-9,620
Employee benefits	8	-58	-55
Other operating expenses	9	-3,995	-7,655
		<u>-51,846</u>	<u>-56,406</u>
		-1,298	-24,247
Provisions	10	-1,304	-27,856
Depreciation and amortisation expense	11	-2,794	-2,790
		<u>-5,396</u>	<u>-54,893</u>
Gains/(losses) on the sale of financial assets	12	15,164	149
Other financial income	13	983,189	604,930
Other financial expenses	13	-614,022	-299,827
Net profit / (loss) before tax		378,935	250,359
Income tax expense	14	-10,187	9,314
Net profit / (loss) for the period		<u><u>368,748</u></u>	<u><u>259,673</u></u>
Earnings per share (Basic and diluted) - Euros	28	<u>0.10</u>	<u>0.07</u>

LISBON, 30 JULY 2008

THE ACCOUNTANT
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Balance Sheet as at 30 June 2008 (Unaudited) and 31 December 2007

	Notes	2008 (Thousands of Euros)	2007 (Thousands of Euros)
Assets			
Property, plant and equipment	15	82,094	82,450
Intangible assets	16	47	56
Investments in subsidiaries	18	9,388,200	8,347,450
Investments in associates	19	61,635	66,988
Available for sale investments	20	156,928	198,857
Advanced payments for financial investments		57,482	-
Debtors and other assets	24	5,032,421	5,939,598
Total Non-Current Assets		14,778,807	14,635,399
Trade receivables	23	13,837	40,458
Debtors and other assets	24	1,480,692	1,645,801
Tax receivable	25	89,413	88,334
Financial assets at fair value through profit or loss	26	847	3
Cash and cash equivalents	27	193,035	119,609
Assets classified as held for sale	38	-	44,500
Total Current Assets		1,777,824	1,938,705
Total Assets		16,556,631	16,574,104
Equity			
Share Capital	28	3,656,538	3,656,538
Treasury stock	29	-103,787	-65,741
Share premium	28	501,992	501,992
Reserves and retained earnings	30	1,688,866	1,668,108
Net profit / (loss) for the period		368,748	502,158
Total Equity		6,112,357	6,263,055
Liabilities			
Medium / Long term financial debt	33	3,499,349	3,178,922
Provisions	35	24,633	29,580
Hydrological correction account	32	232,722	227,686
Deferred tax liabilities	21	55,762	53,253
Trade and other payables	36	2,436,720	3,155,911
Total Non-Current Liabilities		6,249,186	6,645,352
Short term financial debt	33	3,613,716	2,945,367
Trade and other payables	36	569,734	709,719
Tax payable	37	11,638	10,611
Total Current Liabilities		4,195,088	3,665,697
Total Liabilities		10,444,274	10,311,049
Total Equity and Liabilities		16,556,631	16,574,104

LISBON, 30 JULY 2008

THE ACCOUNTANT
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Unaudited Condensed Company Statement of Changes in Equity as at 30 June 2008 and 31 December 2007

(Thousands of Euros)

	<u>Total Equity</u>	<u>Share Capital</u>	<u>Share Premium</u>	<u>Legal Reserve</u>	<u>Reserves and retained earnings</u>	<u>Treasury stock</u>
Balance as at 31 December 2006	6,187,626	3,656,538	501,992	392,946	1,650,692	-14,542
Transfer to legal reserve	-	-	-	25,784	-25,784	-
Dividends paid	-401,385	-	-	-	-401,385	-
Purchase and sale of treasury shares	-38,065	-	-	-	13,770	-51,835
Share-based payments	1,566	-	-	-	930	636
Fair value reserve (cash flow hedge), net of deferred tax	700	-	-	-	700	-
Fair value reserve (available for sale financial assets) net of tax	10,455	-	-	-	10,455	-
Profit for the year	502,158	-	-	-	502,158	-
Balance as at 31 December 2007	6,263,055	3,656,538	501,992	418,730	1,751,536	-65,741
Transfer to legal reserve	-	-	-	25,108	-25,108	-
Dividends paid	-454,937	-	-	-	-454,937	-
Purchase and sale of treasury shares	-41,156	-	-	-	-1,778	-39,378
Share-based payments	1,801	-	-	-	469	1,332
Fair value reserve (cash flow hedge), net of deferred tax	742	-	-	-	742	-
Fair value reserve (available for sale financial assets) net of tax	-25,896	-	-	-	-25,896	-
Profit for the period	368,748	-	-	-	368,748	-
Balance as at 30 June 2008	6,112,357	3,656,538	501,992	443,838	1,613,776	-103,787

1. Operations of the EDP Group

EDP - Energias de Portugal, S.A. (EDP, S.A.), was incorporated in 1976 as a result of the nationalisation and merger of the major portuguese companies in the electricity sector operating in mainland Portugal. EDP S.A.'s head office is located in Lisbon at Praça Marquês de Pombal, 12, 6th floor. During 1994, as established by Decree-laws 7/91 and 131/94, the EDP Group (EDP Group or Group) was set up following the split up of EDP, S.A., which led to a number of directly or indirectly wholly owned subsidiaries of EDP, S.A.

The Group's businesses are currently focused on the generation, distribution and supply of electricity and distribution and supply of gas. Although complementary, the Group operates as well in related areas such as engineering, laboratory tests, vocational training and property management. The EDP Group operates essentially in the Iberian (Portugal and Spain) and American (Brazil and United States of America) energy sectors.

During the six months period ended 30 June 2008 there were no significant changes in the economic activity of the EDP Group .

2. Accounting policies

a) Basis of preparation

The accompanying consolidated condensed financial statements of EDP, S.A. reflect the assets, liabilities and results of the company's operations and all of its subsidiaries and the Group's interest in its associated companies for the periods ended 30 June 2008 and 2007 and the financial position as at 30 June 2008 and 31 December 2007.

EDP S.A.'s Executive Board of Directors approved these consolidated and individual condensed interim financial statements together referred to as "financial statements" on 30 July 2008. The financial statements are presented in thousands of Euros, rounded to the nearest thousand.

In accordance with Regulation (EC) 1606/2002 of 19 July 2002 of the European Council and Parliament, as transposed to Portuguese legislation through Decree-law 35/2005 of 17 February, the individual financial statements of EDP, S.A. and consolidated financial statements of the EDP Group are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies.

These consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 - Interim Financial Reporting. These financial statements do not include all of the information required for full annual financial statements, and should, therefore, be read together with the Consolidated Financial Statements of the Group as at and for the year ended 31 December 2007.

The financial statements were prepared under the historical cost convention, modified by the application of the fair value accounting to derivative financial instruments, financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, except those for which fair value was not available. Assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the hedged risk. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments regarding the value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity, or where assumptions and estimates are considered to be significant, are disclosed in Note 3 (Critical accounting estimates and judgments in preparing the financial statements) of the 31 December 2007 consolidated financial statements. Except for the matter disclosed in note 3 below, there were no significant changes in relation to those disclosures reported on 31 December 2007 consolidated financial statements and, on this basis, such disclosures have not been updated.

b) Accounting policies and basis of consolidation

The consolidated condensed financial statements of EDP Group comprise the assets, liabilities and equity and results of EDP, S.A and its subsidiaries and the results from its associated companies attributable to the Group. The accounting policies and basis of consolidation used in the preparation of these condensed consolidated financial statements have remained unchanged in relation to the accounting policies disclosed on paragraph 2b) of 31 December 2007 consolidated financial statements of EDP Group. Regarding the sale of EDP Renováveis shares under the IPO the Group has applied the following accounting treatment:

Sale/ dilution of minority interests

When an interest in a subsidiary is disposed of, the difference between the sale price and the book value of the net assets held by the group, is recognized in the income statement of the period as a gain or loss resulting from the disposal. The dilution effect occurs when the percentage of interest in a subsidiary decreases without any sale of interest in that subsidiary, for example, if the Group does not participate proportionally in the share capital increase of that subsidiary. The gains or losses resulting from that dilution are accounted for in the income statement of the period.

Additionally, during the of six months period ended 30 June 2008, EDP Group has also adopted the IFRIC 11 - IFRS 2, that was issued on 1 January 2008:

IFRIC 11 — IFRS 2 — Group and Treasury Share Transactions

The International Financial Reporting Interpretations Committee (IFRIC) issued on 2 November 2006, the IFRIC 11 — IFRS 2 — Group and Treasury Share Transactions, for annual periods beginning on or after 1 January 2008, being its earlier application permitted. This interpretation addresses whether the share-based payments under IFRS 2, either involving treasury shares or shares from another group subsidiaries should be accounted for in the individual financial statements of the group companies as equity-settled or as cash-settled transaction. No significant impacts resulted from the adoption of this standard.

The Group and all subsidiaries applied consistently all the accounting policies for the period ended 30 June 2008 and during 2007.

3. Critical accounting estimates and judgements used in preparing the financial statements

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

The main accounting estimates and judgements used in applying the accounting policies were discussed in the same section of the 31 December 2007 consolidated financial statements, in order to improve understanding of how their application affects the Group's reported results and related disclosure.

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

The key accounting estimates and judgments used for the application of the accounting principles were not significantly changed during the six months period ended 30 June 2008, except for the matter referred to in the paragraph below:

Tariff adjustments

Tariff adjustments represent the difference between the costs and revenues of the National Electricity Framework (SEN), estimated at the beginning of each period in order to calculate the tariff, and the real costs and revenues of the SEN, calculated at the end of the period. The tariff adjustments are recovered through the electricity tariffs applicable to customers in subsequent periods. Considering that the recovery of tariff adjustments depends of future electricity sales and that does not exist a specific legal environment that recognises irrevocability of the right to recover the tariff adjustments, under IFRS, the amounts related to tariff adjustments were recognised as revenue or losses, over the years in which the tariff adjustments effectively affected the tariff applied to customers.

According to EDP Group expectations, until the end of the year, the irrevocable right of the regulated operators to recover the tariffs adjustments will be recognised through legislation under a regime similar to the one used for the tariff deficits. Consequently, EDP Group has booked under the income statements caption Electricity sales the effects resulting from the recognition of tariff adjustments for the six months period ended 30 June 2008, against Debtors and other assets.

4. Financial risk management policies

Financial risk management

The EDP Group's business is exposed to a variety of financial risks, including the effect of changes in market prices, foreign exchange and interest rates. The Group's exposure to financial risks lies essentially in its debt portfolio, resulting in interest rate risk and exchange rate risk. The unpredictability of the financial markets is analysed on an on-going basis in accordance with the Group's risk management policy. In order to minimise potential adverse effects on the financial performance, financial instruments are used to hedge the interest rate and/or foreign exchange rate risks.

The financial risks management of EDP, S.A., EDP Finance, B.V. and other Group entities is undertaken centrally by the Financial Department of EDP S.A., in accordance with policies approved by the Executive Board of Directors. The Financial Department identifies, evaluates and submits to the Board for approval, appropriate hedging mechanisms to each exposure. The Executive Board of Directors is responsible for the definition of general management risk principles as well as for the establishment of limits exposure.

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

As for the subsidiaries in Brazil, the Local Risk Management Department is responsible for the management of market risks resulting from fluctuations in interest and exchange rates. This management is performed according to the principles/policies set by the EDP Group for this geographical area.

The risks disclosed in note 4 of the consolidated financial statements as at 31 December 2007, namely, exchange rate risk, interest rate risk, credit risk on financial operations, liquidity risk and market price risk did not suffer any significant changes during the six months period ended 30 June 2008.

5. Turnover

Turnover analysed by sector is as follows:

	Group		Company	
	Jun 2008 Euro'000	Jun 2007 Euro'000	Jun 2008 Euro'000	Jun 2007 Euro'000
Revenue by business sector:				
Electricity	6,041,417	4,831,188	1,099,679	225,132
Gas	590,264	680,293	-	-
Steam and ashes	4,680	5,991	-	-
Other	20,930	35,379	-	-
	<u>6,657,291</u>	<u>5,552,851</u>	<u>1,099,679</u>	<u>225,132</u>
Services rendered by business sector:				
Associated with electricity sales	15,900	25,801	4,426	-9,075
Gas	14,789	30,843	-	-
Energy Availability contracts	1,652	-	-	-
Advisory and services	2,555	-	-	-
Other	28,023	17,960	19,916	24,390
	<u>62,919</u>	<u>74,604</u>	<u>24,342</u>	<u>15,315</u>
	<u>6,720,210</u>	<u>5,627,455</u>	<u>1,124,021</u>	<u>240,447</u>
Total turnover:				
Electricity	6,057,317	4,856,989	1,104,105	216,057
Gas	605,053	711,136	-	-
Steam and ashes	4,680	5,991	-	-
Advisory and services	2,555	-	-	-
Energy Availability contracts	1,652	-	-	-
Other	48,953	53,339	19,916	24,390
	<u>6,720,210</u>	<u>5,627,455</u>	<u>1,124,021</u>	<u>240,447</u>

The caption Electricity includes, on a group basis, an increase in electricity sales in relation to 2007 due to the tariff adjustment recognised in the income statement against Debtors and other assets — non-current for the period ended 30 June 2008, of approximately 478,895 thousand of Euros, following the legal and regulatory changes currently under development.

On a Company basis, the caption Electricity includes in 2008, an increase in electricity sales, in relation to 2007, as a result of an agreement for management, purchase and resale of energy, established between EDP, S.A. and EDP Gestão da Produção de Energia, S.A.

Turnover for the Group by geographical market are analysed as follows:

	Jun 2008				
	USA	Portugal	Spain	Brazil	Total
Electricity	64,445	4,224,470	834,165	934,238	6,057,318
Gas	-	63,499	541,554	-	605,053
Steam and ashes	-	4,680	-	-	4,680
Other	-	27,220	21,026	4,913	53,159
	<u>64,445</u>	<u>4,319,869</u>	<u>1,396,745</u>	<u>939,151</u>	<u>6,720,210</u>

	Jun 2007			
	Portugal	Spain	Brazil	Total
Electricity	3,128,366	810,372	918,251	4,856,989
Gas	54,414	656,722	-	711,136
Steam and ashes	5,991	-	-	5,991
Other	20,784	27,738	4,817	53,339
	<u>3,209,555</u>	<u>1,494,832</u>	<u>923,068</u>	<u>5,627,455</u>

As at 30 June 2008, the caption Electricity, for Portugal includes 156,899 thousand of Euros related to the Contractual Stability Compensation (CMEC) as a result of the Power Purchase Agreements (PPA) termination. The amount includes 71,015 thousand Euros related to the initial CMEC for the period and 85,884 thousand Euros resulting from the re-visable mechanism, as established by the current legislation.

