FIRST HALF 2009 REPORT

CONTENTS

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

Costumers:

- 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

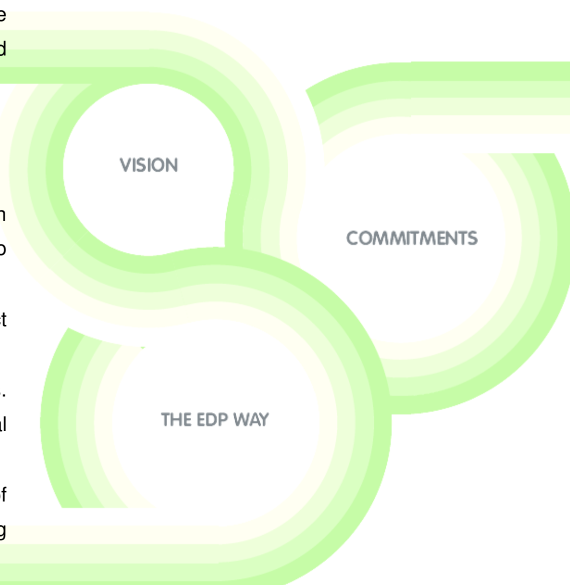
Enthusiastic and All-encompassing

Responsible and Trustworthy

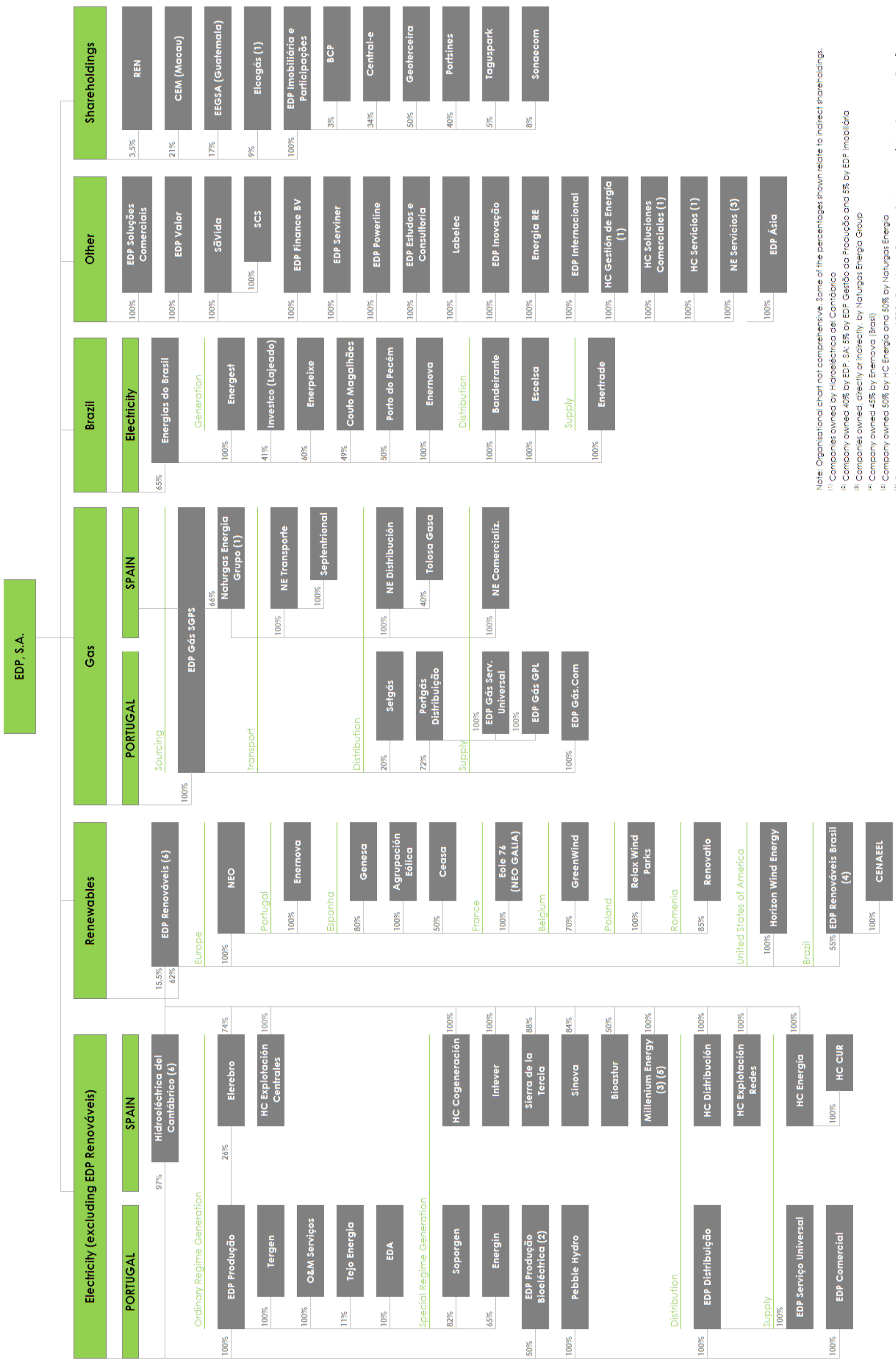
Global and Fair

Innovative and Enterprising

Ambitious and Receptive



I.2. ORGANIZATIONAL STRUCTURE



Note: Organisational chart not comprehensive. Some of the percentages shown relate to indirect shareholdings.

[1] Companies owned by Hidroeléctrica del Cantábrico

[2] Company owned 40% by EDP, SA; 5% by EDP Gestão da Produção and 5% by EDP Imobiliária

[3] Companies owned, directly or indirectly, by Naturgas Energia Group

[4] Company owned 45% by Enernova (Brasil)

[5] Company owned 50% by HC Energía and 50% by Naturgas Energia

[6] Companies that are part of the assets of EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España

II. FINANCIAL & OPERATIONAL HIGHLIGHTS

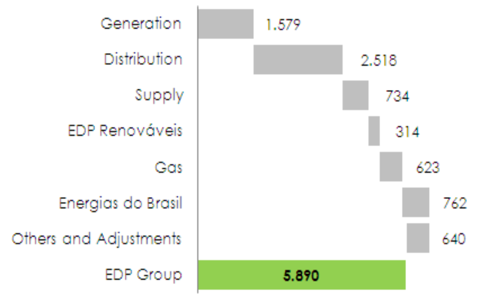
Financial Indicators

EUR thousands	1H09	1H08	Var. %
EDP Group Consolidated			
Turnover	5.889.774	6.720.210	-12%
Gross operating profit	1.610.543	1.584.535	2%
Operating profit	979.332	973.347	1%
Net profit *	479.444	702.963	-32%
Operating cash flow	2.409.532	958.699	151%
Net operating investment	1.652.978	1.345.124	23%
Financial investment/(Divestiture)	-3.397	93.275	-104%
Net assets	37.626.526	33.184.282	13%
Equity	6.612.475	6.337.916	4%
Net debt	14.218.191	11.840.702	20%
Net debt/Gross operating profit	4,4	3,7	18%
Financial liabilities/equity	244,7%	211,4%	33,3 p.p.
Profit per share (EUR)	0,13	0,19	-32%
Dividend yield	5,0%	4,2%	0,8 p.p.
Market appreciation	10.212.710	12.121.423	-16%
Electricity Generation – Iberian Peninsula (excluding EDP Renováveis)			
Turnover	1.578.773	1.889.933	-16%
Gross operating profit	648.579	598.918	8%
Operating profit	423.982	413.040	3%
Net profit *	264.830	242.848	9%
Operating investment	466.775	319.916	46%
Electricity Distribution – Iberian Peninsula			
Turnover	2.518.431	3.017.578	-17%
Gross operating profit	330.361	374.109	-12%
Operating profit	190.489	235.282	-19%
Net profit *	119.692	141.515	-15%
Operating investment	130.401	106.083	23%
Electricity Supply – Iberian Peninsula			
Turnover	733.579	570.324	29%
Gross operating profit	23.507	13.312	77%
Operating profit	23.886	11.706	104%
Net profit *	12.751	1.498	751%
Operating investment	3.954	1.315	201%
EDP Renováveis			
Turnover	313.916	258.466	21%
Gross operating profit	270.826	226.743	19%
Operating profit	128.431	132.651	-3%
Net profit *	65.578	49.570	32%
Operating investment	912.520	760.120	20%
Gas – Iberian Peninsula			
Turnover	623.258	731.807	-15%
Gross operating profit	121.853	114.509	6%
Operating profit	99.642	90.905	10%
Net profit *	68.300	55.942	22%
Operating investment	27.232	26.733	2%
Energias do Brasil			
Turnover	762.026	939.131	-19%
Gross operating profit	235.946	297.671	-21%
Operating profit	179.796	180.772	-1%
Net profit *	111.515	66.700	67%
Operating investment	96.252	129.574	-26%

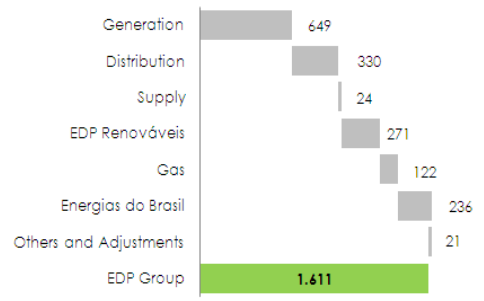
Note: 100% of the displayed figures are included under Operating Investment (Net of contributions).

* Net Profit tributable to EDP Equity holders

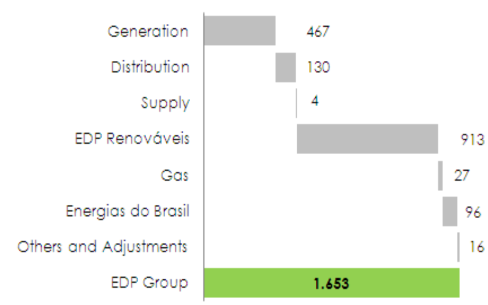
Turnover (EUR million)



Gross Operating Profit (EUR million)



Net Operating Investment (EUR million)

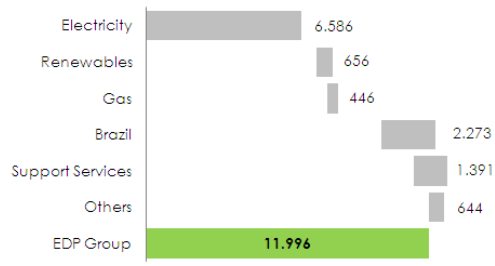


Operating Highlights

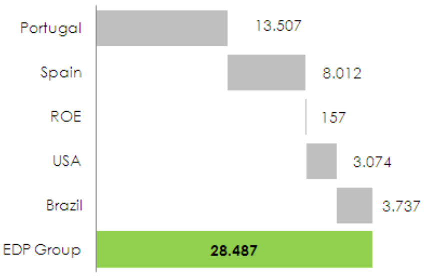
	1H09	1H08	Var. %
Number of Employees	**11.996**	**13.049**	-8%
Electricity business (excl. Brazil)	7.242	7.491	-3%
Electricity generation (excl. EDP Renováveis)	2.207	2.337	-6%
Electricity distribution	4.202	4.439	-5%
Electricity supply	177	169	5%
EDP Renováveis	656	546	20%
Gas business	446	408	9%
Electricity business in Brazil	2.273	2.973	-24%
Generation	243	230	6%
Distribution	2.015	2.729	-26%
Supply	15	14	7%
Support services	1.391	1.601	-13%
Other	644	576	12%
Electricity Generation – Iberian Peninsula (excl. EDP Renováveis)			
Maximum power (MW)	12.528	12.010	4%
Portugal	9.104	9.003	1%
Espanha	3.424	3.007	14%
Net electricity generation (GWh)	19.512	17.226	13%
Portugal	12.965	11.031	18%
Espanha	6.546	6.196	6%
Electricity Generation – EDP Renováveis			
Maximum power (MW)	4.634	3.240	43%
Portugal	553	517	7%
Espanha	1.695	1.280	32%
Rest of Europe	250	122	105%
USA	2.123	1.321	61%
Brazil	14	-	n.a.
Net electricity generation (GWh)	5.253	3.961	33%
Portugal	542	509	6%
Espanha	1.466	1.324	11%
Rest of Europe	157	124	26%
USA	3.074	2.003	53%
Brazil	15	-	n.a.
Electricity Distribution – Iberian Peninsula			
Number of Customers	6.732.400	6.690.227	1%
Portugal	6.093.397	6.067.458	0%
Espanha	639.003	622.769	3%
Electricity Sales (GWh)	27.284	28.040	-3%
Portugal	22.741	23.129	-2%
Espanha	4.543	4.911	-7%
Electricity Supply – Iberian Peninsula			
Number of Customers	449.785	281.553	60%
Portugal	230.376	170.218	35%
Espanha	219.409	111.335	97%
Electricity Sales (GWh)	8.898	7.164	24%
Portugal	1.504	572	163%
Espanha	7.394	6.591	12%
Gas Business			
Gas Distribution – Portugal			
Number of Customers	207.931	188.001	11%
Gas Sales (GWh)	3.028	1.412	114%
Gas Distribution – Spain			
Distribution Outlets	698.059	674.997	3%
Gas Sales (GWh)	11.109	11.775	-6%
Gas Supply – Spain			
Number of Customers	627.278	495.913	26%
Gas Sales (GWh)	10.844	12.743	-15%
Electricity Business in Brazil			
Maximum power (MW)	1.725	1.044	65%
Electricity Sales (GWh)			
Generation	3.737	2.966	26%
Dirtibution	10.072	12.731	-21%
Supply	3.811	3.579	7%
Number of Customers	2.611.695	3.284.167	-20%

Note: 100% of the presented figures for all companies are considered, regardless of the EDP Group shareholding.
Employee numbers include corporate bodies.

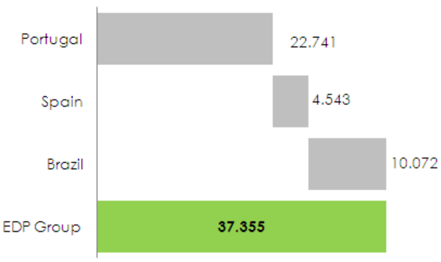
Employees



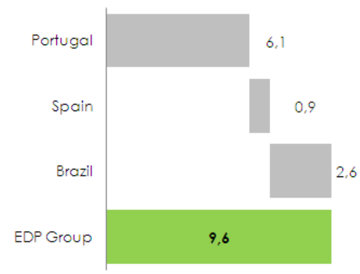
Electricity Generated (GWh)



Electricity Distributed (GWh)



Electricity Costumers (millions)



III. MAIN EVENTS OF THE 1ST HALF 2009

04-FEB EDP SIGNS LOAN OF EUR 145 MILLION WITH THE EUROPEAN INVESTMENT BANK

EDP signed with the European Investment Bank a financing contract of 145 million euro with a maturity of 15 years and payments beginning in the fourth year. The funds raised are used to finance two projects to re-maximizing the power of the hydro plants of Picote II (+241 MW) and Bemposta II (+193 MW).

06-FEB FITCH KEEPS LONG-TERM RATING OF EDP IN 'A-' ASSIGNING A STABLE OUTLOOK

The rating agency Fitch Ratings confirmed the long-term rating of EDP and its subsidiary EDP Finance BV to 'A-', the "senior unsecured" to 'A' and the short-term rating at 'F2'. Fitch also confirmed the long-term rating of HC Energia at 'A-' and short-term 'F2'. Fitch assigned a stable outlook.

10-FEB EDP ISSUES EUR 1.000 MILLION 5 YEAR BOND

EDP Finance BV issued a Eurobond in the total amount of EUR 1,000 million maturing in February 2014 with interests at mid swap rate plus a 265 basis points spread. The purpose of this issue is to refinance short term debt and extend the average term of its debt portfolio.

05-MAR EDP ASSIGNS THE RIGHT TO RECEIVE THE 2007 AND 2008 EXTRAORDINARY TARIFF ADJUSTMENTS

EDP Serviço Universal, S.A., the last resource supplier for the national electricity system, indirectly and fully owned by EDP, entered into an agreement for the assignment, by means of a true sale without recourse, to Tagus – Sociedade de Titularização de Créditos, S.A. ("Tagus"), of the rights to receive the full amount of the positive adjustments to the electricity tariffs in respect of the costs with the acquisition of electricity incurred in 2007 and estimated for 2008, accrued of the respective financial costs. With the sale of those rights, EDP receives around EUR 1 200 million, which corresponds to 99% of the amount of the tariff adjustments registered on the balance sheet at the end of 2008.

05-MAR EDP SIGNED CREDIT FACILITY OF EUR 1,600 MILLION

EDP signed a three year revolving credit facility of EUR 1,600 million for the period of three years, maintaining the purpose of supporting the liquidity of the Group.

06-MAR RESIGNATION OF MEMBERS OF THE GENERAL AND SUPERVISORY BOARD

Mr. Vítor Domingos Seabra Franco and Mr. Vítal Martins Moreira presented, on March 5th, 2009 and March 6th, 2009, respectively, their resignation from the General and Supervisory Board.

11-MAR AGREEMENT WITH IBERDROLA FOR THE TEMPORARY MANAGEMENT OF AGUIEIRA AND RAIVA HYDRO PLANTS IN PORTUGAL

In accordance with the decision 6/2008 taken by the Portuguese Competition Authority (AdC), and following a competitive bidding process, AdC communicated to EDP the approval for the awarding to Iberdrola Generacion, S.A. of a tolling agreement to manage, in the liberalized electricity market, the Aguieira and Raiva hydro plants for a period of 5 years, expected to start from April 1st 2009. These two hydro plants have a 360 MW total capacity with pumping and are currently managed by EDP under the CMECs (Cost for the Maintenance of Contractual Equilibrium).

EDP Produção will continue to be responsible for the operation and maintenance (O&M) of these plants and maintains the ownership of their electricity generation licenses and hydro domain concessions.

The CMECs system and it's mechanism of annual adjustment that compensates deviations between market performance and CMECs initial assumptions, assures the financial neutrality of this agreement for EDP.

15-APR EDP'S ANNUAL GENERAL SHAREHOLDERS MEETING

Approval of the 2008 individual and consolidated financial statements, election of the members of the corporate bodies for the three year period 2009-2011 and approval of the proposed distribution of EDP's 2008 net profit for the period.

07-MAY PUBLICATION OF THE ROYAL DECREE LAW THAT DEFINES THE CONDITIONS FOR THE ELIMINATION OF THE SPANISH TARIFF DEFICIT

This Royal Decree Law eases securitization of the tariff deficit amount financed by HC Energia, of approximately EUR 350 million up to 2008, net of the impacts from Royal Decree Laws 3/2006 and 11/2007.

14-MAY PAYMENT OF GROSS DIVIDEND OF EUR 0.14 PER SHARE FOR THE 2008 FINANCIAL YEAR (NET DIVIDEND OF EUR 0.112)

09-JUN MOODY'S DOWNGRADES EDP TO "A3" WITH STABLE OUTLOOK

Moody's Investors Service ("Moody's") downgraded the senior unsecured ratings of Energias de Portugal S.A. ("EDP") and its finance subsidiary EDP Finance BV to "A3"/"Prime-2" with stable outlook from "A2"/"Prime-1" with negative outlook.

Moody's notes that EDP's investment plan of EUR 12.0 billion for 2009-12, 60% of which is devoted to the expansion of its renewable business, with a key focus on the US, plus those in CCGT and hydro plants in Iberia and some investments in Brazil, should lead to increasing cash flows for the company as the plants come on stream and therefore gradually improve the company's credit metrics in the latter period of the plan.

18-JUN EDP ISSUES EUR 1.000 MILLION BOND FOR 7 YEARS

EDP Finance BV issued a Eurobond of EUR 1,000 million maturing in September 2016 with interests at mid swap rate plus 135 basis points spread.

RECENT DEVELOPMENTS

20-JUL EDP INCREASES GAS REGULATED ACTIVITIES IN SPAIN

EDP Group agreed to acquire from Gas Natural SDG, S.A. ("Gas Natural") the low pressure natural gas distribution and supply entities (including last resource supply) in the regions of Cantabria and Murcia, as well as the high pressure natural gas distribution assets in the regions of the Basque Country, Asturias and Cantabria. The acquisition price will be determined on the basis of a global enterprise value of EUR 330 million, after obtaining the required authorizations by the regulatory and competition authorities, to which this operation is subject to.

IV. EDP GROUP BUSINESS

IV.1. EDP GROUP

In the first six months of 2009, the EDP Group EBITDA reached EUR 1,610.5 million, compared with EUR 1,584.5 million in the same period in 2008.

Net profit attributable to equity holders of EDP declined 32% year on year, to EUR 479 million, penalized by lower capital gains. In the first half of 2009, capital gains (EUR 28 million) included: i) EUR 13 million dilution gains resulting from the entry of Sonatrach into the CCGT Soto 4 Capital (25% interest) in the first half of 2009 and ii) the recognition of a EUR 15 million gain from the sale of Energias do Brasil's stake in ESC 90. Capital gains in the first six months of 2008 (EUR 482 million) were mainly impacted by a EUR 405 million gain resulting from the dilution of EDP's equity stake in EDP Renováveis as a result of the IPO.

Income Statement – EDP Group

EUR Million	1H09	1H08	% Δ	Δ Abs.
Gross Profit	**2,453.8**	**2,445.0**	**0.4%**	**+8.8**
Supplies and services	353.5	355.2	-0.5%	-1.8
Personnel costs	283.8	301.5	-5.9%	-17.7
Costs with social benefits	66.0	57.9	14.1%	+8.2
Concession fees	124.3	117.6	5.8%	+6.8
Other operating costs (net)	15.6	28.3	-44.9%	-13
Operating costs	**843.3**	**860.5**	**-2.0%**	**-17**
EBITDA	**1,610.5**	**1,584.5**	**1.6%**	**+26.0**
Provisions	18.8	17.5	-	+1.3
Net Depreciation and amortisation	612.5	593.7	3.2%	+19
EBIT	**979.3**	**973.4**	**0.6%**	**+6**
Gains/(losses) on sale of financial assets	27.9	481.5	-94.2%	-454
Financial Results	(287.2)	(511.4)	43.8%	+224
Results from associated companies	13.7	19.0	-27.8%	-5
Pre-tax profit	**733.7**	**962.4**	**-23.8%**	**-229**
Income taxes	193.5	184.1	5.2%	+9.5
Discontinued Activities	-	(8.5)	-	+8
Profit for the period	540.2	769.9	-29.8%	-229.7
Equity holders of EDP	**479.4**	**703.0**	**-31.8%**	**-223.6**
Minority interests	60.7	66.9	-9.3%	-6.2

Consolidated EBITDA rose 1.6%, to EUR 1,610.5 million in first half of 2009, driven by liberalized activities in Iberia (+EUR 100 million) and wind operations (+EUR 44 million). EBITDA from long term contracted generation and from regulated networks, in turn, was penalized by lower results in the first half of 2009 (versus first half of 2008): (1) EUR 29 million loss on fuel procurement costs above international indexes in first half of 2009 (versus EUR 28 positive impact in first half of 2008), in long term contracted generation and (2) EUR 58 million positive impact related to the recovery through electricity tariffs in 2008 of previous years' tariff deviations from our electricity distribution activity in Portugal.

EBITDA – EDP Group

EUR Million	1H09	1H08	% Δ
LT Contracted Generation	424.7	450.4	-5.7%
Liberalised Activities Iberia	290.1	189.9	52.7%
Regulated Networks Iberia	409.4	458.1	-10.6%
Wind Power	270.8	226.7	19.4%
Brazil	235.9	297.7	-20.7%
Other & Adjustments	(20.5)	(38.3)	46.4%
Consolidated	**1,610.5**	**1,584.5**	**1.6%**

The integrated EBITDA for the generation and supply businesses in Iberia rose by 9.8% year on year (+EUR 60 million). EBITDA from long term contracted generation retreated 5.7% year on year, penalised by losses largely related to fuel procurement cost efficiency and capacity increase. Note that as a result of EDP's strategy to hedge through financial instruments the change in fuel prices between the moment of purchase and the moment of consumption, this negative impact is compensated at the level of financial results, either in the previous, current or next quarters.

EBITDA from liberalised activities rose 53% (+EUR 100 million) driven by a 38% (+EUR 112 million) increase in gross profit: (1) +EUR 85 million in liberalised generation backed by higher margins and higher volume contribution from coal and from hydro generation; (2) +EUR 14 million in electricity supply, driven by volumes and margins and (3) +EUR 14 million in gas supply, backed by stronger volumes and margins in the gas residential and commercial segments. As a result of EDP's strategy of forward contracting electricity sales and locking-in its margins, this unit achieved electricity realised spreads 21% higher year on year, to €25/MWh. Output from our liberalised generation decreased 2.6% outperforming the Spanish conventional regime (-15% year on year). EDP was a net buyer in the pool, profiting from low prices whenever they were below its own marginal generation cost. Out of our total liberalised output, 85% was sold to liberalised retail clients (where volumes grew 31% year on year).

The contribution from wind power generation to consolidated EBITDA increased by 19% year on year (+EUR 44 million) propelled by higher gross profit (+EUR 53 million) due to higher electricity output

(+33% year on year) and a low exposure to merchant power prices. In the US, gross profit adjusted for PTCs and other revenues related to institutional partners (+64% year on year, to EUR 156 million) was driven by a 53% increase as a consequence of capacity additions (+61%). Average electricity price in the period was 2% lower year on year, to USD 47.5/MWh, penalized by wind farms without PPA agreement. In Europe, even with a sharp decrease in Spanish pool price and a lower load factor, EDP Renováveis was able to deliver a 3% year on year increase in gross profit, to EUR 199 million, benefiting from the group's active risk management strategy to reduce its exposure to the pool price. During the first half of 2009, EDP Renováveis sold forward approximately 1TWh, which resulted in an EUR 12 million gain. Average load factors in Europe (-2pp year on year at 25%) and US (-6pp year on year at 32%) were penalized by low availability factors, low wind resources and Spain's peak wind conditions in first quarter of 2008.

The EBITDA from Iberian regulated networks decreased 11% (-EUR 49 million) to EUR 409 million mainly reflecting: (i) the performance of electricity distribution in Portugal (-EUR 42 million) and (ii) the performance of gas distribution in Portugal (-EUR 12 million). In electricity distribution in Portugal (70% of EBITDA from regulated networks Iberia), regulated gross profit retreated 3% to EUR 660 million, reflecting the recovery through the 2008 electricity tariffs of EUR 58 million related to previous years' tariff deviations, and improvements achieved in new regulatory period 2009-2011. In turn, EBITDA from gas operations in Spain rose 10% year on year, to EUR 79 million.

Energias do Brasil's EBITDA was impacted by the conclusion of asset swap with Rede Group in Spetember 2008. The distribution company Enersul was excluded from consolidation perimeter while Lajeado hydro plant (73% owned against 27.65% before) started to be fully consolidated. In first half of 2009, Energias do Brasil's contribution to consolidated EBITDA was 21% (EUR 62 million) lower year on year, negatively affected by the 11% depreciation of the real against the euro (EUR 29 million), human resources restructuring costs booked in first half of 2009 (EUR 5 million) and gains booked in first half of 2008 results (EUR 26 million, as a result of higher prices in the spot market). Distribution EBITDA (local currency, excluding Enersul) rose 3% to BRL 373 million, supported by (1) a 1% increase in volumes distributed (9% decline in volumes sold to the industrial segment compensated by 5% increase in volumes sold to residential and commercial segments) and (2) lower exposure of regulated revenues to industrial demand than to changes in residential/commercial demand, (3) 25% year on year decline in electricity distributed to free market clients due to decrease of consumption of large industrial consumers.

Financial Results – EDP Group

EUR Million	1H09	1H08	% Δ
Net financial interest	(294.9)	(341.2)	13.6%
Net foreign exchange differences	7.7	5.4	-
Investment income	7.6	4.1	-
Other Financials	(7.6)	(179.7)	96%
Financial results	**(287.2)**	**(511.4)**	**43.8%**

The EDP Group **financial results** reflect:

a) Net financial interests decreased by 14% year on year, to EUR 295 million in first half of 2009, following a approximately 140 basis points decrease in the average cost of debt from 5.6% in first half of 2008 to 4.2% in first half of 2009, driven by the decline in short term interest rates (note that around 56% of EDP's debt has floating rate, with the most significant indexing being the Euribor 3 months that fell from an average of 4.67% in first half of 2008 to 1.66% in first half of 2009), which offset the 18% increase in net debt;

b) Other financials include: i) an impairment loss of EUR 29 million in first half of 2009, to reflect the decrease in market value of EDP's stake in BCP (3.2%) (against EUR 148 million loss in first half of 2008 to reflect the decrease in market value of EDP's stakes in BCP and Sonaecom (8%); and ii) a EUR 16 million loss in first half of 2009 related to hedging operations in energy markets from our generation activity (against a EUR 73 million loss in first half of 2008).

Income from associated companies amounted to EUR 14 million in first half of 2009 (EUR -5 million year on year): i) first half of 2008 includes a EUR 4 million contribution from Turbogás (disposed of in May 2008); and ii) DECA II's contribution fell by EUR 4 million against same period last year.

Gains/(losses) on sale of financial assets amounted to EUR 28 million in first half of 2009, as a consequence of: i) the entry of Sonatrach into the capital of CCGT Soto 4 (with a 25% stake), in line with what was defined in the strategic partnership established in 2007, which reflected into a EUR 13 million gain; and ii) the recognition of EUR 15 million gain from the sale of Energias do Brasil's stake in ESC90. Gains/(losses) on sale of financial assets in first half of 2008 include: i) a EUR 405 million gain stemming from the dilution of EDP's equity stake in EDP Renováveis as a result of the IPO; ii) a EUR 49 million gain resulting from the sale of EDP's stakes in Turbogás and Portugen; iii) EUR 17 million from the sale of a 1.5% stake in REN; and iv) a EUR 4.8 million gain booked on the exercise of EDP's put option over the 40% owned in Edinfor share capital.

CAPEX – Grupo EDP

EUR Million	1H09	1H08	% Δ
LT Contracted Gen. Iberia	49.6	51.9	-4.4%
Liberalised Activities Iberia	401.0	252.7	58.7%
Regulated Networks Iberia	158.1	132.8	19.1%
Wind Power	912.5	759.8	20.1%
Brazil	96.3	129.6	-25.7%
Other	35.5	18.0	97.6%
EDP Group	**1,653.0**	**1,344.8**	**22.9%**
Expansion Capex	**1,372.1**	**1,044.9**	**31.3%**
Maintenance Capex	**280.9**	**299.9**	**-6.3%**

Consolidated capex rose 23% year on year (+EUR 308 million) to EUR 1,653 million, essentially driven by a EUR 327 million increase in expansion capex (which represents 83% of total capex). The new hydro and wind power generation projects represented 67% of expansion investment. The main growth drivers of expansion capex were our liberalized generation activity in Iberia, following the payment of EUR 232 million regarding the concession rights of the Fridão (231 MW) and Alvito (220 MW) hydro plants, and wind power activity, with the conclusion of 218 MW and the construction of another 1,261 MW. In first half of 2009, EDP installed 261 MW of capacity: i) 218 MW of wind capacity (200 MW in US and 18 MW in Europe); ii) 14 MW of biomass capacity in Portugal; and iii) 29 MW of hydro capacity in Brazil. Moreover, by June 2009, EDP had approximately 3,800 MW of additional capacity under construction, with a total amount of EUR 2,575 million already invested. Maintenance capex decreased 6% year on year, following the exclusion of Enersul from the consolidation perimeter, as well as lower Desox/Denox investments at our Sines, Aboño and Soto coal power plants.

In wind power, total capex amounted to EUR 912 million: (1) EUR 287 million were invested in the 218MW that started operations in first half 2009 (also includes amounts expensed in 2008 for additional MW); and (2) EUR 625 million were invested in capacity under construction by the end of June 2009 (1,261MW) and projects under development but already with capex committed (namely upfront payments to manufacturers and wind turbine orders).

A total of EUR 401 million were invested in our liberalized generation activity in Iberia, up by EUR 148 million year on year. A total of EUR 291m were invested in hydro generation in Portugal, out of which EUR 232 million relate to the payment of Fridão (231 MW) and Alvito (220 MW) hydro power plants concession rights (expected to start operations in 2016). The remaining was mostly invested in the construction works of 4 hydro power pants: 3 repowerings (Picote II, Bemposta II and Alqueva II, totalling 696 MW) and 1 new hydroplant (Baixo Sabor with 170 MW). Regarding CCGTs, a total of EUR 88 million were invested in first half of 2009 in the construction works of: i) Soto5 in Spain (424 MW), which is expected to start operations in 2011; and ii) and Lares I & II in Portugal (862 MW), due to come on stream in the third quarter of 2009.

Capex at our regulated networks in Iberia amounted to EUR 158 million in first half of 2009, of which 71% were invested at our electricity distribution grid activity in Portugal, in order to expand the network and to improve service quality.

In Brazil, capex amounted to EUR 96 million in first half of 2009: i) EUR 34 million were invested in the expansion of the generation capacity, with the construction of Pecém PPA coal plant (720 MW, 50% owned by Energias do Brasil) due to come on stream in December of 2011, and Santa Fé PPA Hydro power plant (29 MW) which started operations in July 2009; ii) EUR 22 million were invested in the electricity distribution grid (maintenance capex).

FINANCIAL DEBT

In the first half of 2009, the Group's (nominal) consolidated debt totalled EUR 16,094 million. When compared to December 2008, the Group's debt increased by EUR 1,433 million, mostly due to the payment of dividends and early funding of future needs, through the issuance of bonds.

EDP Group's consolidated net debt at the end of the first semester of 2009 stood at EUR 14,218 million, having increased 2% when compared to December 2008. The 1,878 million euro difference between gross and net consolidated debt, was mainly due to cash and cash equivalents held by EDP SA and EDP Finance BV (EUR 1,349 million), by the Group's Brazilian subsidiaries (EUR 173 million) and by EDP Renováveis (EUR 326 million).

Nominal Financial Debt - EDP Group

EUR million

	Jun 09	Dec 2008	Change
EDP S.A. e EDP Finance BV	13,652	12,417	10%
EDP Produção	196	190	3%
EDP Renováveis	545	558	-2%
Portgás	105	111	-5%
HC Energia	509	449	14%
Energias do Brasil	1,088	936	16%
Nominal debt	**16,094**	**14,661**	**10%**

During the first six months of 2009, EDP maintained its policy of centralizing funding at EDP SA , EDP Finance BV and EDP Sucursal, which represented 85% of the Group's consolidated debt. The remaining consists essentially of debt contracted by the Brazilian holdings, project finance debt from the subsidiaries of the EDP Renováveis Group and related to wind power generation partnership projects, as well as short term debt and borrowings contracted by HC Energía.

At the beginning of the year, EDP S.A. signed a loan agreement with the European Investment Bank, in the amount of EUR 145 million and with a 15 years maturity, to finance the repowering of the Picote and Bemposta power plants.

In the first semester of 2009 (February and June), EDP Finance B.V. took advantage of some low volatility periods in the international capital markets to issue two EUR 1,000 million Eurobonds , under the EDP S.A. and EDP Finance B.V.'s "Programme for the Issuance of Debt Instruments (MTN)". The bond issued in February has five years maturity and the one issued in June has seven years and three months maturity. These issues allowed EDP Group to extend the average life of its debt portfolio and strengthen its liquidity position, ahead of refinancing needs for 2009 and 2010.

In March 2009, EDP Serviço Universal, under the Decree-Law no.165/2008 performed a true sale without recourse, to Tagus – Sociedade de Titularização de Créditos, S.A. ("Tagus"), of the rights to receive the full amount of the positive adjustments to the electricity tariffs in respect of the costs with the acquisition of electricity incurred in 2007 and estimated for 2008, accrued of the respective financial costs. The net proceeds to EDP Serviço Universal from this sale amounted to approximately EUR 1,200 million.

In Brazil, the debt agreements of Cesa and Energest with Santander Bank were renegotiated. The debt held in USD with an annual coupon of 4.81% was replaced by debt in Brazilian Reais with a rate of 123.5% of CDI.

In addition, Bandeirante issued promissory notes in a total amount of BRL 230 million, due in May 2010 and remunerated at CDI + 1.30%.

To fund the Santa Fé hydropower plant, BNDES approved a 14 year loan in the amount of BRL 76 million and scheduled amortisations starting in 2010. The loan bears interest at TJLP + 1.9% annually.

In terms of maturity, EDP Group's consolidated debt breaks down into 21% in short-term debt and borrowings and 79% in medium- and long-term debt and borrowings.

Debt - EDP Group

EUR million

	Jun 09	Dec 2008	Change
Debt - Short term	**3,421**	**3,669**	**-7%**
Bonds	1,596	1,085	47%
Bank loans	496	1,204	-59%
Other loans	9	8	10%
Commercial paper	1,320	1,372	-4%
Debt - Long term	**12,673**	**10,992**	**15%**
Bonds	7,498	5,989	25%
Bank loans	5,088	4,923	3%
Other loans	87	80	9%
Nominal debt	**16,094**	**14,661**	**10%**
Interest accrued	148	142	
Fair value hedge adjustments	-63	-117	
Debt	**16,180**	**14,686**	**10%**

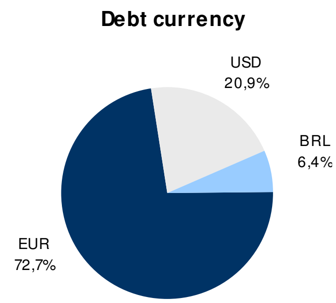
In relation to short-term financing and treasury management, EDP SA continues to favour the use of Euro Commercial Paper, an instrument that provides access to an large investor base at very competitive pricing, ensuring the necessary flexibility for efficient cash management. In Spain, the Group also 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.

In March 2009, EDP SA and EDP Finance BV signed a three year revolving credit facility in the amount of EUR 1,600 million. This new facility replaces the existing EUR 1,300 million revolving credit facility signed in 2004 that was due to mature in July 2009, keeping the same purpose: Group's backup credit facility. The credit line is currently undrawn. The facility was self-arranged as a Club Deal and involved 19 domestic and international banks.

Maintaining a prudent financial management policy, by the end of June 2009 EDP SA had access to EUR 1,787 million of available credit lines and EUR 650 million of commercial paper with underwriting commitment, fully available. It is the Group's policy to maintain its liquidity sources with several banks with a good credit standing.

By the end of the first half of 2009, the average interest rate, after hedging instruments, of EDP, S.A., EDP Finance BV and EDP Sucursal financial debt was 3.1% per year and approximately 48.1% 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 (21%). Euro continues to be the main funding currency of the EDP Group (73%).



Rating

In June 2009, Moody's downgraded the senior unsecured ratings of EDP S.A. and EDP Finance B.V. to "A3"/"Prime-2" with stable outlook from "A2"/"Prime-1" with negative outlook.

Global scale

	S&P	Last update	Moody's	Last update	Fitch	Last update
EDP SA e EDP Finance BV	A-/Stab/A-2	3-7-08	A3/Stab/P2	9-6-09	A-/Stab/F2	6-2-09
HC	-	-	Baa1/Stab/P2	9-6-09	A-/Stab/F2	6-2-09
Bandeirante	-	-	Baa3/Stab	4-3-09	-	-
Escelsa	BB-/Stab	16-6-08	Baa3/Stab	4-3-09	-	-
Energias do Brasil	-	-	Ba1/Stab	4-3-09	-	-

The rating assigned by Moody's to HC was also changed from "A3"/"Prime-2" with negative outlook to "Baa1"/"Prime-2" with stable outlook. According to this agency, the high level of integration of the company within the Group justified the downgrade of HC, along with EDP SA´s.

Local scale - Brazil

	S&P	Last update	Moody's	Last update	Fitch	Last update
Bandeirante	brAA-/Posit	16-6-08	Aa1.br/Stab	4-3-09	-	-
Escelsa	brA+/Stab	16-6-08	Aa1.br/Stab	4-3-09	-	-
EDB	-	-	Aa2.br/Stab	4-3-09	-	-

In the beginning of March 2009, Moody's Latin America increased the ratings of Bandeirante and Escelsa from Baa3 to Baa2/Aa3.br to Baa2/Aa1.br, with stable outlook. In addition, Moody's increased the ratings in local currency of Energias do Brasil from a Ba2/Aa3.br to a Ba1/Aa2.br, with stable outlook.

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 10% to EUR 672.1 million in the first six months of 2009.

Operating Income Statement – Generation and Supply in the Iberian Peninsula

EUR million	Total		
	1H09	1H08	Δ 09/08
Gross Profit	**858.4**	**794.6**	**8%**
Supplies and services	97.7	97.1	1%
Personnel costs	62.1	65.8	-6%
Costs with social benefits	11.5	10.7	8%
Other operating costs / (revenues)	14.9	8.8	69%
Operating Costs	**186.3**	**182.4**	**2%**
EBITDA	**672.1**	**612.2**	**10%**
Provisions for risks and contingencies	5.4	0.5	-
Depreciation and amortization	220.8	189.0	17%
Comp. of subsidised assets' depr.	(2.0)	(2.0)	1%
EBIT	**447.9**	**424.7**	**5%**

Gross margin in generation and supply business in Iberia increased by 7.7% year on year, supported by liberalised generation in Spain and electricity supply in Portugal.

Operating costs rose 1.7% year on year, reflecting higher costs stemming from maintenance works at Trillo plant and the new CCGT plant (Soto 4), on the one hand, and almost flat costs from CO2 clawback (EUR 20 million versus EUR 18 million in first half of 2008), on the other hand.

Operating Income Statement – Generation in Iberian Peninsula

EUR million	Portugal			Spain		
	1H09	1H08	Δ 09/08	1H09	1H08	Δ 09/08
Gross Profit	**595.6**	**611.3**	**-3%**	**222.9**	**151.3**	**47%**
Supplies and services	43.8	46.2	-5%	29.8	26.1	14%
Personnel costs	39.1	42.6	-8%	17.5	17.4	0%
Costs with social benefits	10.6	9.7	10%	0.8	0.8	-8%
Other operating costs / (revenues)	(3.4)	0.1	-	23.2	20.6	-
Operating Costs	**90.1**	**98.6**	**-9%**	**71.2**	**65.0**	**9%**
EBITDA	**505.5**	**512.7**	**-1%**	**151.8**	**86.2**	**76%**
Provisions for risks and contingencies	0.4	-	-	6.9	-	-
Depreciation and amortization	150.8	137.3	10%	68.4	50.6	35%
Comp. of subsidised assets' depr.	(1.8)	(1.8)	1%	(0.2)	(0.2)	1%
EBIT	**356.0**	**377.2**	**-6%**	**76.6**	**35.8**	**114%**

Operating Income Statement – Supply in Iberian Peninsula

EUR million	Portugal			Spain		
	1H09	1H08	Δ 09/08	1H09	1H08	Δ 09/08
Gross Profit	**17.9**	**6.7**	**168%**	**27.0**	**24.2**	**12%**
Supplies and services	7.7	7.1	8%	17.4	17.6	-1%
Personnel costs	2.4	2.4	-2%	3.2	3.3	-5%
Costs with social benefits	0.1	0.1	-1%	0.1	0.1	-4%
Other operating costs / (revenues)	1.0	(0.9)	-	(10.4)	(12.1)	-
Operating Costs	**11.1**	**8.7**	**28%**	**10.3**	**8.9**	**16%**
EBITDA	**6.8**	**(2.0)**	**-**	**16.7**	**15.3**	**9%**
Provisions for risks and contingencies	(4.6)	0.7	-	2.6	(0.2)	-
Depreciation and amortization	0.5	0.5	8%	1.0	0.6	61%
Comp. of subsidised assets' depr.	-	-	-	-	-	-
EBIT	**10.8**	**(3.2)**	**-**	**13.1**	**14.9**	**-12%**

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

In July 2007 the long term contracts that EDP had with the Portuguese electricity regulated system (PPAs) were replaced by the CMECs financial system to conciliate: (1) the preservation of the NPV of PPAs, based on real pre-tax ROA of 8.5%, and a stable contracted gross profit over the next 10 years; and (2) the increase in liquidity of the Iberian electricity wholesale market. In terms of EDP's income statement, 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.

PPA/CMECs gross profit has 3 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 ('revisibility'), equivalent to the difference between CMECs' main assumptions (outputs, market prices and fuel costs) and 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 in the period, in terms of cash flow profile, between PPAs and CMECs assumed at the beginning of the system.