The captions **Cost of consumed electricity** and **Changes in inventories and cost of raw materials and consumables** , are analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Jun 2007 Euro'000	Jun 2008 Euro'000	Jun 2007 Euro'000
Cost of consumed electricity	3,257,326	2,341,431	881,070	107,781
Cost of consumed gas	385,679	517,803	-	-
Changes in inventories and cost of raw materials and consumables				
Fuel, steam and ashes	199,449	254,788	-	-
Gas	379,991	212,747	192,403	100,507
Cost of consumables used	215,614	115,750	-	-
CO2 licenses				
Consumption	167,099	32,991	-	-
Government grants	-139,810	-32,751	-	-
Other	58,945	72,490	-	-
Own work capitalised	-249,098	-150,416	-	-
	<u>632,190</u>	<u>505,599</u>	<u>192,403</u>	<u>100,507</u>
	<u>4,275,195</u>	<u>3,364,833</u>	<u>1,073,473</u>	<u>208,288</u>

6. Other operating income

Other operating income is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Jun 2007 Euro'000	Jun 2008 Euro'000	Jun 2007 Euro'000
Supplementary income	10,200	9,073	2	389
Operating Government grants	539	516	-	-
Gains on fixed assets	12,278	10,214	199	7
Debts recovery	90	179	-	-
Reversal of impairment losses				
- For customer debt	5,500	3,981	20	430
- For debtors and other assets	506	4,207	312	3,589
Own work capitalised	4,056	6,009	-	-
Excess amount over customers contributions	4,455	2,241	-	-
Insurance premiums - Energia RE	3,624	-	-	-
Income from sale of interests in institutional partnerships - Horizon	30,926	-	-	-
CO ₂ Licenses (Royal Decree -Law 06/2006) - HC Group	13,024	-	-	-
Amortisation of the power purchase agreements - fair value Horizon	8,777	-	-	-
Other operating income	<u>17,654</u>	<u>13,112</u>	<u>2,726</u>	<u>1,255</u>
	<u>111,629</u>	<u>49,532</u>	<u>3,259</u>	<u>5,670</u>

7. Supplies and services

Supplies and services is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Jun 2007 Euro'000	Jun 2008 Euro'000	Jun 2007 Euro'000
Subcontracts:				
Other subcontracts	4,980	4,714	-	-
Supplies and services:				
Water, electricity and fuel	6,779	5,673	352	372
Tools and office material	3,072	2,617	111	189
Rents and leases	48,197	39,517	4,516	3,681
Communications	17,131	18,195	679	842
Insurance	16,280	13,552	279	400
Transportation, travelling and representation	11,648	9,089	959	537
Commission and fees	1,729	1,440	63	167
Maintenance and repairs	97,424	88,561	2,268	1,042
Advertising	12,474	8,404	5,117	3,155
Surveillance and security	4,913	4,604	267	242
Specialised works				
- Commercial activity	33,177	28,059	-	2,177
- IT services	24,233	24,214	548	3,210
- Legal fees	6,076	4,349	484	1,063
- Advisory fees	18,410	19,733	6,080	7,064
- Other services	34,660	31,877	7,285	5,363
Personnel transfers	-	-	13,504	11,889
Other supplies and services	18,787	28,483	3,274	3,353
Own work capitalised	-4,744	-8,466	-	-
	<u>355,226</u>	<u>324,615</u>	<u>45,786</u>	<u>44,746</u>

8. Personnel costs and employee benefits expense

Personnel costs is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Jun 2007 Euro'000	Jun 2008 Euro'000	Jun 2007 Euro'000
Management remuneration	7,220	10,714	2,833	3,317
Employees remuneration	235,559	223,769	36	259
Social charges on remuneration	57,484	55,688	146	207
Indemnities costs	1,129	2,120	-	-
Performance bonus	36,301	32,481	1,539	5,247
Other costs	16,617	15,505	712	590
Own work capitalised	-52,811	-41,857	-	-
	<u>301,499</u>	<u>298,420</u>	<u>5,266</u>	<u>9,620</u>

Employee benefits is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Jun 2007 Euro'000	Jun 2008 Euro'000	Jun 2007 Euro'000
Pension plans costs	34,438	26,124	38	42
Medical plans costs and other benefits	24,553	21,397	20	13
Cost of rationalising human resources and other costs	-	5,987	-	-
Other	-1,126	236	-	-
	<u>57,865</u>	<u>53,744</u>	<u>58</u>	<u>55</u>

Pension plans costs include 20,030 thousands of Euros (23,370 thousands of Euros as at 30 June 2007) related to defined benefit plans and 14,408 thousands of Euros (2,754 thousands of Euros as at 30 June 2007) related to defined contribution plans.

9. Other operating expenses

"Other operating expenses" is analysed as follows:

	Group		Company	
	Jun 2008	Jun 2007	Jun 2008	Jun 2007
	Euro'000	Euro'000	Euro'000	Euro'000
Concession rents paid to local authorities	113,867	104,052	-	-
Electricity generating centres rents	3,692	5,285	-	-
Direct taxes	3,963	275	219	125
Indirect taxes	24,576	21,712	551	597
Impairment loss on trade debtors	41,134	38,226	8	361
Impairment loss on debtors and other assets	1,827	3,231	323	421
Uncollectible debts	6,863	2,231	16	-
Losses on fixed assets	1,206	6,173	43	192
Regulation costs	2,547	2,142	-	-
Return of CO2 licenses (Royal Decree -Law 11/07)	30,815	30,000	-	-
Operating indemnities	295	1,698	-	-
Donations	4,256	5,265	1,841	4,230
Other operating costs	22,478	62,910	994	1,729
	257,519	283,200	3,995	7,655

The caption Return of CO2 licenses (Royal Decree Law 11/07) reflects the amount of the licenses that the Group expects to return to the Spanish government as a result of the publication of Royal Decree -Law 11/07, which establishes that the cost relating to CO2 emission licenses granted free of charge by the Spanish State will be deducted from the sector's tariff deficit in 2008.

10. Provisions

This caption is analysed as follows:

	Group		Company	
	Jun 2008	Jun 2007	Jun 2008	Jun 2007
	Euro'000	Euro'000	Euro'000	Euro'000
Charge for the year	20,175	49,205	1,590	28,923
Write-back for the year	-2,687	-6,872	-286	-1,067
	17,488	42,333	1,304	27,856

11. Net depreciation and amortisation expense

The caption "Net depreciation and amortisation expense" is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Jun 2007 Euro'000	Jun 2008 Euro'000	Jun 2007 Euro'000
Property, plant and equipment:				
Property, plant and equipment under concession DL 344-B/82	215	519	-	-
Buildings and other constructions	7,059	6,926	255	278
Plant and machinery:				
Hydroelectricity generation	67,539	66,800	4	4
Thermoelectric generation	106,084	110,017	-	-
Renewables generation	90,444	42,815	-	-
Electricity distribution	232,398	221,318	-	-
Gas distribution	19,374	17,839	-	-
Other plant and machinery	1,316	3,960	7	7
Transport equipment	4,748	4,556	307	303
Office equipment	19,216	20,002	1,501	1,482
Other	1,661	739	712	712
	<u>550,054</u>	<u>495,491</u>	<u>2,786</u>	<u>2,786</u>
Intangible assets				
Industrial property and other rights	16,983	8,057	8	4
Concession rights and impairment losses	81,027	31,374	-	-
	<u>98,010</u>	<u>39,431</u>	<u>8</u>	<u>4</u>
	<u>648,064</u>	<u>534,922</u>	<u>2,794</u>	<u>2,790</u>
Amortisation of deferred income				
Partially-funded fixed assets	-54,402	-52,192	-	-
	<u>593,662</u>	<u>482,730</u>	<u>2,794</u>	<u>2,790</u>

The increase in caption "Concession rights and impairment losses" is mainly due to the accelerated depreciation of the concession rights of Enersul in Brazil, amounting to 49,579 thousands of Euros. This accelerated depreciation represents the decrease in Enersul' assets value (impairment) following the regulatory changes that occurred in 2008.

12. Gains/ (losses) from the sale of financial assets

The caption "Gains / (losses) from the sale of financial assets" for the Group is analysed as follows:

	Jun 2008		Jun 2007	
	Disposal %	Valor Euro'000	Disposal %	Valor Euro'000
Available-for-sale investments:				
Banco Comercial Português, S.A.	0.01%	274	-	-
REN - Rede Eléctrica Nacional, S.A.	1.5%	16,969	-	-
Assets held for sale:				
Edinfor - Sistema Informáticos, S.A.	40.0%	4,819	-	-
Investments in subsidiaries and associates:				
EDP Renováveis, S.A.	22.5%	405,289	-	-
Turbogás Produtora Energética, S.A.	40.0%	50,822	-	-
Portugen - Energia, S.A.	26.7%	-1,424	-	-
Marquesado del Solar, S.A.	50.0%	2,378	-	-
Other		2,393	-	-
		<u>481,520</u>		<u>-</u>

On 31 March 2008, EDP, S.A. sold 1.5% of REN - Rede Eléctrica Nacional, S.A. share capital to EDP Pension Fund. Under this operation 8,010,000 shares were sold at 3.5 Euros/share, corresponding to a cash inflow of 28,035 thousands of Euros and to a consolidated gain of 16,969 thousands of Euros.

On 7 March 2008, EDP, S.A. signed a contract to sell 40% of the investment and the respective credits over Edinfor for 54,964 thousand of Euros (see Note 38), generating a gain in the consolidated accounts of 4,819 thousands of Euros.

On 4 June 2008, EDP Renováveis increased its share capital through a public offering (IPO) of 196,024,306 shares. EDP Group did not subscribe the share capital increase and, consequently, the interest held in EDP Renováveis was diluted from 100% to 77.53%. The increase in EDP Renováveis equity amounted to 1,566,726 thousands of Euros, of which of 980,121 thousands of Euros, a share premium of 586,605 thousands of Euros. Following this transaction EDP Group decreased its interest in the equity of EDP Renováveis, however benefiting from the reinforcement of EDP Renováveis, as a result of the share capital increase made by minority shareholders. This transaction generated a gain of 430.709 thousands of Euros which, after the deduction of all the costs related to the IPO transaction, resulted in a net gain of 405,289 thousands of Euros, recognized in the income statement following the accounting policy presented in paragraph 2 b).

On 6 May 2008, EDP Gestão da Produção, S.A. sold to International Power Portugal Holdings SGPS, S.A. its interests of 40% and 26.7% in the share capital of Turbogás Produtora Energética, S.A. and Portugen - Energia, S.A., respectively. This transaction was settled by an amount of 140,000 thousands of Euros generating a gain in the consolidated level financial statements of 49,398 thousands of Euros.

The caption Gains / (losses) on the sale of financial assets, on a company basis, is analysed as follows:

	Jun 2008		Jun 2007	
	Disposal %	Value Euro'000	Disposal %	Value Euro'000
Available-for-sale investments:				
REN - Rede Eléctrica Nacional, S.A.	1.5%	15,100	-	-
Assets held for sale:				
Edinfor - Sistema Informáticos, S.A.	40.0%	64	-	-
Investments in subsidiaries and associates:				
EDP Produção Bioelétrica, S.A.	-	-	10.0%	149
		<u>15,164</u>		<u>149</u>

13. Other financial income and expenses

The caption "Other financial income and expenses" is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Jun 2007 Euro'000	Jun 2008 Euro'000	Jun 2007 Euro'000
Other financial income				
Interest income	19,434	39,901	192,635	102,246
Derivative financial instruments				
Interest	62,936	77,266	54,015	67,067
Fair value	94,566	132,941	165,650	103,952
Other interest income	28,640	23,253	-	96
Income from equity investments	4,117	6,171	407,259	326,807
Favourable foreign exchange gains	39,780	21,644	162,756	625
Contractual stability compensation - CMEC	41,673	-	-	-
Reversal in impairment of financial investments	1	4,360	-	86
Gains on the sale of CO2 licenses	107	3,264	107	3,264
Other financial income	<u>11,917</u>	<u>18,837</u>	<u>767</u>	<u>787</u>
	<u>303,171</u>	<u>327,637</u>	<u>983,189</u>	<u>604,930</u>
Other financial expenses:				
Interest expense	324,136	248,880	258,379	127,534
Derivative financial instruments				
Interest	60,494	62,383	46,755	50,662
Fair value	148,374	125,204	254,608	92,146
Other interest expense	7,370	17,013	6,976	17,212
Impairment of available-for-sale financial assets	148,397	-	-	-
Banking services	7,023	18,151	4,007	983
Foreign exchange losses	34,384	8,131	41,318	5,510
Contractual stability compensation - CMEC	15,971	-	-	-
Loss on the sale of CO2 licenses	-	3,808	-	3,808
Goodwill Impairment - Enersul	17,371	-	-	-
Other financial expenses	<u>51,089</u>	<u>14,111</u>	<u>1,979</u>	<u>1,972</u>
	<u>814,609</u>	<u>497,681</u>	<u>614,022</u>	<u>299,827</u>
Financial income / (expenses)	<u>-511,438</u>	<u>-170,044</u>	<u>369,167</u>	<u>305,103</u>

The caption Other financial income Contractual stability compensation - CMEC includes 31,125 thousands of Euros related to interest of the initial CMEC included in the annuity for 2008 and 10,548 thousands of Euros related to the financial effect considered in the calculation of the initial CMEC. Other financial expenses Contractual stability compensation - CMEC includes 15,971 thousands of Euros related to unwinding of the amount of the initial CMEC, which was booked against Deferred Income (Note 36).

During the six months period ended 30 June 2008, on a Group basis, "Impairment of available-for-sale financial assets" reflects impairment losses of 34,106 thousands of Euros and 114,291 thousands of Euros on the Sonaecom and BCP investments, respectively, considering a significant and extended decline in the listed price of the securities.

Goodwill Impairment — Enersul in the amount of 17,371 thousands of Euros derives from the regulatory changes occurred during 2008 (Note 17).

"Income from equity investments" is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Jun 2007 Euro'000	Jun 2008 Euro'000	Jun 2007 Euro'000
Group companies	-	-	404,212	296,106
Other companies				
Ampla Energia e Serviços	-	1,601	-	1,601
EDA - Electricidade dos Açores	490	-	-	-
BCP	-	4,054	-	-
REN	3,047	-	3,047	29,100
Valorsul	282	236	-	-
Other	298	280	-	-
	<u>4,117</u>	<u>6,171</u>	<u>407,259</u>	<u>326,807</u>

14. Income tax

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during subsequent years. In Portugal and Spain the period is 4 years and in Brazil it is 5 years, the last year considered as definitively settled by the tax administration being 2002. In the United States the general Statute of Limitations for the IRS to issue additional income tax assessments for an entity is 3 years as from the date that the income tax return is filed by the taxpayer.

Tax losses generated in each year, which are also subject to inspection and adjustment, can be deducted from taxable income during subsequent years (6 years in Portugal, 15 years in Spain, 20 years in the United States and without an expiry date in Brazil, but limited to 30% of the taxable income of each year). The EDP Group companies are taxed, whenever possible, on a consolidated basis allowed by the tax legislation of the respective countries.

The "Income tax provision" is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Jun 2007 Euro'000	Jun 2008 Euro'000	Jun 2007 Euro'000
Current tax	-93,240	-60,078	-3,712	135,335
Deferred tax	-90,815	-116,575	-6,475	-126,021
	<u>-184,055</u>	<u>-176,653</u>	<u>-10,187</u>	<u>9,314</u>

The effective income tax rate for the EDP Group, is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Jun 2007 Euro'000	Jun 2008 Euro'000	Jun 2007 Euro'000
Profit / (loss) before tax	962,445	668,182	378,935	250,359
Income tax expense	-184,055	-176,653	-10,187	9,314
Effective tax rate	19.12%	26.44%	2.69%	-3.72%

15. Property, plant and equipment

This caption is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Cost:				
Property plant and equipment held under the DL 344-B/82 regime	223,420	223,420	-	-
Land and natural resources	129,945	132,009	46,502	46,727
Buildings and other constructions	493,624	785,132	25,665	25,665
Plant and machinery:				
Hydroelectric generation	7,597,235	7,575,926	254	254
Thermoelectric generation	5,974,044	5,702,104	-	-
Renewables generation	3,933,433	2,589,318	-	-
Electricity distribution	14,209,096	14,765,772	-	-
Gas distribution	1,079,668	1,047,850	-	-
Other plant and machinery	37,793	37,575	148	148
Transporte equipment	81,203	87,960	3,150	3,224
Office equipment and tools	497,263	492,160	78,059	75,969
Other	68,617	157,633	14,246	14,246
Assets under construction	3,381,286	3,724,484	6,405	6,084
	<u>37,706,627</u>	<u>37,321,343</u>	<u>174,429</u>	<u>172,317</u>
Accumulated depreciation and impairment losses:				
Depreciation charge for the year	-550,054	-1,037,583	-2,786	-5,707
Accumulated depreciation in previous years	-18,188,328	-17,605,516	-89,549	-84,160
Impairment losses	-8,767	- 8 767	-	-
	<u>-18,747,149</u>	<u>-18,651,866</u>	<u>-92,335</u>	<u>-89,867</u>
Carrying amount	<u>18,959,478</u>	<u>18,669,477</u>	<u>82,094</u>	<u>82,450</u>

Property, plant and equipment held under the Decree-law 344-B/82 regime are those assets allocated to low tension electricity distribution transferred from the local authorities ("Municipalities") under the concession regime. These assets, although operated by the Group, continue to be the property of the local authorities and are analysed as follows:

	Group	
	Jun 2008 Euro'000	Dec 2007 Euro'000
Property, plant and equipment held under the DL 344-B/82 regime	223,420	223,420
Accumulated depreciation	-222,417	-222,202
Net Amount	<u>1,003</u>	<u>1,218</u>

The movement in "Property, Plant and equipment", for the Group, for the six months period ended 30 June 2008 is analysed as follows:

	Balance at 1 January Euro'000	Aquisitions Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange Differences Euro'000	Perimeter Variations /Regularisations Euro'000	Balance at 30 June Euro'000
Cost:							
Property, plant and equipment held under the DL 344-B82 regime	223,420	-	-	-	-	-	223,420
Land and natural resources	132,009	572	-2,714	193	1,482	-1,597	129,945
Buildings and other constructions	785,132	463	-8,346	2,863	-1,565	-284,923	493,624
Plant and machinery	31,718,545	72,153	-16,121	1,277,541	21,865	-242,714	32,831,269
Transport equipment	87,960	2,011	-5,047	2,461	791	-6,973	81,203
Office equipment and tools	492,160	3,511	-99	4,412	644	-3,365	497,263
Other	157,633	387	-23,125	472	-491	-66,259	68,617
Assets under construction	3,724,484	1,268,472	-7,093	-1,290,109	-65,122	-249,346	3,381,286
	<u>37,321,343</u>	<u>1,347,569</u>	<u>-62,545</u>	<u>-2,167</u>	<u>-42,396</u>	<u>-855,177</u>	<u>37,706,627</u>

	Balance at 1 January Euro'000	Charge for the year Euro'000	Impairment losses Euro'000	Disposals Euro'000	Exchange Differences Euro'000	Perimeter Variations /Regularisations Euro'000	Balance at 30 June Euro'000
Accumulated depreciation and impairment losses:							
Property, plant and equipment held under the DL 344-B82 regime	222,202	215	-	-	-	-	222,417
Buildings and other constructions	222,878	7,059	-	-3,628	2,601	-30,531	198,379
Plant and machinery	17,741,752	517,155	-	-7,460	38,457	-434,990	17,854,914
Transport equipment	63,931	4,748	-	-4,736	700	-5,807	58,836
Office equipment and tools	357,433	19,216	-	-88	676	-5,725	371,512
Other	43,670	1,661	-	-1,296	-9	-2,935	41,091
	<u>18,651,866</u>	<u>550,054</u>	<u>-</u>	<u>-17,208</u>	<u>42,425</u>	<u>-479,988</u>	<u>18,747,149</u>

The Perimeter Variations/Regularisations column includes the effect of presenting separately from the continuing operation Enersul's assets discontinued operations.

The movement in **Property, Plant and equipment**, for the company, during the period of six months ended 30 June 2008 is analysed as follows:

	Balance at 1 January Euro'000	Aquisitions Euro'000	Disposals Euro'000	Transfers Euro'000	Regularisations Euro'000	Balance at 30 June Euro'000
Cost:						
Land and natural resources	46,727	-	-225	-	-	46,502
Buildings and other constructions	25,665	-	-	-	-	25,665
Plant and machinery	402	-	-	-	-	402
Transport equipment	3,224	388	-462	-	-	3,150
Office equipment and tools	75,969	112	-	1,978	-	78,059
Other	14,246	-	-	-	-	14,246
Assets under construction	6,084	2,299	-	-1,978	-	6,405
	<u>172,317</u>	<u>2,799</u>	<u>-687</u>	<u>-</u>	<u>-</u>	<u>174,429</u>

	Balance at 1 January Euro'000	Charge for the year Euro'000	Disposals Euro'000	Transfers Euro'000	Regularisations Euro'000	Balance at 30 June Euro'000
Accumulated depreciation:						
Buildings and other constructions	17,155	255	-1	-	-	17,409
Plant and machinery	76	11	-	-	-	87
Transport equipment	1,626	307	-317	-	-	1,616
Office equipment and tools	65,143	1,501	-	-	-	66,644
Other	5,867	712	-	-	-	6,579
	<u>89,867</u>	<u>2,786</u>	<u>-318</u>	<u>-</u>	<u>-</u>	<u>92,335</u>

16. Intangible assets

This caption is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Cost:				
Industrial property, other rights and other intangibles	153,853	141,644	100	100
Concession rights	2,226,620	2,301,360	-	-
CO2 licenses	349,418	86,855	-	-
Intangible assets in progress/ advance payments for intangible assets	74,138	40,249	-	-
	<u>2,804,029</u>	<u>2,570,108</u>	<u>100</u>	<u>100</u>
Accumulated amortisation:				
Amortisation of concession and utilisation rights during the year	-81,027	-66,208	-	-
Amortisation of industrial property and other intangibles during the year	-16,983	-18,300	-8	-9
Accumulated amortisation in previous years	-311,001	-312,459	-45	-35
	<u>-409,011</u>	<u>-396,967</u>	<u>-53</u>	<u>-44</u>
Carrying amount	<u>2,395,018</u>	<u>2,173,141</u>	<u>47</u>	<u>56</u>

On 1 April 2008, the Portuguese Government has provisionally granted to EDP — Gestão de Produção de Energia, S.A. (EDP Produção), the concession of the hydric domain exploration for a period of 75 years after the entry into operation of the Hydroelectrical Generation Plant of Foz Tua. In accordance with the competitive bidding, EDP has paid to Instituto da Água, on 24 April 2008, an amount of 53,300 thousands of Euros for the right to receive the referred concession. This amount is based on the assumption included in the competitive bidding, that the level of exploration of the dike will be situated at 160 meters, although the actual level of exploration, and consequently, the price of the concession right, will only be definitively established after the conclusion of the future environmental impact evaluation process.

As at 30 June 2008, this price of the advance payment is booked under Advanced payments for intangible assets, totalling 53,923 thousands of Euros, including capitalized financial expenses incurred until 30 June 2008.

Increase in the caption CO2 Licenses, results essentially from the increase in the price of CO2 licenses between 30 June 2008 and 31 December 2007, as a consequence of the transition from PNALE I to PNALE II.

The movement in **Intangible assets** during the period of six months ended 30 June 2008, for the Group, is analysed as follows:

	Balance at 1 January Euro'000	Aquisitions Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange Differences Euro'000	Perimeter Variations /Regularizations Euro'000	Balance at 30 June Euro'000
Cost:							
Industrial property, other rights and other intangibles	141,644	611	-195	24,416	2,651	-15,274	153,853
CO2 Licenses	86,855	334,213	-71,650	-	-	-	349,418
Intangible assets in progress	40,249	66,788	-949	-22,249	470	-10,171	74,138
Concession rights							
Concession rights - Brazil	996,992	-	-	-	5,454	-80,194	922,252
Concession rights - Gas	152,232	-	-	-	-	-	152,232
Use rights							
Alqueva/Pedrogão	393,136	-	-	-	-	-	393,136
Extension of the public hydric domain	759,000	-	-	-	-	-	759,000
	<u>2,570,108</u>	<u>401,612</u>	<u>-72,794</u>	<u>2,167</u>	<u>8,575</u>	<u>-105,639</u>	<u>2,804,029</u>
Accumulated amortizations:							
Industrial property and other rights	68,104	16,983	-	-	1,808	-9,901	76,994
Concession rights	328,863	31,448	49,579	-	562	-78,435	332,017
	<u>396,967</u>	<u>48,431</u>	<u>49,579</u>	<u>-</u>	<u>2,370</u>	<u>-88,336</u>	<u>409,011</u>

The Impairment losses column corresponds to the accelerated amortisation of Enersul's concession rights, in the amount of 49,579 thousands of Euros, resulting from the impairment loss (see note 11) recognised as a consequence of regulatory changes.

The Perimeter Variations/Regularisations column includes the effect of the discontinuity of the activities of Enersul - Power Company of Mato Grosso do Sul, S.A., as well as the write-off of the Concession rights related to this company.

17. Goodwill

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

	Group	
	Jun 2008 Euro'000	Dec 2007 Euro'000
Electric Business:		
Hidroantâbrico Group	975,155	1,002,660
Neo Energia Group	777,815	704,820
Horizon Group	504,510	539,353
Brazil Group	47,140	64,511
Other	11,251	523
	<u>2,315,871</u>	<u>2,311,867</u>
Gas distribution business:		
Naturgás Group	737,916	736,824
	<u>3,053,787</u>	<u>3,048,691</u>

In the Hidroantâbrico Group, the liability related to the anticipated acquisition of the minority interests from Cajastur (Put-Option Cajastur) decreased 28,510 thousands of Euros, which has been booked against the goodwill of this group.

During the period of six months ended 30 June 2008, the increase in the Neo Energia Group goodwill relates mainly to the acquisitions of NEO Galia, Hollywell and Ridgeside subgroups.

On 8 April, 2008, NEO acquired in France the NEO Galia SAS subgroup from EOLE 76 and Eurocape, consisting of 3 wind farms in operation in the Normandy region, with a gross installed capacity of 35 MW and an average load factor of 27% and several wind farm projects under development, mostly located in the Normandy and Rhône-Alpes regions, with an expected average load factor of 28%, representing a total capacity of 560 MW. Out of these projects under development, 8 MW are under construction, 12.5 MW already have all the necessary authorizations to start construction and are expected to start operating between 2009 and 2010, while construction licenses were already submitted for another 43 MW.

The acquisition cost of the NEO Galia subgroup amounts to 45,517 thousand Euros, which considering the subgroup's negative net assets of 480 thousand Euros, originated a goodwill of 45,997 thousand Euros. This amount includes 11,000 thousands of Euros corresponding to the best estimate of the additional success fees that will be paid for the wind farms that obtain construction licenses until 31 December, 2013.

The acquisition cost of Hollywell amounts to 7,679 thousand Euros, which, considering the company's negative net assets of 440 thousands of Euros, originated goodwill of 8,119 thousands of Euros. The remaining amount (5,758 thousand Euros) relates to goodwill already booked in the financial statements of the acquired company.

The acquisition cost of Ridgeside amounts to 4,129 thousand Euros, which considering the company's negative net assets of 248 thousands of Euros, originated goodwill of 4,377 thousands of Euros. The remaining amount (3,145 thousand Euros) relates to goodwill already booked in the financial statements of Ridgeside subgroup.

The Group will finalise the purchase price allocation regarding the above referred acquisitions until the end of the year.

During the period the Horizon Group goodwill decreased by 34,843 thousands of Euros due to foreign exchange losses on the goodwill which was originally booked in USD.

The decrease in the goodwill of Brazil Group reflects the impairment loss of 17,371 thousands of Euros in Enersul goodwill resulting from regulatory changes occurred in 2008.

The caption Other includes 10,728 thousands of Euros related to the goodwill resulting from the acquisition of Rôdão-Power, S.A. by EDP Produção Bioelétrica, S.A.

18. Investments in subsidiaries (Company basis)

This caption is analysed as follows:

	Company	
	Jun 2008	Dec 2007
	Euro'000	Euro'000
Historical acquisition cost	10,569,506	9,528,756
Effect of equity method (transition to IFRS)	-1,165,796	-1,165,796
Equity investments in subsidiaries	9,403,710	8,362,960
Impairment losses on equity investments in subsidiaries	-15,510	-15,510
	9,388,200	8,347,450

In May 2008, EDP, S.A., through its branch in Spain (EDP Sucursal), together with Hidrocantábrico, approved the EDP Renováveis share capital increase by 1,300,000 thousands of Euros, fully subscribed and paid through the incorporation, of shareholders loans granted by EDP Sucursal and Hidrocantábrico, in the amount of 1,040,000 and 260,000 thousands of Euros, respectively.

During the six months period ended 30 June 2008, the changes in the consolidation perimeter of the Group EDP were the following:

Companies disposed off or liquidated:

- Generaciones Especiales I, S.L. sold its 50% participation in Marquesado Solar S.A.
- Sinae Inversiones Eólicas S.A. sold 20% of the share capital of Investigación y Desarrollo de Energías Renovables, S. L., currently holding 59,59% of the company's share capital.
- HDC Explotacion Centrales sold its financial interest of 20% in Enercem, S.L.
- EDP - Gestão da Produção de Energia, S.A. sold its financial interest of 26,7% and 40% in Portugen Energia, S.A. and Turbogás - Produtos Energéticos, S.A., respectively.
- Hidrobasto - Produção Hídrica de Energia Eléctrica, Lda., a 60% subsidiary of EDP Gestão da Produção, S.A. and Heralds Securities Inc., 100% owned by Balwerk Consultoria Econômica e Participações, Lda., were liquidated during the first half of 2008.

Incorporated Companies:

- Naturneo Energía, S.L.
- Eólica de Radona S.L.
- Neolica Polska SP Z.O.O.
- Cloud County Wind Farm
- Whitestone Wind Purchasing, LLC
- Pioneer Prairie Wind Farm I, LLC
- Sagebrush Power Partners, LLC
- Rail Splitter
- Cloud West Wind Project, LLC
- Wheatfield Wind Power Project, LLC
- Enernova, S.A. (Brazil)
- Central Térmica Ciclo Combinado Grupo 4
- Naturgas Energía Comercializadoras Último Recurso, S.A.
- EDP Gás GPL - Comércio de Gás de Petróleo Liquefeito, S.A.

Companies Acquired:

- Desarrollos Catalanes Del Viento, S.L. acquired the total share capital of the companies Parc Eòlic de Coll de Moro, S.L., Parc Eòlic de Torre Madrina, S.L. and Parc Eòlic de Vilalba dels Arcs, S.L..
- Nuevas Energías de Occidente, S.L. acquired 100% of the subgroups Hollywell, Ridgeside and Neo Galia.
- Desarrollos Eólicos Promoción S.A.U. acquired an additional 5% interest in D.E. of Corme, S.A. share capital.
- Hidrocantábrico Distribucion Eléctrica, S.A.U. acquired 100% of Fuerzas Electricas Valencianas, S.A. share capital.
- EDP Produção Bioelétrica, S.A. acquired 100% of Ródão Power - Energia e Biomassa do Ródão, S.A. share capital.

Other changes:

- Horizon Wind Energy Company LLC was merged into Horizon Wind Energy LLC.
- Decrease in the financial interest in EDP Renováveis from 100% to 77.53% through dilution since EDP did not participate in the share offer made by EDP Renováveis (see Note 12).
- EDP Group increased its interest in EDP - Energias do Brasil, S.A. From 62.69% to 64.80%, through the acquisition of treasury stock.
- Naturgás Participaciones acquired the remaining 50% of Millennium Energy, S.A. share capital.
- EDP Imobiliária e Participações, S.A. acquired the remaining 40% of U Call - Atendimento a Clientes e Telemarketing, S.A. share capital.

19. Investments in associates

Investments in associates are analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Associated companies:				
Investments in associates	164,778	252,099	62,409	67,762
Adjustments in investments in associates	-139	-292	-774	-774
Net Book Value	164,639	251,807	61,635	66,988

During the six months period ended 30 June 2008, the main changes in financial investments in associates, in the Group, are related to the sale of 40% and 26.7% of the financial interest held in Turbogás Produtora Energética, SA ("Turbogás") and Portugal - Energia, SA ("Portugal"), respectively, (see note 12) to International Power Portugal Holdings SGPS, S.A., on 6 May 2008.