Main Financial Indicators - Contracted Generation in the Iberian Market

EUR Million	1H09	1H08	Δ%	Δ Abs.
PPA/CMEC Revenues	**624.4**	**778.7**	**-20%**	**-154**
Revenues in the market	398.7	621.8	-36%	-223
Annual Deviation	199.3	85.9	132%	+113
PPAs/CMECs Accrued Income	26.4	71.0	-63%	-45
PPA/CMEC Direct Costs	**160.2**	**274.7**	**-42%**	**-114**
Coal	128.6	83.9	53%	+45
Fuel Oil	16.1	19.6	-18%	-4
CO2 and Other Costs (Net)	15.6	171.1	-91%	-156
Gross Profit PPAs/CMECs	**464.2**	**504.0**	**-7.9%**	**-40**
Gross Profit Special Regime	**42.7**	**35.3**	**21%**	**+7.4**
Total Gross Profit	**506.9**	**539.2**	**-6%**	**-32.3**

In first half of 2009, gross profit from long term contracted generation declined 6% year on year (-EUR 32 million), dragged by a EUR 29 million loss (versus EUR 24 million gain in first half of 2008) stemming from fuel procurement costs above the international indexes in PPA/CMECs and EUR 3.8 million revenue booked in first half of 2008 in respect of an adjustment related to CAEs in first half of 2007. Note that as a result of EDP's strategy to hedge through financial instruments the change in fuel prices between the moment of purchase and the moment of consumption, this negative impact is compensated at the level of financial results, either in the previous, current or following quarters.

PPA/CMECs' gross profit in first half of 2009 decreased 7.9% to EUR 493 million, mainly reflecting (i) EUR 29 million loss (versus EUR 24 million gain in first half of 2008) resulting from fuel procurement costs above the international indexes in PPA/CMECs; (ii) (1) lower inflation (-EUR 8.8 million), as contracted gross profit is monthly adjusted for annual average inflation rate (at 0.8% in June 2009 against CMECs reference of 2%) and (iii) lower availability of some hydro plants penalised by major works in Frades and Cabril (to be finished in late 2009). These effects were partially compensated by: (1) availability ratios above contracted (EUR 11 million) (2) additional contracted gross profit resulting from the new Sines coal plant's Desox facilities (under PPA/CMEC), which involved a total investment of EUR 196 million (remaining 50% commissioned in June 2008).

The annual deviation ('revisibility') between CMECs assumptions and real market revenues amounted EUR 199 million in first half of 2009. This deviation resulted from below-the-average hydro output and of low pool prices (€41/MWh in the first half 2009 versus €52/MWh in the first half of 2008), which led in first half of 2009 to a 36% year on year slump in revenues in the market. These amounts are due to be recovered up to 24 months later, through tariff paid by all consumers.

The special regime gross profit grew 21% in the first half of 2009. Mini-hydro gross profit doubled to Eur 19 million resulting from Pebble Hydro acquisition (+ Eur 11 million, consolidated as from July 2008). The thermal power plants gross profit decreased 8% despite the 1% increase in Portugal, year on year. Spain's gross profit decreased 14% due to low volumes, namely cogeneration and waste (affected by the economic activity slow down) and lower margins.

Capex - Contracted Generation in the Iberian Market

EUR Million	1H09	1H08	Δ %
PPA/CMEC Generation	**28.2**	**38.6**	**-27%**
Hydro Recurrent	7.3	3.5	108%
Thermal Recurrent	8.8	13.7	-36%
Non recurrent (environmental)	12.2	21.4	-43%
Special Regime	**21.4**	**13.3**	61%
Expansion	17.2	11.2	54%
Maintenance	4.2	2.1	96%
Total	**49.6**	**51.9**	-4.4%

Capex in long term contracted generation amounted to EUR 50 million in first half of 2009, 58% of which in new investments: (1) EUR 17 million in new special regime capacity, namely cogeneration (24MW in Barreiro, due in 2010) and biomass projects (12MW due in 2009, 28MW in Figueira da Foz in place since June 2009); (2) EUR 12 million in the new Denox facilities at Sines, due until 2011, an investment under PPA/CMECs system to be fully depreciated until 2017 and remunerated at 8.5% ROA before inflation and taxes. Maintenance capex rose 5% year on year, reflecting major works in several hydro plants.

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

In first half of 2009, gross profit of liberalised electricity generation and supply in the Iberian market rose 39% year on year supported by liberalised generation higher margins and higher contribution from coal and hydro volumes and in electricity supply, driven by operations in Portugal, benefiting from higher volumes and margins.

Gross Profit – Liberalised Generation and Supply on the Iberian Market

EUR Million	1H09	1H08	Δ%	Δ Abs.
Electricity Generation	306.5	222.0	38%	+85
Portugal	99.8	86.5	15%	+13
Spain	208.5	134.4	55%	+74
Adjustments	-1.7	1.1	-	-2.8
Electricity Supply	44.9	30.9	45%	+14
Total Gross Profit	**351.5**	**252.9**	**39%**	**+99**

Out of volumes produced in liberalized electricity generation, 85% was sold to Iberian retail clients.

The electricity volumes sold to retail clients increased 31% reflecting renewed growth prospects stemming from 2009 tariffs in Portugal and by the end of Spanish regulated final tariffs for industrial clients (excluding G4) in June 2008. As a result, total volumes sold by EDP in the Iberian retail and wholesale markets rose 11%. Output from our liberalised generation plants declined 2.6% reflecting lower nuclear output (-12% year on year due to Trillo's 7-week outage in first quarter of 2009) and lower CCGTs output (-17% year on year). As a result of all this, EDP was a net buyer in the pool, profiting from low prices whenever they were below its own marginal generation cost (marked by Spanish CCGTs).

In first half of 2009, realised clean spreads in our liberalised electricity business rose 21% (+€4.3/MWh) to €24.6/MWh, reflecting EDP's successful forward contract sales and locking-up of spreads of 2009 in 2008, together with the superior weight of higher-spread coal production in the generation mix. The rise in realised spreads was supported by a decline in average sourcing costs (-€8.1/MWh) which more than compensated the drop in realised prices (-€3.8/MWh year on year). Average realised prices retreated 6% year on year reflecting the mixed impact of a 12% increase in average selling price to retail clients and slump of selling prices in the spot and forward market of 38% and 16%, respectively. Average sourcing costs declined 19% driven by: (1) higher weight of coal in the production mix, (2) lower CO2 costs per MWh, (3) lower fuel costs, particularly gas.

As a result, gross profit per MWh sold grew 27% (€5.7/MWh) year on year, to €27/MWh, driven by higher realised spreads and lower dilution of other net revenues, which include capacity payments, ancillary services, revenues in the restriction and deviation markets, and other services rendered.

The performance of our merchant electricity generation power plants in first half of 2009 was marked by lower average generation costs per MWh (-14% year on year), a 2.6% decline in the volumes produced (strongly outperforming Spain's 15% decline in conventional output reflecting the high competitiveness of our portfolio).

In first quarter of 2009, coal production costs were lower than gas', due to lower CO2 costs (-48% year on year) and to the existing time lag between the decline in Brent price and the adjustment in the cost of LT gas contracts, namely in our gas contracts in Spain. In second quarter of 2009, gas production became slightly cheaper than coal's supported by a decline in gas costs and an increase in CO2 costs.

CCGTs output declined 17% in first half of 2009 despite the strong recovery shown in the second quarter of 2009 (+108% quarter on quarter). In spite of the 18% year on year decline in Portugal's output (approximately 50% of our CCGT installed capacity in Iberia), load factors remained above the Spanish average (63% versus Spanish average of 36%) supported by: (1) Portugal's lower reserve margin, (2) interconnection restrictions between Portugal and Spain and (3) our competitive gas sourcing conditions. In our Spanish CCGTs the longer time lag between the evolution of brent price and our gas sourcing costs led to a sharp decline in gas cost in early April, justifying low load factors in first quarter of 2009 followed by a strong recovery in second quarter of 2009. As to average production costs, it is noteworthy: (1) In Portugal costs fell 26% year on year (-5% quarter on quarter) mainly supported by lower gas and CO2 costs; (2) in Spain, gas sourcing costs remained high in first quarter of 2009, showing a strong decline in second quarter of 2009 (-35% quarter on quarter) to reflect the decline in Brent prices since from its 2008 peak and the greater dilution of gas fixed costs.

Coal output rose 17% year on year, reflecting a load factor of 58% (+8pp year on year and well above the Spanish average of 45%). The main drivers were: (1) coal's lower production cost when compared to gas' in first quarter of 2009; (2) outage for maintenance works and Desox investments of Soto 3 plant in the entire first quarter of 2008 and (3) worse competitive conditions in second quarter of 2009 as gas became slightly cheaper and (4) efficiency rates of our plants above the Spanish average. Coal variable cost increased 22% (though virtually flat quarter on quarter), driven by (i) higher year on year average coal cost, penalised by the low cost of coal consumed in first half of 2008 (purchased in 2007) and the lower contribution from blast furnace gases at Aboño plant, and (ii) larger CO2 emission deficit stemming from higher coal output.

Hydro output rose 25% year on year, reflecting the mixed impact of favourable weather conditions in first quarter of 2009 (versus a very dry first quarter of 2008) and a very dry second quarter of 2009.

Conversely, nuclear output declined 12% year on year as a result of Trillo's 7-week outage for maintenance works in first quarter of 2009.

Capex - Liberalised Generation in the Iberian Market

EUR Million	1H09	1H08	Δ%	Δ Abs.
Expansion	**379.6**	**222.6**	**71%**	**+157**
CCGT	88.4	144.3	-39%	-56
Hydro	291.2	78.3	272%	+213
Maintenance	**17.1**	**28.8**	**-41%**	**-12**
Total	396.7	251.4	58%	+145

Capex in liberalized generation amounted EUR 397 million (+EUR 145 million year on year) the bulk of which (96%) applied in expansion projects: (1) EUR 232 million payment of Fridão/Alvito's hydro concession rights, in January 2009, (2) EUR 56 million incurred on execution of Picote II, Bemposta II, Alqueva II (all repowering) and Baixo Sabor (new hydro plant), due in 2011/13, (3) EUR 88 million spent on construction works of 3 new CCGT groups. Lares 1 and 2 in Portugal (862MW, EUR 458 million total capex), absorbed EUR 25 million capex, with 86% of total capex already incurred and start up of operations scheduled for August 2009 and September 2009. Investment in Soto5 (424MW, due to come on stream in 2011) totalled EUR 63 million in first half of 2009.

In electricity supply EDP offers a strong platform for its retail clients, an activity which is developed by HC Energia in Spain, and by EDP Comercial, in Portugal.

In the Portugal electricity supply, the electricity tariffs that ERSE defined for 2009 created room for an effective expansion of free market and a significant increase in competition. As a result, volumes supplied in this market grew 1.9x year on year, representing close to ¼ of total consumption by June 2009. Additionally, volumes supplied by EDP in the free market increased 1.6x year on year, yet reflecting a decrease in market share to 69% (from 76% in first half of 2009 and 98% in first quarter of 2009). By segment, residential and SMEs unveiled a good performance, with a clear recovery in volumes and margins. Average selling price in Portuguese electricity retail increased 10% year on year reflecting new clients contracs signed in late 2008, at prices in line with forward prices at that time.

In the Spain electricity supply, Performance was marked by the end of tariff option for industrial clients (excluding very large clients, G4) in July 2008, and by the end of tariff option for residential segment (excluding eligible clients for the social bonus), by July 2009. In first half of 2009, electricity volumes supplied to our liberalized clients in Spain rose 30% year on year reflecting the mixed impact of: (1) a 97% year on year increase in number of clients (mainly residential segment) and (2) lower average consumption stemming from higher weight of residential segment in the clients base. Market share retreated 2pp year on year to 12%. Average selling prices rose 9% year on year, to €66.8/MWh, reflecting the significant contribution from contracts closed in late 2008, when electricity forward prices were around the prices implicit in these contracts.

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 the first half of 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 from 100% to 77.5%.

Operating Income Statement – EDP Renováveis

EUR Million	EDP Renováveis 1H09	1H08	Δ 09/08
Gross Profit	**309.3**	**256.6**	**21%**
Supplies and services	67.6	45.8	48%
Personnel costs and soc. benefits	20.3	17.1	19%
Other operating costs (net)	(49.5)	(33.0)	-50%
Operating Costs	**38.4**	**29.9**	**29%**
EBITDA	**270.8**	**226.7**	**19%**
Provisions	(0.2)	0.8	-
Net depreciation and amortisation	142.6	93.3	53%
EBIT	**128.4**	**132.7**	**-3%**

Gross Profit in first half of 2009 was up 21%, reaching EUR 309 million, on the back of a 43% increase in installed capacity, an increase of 33% of electricity output justified by weaker load factors as well as a decrease of 4% in Europe's average price (decrease in pool prices) and also a 2% decrease in US average prices (affected by the decrease in merchant prices).

In terms of other income from institutional partnership, this figure is composed by the benefits from PTCs ("Production Tax Credits") and other related revenues from institutional partnerships . The 50% year on year increase is explained by the higher generation and the tax equity deal closed in December 2008 related to 2008 projects (USD 265 million raised).

Operating costs, excluding PTCs and other revenues related to institutional partners (USA), increased 40% year on year (+EUR 24 million) to EUR 85 million in first half of 2009, reflecting the increase of installed capacity. Overall, EBITDA increased 19% year on year to EUR 271 million in first half of 2009.

Net depreciation and amortization increased 53% year on year reflecting the 43% increase in installed capacity.

Installed capacity of EDP Renováveis increased by 1,394MW in the past 12 months representing a 43% year on year increase. As a consequence, EDP Renováveis currently manages a portfolio of 4,632 MW of capacity (or 5,301 MW of gross capacity). In first half of 2009 EDP Renováveis capacity additions amounted to 232MW of which 200MW were installed in USA (101MW in second quarter of 2009). It was also installed 10 MW in Belgium and 8 MW in France. In Brazil 14 new MW were added through acquisition (in March 2009).

Additionally, regarding gross capacity, EDPR also had 17MW commissioned, relating to its 40% stake in Eólicas de Portugal .

Operating Income Statement – EDP Renováveis in Europe and USA

EUR Million	EUROPE 1H09	EUROPE 1H08	EUROPE Δ 09/08	USA 1H09	USA 1H08	USA Δ 09/08
Gross Profit	**198.6**	**192.3**	**3%**	**109.5**	**64.3**	**70%**
Supplies and services	27.9	26.9	4%	32.7	18.9	73%
Personnel costs and soc. benefits	6.8	9.6	-29%	11.0	7.8	43%
Other operating costs (net) (1)	2.7	4.5	-41%	(52.3)	(38.1)	-37%
Operating Costs	**37.3**	**41.1**	**-9%**	**(8.6)**	**(11.5)**	**25%**
EBITDA	**161.2**	**151.3**	**7%**	**118.1**	**75.8**	**56%**
Provisions	(0.2)	-	-	-	0.8	-
Net depreciation and amortisation	69.4	54.7	27%	72.8	38.6	89%
EBIT	**92.1**	**96.6**	**-5%**	**45.3**	**36.4**	**24%**

Wind power output in first half of 2009 rose 33% year on year to 5,253 GWh. In Europe, electricity generation increased by 11% year on year on the back of a 30% year on year increase of installed capacity and a decline in load factors from 28% in first half of 2008 to 25% in first half of 2009, affected by lower availability levels and particularly a weaker wind resource.

Gross Profit – EDP Renováveis in Europe

EUR Million	1H09	1H08	Δ %
Portugal	55.3	51.2	8%
Spain	117.6	131.9	-11%
Rest of Europe	13.5	9.5	42%
Wind	186.3	192.6	-3%
Other & Adjustments	12.2	(0.3)	-
Total	**198.6**	**192.3**	**3%**

Average wind tariffs in Spain fell 8% reflecting the 34% decline in the pool price and the forward sale of 70% of the output in first half of 2009 at higher prices which had a positive impact of approximately €12/MWh on average selling price. The 25% year on year increase of the tariffs in the rest of Europe is justified by a low tariff in first half of 2008 (high weight of capacity in testing period in France which implies a very low tariff).

In February 2009, the American Recovery and Reinvestment Act was signed, including a number of energy-related tax and policy provisions to benefit the development of wind energy in USA: i) extension of PTC through 2012, ii) option to elect a 30% tax credit (ITC) in lieu of the PTC; and iii) cash grant provided by the Secretary of Treasury in lieu of the ITC. EDP Renováveis expects to have about 70% of the approximately 700 MW current projects commissioned until 31st of October and receive the equivalent cash grant in 2009.

Adjusted Gross Profit – EDP Renováveis in USA

EUR Million	1H09	1H08	Δ %
Electricity Revenues & RECs	110.1	64.4	70.8%
Direct Costs	-0.5	-0.1	-
Gross Profit	**109.5**	**64.3**	**70.3%**
PTC Revenues & Other	46.6	30.9	50.7%
Adjusted Gross Profit	**156.2**	**95.2**	**64.0%**

In USA, electricity output went up 53% year on year following a 61% year on year increase of installed capacity while load factors decreased from 38% in first half of 2008 to 36% in first half of 2009, due to lower availability factors, lower wind resources and also, but less significant, a different project's geographical mix versus first half of 2008. Note that availability lower levels in newly operated wind farms are financially covered under the existing manufacturers' warranties (USD 8 million in first half of 2009).

In USA average selling price fell 2% against first half of 2008 resulting from an 8% increase in the average PPA price (applied on 84% of wind power output in US) and a 69% decrease of merchant average selling price from $89/MWh in first half of 2008 to $27/MWh in first half of 2009 (applied on 16% of output in the US).

In order to further reduce its exposure to short term energy markets, EDP Renováveis is currently in negotiations to close new long term PPA contracts in USA for 300 MW capacity commissioned, 400 MW under construction and another 100 MW still in project stage. Additionally, in Spain EDP Renováveis as already sold forward approximately 1TWh for 2H09. The average price of forward sales closed in Spain for 2009 was €47/MWh.

Capacity under construction by June 2009 was 1.3 GW, of which 760 MW in Europe and 501 MW in the US. In Europe, 63% of this capacity (477 MW) is under construction in Spain, 18% in Portugal (133 MW, of which 91 MW for the attributable capacity in the Eólicas de Portugal consortium) and 20% in the rest of Europe, where is worth mentioning the 120 MW under construction in Poland. In the USA, EDP Renováveis initiated the construction during the second quarter of 2009 of: i) Blue Canyon V wind farm (99 MW) in Oklahoma (PPA already signed for 20 years); ii) Top Crop I wind farm (102 MW) in Illinois; and iii) Lost Lakes wind farm (101 MW) in Iowa. EDPR remains on track to deliver 2009 capacity additions' target (1.2-1.3GW).

Regarding new equipment contracts, in Mar-09, EDPR contracted with Vestas the supply and installation of approximately 230 MW of turbines to be installed in Romania.

By June 2009, EDPR pipeline of projects under development reached 29.6GW, a 1.3GW increase versus December 2008 mainly resulting from the acquisition of 532MW of development projects in Brazil.

IV.2.3. DISTRIBUITION IN IBERIAN PENINSULA

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

The distribution business in the Iberian Peninsula showed an EBITDA of EUR 330.4 million in the first half of 2009, representing a 12% decrease.

Operating Income Statement – Distribution in Iberian Peninsula

EUR Million	1H09	1H08	Δ %
Gross Profit	**762.0**	**775.0**	**-2%**
Supplies and services	174.8	159.6	10%
Personnel costs	97.1	102.8	-6%
Costs with social benefits	44.6	39.3	14%
Other operating costs (net)	115.1	99.4	16%
Operating Costs	**431.6**	**400.9**	**8%**
EBITDA	**330.4**	**374.1**	**-12%**
Provisions	(2.0)	0.4	-
Net depreciation and amortisation	141.9	138.4	3%
EBIT	**190.5**	**235.3**	**-19%**

IV.2.3.1. Distribution in Portugal

Gross profit from electricity distribution and last resource supply activities decreased 2% year on year. Excluding services rendered (essentially invoicing/collecting services), regulated gross profit decreased 3% year on year to EUR 660 million in the first half of 2008. Note that in 2008, as a result of legal changes tariff deviations started being recognized as gross profit. As a consequence, for the first time in 2009, gross profit excluding services rendered and other equals regulated revenues for the current period.

Operating Income Statement – Distribuition in Portugal

EUR Million	1H09	1H08	Δ %
Gross Profit	**677.1**	**693.3**	**-2%**
Supplies and services	143.8	131.4	9%
Personnel costs	87.3	91.3	-4%
Costs with social benefits	43.2	37.9	14%
Other operating costs (net)	117.2	104.9	12%
Operating Costs	**391.4**	**365.6**	**7%**
EBITDA	**285.6**	**327.7**	**-13%**
Provisions	(2.0)	0.4	-
Net depreciation and amortisation	128.5	126.2	2%
EBIT	**159.1**	**201.1**	**-21%**

Controllable operating costs increased 4% year on year to EUR 231 million: (i) the increase in supplies and services reflects higher back-office and other costs resulting from a new regulatory disposal (change from bi-monthly to monthly invoicing, among other), and an increase in O&M expenses; (ii) personnel costs decreased 4% year on year, when excluding indemnities payments and personnel costs capitalization, reflecting the decrease in the number of employees.

Electricity inflow into the grid decreased 2% year on year to 24TWh in first half of 2009 (-3% when adjusted for temperature and working days). Regarding the electricity consumption by voltage segment, the low voltage segment (mostly residential clients) increased by approximately 4% year on year, while the other voltage segment (mostly industrial clients) decreased by approximately 8% year on year. This decline in demand from industrial clients is smaller in Portugal than in other European markets, as heavy industries, have a relatively low weight in the Portuguese energy demand, and the construction activity was itself already at low levels in first half of 2008.

Regulated Gross Profit – Distribution in Portugal

EUR Million	1H09	1H08	Δ %
Regulated Gross Profit (€m)	**660.2**	**682.3**	**-3.2%**
Current period	660.2	624.6	5.7%
Recoveries from previous periods (1)	-	57.7	164%
Cash-flow Adjust. to Gross Profit (€m)	**293.3**	**-478.9**	**-**
Tariff deviation in the period	140.8	-478.9	-
Recoveries from previous periods (1)	152.5	-	-
Distribution Grid			
Reg. revenues - Current period (€m)	599.4	577.2	3.9%
Electricity delivered to the grid (GWh)	24,425	24,988	-2.3%
Number of clients connected (th)	6,093	6,067	0.4%
Last Resource Supply			
Reg. revenues - Current period (€m)	61.9	48.7	27%
Number of clients supplied (th)	5,861	5,896	-0.6%
Electricity supplied (bef. losses) (GWh)	22,089	24,162	-8.6%
OMIP Purchase price (€/MWh)	48.5	74.8	-35%
Assets to be recovered through tariffs (€m)	**-127.6**	**607.2**	**-**

Distribution business regulated revenues totalled EUR 599 million during the first half 2009. Note that about 55% of these revenues are fixed, and out of the remaining 45% that are variable, 35% depend on electricity distributed in the low voltage segment and only about 10% depend on electricity distributed in the other voltage segment. As a consequence, significant changes in consumption from industrial clients have a low impact on this activity's regulated revenues. In first half of 2009, the regulated distribution activity showed a tariff deficit of EUR 40 million, in line with what was defined by the regulator in the assumptions for 2009 tariffs.

In first half of 2009, EDP Serviço Universal supplied 21TWh of electricity (after losses) which is 1.3TWh below the regulator's assumption for 2009 tariffs due to a switching of clients to liberalized suppliers. Also, EDP Serviço Universal average electricity purchase cost was €48/MWh in first half of 2009 against the regulator's assumption of €71/MWh. The lower volumes supplied at lower prices than expected have resulted in a EUR181 million tariff surplus in first half of 2009, to be returned over the next years.

The abovementioned impacts resulted in the first half of 2009 in a EUR 141 million tariff deviation to be returned to the electricity tariffs, In conjunction with the securitisation, in March 2009, regarding the accumulated tariff deficit of EUR 1.2 billion by December 2008, enabled a reduction of the regulatory receivables, from a positive EUR 1.15 billion in December 2008 to a liability of EUR 60 million in June 2009.

In January 2009, started a new 3-year regulatory period. The major changes implemented were: i) a 55 basis points increase in the regulated RoA to 8.55% in 2009; and ii) the exclusion from the regulatory asset base of EUR 111 million related to meters from May 2008. Moreover in the last resource supply activity the regulator granted a return of 8.55% over this activity's working capital for 2009 (versus no remuneration in 2008).

IV.2.3.2. Distribution in Spain

Gross profit from electricity distribution activity in Spain increased 4% year on year to EUR 85 million in the first half of 2009, reflecting a 6% year on year increase in regulated revenues recognized in the 2009 tariffs, a EUR 2 million increase in revenues from network connections and a EUR 4 million decrease in other revenues due to the accounting in 2008 of EUR 5 million related to the collection of regulated revenues.

The new regulation that was introduced last year in Spain for the electricity distribution activity aims to grant a return over the investments made in the distribution grid for improvements in service quality and grid losses reductions, being the regulated revenue much less dependent on volumes distributed. However, 2009 regulated revenues were set upon a transitory calculation model, while the final model is currently under discussion.

Operating Income Statement – Distribution in Spain

EUR Million	1H09	1H08	Δ 09/08
Gross Profit	**84.9**	**81.7**	**4%**
Supplies and services	31.0	28.1	10%
Personnel costs	9.8	11.4	-14%
Costs with social benefits	1.4	1.3	9%
Other operating costs (net)	(2.1)	(5.5)	63%
Operating Costs	**40.2**	**35.3**	**14%**
EBITDA	**44.7**	**46.4**	**-4%**
Provisions	0.0	0.1	-82%
Net depreciation and amortisation	13.4	12.1	10%
EBIT	**31.3**	**34.1**	**-8%**

Controllable operating costs increased 3% year on year to EUR 41 million in first half of 2009: (i) the increase in supplies and services reflect high O&M expenses, following the Klaus cyclone that affected the north of Spain in the beginning of the year, as well as an increase in back-office costs; and (ii) personnel costs decreased EUR 2 million, reflecting a decrease in the number of employees.

Regulated Revenues – Distribution in Spain

EUR Million	1H09	1H08	Δ 09/08	Δ Abs.
Regulated Revenues	**77.4**	**72.8**	**6.3%**	**+5**
Transmission	3.9	2.1	90%	+2
Distribution	69.5	66.8	4.1%	+3
Supply	4.0	4.0	1.2%	+0
Regulatory Receivables (1)	**373.0**	**314.7**	**19%**	**+58**
Tariff deficit in the period	28.0	75.3	-63%	-47
Tariff deficit in previous periods	345.0	239.4	44%	+106

(1) 1H09 amount is net of CO2 clawback costs

Electricity distributed by HC Distribución posted a 8% year on year decrease to 4.5TWh in the first half of 2009, reflecting the current economic crisis. In Asturias, capital intensive industries, such as steel, have a significant weight in the energy demand, which reflected a decrease of electricity consumption from high and medium voltage segments (mostly industrial), while the low voltage segment (mostly residential) recorded a 0.4% increase. It is worth mentioning that as a consequence of the undergoing switching of clients to the liberalized market, which is the result of lower market prices when compared to the 2009 regulated tariff, electricity distributed for access clients more than doubled in the period.

In May 2009, the Spanish government announced, through RDL 6/2009, the possibility to securitize the Spanish tariff deficit that is being supported by the electric sector companies. Accumulated tariff deficit for the Spanish system between 2006 and 2008 totalled EUR 6.9 billion. HC Energia booked, for this period, a tariff deficit amounting to EUR 345 million at 30 June of 2009.

Note that these amounts are net of the impacts arising from RDL 3/2006 and RD 11/2007, which established the obligation to return the additional revenues obtained from the internalization of CO2 costs in markets prices (this obligation was terminated, starting 1 July 2009, through RDL 6/2009).

In January 2009, the Spanish government defined a 3.4% average increase in electricity tariffs, which was not enough to cover the electricity system costs, resulting in a estimated EUR 1.6 billion deficit for the first half of 2009, out of which EUR 28 million were reflected, as of June 2009, in HC Energia's regulatory receivables. Note that these amounts are net of the impact arising from RD 11/2007 ("CO2 clawback").

Additionally, the Spanish government approved (through RD 485/2009) the termination of regulated tariffs, as from 1 July 2009, along with the introduction of a last resource tariff for low voltage clients (<10kW). In accordance with RD 485/2009 last resource tariff calculated applying a 2% increase over the last regulated tariffs in force should be enough to cover all costs with the energy purchases and supply. Also, through RDL 6/2009, a calendar for a gradual elimination of the Spanish tariff deficit has been set such that, starting January 2013, access tariffs should be enough to cover regulated activities' costs.

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, EDP Gás (72% held by EDP).

Operating Income Statement – Gas in Iberian Peninsula

EUR Million	Total		
	1H09	1H08	Δ 09/08
Gross Profit	**171.3**	**155.5**	**10%**
Supplies and services	28.3	25.1	13%
Personnel costs	13.5	13.6	-0%
Costs with social benefits	0.3	0.3	8%
Other operating costs(net)	7.3	2.0	263%
Operating Costs	**49.5**	**40.9**	**21%**
EBITDA	**121.9**	**114.5**	**6%**
Provisions	0.0	2.3	-98%
Net Deprec. and amortisation	22.2	21.3	4%
EBIT	**99.6**	**90.9**	**10%**

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, and Naturgas gas distribution and transmission networks in the Basque Country and Asturias in Spain.

Operating Income Statement – Gas Regulated Activity in Iberian Peninsula

EUR Million	1H09	1H08	Δ 09/08
Gross Profit	**111.7**	**109.5**	**2%**
Supplies and services	18.9	16.5	15%
Personnel costs	11.6	12.1	-4%
Costs with social benefits	0.3	0.2	8%
Other operating costs(net)	1.9	(3.3)	-
Operating Costs	**32.6**	**25.5**	**28%**
EBITDA	**79.1**	**84.0**	**-6%**
Provisions	0.0	2.3	-99%
Net Deprec. and amortisation	21.9	21.1	4%
EBIT	**57.2**	**60.6**	**-6%**

Operating Income Statement – Gas Regulated Activity in Portugal and Spain

EUR Million	Portugal			Spain		
	1H09	1H08	Δ 09/08	1H09	1H08	Δ 09/08
Gross Profit	**16.5**	**26.4**	**-38%**	**95.2**	**83.1**	**15%**
Supplies and services	5.9	5.1	15%	13.0	11.4	14%
Personnel costs	2.3	2.9	-20%	9.3	9.2	1%
Costs with social benefits	0.0	0.0	-	0.2	0.2	7%
Other operating costs(net)	1.1	(0.3)	-	0.8	(3.0)	-
Operating Costs	**9.3**	**7.7**	**20%**	**23.3**	**17.8**	**31%**
EBITDA	**7.2**	**18.7**	**-61%**	**71.9**	**65.3**	**10%**
Provisions	0.2	2.0	-90%	(0.2)	0.2	-
Net Deprec. and amortisation	5.2	5.9	-11%	16.7	15.3	9%
EBIT	**1.8**	**10.8**	**-84%**	**55.4**	**49.8**	**11%**

Overall, our gas regulated activity showed a 6% year on year decrease of EBITDA to EUR 79 million, reflecting our gas distribution activity in Portugal that was penalized by the new concession contract, which extended the concession period but reduced short term regulated revenues, which more than offset the growth from our gas regulated activities in Spain.

Regulated Revenues – Gas Regulated Activity in Portugal and Spain

EUR Million	1H09	1H08	% Δ
Portugal	16.5	26.4	-38%
Spain	79.3	75.7	4.8%
Transmission	9.7	8.1	20.1%
Distribution	69.6	64.0	8.6%
Regulated Supply	0.0	3.5	-99.8%
Regulated Revenues (€ m)	**95.8**	**102.0**	**-6%**

In Spain, gas regulated activity gross profit increased 15% year on year to EUR 95 million in first half of 2009. Regulated revenues increased 5% year on year to EUR 79 million in first half of 2009:

i- Gas distribution regulated revenues grew 9% to EUR 70 million, reflecting a 3% increase in the number of supply points to 698,000, and a 5% increase of the extension of our gas distribution network to 5,557Km. The volume of gas distributed in Spain fell 6% year on year (versus a 10% decrease of conventional gas demand in the Spanish market), following a 17% decrease in gas distributed through high pressure network (mostly industrial customers), which more than offset the 14% increase of gas distributed through low pressure network (mostly residential customers);

ii- Gas transmission regulated revenues rose by 20% to Eur 10 million year on year, due to both a 9% increase of the extension of the transmission network and higher remuneration per kilometre in recent investments;

iii- Regulated supply activity ended in July 2009 and was replaced by the last resource gas supply activity, which is now included in our liberalized activities.

In Portugal, a new concession contract was signed with the Portuguese State (this new concession with a 40 years duration, started in January 2008) that when compared with the situation defined in the previous contract implies lower revenues in the first years and higher revenues in the last years, maintaining the net present value of the concession. This new terms of the concession came in place in July 2008, with the start of the new 3 years regulatory period, which set the regulated return on assets at 9%. As a consequence of this new concession contract, gas regulated revenues fell 38% year on year to EUR 16 million in first half of 2009. Looking at operational data, the extension of our gas distribution network in Portugal increased 8% year on year to 3,304Km, while the number of supply points increased by 12% to 207,900. The volume of gas distributed increased by 0.4% year on year, supported by the new connection of a large industrial client in September 2008.

Controllable operating costs increased 7% year on year in line with the growth of the gas regulated activity.

IV.2.4.2. Gas – Liberalised Activity

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 40% year on year, to EUR 42.5 million.

Operating Income Statement – Gas Liberalised Activity in Iberian Peninsula

EUR Million	1H09	1H08	Δ%
Gross Profit	**59.6**	**46.0**	**30%**
Supplies and services	9.4	8.6	10%
Personnel costs	1.9	1.5	30%
Costs with social benefits	0.0	0.0	8%
Other operating costs (net)	5.4	5.3	2%
Operating Costs	**16.8**	**15.4**	**9%**
EBITDA	**42.8**	**30.5**	**40%**
Provisions	0.0	0.0	-
Depreciation and amortization	0.3	0.2	23%
EBIT	**42.5**	**30.3**	**40%**

In Spain, the volume of gas supplied declined 9% year on year, leading to a 10 basis points increase in market share to 8.6%. Per segment, growth of gas supplies to residential & SMEs segment was steady, supported by the end of tariff option in July 2008. On the other hand, consumption of our industrial clients shrunk, as a result of deteriorating economic environment.

In Portugal, EDP initiated operations in the industrial segment in April 2009, supplying 228 GWh in the second quarter of 2009 and reaching a market share of 15%.

Average gross profit in Iberia rose to €3.1/MWh from €2.1/MWh, reflecting slower growth pace in purchase cost (almost in line with the movement of CMP) than in net selling prices (benefiting from more favourable prices at the moment of client contracting). It is expected that in the coming quarters, average gross margin declines, as average selling price start reflecting new sourcing conditions.

IV.2.5. BRAZIL

EDP's activities in Brazil, developed through Energias do Brasil (owned 71.9% by EDP), were negatively affected by the 11% depreciation of the Real against the Euro (negative impact on EBITDA of EUR 29 million), considering average exchange rates at June, 30 of each year.

On September 2008, Energias do Brasil concluded an asset swap for the exchange of Enersul by the holdings held by Rede Group (Rede Lajeado, Tocantins and Investco), which holds the hydro concession of Lajeado. This transaction implied the exclusion of Enersul from the consolidation perimeter and the full consolidation of Investco (previously consolidated proportionally at 27.65%) as from this date, as well as the full consolidation of the other companies included in the transaction.

Operating Income Statement – Energias do Brasil

EUR Million	1H09	1H08	Δ 09/08
Gross Profit	**1,044.6**	**1,195.8**	**-13%**
Supplies and services	157.0	201.4	-22%
Personnel costs	107.3	135.6	-21%
Costs with social benefits	33.2	24.7	34%
Other operating costs (net)	54.2	56.2	-3.6%
Operating Costs	**351.6**	**417.9**	**-16%**
EBITDA	**693.0**	**777.9**	**-11%**
Provisions	4.2	11.9	-65%
Net Depreciation and amortisation	160.7	293.6	-45%
EBIT	**528.1**	**472.4**	**12%**

Energias do Brasil's EBITDA in local currency, decreased by 11% to BRL 693 million due to lower EBITDA in distribution following the disposal of Enersul and a growth slowdown in volume of electricity sold to clients, which was not fully compensated by growth in generation EBITDA given the existence of gains during the first quarter of 2008 (BRL 77 million), due to high prices in residual electricity spot market.

Operating costs decreased by 16% year on year mostly reflecting the impact of the asset swap. Costs with social benefits increased by 34% year on year due to a reduction of middle-management (-45 employees) in order to improve efficiency. This program implied human resources restructuring costs of BRL 15 million in first half of 2009.

Net depreciation and amortization decreased by 45.3% reflecting an accelerated amortization (impairment) of Enersul (BRL 130 million) in first half of 2008 due to regulatory changes.

The first half of 2009, Energias do Brasil sold its stake in the telecom company Esc90, with capital gains amounting to BRL 121 million. At EDP consolidated level, these gains were only EUR 15 million due to the write off of the goodwill and concession rights associated to Esc90.

Operating Income Statement by Business Area – Energias do Brasil

BRL Million	Distribution			Generation			Supply		
	1H09	1H08	Δ 09/08	1H09	1H08	Δ 09/08	1H09	1H08	Δ 09/08
Gross Profit	**636.2**	**823.9**	**-22.8%**	**386.0**	**330.8**	**16.7%**	**21.6**	**41.1**	**-47.5%**
Supplies and services	118.9	170.8	-30.4%	21.3	15.9	34.0%	1.9	2.4	-20.5%
Personnel costs and soc. benefits	103.8	138.9	-25.3%	20.7	12.4	66.6%	3.2	2.4	32.4%
Other operating costs/(revenues)	40.9	41.6	-1.6%	6.8	8.3	-18.4%	3.6	7.5	-
Operating Costs	**263.6**	**351.3**	**-25.0%**	**48.8**	**36.7**	**33.1%**	**8.7**	**12.4**	**-29.7%**
EBITDA	**372.6**	**472.6**	**-21.2%**	**337.1**	**294.1**	**14.6%**	**12.9**	**28.7**	**-55.2%**
Prov. for risks and contigencies	4.3	11.4	-62.5%	-0.3	0.5	-	-	-	-
Depreciation and amortization	91.8	128.6	-28.6%	70.0	40.1	75%	0.1	0.1	-24.2%
Comp. of subsid. assets' depreciat.	(8.0)	(12.9)	38.0%	(0.0)	-	-	-	-	-
EBIT	**284.5**	**345.4**	**-17.6%**	**267.5**	**253.6**	**5.5%**	**12.8**	**28.6**	**-55.4%**

IV.2.5.1. Generation and Supply in Brazil

Gross profit increased by 17% year on year. As a result of the asset swap operation, from August 2008 onwards there was a change in consolidation method of Investco from proportional to full consolidation (27,65% vs. 73%) and full consolidation of Rede Lajeado and Tocantins. This operation had a positive impact of BRL 115 million on first half of 2009 gross profit.

Gross Profit – Generation in Brazil

BRL million	1H09	1H08	Δ 09/08
Lajeado	164.3	42.1	290.6%
Peixe Angical	136.6	181.0	-24.5%
Energest (14 Hydro plants)	85.1	107.8	-21.1%
Total	**386.0**	**330.8**	**16.7%**

Installed capacity increased 65% (+681MW) following the start up of Santa Fé mini hydro (+29 MW) in June 2009 and full consolidation of Rede Lajeado/Investco /Tocantins (+652MW).

In first half of 2008, the volume of electricity sold was 12% higher than the volume generated in our plants, reflecting a abnormally high volume sold in first half of 2008 in order to take advantage of an arbitrage opportunity between stable PPA prices and extremely high prices in the residual electricity spot market. This particular market environment allowed our generation division to obtain a gain of BRL 77 million in the gross profit, which were just partially reverted in second half of 2008. Note that following a 2008 regulatory change, generation companies have now to define in December of each year the electricity volumes that they will sell in each month of the next year, reducing the arbitrage between PPA and spot market prices. In the first half of 2009, the volume of electricity sold was 8% lower than the volume of electricity generated, since the company defined to concentrate a higher volume of electricity sales in second half of 2009 than in first half of 2009.

All Energias do Brasil's installed capacity is contracted under PPAs with prices adjusted to inflation and an average maturity of 15 years. As a result, the average selling price in Investco (Lajeado hydroelectric plant) and Enerpeixe (Peixe Angical hydroelectric plant) increased by 13% and 11%, respectively, which offset the decrease in Energest that includes the impact of the high spot market prices during first half of 2008. Regarding new contracts, the new hydroplant with PPA, Santa Fé, sold in auction an average of 16MW with an updated price of R$137/MWh for a 30 years period starting in 2009.

Operating costs rose by 33% year on year due to an increase in personnel costs driven by the asset swap transaction.

Capex rose by 22% year on year, driven by a BRL 36 million increase in expansion capex (which represents 93% of total capex). The main driver is the construction of Pécem coal plant, which compensated the decrease of capex in Santa Fé hydro plant.

The construction of Pecém coal plant started in July 2008 and Energias do Brasil holds a 50% stake in partnership with MPX Mineração e Energia. The conditions contracted include the availability of an installed capacity of 615 MW for a 15-year term starting in January 2012 and a gross margin 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 USD1.2 billion capex. The project will be financed with 75% of long term debt, which is already contracted. In the first half of 2009, capex amounted to BRL 48 million.

Regarding new hydro capacity, Santa Fé plant was concluded in June 2009 with capex in first half of 2009 amounting to BRL 53 million. Additionally, ANEEL ratified a repowering in the Mascarenhas (17.5 MW), Rio Bonito (5.22 MW) and Suíça (2.3 MW). The last two hydro plants should be operational in 2009 and Mascarenhas hydro plant in 2010. In first half of 2009, these repowering investments amounted to BRL 25 million.

The trading and supply activity is carried out by Enertrade in the free market by providing energy to large industrial clients without incurring in energy market risk. In the first half of 2009, gross profit decreased by 48% year on year due to existence in the first half of 2008 of some gains related to the abnormally high electricity spot price in the period (BRL 9 million) and a decrease in average selling margin (BRL 10 million). Operating costs decreased by 30% due to the end in April 2009 of a supply contract with Ampla, which had associated a provision for potential losses (BRL 7 million in first half of 2008 against BRL 3 million in first half of 2009).

IV.2.5.2. Distribution in Brazil

The distribution gross profit in the first half of 2009 decreased 23% due to the exclusion of Enersul from the consolidation perimeter. Considering only Bandeirante and Escelsa, gross profit rose by 6% and on a standard basis gross profit increased by 14% year on year, following:

Volume of electricity sold in Bandeirante and Escelsa increased by 1% in first half of 2009. The 9% volume reduction in the industrial segment due to economy slowdown was offset by the 5% growth in volumes sold to residential and commercial customers reflecting the rise of 2% year on year in the number of clients connected and an increase of consumption per client. Note that use of grid electricity tariff for residential and commercial is higher than for industrials, meaning that changes in industrial demand have a much more limited impact on gross profit than the same changes in residential/commercial demand. Regarding electricity distributed to free market clients, volume decreased by 25% year on year due to decrease of consumption of large industrial consumers namely in the mining sector supplied directly by the free wholesale market. Note that the breakdown of revenues from this clients is: a) 2/3 fixed and related with use of grid (capacity in MW) and b) 1/3 is variable and associated to regulatory costs that are received by distribution companies and passed-through to other entities based on electricity consumption (MWh).

Current regulatory period for our distribution companies will last until September 2011 to

Bandeirante and until July 2010 to Escelsa for which the regulator set a return on regulatory asset base of 15% after taxes and a preliminarily accepted cost-base (definitive cost-base to be determined over second half of 2009). Note that these companies have annual tariff readjustments to reflect the annual evolution of inflation and energy costs. The last annual readjustment for Bandeirante (October 2008) and Escelsa (August 2008) had a positive impact on gross profit.