Additionally, during the six months period ended 30 June 2008, in the Group and on **a company basis**, DECA II - Distribucion Eléctrica Centroamericana Dos (II), S.A. reimbursed additional paid in capital granted by EDP.

20. Available-for-sale Investments

Available-for-sale Investments are analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Ampla Energia e Serviços, S.A.	93,907	93,907	93,907	93,907
Ampla Investimentos e Serviços, S.A.	5,575	5,575	5,575	5,575
Banco Comercial Português, S.A.	208,556	340,699	-	-
EDA - Eléctrica dos Açores, S.A.	5,100	5,100	-	-
REN - Rede Eléctrica Nacional, S.A.	52,799	95,586	52,799	95,586
Sonaeacom, S.A.	61,804	95,904	-	-
Tagusparque, S.A.	1,097	1,097	-	-
Tejo Energia, S.A.	19,998	19,998	-	-
ValorSul, S.A.	3,878	3,878	-	-
Other	48,400	43,516	4,647	3,789
	501,114	705,260	156,928	198,857

During the six months period ended 30 June 2008, the Group booked an impairment loss on the investments held in Sonaeacom, S.A. and Banco Comercial Português, S.A., in the amounts of 34.1 million Euros and 114.3 millions of Euros, respectively, considering the existence of a significant and extended decline in the listed price of these securities.

During the six months period ended 30 June 2008, EDP Group participated in the share capital increase of BCP, through the acquisition of 35,488,997 new shares for 1.2 euros per share, representing a total investment of 42,587 thousands of Euros. Subsequently the Group sold 489,818 shares, in order to maintain unchanged its interest in BCP share capital. (see note 12).

On 31 March 2008, EDP, S.A., sold 8,010,000 shares of REN - Rede Eléctrica Nacional, S.A. for 3.5 Euros per share generating a cash inflow of 28,035 thousands of Euros and a consolidated gain of 16,969 thousands of Euros.

21. Deferred tax assets and liabilities

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

The main changes occurred in deferred tax assets and liabilities, on consolidated basis, during the six months period ended 30 June 2008 are analysed as follows:

	Deferred tax assets Euro'000	Deferred tax liabilities Euro'000
Balance as at 1 January 2008	687,265	-617,555
Sale of tariff deficits of EDP Serviço Universal, S.A.	-	47,234
Tariff adjustments in the period	-	-126,907
Deferred tax over CMEC's in the period	-	-39,869
Tax credit related to fixed assets investment (Hidrocontábrico Group)	40,448	-
Fair value available for sale financial assets	27,593	4,203
Netting of deferred tax assets and liabilities	-102,738	102,738
Enersul - Discontinued operations (see note 38)	-81,411	64,309
Other	29,659	-19,508
Balance as at 30 June 2008	600,816	-585,355

22. Inventories

Inventories are analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Merchandise	15,346	10,190	-	-
Advances on account of purchases	421	35,190	-	-
Finished and intermediate products	29,964	29,325	-	-
Sub-products, waste, residues and scrap	8,950	8,610	-	-
Raw and subsidiary materials and consumables:				
Coal	115,442	79,585	-	-
Fuel	67,974	36,152	-	-
Other consumables	74,927	83,543	-	-
	313,024	282,595	-	-

23. Trade receivables

Trade receivables are analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Short-term trade receivables - Current:				
Resident customers:				
State and official entities	23,512	23,427	-	-
Local government	32,425	25,915	284	284
Corporate sector and individuals	584,094	742,997	13,553	40,174
Trade accounts - Bills receivable	10	14	-	-
	640,041	792,353	13,837	40,458
Non-resident customers:				
State and official entities	2,238	2,738	-	-
Local government	18,039	15,926	-	-
Corporate sector and individuals	847,085	811,411	-	-
	867,362	830,075	-	-
	1,507,403	1,622,428	13,837	40,458
Doubtful debts	261,490	257,516	9,929	9,941
Impairment losses	-261,490	-257,516	-9,929	-9,941
	1,507,403	1,622,428	13,837	40,458

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Medium and long-term trade receivables - Non current:				
Resident customers:				
Local government	154,112	156,257	-	-
Corporate sector and individuals	314	298	-	-
	<u>154,426</u>	<u>156,555</u>	<u>-</u>	<u>-</u>
Non-resident customers:				
Local government	19,402	19,252	-	-
Corporate sector and individuals	21,854	24,889	-	-
	<u>195,682</u>	<u>200,696</u>	<u>-</u>	<u>-</u>
Impairment losses	-61,460	-63,948	-	-
	<u>134,222</u>	<u>136,748</u>	<u>-</u>	<u>-</u>
	<u>1,641,625</u>	<u>1,759,176</u>	<u>13,837</u>	<u>40,458</u>

24. Debtors and other assets

Debtors and other assets are analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Short term debtors - Current:				
Loans to subsidiaries	-	-	728,572	423,856
Other related companies	3,427	3,853	5,373	-
Advances to suppliers	8,178	1,171	255	250
Other debtors:				
- Advances to pensioners on account of the Social Security	2,378	2,377	1	-
- Amounts owed to staff	3,131	2,574	4	3
- Amounts receivable from the Telecommunications business	55,640	55,640	-	-
- Amounts receivable from Brazilian tariff expenses	344	1,056	-	-
- Amounts receivable from Spanish tariff expenses	182,849	52,617	-	-
- Amounts receivable from Portuguese tariff expenses	-	14,387	-	-
- Receivables from the State and concessors	28,678	20,344	14,867	139,795
- Receivables relating to other goods and services	33,689	53,777	7,274	6,760
- Receivables on account of the energy efficiency program (Brazil)	2,830	4,761	-	-
- Derivative financial instruments	51,616	106,520	97,533	121,589
- Subsidiaries companies	-	-	323,825	791,428
- Amounts receivable relating to power management activity	14,759	14,764	-	14,764
- Amounts receivable relating to gas sales operations	76,781	26,113	-	-
- Amounts receivable relating to insurance and reinsurance	10,051	7,507	-	-
- Amounts receivable relating to the renewables operation	15,922	10,216	-	-
- Debtors related to plants generation maintenance and repairs	-	27,333	-	-
- Expenditure on concessions	5,366	5,942	-	-
- Rents	-	1,221	-	445
- Insurances	2,497	12,157	901	10,905
- Deferred costs	18,808	46,986	1,738	184
- Energin finance lease (IFRIC 4)	27,457	28,124	-	-
- OMIP Futures	-	3,472	-	3,472
- Energy sales on the liberalised market	34,226	28,225	-	-
- National electric system participation deviations	-	6,627	-	-
- CO2 licenses - regulated market	27,980	27,980	-	-
- Amounts receivable from electric energy transactions in the MIBEL	68,534	39,956	68,534	39,956
- Amounts receivable relating to CMEC	258,565	18,935	-	-
- Amounts to be invoiced to REN	20,177	12,699	-	-
- Payments made on account on third party entities	17,279	-	-	-
Accrued income relating to energy services rendered	3,788	3,260	-	-
Accrued income relating to energy management activity	163,619	6,140	163,619	6,140
Sundry debtors	<u>102,653</u>	<u>88,603</u>	<u>69,076</u>	<u>87,123</u>
	<u>1,241,222</u>	<u>735,337</u>	<u>1,481,572</u>	<u>1,646,670</u>
Impairment losses on short-term debtors - Current	-66,375	-66,235	-880	-869
	<u>1,174,847</u>	<u>669,102</u>	<u>1,480,692</u>	<u>1,645,801</u>

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Medium and long term debtors - Non Current:				
Other related companies	16,135	14,961	12,972	13,957
Loans to subsidiaries	-	-	4,964,157	5,838,066
Loans to participated companies	17,137	10,480	-	-
Other debtors				
- Amounts receivable from Portuguese tariff adjustments	478,895	-	-	-
- Fixed assets in integration process partially funded	2,894	2,894	-	-
- Amounts receivable from Spanish tariff expenses	131,211	144,045	-	-
- Amounts receivable from Portuguese tariff expenses	-	163,855	-	-
- Expenditure on concessions	14,041	13,625	-	-
- Advance payment related to the purchase of 80% of Pebble Hydro	-	57,482	-	57,482
- Guarantees and linked deposits	135,675	185,660	11,988	30,093
- Amounts receivable relating to CMEC	795,387	805,569	-	-
- Derivative financial instruments	51,264	-	43,304	-
Sundry debtors	76,045	51,199	-	-
	<u>1,718,684</u>	<u>1,449,770</u>	<u>5,032,421</u>	<u>5,939,598</u>
Impairment losses on medium and long term debtors - Non current	-32,539	-2,737	-	-
	<u>1,686,145</u>	<u>1,447,033</u>	<u>5,032,421</u>	<u>5,939,598</u>
	<u>2,860,992</u>	<u>2,116,135</u>	<u>6,513,113</u>	<u>7,585,399</u>

Amounts receivable from Portuguese tariff adjustments, refers to the tariff adjustments for the six months period ended 30 June 2008, which has been recognised in the income statement as referred in note 3 above.

Amounts receivable from Spanish tariff expenses corresponds to a receivable from the Spanish Government related to accumulated Spanish electricity system tariff deficit as at 30 June 2008.

The decrease in Amounts receivable from Portuguese tariff expenses, both short and medium long term, refers to the sale securitization agreement signed on 27 March 2008 between EDP Serviço Universal, S.A., Caixa Geral de Depósitos, S.A. and Banco Comercial Português, S.A., related to the 2006 and 2007 tariff deficits. This sale of credits amounted to 177,111 thousands of Euros and was performed under the number 1 of article 3 of Decree-Law 237-B/2006 of 28 December, that allows EDP Serviço Universal, S.A. to sell to third parties the right to receive, through the electricity tariffs, the amounts related to the 2006 and 2007 tariff deficits.

25. Tax receivable

Tax receivable is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
State and other public entities				
- Income tax	106,533	385,844	16,195	39,069
- Value added tax	312,476	376,078	54,908	49,265
- Turnover tax (Brazil)	23,326	37,541	-	-
- Social tax (Brazil)	8,277	13,865	-	-
- Other taxes	27,012	20,801	18,310	-
	<u>477,624</u>	<u>834,129</u>	<u>89,413</u>	<u>88,334</u>

26. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Debt securities:				
Listed bonds	-	31,365	-	-
Other debt securities:				
Unlisted	-	4,092	-	-
	-	35,457	-	-
Equity securities:				
Shares	100	13,574	-	-
Investment funds	36,916	-	-	-
Other equity securities	847	3	847	3
	37,863	13,577	847	3
	<u>37,863</u>	<u>49,034</u>	<u>847</u>	<u>3</u>

27. Cash and cash equivalents

Cash and cash equivalents is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Cash:				
- Cash in hand	259	91	16	-
Bank deposits:				
- Current deposits	1,022,517	565,168	167,777	2,795
- Term deposits	6,240	3,747	2,320	2,320
- Other deposits	25,833	5,290	1,777	-
	1,054,590	574,205	171,874	5,115
Other short term investments:				
- Domestic banks	17,600	114,200	17,600	114,199
- Foreign banks	211,230	176,215	3,545	295
	228,830	290,415	21,145	114,494
Cash and cash equivalents	<u>1,283,679</u>	<u>864,711</u>	<u>193,035</u>	<u>119,609</u>

28. Share capital and share premium

EDP, S.A. is a company incorporated by shares in which the State and other public entities have minority interests. The Company was incorporated as a State-owned company and started its privatisation process in 1997. The second and third phases of the privatisation process were carried out in 1998, the fourth phase in 2000, the fifth phase consisting of a capital increase in 2004 and a sixth phase in 2005. In December 2007 the State issued bonds convertible into shares of EDP, S.A. under the seventh phase of the privatisation process. The State now holds directly and indirectly approximately 25% of the share capital.

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

Share capital and Share premium are analysed as follows:

	Group and company	
	Share capital Euro'000	Share premium Euro'000
Balance as at 31 December 2007	3,656,538	501,992
Movements during the period	-	-
Balance as at 30 June 2008	<u>3,656,538</u>	<u>501,992</u>

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

	Group		Company	
	Jun 2008	Dec 2007	Jun 2008	Dec 2007
Net profit attributable to the equity holders of the parent in Euros	703,001,396	907,252,152	368,748,040	502,158,262
Net profit from continuing operations attributable to the equity holders of the parent in Euros	703,957,203	907,252,152		
Weighted average number of ordinary shares outstanding	3,637,113,742	3,643,570,342	3,637,113,742	3,643,570,342
Weighted average number of diluted ordinary shares outstanding	3,638,570,965	3,645,490,307	3,638,570,965	3,645,490,307
Basic earnings per share attributable to equity holders of the parent in Euros	0.19	0.25		
Diluted earnings per share attributable to equity holders of the parent in Euros	0.19	0.25		
Basic earnings per share from continuing operations in Euros	0.19	0.25		
Diluted earnings per share from continuing operations in Euros	0.19	0.25		

The EDP Group calculates basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the year, net of changes in treasury shares during the year.

The average number of shares was determined as follows:

	Group and company	
	Jun 2008	Dec 2007
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715
Effect of shares issued during the period	-	-
Average number of realised shares	3,656,537,715	3,656,537,715
Effect of treasury stock	-19,423, 973	-12,967, 373
Average number of shares during the period	3,637,113,742	3,643,570,342
Effect of stock options	1,457,223	1,919,965
Diluted average number of shares during the period	<u>3,638,570,965</u>	<u>3,645,490,307</u>

29. Treasury stock

This caption is analysed as follows:

	Group and company	
	Jun 2008 Euro'000	Dec 2007 Euro'000
Book value of EDP, S.A. treasury stock	103,787	65,741
Number of shares	26,069,995	15,511,685
Market value per share	3.315 euros	4.470 euros
Market value of EDP, S.A.'s treasury stock	86,422	69,337

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

30. Reserves and retained earnings

This caption is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Legal reserve	443,838	418,730	443,838	418,730
Fair value reserve (cash flow hedge)	37,847	2,014	-12,038	-12,780
Tax effect of fair value reserve (cash flow hedge)	-6,880	3,018	3,059	3,059
Fair value reserve (available-for-sale financial assets)	43,339	135,288	27,051	56,903
Tax effect of fair value reserve (available-for-sale financial assets)	-4,184	-16,429	-3,586	-7,542
Exchange difference arising on consolidation	170,226	141,581	-	-
Treasury stock reserve	104,692	-	104,692	-
Other reserves and retained earnings	791,332	579,903	1,125,850	1,209,738
	<u>1,580,210</u>	<u>1,264,105</u>	<u>1,688,866</u>	<u>1,668,108</u>

Legal reserve

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

Fair value reserve (cash flow hedge)

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

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

This reserve includes the accumulated net change in the fair value of available-for-sale financial assets as at the balance sheet. The changes in this consolidated caption are as follows:

	Group	
	Increases Euro'000	Decreases Euro'000
Balance as at 31 December 2006	<u>347,984</u>	<u>-189,626</u>
Changes in fair value	240,506	-61,964
Transfer of impairment to profit or loss	-	57,717
Transfer to the income statement relating to assets sold	-259,329	-
Balance as at 31 December 2007	<u>329,161</u>	<u>-193,873</u>
Changes in fair value	-	-223,377
Transfer of impairment to profit or loss	-	148,397
Transfer to the income statement relating to assets sold	-16,969	-
Balance as at 30 June 2008	<u>312,192</u>	<u>- 268,853</u>

The negative fair value changes occurred during the six months period ended 30 June 2008, includes 34,106 thousands of Euros and 114,291 thousands of Euros, related to the impairment of financial investments held in Sonaecom and BCP, respectively.

Treasury stock reserve

In accordance with article 324 of "Código das Sociedades Comerciais", line 1 b), while treasury stock is held by the Company, a reserve with an amount equal to its carrying value should be stated as unavailable.