Gross Profit – Distribution Activity in Brazil

BRL million	Bandeirante + Escelsa			Distribution		
	1H09	1H08	∆ 09/08	1H09	1H08	∆ 09/08
IFRS Gross Profit	**636.2**	**600.2**	**6.0%**	**636.2**	**823.9**	**-23%**
Tariff Deviation	50.2	36.7	37%	50.2	60.7	-17%
Deviation from previous year	(59.1)	(87.5)	-32%	(59.1)	(112.8)	-48%
Others	14.6	12.3	19%	14.6	(0.8)	-
Brazilian GAAP Gross Profit	**641.9**	**561.8**	**14%**	**641.9**	**771.0**	**-17%**

Under IFRS, gross profit rose by 6% year on year. The gross profit is influenced by past and current tariff deviations. The tariff deviations from previous period, that EDP is recovering in the current tariff related to amount owed by the system, which had in the past an impact on gross profit, decreased 32% in Bandeirante and Escelsa from BRL 88 million in first half of 2008 to BRL 59 million in first half of 2009. Tariff deviation for the period will be recovered by EDP through tariffs in the next annual tariff adjustment, and was negative by BRL 50 million following energy procurement costs higher than the ones set in the regulator's assumptions for the calculation of current tariffs, penalised mainly by the acquisition of electricity from Itaipu hydro plant at prices fixed in USD. In June 2009, our accumulated regulatory receivables to be recovered in the future amount to BRL 147 million.

Operating costs in Bandeirante and Escelsa rose by 10% year on year. This increase was mainly driven by an increase of costs with social benefits and other operating costs (net) due to raise of provisions for doubtful clients (+BRL 15 million). The supplies and services increased by 5% due to legal costs related with old processes of Enersul that Energias do Brasil has to support. Personnel costs presented a decrease showing the results of the ongoing efficiency programs.

Capex decreased by 5% year on year as a result of less investment in Bandeirante. Electricity losses increased in both companies, due to the higher weight of residential and commercial segments (low voltage), in the total mix of electricity distributed, a segment that has a structurally high percentage of electricity losses.

IV.3. EDP'S MAIN RISKS FOR THE SECOND SEMESTER OF 2009

The diversity of EDP Group business lines continues to maintain a low level of specific risk, mainly due to the high relevance of regulated business, the growth in low-risk activities and the application of appropriate hedging policies to mitigate risks (financial, fuel, price and volume of electricity purchased or placed in the market).

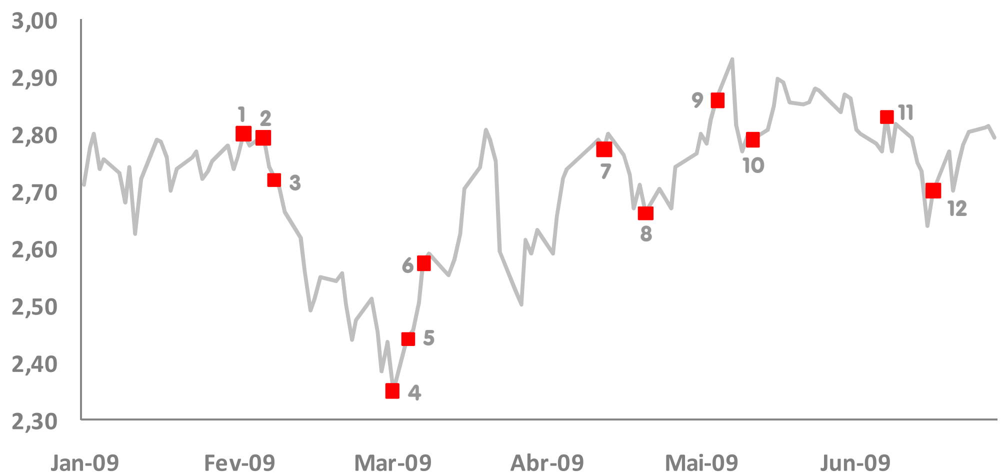
Therefore, there shouldn't be expected relevant changes on risk exposure in the 2nd half of 2009. Most open market production is already covered and electricity demand in EDP operating markets is recovering when compared to values recorded in the first quarter of 2009. Despite global difficulties of access to credit, the Group has maintained its credit quality, fact that is confirmed by the success, during the 1st half of 2009, of operations such as the debt placement, the 2007 and 2008 tariff adjustment securitization and the credit line negotiation to support Group liquidity (EUR 1,600 million). However, the unfavourable global economic scenario is a source of concern, for which, despite the signs of the crisis slowdown, we can't yet assume an economic recovery, and even when it happens it will take some time to reach economic levels of early 2008.

The impact in 2009 can therefore be considered stabilized. In Spain, since the first of July 2009, the public tariffs are not administratively defined, except for last resource low consumption customers. The Group is prepared to act in this new context, both in terms of its commercial strategy, or by adjusting positions in its trading portfolio. The trading activity is central to optimize Group production and to create value on a reasonable level of risk, through the appropriate matching of hedging and the management of positions settled by the commercial activity, regarding contracts with final consumers.

From a regulatory point of view, the Group closely monitors changes in remuneration, in Spain to new renewable production in special arrangements, as well as the slow progress in harmonizing production levels in MIBEL market, which has limited the payment based on capacity, measured in coverage rate of consumption, for new production power plants in the liberalized generation built in Portugal.

V. EDP'S PERFORMANCE ON THE STOCK MARKET

Main Events Affecting the EDP Share Price in the first half of 2009



#	Date	Description
1	4-Fev	EDP signed a €145milion loan with European Investment Bank
2	6-Fev	Fitch confirms EDP's long term credit rating to 'A-' assigning stable outlook
3	10-Fev	EDP issues EUR 1,000 million 5 year bond
4	5-Mar	EDP assigns the right to receive the extraordinary tariff adjustments related to 2007 and 2008
4	5-Mar	EDP signed credit facility of €1,600 million
4	5-Mar	YE2008 results release
5	6-Mar	Resignation of members of the General and Supervisory Board
6	11-Mar	Agreement with Iberdrola for the temporary management of Aguieira and Raiva hydro plants
7	15-Abr	EDP's Annual General Shareholders Meeting
8	23-Abr	EDP announces 2008 dividend payment from 14 May (€0.14 - Gross dividend)
9	7-Mai	1Q2009 results release
9	7-Mai	Publication of the Royal Decree Law that defines the conditions for the elimination of the Spanish tariff deficit
10	14-Mai	Payment of a gross dividend of 0.14 euros per share related to the 2008 year (Net dividend per share €0.112)
11	9-Jun	Moody's downgrades EDP to "A3" with stable outlook
12	18-Jun	EDP issues EUR 1,000 million 7 year bond

Capital Market Indicators

	1H09	2008	2007	2006	2005	2004
EDP Shares in NYSE Euronext Lisbon (euros)						
Opening price	2.695	4.470	3.84	2.60	2.22	2.01
Closing price	2.793	2.695	4.47	3.84	2.60	2.23
Peak price	4.760	4.760	5.00	3.86	2.68	2.42
Minimum price	2.062	2.062	3.79	2.58	2.04	1.93
Variation in share price and reference indices						
EDP Shares (1)	3.6%	(39.7%)	16%	48%	17%	11%
PS120	12.1%	(51.3%)	16%	30%	13%	13%
Dow Jones Eurostoxx Utilities	(11.5%)	(38.1%)	18%	36%	26%	25%
Euronext 100	(0.5%)	(45.2%)	3%	19%	23%	8%
Liquidity of EDP shares on the markets						
Volume on NYSE Euronext Lisbon (EUR million)	2,067.2	9,710.1	21,256.5	12,812.5	5,639.4	5,470.9
Mean daily volume (EUR million)	16.5	37.9	83.4	50.2	21.9	21.1
Number of shares traded (million) (2)	762.4	2,761.1	5,079.7	4,080.9	2,505.2	2,477.2
Total number of shares issued (million)	3,656.5	3,656.5	3,656.5	3,656.5	3,656.5	3,656.5
Privatised shares at the end of the year (million)	2,936.2	2,936.2	3,096.2	3,096.2	3,096.2	2,936.2
% of capital already privatised	80%	80%	85%	85%	85%	80%
Number of own shares held as at 30 Jun (million)	33.9	35.7	15.5	7.1	17.3	14.3
Annual rotation of capital (privatised shares)	51.9%	94.0%	164.1%	131.8%	85.0%	84.4%
EDP Market Value (EUR million)						
Market capitalization at the end of the period	10,212.7	9,854.4	16,344.7	14,041.1	9,507.0	8,154.1
Total shareholder profitability						
Annual variation in share price (1)	0.10	(1.78)	0.63	1.24	0.37	0.22
Gross dividend distributed per share in the year	0.140	0.125	0.110	0.100	0.092	0.090
Total shareholder profitability	8.8%	-36.9%	19%	52%	21%	16%
Dividends						
Dividend per share	0.14	0.14	0.125	0.11	0.10	0.092
Dividend yield	5.0%	5.2%	2.8%	2.9%	3.8%	4.1%

((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. EDP'S CORPORATE BODIES

VI.1. CORPORATE GOVERNANCE STRUCTURE

VI.1.1. Corporate Governance Model

EDP has adopted a dual corporate governance model comprising an administration body responsible for the company management - Executive Board of Directors - and a supervisory body - General and Supervisory Board – approved by EDP's shareholders in the annual general meeting of 30th March, 2006.

The EDP corporate governance model is aimed at ensuring separation of functions and specialisation of supervision with the due transparency and rigour. The EDP management and supervision structure is made up of three bodies:

- The Executive Board of Directors;
- The General and Supervisory Board; and
- The Statutory Auditor.

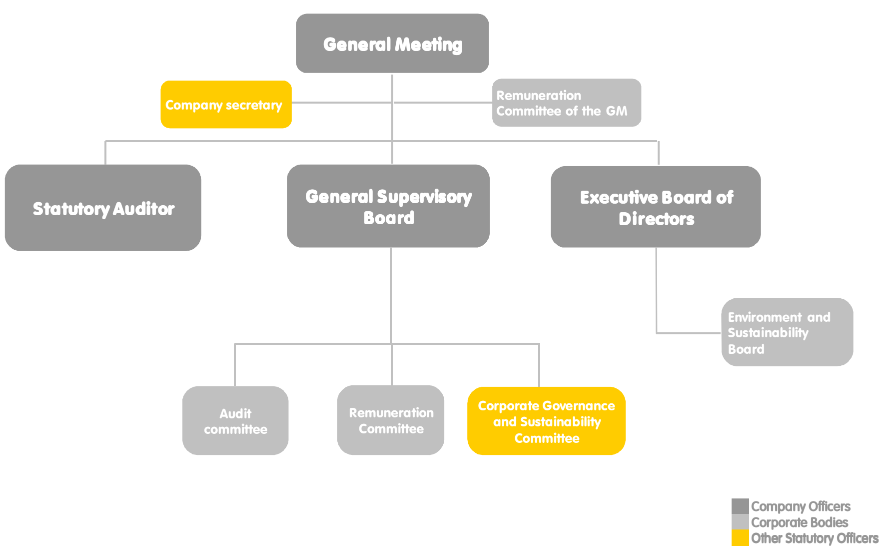
This model is also aimed to align the interests of EDP and its shareholders. Accordingly, the EDP General Meeting of Shareholders appoints the members of the Executive Board of Directors and the General and Supervisory Board as well as the Statutory Auditor, the latter upon proposal by the General and Supervisory Board (or by the Committee for the financial matters/Audit Committee on its behalf). The General Meeting also appoints the members of the Environment and Sustainability Board.

Separation of the functions of management and supervision is ensured by the General and Supervisory Board, which is the maximum corporate authority in matters of supervision.

The choice of this management and supervision model was made in the context of the amendments to the Companies Code introduced by Decree-Law n.º 76-A/2006 of 29 March. The model came into force on the same date as the new EDP's Articles of Association, i.e. 30 June 2006.

For a better understanding of how EDP works in terms of corporate governance, the company maintains its Articles of Association updated in both Portuguese and English for its shareholders on its website (www.edp.pt), as well as the internal regulations for the Executive Board of Directors, the General and Supervisory Board and their respective committees.

VI.1.2. Organic Corporate Structure



VI.2. Corporate Bodies

VI.2.1. General Meeting of Shareholders

The General Meeting of Shareholders is the body that represents the shareholders. It has the following functions:

- Assessing the annual reports of the Executive Board of Directors, discussing and voting on the balance sheet, accounts and opinion of the Statutory Auditor and the opinions of the General and Supervisory Board and Committee for the financial matters/Audit Committee and voting on proposals for the allocation of profits;
- Electing and dismissing the members of the board of the General Meeting, the Executive Board of Directors and the General and Supervisory Board as well as their respective chairmen and vice-chairmen and, if applicable, the Statutory Auditor, after proposal by the General and Supervisory Board or, by delegation, the Committee for the financial matters/Audit Committee, and also the members of the Environment and Sustainability Board;
- Deciding on amendments to the Articles of Association, including capital increases;
- Appointing a Remuneration Committee responsible for establishing the remuneration of the members of the corporate bodies; the majority of there committee members should be independent;
- Assessing the annual company report produced by the General and Supervisory Board;
- Dealing with any other matters brought before it;
- Exercising any other powers that may be conferred to it by law.

Board of the General Meeting

Pursuant to Article 12 of the EDP Articles of Association, the Board of the General Meeting is made up of a Chairman and a Vice-chairman, elected by the General Meeting, and the company's General Secretary.

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

Without prejudice to the possibility of re-appointment, the term of office of the General Secretary terminates together with the end of office of the Executive Board of Directors that has appointed him/her, in accordance with Article 26.j) of the EDP's Articles of Association.

In accordance with the Articles of Association, the Chairman of the Board of the General Meeting is inherently member of the General and Supervisory Board. The members of the board of the General Meeting were elected on 15 April 2009, for a 3 year mandate.

The Chairman of the Board of the General Meeting has the internal human and logistic resources that are appropriate for his/her needs, namely the support of the General Secretary and Legal Department, the Investors Relations Office and the Brand and Communication Department, as well as external support from a specialised entity hired by EDP for the collection, processing and counting of votes. The logistic and administrative resources for holding the General Meeting are provided by the company, with the respective organisation being supervised by the Chairman of the Board of the General Meeting.

VI.2.2. General and Supervisory Board

In accordance with the Articles of Association, the term of office of the current General and Supervisory Board, which was appointed on 15 April 2009, is three years. The Board is made up of 17 members, the majority of whom are independent, who meet the requirements in terms of education and competence provided for in the Articles of Association and legislation applicable to EDP. The work of the General and Supervisory Board is governed by internal regulations.

The "curriculum vitae" of the members of the General and Supervisory Board are available at EDP website (www.edp.pt).

Pursuant General and Supervisory Board internal regulations, approved on 7th of May 2009, a person is considered independent if he/she is not associated with any specific interest group in the company and is not under any circumstance liable to affect his/her impartiality in making analyses or decisions, such as any of the situations indicated below or in relation to him or herself, or his or her spouse or relatives by birth or marriage to the third degree:

- Being an owner, occupying a management position, having a contractual tie with or acting on behalf of or on the account of owners of qualifying holdings of 2% or more of the share capital or voting rights of EDP or a similar percentage in a company that controls it.
- Being an owner, occupying a management position, having a contractual tie with or acting on behalf of or on the account of owners of qualifying holdings of 2% or more of the share capital or voting rights of a rival company.
- Receiving any remuneration, even if suspended, from EDP, a subsidiary or non-profit institutions economically dependent on them, except the remuneration for the exercise of his/her duties as GSB member.
- Being elected for more than two consecutive or intercalated mandates.

The EDP General and Supervisory Board is the body that oversees the company's management activity and guarantees permanent monitoring and supervision of the administration of the company, cooperating with the Executive Board of Directors and all other corporate bodies in pursuit of the corporate interests in accordance with the Companies Code and the Articles of Association.

In accordance with EDP's Articles of Association the competences are:

- Permanently monitors the management of the company and the subsidiaries, providing advice and assistance to the Executive Board of Directors, namely with respect to strategy, meeting objectives and complying with the applicable legislation;
- Issues opinions on the annual report and accounts;
- Oversees, on a permanent basis, the work of the statutory auditor and the external auditor and, with regard to the former, issues pronouncement on the respective election or appointment, removal from office, independent status and other relations with the company;
- Oversees, on a permanent basis, and evaluates internal procedures for accounting and auditing, as well as the efficacy of the risk management system, the internal control system and the internal auditing system, including the way in which complaints and queries are received and processed, whether originating from employees or not;
- Proposes to the General Meeting the removal from office of any member of the Executive Board of Directors;
- Monitors definition of the necessary or appropriate criteria and responsibilities for the structures and internal bodies of the company or group and their impact in its composition, in addition to drawing up follow-up plans;
- Provides, in accordance with the law, for the replacement of members of the Executive Board of Directors in the event of absence or temporary impediment;
- Issues, on its own initiative or upon request by the Chairman of the Executive Board of Directors, an opinion on the annual vote of confidence in the company management as referred to in Article 455 of the Companies Code;
- Monitors and assesses matters pertaining to corporate governance, sustainability, internal codes of ethics and conduct and compliance with these codes, systems for appraising and solving conflicts of interest, including those associated with the company's relations with its shareholders, and issues opinions on these matters;
- Procures the resources, financial or otherwise, which it reasonably considers necessary for its work and requests the Executive Board of Directors to adopt the measures or corrections it deems appropriate, being authorised to contract

the necessary resources to obtain independent advice, if required;

- Receives regular information from the Executive Board of Directors on significant commercial relations between the company or subsidiaries and shareholders with a qualified shareholding and related persons;
- Appoints the Remuneration Committee and Committee for the financial matters/Audit Committee;
- Represents the company in its relations with the
- directors;
- Oversees the work of the Executive Board of Directors;
- Supervises for the observance of the law and the Articles of Association;
- Selects and replaces the company's external auditor, giving the Executive Board of Directors instructions for the engagement or dismissal of the same;
- Monitors, when and how it deems appropriate, the bookkeeping, accounts and supporting documents, as well as the status of any assets or securities held by the company;
- Oversees the preparation and disclosure of financial information;
- Convenes the General Meeting when it deems appropriate;
- Approves its internal regulations, including rules on relations with the other corporate bodies
- Exercises any other skills that may be conferred upon it by law or by the General Meeting.

In the scope of the corporate governance model in force at EDP, the General and Supervisory Board has one more skill of particular importance. Although it does not have management skills, in accordance with Article 442 nº1 of the Companies Code, the company's Articles of Association establish that approval of the company's strategic plan and the following operations carried out by the company or by subsidiaries are subject to favourable prior approval from the General and Supervisory Board:

- Acquisitions and sales of assets, rights or shareholdings of significant economic value;
- Contracting financing operations of significant value;
- The opening and closure of establishments, or important parts thereof, and important extensions or limitations of the company activity;
- Other transactions or operations of significant economic or strategic value;
- The commencement or termination of strategic partnerships or other forms of lasting cooperation;
- Plans for divisions, mergers or transformations;
- Amendments to the Articles of Association, including changes of registered office and capital increases when these are initiative of the Executive Board of Directors.

Ordinary meetings of the General and Supervisory Board are held at least once every quarter and extraordinary meetings take place whenever convened by the Chairman, either on their own initiative or at the request of any member, the Executive Board of Directors or its Chairman. In first half of 2009, the General and Supervisory Board met 4 times.

The General and Supervisory Board publishes annual reports on its activity, organisation and functioning, including any constraints it may have encountered. The report is available on the EDP website (www.edp.pt) together with the management report and a financial statements.

The Chairman of the General and Supervisory Board has particular competencies, and is responsible for:

- Representing the General and Supervisory Board institutionally;
- Requesting and receiving information from the Executive Board of Directors on the activities of the company and subsidiaries;
- Coordinating the work of the General and Supervisory Board and convening and presiding over its meetings;
- Ensuring correct implementation of the General and Supervisory Board decisions.

The Chairman of the General and Supervisory Board, one of its members specifically appointed by that board and the members of the Committee for the Financial Matters/Audit Committee have the right to attend the meetings of the Executive Board of Directors. The members of the Committee for the Financial Matters/Audit Committee have the obligation to attend meetings assessing the accounts for a financial year.

General Supervisory Board		
Chairman	António de Almeida	
Vice-Chairman	Alberto João Coraceiro de Castro	Independent
	António Sarmento Gomes Mota	Independent
	Carlos Jorge Ramalho Santos Ferreira	
	Diogo Campos Barradas de Lacerda Machado	Independent
	Eduardo de Almeida Catroga	Independent
	Fernando Manuel Barbosa Faria de Oliveira	
	Inversiones, S.A.)	
	José Maria Espírito Santo Silva Ricciardi	
	José Manuel dos Santos Fernandes	Independent
	Khalifa Adbulla Khamis Al Romaithi	
	Manuel Fernando de Macedo Alves Monteiro	Independent
	Mohamed Meziane (as representative of Sonatrach)	
	Rui Eduardo Ferreira Rodrigues Pena	Independent
	Ricardo José Minotti da Cruz Filipe	Independent
	Vasco Maria Guimarães José de Mello	
	Vítor Fernando da Conceição Gonçalves	Independent

Following the General Meeting that took place in 15 April 2009, Cajastur Inversiones, SA appointed Mr. José Maria Brandão de Brito and Société Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures ("Sonatrach") appointed Mr. Mohamed Meziane, as their representatives in the General Supervisory Board.

VI.2.3. Executive Board of Directors

The Executive Board of Directors is the body responsible for the day-to-day management of the company's business activities in accordance with the Companies Code and the Articles of Association. Its members are elected by the shareholders at the General Meeting. The Executive Board of Directors has 7 members.

The Executive Board of Directors habitually meets once a week, though it is obliged to meet only once every two months.

The Executive Board of Directors requires the presence of a majority of its members at a meeting in order to deliberate. Each member may not represent more than one absent member at each meeting. The chairman of the Executive Board of Directors is appointed by the general shareholders' meeting from amongst the elected directors, and has a casting vote.

The actions of the Executive Board of Directors is governed by internal regulations.

In accordance with the Articles of Association, the Executive Board of Directors is responsible for:

- Establishing the objectives and management policies of EDP and the EDP Group;
- Drawing up the annual business and financial plans;
- Managing corporate business and undertaking all actions and operations associated with the corporate object that do not fall within the competences of other corporate bodies;
- Representing the company actively and passively in and out of court, with the power to give up, acquiesce and plead in any legal proceedings, as well as to sign arbitration agreements;
- Buying, selling or by any other means disposing of, or encumbering, rights or immovable assets;
- Setting up companies and subscribing, purchasing, encumbering and selling shareholdings;
- Deciding on the issue of bonds and other securities in accordance with the law and the Articles of Association, observing the annual quantity limits fixed by the General and Supervisory Board;
- Establishing the technical and administrative organisation of EDP and the rules of its internal operation, particularly in relation to personnel and their remuneration;
- Establishing proxies with such powers as it may deem fit, including the power to delegate;
- Appointing the General Secretary and his/her deputy;
- Contracting and dismissing the External Auditor upon recommendation of the General and Supervisory Board;
- Exercising any other powers invested in it by law or by the General Meeting; and
- Establishing its own system for determining the regulations for its internal operations.

The Chairman of the Executive Board of Directors has particular competences, and is responsible for:

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

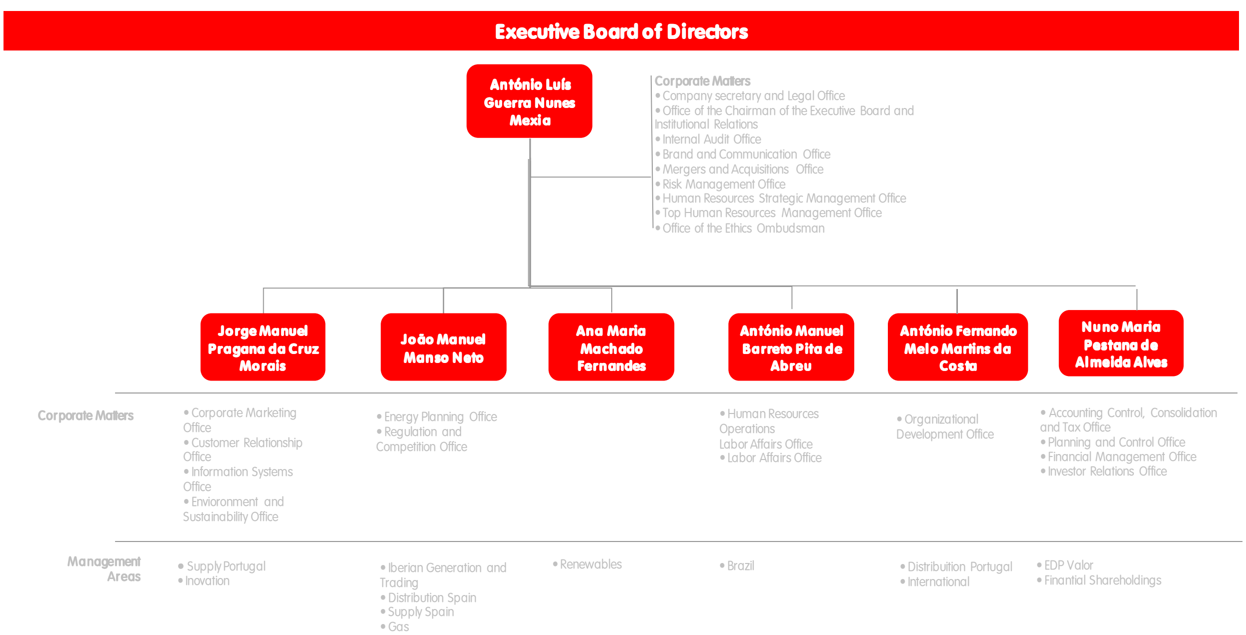
Proposals for amendments to the Articles of Association in matters of capital increases that are submitted by the Executive Board of Directors are subject, pursuant to Article 17.2 g) of the Articles of Association, to a prior opinion to be issued by the General and Supervisory Board.

The Chairman of the Executive Board of Directors has the right to attend meetings of the General and Supervisory Board whenever he/she deems appropriate, except when the meetings deal with decisions associated with the supervision of the work of the Executive Board of Directors and, in general, any situations which involve a conflict of interests.

The Chairman of the Executive Board of Directors forwards invitations to meetings and the minutes of the Executive Board of Directors' meetings to the support office of the General and Supervisory Board and, whenever requested, provides the information requested from him/her in productive time and in the appropriate form.

The Executive Board of Directors met 27 times during the first half of 2009.

The organisation of the Executive Board of Directors is based on the following management areas and corporate themes:



VI.2.4. Statutory Auditor

The Statutory Auditor is the corporate body responsible for examining the financial statements. It is appointed by the General Meeting of Shareholders.

In accordance with the Companies Code and the Articles of Association, the Statutory Auditor is in particular responsible for ensuring:

- The regularity of the company's books, accounting records and the respective supporting documents;
- When, and in the form it deems adequate, the cash and all assets or securities belonging to the company or received by it as a guarantee, deposit or for any other purpose;
- The exactness of the financial statements;
- Whether the accounting policies and valuation criteria adopted by the company give a true and fair view of the state of affairs and of the profit and loss;

Statutory Auditor	
Permanent	KPMG & Associados, SROC, S.A. representada por Jean-éric Gaign, ROC
Deputy	Vítor Manuel da Cunha Ribeirinho, ROC

VI.2.5. Remuneration Committee – GM

The remuneration of members of the corporate bodies, with the exception of the members of the Executive Board of Directors, is fixed by the Remuneration Committee appointed by the General Meeting of Shareholders.

Pursuant article 11º, paragraph 2 d) of EDP Articles of Association, the members of the Remuneration Committee must, in their majority, be independent.

The Remuneration Committee appointed by the General Meeting of Shareholders of 15 April 2009, is as follows:

Remuneration Committee of the GM	
Chairman	José Manuel Archer Galvão Teles
	Carlos Alberto Veiga Anjos
	Parpública

Members of the Remuneration Committee of the General Meeting were present at the Annual General Meeting of 15 April 2009. The Chairman of the Remuneration Committee presented at the Annual General Meeting a declaration on the remuneration policy followed during the previous appointment.

VI.2.6. Environment and Sustainability Board

The Environment and Sustainability Board was set up in 1991 under a different name. Its name was changed to Environment and Sustainability Board at the Annual General Meeting of Shareholders of 30 March 2006.

The Environment and Sustainability Board reserves the right to advise the Executive Board of Directors in environment and sustainability-related matters. In particular, it provides advice and support in defining the company's environmental and sustainability strategy and in drawing up opinions and recommendations on the environmental impact of projects planned by the EDP Group.

The Environment and Sustainability Board currently consists of five persons with acknowledged competence of environmental protection matters who were appointed in the General Meeting of Shareholders:

Enviorenment and Sustainability Board	
Chairman	João Martins Ferreira do Amaral
	Miguel Pedro Brito St. Aubyn
	Maria Madalena Monteiro Garcia Presumido
	Maria da Graça Madeira Martinho
	José de Sousa Cunhal Sendim

VI.2.7. Company Secretary

The Company General Secretary and respective deputy are appointed by the Executive Board of Directors having the legal competences required by law. The Secretary appointment ceases when the function of the Executive Board that had appointed him/her ceases.

Company Secretary	
Permanent Secretary	Maria Teresa Isabel Pereira
Deputy Secretary	Ana Rita Pontífice Ferreira de Almeida Côrte-Real

VI.2.8. Specialised Committees of the General and Supervisory Board

Regardless of retaining the responsibility for the exercise of its duties as a corporate body, the General and Supervisory Board internal regulations allow it to create permanent and eventual committees, composed by of some of its members, when it is considered appropriate and necessary for the performance of certain specific duties belonging to General and Supervisory Board.

Committees are responsible for the permanent and detailed oversight of the affairs that are entrusted to them, in order to ensure General and Supervisory Board an adequate decision-making process, or to provide information to the Board about particular issues.

The committees' activity is coordinated by the Chairman of the General and Supervisory Board, who shall ensure appropriate articulation with General and Supervisory Board meetings, through the committees' chairmen, who shall keep the Chairman of the Board informed of their activities, including sending the meetings' notice and respective minutes.

The current committees of General and Supervisory Board were set up on 7th of May 2009.

The General and Supervisory Board considers that the committees are essential to the regular functioning of the company as they allow appropriate reflection on the governance system adopted, ensure competent and independent assessment of the financial information and performance of the company, an objective and transparent assessment of the directors performance and also of the Board performance itself.

COMMITTEE FOR THE FINANCIAL MATTERS/AUDIT COMMITTEE

Due to nomenclature traditions at EDP, the Articles of Association allow the committee for financial matters (which constitution by the General and Supervisory Board is compulsory, in accordance with Article 444º, paragraph 2) of the Companies Code to use the name Audit Committee.

It should not, however, be confused with the supervision body of the same name provided for in the monist governance model.

In accordance with the EDP Articles of Association and through delegation from the General and Supervisory Board, the Committee for the Financial Matters/ Audit Committee has the following responsibilities:

- To issue opinions on the annual report and accounts;
- To oversee, on a permanent basis, the work of the statutory auditor and the external auditor and, with regard to the former, to issue opinions on its respective election or appointment, resignment, conditions of independence and other relations with the company;
- To oversee, on a permanent basis, and evaluate internal procedures for accounting and auditing, as well as the effectiveness of the risk management system, the internal control system and the internal auditing system, including the way in which complaints and queries are received and processed, whether originating from employees or not;
- To monitor, when and how it deems appropriate, the bookkeeping, accounts and supporting documents, as well as the situation in relation to any assets or securities held by the company.

As a specialized committee of the General and Supervisory Board, the Audit Committee supports the former in the process of selecting and replacing the external auditor.

The functioning of the Audit Committee is governed by a set of internal regulations approved by the General and Supervision Board.

In first half of 2009, the Committee for the Financial Matters/Audit Committee met 8 times. Minutes of all meetings were drawn up.

Pursuant to the Companies Code and EDP Articles of Association, the Audit Committee is made up of at least three independent members with the appropriate qualifications and experience, including one member with a higher education degree in the area of the committee's functions and with specific knowledge of auditing and accounting.

The committee is currently made up of the following members:

Committee for the Financial Matters/Audit Committee	
Chairman	Vítor Fernando da Conceição Gonçalves
	António Sarmento Gomes Mota
	Manuel Fernando de Macedo Alves Monteiro

- **Whistle-Blowing Policy**

The EDP Group has always regulated its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

EDP provides the Group employees with a channel enabling them to report directly and confidentially to the Committee for the Financial Matters/Audit Committee of the General and Supervisory Board any practice presumed illicit or any alleged accounting and/or financial irregularity in their company, in compliance with the standards of CMVM Regulation n.º 1/2007.

With the creation of this channel for reporting irregular accounting and financial practices, EDP aims to:

- Ensure conditions that allow employees to freely report any concerns they may have in these areas to the Committee for the Financial Maters/ Audit Committee;
- Facilitating the early detection of irregular situations which, if practised, might cause serious damage to the EDP Group, its employees, customers and shareholders.

The Committee for the Financial Matters/Audit Committee can be contacted by e-mail, fax and regular mail, and access to the information received in this context is restricted.

All complaints or reports to the Committee for the Financial Matters/Audit Committee are treated with the strictest confidentiality. The identity of the whistle-blower is kept secret, provided that this does not hinder investigation of the complaint.

In accordance with its established regulations, EDP guarantees that no employee will be the target of any retaliatory or disciplinary action as a result of exercising their right to report irregular situations, provide information or assist in an investigation.

REMUNERATION COMMITTEE

Pursuant to Article 27 of the EDP Articles of Association, the Remuneration Committee of the General and Supervisory Board is the body that determines the remuneration of the members of the Executive Board of Directors, as well as any complementary benefits, notably complementary retirement or disability pensions.

Pursuant the EDP Articles of Association, the Remuneration Committee of the General and Supervisory Board shall submit to the annual general shareholders' meeting, for consultation purposes, a statement on its policy regarding remuneration of the members of the Executive Board of Directors approved by it, at least in the years in which such policy is set forth or modified. After the publication of Law 28/2009, 19th June, the Remuneration Committee will adopt the relevant legal measures in terms of remuneration policy approval and disclosure.

The work of the Remuneration Committee is governed by internal regulations approved by General and Supervisory Board.

In first half 2009, the Committee met 1 time. Minutes of the meeting were drawn up.

The Remuneration Committee is composed of members of the General and Supervisory Board with the appropriate qualifications and experience, the majority of whom must be independent.

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

The members of the Remuneration Committee which belonged to this Committee during the term of the General Supervisory Board ended 31 December 2008, attended the General Meeting of Shareholders on 15 April 2009. The Chairman of the Remuneration Committee presented at the Annual General Meeting a statement on the remuneration policy followed during this period.

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

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

- Corporate governance;
- Strategic sustainability;
- Internal codes of ethics and conduct;
- Systems for assessing and resolving conflicts of interests, in particular pertaining to relations between EDP and its shareholders;

- Defining appropriate criteria and competences to serve as standards for EDP structures and internal bodies and their impact on their composition;

- Developing succession plans;

Given its powers and the fact the majority of its members must be independent, the Corporate Governance and Sustainability Committee also carries out ongoing assessment of the company management and of the performance of the General and Supervisory Board itself. These assessments are included in a report drawn up each year and submitted to the General and Supervisory Board for appreciation.

The Corporate Governance and Sustainability Committee is composed of members of the General and Supervisory Board with the appropriate qualifications and experience. The work of the Corporate Governance and Sustainability Committee is governed by internal regulations approved by General and Supervisory Board.

In first half of 2009, the Corporate Governance and Sustainability Committee met 1 time. Minute of this meeting was drawn up.

The Corporate Governance and Sustainability Committee is composed of members of the General and Supervisory Board with the appropriate qualifications and experience, the majority of whom must be independent.

Corporate Governance and Sustainability Committee	
Chairman	António de Almeida
	Alberto João Coraceiro de Castro
	António Sarmento Gomes Mota
	Diogo Campos Barradas de Lacerda Machado
	José Maria Brandão de Brito
	José Manuel dos Santos Fernandes
	José Maria Espírito Santo Silva Ricciardi
	Khalifa Abdulla Khamis Al Romaithi
	Ricardo José Minotti da Cruz Filipe

VI.2.9. Business operations between the Company and the members of the Executive Board of Directors and Supervisory and General Board with qualifying holdings and companies in a group or control relationship with EDP

In the normal course of its activity, EDP performs business transactions and operations based on normal market conditions for similar operations with several entities, particularly financial institutions including holders of qualifying holdings in EDP's share capital and other group companies and subsidiaries which are not considered relevant due to their nature or to the fact that they are insignificant in economic terms.

Pursuant article 246º, n.º 3, paragraph c) of the Securities Code, EDP informs that did not have relevant transactions between related parties that have material effect in the financial position or performance during the six month period ended 30 June 2009.

In the context of the qualitative improvement of the governance practices, it should be noted that the General and Supervisory Board has approved the "Reference Framework for the Treatment of Conflicts of Interests", which is available for consultation on the EDP website (www.edp.pt). This set of rules related to prevention, identification and resolution of potential important conflicts of interest has a wider scope of application than the rules included in CMVM Regulation n.º 1/2007.

The Corporate Governance and Sustainability Committee is responsible for supervising the application of the aforementioned rules, reporting its activities to the General and Supervisory Board.

At the 30th July 2009 meeting, the General and Supervisory Board registered, that, as regards the 2009 first half period, no evidence was found that potential conflicts of interest regarding operations had been settled in a way that went against EDP interests.

VII. EDP SHAREHOLDER STRUCTURE, MANAGEMENT TRANSACTIONS AND TREASURY STOCK TRANSACTIONS

VII.1.1. Shareholder Structure

Qualifying Holdings

Pursuant to Article 8, n.º1b of CMVM Regulation n.º 5/2008, the following information can be provided on qualifying holdings held by shareholders in the EDP share capital in first half of 2009:

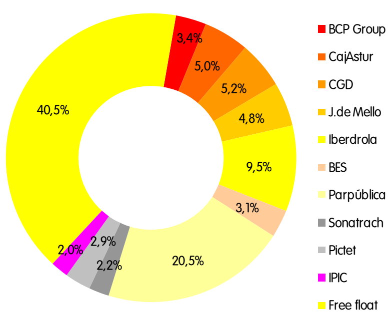
Shareholders	N.º of Shares	% Capital	% Vote
PARPÚBLICA - Participações Públicas, SGPS, S.A.	749,323,856	20.49%	20.69%
IBERDROLA - Participações, SGPS, SA	347,371,083	9.50%	5.00%
CAJA DE AHORROS DE ASTURIAS (CajAstur)	183,257,513	5.01%	5.00%
CAIXA GERAL DE DEPÓSITOS, S.A.	191,468,320	5.24%	5.00%
José de Mello - Soc. Gestora de Participações Sociais, S.A.	176,345,969	4.82%	4.87%
Grupo BCP + GRUPO BCP PENSION FUND	123,079,835	3.36%	3.40%
BANCO ESPÍRITO SANTO, S.A.	111,586,342	3.05%	3.08%
Pictet Asset Management	104,396,422	2.86%	2.88%
Sonatrach	81,713,076	2.23%	2.26%
IPIC - Senfora SARL	73,130,755	2.00%	2.02%
EDP (Treasury Stock)	35,443,360	0.97%	-
Free Float	1,479,421,184	40.46%	
Total	**3,656,537,715**	**100.00%**	

Note: In accordance with n° 3 of the Art. 14° of the Partnership contract of the EDP will not be considered the inherent votes to the category A 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 exceed.

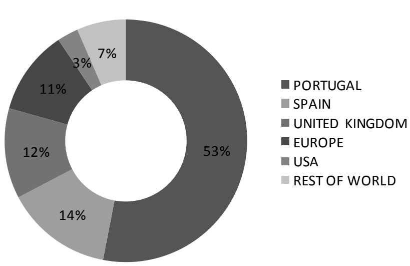
The percentage of voting rights was calculated based on 35 443 360 shares/treasury stock.

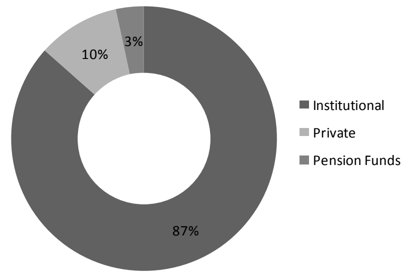
(1) In compliance with the understanding imparted by the CMVM to Sonatrach in relation to the effects of a shareholder agreement entered into with the shareholders Parpública — Participações Públicas, (SGPS) S.A. and Caixa Geral de Depósitos S.A., the voting rights corresponding to the stock held by these two shareholders have been assigned to Sonatrach since 11 April 2007, pursuant to Article 20(1) of the Portuguese Securities Code.

Shareholder Structure



The breakdown of the EDP shareholder structure by region and investor type in first half of 2009 was as follows:





Note: The breakdown of the EDP shareholder structure was performed with data made available by custodian banks to Interbolsa.

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

Allocation of Voting Rights in Accordance with Article 20.1 of the Securities Code
Interest informed by Sahreholders

Shareholders	N.º of Shares	% Capital	% Vote
PARPÚBLICA – Participações Públicas, SGPS, S.A.			
Privatised shares – Category A	29,009,121	0.79%	0.80%
Non-privatised shares – Category B	720,314,735	19.70%	19.89%
Capitalpor – Participações Portuguesas, SGPS, S.A.	408,797,735	11.18%	11.29%
PARPÚBLICA – Participações Públicas, SGPS, S.A.	311,517,000	8.52%	8.60%
Total	**749,323,856**	**20.49%**	**20.69%**
GROUP CAIXA GERAL DE DEPÓSITOS			
Caixa Geral de Depósitos	186,588,354	5.10%	-
CGD Pension Fund	1,884,599	0.05%	-
Companhia de Seguros Fidelidade Mundial, S.A.	2,792,876	0.08%	-
Império Bonança - Companhia de Seguros, S.A.	178,318	0.00%	-
Via Directa - Companhia de Seguros, S.A.	13,490	0.00%	-
Multicare - Seguros de Saúde, S.A.	10,683	0.00%	-
Total	**191,468,320**	**5.23%**	**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 votings right of Multicare - Seguros de Saúde, S.A.

Shareholders	N.º of Shares	% Capital	% Vote
CAJA DE AHORROS DE ASTURIAS (CajAstur)			
Cantabrica de Inversiones de Cartera, S.L.	128,409,447	3.51%	-
Caja de Ahorros de Asturias (CajAstur)	54,848,066	1.50%	-
Total	**183,257,513**	**5.01%**	**5.00%**

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

Shareholders	N.º of Shares	% Capital	% Vote
JOSÉ DE MELLO - SOC. GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A.			
José de Mello Energia, SGPS, S.A.	176,283,526	4.82%	4.87%
Company Officers	62,443	-	0.00%
Total	**176,345,969**	**4.82%**	**4.87%**

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.

Shareholders	N.º of Shares	% Capital	% Vote
GROUP BCP + BCP GROUP PENSION FUND			
Company Officers	28,380	-	0.00%
Fundação Banco Comercial Português	350,000	0.01%	0.01%
Banco Millennium BCP Investimento, SA	254,861	0.01%	0.01%
Banco Comercial Português, S.A .(Discretionary management)	110,000	0.00%	0.00%
BCP Group Pension Fund	122,289,594	3.34%	3.38%
Millennium CD Pension Fund	47,000	0.00%	0.00%
Total	**123,079,835**	**3.36%**	**3.40%**
BANCO ESPÍRITO SANTO, S.A.			
Banco Espírito Santo, S.A.	111,573,128	3.05%	3.08%
Company Officers	13,214	-	0.00%
Total	**111,586,342**	**3.05%**	**3.08%**
INTERNATIONAL PETROLEUM INVESTMENT COMPANY (IPIC)			
Sefora SARL	73,130,755	2.00%	2.01%
Total	**73,130,755**	**2.00%**	**2.01%**

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

Note: The percentage of voting rights was calculated deducting 35 443 360 treasury stock held by the company.