Exchange difference arising on consolidation

Exchange difference on consolidation includes the amounts resulting from changes in the value of shareholder's equity of subsidiary and associated companies resulting from changes in the exchange rates. The exchange rates used in preparing the financial statements are as follows:

Currency		Exchange rates as at 2008		Exchange rates as at 2007	
		Closing rates	Average exchange-rate	Closing rates	Average exchange-rate
Dollar	USD	1.576	1.537	1.472	1.372
Brazilian Real	BRL	2.511	2.613	2.596	2.659
Macao Pataca	MOP	12.663	12.337	11.824	11.025
Quetzal	GTQ	11.847	11.671	11.232	10.546

31. Minority interests

This caption is analysed as follows:

	Group	
	Jun 2008 Euro'000	Dec 2007 Euro'000
Minority interests in income statement	66,912	112,679
Minority interests in reserves	2,087,755	873,947
	<u>2,154,667</u>	<u>986,626</u>

Minority interests, by subsidiary, are analysed as follows:

	Group	
	Jun 2008 Euro'000	Dec 2007 Euro'000
EDP Renováveis Group	1,209,363	66,089
Brazil Group	894,510	872,613
Hidroantábrico Group	28,717	26,433
Other minority interests	22,077	21,491
	<u>2,154,667</u>	<u>986,626</u>

As referred in note 12, on 4 June 2008, the share capital of EDP Renováveis was increased through an initial public offer (IPO) of 196,024,306 shares. EDP Group did not participate in this share capital increase and, as a consequence, its interest in the share capital of EDP Renováveis was diluted, being reduced from 100% to 77.53%, from which 62.02% are held by EDP Energias de Portugal, S.A., and 15.51% are held by Hidroantábrico. As a result of this dilution, the Group recognised minority interests in the amount of 1,128,649 thousands of Euros.

32. Hydrological account

The movements in the hydrological account were as follows:

	Group and Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000
Balance as at the beginning of the period	227,686	198,596
Amounts received / (paid) during the period	-	37,683
Financial charges	5,036	-8,593
Balance as at the end of the period	<u>232,722</u>	<u>227,686</u>

33. Financial debt

This caption is analysed as follows:

	Group		Company	
	Jun 2008	Dec 2007	Jun 2008	Dec 2007
	Euro'000	Euro'000	Euro'000	Euro'000
Short term debt and borrowings - Current				
Bank loans:				
- EDP, S.A.	100,130	127,679	100,130	127,679
- EDP Finance B.V.	240,000	240,000	-	-
- Brazil Group	96,826	94,103	-	-
- Hidrocontábrico Group	59,773	84,940	-	-
- Renewables Group	70,540	80,016	-	-
- Produção Group	4,718	4,718	-	-
- Other	20,152	17,909	-	-
	<u>592,139</u>	<u>649,365</u>	<u>100,130</u>	<u>127,679</u>
Non convertible bond loans:				
- EDP, S.A.	49,680	99,361	49,680	99,361
- EDP Finance B.V.	-	355,024	-	-
- Brazil Group	73,120	3,772	-	-
	<u>122,800</u>	<u>458,157</u>	<u>49,680</u>	<u>99,361</u>
Commercial paper				
- EDP, S.A.	917,500	1,012,500	3,414,800	2,693,800
- Hidrocontábrico Group	369,586	318,600	-	-
	<u>1,287,086</u>	<u>1,331,100</u>	<u>3,414,800</u>	<u>2,693,800</u>
Other loans:				
- Renewables Group	1,593	2,333	-	-
- Other	47	138	-	-
	<u>1,640</u>	<u>2,471</u>	<u>-</u>	<u>-</u>
Accrued interest	110,634	100,553	49,106	24,527
	<u>2,114,299</u>	<u>2,541,646</u>	<u>3,613,716</u>	<u>2,945,367</u>
Medium and long term debts and borrowings - Non current				
Bank loans:				
- EDP, S.A.	1,361,692	1,316,994	1,361,692	1,316,994
- EDP Finance B.V.	2,175,000	1,250,000	-	-
- Brazil Group	500,981	511,043	-	-
- Renewables Group	493,858	432,733	-	-
- Hidrocontábrico Group	7,360	29,542	-	-
- Produção Group	39,094	14,153	-	-
- Other	83,421	88,365	-	-
	<u>4,661,406</u>	<u>3,642,830</u>	<u>1,361,692</u>	<u>1,316,994</u>
Non convertible bond loans:				
- EDP, S.A.	2,197,352	1,897,352	2,197,352	1,897,352
- EDP Finance B.V.	4,004,526	4,094,415	-	-
- Brazil Group	246,685	434,253	-	-
	<u>6,448,563</u>	<u>6,426,020</u>	<u>2,197,352</u>	<u>1,897,352</u>
Other loans:				
- Preference shares of Investco	16,033	15,507	-	-
- Renewables Group	40,002	44,995	-	-
- Other	126	127	-	-
	<u>56,161</u>	<u>60,629</u>	<u>-</u>	<u>-</u>
	<u>11,166,130</u>	<u>10,129,479</u>	<u>3,559,044</u>	<u>3,214,346</u>
Other liabilities:				
- Fair value of the issued debt hedged risk	-118,185	-65,133	-59,695	-35,424
	<u>11,047,945</u>	<u>10,064,346</u>	<u>3,499,349</u>	<u>3,178,922</u>
	<u>13,162,244</u>	<u>12,605,992</u>	<u>7,113,065</u>	<u>6,124,289</u>

EDP Group, through EDP, S.A., has short-term credit facilities of 212,386 thousands of Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, of which 187,409 thousands of Euros have a firm underwriting commitment; as well as Commercial Paper programs of 650,000 thousands of Euros with guaranteed placement, of which 155,000 thousands of Euros are in use. EDP, SA has a medium term Revolving Credit Facility (RCF) of 1,300,000 thousands of Euros, with a firm underwriting commitment, also indexed to Euribor under previously agreed conditions; and an RCF of 1,500,000 thousands of USD of which 1,130,000 thousands of USD have been drawn.

The Group also has project finance loans with the usual guarantees for such loans, namely pledged or promissory pledges over shares, bank accounts and assets relating to the projects. As at 30 June 2008 and 31 December 2007 these loans amounted to 615,490 thousands of Euros and 565,446 thousands of Euros, respectively, (already included in the Group's consolidated debt).

The bank loans in Euros bear floating-rate interest indexed to the three or six month Euribor rates. The bank loans in Brazil bear Brazilian Real (BRL) floating-rate interest, mostly indexed to CDI (Interbank Deposit Certificates) rate.

Financial debt is analysed as follows, by maturity:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Bank loans and overdrafts:				
Up to 1 year	672,517	739,462	103,187	132,239
From 1 to 5 years	1,799,524	885,643	108,715	156,187
More than 5 years	<u>2,861,882</u>	<u>2,757,187</u>	<u>1,252,977</u>	<u>1,160,807</u>
	<u>5,333,923</u>	<u>4,382,292</u>	<u>1,464,879</u>	<u>1,449,233</u>
Bond loans:				
Up to 1 year	150,047	467,788	93,393	121,406
From 1 to 5 years	3,734,480	3,819,168	1,897,352	1,747,352
More than 5 years	<u>2,595,897</u>	<u>2,557,227</u>	<u>240,305</u>	<u>114,576</u>
	<u>6,480,424</u>	<u>6,844,183</u>	<u>2,231,050</u>	<u>1,983,334</u>
Commercial paper:				
Up to 1 year	1,289,421	1,329,022	3,417,136	2,691,722
Other loans:				
Up to 1 year	2,314	5,374	-	-
From 1 to 5 years	17,812	16,278	-	-
More than 5 years	<u>38,350</u>	<u>28,843</u>	-	-
	<u>58,476</u>	<u>50,495</u>	-	-
	<u><u>13,162,244</u></u>	<u><u>12,605,992</u></u>	<u><u>7,113,065</u></u>	<u><u>6,124,289</u></u>

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

	Jun 2008		Dec 2007	
	Carrying amount Euro'000	Market value Euro'000	Carrying amount Euro'000	Market value Euro'000
Short term debt and borrowings - Current	2,114,299	2,114,299	2,541,646	2,541,646
Medium/Long term debt and borrowings - Non current	<u>11,047,945</u>	<u>11,302,769</u>	<u>10,064,346</u>	<u>11,221,045</u>
	<u><u>13,162,244</u></u>	<u><u>13,417,068</u></u>	<u><u>12,605,992</u></u>	<u><u>13,762,691</u></u>

The financial liability risks that are hedged through financial instruments that comply with the hedge accounting requirements are stated at fair value. However, the remaining financial liabilities are stated at amortised cost or historical cost.

The market value of the medium/long-term debts and borrowings is calculated based on discounted cash flows at the rates ruling at the balance sheet date. The book value of the current short term debt and borrowings is considered to be equivalent to market value.

Guarantees are detailed in Note 40 to the financial statements.

34. Employee benefits

Employee benefits are analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Provisions for social liabilities and benefits	1,015,522	935,593	-	-
Provisions for medical liabilities	785,174	779,784	-	-
	<u>1,800,696</u>	<u>1,715,377</u>	<u>-</u>	<u>-</u>

Provision for social liabilities and benefits as at 30 June 2008 includes 909,750 thousands of Euros relating to retirement pension defined benefit plans (827,354 thousands of Euros at 31 December 2007), 89,452 thousands of Euros (90,952 thousands of Euros at 31 December 2007) relating to human resources rationalisation programs and liabilities similar to pensions of the Hidrocontábrico Group and 16,320 thousands of Euros (17,287 thousands of Euros at 31 December 2007) relating to the estimated cost of services rendered by third parties under the human resources rationalisation program.

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

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Balance at the beginning of the period	935,593	1,010,100	-	-
Charge for the period	22,893	65,811	-	-
Pre-retirements (curtailments)	-	143,002	-	-
Actuarial (gains)/losses	111,303	-155,647	-	-
Charge-off	-75,004	-145,353	-	-
Transfers and reclassifications	2,476	17,680	-	-
Changes in consolidation perimeter - Enersul	18,261	-	-	-
Balance at the end of the period	<u>1,015,522</u>	<u>935,593</u>	<u>-</u>	<u>-</u>

The Charge for the period includes 20,030 thousands of Euros related to defined benefit plans and 2,863 thousands of Euros related to expenses with human resources rationalisation program of Hidrocontábrico.

As a consequence of the devaluation of stock market, the Group booked as at 30 June 2008, an actuarial loss against reserves, in the amount of 121,503 thousands of Euros, related to the devaluation of EDP Pension Fund net assets in Portugal.

The movement in Provisions for Medical and other benefits is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Balance at the beginning of the period	779,784	760,460	-	6,394
Charge for the period	24,553	45,709	-	573
Pre-retirements (curtailments)	-	10,915	-	-
Actuarial (gains)/losses	-3,271	-9,297	-	-
Charge-off	-16,766	-32,996	-	-
Transfers and reclassifications	874	4,993	-	-6,967
Balance at the end of the period	<u>785,174</u>	<u>779,784</u>	<u>-</u>	<u>-</u>

The assumptions used as at 30 June 2008 to calculate the liabilities inherent to the pension and healthcare plans for the EDP Group remain unchanged in relation to the ones used in 31 December 2007.

The components of consolidated net cost of the pension plans recognised in the period were as follows:

	Jun 2008			Dec 2007		
	Portugal Euro'000	Brazil Euro'000	Group Euro'000	Portugal Euro'000	Brazil Euro'000	Group Euro'000
Cost for the period						
Current service cost	6,272	414	6,686	14,640	645	15,285
Interest cost	50,201	13,294	63,495	92,963	22,884	115,847
Expected return on plan assets	-35,356	-14,281	-49,637	-69,099	-25,848	-94,947
Curtailments / Settlements	-	-	-	143,002	-	143,002
Plan participants contributions	-	-514	-514	-	-1,010	-1,010
Net cost for the period	<u>21,117</u>	<u>-1,087</u>	<u>20,030</u>	<u>181,506</u>	<u>-3,329</u>	<u>178,177</u>

The components of consolidated net cost of the medical care plans recognised in the period were as follows:

	Jun 2008			Dec 2007		
	Portugal Euro'000	Brazil Euro'000	Group Euro'000	Portugal Euro'000	Brazil Euro'000	Group Euro'000
Cost for the period						
Current service cost	3,611	157	3,768	8,517	305	8,822
Interest cost	19,497	1,288	20,785	34,282	2,605	36,887
Curtailment	-	-	-	10,915	-	10,915
Net cost for the period	23,108	1,445	24,553	53,714	2,910	56,624

35. Provisions

Provisions are analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Provision for legal and labour matters and other contingencies	123,751	152,428	-	-
Provision for customer guarantees under current operations	7,632	8,093	-	-
Dismantling and decommission provisions	52,556	41,006	-	-
Provision for other liabilities and charges	168,381	174,514	24,633	29,580
	352,320	376,041	24,633	29,580

The decrease in the Provision for legal and labour matters and other contingencies includes the effect of an increase of tax and legal processes provisions (10,185 thousands of Euros), including 4,350 thousands of Euros related to exchange rate differences. The decrease in this provision is also influenced by the exit of Enersul from the consolidation perimeter, which resulted in a decrease in the amount of these provisions of 38,863 thousands of Euros.

The increase in dismantling and decommission provisions results, essentially, from the new investments made by Horizon (11,860 thousands of Euros).

36. Trade and other payables

Trade and other payables are analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Trade and other payables - Current:				
Suppliers	706,023	785,649	109,337	212,869
Property, plant and equipment suppliers	404,426	464,706	678	3,765
Other shareholders of Group companies	24,742	33,751	88,854	13,468
Advances from customers	46,647	44,049	44	46
Other payables:				
- Employees	18,793	49,893	3	2,358
- Supply of other goods and services	299	1,026	74,248	9,746
- Concession rents	11,194	4,183	-	-
- Amount payable to the Regulatory Entity in Brazil	12,351	13,274	-	-
- Amount to be invested in research and development (Brazil)	15,978	17,668	-	-
- Purchase of 80% of Pebble Hydro	-	57,482	-	57,482
- Group companies	-	-	-	80,265
Payables - associated companies	-	-	-	117,089
Energetic efficiency program	13,816	18,377	-	-
Holiday pay, bonus and other charges	77,835	93,504	783	942
Derivative financial instruments	159,819	111,825	95,193	114,874
Government grants and co-participation in investment in fixed assets	144,022	179,954	-	-
Extension of the period of the public hydric domain concession	-	759,000	-	-
Accrued costs - Energy management business	95,556	37,175	95,556	37,175
Accrued costs - Energy purchase (PRE)	100,686	63,787	-	-
Accrued costs - Overhauls	-	15,031	-	-
Deferred income - Supply of energy	47,783	51,952	-	-
Accrued costs relating to CMEC revisable mechanism	46,648	20,576	-	-
Accrued costs to purchase of coal	24,022	26,203	-	-
CO2 emission licenses	508,090	197,905	19,546	-
Deferred income	35,841	27,686	-3,009	-
Deferred income - CMEC	138,784	151,330	-	-
OMIP futures	-	10,360	-	-
Tariff refund - Enersul	-	70,538	-	-
Other creditors and sundry operations	512,133	343,006	88,501	59,640
	3,145,488	3,649,890	569,734	709,719

The decrease in the caption Extension of the period of the public hydric domain concession results from the payment made to the concessionary entity of the National Electricity Transport Network (RNT).