VII.1.3. EDP Shares held by company officers

The table below shows the shares held by the members of the corporate bodies, as well as any changes verified in the first half of 2009, in compliance with Article 447 no.5) of the Companies Code:

	EDP - Energias de Portugal, S.A.		EDP Renováveis, S.A.		Energia do Brasil	
	N.º Shares 30-06-2009	N.º Shares 31-12-2008	N.º Shares 30-06-2009	N.º Shares 31-12-2008	N.º Shares 30-06-2009	N.º Shares 31-12-2008
Board of the General Meeting						
Rui Eduardo Ferreira Rodrigues Pena	1,445	1,445	380	380	0	-
António Bernardo de Menezes e Lorena de Sèves	0	0	0	-	0	-
Maria Teresa Isabel Pereira	14,641	9,257	0	0	0	0
General and Supervisory Board						
António de Almeida	0	0	1,200	0	0	0
Alberto João Coraceiro de Castro	4,578	4,578	1,580	1,580	0	0
António Sarmento Gomes Mota	0	-	0	0	0	0
Cajastur Inversiones, S.A.	183,257,513	183,257,513	-	-	-	-
José Maria Brandão de Brito (em representação da Cajastur Inversiones, S.A.)	0	0	0	0	0	0
Carlos Jorge Ramalho Santos Ferreira	40,000	40,000	0	0	0	0
Diogo Campos Barradas de Lacerda Machado	260	260	0	0	0	0
Eduardo de Almeida Catroga	1,375	1,375	0	0	0	0
Fernando Manuel Barbosa Faria de Oliveira	0	0	0	0	0	0
José dos Santos Fernandes	0	-	600	-	0	-
José Maria Espírito Santo Silva Ricciardi [4]	0	0	2,320	2,320	0	0
Khalifa Adbulla Khamis Al Romaithi	0	0	0	0	0	0
Manuel Fernando de Macedo Alves Monteiro	0	0	2,750	2,750	0	-
Ricardo José Minotti da Cruz Filipe	6,622	-	500	-	0	-
Rui Eduardo Ferreira Rodrigues Pena	1,445	1,445	380	380	0	0
Sonatrach	81,713,076	81,713,076	-	-	-	-
Mohammed Meziane (em representação da Sonatrach)	0	0	0	0	0	0
Vasco Maria Guimarães José de Mello	0	0	0	0	0	0
Vítor Fernando da Conceição Gonçalves	3,465	3,465	680	680	0	-
Executive Board of Directors						
António Luís Guerra Nunes Mexia	1,000	1,000	4,200	4,200	1	1
Ana Maria Machado Fernandes	0	0	1,510	1,510	1	1
António Fernando Melo Martins da Costa [1]	13,299	13,299	1,480	1,480	11	11
António Manuel Barreto Pita de Abreu [2]	34,549	34,549	1,810	1,810	1	1
João Manuel Manso Neto	1,268	1,268	0	0	0	0
Jorge Manuel Pragana da Cruz Morais [3]	12,497	12,497	1,990	1,990	0	0
Nuno Maria Pestana de Almeida Alves	45,000	40,000	5,000	5,000	1	1

Notes
1) Includes 150 shares held by his wife, Anna Malgorzata Starzenska Martins da Costa;
2) Includes 475 shares held by his wife, Gilda Maria Pitta de Abreu;
3) Includes 380 EDP Renováveis shares held by his wife, Ana Maria Ferreira de Oliveira Barreto;
4) Includes 2,320 EDP Renováveis shares held by his wife, Teresa Maria Belo de Morais Calheiros e Meneses Ricciardi.

During the first half of 2009, the following members of the Corporate Bodies performed the following trade operations of EDP shares:

	EDP - Energias de Portugal, S.A.		
	Date	N.º Shares	Avg. Purch./ Sales price (euros)
Executive Board of Directors			
Nuno Maria Pestana de Almeida Alves	06-03-09	5,000	2.432

VII.1.4. Treasury Stock Transactions

During the first half of 2009, the following treasury stock transactions were performed:

Treasury Stock Transactions	
Acquired Volume	1,346,981
Sold Volume	-1,607,212
Final Position	33,930,360
Maximun Price (€)	2.90
Minimum Price (€)	2.21
Average Price (€)	2.76

THE BOARD OF DIRECTORS

ANTÓNIO LUÍS GUERRA NUNES MEXIA (CHAIRMAN)

ANA MARIA MACHADO FERNANDES

ANTÓNIO FERNANDO MELO MARTINS DA COSTA

ANTÓNIO MANUEL BARRETO PITA DE ABREU

JOÃO MANUEL MANSO NETO

JORGE MANUEL PRAGANA DA CRUZ MORAIS

NUNO MARIA PESTANA DE ALMEIDA ALVES

LISBON, 30 JULY 2009

VIII. CONDENSED FINANCIAL STATEMENTS

AS OF 30TH JUNE 2009

EDP - Energias de Portugal

Consolidated Income Statement
for the six months period ended 30 June 2009 and 2008

	Notes	2009 Continuing operations (Thousands of Euros)	2008 Continuing operations (Thousands of Euros)	2008 Discontinued operations (Thousands of Euros)	2008 Total (Thousands of Euros)
Turnover	6	5,889,774	6,557,260	162,950	6,720,210
Cost of consumed electricity	6	-2,512,813	-3,209,447	-47,879	-3,257,326
Cost of consumed gas	6	-346,316	-385,679	-	-385,679
Changes in inventories and cost of raw materials and consumables used	6	-576,839	-630,146	-2,044	-632,190
		2,453,806	2,331,988	113,027	2,445,015
Other operating income / (expenses)					
Other operating income	7	113,830	109,806	1,823	111,629
Supplies and services	8	-353,463	-333,083	-22,143	-355,226
Personnel costs	9	-283,839	-288,988	-12,511	-301,499
Employee benefits	9	-66,030	-56,682	-1,183	-57,865
Other operating expenses	10	-253,761	-221,418	-36,101	-257,519
		-843,263	-790,365	-70,115	-860,480
		1,610,543	1,541,623	42,912	1,584,535
Provisions	11	-18,751	-14,685	-2,803	-17,488
Depreciation and amortisation expense	12	-666,338	-626,195	-21,907	-648,102
Compensation of amortisation and depreciation	12	53,878	52,193	2,209	54,402
		979,332	952,936	20,411	973,347
Gains / (losses) on the the sale of financial assets	13	27,884	481,520	-	481,520
Other financial income	14	488,588	294,247	8,924	303,171
Other financial expenses	14	-775,813	-802,840	-11,769	-814,609
Share of profit in associates		13,709	18,978	-	18,978
Profit before income tax		733,700	944,841	17,566	962,407
Income tax expense	15	-193,537	-178,095	-5,960	-184,055
Profit after income tax and before gains/(losses) on sale of discontinued operations		540,163	766,746	11,606	778,352
Gains / (losses) on sale of discontinued operations	46	-	-	-8,477	-8,477
Net profit for the period		540,163	766,746	3,129	769,875
Attributable to:					
Equity holders of EDP		479,444	703,919	-956	702,963
Minority interests	32	60,719	62,827	4,085	66,912
Net profit for the period		540,163	766,746	3,129	769,875
Earnings per share (Basic and Diluted) - Euros	29	**0.13**	**0.19**	**(0.00)**	**0.19**

LISBON, 30 JULY 2009

THE ACCOUNTANT
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

The following notes form an integral part of these condensed financial statements

EDP - Energias de Portugal

Consolidated Balance Sheet as at 30 June 2009 and 31 December 2008

	Notes	2009 (Thousands of Euros)	2008 (Thousands of Euros)
Assets			
Property, plant and equipment	16	22,299,488	21,125,562
Intangible assets	17	2,817,687	2,660,375
Goodwill	18	3,196,096	3,181,657
Investments in associates	20	174,933	172,754
Available for sale investments	21	392,967	350,887
Deferred tax assets	22	684,837	539,878
Trade receivables	24	114,195	112,044
Debtors and other assets	25	1,596,356	2,637,703
Total Non-Current Assets		31,276,559	30,780,860
Inventories	23	258,199	276,800
Trade receivables	24	1,538,260	1,646,613
Debtors and other assets	25	2,052,265	1,632,172
Tax receivable	26	529,710	544,740
Financial assets at fair value through profit or loss	27	90,617	83,227
Cash and cash equivalents	28	1,871,293	713,587
Assets classified as held for sale	39	9,623	30,828
Total Current Assets		6,349,967	4,927,967
Total Assets		37,626,526	35,708,827
Equity			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-124,984	-126,532
Share premium	29	501,992	501,992
Reserves and retained earnings	31	2,099,485	1,241,316
Net profit attributable to equity holders of EDP		479,444	1,091,598
Total Equity attributable to equity holders of EDP		6,612,475	6,364,912
Minority interests	32	2,382,482	2,181,729
Total Equity		8,994,957	8,546,641
Liabilities			
Financial debt	34	12,610,238	10,874,311
Employee benefits	35	1,798,786	1,833,887
Provisions	36	345,924	323,719
Hydrological correction account	33	243,116	237,822
Deferred tax liabilities	22	702,573	655,947
Trade and other payables	37	5,372,670	4,867,083
Total Non-Current Liabilities		21,073,307	18,792,769
Financial debt	34	3,569,863	3,812,014
Trade and other payables	37	3,346,090	4,153,100
Tax payable	38	642,309	388,462
Liabilities classified as held for sale	39	-	15,841
Total Current Liabilities		7,558,262	8,369,417
Total Liabilities		28,631,569	27,162,186
Total Equity and Liabilities		37,626,526	35,708,827

LISBON, 30 JULY 2009

THE ACCOUNTANT
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

The following notes form an integral part of these condensed financial statements

EDP - Energias de Portugal

Consolidated Income Statement
for the three months period from 1 April to 30 June 2009 and from 1 April to 30 June 2008

	2009	2008		
	Continuing operations	Continuing operations	Discontinued operations	Total
	(Thousands of Euros)	(Thousands of Euros)	(Thousands of Euros)	(Thousands of Euros)
Turnover	2,656,455	3,110,675	77,983	3,188,658
Cost of consumed electricity	-1,048,044	-1,535,120	-28,169	-1,563,289
Cost of consumed gas	-128,037	-153,585	-	-153,585
Changes in inventories and cost of raw materials and consumables used	-287,407	-283,899	-1,174	-285,073
	1,192,967	1,138,071	48,640	1,186,711
Other operating income / (expenses)				
Other operating income	59,148	68,258	1,369	69,627
Supplies and services	-187,925	-172,475	-12,141	-184,616
Personnel costs	-142,533	-146,577	-6,429	-153,006
Employee benefits	-30,586	-28,034	-714	-28,748
Other operating expenses	-129,625	-94,652	-19,440	-114,092
	-431,521	-373,480	-37,355	-410,835
	761,446	764,591	11,285	775,876
Provisions	-14,082	-16,173	-1,012	-17,185
Depreciation and amortisation expense	-327,709	-343,642	-11,349	-354,991
Compensation of amortisation and depreciation	27,673	26,676	1,149	27,825
	447,328	431,452	73	431,525
Gains / (losses) on the sale of financial assets	14,991	454,562	-	454,562
Other financial income	210,346	119,907	5,550	125,457
Other financial expenses	-332,026	-446,801	-5,773	-452,574
Share of profit in associates	9,069	9,204	-	9,204
Profit before income tax	349,708	568,324	-150	568,174
Income tax expense	-105,501	-91,281	31	-91,250
Profit after income tax and before gains/(losses) on sale of discontinued operations	244,207	477,043	-119	476,924
Gains / (losses) on sale of discontinued operations	-	-	-8,477	-8,477
Net profit for the period	244,207	477,043	-8,596	468,447
Attributable to:				
Equity holders of EDP	214,248	448,211	-8,533	439,678
Minority interests	29,959	28,832	-63	28,769
Net profit for the period	244,207	477,043	-8,596	468,447
Earnings per share (Basic and Diluted) - Euros	0.06	0.07	0.07	0.07

LISBON, 30 JULY 2009

THE ACCOUNTANT
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

The following notes form an integral part of these condensed financial statements

EDP - Energias de Portugal

Consolidated Statement of Comprehensive Income
as at 30 June 2009 and 2008

(Thousands of Euros)

	2009		2008	
	Equity holders of EDP	Minority Interests	Equity holders of EDP	Minority Interests
Net Profit for the period	479,444	60,719	702,963	66,912
Foreign currency translation differences	159,134	144,362	28,645	30,967
Fair value reserve (cash flow hedge)	74,158	-4,109	35,833	1,920
Tax effect from the fair value reserve (cash flow hedge)	-19,160	1,553	-9,898	-376
Fair value reserve (available for sale investments)	67,536	-	-91,949	-
Tax effect from the fair value reserve (available for sale investments)	-5,964	-	12,245	-
Actuarial gains / (losses)	-423	1,218	-108,031	2,032
Tax effect from the actuarial gains / (losses)	-1,062	-414	-1,273	-691
Other comprehensive income for the period, net of income tax	274,219	142,610	-134,428	33,852
Total comprehensive income for the period	753,663	203,329	568,535	100,764

The following notes form an integral part of these condensed financial statements

EDP - Energias de Portugal

Statement of Changes in Consolidated Equity as at 30 June 2009 and 31 December 2008

(Thousands of Euros)

	Total Equity	Share capital	Share premium	Legal reserve	Reserves and retained earnings	Fair Value Reserve (Cash Flow Hedge)	Fair Value Reserve (AFS Investments)	Exchange differences	Treasury stock	Equity attributable to equity holders of EDP	Minority interests
Balance as at 31 December 2007	**7,278,758**	**3,656,538**	**501,992**	**418,730**	**1,487,155**	**5,032**	**118,859**	**141,581**	**-65,741**	**6,264,146**	**1,014,612**
Comprehensive income:											
Net profit for the period	769,875	-	-	-	702,963	-	-	-	-	702,963	66,912
Changes in the fair value reserve (cash flow hedge) net of taxes	27,479	-	-	-	-	25,935	-	-	-	25,935	1,544
Changes in the fair value reserve (available for sale investments) net of taxes	-79,704	-	-	-	-	-	-79,704	-	-	-79,704	-
Actuarial gains / (losses) net of taxes	-107,963	-	-	-	-109,304	-	-	-	-	-109,304	1,341
Exchange differences arising on consolidation	59,612	-	-	-	-	-	-	28,645	-	28,645	30,967
Total comprehensive income for the period	669,299	-	-	-	593,659	25,935	-79,704	28,645	-	568,535	100,764
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 stock - Energias do Brasil	-52,905	-	-	-	-	-	-	-	-	-	-52,905
Equity increase/ disposals - NEO Group	7,015	-	-	-	-	-	-	-	-	-	7,015
Other reserves arising on consolidation	97	-	-	-	-473	-	-	-	-	-473	570
Balance as at 30 June 2008	**8,520,569**	**3,656,538**	**501,992**	**443,838**	**1,598,987**	**30,967**	**39,155**	**170,226**	**-103,787**	**6,337,916**	**2,182,653**
Comprehensive income:											
Net profit for the period	442,199	-	-	-	388,635	-	-	-	-	388,635	53,564
Changes in the fair value reserve (cash flow hedge) net of taxes	-68,485	-	-	-	-	-65,490	-	-	-	-65,490	-2,995
Changes in the fair value reserve (available for sale investments) net of taxes	6,662	-	-	-	-	-	4,883	-	-	4,883	1,779
Actuarial gains / (losses) net of taxes	-27,098	-	-	-	-23,330	-	-	-	-	-23,330	-3,768
Exchange differences arising on consolidation	-503,173	-	-	-	-	-	-	-263,566	-	-263,566	-239,607
Total comprehensive income for the period	-149,895	-	-	-	365,305	-65,490	4,883	-263,566	-	41,132	-191,027
Dividends attributable to minority interests	-26,581	-	-	-	-	-	-	-	-	-	-26,581
Purchase and sale of treasury stock	-29,938	-	-	-	-7,193	-	-	-	-22,745	-29,938	-
Minority interests resulting from EDP Renováveis IPO	-401	-	-	-	-	-	-	-	-	-	-401
Purchase of treasury stock - Energias do Brasil	-137,478	-	-	-	-	-	-	-	-	-	-137,478
Assets swap - Energias do Brasil	387,302	-	-	-	15,714	-	-	-	-	15,714	371,588
Changes in minority interests resulting from acquisitions and equity increases	-17,506	-	-	-	-	-	-	-	-	-	-17,506
Other reserves arising on consolidation	569	-	-	-	88	-	-	-	-	88	481
Balance as at 31 December 2008	**8,546,641**	**3,656,538**	**501,992**	**443,838**	**1,972,901**	**-34,523**	**44,038**	**-93,340**	**-126,532**	**6,364,912**	**2,181,729**
Comprehensive income:											
Net profit for the period	540,163	-	-	-	479,444	-	-	-	-	479,444	60,719
Changes in the fair value reserve (cash flow hedge) net of taxes	52,442	-	-	-	-	54,998	-	-	-	54,998	-2,556
Changes in the fair value reserve (available for sale investments) net of taxes	61,572	-	-	-	-	-	61,572	-	-	61,572	-
Actuarial gains / (losses) net of taxes	-681	-	-	-	-1,485	-	-	-	-	-1,485	804
Exchange differences arising on consolidation	303,496	-	-	-	-	-	-	159,134	-	159,134	144,362
Total comprehensive income for the period	956,992	-	-	-	477,959	54,998	61,572	159,134	-	753,663	203,329
Transfer to legal reserve	-	-	-	27,549	-27,549	-	-	-	-	-	-
Dividends paid	-507,153	-	-	-	-507,153	-	-	-	-	-507,153	-
Dividends attributable to minority interests	-16,170	-	-	-	-	-	-	-	-	-	-16,170
Purchase and sale of treasury stock	-1,163	-	-	-	-749	-	-	-	-414	-1,163	-
Share-based payments	2,062	-	-	-	100	-	-	-	1,962	2,062	-
Changes in minority interests resulting from acquisitions/disposals and equity increases	12,797	-	-	-	-	-	-	-	-	-	12,797
Other reserves arising on consolidation	951	-	-	-	154	-	-	-	-	154	797
Balance as at 30 June 2009	**8,994,957**	**3,656,538**	**501,992**	**471,387**	**1,915,663**	**20,475**	**105,610**	**65,794**	**-124,984**	**6,612,475**	**2,382,482**

EDP - Energias de Portugal

Consolidated and Non-Consolidated Cash Flow Statements as at 30 June 2009 and 2008

(Thousands of Euros)

	Group		Company	
	Jun 2009	Jun 2008	Jun 2009	Jun 2008
Operating activities				
Cash receipts from customers	5,890,432	6,180,547	867,298	940,755
Proceeds from tariff adjustments securitisation	1,204,422	-	-	-
Cash paid to suppliers	-4,083,875	-4,773,707	-864,495	-1,023,882
Cash paid to personnel	-360,303	-295,658	-20,423	-18,073
Concession rents paid	-120,156	-115,364	-	-
Other receipts / (payments) relating to operating activities	-66,096	-3,149	59,052	86,658
Net cash from operations	2,464,424	992,669	41,432	-14,542
Income tax received / (paid)	-54,892	-33,970	-39,288	3,629
Net cash from operating activities	2,409,532	958,699	2,144	-10,913
Discontinued operations	-	42,254		
Continuing operations	2,409,532	916,445		
Investing activities				
Cash receipts relating to:				
Financial assets	67,972	235,674	-	79,783
EDP Renováveis IPO	-	1,566,726	-	-
Property, plant and equipment and intangible assets	667	2,362	109	429
Investment grants	75,001	67,000	-	5
Interest and similar income	26,355	33,549	149,276	185,764
Dividends	21,433	4,117	378,580	407,259
	191,428	1,909,428	527,965	673,240
Cash payments relating to:				
Financial assets	-63,861	-185,682	-124,478	-2,472
Property, plant and equipment and intangible assets	-1,972,587	-2,275,983	-10,942	-5,155
	-2,036,448	-2,461,665	-135,420	-7,627
Net cash from investing activities	-1,845,020	-552,237	392,545	665,613
Discontinued operations	-	-18,923		
Continuing operations	-1,845,020	-533,314		
Financing activities				
Receipts / (payments) relating to loans and related interest	1,363,633	801,348	1,419,521	147,599
Interest and similar costs	-328,216	-350,088	-207,984	-225,006
Share capital and share premium increases	8,318	-	-	-
Receipts / (payments) relating to derivative financial instruments	-10,972	-70,358	6,830	-8,462
Dividends paid	-507,153	-454,937	-507,153	-454,937
Treasury stock sold / (purchased)	721	-40,995	721	-40,995
Advances received from wind activity institutional partnerships - USA	39,289	168,066	-	-
Net cash from financing activities	565,620	53,036	711,935	-581,801
Discontinued operations	-	697	-	-
Continuing operations	565,620	52,339	711,935	-581,801
Changes in cash and cash equivalents	1,130,132	459,498	1,106,624	72,899
Effect of exchange rate fluctuations on cash held	24,375	-3,527	5	527
Changes in cash and cash equivalents resulting from perimeter variations	3,261	4,540		
Cash and cash equivalents at the beginning of the period	713,525	864,711	182,880	119,609
Cash and cash equivalents at the end of the period (*)	1,871,293	1,325,222	1,289,509	193,035
Discontinued operations	-	41,543	-	-
Cash and cash equivalents from continuing operations at the end of the period	**1,871,293**	**1,283,679**	**1,289,509**	**193,035**

(*) See details of "Cash and cash equivalents" in Note 28.

EDP - Energias de Portugal, S.A.

Company Income Statement
for the six months period ended 30 June 2009 and 2008

	Notes	2009	2008
		(Thousands of Euros)	(Thousands of Euros)
Turnover	6	793,144	1,124,021
Cost of consumed electricity	6	-573,175	-881,070
Changes in inventories and cost of raw materials and consumables used	6	-144,939	-192,403
		75,030	50,548
Other operating income / (expenses)			
Other operating income	7	4,310	3,259
Supplies and services	8	-47,536	-45,786
Personnel costs	9	-9,526	-5,266
Employee benefits	9	-90	-58
Other operating expenses	10	-14,861	-3,995
		-67,703	-51,846
		7,327	-1,298
Provisions	11	-3,632	-1,304
Depreciation and amortisation expense	12	-3,285	-2,794
		410	-5,396
Gains / (losses) on the sale of financial assets	13	-10	15,164
Other financial income	14	1,249,198	983,189
Other financial expenses	14	-922,733	-614,022
Profit before income tax		326,865	378,935
Income tax expense	15	-691	-10,187
Net profit for the period		326,174	368,748

LISBON, 30 JULY 2009

THE ACCOUNTANT
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

The following notes form an integral part of these condensed financial statements

EDP - Energias de Portugal, S.A.

Company Balance Sheet as at 30 June 2009 and 31 December 2008

	Notes	2009	2008
		(Thousands of Euros)	(Thousands of Euros)
Assets			
Property, plant and equipment	16	114,942	107,038
Intangible assets	17	37	41
Investments in subsidiaries	19	9,576,580	9,506,408
Investments in associates	20	49,773	49,773
Available for sale investments	21	162,780	134,159
Deferred tax assets	22	-	60,716
Debtors and other assets	25	5,673,119	5,911,157
Total Non-Current Assets		15,577,231	15,769,292
Inventories	23	11,863	27,744
Trade receivables	24	14,902	18,390
Debtors and other assets	25	1,970,991	2,830,973
Tax receivable	26	110,027	95,437
Financial assets at fair value through profit or loss	27	6,286	232
Cash and cash equivalents	28	1,289,509	182,879
Total Current Assets		3,403,578	3,155,655
Total Assets		18,980,809	18,924,947
Equity			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-118,889	-120,437
Share premium	29	501,992	501,992
Reserves and retained earnings	31	1,783,550	1,681,607
Net profit for the period		326,174	550,978
Total Equity		6,149,365	6,270,678
Liabilities			
Financial debt	34	3,012,687	2,859,631
Provisions	36	85,000	79,014
Hydrological correction account	33	243,116	237,822
Deferred tax liabilities	22	38,829	-
Trade and other payables	37	3,172,303	2,401,840
Total Non-Current Liabilities		6,551,935	5,578,307
Financial debt	34	5,330,197	5,360,236
Trade and other payables	37	707,054	1,704,896
Tax payable	38	242,258	10,830
Total Current Liabilities		6,279,509	7,075,962
Total Liabilities		12,831,444	12,654,269
Total Equity and Liabilities		18,980,809	18,924,947

LISBON, 30 JULY 2009

THE ACCOUNTANT
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MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

The following notes form an integral part of these condensed financial statements

EDP - Energias de Portugal, S.A.

Company Income Statement
for the three months period from 1 April to 30 June 2009 and from 1 April to 30 June 2008

	2009	2008
	(Thousands of Euros)	(Thousands of Euros)
Turnover	335,857	506,449
Cost of consumed electricity	-209,773	-386,261
Changes in inventories and cost of raw materials and consumables used	-89,236	-94,789
	36,848	25,399
Other operating income / (expenses)		
Other operating income	2,603	2,800
Supplies and services	-28,898	-25,258
Personnel costs	-6,284	-2,268
Employee benefits	-48	-26
Other operating expenses	-13,290	1,323
	-45,917	-23,429
	-9,069	1,970
Provisions	-3,882	-6,930
Depreciation and amortisation expense	-1,650	-1,414
	-14,601	-6,374
Gains/(losses) on the sale of financial assets	-10	-
Other financial income	661,633	616,089
Other financial expenses	-323,256	-253,719
Net profit before income tax	323,766	355,996
Income tax expense	-10,861	-13,722
Net profit for the period	312,905	342,274

LISBON, 30 JULY 2009

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MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

The following notes form an integral part of these condensed financial statements

EDP - Energias de Portugal, S.A.

Company Statement of Changes in Equity
as at 30 June 2009 and 31 December 2008

(Thousands of Euros)

	Total Equity	Share capital	Share premium	Legal reserve	Reserves and retained earnings	Fair Value Reserve (Cash Flow Hedge)	Fair Value Reserve (AFS Investments)	Treasury stock
Balance as at 31 December 2007	**6,263,055**	**3,656,538**	**501,992**	**418,730**	**1,711,896**	**-9,721**	**49,361**	**-65,741**
Comprehensive income:								
Net profit for the period	368,748	-	-	-	368,748	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	742	-	-	-	-	742	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	-25,896	-	-	-	-	-	-25,896	-
Total comprehensive income for the period	343,594	-	-	-	368,748	742	-25,896	-
Transfer to legal reserve	-	-	-	25,108	-25,108	-	-	-
Dividends paid	-454,937	-	-	-	-454,937	-	-	-
Purchase and sale of treasury stock	-41,156	-	-	-	-1,778	-	-	-39,378
Share-based payments	1,801	-	-	-	469	-	-	1,332
Balance as at 30 June 2008	**6,112,357**	**3,656,538**	**501,992**	**443,838**	**1,599,290**	**-8,979**	**23,465**	**-103,787**
Comprehensive income:								
Net profit for the period	182,230	-	-	-	182,230	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	209	-	-	-	-	209	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	-275	-	-	-	-	-	-275	-
Total comprehensive income for the period	182,164	-	-	-	182,230	209	-275	-
Purchase and sale of treasury stock	-23,843	-	-	-	-7,193	-	-	-16,650
Balance as at 31 December 2008	**6,270,678**	**3,656,538**	**501,992**	**443,838**	**1,774,327**	**-8,770**	**23,190**	**-120,437**
Comprehensive income:								
Net profit for the period	326,174	-	-	-	326,174	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	29,785	-	-	-	-	29,785	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	28,982	-	-	-	-	-	28,982	-
Total comprehensive income for the period	384,941	-	-	-	326,174	29,785	28,982	-
Transfer to legal reserve	-	-	-	27,549	-27,549	-	-	-
Dividends paid	-507,153	-	-	-	-507,153	-	-	-
Purchase and sale of treasury stock	-1,163	-	-	-	-749	-	-	-414
Share-based payments	2,062	-	-	-	100	-	-	1,962
Balance as at 30 June 2009	**6,149,365**	**3,656,538**	**501,992**	**471,387**	**1,565,150**	**21,015**	**52,172**	**-118,889**

The following notes form an integral part of these condensed financial statements

1. Economic activity 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 electric 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 also 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 2009 no significant changes ocurred in the economic activity of EDP Group.

2. Accounting policies

a) Basis of presentation

The accompanying consolidated condensed financial statements of EDP - Energias de Portugal, S.A. reflect the results of the company`s operations and the financial position of all of its subsidiaries (EDP Group or Group) and the Group's interest in its associated companies for the six months period ended 30 June 2009.

EDP S.A.'s Executive Board of Directors approved the consolidated and company condensed financial statements (referred to as financial statements) on 30 July 2009. 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 company financial statements and the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) 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 the International Financial Reporting Standards (IFRS) IAS 34 - Interim Financial Reporting. These financial statements for the six months period ended 30 June 2009 do not include all the information required to be published on the annual financial statements, and should, therefore, be read together with the consolidated financial statements of the Group as of and for the year ended 31 December 2008.

In 2009, the Group adopted IAS 1 (Revised) — Presentation of financial statements and IFRS 8 — Operating Segments. These standards, with mandatory application as of 1 January 2009, had an impact on the disclosures presented in the financial statements but did not have any impact on the Group's equity. According to the transition rules of these standards, comparative figures are presented for the required disclosures.

The financial statements also include the income statement of the second quarter of 2009 with comparative information for the second quarter of the previous year.

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 investments, 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.

Accounting policies have been applied consistently for all Group companies in all periods presented in the consolidated financial statements.

In accordance with IFRS 3 - Business Combinations, adjustments to the provisional fair values that result from purchase price allocations, with impact on the amount of goodwill determined in previous periods, originate a reclassification of the comparative financial information, reflecting these adjustments, with effect from the date of acquisition.

The preparation of financial statements in conformity with IFRS requires the Executive Board of Directors 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 carrying values 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 presented in Note 3 (Critical accounting estimates and judgments in preparing the financial statements).

b) Basis of consolidation

The accompanying consolidated financial statements reflect the assets, liabilities and results of EDP, S.A. and its subsidiaries (the Group or the EDP Group) and the equity and results of its associates attributable to the Group.

Subsidiaries

Investments in subsidiaries where the EDP Group has control are fully consolidated from the date the Group assumes control over their financial and operating activities until the moment that control ceases to exist. Control is presumed to exist when the Group owns more than half of the voting rights. Control also exists when the Group has the power, directly or indirectly, to manage the financial and operating policies of the entity to obtain benefits from its activities, even if the percentage of shareholding is less than 50%.

When the accumulated losses of a subsidiary attributable to minority interests exceed the minority interests in its equity, the excess is attributed to the Group and charged to the income statement as incurred. Profits subsequently reported by the subsidiary are recognised as profits of the Group until the losses attributable to the minority interests previously recognised by the Group have been recovered.

Associates

Investments in associates are accounted for by the equity method from the date the Group acquires significant influence to the date it ceases. Associates are entities over which the Group has significant influence, but not control, over its financial and operating policies. Generally, when the Group holds more than 20% of the voting rights of the investee it is presumed to have significant influence. If the Group holds, directly or indirectly, less than 20% of the voting rights of the investee, it is presumed not to have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Group is usually evidenced by one or more of the following ways:
- Representation on the Board of Directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends and other distributions;
- Existence of material transactions between the Group and the investee;
- Interchange of managerial personnel;
- Provision of essential technical information.

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

Jointly controlled entities

Jointly controlled entities, which are consolidated under the proportionate consolidation method, are entities over which the Group has joint control defined by a contractual agreement. The consolidated financial statements include the Group's proportional share of the joint ventures' assets, liabilities, revenue and expenses, from the date the joint control begins and until it ceases.

Accounting for investments in subsidiaries and associates in the company's financial statements

Investments in subsidiaries and associates not classified as held for sale or included in a group for sale which is classified as held for sale, are accounted for at cost in the company's financial statements, and are subject to periodic impairment tests, whenever indication exists that certain financial investment may be impaired.

Goodwill

Following the transition to International Financial Reporting Standards (IFRS) on 1 January 2004 and as permitted under IFRS 1 - First time Adoption of International Financial Reporting Standards, the EDP Group decided to maintain the goodwill resulting from business combinations that occurred prior to the transition date, calculated in accordance with the Group's previous accounting policies.

Business combinations that occurred after 1 January 2004 are accounted for using the purchase method of accounting. The acquisition cost corresponds to the fair value, determined at the acquisition date, of the assets given and liabilities incurred or assumed including the costs directly attributable to the acquisition.

As from the transition date to IFRS (1 January 2004) positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation.

Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the corresponding share of the fair value of the net assets acquired.

Negative goodwill arising on an acquisition is recognised directly in the income statement in the period the business combination occurs.

The recoverable amount of the goodwill of subsidiaries is assessed annually, independently of the existence of any indicators of impairment. Impairment losses are recognised in the income statement. The recoverable amount is determined based on the value in use of the assets, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Purchases of minority interests and dilution

When accounting for transactions with minority interests, the Group applies the Parent Company Model consistently for both purchases and sales to minority interests.

In an acquisition of minority interests, the difference between the fair value of the minority interests acquired and the consideration paid, is accounted against goodwill. The acquisitions of minority interests through written put options related with investments in subsidiaries held by minority interests, are recorded as a financial liability for the present value of the best estimate of the amount payable, against minority interests. The difference between the percentage of the interests held in the identifiable net assets acquired and the fair value of the liability, is recorded as goodwill. The fair value of the liability is determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised as an adjustment to the cost of the business combination against goodwill and the effect of the financial discount of the liability (unwinding) is recognised as a financial expense in the consolidated income statement.

When an interest in a subsidiary is disposed of, without a loss in control, the difference between the sale price and the book value of the net assets held by the Group, plus the carrying value of goodwill in that subsidiary, is recognised 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 by the Group in the income statement of the period.

The Group recognises in the income statement of the period the gains and losses related to a dilution of interest in a subsidiary resulting from share capital increases or sale of an investment.

Investments in foreign operations

The financial statements of the foreign subsidiaries and associates of the Group are prepared using their functional currency, defined as the currency of the primary economic environment in which they operate. In the consolidation process, the assets and liabilities of foreign subsidiaries are translated into Euros at the official exchange rate prevailing at the balance sheet date.

Regarding the investments in foreign operations that are consolidated using the full consolidation, proportionate or equity method, the exchange differences between the amount of equity expressed in Euros at the beginning of the year and the amount translated at the official exchange rates at the end of the year are booked against reserves.

Foreign currency goodwill arising on the acquisition of these investments is restated at the official exchange rate at the balance sheet date directly in reserves.

The income and expenses of foreign subsidiaries are translated into Euros at the approximate exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation into Euros of the results for the year, arising from the differences between the rates used in the income statement and those prevailing at the balance sheet date are recognised in reserves.

On disposal of a foreign subsidiary, the related exchange differences, previously recognised in reserves, are accounted for in the income statement.

Balances and transactions eliminated on consolidation

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

c) Foreign currency transactions

Foreign currency transactions are translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rates ruling at the balance sheet date. Exchange differences arising on translation are recognised in the income statement.

Foreign currency non-monetary assets and liabilities accounted for at historical cost are translated using the exchange rates ruling at the dates of the transactions. Foreign currency non-monetary assets and liabilities stated at fair value are translated into Euros at the exchange rates ruling at the dates the fair value was determined.

d) Derivative financial instruments and hedge accounting

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

The fair value of derivative financial instruments corresponds to their market value when available, or is determined by external entities using valuation techniques.

Hedge accounting

The Group uses financial instruments to hedge interest rate and exchange rate risks and price risks resulting from its operational and financing activities. Derivatives not qualified for hedging under IAS 39 are accounted for as trading instruments.

Hedging derivatives are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model applied by the Group. An hedge relationship exists when:

(i) At the inception of the hedge there is formal documentation of the hedge;
(ii) The hedge is expected to be highly effective;
(iii) The effectiveness of the hedge can be reliably measured;
(iv) The hedge is revalued on an on-going basis and is considered to be highly effective throughout the reporting period;
(v) The hedge of a forecasted transaction must be highly probable and must be exposed to changes in cash flows that could ultimately affect profit or loss.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets and liabilities or group of hedged assets and liabilities that are attributable to the hedged risk. When the hedging relationship ceases to comply with the requirements for hedge accounting, the accumulated gains or losses concerning the fair value of the risk being hedged are amortised over the residual period to maturity.

Cash flow hedge

The effective portion of the changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are recognised in equity. The gains or losses on the ineffective portion of the hedging relationship are immediately recognised in the income statement.

The cumulative gains or losses recognised in equity are reclassified to the income statement when the hedged item affects the income statement. However, when the forecast hedged transaction results in the recognition of a non-financial asset or liability, the gains or losses recorded in equity are included in the initial measurement of the cost of the asset or liability.

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

Net investment hedges

The net investment hedge model is applied on a consolidated basis to investments in subsidiaries in foreign currencies. This model permits that exchange differences recognised in the consolidated exchange reserves to be offset by the foreign exchange differences in foreign currency loans obtained to acquire those subsidiaries. The ineffective portion of the hedging relationship is recognised in the income statement.

Effectiveness

For an hedge relationship to be classified as such, in accordance with IAS 39, its effectiveness must be demonstrated. Therefore, the Group performs prospective tests at the inception date and in each balance sheet date, as well as retrospective tests on an on-going basis to demonstrate the effectiveness at each balance sheet date, showing that any adjustments to the fair value of the hedged item attributable to the risk being hedged are offset by adjustments to the hedging instrument. Any ineffectiveness is recognised immediately in the income statement.

e) Other financial assets

The Group classifies its other financial assets at acquisition date, considering the underlying intention, in the following categories:

Financial assets at fair value through profit or loss

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

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets which: (i) the Group intends to hold for an undetermined period of time, or (ii) are designated as available for sale on initial recognition.

Initial recognition, measurement and derecognition

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

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

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

Subsequent measurement

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

Available-for-sale investments are also subsequently carried at fair value, however, gains and losses arising from changes in their fair value are recognised in fair value reserves until the financial assets are derecognised or impaired, being the cumulative gains or losses previously recognised in fair value reserves recognised in the income statement. Foreign exchange differences relating to these assets are also recognised in fair value reserves, and in the income statement if arising from debt instruments. Interest, calculated using the effective interest rate method, as well as dividends are recognised in the income statement.

The fair value of quoted investments in active markets is based on current bid prices. The Group determines the fair value of unlisted securities through (i) valuation methodologies, such as the price of similar recent arm's length transactions and discounted cash flow techniques and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are stated at cost, being any impairment loss booked against the profit and loss.

Reclassifications between categories

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

Impairment

At each balance sheet date an assessment is performed as to whether there is objective evidence of impairment namely those resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets, and that can be reliably measured.

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

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

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

For debt instruments, if in a subsequent period the amount of the impairment loss decreases, the previously recognised impairment loss is reversed to the income statement up to the amount of the acquisition cost, if the increase is objectively related to an event occurring after the impairment loss was recognised. In the case of equity instruments, the reversal of the impairment is recognised in equity.

f) Financial liabilities

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

g) Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or other financial asset to another entity, independently of its legal form, and there is a residual interest in the assets of an entity after deducting all its liabilities.

Costs directly attributable to the issuance of equity instruments are recognised in equity, as a deduction to the amount issued. Amounts paid or received relating to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Distributions related to equity instruments are deducted from equity, as dividends, when declared.

Preference shares issued by the Group are considered as an equity instrument when the Group has no contractual obligation to redeem the shares and dividends are paid at the discretion of the Group. Preference shares issued by subsidiaries, classified as equity instruments and held by third parties are included under minority interests.

h) Property, plant and equipment

Items of Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. On transition to IFRS, on 1 January 2004, the Group decided to consider as deemed cost, the revalued amount of property, plant and equipment in accordance with the Group's previous accounting policy, which was comparable in general terms to depreciated cost determined in accordance with IFRS.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. Repair and maintenance costs are charged to the income statement as incurred.

The Group carries out impairment tests whenever events or circumstances may indicate that the book value of an asset exceeds its recoverable amount, being any impairment recognised in the income statement.

The recoverable amount is the higher of net selling price and value in use, the latter being calculated by the present value of the estimated future cash flows obtained from continued use of the asset and its sale at the end of its useful life.

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

	Number of years
Buildings and other constructions	8 to 50
Plant and machinery:	
Hydroelectric generation	32 to 65
Thermoelectric generation	25 to 40
Renewable generation	20
Electricity distribution	10 to 40
Other plant and machinery	5 to 10
Transport equipment	4 to 25
Office equipment and tools	4 to 10
Other	10 to 25

Borrowing cost and other directly attributable costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on those assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the period. The capitalisation of borrowing costs begins when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Other expenses directly attributable to the acquisition and construction of the assets, such as cost of materials and personnel expenses, are also capitalised as part of the cost.

Property, plant and equipment relating to EDP Distribuição's concessions and investment grants

Under the terms of Decree-Law 344-B/82, low-tension electricity distribution concessions do not involve the sale of the assets by Municipalities (grantor), who maintain the ownership of the property, without prejudice to their allocation to use by the Group. These assets are allocated to the concession and are recorded under Property, plant and equipment against a medium and long-term liability recorded under Creditors and other liabilities (Decree-Law 344-B/82 Regularisation Account), Note 37.

The Property, plant and equipment allocated to the concessions is stated at cost less accumulated depreciation and impairment losses. Depreciation on these assets is calculated on the same basis and at the same rates as the Group's own Property, plant and equipment, using the straight-line method over their estimated useful lives. The depreciation charge of the year is compensated in the depreciation caption (Note 12), by the reduction, of an equal amount, of the liability with the Municipalities.

The EDP Group is responsible for the maintenance and repair of these assets during the concession period. Maintenance and repair costs are charged to the income statement in the period in which they are incurred, in accordance with the accrual principle.

The same procedure is adopted for low tension electricity distribution assets acquired through investment grants.

i) Intangible assets

The Group's intangible assets are booked at cost less accumulated amortisation and impairment losses.

The Group assesses for impairment whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, any impairment being recognised in the income statement. The recoverable amount is the higher of net selling price and value in use, the latter being calculated by the present value of the estimated future cash flows obtained from continued use of the asset and its sale at the end of its useful life.

Acquisition and development of software

The cost of purchasing software and the costs incurred by the Group to implement it are capitalised and amortised on a straight-line basis over the expected useful life of the software.

Costs incurred by the Group directly related to the development of software, that is expected to generate economic benefits beyond one year, are recognised as intangible assets. Such costs include employee costs directly associated to the project and are amortised on a straight-line basis over the estimated period of useful life of the software.

Software maintenance costs are charged to the income statement when incurred.

Concession rights to distribute electricity and gas

The concession rights of the companies in Brazil, namely electricity distribution rights of Bandeirante and Escelsa and gas distribution rights of Portgás and Setgás are recorded as intangible assets and amortised over the concession period, not exceeding 30 years.

Concession rights to use the public hydric domain

Concession rights to use the public hydric domain are booked as intangible assets and amortised on a straight-line basis over the concession period, which currently does not exceed 45 years. EDP Group accounts for as concession rights the financial compensations for the use of public domain assets, whenever compensations are paid by the Group subsidiaries.

Industrial property and other rights

Industrial property and other rights are amortised on a straight-line basis over the estimated useful life of the assets, which does not exceed 6 years.

j) Leases

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

Operating leases

Lease payments under operating lease contracts are recognised as an expense in the period to which they relate.

Finance leases

Finance leases are recognised by the lessee, at the inception of the lease, as assets and liabilities at the fair value of the leased assets which is equivalent to the present value of the future lease payments.

Lease rents comprise interest charges and an amortisation of the outstanding principal. The interest charges are recognised as costs over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lessors record assets held under finance leases as leased capital, at the net amount invested in the lease.

Lease payments comprise the financial income and the amortisation of principal.

Financial results recognised reflect a constant periodic rate of return on the outstanding net balance of the lessor.

Determining whether an Arrangement contains a Lease

Following the issuance of IFRIC 4 - Determining whether an arrangement contains a lease, applicable as from 1 January 2006, arrangements including transactions that, although do not take the form of a lease, convey the right to use an asset in return for a payment, are recognised as leases, provided that, in substance, they comply with the requirements defined in the interpretation.

k) Investment property

The Group classifies as investment property, property held for capital appreciation and/or for rental.

Investment property is recognised initially at acquisition or production cost, including directly attributable transaction costs, and is subsequently measured at cost less accumulated depreciation and any impairment losses.