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Trade and other payables - Non-current				
Regularisation account - (Reg. DL 344-B/82)	1,003	1,218	-	-
State participation in Multipurpose hydroelectric power stations	11,325	9,671	11,325	9,665
Deposits received from customers and other debtors	35,978	45,383	4	4
Payables to related companies	55,518	44,104	-	-
Property, plant and equipment suppliers	6,746	51,914	1,113	1,245
Government grants for investment in fixed assets	1,682,244	1,713,165	-	563
Put options over minority interests liabilities	781,320	800,391	-	-
Amounts payable for the acquisition of the "RELAX" projects	36,761	-	-	-
Deferred income	103,003	71,038	-	-
Energy sales contracts - Horizon	113,193	125,735	-	-
Deferred income - CMEC	533,174	581,401	-	-
Liability to institutional investors in corporate partnership in wind farms in the USA	838,433	733,273	-	-
Amounts payable for concessions	271,251	264,763	-	-
Payables - Group companies (EDP Finance BV)	-	-	2,268,023	3,144,434
Derivative financial instruments	153	-	156,255	-
Other creditors and sundry operations	50,517	22,461	-	-
	<u>4,520,619</u>	<u>4,464,517</u>	<u>2,436,720</u>	<u>3,155,911</u>

37. Tax payable

Tax payable is analysed as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
State and other public entities				
- Income tax	165,725	378,173	10,014	10,123
- Withholding tax	26,935	28,620	1,171	467
- Social security contributions	8,408	8,384	14	21
- Value added tax	28,868	23,573	439	-
- Turnover tax (Brazil)	46,704	49,133	-	-
- Social tax (Brazil)	16,861	16,913	-	-
- Other taxes	68,363	71,181	-	-
	<u>361,864</u>	<u>575,977</u>	<u>11,638</u>	<u>10,611</u>

38. Assets and liabilities classified as held for sale and discontinued operations

The criteria for classifying assets and liabilities as held for sale and discontinued operations, as well as their presentation in the EDP Group's consolidated financial statements, are described under accounting policies paragraph 2 u) of the consolidated financial statements of EDP Group as at 31 December 2007.

This caption is analysed as follows:

	Group	Company	Group	Company
	Jun 2008 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000	Dec 2007 Euro'000
Assets associated to discontinued operations	833,360	-	-	-
Liabilities associated to discontinued operations	-530,353	-	-	-
Other assets held for sale	2,706	-	42,386	44,500
	<u>305,713</u>	<u>-</u>	<u>42,386</u>	<u>44,500</u>

Discontinued operations (Enersul)

On 18 June 2008 EDP - Energias do Brasil, S.A. ("Energias do Brasil"), signed with Rede Group a share exchange agreement that defines the terms of the exchange of the total share capital held by EDP Energias do Brasil in Enersul (power distribution company in Mato Grosso do Sul state) for the share capital held by Rede Group in companies Rede Lajeado Energia S.A. ("Rede Lajeado") and Investco S.A. ("Investco"), as well as the share capital held by Rede Power in Rede Lajeado e Tocantins Energia S.A.

This agreement will allow Energias do Brasil to consolidate its position in Investco, in which presently holds 27.65% of the voting capital, by increasing its holding to 73.10% of the voting capital, ensuring a control position in Investco. Investco is a company that holds and manages the hidroelectrical generation plant of Lajeado, in Tocantins. This plant has an installed capacity of 902.5 MW and its operated under a 35 years concession contract.

The conclusion of this operation depends on the approval by Agência Nacional de Energia Elétrica (ANEEL), as well as the completion of other contractual and company issues that result from the transaction, which have not been fulfilled as at 30 June 2008. As a consequence, on this date, the share capital exchange has not been booked. However, according to the accounting policy described in note 2 u) of the 31 December 2007 financial statements, the financial investment in Enersul has been classified as a discontinued operation, and therefore the assets, liabilities and loss of Enersul for the six months period ended 30 June 2008 are presented in separated lines in the balance sheet and in the income statement on a separated column.

	<u>Jun 2008</u> <u>Euro'000</u> <u>Enersul</u>
Assets	
Property, plant and equipment	527,522
Intangible assets	23,203
Deferred tax assets	81,411
Trade receivables	3,879
Debtors and other assets	36,312
Total Non-Current Assets	<u>672,327</u>
Inventories	1,553
Trade receivables	69,955
Debtors and other assets	13,318
Tax receivable	39,186
Financial assets at fair value through profit or loss	3,955
Cash and cash equivalents	41,543
Loss resulting from exchange of assets operation	-8,477
Total Current Assets	<u>161,033</u> <u>833,360</u>
Liabilities	
Medium / Long term financial debt	169,077
Employee benefits	-18,261
Provisions	38,863
Deferred tax liabilities	64,309
Trade and other payables	93,219
Total Non-Current Liabilities	<u>347,207</u>
Short term financial debt	64,143
Trade and other payables	99,131
Tax payable	19,872
Total Current Liabilities	<u>183,146</u> <u>530,353</u>

Assets held for sale

In December 2007 the Executive Board of Directors of EDP, S.A. notified LogicaCMG Corporate Holdings Limited ("LogicaCMG") of its decision to exercise its sales option over 40% of the share capital of Edinfor — Sistemas Informáticos, S.A. ("Edinfor") in 2008. As a result of this decision, the investment in Edinfor was classified in the consolidated and company financial statements as "Assets classified as held for sale", being booked at the lower of book value and fair value less costs to sell. On 7 March 2008, EDP, S.A. has signed the definitive contract to sell the share of 40% and related credits over Edinfor, by an amount of 54,964 thousands of Euros, and has booked a consolidated gain of 4,819 thousands of Euros (see Note 12).

39. Derivative financial instruments

In accordance with IAS 39, the Group classifies derivative financial instruments as fair value hedges of a recognised asset or liability ("fair value hedge") and as cash flow hedges of recognised liabilities and highly probable future transactions ("cash flow hedge").

The fair value of derivative financial instruments portfolio as at 30 June 2008 and 31 December 2007 is as follows:

	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Derivatives held for trading	-37,949	281	3,975	-19,757
Fair value hedge	-62,924	-19,035	-114,586	26,472
Cash-flow hedge	43,781	13,449	-	-
	<u>-57,092</u>	<u>-5,305</u>	<u>-110,611</u>	<u>6,715</u>

40. Commitments

As at 30 June 2008 and 31 December 2007, the financial and real guarantees granted by EDP Group, not included in the balance sheet, are analysed as follows:

Type	Group		Company	
	Jun 2008 Euro'000	Dec 2007 Euro'000	Jun 2008 Euro'000	Dec 2007 Euro'000
Guarantees of a financial nature				
EDP, S.A.	510,954	528,494	510,954	528,494
Hidrocontábrico Group	59,700	52,364	-	-
Brazil Group	82,576	104,397	-	-
Neo Group	-	26,306	-	-
Horizon Group	2,855	3,057	-	-
Other	10	10	-	-
	<u>656,095</u>	<u>714,628</u>	<u>510,954</u>	<u>528,494</u>
Guarantees of an operational nature				
EDP, S.A.	1,040,229	1,243,985	1,040,229	1,243,985
Hidrocontábrico Group	282,036	300,134	-	-
Brazil Group	99,953	131,822	-	-
Neo Group	100,374	40,034	-	-
Horizon Group	520,840	542,564	-	-
Other (Portugal)	7,375	10,262	-	-
	<u>2,050,807</u>	<u>2,268,801</u>	<u>1,040,229</u>	<u>1,243,985</u>
Total	<u>2,706,902</u>	<u>2,983,429</u>	<u>1,551,183</u>	<u>1,772,479</u>
Real guarantees	<u>32,631</u>	<u>36,800</u>	<u>-</u>	<u>-</u>

Guarantees detailed above include the amounts related to discontinued operations (Enersul) in the amount of 1,259 thousands of Euros (guarantees of a financial nature), 18,729 thousands of Euros (guarantees of an operational nature) and 2,051 thousands of Euros of (real guarantees).

The financial guarantees contracted as at 30 June 2008 and 31 December 2007 include 490,334 thousands of Euros and 548,839 thousands of Euros, respectively, relating to loans contracted by Group companies and included in their consolidated debt. These include guarantees for loans of 384,511 thousands of Euros at 30 June 2008 contracted by the Energias do Brazil Group to finance the construction of hydro electrical plants, having associated counter-guarantees of 166,714 thousands of Euros received by EDP from partners in these projects.

The Group also has project finance loans with usual guarantees for these loans, namely pledged assets or promissory pledges over shares, bank accounts and assets relating to the projects. As at 30 June 2008 and 31 December 2007 these loans amounted to 615,490 thousands of Euros and 565,446 thousands of Euros, respectively and are included in the Group's consolidated debt.

As at 30 June 2008, the short and long term financial debt, finance lease instalments and other long term liabilities (included in the balance sheet) and the remaining purchase obligations and operating lease instalments not yet due (not included in the balance sheet) are analysed, by maturity, as follows:

	Jun 2008				
	Principal				
	Total Euro'000	Less than 1 year Euro'000	From 1 to 3 years Euro'000	From 3 to 5 years Euro'000	More than 5 years Euro'000
Short and long term financial debt	13,162,244	2,114,299	2,797,020	2,754,796	5,496,129
Finance lease instalments payable	6,112	1,172	4,160	780	-
Operating lease liability	135,526	15,229	15,840	9,286	95,171
Purchase obligations	40,624,241	4,348,538	6,862,432	5,281,991	24,131,280
Other long term liabilities	2,159,627	224,806	440,190	424,237	1,070,394
	<u>56,087,750</u>	<u>6,704,044</u>	<u>10,119,642</u>	<u>8,471,090</u>	<u>30,792,974</u>

As at 30 June 2008 the Group has the following contingent liabilities/rights related with call and put options on investments:

- Put option of Cajastur over EDP for 3.13% of the capital of Hidrocarbúrico;
- Put option of Ente Vasco de la Energía over HC related to of 30.4% of Naturgás, for the highest of the following amounts:
 - Initial price discounted to the put option exercise date, considering the dividends distributed up to date;
 - Fair value of the asset, determined by investment banks;
- Put option of Caja Madrid over NEO for 20% of its participated company Genesa. The option can be exercised between January 2010 and 1 January 2011, the price of exercising the option being determined by an investment bank valuation process.
- EDP has a put option over Endesa and Endesa has a call option over EDP for 7.7% of the Ampla investment, at the fair value of the asset, determined through an investment bank valuation process. However, the exercise period of the option can be extended up to March or September 2008, depending on the accomplishment of the existing suspensive conditions.
- EDP has a put option over Mercado Electrónico and Mercado Electrónico has a call option over EDP for 34% of the investment in Central E, S.A. The price of the options will be determined based on the last 12 months invoicing and the exercise period of the options starts in June 2010 and ends in June 2015.

41. Stock option plan

EDP Group implemented a stock option program applicable to senior management and directors, under the terms approved by the General Meeting, in order to provoke value enhancement. This program has not been changed since 31 December 2007.

The movements in the stock option plans are analysed as follows:

	Option activity	Weighted average exercise price (Euro)
Balance as at 31 December 2005	2,043,144	2.27
Options exercised	1,044,621	-
Options granted	1,461,497	-
Balance as at 31 December 2006	2,460,020	2.22
Options exercised	849,687	-
Options granted	-	-
Balance as at 31 December 2007	1,610,333	2.21
Options exercised	492,848	-
Options granted	-	-
Balance as at 30 June 2008	1,117,485	2.21

In the six months period ended 30 June 2008, the Group did not recognise any expense related to stock option plans, as the past service cost was recognised in prior years.

Additionally, during the six months period ended 30 June 2008, EDP Group granted to employees a group of treasury shares (452,045 shares acquired at the average price of 3.9842 Euros), in the total amount of 1,801 thousands of Euros.

42. Related parties

The main transactions with related parties and balances with subsidiaries and associates eliminated on consolidation process, for the six months period ended 30 June 2008, are analysed as follows:

Main EDP Group shareholders

EDP, S.A.'s shareholder structure as at 30 June 2008 is analysed as follows:

	N.º of Shares	% Capital	% Voting rights
Parpública - Participações Públicas, SGPS, S.A.	749,323,856	20.49%	20.64%
Iberdrola - Participações, SGPS, S.A.	347,371,083	9.50%	5.00%
Caja de Ahorros de Asturias	202,250,158	5.53%	5.00%
Caixa Geral de Depósitos, S.A.	191,588,030	5.24%	5.00%
José de Mello - SGPS, S.A.	181,975,120	4.98%	5.00%
Banco Comercial Português Group and Fundo de Pensões BCP Group	123,109,099	3.37%	3.39%
Picket Asset Management	104,396,422	2.86%	2.88%
Banco Espírito Santo, S.A.	73,317,240	2.01%	2.02%
Sonatrach	81,713,076	2.23%	2.25%
International Petroleum Investment Company (IPIC)	73,130,755	2.00%	2.01%
EDP (Treasury stock)	26,069,995	0.71%	-
Other shareholders	1,502,292,881	41.09%	
	<u>3,656,537,715</u>	<u>100.00%</u>	

Balances and transactions with subsidiaries and associates

As at 30 June 2008, credits over subsidiaries and associates, for the Company, and eliminated in the consolidated financial statements are analysed as follows:

	Intra-group financial mov. Euro'000	Loans Euro'000	Other receivables Euro'000	Total Eur'000
Companies				
Balwerk	-	279,878	7,473	287,351
EDP Comercial	29,347	-	-	29,347
EDP Distribuição	244,161	1,809,625	63,326	2,117,112
EDP Finance BV	-	-	4,258	4,258
EDP Gás	22,677	11,400	943	35,020
EDP Gás Com	-	-	17,502	17,502
EDP Imobiliária e Participações	8,516	339,760	157	348,433
EDP Inovação	-	-	1,062	1,062
EDP Powerline	4,191	-	131	4,322
EDP Produção	31,081	2,989,994	120,806	3,141,881
EDP Produção Bioelétrica	-	18,255	174	18,429
EDP Renováveis	-	237,182	1,184	238,366
EDP Serviço Universal	61,456	-	-	61,456
EDP Soluções Comerciais	18,353	-	14,598	32,951
EDP Valor	6,473	-	4,780	11,253
Enernova	-	-	1,168	1,168
Hidroelétrica del Cantábrico	-	-	8,659	8,659
NEO	-	-	7,612	7,612
EDP Gás III	-	-	2,005	2,005
EDP Investimentos	48	-	14,999	15,047
O&M Serviços	1,043	-	13	1,056
OPTEP	-	-	1,901	1,901
Pebble Hydro	-	-	1,206	1,206
Sãvida	-	-	385	385
Other	444	337	4,079	4,860
	<u>427,790</u>	<u>5,686,431</u>	<u>278,421</u>	<u>6,392,642</u>

EDP - Energias de Portugal, S.A.