Subsequent expenditure on investment property is only added to the cost of the asset when it is probable that it will give rise to additional future economic benefits.

l) Inventories

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

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

Emission rights held by the Group for sale in the ordinary course of business are accounted for as inventories and measured at fair value, at each balance sheet date, against the income statement.

m) Accounts receivable

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

Impairment losses are recorded based on the regular determination of the existence of objective evidence of impairment resulting from doubtful accounts receivable as of the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease, in a later period.

n) Employee benefits

Pensions

Some EDP Group companies grant post-retirement benefits to employees under defined benefit and defined contribution plans, namely pension plans that ensure retirement complements to age, disability and surviving pensions, as well as early retirement pensions.

Defined benefit plans

In Portugal, the defined benefit plan is funded through a closed Pension Fund complemented by a specific provision. The Pension Fund covers the liabilities for retirement pension complements as well as for early retirement.

In Brazil, Bandeirante has two defined benefit plans managed by the CESP Foundation, a closed complementary welfare entity with its own assets, segregated from those of its sponsors. Escelsa has a defined benefit plan that grants complementary benefits for retirement due to age, disability and survival pensions. Escelsa also has a special complementary benefit plan for retired employees who served in the Brazilian army.

The Group's pension plans are defined benefit plans, since the criteria used to determine the amount of the pension to be received by employees on retirement is usually dependent on one or more factors such as age, years of service and salary level.

In compliance with IFRS 1, the Group decided, on the transition date as at 1 January 2004, to recognise the full amount of the deferred actuarial losses at that date against reserves.

The Group's pension liability for each plan is calculated annually at the balance sheet date, by independent experts, using the projected unit credit method. The discount rate used in the calculation is determined based on market interest rates of high quality corporate bonds denominated in the currency in which the benefits will be paid and that have similar terms to maturity to those of the related pension liability.

Actuarial gains and losses resulting from (i) differences between financial and actuarial assumptions used and actual amounts and (ii) changes in the actuarial assumptions, are recognised against equity, in accordance with the alternative method defined by IAS 19.

The increase in past service costs arising from early retirements (retirements before the normal retirement age) is recognised in the income statement when incurred.

The Group recognises as cost in the income statement the net amount of (i) current service cost, (ii) interest cost, (iii) estimated return of the fund assets and (iv) the effect of early retirements.

The assets of the plan comply with the recognition criteria established by IFRIC 14 - IAS 19 and the minimum funding requirements established by law or by contract.

Defined contribution plans

In Portugal, Spain and Brazil, the companies EDP Estudos e Consultoria, HC Energia, NEO and Bandeirante have defined contribution social benefit plans that complement those granted by the Social Welfare System, under which they pay an annual contribution to the plans, calculated in accordance with the rules established in each plan.

Other benefits

Medical benefits and other plans

In Portugal and in Brazil (Escelsa) some EDP Group companies provide medical benefits during retirement and early retirement, through complementary benefits to those provided by the Social Welfare System. The medical benefits plans are classified as defined benefit plans, the liability being covered by provisions booked in the Group's balance sheet. Measurement and recognition of the medical benefits liabilities are similar to those of the defined benefit plans pension liabilities, explained above.

Variable remuneration paid to employees

In accordance with the by-laws of some Group companies, the shareholders approve in the Annual General Meeting a variable remuneration to be paid to the management and employees (bonus), following a proposal made by the Executive Board of Directors. The variable remuneration is charged to income statement in the year to which it relates.

o) Provisions

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

Provisions for dismantling and decommissioning

The Group accounts for provisions for dismantling and decommissioning of assets when there exists a legal or contractual obligation to dismantle and decommission the assets at the end of their useful lives. Therefore, such provisions have been accounted for assets related to wind and nuclear electricity generating plants to cover the cost of restoring the location and land to their original condition. The provisions are calculated at the present amount of the total expected future liability and are accounted for as part of the cost of the related asset (addition to property, plant and equipment) and are depreciated on a straight-line basis over the useful life of the assets.

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

The assumptions used in the calculation of provisions for dismantling and decommisioning in 2009 have not changed from the assumptions used on 31 December 2008 and disclosed in note 2 o) of the 31 December 2008 consolidated financial statements.

p) Recognition of costs and revenues

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

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

The invoicing of electricity sales is performed on a monthly basis. Monthly electricity invoices are based on real meter reading or on estimated consumptions based on the historical data of each consumer. Revenues regarding the energy to be invoiced based on actual consumption not yet metered as at the balance sheet date is accrued on the basis of recent average consumptions.

Differences between estimated and actual amounts are recorded in subsequent periods.

q) Financial results

Financial results include interest cost on borrowings, interest income on funds invested, dividend income, foreign exchange gains and losses, realized gains and losses, as well as gains and losses on financial instruments and changes in the fair value of hedged risks.

Interest is recognised in the income statement on an accrual basis. Dividend income is recognised on the date the right to receive payment is established.

Financial results also include impairment losses on available-for-sale investments.

r) Income tax

Income tax recognised in the income statement includes current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred taxes arising from the revaluation of cash flow hedge derivatives and available for sale investments recognised in shareholders' equity are recognised in the profit and loss in the period the results that originated the deferred taxes are recognised.

Current tax is the tax expected to be paid on the taxable income for the period, using tax rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the balance sheet liability method, considering temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis, using the tax rates enacted or substantively enacted at the balance sheet date for each jurisdiction and that is expected to be applied when the temporary difference is reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available to absorb deductible temporary differences for taxation purposes.

The Group compensates, as established in IAS 12, paragraph 74, the deferred tax assets and liabilities if, and only if:

(i) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

s) Earnings per share

Basic earnings per share are calculated by dividing consolidated and the company net income attributable to the equity holders of EDP, S.A. by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares held by the Group and by EDP, S.A., respectively.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares, such as convertible debt and stock options granted to employees. The dilution effect corresponds to a decrease in earnings per share resulting from the assumption that the convertible instruments are converted or the options granted are exercised.

t) Share based payments

The stock options remuneration program enables the Group's employees to acquire EDP, S.A. shares. The exercise price of the options is calculated based on the listed price of the shares at the grant date.

The fair value of the options granted, determined at the grant date, is recognised in the income statement against equity during the vesting period, based on their market value calculated at the grant date.

If the option is exercised, the Group acquires shares in the market to grant them to employees.

u) Non-current assets held for sale and discontinued operations

Non-current assets or groups of non-current assets held for sale (groups of assets and related liabilities that include at least one non-current asset) are classified as held for sale when their carrying amounts will be recovered mainly through sale and the assets or groups of assets are available for immediate sale and the sale is highly probable.

The Group also classifies as non-current assets held for sale, non-current assets or groups of assets acquired exclusively with a view to their subsequent sale, that are available for immediate sale and the sale is highly probable.

Immediately before classification as held for sale, the measurement of all non-current assets and all assets and liabilities included in a disposal group, is adjusted in accordance with the applicable IFRS. Subsequently, these assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

v) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include balances with maturity less than three months from the balance sheet date, including cash and deposits with banks.

w) Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and rewards that are different from those of other business segments.

A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and rewards that are different from those of components operating in other economic environments.

x) Tariff adjustments

In regulated activities, the regulator establishes, through tariff adjustments, the criteria to recognise revenues or expenses of one period in future financial periods. Tariff adjustments, accounted for under EDP Group financial statements, represent the difference between the amounts invoiced by regulated companies (based on the applicable tariffs published by ERSE in the month of December of the previous year), and the regulated revenue calculated based on real costs. The tariff adjustments are recovered through the electricity tariffs charged to customers in subsequent periods.

Decree-Law 165/2008 of 21 August recognised the unconditional right of the regulated operators to recover the tariff adjustments under a regime similar to the one used for the tariff deficits. Consequently, EDP Group booked under the income statement caption Electricity sales the effects resulting from the recognition of tariff adjustments, agains Debtors and other assets. According to the referred Decree-Law, the tariff adjustments of the regulared operators determined annually, will be recovered by the regulated operators even in case of insolvency or cease of operations. ERSE is the entity responsible to establish the method of recovering the tariff adjustments until its complete payment. The Decree-Law also allows the transfer, in total or partially, of the right to receive the tariff adjustment to third parties, through future electricity tariffs.

y) CO2 licenses and greenhouse effect gas emission

The Group holds CO2 licenses to face the gas emissions resulting from its operational activity and licenses acquired for trading. The CO2 licenses for own use and attributed for free are booked as intangible assets against Deferred Income - Subsidies and valued at the quoted price on the grant date. Use of licenses is based on actual gas emissions occurred in the period, valued at the quoted price in the Powernext market on the date of attribution, usually at the beginning of the year.

Amortisation of subsidies is made in the year when the subsidy is granted. When the emissions exceed the CO2 licenses attributed for free, a provision is booked to cover for the costs of acquiring the necessary additional licenses at the balance sheet date.

The licenses held by the Group for trading purposes are booked under inventories at acquisition cost, subsequently adjusted to the respective fair value, calculated on the basis of the Powernext market quote in the last day of each month. Gains and losses resulting from these adjustments to fair value are recognised in the profit and loss of the period.

z) Cash Flow Statement

The Cash Flow Statement is presented under the direct method, according to which gross cash flows from operating activities, finance activities and investment activities are disclosed in the face of the cash flow statement.

The Group classifies cash flows related to interest and dividends received and paid as investment and financing activities, respectively.

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

IFRS set forth a range of accounting treatments and require the Board of Directors to use judgement and make estimates in deciding which treatment is most appropriate, which impact the amount of total assets, liabilities, equity, costs and revenue. The actual costs and revenue can differ from these estimates.

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

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 alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of available-for-sale investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in their fair value.

Determination of a significant or prolonged decline requires judgement. In making this judgement, the Group assesses, among other factors, the normal share price volatility, assuming as significant a decline of more than 20% in listed shares. In addition, valuations are generally obtained through market prices or valuation models that require assumptions or judgement in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in different impairment losses being recognised with a consequent impact in the Group's income statement.

Fair value of financial instruments

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

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

Power Purchase Agreement (PPA) early termination

In 2007, EDP and REN agreed to the early termination of the PPAs, with effect from 1 July 2007. Under the new legislation, the initial amount of the Contractual Stability Compensation (CMEC) is 833,467 thousand Euros, which can be subject to securitisation.

Compared to the previous legislation relating to the CMEC, the current legislation considers, in essence, an adjustment to the market reference price for the sale of electricity, to calculate the initial compensation due to early termination of the PPA.

The Executive Board of Directors believes that these adjustments are in line with the changes in the long term electricity market prices. The Executive Board of Directors does not expect this adjustment to change the financial effect, for the EDP Group, of starting CMECs as a result of the termination of the PPAs.

Contractual Stability Compensation (CMEC)

Following termination of the Power Purchasing Agreements (PPAs) and in accordance with current legislation, a contractual stability compensation (CMEC) was granted to the EDP Group. The mechanism for granting the compensation includes three types of compensation: initial compensation, compensation resulting from the revisable mechanism and final compensation.

Initial compensation was recognised when the PPAs terminated, and consists of an account receivable booked at its net present value, against deferred income. Part of the initial compensation is recognised as operating income each year against a reduction of the deferred initial compensation.

Compensation resulting from the revisable mechanism refers to the correction of the initial compensation for each period considering the actual conditions and is recognised as loss or gain in the period to which it relates.

Final compensation will be calculated in accordance with the terms defined by the legislation relating to termination of the PPAs, after termination of the revisable mechanism period (10 years). Interest resulting from the discount rate used is booked in the period to which it relates, based on the respective implicit rate, against income for each period.

Contractual Stability Compensation — Revisable mechanism

The revisable mechanism consists in correcting on an annual basis, for a period of 10 years after termination of the PPAs, the positive and negative variations between the estimates made to calculate the initial stability compensation for a period and the actual amounts incurred in the market for that period. This mechanism gives rise to compensation resulting from the correction of the estimate referred to as CMEC Revisable mechanism. In each period, the EDP Group calculates the CMEC considering market prices and the actual quantities sold, using assumptions defined in the Valorágua model, according to the current legislation. Consequently, the use of different assumptions from the model used, could give rise to different results from those considered.

Review of the useful life of the generation (production) assets

In 2006, following the Portuguese Government's announcement of the early termination of the PPAs, the Executive Board of Directors reviewed the useful lives of the electricity generating assets which, consequently, led to a change in the depreciation policy. The useful lives of the thermoelectric and hydroelectric power plants under the PPAs was based on an assessment of the corresponding equipment, considering its technological capacity and the limitations imposed by the legislation, namely the need to make additional investments in order to comply with environmental restrictions. This analysis considered the use of estimates and judgement in order to determine the useful lives of those assets.

Tariff adjustments

Tariffs adjustments represent the difference between costs and income of the National Electricity Framework (SEN), estimated at the beginning of each period for purposes of calculating the tariff, and the actual costs and income of the Electricity System established at the end of each period. The tariff adjustments are recovered through electricity tariffs for customers in subsequent periods.

Considering the rights granted by the current legislation which establishes an unconditional right of the regulated operators to recover the tariff adjustments in the same terms as those established for the tariff deficit, the EDP Group booked in the caption Electricity sales of the period, the effects of the recognition of the tariff adjustment, against Other debtors. Under the current legislation regulated companies can also sell to a third party, in whole or in part, the right to receive the tariff adjustments through the tariffs of electricity. In the first half of 2009, the EDP Group transferred fully and unconditionally the tariff adjustments booked in 2008, according to the current legislation.

Tariff deficit

In Portugal, the Decree-Law 237-B/2006, of 19 December 2006, recognised the irrevocable right of the operators of the binding sector to recover the tariff deficit of 2006 and 2007, regardless of the form of its future payment or in situations of insolvency and cease of operations. The Decree-Law also allows the transfer of the tariff deficit collecting right to a third party. In 2008 the EDP Group sold unconditionally the tariff deficit booked in 2007.

In Spain, Royal Decree 1634/2006, published in December 2006, established the electricity tariff for the period starting on 1 January 2007. This Royal Decree established the method of recovering the 2006 deficit, and that as from 1 July 2007 tariffs for the sale of electric energy by distribution companies will be modified quarterly by Royal Decree. Order ITC/2794/2007 of 27 September, which revises electricity tariffs as from 1 October 2007 was issued in compliance with Royal Decree 1634/2006. As at 29 December 2007, the Order ITC/3860/2007 of 28 December, was publised reviewing the electricity tariffs from 1 January 2008.

Spanish Royal Decree Law 6/2009, published on 7 May 2009 establishes, among other matters: (i) the possibility to securitize the Spanish tariff deficit supported by the electric sector companies through a State guarantee; (ii) the calendar for the elimination of the tariff deficit, such that as of 1 January 2013, access tariffs should be enough to cover regulated activities' costs, without the creation of an ex-ante tariff deficit and, in order to ease this gradual elimination of the tariff deficit, the Royal Decree Law provides for the passage of some costs currently included in the electricity tariff to the Spanish State Budget; (iii) the revocation, as from 1 July 2009, of Royal Decree Law 11/2007, which established the obligation to return the additional revenues obtained from the internalization of CO2 costs in markets prices, and which was to be in force until 2012; (iv) the creation of a social subsidy, which will translate a lower tariff for low income consumers and (v) the charge to electric companies of the costs with the management and treatment of radioactive waste from nuclear power plants and fuels consumed.

The Executive Board of Directors believes, based on the legislation issued, that conditions exist for the Group to recognise the tariff deficits as receivables against the income statement.

Impairment of long term assets and Goodwill

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

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

Considering the uncertainties regarding the recoverable amount of property, plant and equipment, intangible assets and goodwill as they are based on the best information available, changes in the assumptions can result in changes in the determination of the amount of impairment and, consequently, on the Group's results.

Doubtful debts

Impairment losses related to doubtful debts are estimated by the Board of Directors based on the estimated recoverable amounts, the date of default, debt write offs and other factors. Certain circumstances and facts may change the estimated impairment losses of doubtful debts, namely changes in the economic environment, economic sector trends, client's credit risk and increases in the rate of defaults. The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgement. Changes in the estimates and judgements could change the impairment test results which could affect the Group's reported results.

Revenue recognition

Electricity sales revenue is recognised when the monthly electricity invoices are issued, based on actual meter readings or estimated consumption based on the historical data of each consumer. Revenue relating to electricity to be invoiced, regarding consumption up to the balance sheet date but not mettered, is booked based on estimates which take into consideration factors such as consumption in prior periods and analysis relating to the energy balance of the operations.

The use of different estimates and assumptions can affect the Group's revenue and, consequently, its reported results.

Income taxes

The Group is subject to income taxes in several jurisdictions. Certain interpretations and estimates are required in determining the global amount of income tax.

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

In Portugal, the Tax Authorities are entitled to review the EDP, S.A., and its subsidiaries' determination of its annual taxable earnings, for a period of four years or six years in case of tax losses carried forward. Hence, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, the Executive Board of Directors of EDP, S.A., and those of its subsidiaries, believe that there will be no material tax assessments within the context of the financial statements.

Pensions and other employee benefits

Determining pension and other employee benefits liabilities requires the use of assumptions and estimates, including actuarial projections, estimated rates of return on investments, rates of discount and pension and salary growth and other factors that can impact the cost and liability of the pension and medical plans. Changes in the assumptions can materially affect the amounts determined.

Provisions for dismantling and decommissioning

The Executive Board of Directors believes that the Group has contractual obligations to dismantle and decommission assets relating to its wind and nuclear electricity generation operations. The Group has recorded provisions to cover the present value of the estimated cost to restore the locations and land on which the fixed assets are located. The calculation of the provisions is based on estimates of the present value of the liabilities.

The Executive Board of Directors believes, based on the regulatory framework of the Group's operations, that there are no contractual or constructive obligations for the EDP Group to record provisions for dismantling and decommissioning of its other electricity generation plants.

The existence of different assumptions in the estimates and judgements from those referred to can lead to different results of those considered.

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 results essentially from its debt portfolio, resulting in interest and exchange rate exposures. The unpredictability of the financial markets is analysed on an on-going basis in accordance with the Group's risk management policy. Financial instruments are used to minimize potential adverse effects resulting from interest rate and/or foreign exchange rate risks on EDP Group's financial performance.

The management of financial risks of EDP, S.A., EDP Finance, B.V. and other EDP 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, hedging mechanisms appropriate to each exposure. The Executive Board of Directors is responsible for the definition of general risk management principles and the establishment of exposure limits. The financial risk management of the Brazilian subsidiaries is undertaken locally and monitored by the Financial Department of EDP, S.A.

All transactions undertaken using derivative financial instruments require prior approval by 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 arising from fluctuation in interest and exchange rates. This management is performed according to the principles/policies set by the EDP Group for this geographical area.

Exchange-rate risk management

EDP, S.A.'s Financial Department is responsible for managing exchange rate risk exposure resulting from foreign currency loans/borrowings, seeking to mitigate the impact of currency exchange rate fluctuations on the financial costs of the EDP Group companies and, consequently, on the consolidated results, through exchange rate derivative financial instruments and/or other hedging structures.

The EDP Group is exposed to the exchange rate risk in US Dollars (USD), British Pounds (GBP), Japanese Yen (JPY) and Brazilian Reais (BRL) . Currently, the exposure to EUR/USD currency fluctuation risk results essentially from the acquisition of Horizon in July 2007 and from the investments in the wind parks performed in the USA since then. In order to finance this acquisition and its investment plan, EDP contracted USD loans as well as foreign exchange derivative financial instruments that convert the issued debt into USD, with the objective of mitigating the exchange risk related to the net assets of Horizon. The exchange and interest rate risks on the GBP bonds issued by EDP Finance B.V. under the "Medium Term Notes" Program for the Issuance of Debt Instruments have been hedged as from their issuing date. The EDP Group's remaining debt, except for the debt contracted by the Brazilian subsidiaries, is denominated in Euros.

The Brazilian subsidiaries exposed to the USD/BRL currency fluctuation as a result of their USD debt, use currency swaps to hedge this risk. Additionally, investments in the Brazilian subsidiaries, whose net assets are exposed to exchange rate risks, are monitored through analysis of the evolution of the BRL/EUR exchange rate. Given the long term defined for the investments in the Brazilian subsidiaries, the Group has decided not to use financial instruments to hedge the exchange rate risk on the investment in these subsidiaries.

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

Sensitivity analysis — Exchange rate

Transactions for which hedge accounting is applied are excluded from this analysis. On this basis, for the transactions that result in an exchange-rate risk exposure (exchange rate forwards), since they are booked in a trading portfolio, a fluctuation of 10% in the Euro exchange rate in relation to the following currencies, as at 30 June 2009 and 2008, would lead to an increase/(decrease) in the EDP Group results as follows:

	Jun 2009 Euro'000		Jun 2008 Euro'000	
	+10%	-10%	+10%	-10%
USD	-21,406	26,162	-1,156	1,412
BRL	-	-	5,096	-6,228
PLN	7,316	-8,942	-	-
	-14,090	17,220	3,940	-4,816

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

Interest rate risk management

The aim of the interest-rate risk management policies is to reduce the financial charges and to reduce the exposure of debt cash flows from market fluctuations through the settlement of derivative financial instruments (swaps) and option structures.

In the floating-rate financing context, the EDP Group contracts interest-rate derivative financial instruments to hedge cash flows associated with future interest payments, which have the effect of converting floating-interest rate loans into fixed-interest rate loans. Long-term loans contracted at fixed rates are, when appropriate, converted into floating rate loans through interest-rate derivative financial instruments designed to reduce financial charges and to level them to market conditions. In addition to these operations, more structured collar operations are contracted, as necessary, to mitigate exposure of the debt cash flows to market rate fluctuations.

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

The EDP Group has a portfolio of interest-rate derivatives with maturities between approximately 1 and 15 years. The Group's Financial Department undertakes sensitivity analyses of the fair value and cash flows of financial instruments to interest-rate fluctuations.

Sensitivity analysis — Interest rates (excluding the Brazilian operations)

Interest rate risk management relating to the Group's operations, excluding Brazil, is performed centrally by the EDP Group's Financial Department, which contracts derivative financial instruments (swaps and collars) to mitigate this risk. Based on the debt portfolio contracted by the Group, except for Brazil and the related derivative financial instruments used to hedge the related interest rate risk, a 100 basis points change in the reference interest rates at 30 June 2009 and 2008 would lead to the following increases / (decreases) in equity and results of the EDP Group:

	Jun 2009			
	Results Euro'000		Equity Euro'000	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow effect:				
Hedged debt	-24,777	24,777	-	-
Unhedged debt	-61,031	61,031	-	-
Fair value effect:				
Cash flow hedge derivatives	-	-	20,903	-23,062
Trading derivatives (accounting perspective)	17,881	-22,418	-	-
	-67,927	63,390	20,903	-23,062

	Jun 2008			
	Results Euro'000		Equity Euro'000	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow effect:				
Hedged debt	-20,674	20,674	-	-
Unhedged debt	-63,895	63,895	-	-
Fair value effect:				
Cash flow hedge derivatives	-	-	10,576	-11,165
Trading derivatives (accounting perspective)	-85	119	-	-
	-84,654	84,688	10,576	-11,165

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

Counter party credit risk management in funding transactions and in interest rate and foreign exchange derivative financial instruments

The EDP Group's policy in terms of counterparty risk on financial transactions is managed through an analysis of the technical capacity, competitiveness, credit rating and exposure to each counterparty, avoiding significant concentrations of credit risk. Counterparties in derivative financial transactions are restricted to high credit rating notation credit institutions and therefore the risk of counterparty default is not considered to be significant. Guarantees and other collateral are not required on these transactions.

The EDP Group has documented its financial operations in accordance with international standards. Therefore, generally, the majority of derivative financial instruments are contracted under ISDA Master Agreements, facilitating the transfer of the instruments in the market.

Regarding the third-party debt generated by the Group's day-to-day business, the credit risks arise essentially from the legal obligation of providing continuous low-tension electricity supplies even when there are payment delays. This risk is considered to be mitigated by the large number of customers and by their diversity in terms of sectors of activity, as well as by the large volume of residential customers.

Liquidity risk management

The EDP Group undertakes management of liquidity risk, through the engagement and maintenance of credit lines and financing facilities with a firm underwriting commitment with national and international financial institutions of high credit rating notation, allowing immediate access to funds. These lines are used to complement and backup national and international commercial paper programmes, allowing the EDP Group's short-term financing sources to be diversified (see note 34).

Energy market risk management

In its operations in the non-regulated Iberian electricity market, EDP Group purchases fuel to generate electric energy and sells the electric energy generated by its plants in the organised market (OMEL and OMIP) as well as to third parties. The Group is exposed to energy market risks namely in its operations in the non-regulated market. Some electricity generating plants despite operating in the market, are subject to the CMEC legislation, and the changes in the operating margins are determined essentially by the difference between the prices in the market and the reference indexes defined in the contracts.

As a result of its energy management operations, EDP Group has a portfolio of operations relating to electric energy, carbon emissions (CO2) and fuel (coal, fuel and gas). The portfolio is managed through the engagement of financial and physical operations on the forward energy markets. The objective of the operations is to reduce volatility of the financial impact resulting from the positions managed and also to benefit from arbitration or positioning within the trading limits approved by the Executive Board of Directors. The financial instruments traded include swaps (electricity, brent and coal), options and the engagement of future operations ("forwards") to fix prices.

The activity of energy management is subject to a series of variables which are identified and classified based on their common uncertainty characteristics (or risk). Such risks include market price evolution risk (electricity and fuel) and hydroelectric production volume risk (price and volume risk), as well as credit risk of the counterparties.

Monitoring the price, volume and credit risks includes their quantification in terms of positions at risk which can be adjusted through market operations. This quantification is made by using specific models that value positions so as to determine the maximum loss that can be incurred within a defined period, with a given probability and a determined time frame.

Risks are managed in accordance with the strategies defined by the Executive Board of Directors, which are subject to periodic review based on the evolution of the operations, in order to change the profile of the positions and adjust them to the management objectives established.

Risks are monitored by means of a series of actions involving daily monitoring of the different risk indicators, of the operations grouped in the systems and the prudence limits defined by management area and risk component, as well as regular back testing and supplementary validation of the models and assumptions used. This monitoring not only ensures the effectiveness of the strategies implemented, but also provides elements to enable initiatives to be taken to correct them if necessary.

The principal price and volume risk indicator used is the margin at risk (P@R), which estimates the impact of the different risk factors (price of electricity and hydraulicity) on the following year's margin, P@R corresponding to the difference between an expected margin and a pessimistic scenario with a probability to occur of 5% (confidence interval of 95%) considering a time frame of 1 year. Both the volumes which are certain and those, which although uncertain, are expected, namely production of the plants and the corresponding consumption of fuel, are used. As at 30 June 2009 and 31 December 2008 the distribuition of P@R by risk factor is analysed as follows:

	P@R Distribuition by risk factor	
	Jun 2009 Euro'000	Dec 2008 Euro'000
Risk factor:		
Negotiation	1,000	4,000
Fuel	41,000	106,000
CO2	11,000	5,000
Electricity	27,000	32,000
Hydrological	15,000	17,000
Diversification effect	-62,000	-133,000
Total	33,000	31,000

Regarding credit risk, the quantification of exposure considers the amount and type of transaction (eg. swap or forward), the rating of the counterparty risk that depends on the probability of default and the expected value of credit to recover, which varies depending on the guarantees received or the existence of "netting" agreements. As at 30 June 2009 and 31 December 2008, the EDP Group's exposure by credit risk rating is as follows:

	2009	2008
Credit risk rating (S&P):		
AAA a AA-	16.30%	21.40%
A+ a A-	81.00%	70.40%
BBB+ a BBB-	0.40%	0.40%
BB+ a B-	0.30%	0.90%
No rating attributed	2.00%	6.90%
Total	100%	100%

Brazil — Interest rate and exchange rate risk management

The main tool used to monitor and control market risk in the Brazilian subsidiaries is Value at Risk (VaR).

VaR is the maximum expected loss on the operations portfolio over a specific period of time, resulting from an adverse movement in the market that has a specific confidence interval. The VaR model used is based on a confidence interval of 95% and assumes a 10 day time frame for settlement of positions, based essentially on historical data. Considering market data for the last 2 years and observation of the relationship between the different prices and markets, the model generates a series of scenarios for changes in market prices.

The summary of VaR of the operations of the Brazilian subsidiaries at 30 June 2009 and 31 December 2008 is as follows:

	VaR	
	2009 Euro'000	2008 Euro'000
Exchange rate risk	76	3,051
Interest rate risk	25,043	9,450
Covariation	-53	-2,697
	25,066	9,804

The VaR methodology used in Brazil considers a series of stress tests with the objective of monitoring the financial impact of the different market scenarios.

5. Consolidation perimeter

During the six months period ended 30 June 2009 the changes in EDP Group consolidation perimeter are descrited bellow:

Companies acquired:

- Nuevas Energías de Occidente, S.L. acquired 100% of the share capital of Mardelle, SARL and Vallée du Moulin, SARL and 49% of the share capital of Quinze Mines, SARL;
- Neo Catalunia, S.L. acquired 100% of the share capital of Parc Eólic Coll de la Garganta, SL. and Bon Vent de L'Ebre, SL.;
- The EDP Group acquired 100% of the share capital of CENAEEL - Central Nacional de Energia Eólica, Lda. ("CENAEEL") through its subsidiaries EDP Renováveis and Enernova Brasil, which acquired 55% and 45% of the share capital, respectively.

Companies sold and liquidated:

- Genesa sold its 50% participation in Ibersol E. Solar Ibérica, S.A. (see note 13);
- Hidrocantábrico Explotación de Centrales sold its 100% shareholding in Ambitec Laboratorio Medioambiental, S.A. (see note 13);
- EDP Imobiliária dissolved and liquidated U-Call - Atendimento a Clientes e Telemarketing, S.A.;
- In April 2009 EDP Valor, S.A. dissolved and liquidated MRH - Mudança e Recursos Humanos, S.A.;
- EDP Energias do Brasil sold ESC 90 - Telecomunicações, Ltda., a company that as of 31 December 2008 was classified under Assets held for sale;
- During the first semester of 2009 the company Empresa Editorial Electrotecnica EDEL, Lda. was dissolved and liquidated.

Companies incorporated:

- Empresa Hidroeléctrica do Guadiana, S.A.;
- Parc Eólic Serra Voltorera, SL.;
- Desarrollos Eólicos de Teruel, S.L.;
- Eólica Garcimuñoz, S.L.;
- Serra Voltorera, S.L.;
- CIDE HC Energía, S.A.;
- HC Energía Ultimo Recurso, S.A.;
- FISIGEN - Empresa de Cogeração, S.A.;
- Horizon Wind Energy Northwest IV LLC *;
- Horizon Wyoming Transmission LLC *;
- Meadow Lake Windfarm III LLC *;
- Meadow Lake Windfarm IV LLC *;
- Black Prairie Wind Farm II LLC*;
- Black Prairie Wind Farm III LLC*;
- Tudela Cogeneracíon;
- Evrecy Participações, Lda;
- InovGrid, A.C.E.;
- Agrupación Eólica Francia, S.L.;
- SP Renovado, S.A.
- EDP - Asia Soluções Energéticas, Lda., of which the EDP Group holds 60% of the respective share capital.

* The EDP Group holds, through EDP Renováveis and its subsidiary Horizon, a number of subsidiaries in the United States legally incorporated without share capital and that as at 30 June 2009 do not have any assets, liabilities, or any operating activity.

On 17 March 2009 Empresa Hidroeléctrica do Guadiana, S.A. was legally incorporated through spin-off of part of the assets of EDP Gestão da Produção, S.A. This company will concentrate the assets and liabilities related to the hydro concessions of Alqueva/Pedrógão.

In June 2009 EDP Inovação, along with other entities, incorporated SP Renovado, S.A., a company that will acquire the company Qimonda Solar Gmbh. EDP Inovação holds 13% of the share capital of this company.

During the first half of 2009, EDP Investimentos, Lda., a company located in Macao, incorporated in partnership with Join Dynamic Limited the company EDP - Asia Soluções Energéticas, Lda., of which EDP Group holds 60% of the share capital.

On 17 March, 2009, the EDP Group, through its subsidiary EDP Renováveis Brasil, agreed to purchase 100% of the share capital of Elebrás Projectos, Ltda. The conclusion of this operation was dependant on contractual and administrative authorizations, therefore, this company was not included in the consolidation perimeter as at 30 June 2009. The closing of the operation occurred in July 2009.

Other changes:

- Reduction of the shareholding in Central Termica Ciclo Combinado Soto 4 from 100% to 75% through dilution, following a share capital increase not fully subscribed by Electrica Ribera del Ebro (see note 13);
- EDP Gestão da Produção, S.A. acquired the remaining 40% of the share capital of O&M Serviços - Operação e Manutenção Industrial, S.A.

6. Turnover

Turnover analysed by sector is as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Revenue by business sector:				
Electricity	5,257,980	6,041,417	709,596	1,099,679
Gas	516,036	590,264	-	-
Steam and ashes	5,849	4,680	-	-
Other	27,094	20,930	24,357	-
	5,806,959	6,657,291	733,953	1,099,679
Services rendered by business sector:				
Associated with electricity sales	28,417	15,900	29,195	4,426
Gas	19,563	14,789	-	-
Power availability agreements	872	1,652	-	-
Advisory and services	3,298	2,555	26,524	19,916
Other	30,665	28,023	3,472	-
	82,815	62,919	59,191	24,342
	5,889,774	6,720,210	793,144	1,124,021
Total turnover:				
Electricity	5,286,397	6,057,318	738,791	1,104,105
Gas	535,599	605,053	-	-
Steam and ashes	5,849	4,680	-	-
Advisory and services	3,298	2,555	26,524	19,916
Power availability agreements	872	1,652	-	-
Other	57,759	48,952	27,829	-
	5,889,774	6,720,210	793,144	1,124,021

In 2009, on a consolidated basis, the caption Electricity in Portugal includes the net amount of 11,662 thousand Euros (June 2008: 478,895 thousand Euros) for the recovery of tariff adjustments, as described under accounting policies - note 2 x).

Additionally, the caption Electricity includes on a consolidated basis 225,715 thousand Euros (30 June 2008: 156,899 thousand Euros) related to the Contractual Stability Compensation (CMEC) as a result of the Power Purchase Agreements (PPA) termination. This amount includes 26,409 thousand Euros (30 June 2008: 71,015 thousand Euros) related to the initial CMEC for the period and 199,306 thousand Euros resulting from the revisable mechanism, as established by the current legislation.

Turnover by geographical market is analysed as follows:

	Jun 2009				
	Portugal	Spain and other European countries	Brazil	EUA	Group
Electricity	3,468,438	961,451	749,701	106,807	5,286,397
Gas	62,902	472,697	-	-	535,599
Steam and ashes	5,849	-	-	-	5,849
Advisory and services	2,962	336	-	-	3,298
Power availability agreements	872	-	-	-	872
Other	24,419	16,460	13,625	3,255	57,759
	3,565,442	1,450,944	763,326	110,062	5,889,774

	Jun 2008				
	Portugal	Spain and other European countries	Brazil	EUA	Group
Electricity	4,224,470	834,165	934,238	64,445	6,057,318
Gas	63,499	541,554	-	-	605,053
Steam and ashes	4,680	-	-	-	4,680
Advisory and services	2,555	-	-	-	2,555
Power availability agreements	1,652	-	-	-	1,652
Other	23,013	21,026	4,913	-	48,952
	4,319,869	1,396,745	939,151	64,445	6,720,210

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

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Cost of consumed electricity	2,512,813	3,257,326	573,175	881,070
Cost of consumed gas	346,316	385,679	-	-
Changes in inventories and cost of raw materials and consumables used				
Fuel, steam and ashes	265,689	199,449	-	-
Gas	248,487	379,991	113,339	192,403
Cost of consumables used	71,506	215,614	-	-
CO2 licenses				
Consumptions	144,363	167,099	31,600	-
Government grants	-115,656	-139,810	-	-
Other	74,635	58,945	-	-
Own work capitalised	-112,185	-249,098	-	-
	576,839	632,190	144,939	192,403
	3,435,968	4,275,195	718,114	1,073,473

7. Other operating income

Other operating income is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Supplementary income	12,960	10,200	319	2
Operating Government grants	574	539	-	-
Gains on fixed assets	996	12,278	51	199
Reversal of impairment losses:				
- Doubtful debtors	7,409	5,500	-	20
- Debtors and other assets	1,169	506	-	312
Own work capitalised	1,115	4,056	-	-
Excess amount over customers contributions	1,462	4,455	-	-
Insurance premiums - Energia RE	8,498	3,624	-	-
Income arising from institutional partnerships - Horizon	46,616	30,926	-	-
CO2 Licenses (Royal Decree -Law 06/2006) - HC Energia Group	-	13,024	-	-
Amortisation of the power purchase agreements fair value - Horizon	9,244	8,777	-	-
Turbine availability bonus - Horizon	6,414	2,474	-	-
Other operating income	17,373	15,270	3,940	2,726
	113,830	111,629	4,310	3,259

Income arising from institutional partnerships - Horizon, relates to revenue recognition in respect of production tax credits (PTC) and tax depreciations, related to projects Vento I and Vento II.

The caption CO2 Licenses (Royal Decree-Law 06/2006) - HC Energia Group in 2008 includes the income recognised resulting from the interpretation made by the Spanish regulatory authorities under the application of Royal Decree-Law 06/2006 to the HC Energia activity.

8. Supplies and services

Supplies and services is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Subcontracts	2,041	4,980	-	-
Supplies and services:				
Water, electricity and fuel	6,017	6,779	1,159	352
Tools and office material	3,890	3,072	171	111
Rents and leases	45,491	48,075	5,025	4,516
Communication	19,596	17,131	926	679
Insurance	15,943	16,280	262	279
Transportation, travelling and representation	11,925	11,648	618	959
Commissions and fees	1,653	1,729	53	63
Maintenance and repairs	110,402	96,610	1,114	2,268
Advertising	11,773	12,474	2,459	5,117
Surveillance and security	4,904	4,913	219	267
Specialised works:				
- Commercial activity	42,672	43,457	-	-
- IT services	15,691	20,964	571	548
- Legal fees	7,336	6,076	1,434	484
- Advisory fees	13,978	18,410	1,980	6,080
- Other services	22,653	24,380	9,574	7,285
Staff cession	-	-	18,077	13,504
Other supplies and services	17,498	18,248	3,894	3,274
	353,463	355,226	47,536	45,786

9. Personnel costs and employee benefits expense

Personnel costs is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Board of Directors remuneration	7,453	7,220	2,862	2,833
Employee's remuneration	229,222	235,559	199	36
Social security charges on remuneration	53,554	57,484	136	146
Indemnities	1,331	1,129	-	-
Performance bonus	41,962	36,301	5,453	1,539
Other costs	12,528	16,617	876	712
Own work capitalised	-62,211	-52,811	-	-
	283,839	301,499	9,526	5,266

Employee benefits is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Pension plans costs	35,096	34,438	36	38
Medical plans costs and other benefits	25,018	24,553	54	20
Cost of rationalising human resources and other costs	5,208	-	-	-
Other	708	-1,126	-	-
	66,030	57,865	90	58

Pension plans costs include 28,426 thousand Euros (30 June 2008: 20,030 thousand Euros) related to defined benefit plans (see note 35) and 6,670 thousand Euros (30 June 2008: 14,408 thousand Euros) related to defined contribution plans. Medical plans costs and other benefits include 24,920 thousand Euros related to defined benefit plans (see note 35).

The cost of rationalising human resources results from the project for restructuring the hierarchy structure of EDP Brasil, which modified the structure from 5 to 3 hierarchy levels with a total cost of 5,208 thousand Euros. This plan covered 46 employees.

10. Other operating expenses

Other operating expenses is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Concession rents paid to local authorities	120,488	113,867	-	-
Rents from power generation units	3,832	3,692	-	-
Direct taxes	7,760	3,963	127	219
Indirect taxes	28,185	24,576	176	551
Impairment losses on trade debtors	21,868	41,134	152	8
Impairment losses on debtors and other assets	1,892	1,827	35	323
Uncollectible debts	10,133	6,863	-	16
Losses on fixed assets	2,281	1,206	57	43
Regulation costs	1,969	2,547	-	-
Return of CO2 licenses (Royal Decree -Law 11/07)	20,072	30,815	-	-
Operating indemnities	238	295	-	-
Donations	7,029	4,256	6,131	1,841
Other operating costs	28,014	22,478	8,183	994
	253,761	257,519	14,861	3,995

The caption Concession rents paid to local authorities corresponds to the rents paid by EDP Distribuição to the local authorities under the terms of the low tension electricity distribution concession contracts.

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 Government will be deducted from the sector's tariff deficit in 2008.

11. Provisions

Provisions is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Charge for the year	19,353	20,175	4,007	1,590
Write-back for the year	-602	-2,687	-375	-286
	18,751	17,488	3,632	1,304

12. Depreciation and amortisation expense

Depreciation and amortisation expense is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Property, plant and equipment:				
Property, plant and equipment under concession DL 344-B/82	128	215	-	-
Buildings and other constructions	8,252	7,059	235	255
Plant and machinery:				
Hydroelectricity generation	69,366	67,539	4	4
Thermoelectric generation	134,688	106,084	-	-
Renewable generation	139,948	90,444	-	-
Electricity distribution	214,591	232,398	-	-
Gas distribution	19,526	19,374	-	-
Other plant and machinery	890	1,316	7	7
Transport equipment	4,788	4,748	331	307
Office equipment and tools	24,673	19,216	1,997	1,501
Other	1,218	1,661	707	712
	618,068	550,054	3,281	2,786
Intangible assets				
Industrial property and other rights	6,631	16,983	4	8
Concession rights and impairment	41,639	81,065	-	-
	48,270	98,048	4	8
	666,338	648,102	3,285	2,794
Compesation of amortisation and depreciation				
Partially-funded fixed assets	-53,878	-54,402	-	-
	612,460	593,700	3,285	2,794

The caption Concession rights and impairment includes in June 2008 the accelerated amortisation / impairment of the Enersul concession rights in Brazil, of 49,579 thousand Euros. This accelerated amortisation represents the loss of the Enersul assets value (impairment) resulting from the regulatory changes occurred in 2008.

The assets partially-funded by third parties are amortised on the same basis and at the same depreciation rates as the Group's remaining assets, the corresponding cost being compensated through amortisation of the amounts received (registered in the caption Trade and other payables on the same basis and at the same rates as the corresponding assets.

13. Gains/ (losses) on the sale of financial assets

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

	Jun 2009		Jun 2008	
	Disposal %	Amount Euro'000	Disposal %	Amount Euro'000
Available for sale financial assets:				
Banco Comercial Português, S.A.	-	-	0.01%	274
REN - Rede Eléctrica Nacional, S.A.	-	-	1.5%	16,969
Sonaecom, S.A.	0.076%	307	-	-
Held for sale assets:				
Edinfor - Sistema Informáticos, S.A.	-	-	40.0%	4,819
ESC90 - Telecomunicações, Lda.	48.51%	14,661	-	-
Investments in subsidiaries and associates:				
Ambitec Laboratorio Medioambiental, S.A.	100.0%	-150	-	-
Central Térmica Ciclo Combinado Soto 4	25.0%	12,899	-	-
EDP Renováveis, S.A.	-	-	22.5%	405,375
Ibersol E. Solar Ibérica, S.A.	50.0%	268	-	-
Marquesado del Solar, S.A.	-	-	50.0%	2,378
Portugen - Energia, S.A.	-	-	26.7%	-1,424
Turbogás Produtora Energética, S.A.	-	-	40.0%	50,822
Other	-	-101	-	2,307
		27,884		481,520

The caption **Gains / (losses) on the sale of financial assets** for the **Company** is analysed as follows:

	Jun 2009		Jun 2008	
	Disposal %	**Amount Euro'000**	**Disposal %**	**Amount Euro'000**
Available for sale financial assets:				
REN - Rede Eléctrica Nacional, S.A.	-	-	1.5%	15,100
Pirites Alentejanas, S.A. *	-	-10	-	-
Held for sale assets:				
Edinfor - Sistema Informáticos, S.A.	-	-	40.0%	64
		-10		15,164

* Minority interest, corresponding to a total of 322 shares sold.