Notes to the Consolidated and Company Condensed Financial Statements for the periods ended 30 June 2008 (Unaudited) and 31 December 2007

As at 30 June 2008, the debts to subsidiaries and associates, for the Company, and eliminated in the consolidated financial statements are analysed as follows:

	Intra-group financial mov. Euro'000	Loans Euro'000	Other payables Euro'000	Total Euro'000
Companies				
Balwerk	7,315	-	-	7,315
EDP Comercial	-	-	2,844	2,844
EDP Distribuição	-	-	2,234	2,234
EDP Estudos e Consultoria	-	-	3,967	3,967
EDP Finance BV	-	2,314,302	30,898	2,345,200
EDP Gas Com	15,794	-	339	16,133
EDP Imobiliária e Participações	-	-	306	306
EDP Inovação	3,709	-	837	4,546
EDP Produção	-	-	146,061	146,061
EDP Produção Bioelétrica	-	-	46	46
EDP Renováveis	-	11,788	156,159	167,947
EDP Serviço Universal	-	-	56,122	56,122
EDP Serviner	1,523	-	-	1,523
EDP Soluções Comerciais	-	-	458	458
EDP Valor	-	-	1,812	1,812
Electrica Ribera del Ebro	-	-	17,830	17,830
Hidrocantábrico Energia	-	-	2,693	2,693
Hidroelétrica del Cantábrico	89	-	62,655	62,744
Internel	305	-	-	305
Labelec	1,778	-	-	1,778
MRH	1,463	-	-	1,463
NQF Gás	63,628	-	-	63,628
EDP Gás III	236	-	-	236
Sávida	7,266	-	3	7,269
Tergen	669	-	-	669
Other	194	-	317	511
	<u>103,969</u>	<u>2,326,090</u>	<u>485,581</u>	<u>2,915,640</u>

Expenses related to intra-Group transactions for the six months period ended 30 June 2008 based on the company financial statements, eliminated on consolidation are as follows:

	Interest on Intra-Group financial mov. Euro'000	Interest on loans obtained Euro'000	Other costs Euro'000	Total Euro'000
Companies:				
EDP Comercial	-	-	11,596	11,596
EDP Distribuição	-	-	6,869	6,869
EDP Estudos e Consultoria	-	-	6,831	6,831
EDP Finance BV	-	84,575	-	84,575
EDP Gás	-	-	74	74
EDP Inovação	-	-	726	726
EDP Produção	-	-	493,953	493,953
EDP Renováveis	-	-	129,953	129,953
EDP Serviço Universal	-	-	833	833
Eléctrica Ribera del Ebro	-	-	15,395	15,395
Hidroelétrica del Cantábrico	-	-	50,511	50,511
Hidrocantábrico Energia S.A.U.	-	-	14,525	14,525
Other	-	-	1,638	1,638
	<u>-</u>	<u>84,575</u>	<u>732,904</u>	<u>817,479</u>

Income related to intra-Group transactions for the six months period ended 30 June 2008 based on the company financial statements, eliminated on consolidation are as follows:

	Interest on Intra-Group financial mov. Euro'000	Interest on loans granted Euro'000	Other income Euro'000	Total Euro'000
Companies:				
Balwerk	16	7,126	4,122	11,264
EDP Brasil	-	-	8,412	8,412
EDP Comercial	479	-	493	972
EDP Distribuição	10,082	41,020	37,617	88,719
EDP Finance BV	-	4,278	748	5,026
EDP Imobiliária e Participações	162	9,892	1,112	11,166
EDP Gás	319	543	10,737	11,599
EDP Produção	4,579	65,249	415,950	485,778
EDP Serviço Universal	2,295	-	32,349	34,644
EDP Soluções Comerciais	577	-	25,839	26,416
EDP Valor	13	-	7,120	7,133
Enernova	7	1,258	-	1,265
Hidroelétrica del Cantábrico	-	-	1,673	1,673
Hidrocantábrico Distribuição Eléctrica	-	-	6,338	6,338
Horizon Wind Energy	-	3,200	-	3,200
NEO	-	37,819	3,520	41,339
EDP Renováveis	-	1,331	1,020	2,351
Labelec	-	-	1,263	1,263
Other	125	474	6,428	7,027
	<u>18,654</u>	<u>172,190</u>	<u>564,741</u>	<u>755,585</u>

43. Fair value of financial assets and liabilities

	Group Jun 2008			Group Dec 2007		
	Carrying amount Euro'000	Fair value Euro' 000	Difference Euro'000	Carrying amount Euro' 000	Fair value Euro'000	Difference Euro'000
Financial assets						
Available for sale investments	501,114	501,114	-	705,260	705,260	-
Trade receivables	1,641,625	1,641,625	-	1,759,176	1,759,176	-
Derivative financial instruments	51,616	51,616	-	106,520	106,520	-
Financial assets at fair value through profit or loss	37,863	37,863	-	49,034	49,034	-
Cash and cash equivalents (assets)	1,283,679	1,283,679	-	864,711	864,711	-
	<u>3,515,897</u>	<u>3,515,897</u>	<u>-</u>	<u>3,484,701</u>	<u>3,484,701</u>	<u>-</u>
Financial liabilities						
Financial debt	13,162,244	13,417,068	254,824	12,605,992	13,762,691	1,156,699
Suppliers	1,110,449	1,110,449	-	1,250,355	1,250,355	-
Derivative financial instruments	159,819	159,819	-	111,825	111,825	-
	<u>14,432,512</u>	<u>14,687,336</u>	<u>254,824</u>	<u>13,968,172</u>	<u>15,124,871</u>	<u>1,156,699</u>

Considering that the EDP Group structure of financial assets and liabilities booked at amortised cost is essentially of a short term nature, the the difference between the fair value and the book value has not been considered. Regarding medium and long term debt, the EDP Group determined its fair value considering the actual market conditions, for interest rates. The remaining financial assets and liabilities are already booked at fair value.

44. Gains or losses on sale of discontinued operations

As at 30 June 2008, the investment in Enersul was classified as a discontinued operation under Assets held for sale and discontinued operations, in compliance with IFRS 5. On this basis, this investment was measured at the lower of its carrying amount and fair value less costs to sell, consequently the Group has recognised a loss on a consolidated basis of 8,477 thousands of Euros.

In compliance with IFRS 5, Enersul's assets and liabilities are presented in consolidated balance sheet as at of 30 June 2008 in separate lines by the total amount of assets and liabilities to sell. The income statement of discontinued operations for the six months period ended 30 June 2008, refers to the profit for the period of

The detail of this operation is disclosed in note 38 - Assets and liabilities held for sale and discontinued operations.

45. Relevant subsequent events**EDP signs contract for the acquisition of 80% of Pebble Hydro and Hidroelétrica Janeiro de Baixo.**

On 3 July 2008, after receiving the authorization from the Portuguese Competition Authority, EDP Group, through its subsidiary EDP Gestão da Produção, S.A., acquired 80% of Pebble Hydro and Hidroelétrica Janeiro de Baixo, Lda, as a part of the deal reached by EDP and Banco Espírito Santo de Investimento with Babcock & Brown Group in December de 2007. Additionally, in July 2008, EDP, S.A. will transfer to EDP Gestão da Produção, S.A. the remaining 20% interest held by this company in the above mentioned companies, in order to concentrate in this company, 100% of the financial interests.

EDP wins contests for the attribution of hydric domain of hidroelectrical generation plants of Fridão and Alvito

On 17 July 2008, EDP won the auction for the concession to build the Fridão and Alvito hydro plants and operate them for a period of 65 years after its entry into operation. EDP's proposal amounted 161.7 million euros plus the 70 million euros minimum value established in the terms of the tender, which should be paid by EDP in 2008. The investment in the two plants should amount to 510 million euros and the plants are expected to enter in operation in 2016.

The Fridão hydro plant project, at the Tâmega river, part of the Douro's basin, should represent an investment of 242 million euros and an installed capacity of 256MW. This capacity is higher than the 162MW reference capacity defined in the National Dams Plan and results of the inclusion of a stabilization dam downstream the river. This plant entails a significant pumping potential which was not considered in the proposal that was now presented.

46. Segmental reporting

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

A geographical segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, within a specific economic environment, and it is subject to risks and returns that can be differentiated from those that operate in other economic environments.

47. Limited review

Following the changes introduced by CMVM Regulation number 3/2006, the obligation to present a report prepared by an auditor registered in CMVM for the half year interim financial statements, has been abolished.

Therefore, these financial statements have not been submitted to a limited review by external auditors.

EDP Group Activity by Business Segment

Information by business segment — June 2008

(Amounts in thousands of Euros)

	Electricity												Gas				Other operations																									
	Iberian Peninsula *									Europe+USA							Brazil			Iberian Peninsula																						
	Generation			Distribution **			Supply			Renewable							Generation			Distribution			Supply			Total			Portugal			Spain			Total			Other operations			Consolidation adjustments	
	Portugal	Spain	Total	Portugal	Spain	Total	Portugal	Spain	Total	Europe	USA	Total	Generation	Distribution	Supply	Total	Portugal	Spain	Total	Portugal	Spain	Total	Portugal	Spain	Total	Portugal	Spain	Total	Portugal	Spain	Total	Continued	Discontinued									
Turnover	1,506,254	401,260	1,907,514	2,936,323	81,255	3,017,578	91,006	502,233	593,239	187,624	64,445	252,069	159,089	614,398	148,684	922,171	117,098	540,190	657,288	290,581	-	-	-	1,083,179	6,557,260	162,950	6,720,210															
Cost of consumed electricity	-565,212	-23,774	-588,985	-2,237,471	-	-2,237,471	-81,569	-468,245	-549,813	-192	-145	-337	-19,707	-381,787	-132,934	-534,428	-	-407	-407	-	-	-	-88,270	-415,562	-503,833	-	-	-	-	701,995	-3,209,447	-47,879	-3,257,326									
Cost of consumed gas	-	-	-	-	-	-	-	-3,181	-3,181	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Change in inventories and cost of raw materials or	-338,899	-212,848	-551,747	-5,541	457	-5,084	-2,746	-3,478	-6,224	-84	-	-84	-338	-2,913	-7	-3,258	-	-72	-72	-203,108	139,432	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
	602,144	164,638	766,782	693,311	81,711	775,023	6,691	27,329	34,020	187,348	64,300	251,648	139,044	229,698	15,743	384,485	28,828	124,148	152,975	87,472	-120,417	2,331,988	113,027	2,445,015																		
Other operating income / (expenses)																																										
Other operating income	4,931	14,054	18,985	24,040	9,414	33,454	1,150	16,440	17,790	573	43,349	43,922	28	4,591	-	4,619	2,625	8,480	11,105	62,616	-82,684	109,806	1,823	111,629																		
Supplies and services	-50,839	-26,145	-76,984	-131,400	-28,150	-159,549	-7,124	-17,599	-24,723	-22,313	-18,852	-41,165	-18,532	-43,212	-919	-62,663	-5,710	-19,961	-25,670	-70,243	127,914	-333,083	-22,143	-355,226																		
Personnel costs	-42,644	-17,407	-60,051	-91,347	-11,406	-102,753	-2,407	-3,336	-5,743	-1,630	-4,722	-31,672	-8,972	-31,672	-895	-37,096	-2,856	-10,752	-60,155	-637	-288,988	-12,511	-301,499																			
Employee benefits	-10,459	-849	-11,307	-46,238	-1,322	-47,560	-77	-85	-162	-7	-410	-417	-231	-7,780	-40	-8,052	-35	-237	-272	15,816	-56,682	-1,183	-57,865																			
Other operating expenses	-2,603	-34,687	-37,290	-140,630	-3,875	-144,506	-264	-5,385	-5,650	-6,180	-5,272	-11,452	-3,217	-13,670	-2,887	-19,774	-2,356	-9,911	-12,267	-18,485	28,012	-221,418	-36,101	-257,519																		
	-101,614	-65,034	-166,647	-385,574	-35,339	-420,913	-8,722	-9,764	-18,487	-29,557	11,466	-18,091	-26,481	-91,743	-4,741	-122,965	-8,332	-32,355	-40,687	-90,997	88,421	-790,365	-70,115	-860,480																		
Provisions	500,530	99,604	600,134	307,737	46,372	354,109	-2,031	17,564	15,533	157,791	75,766	233,558	112,562	137,955	11,002	261,520	20,496	91,793	112,289	-3,524	-31,996	1,541,623	42,912	1,584,535																		
Depreciation and amortisation expense	-136,819	-50,635	-187,453	-169,391	-13,756	-183,146	-501	-630	-1,131	-55,953	-38,563	-94,517	-15,333	-83,807	-55	-99,194	-6,695	-16,853	-23,548	-72,837	35,670	-626,157	-21,907	-648,063																		
Compensation of amortisation and depreciation	1,798	225	2,023	43,150	1,607	44,758	-	-	-	351	-	351	-	2,711	-	2,711	843	1,374	2,217	133	-	52,193	2,209	54,402																		
Gain from the sale of financial assets	365,511	49,195	414,705	181,134	34,149	215,284	-9,886	17,151	7,265	102,189	36,386	138,575	97,049	55,302	10,947	163,299	12,603	76,082	88,685	-78,514	3,674	952,974	20,411	973,385																		
Other financial income	49,398	50	49,448	680	-	680	-	-	-	-16	-	-16	-	-	-	-	-	-	-	431,407	-	481,520	-	481,520																		
Other financial expenses	55,798	46,315	102,113	7,472	55	7,527	220	282	502	3,995	1,394	5,389	4,573	25,318	787	30,678	2,607	7,057	9,664	365,713	-227,339	294,247	8,924	303,171																		
Share of profit of associates	-175,812	-5,181	-180,994	-49,374	-6,126	-55,500	-492	-952	-1,444	-43,791	-23,603	-67,394	-27,443	-51,583	-110	-79,137	-5,979	-8,668	-14,647	-676,425	272,700	-802,840	-11,769	-814,609																		
	4,710	265	4,975	-	-	-	-	-	-	2,267	-25	2,242	20,351	-	-	20,351	971	105	1,076	10,685	-20,351	18,978	-	18,978																		
Profit / (loss) before tax	299,604	90,643	390,248	139,912	28,079	167,991	-10,158	16,481	6,323	64,645	14,152	78,797	94,531	29,037	11,624	135,192	10,201	74,577	84,778	52,867	28,683	944,879	17,566	962,445																		
Income tax expense	-53,172	-20,176	-73,348	-32,262	-8,424	-40,685	1,009	-4,184	-2,275	-19,577	-	-19,577	-12,436	-32,843	-3,942	-49,220	-3,002	-21,818	-24,820	26,832	4,999	-178,095	-5,960	-184,055																		
Profit after taxes and before gains/(loss) from discontinued operations	246,432	70,467	316,899	107,650	19,655	127,305	-8,249	12,297	4,048	45,068	14,152	59,220	82,095	-3,806	7,682	85,971	7,199	52,759	59,958	79,699	33,683	766,784	11,606	778,390																		
Gains / (losses) on sale of discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-8,477	-8,477																
Net profit / (loss) for the period	246,432	70,467	316,899	107,650	19,655	127,305	-8,249	12,297	4,048	45,068	14,152	59,220	82,095	-3,806	7,682	85,971	7,199	52,759	59,958	79,699	33,683	766,784	3,129	769,913																		
Attributable to:																																										
Equity holders of EDP	246,769	67,897	314,667	107,650	19,167	126,817	-8,262	11,170	2,908	28,192	14,152	42,344	82,095	-3,806	7,682	85,971	4,861	50,972	55,833	98,879	-23,463	703,957	-956	703,001																		
Minority interest	-337	2,570	2,233	-	488	488	12	1,127	1,140	16,876	-	16,876	-	-	-	-	2,338	1,786	4,125	-19,180	57,145	62,827	4,085	66,912																		
Net profit / (loss) for the period	246,432	70,467	316,899	107,650	19,655	127,305	-8,249	12,297	4,048	45,068	14,152	59,220	82,095	-3,806	7,682	85,971	7,199	52,759	59,958	79,699	33,683	766,784	3,129	769,913																		
Other information:																																										
Property, plant and equipment	3,827,704	3,676,310	7,504,014	4,254,910	621,842	4,876,752	2,362	5,799	8,161	2,609,159	2,398,218	5,007,377	1,042,112	767,303	169	1,809,584	279,525	480,474	759,999	515,271	-1,521,681	18,959,478	527,522	19,487,000																		
Intangible assets	1,380,808	1,203,482	2,584,290	-	236,644	236,644	524	6	530	273,679	503,303	776,982	141,115	58,716	349	200,180	85,829	720,498	806,327	1,449,295	-605,443	5,448,805	23,203	5,472,008																		
Current assets	794,101	1,361,212	2,155,313	1,023,331	89,162	1,112,513	48,849	227,276	276,125	368,114	83,036	451,150	174,487	287,456	39,245	63,971	591,991	655,962	3,732,520	-3,343,217	5,327,823	161,033	5,488,284																			
Equity and minority interest	2,995,615	3,837,867	5,933,482	419,037	433,704	852,741	-8,780	-155,718	-164,498	422,350	1,697,222	2,119,572	848,716	645,578	20,704	1,514,997	43,773	282,523	326,296	8,492,621	-9,946,809	8,492,621	183,146	8,492,621																		
Current liabilities	2,192,825	1,911,255	4,104,080	2,870,785	347,406	3,218,191	44,811	178,522	223,333	373,277	334,361	707,638	169,625	520,662	29,320	719,607	108,707	289,855	398,563	-2,933,899	-285,411	6,152,100	183,146	6,335,246																		