In January 2009, the share capital of Central Térmica Ciclo Combinado Soto 4 ("CTCC Group 4") was increased and subscribed by EDP through its subsidiary Electrica de la Ribera del Ebro, S.A. (the sole previous shareholder) and also by a new shareholder, Sonatrach, which paid a share premium of approximately 16,204 thousand Euros. Following the share capital increase, Sonatrach holds a 25% of CTCC Group 4 share capital, while EDP reduced its shareholding (by dilution) from 100% to 75%. EDP benefited from the capital increase of CTCC Soto 4 as a result of the share premium paid by the minority shareholders. This operation generated, for EDP Group, a gain of 12,899 thousand Euros booked against the profit and loss of the period, according to the accounting policy described in paragraph 2b).

On 30 June 2009, the Group concluded the sale of its shareholding in ESC 90 Telecomunicações Ltda. ("ESC 90"), representing 48.51% of the respective share capital, to Net Serviços de Comunicação S.A. as agreed on the Sale and Purchase Private Agreement signed in August 2008 (see note 39). This operation generated a gain of 14,661 thousand Euros (3,105 thousand Euros net of minority interests).

On 4 June 2008, the share capital of EDP Renováveis was increased through an initial public offer (IPO) of 196,024,306 shares with a nominal value of 5 Euros. 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%. The share capital increase was 1,566,726 thousand Euros, of which 980,122 thousand Euros corresponds to the share capital increase and 586,605 thousand Euros corresponds to the share premium. As a result of this operation, EDP Group has reduced its interest in the EDP Renováveis share capital which allowed the dillution of the capital in the public market and consequently the entry of Minority Interests. The referred dilution effect is comparable to a partial sale of an investment in a subsidiary, where the entity maintains the control after this partial sale, under the terms of the Parent Company Model, as described under accounting policies - note 2 b), being equivalent to the sale of an investment to Minority Interests.

The gain from the referred dilution effect that resulted from this operation was determined by comparing the contribution of EDP Renováveis to EDP Group before and after the IPO. The Group has prepared consolidated financial statements of EDP Renováveis with reference to 31 May 2008, date of the last consolidation before the IPO. The equity amounts of EDP Renováveis before and after the IPO are analysed as follows:

Equity (with reference to 31 May 2008)	**Pre IPO Euro'000**	**Share capital increase Euro'000**	**Post IPO Euro'000**
Share capital	3,381,419	980,122	4,361,541
Share premium (net of operation costs)	-	552,035	552,035
Reserves and retained earnings	67,109	-	67,109
Net profit	40,453	-	40,453
Total equity	3,488,981	1,532,157	5,021,138

The gain of 405,375 thousand Euros, corresponds to the difference between the equity held Pre IPO (held in 100% by EDP Group) and the equity held Post IPO (held in 77,53% by EDP Group), as presented in the following table:

	Pre IPO Euro'000 (A)	**Post IPO Euro'000 (B)**	**Gain calculation Euro'000 (A - B)**
EDP Renováveis contribution	3,488,981	5,021,138	
% of consolidation	100.00%	77.53%	
	3,488,981	3,892,888	403,907
Other consolidation adjustments			1,468
Consolidated gain			405,375

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. (Turbogás) and Portugen - Energia, S.A. (Portugen), respectively. This transaction has been concluded with a price of 140,000 thousand Euros, generating a gain on a consolidated basis of 50,822 thousand Euros in Turbogás and a loss of 1,424 thousand Euros in Portugen.

14. Other financial income and expenses

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

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Other financial income				
Interest income	22,387	19,434	178,502	192,635
Derivative financial instruments				
Interest	92,309	62,936	97,647	54,015
Fair value	235,555	94,566	421,760	165,650
Other interest income	43,381	28,640	2,781	-
Income from equity investments	7,609	4,117	334,580	407,259
Foreign exchange gains	34,662	39,780	213,602	162,756
CMEC	41,210	41,673	-	-
Other financial income	11,475	12,025	326	874
	488,588	303,171	1,249,198	983,189
Other financial expenses				
Interest expense	337,602	333,900	206,608	258,379
Capitalised interest expense	-46,002	-37,155	-	-
Derivative financial instruments				
Interest	72,017	60,494	85,000	46,755
Fair value	232,460	148,374	417,689	254,608
Other interest expense	5,550	7,370	7,552	6,976
Impairment of available for sale investments	29,274	148,397	-	-
Banking services	6,737	7,023	1,984	4,007
Foreign exchange losses	27,010	34,384	201,941	41,318
CMEC	12,848	15,971	-	-
Unwinding	59,083	59,659	-	-
Other financial expenses	39,234	36,192	1,959	1,979
	775,813	814,609	922,733	614,022
Financial income / (expenses)	-287,225	-511,438	326,465	369,167

In the six months period ended 30 June 2009, the caption Impairment of available for sale investments, on a consolidated basis, refers to the recognition in the income statement of impairment losses in the investment held in BCP of 29,274 thounsand Euros as a result of the devaluation on the listed price of this investment verified in the first quarter of 2009. During the second quarter of 2009 the listed price of this investment increased and was booked against fair value reserves (see note 21) according to the Group accounting policies.

The caption Other financial Income - CMEC includes 30,412 thousand Euros related to interest of the initial CMEC included in the annuity for 2009 and 10,798 thousand Euros related to the financial component of the revisable mechanism of CMEC for 2009. Other financial expenses - CMEC includes 12,848 thousand Euros related to costs on the updating of the initial CMEC, booked against Deferred Income (see note 37).

The Unwinding expenses refer essentially to, (i) the financial update of the dismantling provision for the wind farms, (ii) the financial update related to the put option of Genesa and Desa (see note 37), (iii) the financial update related to the put option of Naturgas (see note 37), (iv) the implied return in institutional partnership in US wind farms (see note 37) and (v) the financial expenses related to the discount of the debt associated to the concessions of Alqueva, Investco and Enerpeixe (see note 37).

15. 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 2003. 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.

Income tax provision is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Current tax	-166,948	-93,240	151,824	-3,712
Deferred tax	-26,589	-90,815	-152,515	-6,475
	-193,537	-184,055	-691	-10,187

The effective income tax rate for the EDP Group and for EDP, S.A. is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Profit before income tax	733,700	962,407	326,865	378,935
Income tax expense	-193,537	-184,055	-691	-10,187
Efective income tax rate	26.38%	19.12%	0.21%	2.69%

The change in the effective income tax rate for EDP Group by 7,3 bp in relation to 30 June 2008 derives essentially from the fact that the EDP Renováveis IPO gain in 2008 was not taxed and also from the fact that as at 30 June 2009 the impairment losses on available for sale investments were significantly lower than as at 30 June 2008.

16. Property, plant and equipment

This caption is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Cost:				
Property, plant and equipment held under the DL 344-B/82 regime	223,420	223,420	-	-
Land and natural resources	182,314	166,902	46,502	46,502
Buildings and other constructions	656,952	602,694	25,646	25,648
Plant and machinery:				
Hydroelectric generation	7,850,817	7,746,315	254	254
Thermoelectric generation	6,600,733	6,554,723	-	-
Renewable generation	5,782,414	5,223,555	-	-
Electricity distribution	14,669,097	14,174,680	-	-
Gas distribution	1,146,154	1,134,429	-	-
Other plant and machinery	37,849	38,696	148	148
Transport equipment	82,568	78,078	3,434	3,262
Office equipment and tools	540,068	521,145	85,999	85,001
Other	75,857	92,456	14,246	14,246
Assets under construction	4,353,896	3,673,839	36,325	26,834
	42,202,139	40,230,932	212,554	201,895
Accumulated depreciation and impairment losses:				
Depreciation charge for the period	-618,068	-1,152,614	-3,281	-5,790
Accumulated depreciation in previous periods	-19,269,929	-17,938,102	-94,331	-89,067
Impairment losses for the period	-	-2,658	-	-
Impairment losses in previous periods	-14,654	-11,996	-	-
	-19,902,651	-19,105,370	-97,612	-94,857
Carrying amount	22,299,488	21,125,562	114,942	107,038

Property, plant and equipment held under 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 2009 Euro'000	Dec 2008 Euro'000
Property, plant and equipment held under the DL 344-B/82 regime	223,420	223,420
Accumulated depreciation	-222,754	-222,626
Net amount	666	794

The movements in **Property, Plant and equipment , for the Group**, for the six months period ended 30 June 2009 are analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs 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-B/82 regime	223,420	-	-	-	-	-	223,420
Land and natural resources	166,902	1,723	-92	916	12,872	-7	182,314
Buildings and other constructions	602,694	71	-613	716	54,033	51	656,952
Plant and machinery	34,872,398	43,408	-22,301	757,995	426,104	9,460	36,087,064
Transport equipment	78,078	3,912	-5,097	1,957	3,672	46	82,568
Office equipment and tools	521,145	2,592	-63	13,410	3,082	-98	540,068
Others	92,456	292	-19,473	901	-39	1,720	75,857
Assets under construction	3,673,839	1,418,362	-6,493	-775,895	34,798	9,285	4,353,896
	40,230,932	1,470,360	-54,132	-	534,522	20,457	42,202,139

	Balance at 1 January Euro'000	Charge for the period Euro'000	Impairment losses for the period Euro'000	Disposals/ Write-offs 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 DL 344-B82 regime	222,626	128	-	-	-	-	222,754
Buildings and other constructions	218,742	8,252	-	-269	14,386	49	241,160
Plant and machinery	18,168,798	579,009	-	-16,590	184,907	373	18,916,497
Transport equipment	54,747	4,788	-	-4,609	3,076	9	58,011
Office equipment and tools	387,134	24,673	-	-40	2,973	-1,855	412,885
Other	53,323	1,218	-	-6,144	-21	2,968	51,344
	19,105,370	618,068	-	-27,652	205,321	1,544	19,902,651

The caption Perimeter variations/Regularisations includes, among others, the effect of the acquisition of CENAEEL, a Brazilian company included in the consolidation perimeter of EDP Renováveis Group and other companies of NEO Group, namely Mardelle, Quinze Mines, Vallée du Moulin and Bon Vent de L'Ebre, in a total of 22,845 thousand Euros.

The movement in Exchange diferences in the period relates mainly to the appreciation of the Brazilian Real (BRL) against the Euro and the devaluation of the American Dolar (USD) against the Euro.

The movements in **Property, plant and equipment , for the Group**, during the six months period ended 30 June 2008 are analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs 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-B/82 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
Others	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
	37,321,343	1,347,569	-62,545	-2,167	-42,396	-855,177	37,706,627

	Balance at 1 January Euro'000	Charge for the period Euro'000	Impairment losses for the period Euro'000	Disposals/ Write-offs 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 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
	18,651,866	550,054	-	-17,208	42,425	-479,988	18,747,149

Perimeter variations/Regularisations includes the effect of exclusion of Enersul - Empresa Energética de Mato Grosso do Sul, S.A. from the consolidation perimeter.

The movements in **Property, Plant and Equipment , for the Company** , for the six months period ended 30 June 2009 are analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Regularisations Euro'000	Balance at 30 June Euro'000
Cost:						
Land and natural resources	46,502	-	-	-	-	46,502
Buildings and other constructions	25,648	-	-2	-	-	25,646
Plant and machinery	402	-	-	-	-	402
Transport equipment	3,262	811	-639	-	-	3,434
Office equipment and tools	85,001	82	-	916	-	85,999
Other	14,246	-	-	-	-	14,246
Assets under construction	26,834	10,407	-	-916	-	36,325
	201,895	11,300	-641	-	-	212,554

	Balance at 1 January Euro'000	Charge for the period Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Regularisations Euro'000	Balance at 30 June Euro'000
Accumulated depreciation and impairment losses:						
Buildings and other constructions	17,647	235	-1	-	-	17,881
Plant and machinery	99	11	-	-	-	110
Transport equipment	1,469	331	-525	-	-	1,275
Office equipment and tools	68,354	1,997	-	-	-	70,351
Other	7,288	707	-	-	-	7,995
	94,857	3,281	-526	-	-	97,612

The movements in **Property, Plant and Equipment , for the Company** , for the six months period ended 30 June 2008 are analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs 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
	172,317	2,799	-687	-	-	174,429

	Balance at 1 January Euro'000	Charge for the period Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Regularisations Euro'000	Balance at 30 June Euro'000
Accumulated depreciation and impairment losses:						
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
	89,867	2,786	-318	-	-	92,335

17. Intangible assets

This caption is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Cost:				
Industrial property, other rights and other intangibles	143,739	145,427	100	100
Concession rights	2,560,800	2,485,387	-	-
CO2 licences	273,354	385,096	-	-
Intangible assets in progress	326,465	75,880	-	-
	3,304,358	3,091,790	100	100
Accumulated amortisation and impairment:				
Amortisation of concession rights during the period	-41,639	-129,069	-	-
Amortisation of industrial property and other intangibles during the period	-6,631	-21,517	-4	-15
Accumulated amortisation in previous periods	-438,401	-280,829	-59	-44
	-486,671	-431,415	-63	-59
Carrying amount	2,817,687	2,660,375	37	41

The movements in **Intangible assets** during the six months period ended 30 June 2009, **for the Group,** are analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter variations/ Regularisations Euro'000	Balance at 30 June Euro'000
Cost:							
Industrial property, other rights and other intangibles	145,427	234	-6,495	-	14,760	-10,187	143,739
Concession rights							
Concession rights - Brazil	1,094,750	-	-	-	69,646	-525	1,163,871
Concession rights - Gas	152,232	-	-	-	-	-13,878	138,354
Use rights Alqueva/Pedrogão	377,460	20,169	-	-	-	-	397,629
Extension of the public hydric domain	759,000	-	-	-	-	-	759,000
Concession rights - mini-hydrics	91,118	-	-	-	-	-	91,118
Other concession rights	10,827	1	-	-	-	-	10,828
CO2 licenses	385,096	229,132	-366,791	25,917	-	-	273,354
Intangible assets in progress	75,880	243,729	-	-	3,811	3,045	326,465
	3,091,790	493,265	-373,286	25,917	88,217	-21,545	3,304,358

	Balance at 1 January Euro'000	Charge for the period Euro'000	Accelerated depreciation/ Impairment Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter variations/ Regularisations Euro'000	Balance at 30 June Euro'000
Accumulated amortisation and impairment:								
Industrial property, other rights and other intangibles	64,959	6,631	-	-6,677	-	8,694	113	73,720
Concession rights	366,456	41,639	-	-	-	6,748	-1,892	412,951
	431,415	48,270	-	-6,677	-	15,442	-1,779	486,671

Acquisitions of Intangible assets in progress include 231,700 thousands of Euros related to the concession for the use of the public hydric domain for the generation of hydroelectric energy and for the conception, construction, operation and maintenance in the Ocreza and Tâmega rivers, for a period of 65 years starting from the operation of the hydroelectric power plants of Alvito and Fridão.

Acquisitions of CO2 licenses as at 30 June 2009 by 229,132 thousand Euros (385,096 thousand Euros at 31 December 2008) refers to CO2 emission licenses granted free of charge to EDP Group plants operating in Portugal and Spain. The market for CO2 licences is regulated by "Plano Nacional de Atribuição de Licenças de Emissão" (PNALE) in Portugal and by "Plano Nacional de Assignación de Derechos de Emisión de Gases de Efecto Invernadero" (PNADE) in Spain, which covers the period 2008-2012. Disposals/Write-offs derive from the CO2 licences consumed during 2008 and delivered to the regulatory authorities of 366,791 thousand Euros. Transfers, tottaling 25,917 thousand of Euros, relate to CO2 licences transferred from Inventories to Intangible fassets, as a result of allocation of licences initially held for trading to the Hidrocantábrico Group, in order to cover the need for CO2 licences arising from consumptions ("own use").

The increase in the concession rights of Alqueva/Pedrógão relate to the power reinforcement investments made in these power plants.

In accordance with IFRS 3 - Business Combinations, adjustments to the provisional goodwill determined for Rodão Power subgroup in 2008 as a result from the purchase price allocation performed in 2009, originated a reclassification of the comparative financial information on the caption Other concession rights tottaling 10,827 thousand Euros, reflecting the effect from the date of acquisition of this subsidiary.

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

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter variations/ Regularisations 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
Other concession rights	-	10,827	-	-	-	-	10,827
Extension of the public hydric domain	759,000	-	-	-	-	-	759,000
	2,570,108	412,439	-72,794	2,167	8,575	-105,639	2,814,856

	Balance at 1 January Euro'000	Charge for the period Euro'000	Accelerated depreciation/ Impairment Euro'000	Disposals/ Write-offs Euro'000	Exchange differences Euro'000	Perimeter variations/ Regularisations Euro'000	Balance at 30 June Euro'000
Accumulated amortisation:							
Industrial property, other rights and other intangibles	68,104	16,983	-	-	1,808	-9,901	76,994
Concession rights	328,863	31,486	49,579	-	562	-78,435	332,055
	396,967	48,469	49,579	-	2,370	-88,336	409,049

Accelerated depreciation/Impairment includes the impairment booked for the concession rights of Enersul, of 49,579 thousand Euros (see note 12) as a result of regulatory changes.

Perimeter variations/Regularisations includes the effect of descontinuing the activity of Enersul - Empresa Energética de Mato Grosso do Sul, S.A..

18. Goodwill

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

	Group	
	Jun 2009 Euro'000	Dec 2008 Euro'000
Electric business:		
Hidrocantabrico Group	967,017	960,277
Neo Energia Group	809,710	801,899
Horizon Group	561,225	569,777
Brazil Group	60,460	57,978
EDP Renováveis Brazil Group	5,910	-
Other (Portugal Group)	34,183	34,135
	2,438,505	2,424,066
Gas Distribution business:		
Naturgás Group	757,591	757,591
	3,196,096	3,181,657

The movements in Goodwill during the six months period ended 30 June 2009, are analysed as follows:

	Balance at 1 January Euro'000	Increases Euro'000	Decreases Euro'000	Impairment Euro'000	Exchange differences Euro'000	Regularisations Euro'000	Balance at 30 June Euro'000
Electric business:							
Hidrocantabrico Group	960,277	6,740	-	-	-	-	967,017
Neo Energia Group	801,899	7,811	-	-	-	-	809,710
Horizon Group	569,777	-	-	-	-8,552	-	561,225
Brazil Group	57,978	-	-	-	2,482	-	60,460
EDP Renováveis Brazil Group	-	5,415	-	-	495	-	5,910
Others (Portugal Group)	34,135	48	-	-	-	-	34,183
	2,424,066	20,014	-	-	-5,575	-	2,438,505
Gas Distribution business:							
Naturgás Group	757,591	-	-	-	-	-	757,591
	757,591	-	-	-	-	-	757,591
	3,181,657	20,014	-	-	-5,575	-	3,196,096

The movements in Goodwill during the six months period ended 30 June 2008, are analysed as follows:

	Balance at 1 January Euro'000	Increases Euro'000	Decreases Euro'000	Impairment Euro'000	Exchange differences Euro'000	Regularisations Euro'000	Balance at 30 June Euro'000
Electric business:							
Hidrocantabrico Group	1,002,660	1,004	-28,510	-	-	-	975,154
Neo Energia Group	660,912	78,980	-2,020	-	-	-3,964	733,908
Horizon Group	539,353	-	-	-	-34,843	-	504,510
EDP Brasil Group	64,511	-	-	-17,371	-	-	47,140
Others (Portugal Group)	523	10,728	-	-	-	-	11,251
	2,267,959	90,712	-30,530	-17,371	-34,843	-3,964	2,271,963
Gas Distribution business:							
Naturgás Group	736,824	1,092	-	-	-	-	737,916
	736,824	1,092	-	-	-	-	737,916
	3,004,783	91,804	-30,530	-17,371	-34,843	-3,964	3,009,879

Hidrocantabrico Group

During the first semester of 2009, the goodwill from Hidrocantabrico Group increased by 6,740 thousand Euros as a result of the revaluation of the liability relating to the anticipated acquisition of minority interests from Cajastur, through the written put option held by this entity over 3% of HC Energia share capital, under the utilisation of the Parent Company Model, as described under accounting policies - note 2 b).

Neo Energia Group

The goodwill held in Neo Energia Group, as at 30 June 2009 and 31 December 2008, is presented as follows:

	Neo Energia Group	
	Jun 2009 Euro'000	Dec 2008 Euro'000
Genesa subgroup	441,356	441,356
Ceasa subgroup	146,469	146,469
Relax Winds subgroup	25,424	25,424
Neo Galia subgroup	57,518	57,428
Romania subgroup	64,551	64,461
Neo Catalunya subgroup	28,830	21,199
Enernova subgroup	42,299	42,299
Other	3,263	3,263
	809,710	801,899

The increase in the Neo Galia subgroup goodwill during the six months period ended 30 June 2009, results from the acquisiton of Valleé du Molin (44 thousand Euros), Mardelle (23 thousand Euros) and Quinze Mines (22 thousand Euros).

The increase in the Romania subgroup goodwill during the six months period ended 30 June 2009, results from the increase in the acquisiton costs of Renovatio by 90 thousand Euros.

The increase in the Neo Catalunya subgroup goodwill during the six months period ended 30 June 2009, results essentially from the acquisiton of 100% of the share capital of Bon Vent de L'Ebre (7,631 thousand Euros).

The provisional goodwill arising from the acquisition of Bom Vent de L'Ébre is analysed as follows:

	Bom Vent de L'Ébre Euro'000
Acquisition cost	
Price paid	7,686
Total acquisition cost	7,686
Provisional fair value of net assets acquired	55
Goodwill (diference between the fair value of the net assets acquired and the acquisition cost)	7,631

Horizon Group

The decrease in the Horizon Group goodwill during the six months period ended 30 June 2009 results from the exchange differences EUR/USD which amount to 8,552 thousand Euros resulting from the devaluation of the USD.

Brazil Group

The increase of 2,482 thousand Euros in the Brazil Group goodwill during the six months period ended 30 June 2009, results from the effect of exchange differences EUR/BRL, following Brazilian Real appreciation in the period.

EDP Renováveis Brazil Group

The variation in the EDP Renováveis Brazil Group goodwill during the six months period ended 30 June 2009 of 5,910 thousand Euros, results from the goodwill generated in the acquisition of 100% of the share capital of CENAEEL (5,415 thousand Euros) and from the foreign exchange gain (495 thousand Euros) generated between the acquisition date and 30 June 2009.

The provisional goodwill arising from the acquisition of CENAEEL is analysed as follows:

	CENAEEL Euro'000
Acquisition cost	
Price paid	12,887
Total acquisition cost	12,887
Provisional fair value of net assets acquired	7,472
Goodwill (diference between the fair value of the net assets acquired and the acquisition cost)	5,415

The acquisition contract of CENAEEL includes a price adjustment clause (contingent price) based on the wind farms production hours. On 30 June 2009 no adjustment was considered to the acquisition cost of CENAEEL in relation to this contingent price as the EDP Group expects, based on the information available at this date, that the number of production hours of the wind farms will not exceed the limits beyond which the acquisition contract defines a payment of additional costs.

Other (Portugal Group)

The variation in the semester in the amount of 48 thousand Euros results from the acquisition by EDP Gestão de Produção de Energia, S.A. of the remaining 40% of the share capital of O&M Serviços - Operação e Manutenção Industrial, S.A.

During the first half of 2008, EDP Group acquired Ródão Power and booked, with effect as of the acquisition date, a goodwill of 10,827 thousand Euros. During the first half of 2009, following the final allocation of the fair value of assets, liabilities and contingent liabilities, an adjustment to the goodwill initially booked was determined, originating its allocation against the fair value of assets acquired. As defined by IFRS 3, in the 12-month period subsequent to a business combination, the acquiring entity can perform adjustments to the fair value of assets, liabilities and contingent liabilities acquired, being those adjustments booked with effect as of the date of the acquisition. Consequently, the amount of goodwill initially determined in 2008, the fair value of the concession rights of Ródão Power of 10,827 thousand Euros determined in the PPA and the respective amortisation, were reflected with reference to the date of the transaction.

Analysis of the impairment of goodwill

The EDP Group performed as at 30 June 2009, an analysis in order to conclude on the existence of facts or circumstances which may reveal the existence of eventual impairment triggers in the goodwill resulting from the acquisition of its subsidiaries, and did not identify any situation.

19. Investments in subsidiaries (Company basis)

This caption is analysed as follows:

	Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000
Historical acquisition cost	10,810,550	10,740,378
Effect of equity method (transition to IFRS)	-1,165,796	-1,165,796
Equity investments in subsidiaries	9,644,754	9,574,582
Impairment losses on equity investments in subsidiaries	-68,174	-68,174
	9,576,580	9,506,408

The variation in the caption Investments in subsidiaries (70,172 thousand Euros) results from the supplementary capital contributions granted to the subsidiaries EDP Imobiliária, S.A. and EDP Inovação, S.A. (70,000 thousand Euros and 172 thousand Euros, respectively).

20. Investments in associates

Investments in associates is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Associated companies:				
Investments in associates	175,070	172,891	49,909	49,910
Adjustments to investments in associates	-137	-137	-136	-137
Net book value	174,933	172,754	49,773	49,773

21. Available for sale investments

This caption is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Ampla Energia e Serviços, S.A.	91,305	68,939	91,305	68,939
Ampla Investimentos e Serviços, S.A.	10,713	9,073	10,713	9,073
Banco Comercial Português, S.A.	109,359	122,707	-	-
EDA - Eléctrica dos Açores, S.A.	6,006	6,006	-	-
REN - Rede Eléctrica Nacional, S.A.	56,911	52,332	56,911	52,332
Sociedade Eólica de Andalucia, S.A.	10,854	10,854	-	-
Sonaecom, S.A.	50,730	28,946	-	-
Tagusparque, S.A.	2,062	1,097	-	-
Tejo Energia, S.A.	18,200	18,200	-	-
Other	36,827	32,733	3,851	3,815
	392,967	350,887	162,780	134,159

The investment in Banco Comercial Português during the six months period ended 30 June 2009 decreased by 13,348 thousand Euros, resulting from an impairment loss of 29,274 thousand Euros booked in the first quarter of 2009 against the income statement and from an appreciation of 15,926 thousand Euros, booked against reserves in the second quarter of 2009, according to accounting policy 2 e) (see note 31).

During the first semester of 2009 the investments held in REN - Rede Eléctrica Nacional, S.A. and Ampla Energia e Serviços, S.A., increased by 4,579 thousand Euros and 22,366 thousand Euros, respectively, as a consequence of the positive evolution in the listed price of these securities. This increase in the fair value was booked against fair value reserve (see note 31).

During the same period the listed price of the investment in Sonaecom also presented a positive evolution (22,059 thousand Euros) which was booked against fair value reserve. Additionally, in May 2009, EDP sold in the Stock Exchange 277,256 shares of Sonaecom, S.A booked for 275 thousand Euros, generating a cash inflow of 582 thousand Euros (see note 13).

Available for sale investments are booked at fair value and the variation from the date of acquisition is recorded against the fair value reserve (Note 31). The fair value reserve as at 30 June 2009 and 31 December 2008 is analysed as follows:

	Jun 2009 Euro'000	Dec 2008 Euro'000
Ampla Investimentos e Serviços, S.A.	5,138	3,498
Ampla Energia e Serviços, S.A.	22,366	-
Banco Comercial Português, S.A.	15,926	-
EDA - Electricidade dos Açores, S.A.	-885	-885
REN - Rede Eléctrica Nacional, S.A.	31,091	26,512
Sociedade Eólica de Andalucia, S.A.	5,968	5,968
Sonaecom, S.A.	22,059	-
Tejo Energia, S.A.	11,845	11,845
Other	992	26
	114,500	46,964

22. 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:

	Deferred tax assets Euro'000	Deferred tax liabilities Euro'000
Balance as at 1 January 2009	539,878	-655,947
Tariff adjustments of the period	104,297	191,380
Provisions	9,960	-
Deferred tax over CMEC's in the period	-	-43,129
Use of tax credits	-140,606	-
Financial and available for sale investments	3,591	-1,074
Fair value of derivative financial instruments	-21,526	-1,987
Allocation of fair value to assets and liabilities acquired	-	-25,801
Exchange differences and other	41,757	-18,529
Netting of deferred tax assets and liabilities	147,486	-147,486
Balance as at 30 June 2009	684,837	-702,573

The Company 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:

	Deferred tax assets Euro'000	Deferred tax liabilities Euro'000
Balance as at 1 January 2009	60,716	-
Use of tax credits	-62,306	-
Provisions	-9,682	-
Financial and available for sale investments	2,526	789
Fair value of derivative financial instruments	-20,050	-10,297
Other	-133	-392
Netting of deferred tax assets and liabilities	28,929	-28,929
Balance as at 30 June 2009	-	-38,829

The main variations on deferred tax assets and liabilities, for the Group, 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 (Hidrocantábrico Group)	40,448	-
Fair value of available for sale investments	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

The main variations on deferred tax assets and liabilities for the Company, during the six months period ended 30 June 2008 for EDP, S.A. are analysed as follows:

	Deferred tax assets Euro'000	Deferred tax liabilities Euro'000
Balance as at 1 January 2008	-	-53,254
Provisions	-4,352	-
Financial and available for sale investments	2,583	1,965
Fair value of derivative financial instruments	-2,882	168
Other	379	-369
Netting of deferred tax assets and liabilities	4,272	-4,272
Balance as at 30 June 2008	-	-55,762

23. Inventories

This caption is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Merchandise	26,199	40,470	-	-
Advances on account of purchases	5,838	4,061	-	-
Finished and intermediate products	7,882	12,075	-	-
Sub-products, waste, residues and scrap	10,508	10,506	-	-
Raw and subsidiary materials and consumables:				
Coal	87,804	64,443	-	-
Fuel	48,099	41,153	-	-
Nuclear fuel	13,712	12,845	-	-
Other consumables				
CO2 licenses	11,863	27,744	11,863	27,744
Other	46,294	63,503	-	-
	258,199	276,800	11,863	27,744

24. Trade receivables

Trade receivables is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Short-term trade receivables - Current:				
Resident customers:				
State and official entities	18,700	19,886	-	-
Local government	34,897	31,316	284	284
Corporate sector and individuals	655,056	694,489	14,618	18,106
Trade accounts - Bills receivable	-	99	-	-
	708,653	745,790	14,902	18,390
Non-resident customers:				
State and official entities	4,007	1,472	-	-
Local government	10,019	11,143	-	-
Corporate sector and individuals	815,581	888,208	-	-
	829,607	900,823	-	-
	1,538,260	1,646,613	14,902	18,390
Doubtful debts	246,104	222,008	10,092	9,941
Impairment losses	-246,104	-222,008	-10,092	-9,941
	1,538,260	1,646,613	14,902	18,390

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Medium and long-term trade receivables - Non current:				
Resident customers:				
Local government	144,843	147,140	-	-
Non-resident customers:				
Corporate sector and individuals	36,466	33,610	-	-
	181,309	180,750	-	-
Impairment losses	-67,114	-68,706	-	-
	114,195	112,044	-	-
	1,652,455	1,758,657	14,902	18,390

The variation in Impairment losses includes the charge for the period of 10,167 thousand Euros related to the regulated activity in Portugal and 8,686 thousand Euros related to exchange differences of the period.

25. Debtors and other assets

Debtors and other assets are analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Short term debtors - Current:				
Loans to subsidiaries	-	-	682,427	22,957
Dividends	-	-	-	369,153
Other related companies	28,691	8,054	8,691	6,373
Advances to suppliers	609	681	251	252
Other debtors:				
- Advances to pensioners on account of the Social Security	2,200	1,889	-	3
- Amounts owed to staff	4,180	3,475	-	3
- Amounts receivable from the Telecommunications business	55,640	55,640	-	-
- Amounts receivable from Brazilian tariff expenses	249	645	-	-
- Amounts receivable from Spanish tariff expenses	575,154	281,155	-	-
- Amounts receivable from Portuguese tariff adjustments	135,408	10,444	-	-
- Receivables from the State and concessors	19,032	33,749	317,139	98,728
- Advances to RTP — broadcasting charge	32,125	29,140	-	-
- Receivables relating to other goods and services	11,112	71,932	36,635	154,383
- Receivables on account of the energy efficiency program (Brazil)	9,947	1,934	-	-
- Derivative financial instruments	258,422	216,670	318,778	329,278
- Subsidiaries	-	-	387,251	1,545,974
- Amounts receivable relating to gas sales operations	13,400	18,056	-	-
- Amounts receivable relating to insurance and reinsurance	20,246	11,043	-	-
- Amounts receivable relating to the renewables operation	24,275	24,948	-	-
- Expenditure on concessions	4,213	4,789	-	-
- Rents	626	1,207	-	451
- Insurance	1,273	6,808	-	5,198
- Other deferred costs	33,302	15,852	-	883
- Rents receivable from Energin lease	25,883	26,790	-	-
- Participation in National electric system - deviations	2,645	7,957	-	-
- Amounts receivable relating to CMEC	542,439	367,790	-	-
- Amounts to be invoiced to REN	29,291	29,098	-	-
- Tied deposits (Horizon)	5,061	43,016	-	-
- Amounts receivable relating to the sale of a substation (Hidrocantábrico)	-	5,045	-	-
Accrued income relating to energy services rendered	6,051	5,551	-	-
Accrued income relating to energy sales and supply activity in the market	107,542	218,582	107,542	218,582
Sundry debtors and other operations	171,929	197,713	113,209	79,652
	2,120,945	1,699,653	1,971,923	2,831,870
Impairment losses on short-term debtors - Current	-68,680	-67,481	-932	-897
	2,052,265	1,632,172	1,970,991	2,830,973

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Medium and long term debtors - Non Current:				
Other related companies	25,620	29,795	17,489	15,087
Loans to subsidiaries	-	-	5,566,767	5,784,331
Loans to participated companies	8,871	7,589	-	-
Other debtors				
- Amounts receivable from Portuguese tariff adjustments	510,039	1,435,033	-	-
- Amount receivable from regulatory entities	2,894	2,894	-	-
- Amounts receivable from Spanish tariff expenses	-	134,201	-	-
- Expenditure on concessions	8,849	8,222	-	-
- Guarantees and linked deposits	113,652	104,308	5,716	7,405
- Amounts receivable relating to CMEC	775,022	785,204	-	-
- Derivative financial instruments (Hedging)	59,655	44,197	83,147	104,334
- Notes receivable (Horizon)	11,786	10,678	-	-
- O&M contract valuation - Mapple Ridge I (Horizon)	7,683	7,941	-	-
- Asset related to the pension plan	2,839	8,850	-	-
Sundry debtors and other operations	72,264	61,573	-	-
	1,599,174	2,640,485	5,673,119	5,911,157
Impairment losses on medium and long term debtors - Non current	-2,818	-2,782	-	-
	1,596,356	2,637,703	5,673,119	5,911,157
	3,648,621	4,269,875	7,644,110	8,742,130

On 5 March 2009, EDP — Serviço Universal, S.A. entered into an agreement for the assignment, by means of a true sale without recourse, to Tagus - Sociedade de Titularização de Créditos, S.A. ("Tagus"), of the rights to receive the full amount of the positive adjustments to the electricity tariffs in respect of the costs with the acquisition of electricity incurred in 2007 and estimated for 2008, accrued of the respective financial costs. These adjustments amount to 1,225,376 thousand Euros, including interests until 28 February 2009. With the sale of those rights, EDP Group has received 1,204,442 thousand Euros, net of related commissions and expenses.

The amounts receivable from Spanish tariff expenses current and non-current correspond to the accumulated amount receivable from the Spanish Government of the Spanish electricity system tariff deficit as at 30 June 2009.

The non-current receivable relating to CMEC of 775,022 thousand Euros and the current receivable of 20,365 thousand Euros, correspond to the initial CMEC granted to EDP Produção (833,467 thousand Euros) less the receivable annuities for 2007, 2008 and 2009. The remaining current amount of 522,074 thousand Euros included in the receivable relating to CMEC corresponds to the operational revenues related to the revisibility calculation, net of 40,225 thousand Euros invoiced during the period.

The movements for the period in Amounts receivable from Portuguese tariff adjustments (Current and Non current) are analysed as follows:

	Current Euro'000	Non current Euro'000
Balance as at 1 January 2009	10,444	1,435,033
Receipts through the electric energy tariff	-5,508	-
Securitisation of the non regular tariff adjustments of 2007 and 2008	-	-1,225,376
Tariff adjustment of 2008	-	34,150
Tariff adjustment for the period	-	379,845
Interest expense	3,541	13,318
Transfer from non current to current (Jun 2009 to Jun 2010)	126,931	-126,931
Balance as at 30 June 2009	135,408	510,039

The only movement during the first semester of 2008 in Debtors and other assets - Non current of 478,895 thousand Euros relates to the tariff adjustment of the period.

26. Tax receivable

Tax receivable is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
State and other public entities				
- Income tax	151,501	111,459	59,059	33,901
- Value added tax (VAT)	293,978	347,997	50,968	54,220
- Turnover tax (Brazil)	21,039	17,899	-	-
- Social tax (Brazil)	31,446	21,643	-	-
- Other taxes	31,746	45,742	-	7,316
	529,710	544,740	110,027	95,437

27. 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 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Fixed income securities:				
Listed funds	32,716	32,369	-	-
Bonds and other listed fixed income securities	54,141	47,221	6,054	-
	86,857	79,590	6,054	-
Variable income securities:				
Listed funds	3,528	3,405	-	-
Shares	232	232	232	232
	3,760	3,637	232	232
	90,617	83,227	6,286	232

28. Cash and cash equivalents

Cash and cash equivalents is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Cash:				
- Cash in hand	231	93	6	-
Bank deposits:				
- Current deposits	488,767	457,741	32,004	113,379
- Term deposits	400	49,133	-	-
- Other deposits	20,065	-	-	-
	509,232	506,874	32,004	113,379
Other short term investments:				
- Domestic banks	1,284,887	122,720	1,257,499	69,500
- Foreign banks	76,943	83,900	-	-
	1,361,830	206,620	1,257,499	69,500
Cash and cash equivalents (asset)	1,871,293	713,587	1,289,509	182,879
Cash equivalents (liability)	-	-	-	-
Net cash and cash equivalents	1,871,293	713,587	1,289,509	182,879

The caption Other short term investments includes very short term investments promptly convertible into cash.

29. Share capital and share premium

EDP, S.A. is a company incorporated by shares in which the Portuguese 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 Portuguese State now holds directly and indirectly approximately 26% of the share capital of EDP, S.A.

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 2008	3,656,538	501,992
Movements during the period	-	-
Balance as at 30 June 2009	3,656,538	501,992

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

	Group		Company	
	Jun 2009	Jun 2008	Jun 2009	Jun 2008
Net profit attributable to the equity holders of the parent (in Euros)	479,443,624	702,963,137	326,174,338	368,748,040
Net profit from continuing operations attributable to the equity holders of the parent (in Euros)	479,443,624	703,918,944		
Weighted average number of ordinary shares outstanding	3,620,991,688	3,637,113,742	3,622,504,688	3,637,113,742
Weighted average number of diluted ordinary shares outstanding	3,622,056,629	3,638,570,965	3,623,569,629	3,638,570,965
Basic earnings per share attributable to equity holders of the parent (in Euros)	0.13	0.19		
Diluted earnings per share attributable to equity holders of the parent (in Euros)	0.13	0.19		
Basic earnings per share from continuing operations (in Euros)	0.13	0.19		
Diluted earnings per share from continuing operations (in Euros)	0.13	0.19		

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 period, net of changes in treasury stock during the period.

The average number of shares was determined as follows:

	Group		Company	
	Jun 2009	Jun 2008	Jun 2009	Jun 2008
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of shares issued during the period	-	-	-	-
Average number of realised shares	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of treasury stock	-35,546, 027	-19,423, 973	-34,033, 027	-19,423, 973
Average number of shares during the period	3,620,991,688	3,637,113,742	3,622,504,688	3,637,113,742
Effect of stock options	1,064,941	1,457,223	1,064,941	1,457,223
Diluted average number of shares during the period	3,622,056,629	3,638,570,965	3,623,569,629	3,638,570,965

30. Treasury stock

This caption is analysed as follows:

	Group		Company	
	Jun 2009	Dec 2008	Jun 2009	Dec 2008
Book value of EDP, S.A. treasury stock (thousands of Euros)	124,984	126,532	118,889	120,437
Number of shares	35,443,360	35,703,591	33,930,360	34,190,591
Market value per share (in Euros)	2.793	2.695	2.793	2.695
Market value of EDP, S.A.'s treasury stock (thousands of Euros)	98,993	96,221	94,767	92,144

Operations performed during the first semester of 2009:	EDP, SA	Energia RE
Volume acquired (number of shares)	1,346,981	-
Volume sold (number of shares)	-1,607,212	-
Final position (number of shares)	33,930,360	1,513,000
Highest market price (in Euros)	2.90	-
Lowest market price (in Euros)	2.21	-
Average market price (in Euros)	2.76	-

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' (Companies Commercial Code). The treasury stock is stated at acquisition cost.

31. Reserves and retained earnings

This caption is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Legal reserve	471,387	443,838	471,387	443,838
Fair value reserve (cash flow hedge)	19,505	-54,653	29,260	-11,295
Tax effect of fair value reserve (cash flow hedge)	970	20,130	-8,245	2,525
Fair value reserve (available-for-sale investments)	114,500	46,964	54,235	25,649
Tax effect of fair value reserve (available-for-sale investments)	-8,890	-2,926	-2,063	-2,459
Exchange differences arising on consolidation	65,794	-93,340	-	-
Treasury stock reserve	118,889	120,437	118,889	120,437
Other reserves and retained earnings	1,317,330	760,866	1,120,087	1,102,912
	2,099,485	1,241,316	1,783,550	1,681,607

Legal reserve

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

Fair value reserve (cash flow hedge)

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

Fair value reserve (available-for-sale investments)

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

	Group	
	Increases Euro'000	Decreases Euro'000
Balance as at 31 December 2007	329,161	-193,873
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	312,192	-268,853
Changes in fair value	10,373	-147,729
Transfer of impairment to profit or loss	-	140,981
Balance as at 31 December 2008	322,565	-275,601
Changes in fair value	67,843	-29,274
Transfer of impairment to profit or loss	-	29,274
Transfer to the income statement relating to assets sold	-307	-
Balance as at 30 June 2009	390,101	-275,601

The decrease of 29,274 thousand Euros in the fair value reserve during the six months period ended 30 June 2009 relates to the impairment loss recognised on the Millenniumbcp investment.

The increase in the fair value reserve during the six months period ended 30 June 2009 of 67,536 thousand Euros, includes 22,059 thousand Euros, 22,366 thousand Euros, 15,926 thousand Euros and 4,579 thousand Euros related with the valuations recognised on the available for sale investments held in Sonaecom, Ampla Energia e Serviços, Millenniumbcp and REN, respectively (see note 21).

Exchange differences on consolidation

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

		Exchange rates at Jun 2009		Exchange rates at Dec 2008	
Currency		Closing rates	Average exchange-rate	Closing rates	Average exchange-rate
Dollar	USD	1.413	1.327	1.392	1.477
Brazilian Real	BRL	2.747	2.937	3.244	2.652
Macao Pataca	MOP	11.283	10.596	11.109	11.841
Quetzal	GTQ	11.495	10.680	10.779	11.153
Zloty	PLN	4.452	4.531	4.154	3.486
Lei	RON	4.207	4.247	4.023	3.762

Dividends

On 15 April 2009, the Annual General Shareholders' Meeting of EDP, S.A. approved the distribution to shareholders of a dividend for the 2008 financial year of 511,915 thousand Euros, corresponding to a dividend of 0.14 Euros per share (including the treasury stock dividend). Considering the resolution date, the dividends distribution was accounted for during the second quarter of 2009.

32. Minority interests

This caption is analysed as follows:

	Group	
	Jun 2009 Euro'000	Dec 2008 Euro'000
Minority interests in income statement	60,719	120,476
Minority interests in reserves	2,321,763	2,061,253
	2,382,482	2,181,729

Minority interests, by company, is made up as follows:

	Group	
	Jun 2009 Euro'000	Dec 2008 Euro'000
EDP Renováveis Group	1,266,950	1,245,112
EDP Energias do Brasil Group	1,059,023	885,674
Hidrocantabrico Group	33,146	28,518
Other minority interests	23,363	22,425
	2,382,482	2,181,729

During the first semester of 2009 the EDP Group generated profit of 60,719 thousand Euros attributable to minority interests (31 December 2008: 120,476 thousand Euros).

The movement in minority interests of EDP Renováveis Group refers essentially to profits attributable to minority interests of 13,956 thousand Euros and to variations resulting from share capital increases attributable to minority interests totalling 9,055 thousand Euros.