* Excludes Renewables

** Includes the Supplier of Last Resort in Portugal

EDP Group Activity by Business Segment

Information by business segment — December 2007

(Amounts in thousands of Euros)

	Electricity												Gas									
	Generation			Iberian Peninsula *			Supply			Europe+U.S.A.			Brazil			Iberian Peninsula			Other operations	Consolidation adjustments	EDP Group	
	Portugal	Spain	Total	Portugal	Spain	Total	Portugal	Spain	Total	Europe	U.S.A.	Total	Generation	Distribution	Supply	Total	Portugal	Spain				Total
Turnover	2,059,334	801,571	2,860,905	4,653,244	144,199	4,797,443	343,031	838,249	1,181,280	264,172	32,313	296,485	218,909	1,630,507	232,427	2,081,843	114,488	891,845	1,006,333	260,795	-1,474,306	11,010,778
Cost of consumed electricity	-320,492	-25,333	-345,825	-3,414,129	-	-3,414,129	-312,924	-738,548	-1,051,472	-206	-739	-945	-24,152	-868,298	-204,757	-1,097,207	-	-4	-4	-126	1,161,608	-4,748,100
Cost of consumed gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-61,908	-544,375	-606,283	21,056	-585,227	-
Change in inventories and cost of raw materials	-602,049	-372,355	-974,404	-13,035	-279	-13,314	-9,796	-17,508	-27,304	-16,363	-	-16,363	-684	-10,267	-2	-10,953	-6	-124,211	-124,219	-96,729	139,303	-1,123,983
	1,136,793	403,883	1,540,676	1,226,080	143,920	1,370,000	20,311	82,193	102,504	247,603	31,574	279,177	194,073	751,942	27,668	973,683	52,572	223,255	275,827	163,940	-152,339	4,553,468
Other operating income / (expenses)																						
Other operating income	12,683	3,180	15,863	51,682	38,931	90,613	213	29,536	29,749	6,292	13,085	19,377	157	13,918	-	14,075	4,071	6,909	10,980	77,686	-97,946	160,397
Supplies and services	-102,923	-53,322	-156,245	-260,218	-55,859	-316,077	-18,203	-31,542	-49,745	-40,124	-9,187	-49,311	-11,595	-133,051	-2,060	-146,706	-12,103	-40,857	-52,960	-138,921	225,778	-684,187
Personnel costs	-80,139	-33,007	-113,146	-181,368	-25,734	-207,102	-4,590	-6,532	-11,122	-13,414	-8,180	-21,594	-9,570	-81,737	-2,835	-94,142	-5,250	-20,400	-25,650	-104,207	-	-576,963
Employee benefits	-48,232	-10,877	-59,109	-217,188	-16,610	-233,798	-195	-199	-394	-101	-215	-316	-400	-15,712	-51	-16,163	-247	-428	-675	-10,820	31,905	-289,370
Other operating expenses	-6,948	-53,109	-60,057	-235,569	-12,585	-248,154	-1,458	-11,136	-12,594	-10,337	-3,133	-13,470	-5,049	-117,826	-5,038	-127,913	-4,023	-15,029	-19,052	-46,782	-7,048	-535,070
	-225,552	-147,135	-372,694	-842,661	-71,857	-914,518	-24,233	-19,873	-44,106	-57,684	-7,630	-65,314	-26,457	-334,408	-9,984	-370,849	-17,552	-69,805	-87,357	-223,044	152,689	-1,925,193
	911,234	256,748	1,167,982	383,419	72,063	455,482	-3,922	62,320	58,398	189,919	23,944	213,863	167,616	417,534	17,684	602,834	35,020	153,450	188,470	-59,104	350	2,628,275
Provisions	-1,476	-13,839	-15,315	16,763	371	17,134	-15,433	1,392	-14,041	-	-	-	48	-16,336	-	-16,288	-256	467	211	-16,447	2,651	-42,095
Depreciation and amortisation expense	-258,983	-122,053	-381,036	-345,306	-31,853	-377,159	-4,730	-2,333	-7,063	-91,252	-20,430	-111,682	-30,737	-86,070	-114	-116,921	-12,912	-33,725	-46,637	-46,843	-43,517	-1,130,858
Compensation of amortisation and depreciation	3,596	444	4,040	85,498	2,840	88,338	-	-	-	156	-	156	-	9,201	-	9,201	1,401	1,604	3,005	267	-	105,007
	654,371	121,300	775,671	140,374	43,421	183,795	-24,085	61,379	37,294	98,823	3,514	102,337	136,927	324,329	17,570	478,826	23,253	121,796	145,049	-122,127	-40,516	1,560,329
Gain from the sale of financial assets	-7,490	-	-7,490	-	-	-	-	-	-	6,596	-	6,596	-	-	-	-	-	-	-	262,741	714	262,561
Other financial income	105,719	50,217	155,936	40,899	519	41,418	1,716	1,584	3,300	67,745	5,074	72,819	8,698	75,652	2,829	87,179	18,015	9,626	27,641	684,357	-449,048	623,602
Other financial expenses	-189,733	-35,951	-225,684	-105,126	-12,094	-117,220	-19,687	-15,425	-35,112	-130,632	-5,236	-135,868	-59,277	-122,063	-1,376	-182,716	-8,385	-9,791	-18,176	-900,256	445,611	-1,169,421
Share of profit of associates	13,886	375	14,261	-	-	-	-	-	-	3,046	-98	2,948	24,272	-	-	24,272	1,737	183	1,920	4,579	-24,272	23,708
Profit / (loss) before tax	576,753	135,941	712,694	76,147	31,846	107,993	-42,056	47,538	5,482	45,578	3,254	48,832	110,620	277,918	19,023	407,561	34,620	121,814	156,434	-70,706	-67,511	1,300,779
Income tax expense	-137,142	-48,994	-186,136	11,918	-10,467	1,451	13,099	-15,506	-2,407	-4,101	-	-4,101	-7,891	-75,541	-6,261	-89,693	-9,977	-26,675	-36,652	21,323	15,367	-280,848
Profit after taxes and before gains/(loss) from discontinued operations	439,611	86,947	526,558	88,065	21,379	109,444	-28,957	32,032	3,075	41,477	3,254	44,731	102,729	202,377	12,762	317,868	24,643	95,139	119,782	-49,383	-52,144	1,019,931
Gains / (losses) on sale of discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit / (loss) for the year	439,611	86,947	526,558	88,065	21,379	109,444	-28,957	32,032	3,075	41,477	3,254	44,731	102,729	202,377	12,762	317,868	24,643	95,139	119,782	-49,383	-52,144	1,019,931
Attributable to:																						
Equity holders of EDP	437,514	84,952	522,466	88,065	20,707	108,772	-28,949	31,529	2,580	39,996	3,254	43,250	102,729	202,377	12,762	317,868	19,660	85,767	105,427	-27,325	-165,786	907,252
Minority interest	2,097	1,995	4,092	-	672	672	-8	503	495	1,481	-	1,481	-	-	-	-	4,983	9,372	14,355	-22,058	113,642	112,679
Net profit / (loss) for the year	439,611	86,947	526,558	88,065	21,379	109,444	-28,957	32,032	3,075	41,477	3,254	44,731	102,729	202,377	12,762	317,868	24,643	95,139	119,782	-49,383	-52,144	1,019,931
Other information:																						
Property, plant and equipment	3,695,453	1,856,403	5,551,856	4,291,344	587,257	4,878,601	2,587	5,113	7,700	2,665,755	2,175,843	4,841,598	979,478	1,229,994	183	2,209,655	277,433	496,549	773,982	118,956	287,129	18,669,477
Intangible assets	1,123,857	533,358	1,657,215	-	235,501	235,501	523	7	530	659,711	536,971	1,196,682	139,210	69,662	336	209,208	88,028	720,834	808,862	1,106,853	6,981	5,221,832
Current assets	753,665	441,263	1,194,928	957,656	68,191	1,025,847	81,499	188,980	270,479	497,988	333,636	831,624	123,059	626,435	43,320	792,814	55,696	461,418	517,114	3,617,527	-3,885,948	4,364,385
Equity and minority interest	358,494	1,475,559	1,834,053	356,886	220,949	577,835	209	398,177	398,386	123,618	1,799,685	1,923,303	761,645	933,238	21,605	1,716,488	390,624	239,240	629,864	5,850,564	-5,679,721	7,250,772
Current liabilities	2,669,049	756,235	3,425,284	2,498,064	327,773	2,825,837	71,164	144,421	215,585	560,674	400,363	961,037	127,307	680,658	31,569	839,534	102,125	213,356	315,481	610,787	-2,426,052	6,767,513

* Excludes Renewables

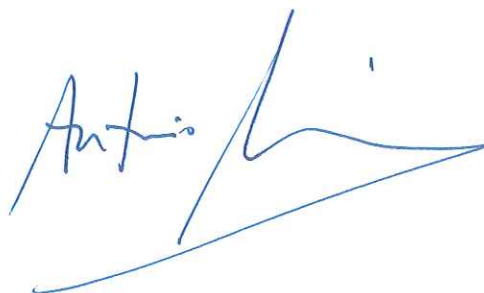
**IX. STATEMENTS OF RESPONSIBILITY FOR THE FINANCIAL INFORMATION AND MANAGEMENT
INTERIM REPORT**

EDP – Energias de Portugal, S.A.
António Luís Guerra Nunes Mexia
Chairman of the Board
Executive Board of Directors

STATEMENT

To the best of my knowledge, with reference to the six months ended June 30, 2008, the information indicated in article 246º, nº 1 a), of Decree-law n.º 357-A/2007, of October 31, 2007, I declare that, the condensed financial statements were prepared in accordance with the applicable accounting standards, presenting fairly, in all material respects, the position of the assets, the liabilities, financial position and results of EDP – Energias de Portugal, S.A. and subsidiaries included in the consolidation perimeter, and that the Interim Management Financial Analysis Report clearly discloses the information required in item nº 2 of the above referred article.

Lisbon, July 30, 2008





EDP – Energias de Portugal, S.A.
Nuno Maria Pestana de Almeida Alves
Board Member
Executive Board of Directors

STATEMENT

To the best of my knowledge, with reference to the six months ended June 30, 2008, the information indicated in article 246º, nº 1 a), of Decree-law n.º 357-A/2007, of October 31, 2007, I declare that, the condensed financial statements were prepared in accordance with the applicable accounting standards, presenting fairly, in all material respects, the position of the assets, the liabilities, financial position and results of EDP – Energias de Portugal, S.A. and subsidiaries included in the consolidation perimeter, and that the Interim Management Financial Analysis Report clearly discloses the information required in item nº 2 of the above referred article.

Lisbon, July 30, 2008

A handwritten signature in black ink, consisting of a stylized 'N' followed by a series of loops and a final vertical stroke.

EDP – Energias de Portugal, S.A.
Ana Maria Machado Fernandes
Board Member
Executive Board of Directors

STATEMENT

To the best of my knowledge, with reference to the six months ended June 30, 2008, the information indicated in article 246º, nº 1 a), of Decree-law n.º 357-A/2007, of October 31, 2007, I declare that, the condensed financial statements were prepared in accordance with the applicable accounting standards, presenting fairly, in all material respects, the position of the assets, the liabilities, financial position and results of EDP – Energias de Portugal, S.A. and subsidiaries included in the consolidation perimeter, and that the Interim Management Financial Analysis Report clearly discloses the information required in item nº 2 of the above referred article.

Lisbon, July 30, 2008

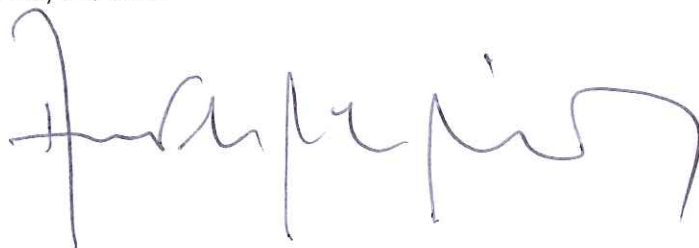


EDP – Energias de Portugal, S.A.
António Fernando Melo Martins da Costa
Board Member
Executive Board of Directors

STATEMENT

To the best of my knowledge, with reference to the six months ended June 30, 2008, the information indicated in article 246º, nº 1 a), of Decree-law n.º 357-A/2007, of October 31, 2007, I declare that, the condensed financial statements were prepared in accordance with the applicable accounting standards, presenting fairly, in all material respects, the position of the assets, the liabilities, financial position and results of EDP – Energias de Portugal, S.A. and subsidiaries included in the consolidation perimeter, and that the Interim Management Financial Analysis Report clearly discloses the information required in item nº 2 of the above referred article.

Lisbon, July 30, 2008





EDP – Energias de Portugal, S.A.
António Manuel Barreto Pita de Abreu
Board Member
Executive Board of Directors

STATEMENT

To the best of my knowledge, with reference to the six months ended June 30, 2008, the information indicated in article 246º, nº 1 a), of Decree-law n.º 357-A/2007, of October 31, 2007, I declare that, the condensed financial statements were prepared in accordance with the applicable accounting standards, presenting fairly, in all material respects, the position of the assets, the liabilities, financial position and results of EDP – Energias de Portugal, S.A. and subsidiaries included in the consolidation perimeter, and that the Interim Management Financial Analysis Report clearly discloses the information required in item nº 2 of the above referred article.

Lisbon, July 30, 2008

António Manuel Barreto Pita de Abreu

EDP – Energias de Portugal, S.A.
João Manuel Manso Neto
Board Member
Executive Board of Directors

STATEMENT

To the best of my knowledge, with reference to the six months ended June 30, 2008, the information indicated in article 246º, nº 1 a), of Decree-law n.º 357-A/2007, of October 31, 2007, I declare that, the condensed financial statements were prepared in accordance with the applicable accounting standards, presenting fairly, in all material respects, the position of the assets, the liabilities, financial position and results of EDP – Energias de Portugal, S.A. and subsidiaries included in the consolidation perimeter, and that the Interim Management Financial Analysis Report clearly discloses the information required in item nº 2 of the above referred article.

Lisbon, July 30, 2008





EDP – Energias de Portugal, S.A.
Jorge Manuel Pragana da Cruz Morais
Board Member
Executive Board of Directors

STATEMENT

To the best of my knowledge, with reference to the six months ended June 30, 2008, the information indicated in article 246º, nº 1 a), of Decree-law n.º 357-A/2007, of October 31, 2007, I declare that, the condensed financial statements were prepared in accordance with the applicable accounting standards, presenting fairly, in all material respects, the position of the assets, the liabilities, financial position and results of EDP – Energias de Portugal, S.A. and subsidiaries included in the consolidation perimeter, and that the Interim Management Financial Analysis Report clearly discloses the information required in item nº 2 of the above referred article.

Lisbon, July 30, 2008

A handwritten signature in blue ink, appearing to read 'Jorge Pragana da Cruz Morais', is written below the date.

EDP – Energias de Portugal, S.A.
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira
Senior Accounting Officer
Corporate Centre

STATEMENT

To the best of my knowledge, with reference to the six months ended June 30, 2008, the information indicated in article 246º, nº 1 a), of Decree-law n.º 357-A/2007, of October 31, 2007, I declare that, the condensed financial statements were prepared in accordance with the applicable accounting standards, presenting fairly, in all material respects, the position of the assets, the liabilities, financial position and results of EDP – Energias de Portugal, S.A. and subsidiaries included in the consolidation perimeter, and that the Interim Management Financial Analysis Report clearly discloses the information required in item nº 2 of the above referred article.

Lisbon, July 30, 2008.