The movement in minority interests of Energias do Brasil Group includes essentially the amount of 44,417 thousand Euros of profits attributable to minority interests, 144,666 thousand Euros from the positive exchange difference and a decrease related with the distributed dividends of 15,412 thousand Euros.

The movement in minority interests of the Hidrocantábrico Group includes essentially 1,328 thousand Euros of profits attributable to minority interests and an increase of 3,833 thousand Euros related with the subscription by Sonatrach of 25% of the share capital of Central Térmica de Ciclo Combinado Grupo 4

The caption Other minority interests includes 21,186 thousand Euros related with the Gas subgroup subsidiaries in Portugal (31 December 2008: 20,001 thousand Euros).

33. Hydrological account

The movements in the **Hydrological account** are analysed as follows:

	Group and company	
	Jun 2009 Euro'000	Jun 2008 Euro'000
Balance at the beginning of the period	237,822	227,686
Amounts received / (paid) during the period	-	-
Financial charges	5,294	5,036
Balance at the end of the period	243,116	232,722

34. Financial debt

This caption is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Short term debt and borrowings - Current				
Bank loans:				
- EDP, S.A.	44,007	92,568	44,007	92,568
- EDP Finance B.V.	-	730,000	-	-
- EDP Energias do Brasil Group	286,864	256,639	-	-
- HC Energia Group	31,986	8,517	-	-
- Renewables Group	93,219	75,950	-	-
- Generation - Portugal	7,777	7,390	-	-
- Other	31,990	32,977	-	-
	495,843	1,204,041	44,007	92,568
Non convertible bond loans:				
- EDP, S.A.	1,000,000	1,000,000	1,000,000	1,000,000
- EDP Finance B.V.	522,455	22,455	-	-
- EDP Energias do Brasil Group	73,789	62,784	-	-
	1,596,244	1,085,239	1,000,000	1,000,000
Commercial paper				
- EDP, S.A.	765,000	939,300	4,227,500	4,227,700
- EDP Energias do Brasil Group	83,731	-	-	-
- HC Energia Group	471,677	433,082	-	-
	1,320,408	1,372,382	4,227,500	4,227,700
Other loans:				
- EDP Energias do Brasil Group	4,507	3,669	-	-
- Renewables Group	2,982	3,277	-	-
- Generation - Portugal	1,451	1,208	-	-
	8,940	8,154	-	-
Accrued interest	148,428	142,198	58,690	39,968
	3,569,863	3,812,014	5,330,197	5,360,236
Medium and long term debts and borrowings - Non current				
Bank loans:				
- EDP, S.A.	1,822,650	1,672,201	1,822,650	1,672,201
- EDP Finance B.V.	2,175,000	2,175,000	-	-
- EDP Energias do Brasil Group	407,958	364,425	-	-
- HC Energia Group	5,816	7,076	-	-
- Renewables Group	421,919	451,062	-	-
- Generation - Portugal	180,273	174,911	-	-
- Other	72,671	78,449	-	-
	5,086,287	4,923,124	1,822,650	1,672,201
Non convertible bond loans:				
- EDP, S.A.	1,172,402	1,189,594	1,166,178	1,189,594
- EDP Finance B.V.	6,150,218	4,596,332	-	-
- EDP Energias do Brasil Group	176,922	202,651	-	-
	7,499,542	5,988,577	1,166,178	1,189,594
Other loans:				
- Preference shares of Investco	17,013	13,993	-	-
- EDP Energias do Brasil Group	36,892	31,382	-	-
- Renewables Group	26,986	27,834	-	-
- Generation - Portugal	6,082	6,728	-	-
	86,973	79,937	-	-
	12,672,802	10,991,638	2,988,828	2,861,795
Other liabilities:				
- Fair value of the issued debt hedged risk	-62,564	-117,327	23,859	-2,164
	-62,564	-117,327	23,859	-2,164
	12,610,238	10,874,311	3,012,687	2,859,631
	16,180,101	14,686,325	8,342,884	8,219,867

The EDP Group, at EDP, S.A. level, has short-term credit facilities of 232,386 thousand Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, of which 187,410 thousand Euros have a firm underwriting commitment, as well as Commercial Paper programs of 650,000 thousand Euros with guaranteed placement, totally available. EDP, S.A. has a medium term Revolving Credit Facility (RCF) of 1,600,000 thousand Euros, with a firm underwriting commitment, totally available. For liquidity management of the Group's USD needs, EDP, S.A. has a RCF of 1,500,000 thousand dollars with a firm underwriting commitment, which as at 30 June 2009 is totally drawn. Additionally the EDP Group, through its subsidiary Hidrocantabrico, has short term credit facilities of 170,000 thousand Euros with a firm underwriting commitment, of which 139,511 thousand Euros are available.

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. On 30 June 2009 and 31 December 2008 these loans amounted to 724,798 thousand Euros and 742,191 thousand Euros, respectively (already included in the Group's consolidated debt).

Bond loans issued and outstanding on 30 June 2009 are analysed as follows:

Issuer	Date issued	Interest rate	Type of hedge	Conditions/ Redemption	Group Euro'000	Company Euro'000
Issued by EDP S.A.						
EDP, S.A.	Mar-03	Euribor 6 months + 0.5%	n.a.	Mar-13	150,000	150,000
EDP, S.A. (ii)	May-08	Variable rate (iv)	n.a.	May-18	300,000	300,000
					450,000	450,000
Issued under the Euro Medium Term Notes program						
EDP, S.A.	Oct-99	Fixed rate EUR 6.40%	Fair Value	Oct-09	1,000,000	1,000,000
EDP, S.A.	Mar-01	Fixed rate EUR 5.875%	Fair Value	Mar-11	747,352	747,352
EDP Finance B.V. (i)	Nov-01	Zero Coupon (iv)	n.a.	Nov-09	22,455	-
EDP Finance B.V.	Aug-02	Fixed rate GBP 6.625%	Fair Value	Aug-17	320,000	-
EDP Finance B.V.	Dec-02	Fixed rate EUR (iv)	n.a.	Dec-22	93,357	-
EDP Finance B.V.	Jun-05	Fixed rate EUR 3.75%	n.a.	Jun-15	500,000	-
EDP Finance B.V. (i)	Jun-05	Fixed rate EUR 4.125%	n.a.	Jun-20	300,000	-
EDP Finance B.V.	Jun-06	Euribor 3 months + 0.15%	n.a.	Jun-10	500,000	-
EDP Finance B.V.	Jun-06	Fixed rate EUR 4.25%	n.a.	Jun-12	500,000	-
EDP Finance B.V.	Jun-06	Fixed rate EUR 4.625%	n.a.	Jun-16	500,000	-
EDP Finance B.V.	Nov-07	Fixed rate USD 5.375 %	Net Investment	Nov-12	707,514	-
EDP Finance B.V.	Nov-07	Fixed rate USD 6.00 %	Net Investment	Feb-18	707,514	-
EDP Finance B.V.	Nov-08	Fixed rate GBP 8.625%	Fair Value	Jan-24	410,314	-
EDP Finance B.V.	Nov-08	Zero Coupon (iv)	n.a.	Nov-23	54,892	-
EDP Finance B.V. (iii)	Feb-09	Fixed rate EUR 5.5%	Fair Value	Feb-14	1,000,000	-
EDP Finance B.V. (i)	Jun-09	Fixed rate JPY (iv)	n.a.	Jun-19	73,795	-
EDP Finance B.V.	Jun-09	Fixed rate EUR 4.75%	n.a.	Sep-16	1,000,000	-
					8,437,193	1,747,352
Issued by the Brazil Group in the Brazilian domestic market						
Investco	Nov-01	IGPM + 10.5%	n.a.	Nov-11	34,952	-
Bandeirante	Apr-06	104.4% of CDI	n.a.	Mar-11	60,674	-
Escelsa	Jun-06	104.4% of CDI	n.a.	Jun-11	64,072	-
Escelsa	Jul-07	105.0% of CDI	n.a.	Jul-14	91,012	-
					250,710	-
					9,137,903	2,197,352
Discounts associated to bonds issues					-42,117	-31,174
					9,095,786	2,166,178

(i) These issues by EDP Finance BV have associated interest rate and/or currency swaps.
(ii) Fixed in each year, varies during the useful life of the loan.
(iii) This issue has associated interest rate and currency swaps.
(iv) These issues corresponds to private placements.

Loans are analysed as follows, by maturity:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Bank loans and overdrafts:				
Up to 1 year	554,008	1,305,729	45,879	94,890
From 1 to 5 years	3,032,258	2,834,286	129,100	104,934
More than 5 years	2,054,029	2,088,838	1,693,550	1,567,267
	5,640,295	6,228,853	1,868,529	1,767,091
Bond loans:				
Up to 1 year	1,684,676	1,124,905	1,055,650	1,037,543
From 1 to 5 years	3,244,893	2,792,859	905,681	887,430
More than 5 years	4,192,085	3,078,391	284,356	300,000
	9,121,654	6,996,155	2,245,687	2,224,973
Commercial paper:				
Up to 1 year	1,321,576	1,372,382	4,228,668	4,227,803
	1,321,576	1,372,382	4,228,668	4,227,803
Other loans:				
Up to 1 year	9,603	8,998	-	-
From 1 to 5 years	50,686	26,936	-	-
More than 5 years	36,287	53,001	-	-
	96,576	88,935	-	-
	16,180,101	14,686,325	8,342,884	8,219,867

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

	Jun 2009		Dec 2008	
	Carrying amount Euro'000	Market value Euro'000	Carrying amount Euro'000	Market value Euro'000
Short term debt and borrowings - Current	3,569,863	3,437,698	3,812,014	3,824,018
Medium/Long term debt and borrowings - Non current	12,610,238	13,022,386	10,874,311	10,676,963
	16,180,101	16,460,084	14,686,325	14,500,981

In accordance with Accounting policies - note 2 f), the financial liabilities risks hedged by derivative financial instruments that comply with hedge accounting requirements defined by IAS 39, are stated at fair value. However, the remaining financial liabilities are booked at amortised cost.

As at 30 June 2009, scheduled repayments of the Group's debt and borrowings including interest accrued, are as follows:

	2009 Euro'000	2010 Euro'000	2011 Euro'000	2012 Euro'000	2013 Euro'000	Following years Euro'000	Total Euro'000
Medium/long term debt and borrowings	-	97,201	1,234,250	1,465,458	2,419,314	7,394,015	12,610,238
Short term debt and borrowings	2,785,573	784,290	-	-	-	-	3,569,863
	2,785,573	881,491	1,234,250	1,465,458	2,419,314	7,394,015	16,180,101

Guarantees are detailed in Note 41 to the financial statements.

35. Employee benefits

Employee benefits are analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Provisions for social liabilities and benefits	1,040,149	1,082,905	-	-
Provisions for medical liabilities	758,637	750,982	-	-
	1,798,786	1,833,887	-	-

Provisions for social liabilities and benefits as at 30 June 2009 include 935,496 thousand Euros relating to retirement pension defined benefit plans (31 December 2008: 973,563 thousand Euros), 90,294 thousand Euros (31 December 2008: 93,990 thousand Euros) relating to human resources rationalisation programs and liabilities similar to pensions of the HC Energia Group and 14,359 thousand Euros (31 December 2008: 15,352 thousand Euros) relating to the estimated cost of services rendered by third parties under the human resources rationalisation program.

The movements in **Provisions for social liabilities and benefits** for the six months period ended 30 June 2009 are analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Balance at the beginning of the period	1,082,905	935,593	-	-
Charge for the period	31,064	22,893	-	-
Pre-retirements (curtailments)	-	-	-	-
Actuarial (gains)/losses	2,927	111,303	-	-
Charge-off	-74,261	-75,004	-	-
Perimeter variation - Enersul	-	18,261	-	-
Transfers, reclassifications and exchange differences	-2,486	2,476	-	-
Balance at the end of the period	1,040,149	1,015,522	-	-

The charge for the period includes 28,426 thousand Euros related to defined benefit plans and 2,638 thousand Euros related to human resources rationalisation programs and similar obligations of the HC Group.

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

	Jun 2009			Jun 2008		
	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	5,858	233	6,091	6,272	414	6,686
Interest cost	52,552	10,253	62,805	50,201	13,294	63,495
Expected return on plan assets	-30,542	-9,484	-40,026	-35,356	-14,281	-49,637
Plan participants contributions	-	-444	-444	-	-514	-514
Net cost for the period	27,868	558	28,426	21,117	-1,087	20,030

The movements in **Provisions for Medical and other benefits** are analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Jun 2008 Euro'000	Jun 2009 Euro'000	Jun 2008 Euro'000
Balance at the beggining of the period	750,982	779,784	-	-
Charge for the period	24,920	24,553	-	-
Actuarial (gains)/losses	-3,724	-3,271	-	-
Charge-off	-16,497	-16,766	-	-
Transfers, reclassifications and exchange differences	2,956	874	-	-
Balance at the end of the period	758,637	785,174	-	-

The components of the consolidated net cost with this plan recognised in the period are as follows:

	Jun 2009			Jun 2008		
	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	3,311	79	3,390	3,611	157	3,768
Interest cost	20,571	959	21,530	19,497	1,288	20,785
Net cost for the period	23,882	1,038	24,920	23,108	1,445	24,553

The assumptions used as at 30 June 2009 for the calculation of the liabilities regarding pension and medical benefits of the EDP Group remain unchanged from those used as at 31 December 2008. The calculation of these liabilities as at 30 June 2009 has been based on the update of the actuarial study of the previous year.

36. Provisions

Provisions are analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Provision for legal and labour matters and other contingencies	135,198	116,528	-	-
Provision for customer guarantees under the operating activity	10,799	14,993	-	-
Provision for other liabilities and charges	199,927	192,198	85,000	79,014
	345,924	323,719	85,000	79,014

The increase in the caption Provision for legal and labour matters and other contingencies relates mainly to translation differences as the majority of these provisions are accounted for in foreign subsidiaries financial statements.

The EDP Group has been notified with a proposal to correct by 591 millions Euros the 2005 taxable income of its subsidiary, EDP Internacional SGPS. This proposed correction is related with the tax treatment considered by the EDP Group in relation to a capital loss generated with the liquidation of a subsidiary, which had as its significant assets investments in operating subsidiaries in Brazil, namely Escelsa and Enersul.

Considering the analysis made by the Group and the technical advice received, and a favorable binding opinion obtained from the tax authorities in relation to the nature of the transaction occurred in the year of the liquidation, the EDP Group considers as remote the risk associated with this matter. Under this analysis, the capital loss is tax deductible for income tax purposes, as established in article 75, no. 2 of the Corporate Income Tax Code ("Código do IRC") based on the wording of the law at the date of the transaction.

However, should the tax authorities execute this proposed correction, the EDP Group will utilize all available legal means to defend its interest and those of its shareholders, based on the conviction that reason is on its side, both legally and fiscally.

37. Trade and other payables

Trade and other payables are analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Trade and other payables - Current:				
Suppliers	758,593	956,745	83,933	125,068
Property, plant and equipment suppliers	382,587	649,475	161	522
Other Group companies - Associates	25,488	13,837	-	-
Advances from customers	36,980	29,905	43	43
Other payables				
- Employees	33,807	64,286	3,282	3,496
- Supply of other goods and services	1,670	685	14,918	138,847
- Concession rents	13,272	11,857	-	-
- Amount payable to the regulatory entity in Brazil	13,014	11,591	-	-
- Amount to be invested in research and development (Brazil)	11,700	13,734	-	-
- Portuguese public debt securities (treasury bonds) to liquidate	-	48,206	-	-
- Amounts payable for electricity transactions in MIBEL	50,884	119,714	50,884	119,714
Payables - Related companies	-	-	-	113,830
Regulatory liabilities	32,260	27,127	-	-
Energetic efficiency program - Brazil	18,886	10,757	-	-
Holiday pay, bonus and other charges	83,867	90,382	674	652
Derivative financial instruments	120,887	178,473	140,778	239,948
Government grants and co-participation in investment in fixed assets	171,338	105,418	-	-
Accrued costs - Energy management business	17,947	107,885	84,021	107,885
Accrued costs - Energy purchase (PRE)	75,277	97,128	-	-
Accrued costs - Overhauls	2,230	659	-	-
Accrued costs - Supply of energy	38,156	39,251	-	-
Accrued costs relating to CMEC Revisable mechanism	94,903	84,155	-	-
Accrued costs - Network utilization tariff	17,418	6,212	-	-
Accrued costs - Fuel acquisitions	9,360	-	-	-
CO2 licenses	399,860	496,425	-	-
Accrued costs - Subcontracts (Horizon)	49,014	68,821	-	-
Deferred income	30,264	35,508	-	-
Deferred income - CMEC	135,955	131,136	-	-
OMIP futures	388	-	10,514	13,154
Amounts payable for tariff adjustments - Portugal	167,437	300,073	-	-
Amounts payable for tariff adjustments - Spain	49,780	-	-	-
Tariff adjustment payable to REN	46,451	78,584	-	-
Supplementary capital contributions payable to EDP Imobiliária	-	-	-	48,206
Payable current account with Collection Agents	505	11,940	-	-
Creditors - Group companies (EDP Finance BV)	-	-	257,034	768,931
Other creditors and sundry operations	455,912	363,131	60,812	24,600
	3,346,090	4,153,100	707,054	1,704,896

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Trade and other payables - Non-current				
Regularisation account - (Reg. DL 344-B/82)	666	794	-	-
State participation in Multipurpose hydroelectric power stations	10,893	10,893	10,893	10,893
Deposits received from customers and other debtors	38,333	38,415	3	4
Payables to associates	113,843	64,619	-	-
Suppliers of property, plant and equipment	22,690	5,076	1,737	1,333
Government grants for investment in fixed assets	1,705,981	1,736,514	-	-
Put options over minority interests liabilities	787,245	771,641	-	-
Amounts payable for tariff adjustments - Portugal	538,073	-	-	-
Deferred income	56,907	56,789	-	-
Energy sales contracts - Horizon	107,185	119,655	-	-
Deferred income - CMEC	442,849	467,209	-	-
Liability to institutional investors in corporate partnership in wind farms in the USA	1,097,814	1,096,668	-	-
Amounts payable for concessions	247,060	228,944	-	-
Derivative financial instruments	102,322	125,965	-	-
Payables - Group companies (EDP Finance BV)	-	-	3,158,687	2,388,201
Amounts payable for the acquisition of Relax Wind Group	12,746	24,133	-	-
Amounts payable for the acquisition of Greenwind	252	7,114	-	-
Sucess fees payable for the acquisition of Relax Wind Group	18,570	16,445	-	-
Sucess fees payable for the acquisition of Renovatio Group	39,781	63,000	-	-
Sucess fees payable for the acquisition of Greenwind	5,700	5,700	-	-
Other creditors and sundry operations	23,760	27,509	983	1,409
	5,372,670	4,867,083	3,172,303	2,401,840

Deferred income - CMEC current and non current includes 578,804 thousand Euros (31 December 2008: 598,345 thousand Euros) which refers to the CMEC initial amount (833,467 thousand Euros) reduced by the amortisation of the first semester of 2009 (see note 6) and of the years 2008 and 2007, financial income related to gains arising from the revisable mechanism (10,798 thousand Euros) and financial expenses (12,848 thousand Euros in 2009) as referred in note 14. The remaining 94,903 thousand Euros refer to other accrued costs resulting from the revisable mechanism.

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

	Current Euro'000	Non-Current Euro'000
Balance as at 1 January 2009	300,073	-
Payment through the electricity tariff	-157,997	-
Tariff adjustment of 2008	-	34,150
Tariff adjustment of the period	-	520,672
Interest expense	8,286	326
Transfer from non-current to current (Jun 2009 - Jun 2010)	17,075	-17,075
Balance as at 30 June 2009	167,437	538,073

During the period from 1 January to 30 June 2008, there were no movements under the caption Amounts payable for tariff adjustments - Portugal (Current and Non-current).

38. Tax payable

Tax payable is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
State and other public entities:				
- Income tax	416,885	160,615	237,991	10,533
- Withholding tax	37,209	44,923	4,248	278
- Social Security contributions	8,339	8,358	19	19
- Value added tax (VAT)	23,169	37,305	-	-
- Turnover tax (Brazil)	43,405	33,126	-	-
- Social tax (Brazil)	28,179	22,333	-	-
- Other taxes	85,123	81,802	-	-
	642,309	388,462	242,258	10,830

39. Assets and liabilities classified as held for sale

The criteria for classifying assets and liabilities as held for sale and discontinued operations, as well as their presentation in the EDP Group's consolidated financial statements, is explained in the accounting policy - note 2 u).

This caption is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Assets classified as held for sale				
Land held for sale - Horizon	970	985	-	-
Investment held in Denerge - EDP Brasil	8,653	11,562	-	-
Investment held in ESC 90 - EDP Brasil	-	18,281	-	-
	9,623	30,828	-	-
Liabilities classified as held for sale				
Liabilities on ESC 90 (associated company)	-	-15,841	-	-
	9,623	14,987	-	-

The EDP Group has an interest of 3.16% in Denerge - Desenvolvimento Energético S.A., resulting from the asset swap operation ocurred in 2008 with Rede Group. The EDP Group has an option to swap this asset (see note 41) that intends to exercise during next year. The decrease during the period relates to the combined effects of the update, as at 30 June 2009, of the fair value and exchange differences.

On 30 June 2009 EDP Brasil concluded the sale of its shareholding in ESC 90 Telecomunicações Ltda. ("ESC 90"), representing 48,51% of the respective share capital, to Net Serviços de Comunicação S.A. as agreed on the Sale and Pruchase Private Agreement signed in August 2008. This operation was subject to the approval from the regulatory entity Agência Nacional de Telecomunicações — ANATEL, which has been conceeded without any reserves on 8 June 2009. This operation generated a gain on a consolidated basis of 14,661 thousand Euros (see note 13).

40. Derivative financial instruments

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), in accordance with IAS 39.

The fair value of the derivative financial instruments portfolio as at 30 June 2009 and 31 December 2008 is analysed as follows:

	Group		Company	
	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Derivatives held for trading	-28,776	2,445	84,027	46,567
Fair value hedge	28,876	-31,596	142,901	147,097
Cash-flow hedge	19,155	-14,420	34,218	-
Net Investment hedge	75,613	-	-	-
	94,868	-43,571	261,146	193,664

41. Commitments

Financial and real guarantees granted by the EDP Group, not included in the balance sheet as at 30 June 2009 and 31 December 2008, are analysed as follows:

	Group		Company	
Type	Jun 2009 Euro'000	Dec 2008 Euro'000	Jun 2009 Euro'000	Dec 2008 Euro'000
Guarantees of financial nature				
EDP, S.A.	406,985	407,256	406,985	407,256
Hidrocantábrico Group	36,914	65,027	-	-
Brazil Group	51,322	40,569	-	-
EDP Renováveis Group	9,525	9,574	-	-
Other	3,721	3,729	-	-
	508,467	526,155	406,985	407,256
Guarantees of operating nature				
EDP, S.A.	957,566	1,042,960	957,566	1,042,960
Hidrocantábrico Group	339,533	301,454	-	-
Brazil Group	72,753	66,333	-	-
EDP Renováveis Group	1,127,505	1,309,010	-	-
Other (Portugal)	13,550	9,110	-	-
	2,510,907	2,728,867	957,566	1,042,960
Total	3,019,374	3,255,022	1,364,551	1,450,216
Real guarantees	12,359	6,313	-	-

The financial guarantees engaged include, at 30 June 2009 and 31 December 2008, 466,164 thousand Euros and 466,916 thousand Euros, respectively, relating to loans obtained by Group companies and already included in the consolidated debt. These include guarantees of 368,493 thousand Euros at June 2009 for loans obtained by Brazilian companies to finance the construction of hydro electrical plants, which have counter-guarantees of 134,965 thousand Euros received by EDP from partners in these projects.

EDP and its subsidiaries are required to provide bank or corporate guarantees of operating nature for the current generation and distribution activities. The total operating guarantees outstanding include, at 30 June 2009 and 31 December 2008, 453,768 thousand Euros and 454,651 thousand Euros, respectively, of guarantees provided to market operators to enable EDP and its subsidiaries to participate in the energy markets.

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. At 30 June 2009 and 31 December 2008 these loans amounted to 724,798 thousand Euros and 742,190 thousand Euros, respectively and are included in the Group's consolidated debt.

The commitments relating to short and medium/long term financial debt, finance lease instalments and other long term liabilities (included in the balance sheet) and other liabilities relating to purchases and operating lease instalments not yet due (not included in the balance sheet) are disclosed, as at 30 June 2009 and 31 December 2008, by maturity, as follows:

	Jun 2009				
	Capital outstanding by maturity				
	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 (including interest)	19,727,183	4,074,190	2,837,601	5,075,509	7,739,883
Finance lease instalments payable	7,112	1,643	4,278	1,191	-
Operating lease liability	647,723	36,277	76,696	65,701	469,049
Purchase obligations	39,314,840	4,954,172	5,857,064	4,701,279	23,802,325
Other long term liabilities	2,710,345	245,173	492,705	481,997	1,490,470
	62,407,203	9,311,455	9,268,344	10,325,677	33,501,727

	Dec 2008				
	Capital outstanding by maturity				
	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 (including interest)	18,381,211	4,522,169	2,891,980	4,503,073	6,463,989
Finance lease instalments payable	6,517	2,979	3,033	505	-
Operating lease liability	493,111	35,193	60,424	54,888	342,606
Purchase obligations	32,506,448	4,201,423	5,670,470	4,700,128	17,934,427
Other long term liabilities	2,428,415	238,707	479,685	468,079	1,241,944
	53,815,702	9,000,471	9,105,592	9,726,673	25,982,966

As at 30 June 2009, the EDP Group has the following liabilities/rights arising from call and put options on investments:

- Put option of Cajastur over EDP for 3.13% of the share capital of HC Energia;
- Put option of Ente Vasco de la Energia over HC Energia for 30.4% of Naturgás, for the higher 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 investment in Genesa. The option can be exercised between January 2010 and January 2011, the price of exercising the option being determined by an investment bank valuation process;
- EDP holds a put option over Mercado Electrónico and Mercado Electrónico has a call option over EDP of 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;
- EDP holds, through its subsidiary NEO, a call option over Cajastur for "Quinze Mines" share capital (51% of total share capital). Cajastur has an equivalent put option over EDP. This option can be exercised between 1 January 2012 and 1 January 2013, the price of exercising the option being determined by an investment bank valuation process;
- EDP holds, through its subsidiary NEO, a call option over Copcisa for 49% of NEO Catalunia share capital;
- EDP holds, through its subsidiary NEO, a call option over Renovatio Group Limited for Renovatio and Cernavoda share capital;
- EDP holds, through its subsidiary Veinco Energia Limpia, S.L. a call option over Jorge, S.L. for 8.5% of the share capital of Apineli — Aplicaciones Industriales de Energias Limpias, S.L. The price of exercising the option is 900 thousand Euros and can be exercised when Jorge, S.L. obtains licences to expand Dehesa de Coscojar and El Águila windfarms, up to 30 days upon notification of suspensive conditions, with a deadline of 18 April 2014;
- The EDP Group, through its subsidiary EDP - Energias do Brasil, acquired an interest of 3.16% in Denerge following the asset swap transaction ocurred in August 2008 with Rede Group. The acquisition agreement for this investment includes an option clause, valid for 2 years, to swap Denerge shares for a subscription of Rede Group shares in a potential Initial Public Offering, or an equivalent shareholding in preferred shares of Rede Energia, S.A. at a price of 5.68 BRL per share.

42. Share based payments

EDP implemented a stock option program applicable to senior management and directors, under the terms approved by the General Meeting, in order to promote value enhancement.

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

	Option activity	Weighted average exercise price (Euro)
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
Options exercised	-	
Options granted	-	
Balance as at 31 December 2008	1,117,485	2.21
Options exercised	105,088	
Options granted	-	
Balance as at 30 June 2009	1,012,397	2.21

In 2009, the EDP Group granted, during the six months period ended 30 June 2009, treasury stock to employees (722,130 shares acquired at an average price of 2.835 Euros), totaling to 2,047 thousand Euros. Additionally, it were granted 3,807 shares (14 thousand Euros) related to a previous year bonus.

During the first semester of 2009, the Group has not approved any shared based payments.

43. Related parties

Main shareholders and shares held by company officers

EDP, S.A.'s shareholder structure as at 30 June 2009 is analysed as follows:

	Nr. of Shares	% Capital	% Voting
Parpública - Participações Públicas, SGPS, S.A.	749,323,856	20.49%	20.69%
Iberdrola -Participações, SGPS, S.A.	347,371,083	9.50%	5.00%
Caixa Geral de Depósitos, S.A.	191,468,320	5.24%	5.00%
Caja de Ahorros de Asturias	183,257,513	5.01%	5.00%
José de Mello - SGPS, S.A.	176,345,969	4.82%	4.87%
Group Banco Comercial Português and Fundo de Pensões Grupo BCP	123,079,835	3.36%	3.40%
Banco Espírito Santo, S.A.	111,586,342	3.05%	3.08%
Picket Asset Management	104,396,422	2.86%	2.88%
Sonatrach	81,713,076	2.23%	2.26%
International Petroleum Investment Company (IPIC)	73,130,755	2.00%	2.02%
EDP (Treasury Stock)	35,443,360	0.97%	-
Other	1,479,421,184	40.47%	-
	3,656,537,715	100.0%	

The number of shares held by company officers as at 30 June 2009 and 31 December 2008 are as follows:

	Jun 2009	Dec 2008
	Nr. of shares	Nr. of shares
Board of the General Meeting		
Rui Eduardo Ferreira Rodrigues Pena	1,445	1,445
Maria Teresa Isabel Pereira	14,641	9,257
	16,086	10,702
General and Supervisory Board		
Alberto João Coraceiro de Castro	4,578	4,578
António Francisco Barroso de Sousa Gomes *	-	4,135
Carlos Jorge Ramalho dos Santos Ferreira	40,000	40,000
Diogo Campos Barradas de Lacerda Machado	260	260
Eduardo Almeida Catroga	1,375	1,375
Ricardo José Minotti da Cruz Filipe	6,622	-
Vital Martins Moreira *	-	27,082
Vitor Fernando da Conceição Gonçalves	3,465	3,465
	56,300	80,895
Executive Board of Directors		
António Luís Guerra Nunes Mexia	1,000	1,000
António Fernando Melo Martins da Costa	13,299	13,299
António Manuel Barreto Pita de Abreu	34,549	34,549
João Manuel Manso Neto	1,268	1,268
Jorge Manuel Pragana da Cruz Morais	12,497	12,497
Nuno Maria Pestana de Almeida Alves	45,000	40,000
	107,613	102,613

* As at 30 June 2009 they are not members of the General and Supervisory Board.

Balances and transactions with subsidiaries and associates

As at 30 June 2009, the **credits** over subsidiaries and associates, **at Company level** and eliminated in the consolidated financial statements are analysed as follows:

	Intra-group financial mov. Euro'000	Loans granted Euro'000	Other receivables Euro'000	Total Euro'000
Companies				
Balwerk	-	280,000	5,299	285,299
EDP Produção Bioeléctrica	-	13,045	141	13,186
EDP Produção	383,290	3,116,127	208,759	3,708,176
EDP Distribuição	-	1,228,125	87,956	1,316,081
EDP Comercial	45,852	-	17,682	63,534
EDP Finance	-	-	40,896	40,896
EDP Gas Com	12,714	-	3,418	16,132
EDP Imobiliária e Participações	13,674	273,572	742	287,988
EDP Inovação	-	1,156	380	1,536
EDP Soluções Comerciais	65,450	-	24,483	89,933
EDP Powerline	4,366	-	-	4,366
EDP Renováveis	-	1,252,087	46,402	1,298,489
EDP Serviço Universal	-	-	143,199	143,199
EDP Gás	4,339	27,400	1,462	33,201
EDP Valor	-	-	13,936	13,936
Electrica Ribera del Ebro	-	-	7,425	7,425
Enernova	1	-	1,817	1,818
Hidroeléctrica do Alqueva	18,012	-	-	18,012
Hidroeléctrica del Cantábrico	83	-	36,507	36,590
Internel	486	651	87	1,224
Labelec	305	-	1,573	1,878
NEO	-	-	1,527	1,527
EDP Investimentos	-	17,000	482	17,482
Other	-	-	6,111	6,111
	548,572	6,209,163	650,284	7,408,019

As at 31 December 2008, the **credits** over subsidiaries and associates, **at Company level** and eliminated in the consolidated financial statements are analysed as follows:

	Intra-group financial mov. Euro'000	Loans granted Euro'000	Other receivables Euro'000	Total Euro'000
Companies				
Balwerk	5,454	280,000	1,580	287,034
EDP Brasil	-	-	7,504	7,504
EDP Comercial	-	-	6,283	6,283
EDP Distribuição	1,030,212	1,406,215	43,034	2,479,461
EDP Finance	-	-	655,931	655,931
EDP Gás	19,207	13,150	1,060	33,417
EDP Imobiliária e Participações	5,045	343,591	4,079	352,715
EDP Inovação	-	813	383	1,196
EDP Internacional	-	661	103	764
EDP Powerline	4,201	-	97	4,298
EDP Produção	7,911	3,171,324	111,463	3,290,698
EDP Produção Bioeléctrica	-	21,370	470	21,840
EDP Renováveis	-	862,817	74,646	937,463
EDP Serviço Universal	-	-	92,721	92,721
EDP Serviner	-	-	147	147
EDP Soluções Comerciais	-	3,250	19,085	22,335
EDP Valor	-	1,750	5,019	6,769
Electrica Ribera del Ebro	-	-	10,659	10,659
Enernova	-	-	1,276	1,276
Hidroeléctrica del Cantábrico	675	-	79,491	80,166
Labelec	-	1,500	522	2,022
NEO	-	-	2,434	2,434
EDP Investimentos	-	17,000	3	17,003
OPTEP	-	-	571	571
Sãvida	-	-	234	234
Other	-	-	5,136	5,136
	1,072,705	6,123,441	1,123,931	8,320,077

As at 30 June 2009, the **debits** from subsidiaries and associates, **at Company level** and eliminated in the consolidated financial statements are analysed as follows:

	Intra-group financial mov. Euro'000	Loans obtained Euro'000	Other payables Euro'000	Total Euro'000
Companies				
Balwerk	7,107	-	-	7,107
EDP Produção	-	-	140,220	140,220
EDP Distribuição	48,023	-	15,693	63,716
EDP Comercial	-	-	4,848	4,848
EDP Estudos e Consultoria	955	-	6,674	7,629
EDP Finance	-	3,320,238	53,747	3,373,985
EDP Imobiliária e Participações	-	-	5,538	5,538
EDP Inovação	2,319	-	1,800	4,119
EDP Investimento	-	-	3,134	3,134
EDP Renováveis	-	49,728	6,507	56,235
EDP Serviner	1,212	-	-	1,212
EDP Valor	28,536	-	1,203	29,739
Electrica Ribera del Ebro	-	-	30,705	30,705
ENERGIN	-	-	875	875
Hidrocantábrico Energia	-	-	826	826
HDC Gestão de Energia	-	7,003	-	7,003
Hidroeléctrica do Alqueva	-	-	1,778	1,778
Hidroeléctrica del Cantábrico	-	586	926	1,512
NEO	-	-	1,323	1,323
EDP Gás II SGPS	62,147	-	187	62,334
EDP Investimentos	1,952	-	-	1,952
ONI Multimédia	-	-	1,577	1,577
Sãvida	8,878	-	2	8,880
Soporgen	-	-	891	891
Other	255	-	782	1,037
	161,384	3,377,555	279,236	3,818,175

As at 31 December 2008, the **debits** from subsidiaries and associates, **at Company level** and eliminated in the consolidated financial statements are analysed as follows:

	Intra-group financial mov. Euro'000	Loans obtained Euro'000	Other payables Euro'000	Total Euro'000
Companies				
Edalpro	197	-	-	197
EDP Comercial	1,497	-	2,076	3,573
EDP Distribuição	-	-	42,868	42,868
EDP Estudos e Consultoria	1,416	-	4,639	6,055
EDP Finance	-	-	3,131,528	3,131,528
EDP Gás.Com	-	-	2,258	2,258
EDP Imobiliária e Participações	-	-	48,346	48,346
EDP Inovação	1,238	-	3,871	5,109
EDP Produção	-	-	275,332	275,332
EDP Renováveis	-	-	24,352	24,352
EDP Serviner	1,443	-	55	1,498
EDP Soluções Comerciais	1,497	-	4,404	5,901
EDP Valor	29,492	-	7,078	36,570
Electrica Ribera del Ebro	-	-	848	848
Hidrocantábrico Energia	-	-	2,166	2,166
Hidroeléctrica del Cantábrico	-	-	937	937
EDP Internacional	462	-	-	462
Labelec	3,680	-	1,001	4,681
NEO	-	-	6,684	6,684
EDPGás II SGPS (NQF Energia)	62,147	-	4	62,151
EDP Investimentos	1,949	-	-	1,949
Sãvida	6,775	-	353	7,128
Soporgen	-	-	1,542	1,542
Other	-	-	4,719	4,719
	111,793	-	3,565,061	3,676,854

Expenses related to intra-Group transactions as at 30 June 2009, **at Company level** , eliminated on consolidation are as follows:

	Interest on Intra-Group financial mov. Euro'000	Interest expense on loans obtained Euro'000	Other costs Euro'000	Total Euro'000
Companies				
EDP Produção	32	-	547 586	547,618
EDP Brasil	-	-	1,293	1,293
EDP Distribuição	1,304	-	4,380	5,684
EDP Estudos e Consultoria	17	-	10,808	10,825
EDP Finance	-	85,102	43,769	128,871
EDP Inovação	18	-	1,470	1,488
EDP Soluções Comerciais	646	-	189	835
EDP Renováveis	-	163	39,850	40,013
EDP Valor	164	-	2,801	2,965
Electrica Ribera del Ebro	-	-	36,489	36,489
Hidrocantábrico Energia	-	-	6,561	6,561
Hidroeléctrica del Cantábrico	-	-	15,227	15,227
NEO	-	-	11,876	11,876
Other	77	70	1,223	1,370
	2,258	85,335	723,522	811,115

Expenses related to intra-Group transactions as at 30 June 2008, **at Company level**, eliminated on consolidation are as follows:

	Interest on Intra-Group financial mov. Euro'000	Interest expense 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
Hidroeléctrica del Cantábrico	-	-	50,511	50,511
Hidrocantábrico Energia S.A.U.	-	-	14,525	14,525
Other	-	-	1,638	1,638
	-	84,575	732,904	817,479

Income related to intra-Group transactions as at 30 June 2009, **at Company level**, eliminated on consolidation are as follows:

	Interest on Intra-Group financial mov. Euro'000	Interest revenue on loans granted Euro'000	Other income Euro'000	Total Euro'000
Companies				
Balwerk	54	4,786	69	4,909
EDP Produção	1,232	90,788	93,326	185,346
EDP Distribuição	6,041	35,967	19,809	61,817
EDP Comercial	246	-	26,126	26,372
EDP Finance	-	38	13,945	13,983
EDP Imobiliária e Participações	70	8,048	289	8,407
EDP Soluções Comerciais	1,091	-	15,411	16,502
EDP Renováveis	-	24,188	2,332	26,520
EDP Serviço Universal	-	-	10,236	10,236
EDP Gás	121	378	1,009	1,508
EDP Valor	-	-	4,536	4,536
Electrica Ribera del Ebro	-	-	14,890	14,890
Hidrocantábrico Distribuição Eléctrica S.A.U.	-	-	1,000	1,000
Hidroeléctrica del Cantábrico	-	17	41,611	41,628
NEO	-	-	5,241	5,241
Other	46	910	3,631	4,587
	8,901	165,120	253,461	427,482

Income related to intra-Group transactions as at 30 June 2008, **at Company level** , eliminated on consolidation are as follows:

	Interest on Intra-Group financial mov. Euro'000	Interest revenue 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
Hidroeléctrica 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
	18,654	172,190	564,741	755,585

Assets and Liabilities with related companies at 30 June 2009, **for the Group** and eliminated in the consolidated financial statements are analysed as follows:

	Assets Euro'000	Liabilities Euro'000	Net Value Euro'000
Associates	42,386	1,939	40,447
Jointly controlled entities	22,828	9,958	12,870
	65,214	11,897	53,317

Assets and Liabilities with related companies at 31 December 2008, **for the Group** and eliminated in the consolidated financial statements are analysed as follows:

	Assets Euro'000	Liabilities Euro'000	Net Value Euro'000
Associates	28,394	1,905	26,489
Jointly controlled entities	25,786	2,503	23,283
	54,180	4,408	49,772

Transactions with related companies at 30 June 2009, **for the Group** and eliminated in the consolidated financial statements are analysed as follows:

	Operating Income Euro'000	Financial Income Euro'000	Operating Expenses Euro'000	Financial Expenses Euro'000
Associates	5,555	845	-820	-11
Jointly controlled entities	989	1,059	-6,331	-369
	6,544	1,904	-7,151	-380

Transactions with related companies at 30 June 2008, **for the Group** and eliminated in the consolidated financial statements are analysed as follows:

	Operating Income Euro'000	Financial Income Euro'000	Operating Expenses Euro'000	Financial Expenses Euro'000
Associates	5,720	180	-663	-517
Jointly controlled entities	658	398	-2,777	-8,612
	6,378	578	-3,440	-9,129

44. Fair value of financial assets and liabilities

	Group Jun 2009			Group Dec 2008		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available-for-sale investments	392,967	392,967	-	350,887	350,887	-
Trade receivables	1,652,455	1,652,455	-	1,758,657	1,758,657	-
Derivative financial instruments	318,077	318,077	-	260,867	260,867	-
Financial assets at fair value through profit or loss	90,617	90,617	-	83,227	83,227	-
Cash and cash equivalents (assets)	1,871,293	1,871,293	-	713,587	713,587	-
	4,325,409	4,325,409	-	3,167,225	3,167,225	-
Financial liabilities						
Loans	16,180,101	16,460,084	279,983	14,686,325	14,500,981	-185,344
Trade payables	1,141,180	1,141,180	-	1,606,220	1,606,220	-
Derivative financial instruments	223,209	223,209	-	304,438	304,438	-
	17,544,490	17,824,473	279,983	16,596,983	16,411,639	-185,344

Considering that the EDP Group's structure of financial assets and liabilities booked at amortised cost has essentially a short term nature, the effect of changes in the fair value has not been considered. Fair value of EDP Group's loans was determined considering current market interest rates. The remaining financial assets and liabilities are already stated at fair value.

The market value of the medium/long term loans is calculated based on the discounted cash flows at market interest rates at the date of the balance sheet, increased by the best estimate, at the same date, of market conditions applicable to the Group's debt, based on its average term. Regarding short term debt, the market value does not differ substantially from the book value.

45. Subsequent events

Elebrás Projectos, Ltda. acquisition

EDP Renováveis Brasil S.A. ("EDPR Brasil") signed, on 17 March 2009, an agreement with the German wind power generation projects developer, innoVent Gmbh ("innoVent"), for the acquisition of 100% of the share capital of its subsidiary Elebrás Projectos Ltda. ("Elebrás"). Elebrás has several wind power generation projects in privileged locations in Rio Grande do Sul, totaling 532 MW: 70 MW in Proinfa project and 462 MW in different development stages projects. The total amount of the acquisition is 6.2 million Brazilian Reais, being expected an additional payment of success fees if the projects reach pre-determined stages. Additionally, EDPR Brasil signed an agreement to guarantee the innoVent skills in developing the referred wind power generation projects. The conclusion of the acquisition of the 100% share capital of Elebrás is subject to administrative and regulatory authorizations, which have been granted during July 2009. As a consequence, this subsidiary has not been included in the EDP Group consolidation perimeter as at 30 June 2009.

Assets acquired from Gas Natural

On 20 July 2009, EDP announced the agreement of Naturgas Energia to acquire from Gas Natural SDG, S.A. ("Gas Natural") the low pressure natural gas distribution and supply entities (including last resource supply) in the regions of Cantabria and Murcia, as well as the high pressure natural gas distribution entities in the regions of the Basque Country, Asturias and Cantabria. The acquisition price will be determined on the basis of a global enterprise value of 330 million Euros, after obtaining the required authorizations by the regulatory and competition authorities, to which this operation is subject to.

Partnership in Angola

On 30 July 2009, EDP announced the agreement made with Sonangol Holdings, Lda., Banco Privado Atlântico, S.A. and Finicapital — Investimentos e Gestão, S.A. for the establishment of partnerships in the electricity power generation business in Angola. The completion of this partnership will be made through the creation of a holding in which EDP expects to have a share capital interest of 30%.

46. Discontinued operations

On 11 September 2008, the assets swap between EDP Energias do Brasil and Rede Group (Rede Energia S.A. and Rede Power do Brasil S.A.) was concluded. This operation consists in a swap of 100% interest in Enersul, previously held by EDP Energias do Brasil, by the shareholding control of Investco, after the purchase of the majority interests held in the share capital of the companies Lajeado Energia, S.A. and Tocatins. The EDP Group results as at 30 June 2008 include the effect of the Enersul operations, which have been identified in the column Discontinued operations in the Consolidated Income Statement for comparative purposes.

47. Recent accounting standards and interpretations issued

The Group has not early applied the following standards endorsed by the European Union, which as at 30 June 2009, are not yet mandatory:

• Ammendments to IFRS 3 - Business Combinations and IAS 27 (Amended) - Consolidated and Separate Financial Statements. The Group is evaluating the impact of adopting this amendment in its consolidated financial statements.

• IFRIC 12 - Service Concession Arrangements:

The International Financial Reporting Interpretations Committee (IFRIC) issued in July 2007, IFRIC 12 — Service Concession Arrangements, which is applicable from 1 January 2008, although allowing its early adoption. The endorsement by the European Union ocurred on 26 March 2009 with effect as from the first accounting year initiated after the endorsement date, which in the case of EDP Group is 1 January 2010. The IFRIC 12 applies to public-to-private service concession arrangements. This interpretation will be applicable only when the grantor (i) controls or regulates what services the operator must provide and (ii) controls any significant residual interest in the infrastructure at the end of the term of the arrangement.

Some of the activities of electricity generation and distribution and gas distribution, developed by the EDP Group in Portugal, Spain and Brazil, are public services provided through service concession arrangements with the State and other public entities holding these concession rights.

The Group is evaluating the impact in its consolidated financial statements of adopting this interpretation.

The Group has also decided against the early application of the following standards and interpretations, which are expected to be endorsed by the European Union until the end of 2009:

• IFRS 1 (Amended) - First time adoption of the International Financial Reporting Standards;
• IFRIC 15 - Agreements for the Construction of Real Estate;
• IFRIC 17 - Distributions of Non-cash Assets to Owners;
• IFRIC 18 - Transfers of Assets from Customers;
• IAS 39 (Amended) - Financial Instruments: Recognition and measurement — Eligible hedged items;
• IAS 39 (Amended) - Financial assets reclassification: Effective and transition date;
• IFRS 7 (Amended) - Financial instruments: Disclosures;
• IFRIC 9 and IAS 39 (Amended) - Embedded derivatives;
• IFRS 2 (Amended) - Share-based payments.

48. EDP Branch in Spain

The aim of EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España is to manage and monitor the energy interests of the susidiaries of EDP Group in Spain, being organised through managing and monitoring structures, in order to ensure the maximum sinergy and value creation in the operations and activities in Spain, also assuming itself as an organizational platform to lead the Iberian integration of shared and support services (back and middle offices). On this basis, the majority interests in EDP Renováveis, S.A. and HC Energia (Hidroeléctrica del Cantábrico S.A.), as well as the indirect majority interest in NG Energia (Naturgás Energia Grupo S.A.), are directly allocated to the assets of EDP Sucursal.

The Spanish branch of EDP has offices in Madrid and Oviedo. From a formal and legal point of view, the representation of the Spanish branch of EDP before third parties is ensured through the permanent representatives, which are members of the Executive Board of Directors of EDP, mandated for that purpose.

The structure of direction, coordination, management and representation of the Spanish branch of EDP is composed of an Executive Commitee, a Management Commitee and a Coordination Commitee.

The Executive Commitee is composed of five permanent representatives, a Corporate General Director (Group Controller for the activities in Spain) and by first line directors of the business units in Spain, which constitute the main direction and coordination body of the Branch, being responsible for the coordination of the activities of the permanent representatives and of the Management Commitee. The Management Commitee is chaired by the Corporate General Director and is composed by the natural extension of the Departments of the Corporate Center of EDP, namely the Department of M&A ("Direcção de Análise de Negócios"), Department of Legal Affairs ("Direcção de Assessoria Jurídica"), Department of Internal Audit ("Direcção de Auditoria"), Department of Spanish Tax Matters ("Direcção de Fiscalidade Espanhola"), Department of Financial Management ("Direcção de Gestão Financeira"), Department of Shared Services ("Direcção de Serviços Partilhados") and Department of IT ("Direcção de Sistemas de Informação") ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory. Lastly, the Generation, Distribution, Trading and Gas Coordination Commitees are composed and chaired by the respective Directors from the Board of Executive Directors of EDP in order to ensure sinergies with Spain and eliminate inefficiencies and redundancies.

The balance sheet of the Branch as at 30 June 2009 and 31 December 2008 is analysed as follows:

	EDP Sucursal	
	Jun 2009 Euro'000	Dec 2008 Euro'000
Investments in subsidiaries		
EDP Renováveis SA	2,939,889	2,939,889
Hidroeléctrica del Cantábrico SA	1,981,798	1,981,798
Other	60	60
Deferred tax assets	52,404	52,404
Other debtors	1,288,734	928,506
Total Non Current Assets	6,262,885	5,902,657
Trade receivables	5,442	2,022
Debtors and other assets	139,793	154,589
Tax receivable	26,823	7,406
Cash and cash equivalents	2,004	113,379
Total Current Assets	174,062	277,396
Total Assets	6,436,947	6,180,053

	Jun 2009 Euro'000	Dec 2008 Euro'000
Equity	1,885,580	1,925,440
Financial debt	4,178,546	3,419,314
Total Non Current Liabilities	4,178,546	3,419,314
Financial debt	9,691	760,825
Creditors and other liabilities	363,130	74,324
Tax payable	-	150
Total Current Liabilities	372,821	835,299
Total Liabilities	4,551,367	4,254,613
Total Equity and Liabilities	6,436,947	6,180,053

49. Segmental reporting

A business segment is a distinguishable component of the Group, that is engaged in providing a product or an individual service or a group of related products or services that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Group, that is engaged in providing a product or an individual service or a group of related products or services within a particular economic environment which is subject to risks and returns that are different from those of components operating in other economic environments.

The Group develops a set of activities in the energy sector in Portugal and abroad, with special emphasis in generation, distribution and supply of electricity and distribution and supply of gas.

The Group internal reporting system produces reports by geography and responsibility area for each member of the Board of Directors.

Based on these reports, the Board of Directors assumes the function of Chief Operating Decision Maker ("CODM"), evaluating the performance of the various segments and deciding on resource allocations to each identified segment.

The Group manages its activities based on several business segments, which involve essentially the following products/services: Electricity, Gas and Other operations.

The segments defined by the Group are the following:

• Iberian Generation
• Iberian Distribution
• Iberian Supply
• EDP Renováveis
• EDP - Energias do Brasil
• Iberian Gas
• Other Operations

The EDP Group makes a separate analysis of the electricity generation business through renewable power sources, which is achieved in a specific segment (EDP Renováveis). Taking into consideration the specificity of the Brazilian market, the Group also makes a separate analysis of the electricity generation, distribution and supply businesses in Brazil (EDP Energias do Brasil).

The **Iberian Generation** segment corresponds to the activity of electricity generation in Portugal and Spain. This segment includes, namely, the following companies:

• EDP - Gestão da Produção de Energia, S.A.
• Pebble Hydro subgroup
• Electrica de la Ribera del Ebro, SA
• Hidroeléctrica Del Cantábrico, S.L.
• Central Térmica Ciclo Combinado Grupo 4
• Patrimonial de La Ribera del Ebro, S.L.

The **Iberian Distribution** segment corresponds to the activities of electricity distribution in Portugal and Spain and last resort supplier. This segment includes, namely, the following companies:

• EDP Distribuição de Energia, S.A.
• EDP Serviço Universal, S.A.
• EDP Soluções Comerciais, S.A.
• Fuerzas Electricas Valencianas, S.A.
• Electra de Llobregat Energía, S.L.
• HDC Explotacion Redes
• Hidrocantábrico Distribucion Eléctrica, S.A.U.

The **Iberian Supply** segment corresponds to the activity of unregulated electricity supply in Portugal and Spain. The regulated supply activity is included in the iberian distribution activity. This segment includes, namely, the following companies:

• EDP Comercial - Comercialização de Energia, S.A.
• Hidrocantábrico Energia, S.A.U.

The **EDP Renováveis** segment corresponds to the power generation activity through renewable energy resources and includes all the companies of NEO Energia and Horizon Wind Energy subgroups. This segment also includes the holding company EDP Renováveis, S.A., and all the adjustments between the companies composing this segment, including consolidation adjustments.

The **EDP Energias do Brasil** segment includes the activities of electricity generation, distribution and supply in Brazil, and is composed by the Holding EDP Energias do Brasil and all its subsidiaries, with the exception of EDP Renováveis Brasil which is included in the EDP Renováveis segment. As in the EDP Renováveis segment, this segment includes all the adjustments for the companies composing this segment, including consolidation adjustments.

The **Gas** segment includes the gas distribution and supply activities in Portugal and Spain. This segment includes, namely, the following companies:

• Portgás - Soc. de Produção e Distribuição de Gás, S.A.
• EDP Gás Serviço Universal, S.A.
• Gas de Euskadi Transporte de Gas, S.A.U.
• Naturgas Comercializadora, S.A.
• Naturgás Energia Distribución, S.A.U.
• Naturgás Energia Grupo, S.A.
• Septentrional de Gas, S.A.

The Other operations segment includes the centralized management of financial investments and the remaining activities not included in the businesses segments, namely the centralized management of human resources, logistic platforms and shared service centers.

The column "Adjustments" includes the elimination of dividends paid to EDP Energias de Portugal by the companies included in the segments as well as the adjustments related to the elimination of financial investments in the EDP Group subsidiaries and the remaining consolidation adjustments and intra-segments eliminations.

Segment Definition

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The balance sheet captions of each subsidiary and business unit are determined based on the amounts booked directly in the companies that compose the segment, including the elimination of balances between companies of the same segment, and excluding the allocation in the segments of the adjustments between segments.

The income statement captions for each business segment are based in the amounts booked directly in the companies financial statements and related business units, adjusted by the elimination of transactions between companies of the same segment.

For comparability purposes the information as at 30 June 2008 has been reexpressed considering the changes which occurred in 2009.

50. Explanation added for translation

These condensed financial statements are a translation of condensed financial statements originally issued in accordance with International Financial Reporting Standards as adopted by the European Union, some of which may not conform to Generally Accepted Acounting Principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

EDP Group Activity by Business Segment

Information by Business Segment — six months period ended 30 June 2009

(Amounts in thousands of Euros)

Electricity

	Iberian Generation				Iberian Distribution *		
	Portugal	Spain	Adjustments	Total	Portugal	Spain	Total
Turnover	1,040,366	543,368	-4,961	1,578,773	2,433,825	84,606	2,518,431
Revenues form external customers	948,862	488,237	-	1,437,099	2,386,258	70,708	2,456,966
Revenues from transactions with other operating segments	91,504	55,131	-4,961	141,674	47,567	13,898	61,465
Cost of consumed electricity	-140,991	-61,165	-1,532	-203,688	-1,749,797	-267	-1,750,064
Cost of consumed gas	-	-	-	-	-	-	-
Change in inventories and cost of raw materials and consumables used	-303,805	-259,256	1,436	-561,625	-6,941	531	-6,410
	595,570	222,947	-5,057	813,460	677,087	84,870	761,957
Other operating income / (expenses)							
Other operating income	10,626	1,604	-3,148	9,082	20,101	6,643	26,744
Supplies and services	-43,831	-29,754	951	-72,634	-143,826	-31,006	-174,832
Personnel costs	-39,097	-17,467	-	-56,564	-87,287	-9,780	-97,067
Employee benefits	-10,609	-778	-	-11,387	-43,150	-1,443	-44,593
Other operating expenses	-7,187	-24,773	-1,418	-33,378	-137,280	-4,568	-141,848
	-90,098	-71,168	-3,615	-164,881	-391,442	-40,154	-431,596
	505,472	151,779	-8,672	648,579	285,645	44,716	330,361
Provisions	-429	-6,932	-	-7,361	2,028	-13	2,015
Depreciation and amortisation expense	-150,822	-68,426	-	-219,248	-173,167	-15,325	-188,492
Compensation of amortisation and depreciation	1,789	223	-	2,012	44,637	1,968	46,605
	356,010	76,644	-8,672	423,982	159,143	31,346	190,489
Gain from the sale of financial assets	-	12,721	-	12,721	-	-	-
Other financial income	262,436	11,834	-28,857	245,413	259	-	259
Interest revenue	147	9,688	-	9,835	24,536	47	24,583
Other financial expenses	-240,315	-25,270	17,787	-247,798	-27,946	-451	-28,397
Interest expense	-78,848	-14,146	-	-92,994	-45,611	-4,179	-49,790
Share of profit of associates	367	319	-	686	-	-	-
Profit / (loss) before tax	299,797	71,790	-19,742	351,845	110,381	26,763	137,144
Income tax expense	-62,656	-16,849	-6,716	-86,221	-9,224	-7,680	-16,904
Net profit / (loss) for the period	**237,141**	**54,941**	**-26,458**	**265,624**	**101,157**	**19,083**	**120,240**
Attributable to:							
Equity holders of EDP	237,078	54,210	-26,458	264,830	101,157	18,535	119,692
Miniority interest	63	731	-	794	-	548	548
Net profit / (loss) for the period	**237,141**	**54,941**	**-26,458**	**265,624**	**101,157**	**19,083**	**120,240**
Assets							
Property, plant and equipment	3,987,324	1,921,371	-	5,908,695	4,291,902	667,334	4,959,236
Intangible assets + Goodwill	1,627,551	577,413	-	2,204,964	-	241,633	241,633
Investments in associates	-	-	-	-	-	-	-
Current assets	1,016,471	1,098,628	(30,897)	2,084,202	938,838	108,459	1,047,297
Equity and Liabilities							
Equity and minority interest	1,889,568	2,120,328	-	4,009,896	470,267	421,904	892,171
Current liabilities	1,178,559	1,275,481	(30,897)	2,423,143	1,192,224	399,269	1,591,493
Other information:							
Additions to non -current assets:							
Property, plant and equipment	133,187	67,181	-	200,368	172,851	28,727	201,578
Intangible assets + Goodwill	392,218	34,492	-	426,710	-	76	76
Material non-cash items:							
Impairment of available-for-sale financial assets	-	-	-	-	-	-	-

	Iberian Suppy			EDP Renováveis					
	Portugal	Spain	Total	Europe	U.S.A.	Brazil	Other operations	Adjustments	Total
Turnover	149,984	583,595	733,579	202,685	110,062	1,300	-896	765	313,916
Revenues form external customers	149,957	635,556	785,513	58,447	110,062	1,300	-	-	169,809
Revenues from transactions with other operating segments	27	-51,961	-51,934	144,238	-	-	-896	765	144,107
Cost of consumed electricity	-129,638	-546,189	-675,827	-105	-527	-26	-	-	-658
Cost of consumed gas	-	-4,218	-4,218	-	-	-	-	-	-
Change in inventories and cost of raw materials and consumables used	-2,440	-6,185	-8,625	-4,001	-	-	-	-	-4,001
	17,906	27,003	44,909	198,579	109,535	1,274	-896	765	309,257
Other operating income / (expenses)									
Other operating income	672	17,780	18,452	4,220	63,380	-	245	-148	67,697
Supplies and services	-7,682	-17,390	-25,072	-27,859	-32,683	-121	-6,090	-888	-67,641
Personnel costs	-2,361	-3,185	-5,546	-7,709	-10,158	-148	-2,316	-	-20,331
Employee benefits	-76	-82	-158	899	-891	-8	-	-	-
Other operating expenses	-1,694	-7,384	-9,078	-6,895	-11,049	-480	-2	270	-18,156
	-11,141	-10,261	-21,402	-37,344	8,599	-757	-8,163	-766	-38,431
	6,765	16,742	23,507	161,235	118,134	517	-9,059	-1	270,826
Provisions	4,551	-2,619	1,932	208	-	-	-	-	208
Depreciation and amortisation expense	-539	-1,014	-1,553	-69,789	-72,845	-376	-	-	-143,010
Compensation of amortisation and depreciation	-	-	-	407	-	-	-	-	407
	10,777	13,109	23,886	92,061	45,289	141	-9,059	-1	128,431
Gain from the sale of financial assets	-	-	-	268	-	-	-	-	268
Other financial income	10	147	157	4,614	4,161	-5	66,510	-66,030	9,250
Interest revenue	55	169	224	3,122	419	157	87,043	-81,030	9,711
Other financial expenses	-1,735	-244	-1,979	-9,763	-31,545	-14	-66,759	66,129	-41,952
Interest expense	-253	-3,982	-4,235	-77,573	1,751	-379	-29,191	84,230	-21,162
Share of profit of associates	-	-	-	1,901	-150	-	-	-	1,751
Profit / (loss) before tax	8,854	9,199	18,053	14,630	19,925	-100	48,544	3,298	86,297
Income tax expense	-2,373	-2,749	-5,122	-6,025	-	30	-14,563	-2	-20,560
Net profit / (loss) for the period	**6,481**	**6,450**	**12,931**	**8,605**	**19,925**	**-70**	**33,981**	**3,296**	**65,737**
Attributable to:									
Equity holders of EDP	6,504	6,247	12,751	8,415	19,925	-39	33,981	3,296	65,578
Miniority interest	-23	203	180	190	-	-31	-	-	159
Net profit / (loss) for the period	**6,481**	**6,450**	**12,931**	**8,605**	**19,925**	**-70**	**33,981**	**3,296**	**65,737**
Assets									
Property, plant and equipment	3,564	9,644	13,208	4,001,403	3,750,009	13,947	1,501	3,083	7,769,943
Intangible assets + Goodwill	524	4	528	819,804	560,231	5,912	-	12,723	1,398,670
Investments in associates	-	-	-	40,477	1,859	-	-	-	42,336
Current assets	135,411	292,704	428,115	540,528	144,530	5,501	267,502	(244,447)	713,614
Equity and Liabilities									
Equity and minority interest	22,521	(136,826)	(114,305)	422,952	3,143,297	16,097	5,022,393	(3,335,355)	5,269,384
Current liabilities	117,223	228,095	345,318	682,603	104,855	911	71,155	(244,279)	615,245
Other information:									
Additions to non -current assets:									
Property, plant and equipment	689	3,263	3,952	489,380	424,270	857	1,205	-	915,712
Intangible assets + Goodwill	-	-	-	7,850	-	5,415	-	-	13,265
Material non-cash items:									
Impairment of available-for-sale financial assets	-	-	-	-	-	-	-	-	-

	EDP Energias do Brasil					
	Generation	Distribution	Supply	Other operations	Adjustments	Total
Turnover	156,063	569,369	127,745	282	-91,433	762,026
Revenues form external customers	85,247	568,722	107,946	111	-	762,026
Revenues from transactions with other operating segments	70,816	647	19,799	171	-91,433	-
Cost of consumed electricity	-24,410	-348,871	-120,395	-	91,433	-402,243
Cost of consumed gas	-	-	-	-	-	-
Change in inventories and cost of raw materials and consumables used	-242	-3,871	-	-11	-	-4,124
	131,411	216,627	7,350	271	-	355,659
Other operating income / (expenses)						
Other operating income	629	5,417	-	633	-	6,679
Supplies and services	-7,250	-40,489	-650	-5,050	-	-53,439
Personnel costs	-6,209	-26,722	-997	-2,605	-	-36,533
Employee benefits	-846	-8,604	-105	-1,744	-	-11,299
Other operating expenses	-2,940	-19,359	-1,214	-1,608	-	-25,121
	-16,616	-89,757	-2,966	-10,374	-	-119,713
	114,795	126,870	4,384	-10,103	-	235,946
Provisions	104	-1,455	-	-69	-	-1,420
Depreciation and amortisation expense	-23,817	-31,262	-37	-2,328	-	-57,444
Compensation of amortisation and depreciation	-	2,714	-	-	-	2,714
	91,082	96,867	4,347	-12,500	-	179,796
Gain from the sale of financial assets	-	-	-	41,194	-	41,194
Other financial income	3,895	4,541	206	130,037	-128,452	10,227
Interest revenue	2,866	18,634	554	3,226	-1,070	24,210
Other financial expenses	-14,552	-7,433	-272	-5,969	1,070	-27,156
Interest expense	-20,718	-20,446	-	-6,171	-	-47,335
Share of profit of associates	-	-	-	-	-31	-31
Profit / (loss) before tax	62,573	92,163	4,835	149,817	-128,483	180,905
Income tax expense	-17,556	-31,899	-1,669	-350	-	-51,474
Net profit / (loss) for the period	**45,017**	**60,264**	**3,166**	**149,467**	**-128,483**	**129,431**
Attributable to:						
Equity holders of EDP	27,070	60,264	3,166	149,467	-128,483	111,484
Miniority interest	17,947	-	-	-	-	17,947
Net profit / (loss) for the period	**45,017**	**60,264**	**3,166**	**149,467**	**-128,483**	**129,431**
Assets						
Property, plant and equipment	1,652,388	850,932	139	8,316	-	2,511,775
Intangible assets + Goodwill	322,750	62,698	370	100,237	-	486,055
Investments in associates	-	-	-	-	7,244	7,244
Current assets	156,973	383,839	42,269	144,596	(101,555)	626,122
Equity and Liabilities						
Equity and minority interest	1,237,505	525,773	15,004	1,186,172	(962,898)	2,001,556
Current liabilities	374,171	624,197	38,627	102,902	(127,387)	1,012,510
Other information:						
Additions to non -current assets:						
Property, plant and equipment	49,568	43,654	11	44	-	93,277
Intangible assets + Goodwill	257	10,196	39	-	-	10,492
Material non-cash items:						
Impairment of available-for-sale financial assets	-	-	-	-	-	-

	Gas – Iberian Activity						
	Portugal	Spain	Adjustments	Total	Other operations	Adjustments	EDP Group
Turnover	101,816	561,466	-40,024	623,258	82,439	-722,648	5,889,774
Revenues form external customers	63,069	538,639	-	601,708	-340,099	11,876	5,884,898
Revenues from transactions with other operating segments	38,747	22,827	-40,024	21,550	422,539	-734,525	4,876
Cost of consumed electricity	-	-70,287	-	-70,287	-	589,954	-2,512,813
Cost of consumed gas	-75,863	-343,016	40,503	-378,376	-	36,278	-346,316
Change in inventories and cost of raw materials and consumables used	-	-3,267	-	-3,267	-56	11,269	-576,839
	25,953	144,896	479	171,328	82,384	-85,148	2,453,806
Other operating income / (expenses)							
Other operating income	979	2,093	-	3,072	36,638	-54,534	113,830
Supplies and services	-6,675	-22,331	700	-28,306	-65,341	133,802	-353,463
Personnel costs	-2,295	-11,248	-	-13,543	-54,255	-	-283,839
Employee benefits	-41	-253	-	-294	-4,498	6,199	-66,030
Other operating expenses	-2,067	-8,194	-143	-10,404	-26,299	10,523	-253,761
	-10,099	-39,933	557	-49,475	-113,755	95,990	-843,263
	15,854	104,963	1,036	121,853	-31,371	10,842	1,610,543
Provisions	-211	165	-	-46	-6,519	-7,560	-18,751
Depreciation and amortisation expense	-5,862	-18,385	-	-24,247	-5,170	-27,174	-666,338
Compensation of amortisation and depreciation	653	1,429	-	2,082	58	-	53,878
	10,434	88,172	1,036	99,642	-43,002	-23,892	979,332
Gain from the sale of financial assets	-	-	-	-	918	-27,217	27,884
Other financial income	1,103	832	-13	1,922	700,025	-636,743	330,510
Interest revenue	495	3,233	-	3,728	320,742	-234,955	158,078
Other financial expenses	-1,453	-541	-1,023	-3,017	-358,110	301,762	-406,647
Interest expense	-2,603	-166	-	-2,769	-385,681	234,800	-369,166
Share of profit of associates	1,629	134	-	1,763	9,509	31	13,709
Profit / (loss) before tax	9,605	91,664	-	101,269	244,401	-386,214	733,700
Income tax expense	-2,609	-25,515	-	-28,124	9,377	5,491	-193,537
Net profit / (loss) for the period	**6,996**	**66,149**	**-**	**73,145**	**253,778**	**-380,723**	**540,163**
Attributable to:							
Equity holders of EDP	6,020	62,280	-	68,300	258,030	-421,221	479,444
Miniority interest	976	3,869	-	4,845	-4,252	40,498	60,719
Net profit / (loss) for the period	**6,996**	**66,149**	**-**	**73,145**	**253,778**	**-380,723**	**540,163**
Assets							
Property, plant and equipment	305,637	521,003	-	826,640	151,637	158,354	22,299,488
Intangible assets + Goodwill	82,779	656,367	-	739,146	344,650	598,137	6,013,783
Investments in associates	73,507	406	-	73,913	1,006,514	(955,074)	174,933
Current assets	51,143	544,396	(4,437)	591,102	5,887,835	(5,028,320)	6,349,967
Equity and Liabilities							
Equity and minority interest	244,878	1,383,750	3,881	1,632,509	8,618,897	(13,315,151)	8,994,957
Current liabilities	113,400	181,735	(4,437)	290,698	6,235,751	(4,955,896)	7,558,262
Other information:							
Additions to non -current assets:							
Property, plant and equipment	12,755	15,760	-	28,515	26,958	-	1,470,360
Intangible assets + Goodwill	-	-	-	-	62,736	-	513,279
Material non-cash items:							
Impairment of available-for-sale financial assets	-	-	-	-	29,274	-	29,274

* Include Last Resource Supply in Portugal

EDP Group Activity by Business Segment

Information by Business Segment — six months period ended 30 June 2008

(Amounts in thousands of Euros)

	Electricity														
	Iberian Generation				Iberian Distribution *			Iberian Suppy			EDP Renováveis				
	Portugal	Spain	Adjustments	Total	Portugal	Spain	Total	Portugal	Spain	Total	Europe	E.U.A.	Other operations	Adjustments	Total
Turnover	1,502,053	387,880	-	1,889,933	2,936,323	81,255	3,017,578	91,006	479,318	570,324	194,021	64,445	-	-	258,466
Revenues form external customers	1,275,076	271,894	-	1,546,970	2,892,142	85,507	2,977,649	78,060	408,733	486,793	131,496	64,445	-	-	195,941
Revenues from transactions with other operating segments	226,977	115,986	-	342,963	44,181	-4,252	39,929	12,946	70,585	83,531	62,525	-	-	-	62,525
Cost of consumed electricity	-551,832	-23,774	1,114	-574,492	-2,237,471	-	-2,237,471	-81,569	-448,444	-530,013	-192	-145	-	-	-337
Cost of consumed gas	-	-	-	-	-	-	-	-	-3,181	-3,181	-	-	-	-	-
Change in inventories and cost of raw materials and consumables used	-338,899	-212,848	-	-551,747	-5,541	457	-5,084	-2,746	-3,478	-6,224	-1,488	-	-	-	-1,488
	611,322	151,258	1,114	763,694	693,311	81,712	775,023	6,691	24,215	30,906	192,341	64,300	-	-	256,641
Other operating income / (expenses)															
Other operating income	4,222	14,054	-	18,276	24,040	9,414	33,454	1,150	16,640	17,790	1,574	43,349	-	-563	44,360
Supplies and services	-46,232	-26,143	-	-72,375	-131,400	-28,150	-159,550	-7,124	-17,599	-24,723	-26,910	-18,853	-288	221	-45,830
Personnel costs	-42,644	-17,407	-	-60,051	-91,347	-11,406	-102,753	-2,407	-3,336	-5,743	-9,573	-7,342	-	342	-16,573
Employee benefits	-9,654	-849	-	-10,503	-37,933	-1,322	-39,255	-77	-85	-162	-76	-410	-	-	-486
Other operating expenses	-4,322	-34,687	-1,114	-40,123	-128,935	-3,875	-132,810	-264	-4,492	-4,756	-6,090	-5,279	-	-	-11,369
	-98,630	-65,032	-1,114	-164,776	-365,575	-35,339	-400,914	-8,722	-8,872	-17,594	-41,075	11,465	-288	-	-29,898
	512,692	86,226	-	598,918	327,736	46,373	374,109	-2,031	15,343	13,312	151,266	75,765	-288	-	226,743
Provisions	-	-	-	-	-362	-75	-437	-692	217	-475	-	-817	-	-	-817
Depreciation and amortisation expense	-137,266	-50,635	-	-187,901	-169,391	-13,756	-183,147	-501	-630	-1,131	-55,062	-38,564	-	-	-93,626
Compensation of amortisation and depreciation	1,798	225	-	2,023	43,150	1,607	44,757	-	-	-	351	-	-	-	351
	377,224	35,816	-	413,040	201,133	34,149	235,282	-3,224	14,930	11,706	96,555	36,384	-288	-	132,651
Gain from the sale of financial assets	-32,997	50	-	-32,947	680	-	680	-	-	-	2,363	-	-	-	2,363
Other financial income	82,288	12,213	-27,252	67,249	1,785	-	1,785	134	129	263	887	401	11,630	-	12,918
Interest revenue	91	6,270	76	6,437	5,686	55	5,741	86	153	239	3,202	994	16,779	-14,867	6,108
Other financial expenses	-106,198	-10,843	42,587	-74,454	-9	-245	-254	-6,669	-187	-6,856	-594	-20,416	-	7	-21,003
Interest expense	-55,338	-10,957	-	-66,295	-49,364	-5,881	-55,245	-485	-765	-1,250	-70,766	-3,187	-1,331	14,859	-60,425
Share of profit of associates	3,973	259	-	4,232	-	-	-	-	-	-	2,266	-26	-	-	2,240
Profit / (loss) before tax	269,043	32,808	15,411	317,262	159,911	28,078	187,989	-10,158	14,260	4,102	33,913	14,150	26,790	-1	74,852
Income tax expense	-64,735	-6,580	-871	-72,186	-37,562	-8,424	-45,986	1,909	-4,184	-2,275	-12,384	-	-7,990	1	-20,373
Profit after taxes and before gains/(loss) from discontinued operations	204,308	26,228	14,540	245,076	122,349	19,654	142,003	-8,249	10,076	1,827	21,529	14,150	18,800	-	54,479
Gains / (losses) on sale of discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit / (loss) for the period	**204,308**	**26,228**	**14,540**	**245,076**	**122,349**	**19,654**	**142,003**	**-8,249**	**10,076**	**1,827**	**21,529**	**14,150**	**18,800**	**-**	**54,479**
Attributable to:															
Equity holders of EDP	204,645	23,663	14,540	242,848	122,349	19,166	141,515	-8,261	9,759	1,498	18,632	14,150	18,800	-2,012	49,570
Miniority interest	-337	2,565	-	2,228	-	488	488	12	317	329	2,897	-	-	2,012	4,909
Net profit / (loss) for the period	**204,308**	**26,228**	**14,540**	**245,076**	**122,349**	**19,654**	**142,003**	**-8,249**	**10,076**	**1,827**	**21,529**	**14,150**	**18,800**	**-**	**54,479**
Assets															
Property, plant and equipment	3,837,915	1,838,474	-	5,676,389	4,255,646	622,066	4,877,712	2,531	5,799	8,330	3,009,604	2,398,218	-	-	5,407,822
Intangible assets + Goodwill	1,370,080	588,767	-	1,958,847	-	235,641	235,641	1	6	7	789,327	503,303	-	12,724	1,305,354
Investments in associates	250	566	-	816	-	-	-	-	-	-	30,832	1,884	-	(77)	32,639
Current assets	814,037	635,102	(1,258)	1,447,881	1,690,474	89,556	1,780,030	56,430	232,366	288,796	375,061	83,036	977,541	(396,193)	1,039,445
Equity and Liabilities															
Equity and minority interest	2,051,038	2,159,320	-	4,210,358	338,691	432,852	771,543	(18,797)	(145,239)	(164,036)	393,987	1,697,222	4,934,203	(1,912,499)	5,112,913
Current liabilities	776,626	947,031	(1,258)	1,722,399	1,900,882	347,820	2,248,702	66,859	172,995	239,854	579,150	334,361	248,466	(355,432)	806,545
Other information:															
Additions to non -current assets:															
Property, plant and equipment	204,713	35,139	-	239,852	135,916	38,317	174,233	285	1,316	1,601	359,757	415,132	-	-	774,889
Intangible assets + Goodwill	284,660	70,710	-	355,370	-	1,143	1,143	-	-	-	79,302	149	-	-	79,451
Material non-cash items:															
Impairment of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Electricity						Gas							
	EDP Energias do Brasil						Iberian Activity					Operations		
	Generation	Distribution	Supply	Other operations	Adjustments	Total	Portugal	Spain	Total	Other operations	Adjustments	Continued	Discontinued	EDP Group
Turnover	146,635	777,430	148,684	-	-133,618	939,131	116,495	615,312	731,807	128,421	-978,400	6,557,260	162,950	6,720,210
Revenues form external customers	43,364	776,572	128,132	-	-	948,068	63,499	608,555	672,054	-107,267	-162,948	6,557,260	162,950	6,720,210
Revenues from transactions with other operating segments	103,271	858	20,552	-	-133,618	-8,937	52,996	6,757	59,753	235,688	-815,452	-	-	-
Cost of consumed electricity	-19,704	-457,172	-132,934	-	133,618	-476,192	-	-72,449	-72,449	-	681,507	-3,209,447	-47,879	-3,257,326
Cost of consumed gas	-	-	-	-	-	-	-88,270	-415,562	-503,832	-	121,334	-385,679	-	-385,679
Change in inventories and cost of raw materials and consumables used	-338	-4,957	-7	-29	-	-5,331	-	-72	-72	-49,827	-10,373	-630,146	-2,044	-632,190
	126,593	315,301	15,743	-29	-	457,608	28,225	127,229	155,454	78,594	-185,932	2,331,988	113,027	2,445,015
Other operating income / (expenses)														
Other operating income	28	6,414	-	185	-	6,627	2,523	8,480	11,003	32,569	-54,273	109,806	1,823	111,629
Supplies and services	-6,081	-65,355	-919	-4,715	-	-77,070	-5,107	-19,961	-25,068	-70,362	141,895	-333,083	-22,143	-355,226
Personnel costs	-4,529	-44,183	-895	-2,302	-	-51,909	-2,856	-10,727	-13,583	-49,421	11,045	-288,988	-12,511	-301,499
Employee benefits	-231	-8,964	-40	-219	-	-9,454	-35	-237	-272	-4,439	7,889	-56,682	-1,183	-57,865
Other operating expenses	-3,218	-22,348	-2,887	-428	750	-28,131	-2,255	-10,770	-13,025	-8,155	16,951	-221,418	-36,101	-257,519
	-14,031	-134,436	-4,741	-7,479	750	-159,937	-7,730	-33,215	-40,945	-99,808	123,507	-790,365	-70,115	-860,480
	112,562	180,865	11,002	-7,508	750	297,671	20,495	94,014	114,509	-21,214	-62,425	1,541,623	42,912	1,584,535
Provisions	-181	-4,360	-	-	-	-4,541	-2,042	-231	-2,273	-2,285	-3,857	-14,685	-2,803	-17,488
Depreciation and amortisation expense	-15,333	-49,231	-55	-52,659	-	-117,278	-6,695	-16,853	-23,548	-5,368	-14,196	-626,195	-21,907	-648,102
Compensation of amortisation and depreciation	-	4,920	-	-	-	4,920	843	1,374	2,217	133	-2,208	52,193	2,209	54,402
	97,048	132,194	10,947	-60,167	750	180,772	12,601	78,304	90,905	-28,734	-82,686	952,936	20,411	973,347
Gain from the sale of financial assets	-	-	-	-	-	-	-	-	-	-7,648	519,072	481,520	-	481,520
Other financial income	1,262	7,461	291	113,773	-112,904	9,883	183	24	207	711,576	-613,115	190,766	1,396	192,162
Interest revenue	3,311	26,781	496	3,466	-860	33,194	751	6,903	7,654	251,892	-207,784	103,481	7,528	111,009
Other financial expenses	-6,707	-14,199	-110	-163	860	-20,319	-475	-7,907	-8,382	-410,428	119,748	-421,948	-660	-422,608
Interest expense	-20,737	-31,782	-	-181	-	-52,700	-3,832	-764	-4,596	-363,740	223,359	-380,892	-11,109	-392,001
Share of profit of associates	-	-	-	-	-	-	971	105	1,076	11,430	-	18,978	-	18,978
Profit / (loss) before tax	74,177	120,455	11,624	56,728	-112,154	150,830	10,199	76,665	86,864	164,348	-41,406	944,841	17,566	962,407
Income tax expense	-12,436	-41,150	-3,942	-9,643	-	-67,171	-3,002	-21,781	-24,783	38,359	16,320	-178,095	-5,960	-184,055
Profit after taxes and before gains/(loss) from discontinued operations	61,741	79,305	7,682	47,085	-112,154	83,659	7,197	54,884	62,081	202,707	-25,086	766,746	11,606	778,352
Gains / (losses) on sale of discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-8,477	-8,477
Net profit / (loss) for the period	**61,741**	**79,305**	**7,682**	**47,085**	**-112,154**	**83,659**	**7,197**	**54,884**	**62,081**	**202,707**	**-25,086**	**766,746**	**3,129**	**769,875**
Attributable to:														
Equity holders of EDP	45,437	79,305	7,682	46,430	-112,154	66,700	4,859	51,083	55,942	206,547	-60,701	703,919	-956	702,963
Miniority interest	16,304	-	-	655	-	16,959	2,338	3,801	6,139	-3,840	35,615	62,827	4,085	66,912
Net profit / (loss) for the period	**61,741**	**79,305**	**7,682**	**47,085**	**-112,154**	**83,659**	**7,197**	**54,884**	**62,081**	**202,707**	**-25,086**	**766,746**	**3,129**	**769,875**
Assets														
Property, plant and equipment	1,042,578	1,294,825	169	783	-	2,338,355	279,525	480,474	759,999	123,422	(232,551)	a)	a)	18,959,478
Intangible assets + Goodwill	141,119	81,919	349	(19,277)	(2,107)	202,003	5,044	624,686	629,730	70	1,117,153	a)	a)	5,448,805
Investments in associates	-	59,489	-	97	(55,488)	4,098	67,009	2,922	69,931	583,268	(526,113)	a)	a)	164,639
Current assets	149,040	589,222	39,245	98,760	(37,255)	839,012	62,140	574,646	636,786	4,009,288	(4,410,732)	a)	a)	5,630,506
Equity and Liabilities														
Equity and minority interest	829,396	948,587	20,704	1,367,326	(1,360,040)	1,805,973	298,077	2,307,258	2,605,335	8,193,676	(14,043,141)	a)	a)	8,492,621
Current liabilities	143,480	703,807	29,320	3,294	(164,049)	715,852	106,167	290,040	396,207	4,218,969	(4,196,524)	a)	a)	6,152,004
Other information:														
Additions to non -current assets:														
Property, plant and equipment	43,343	90,857	(18,041)	136	-	116,295	2,944	29,791	32,735	30,569	(22,605)	a)	a)	1,347,569
Intangible assets + Goodwill	187	13,211	36	38	-	13,472	2,006	-	2,006	56,504	(3,703)	a)	a)	504,243
Material non-cash items:														
Impairment of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	148,397	-	148,397	-	148,397

* Include Last Resource Supply in Portugal

a) For the purposes of information by business segment, only consider the discontinued operations (Enersul) in the Income Statement.

IX. DOCUMENTS ISSUED BY THE INDEPENDENT AUDITOR REGISTERED IN CMVM

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11°
1069-006 Lisboa
Portugal

Telefone: +351 210 110 000
Fax: +351 210 110 121
Internet: www.kpmg.pt

LIMITED REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION PREPARED BY INDEPENDENT AUDITOR REGISTERED IN CMVM
(This report is a free translation to English from the Portuguese version)

INTRODUCTION

1. In accordance with the requirements of the 'Código dos Valores Mobiliários' (CVM), we have performed a limited review on the interim consolidated financial information for the six months period ended 30 June 2009, of EDP – Energias de Portugal, S.A. which includes: the Management Report, the consolidated balance sheet (with a total assets of Euros 37,626,526 thousand and total equity attributable to the shareholders of Euros 6,612,475 thousand including a consolidated net profit of Euros 479,444 thousand) and the consolidated statement of income, cash flows, changes in equity and comprehensive income for the six months period then ended and in the corresponding notes to the financial statements.

2. The amounts included in the consolidated financial statements and the additional financial information were derived from the accounting records.

RESPONSIBILITIES

3. The Executive Board of Directors' is responsible for:

   a) the preparation of consolidated financial information which gives a true and fair view of the consolidated financial position of the Group and the consolidated result of its operations, the consolidated changes in equity, the consolidated comprehensive income and the consolidated cash-flows;

   b) the preparation of financial information in accordance with IAS 34 – Interim Financial Reporting and that is complete, true, current, clear, objective and lawful as established by CVM;

   c) the adoption of adequate accounting principles;

   d) the maintenance of an appropriate internal control system; and

   e) the communication of any relevant fact that may have influenced its activity, financial position or results.

4. Our responsibility is to verify the consolidated financial information contained in the above mentioned documents, namely if it is complete, true, current, clear, objective and fair as required by the CVM, and issue an independent report based on our work.

SCOPE

5. The work that we have performed was conducted with the objective of obtaining a moderate level of assurance that the consolidated financial information mentioned above is free of material misstatements. Our work was performed based on the Technical Standards and Review/Audit Guidelines issued by the 'Ordem de Revisores Oficiais de Contas', and planned in accordance with that objective and included the following procedures:

   a) mainly, inquiries and analytical procedures performed to review:

      - the feasibility of the assertions included in the interim consolidated financial information;
      - the adequacy of the accounting policies adopted, considering the circumstances and the consistency of their application;
      - application of the going concern principle;
      - the presentation of the interim consolidated financial information;
      - if the interim consolidated financial information is complete, true, current, clear, objective and fair; and

   b) substantive tests on material non current transactions.

6. Our work included also the verification of the consistency of the consolidated financial information contained in the Management Report with the remaining documents mentioned above.

7. We consider that our work provides a reasonable basis to issue the report on the interim financial information.

CONCLUSION

8. Based on our review, which was performed with the objective of obtaining moderate assurance, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information for the six months period ended 30 June 2009, is not free of material misstatements that affect its compliance with IAS 34 – Interim Financial Reporting and that is not complete, true, current, clear, objective and lawful as established by CVM.

Lisbon, 30 July 2009

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
Represented by
Jean-éric Gaign (ROC nr. 1013)

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11°
1069-006 Lisboa
Portugal

Telefone: +351 210 110 000
Fax: +351 210 110 121
Internet: www.kpmg.pt

LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION PREPARED BY INDEPENDENT AUDITOR REGISTERED IN CMVM

(This report is a free translation to English from the Portuguese version)

INTRODUCTION

1. In accordance with the requirements of the 'Código dos Valores Mobiliários' (CVM), we have performed a limited review on the interim financial information for the six months period ended 30 June 2009, of EDP – Energias de Portugal, S.A. which includes: the Management Report, the balance sheet (with a total assets of Euros 18,980,809 thousand and total equity of Euros 6,149,365 thousand including a net profit of Euros 326,174 thousand) and the statement of income, cash flows and changes in equity for the six months period then ended and in the corresponding notes to the financial statements.

2. The amounts included in the financial statements and the additional financial information were derived from the accounting records.

RESPONSIBILITIES

3. The Executive Board of Directors' is responsible for:

   a) the preparation of financial information which gives a true and fair view of the financial position of EDP, the result of its operations, the changes in equity and the cash-flows;

   b) the preparation of financial information in accordance with IAS 34 – Interim Financial Reporting and that is complete, true, current, clear, objective and lawful as established by CVM;

   c) the adoption of adequate accounting principles;

   d) the maintenance of an appropriate internal control system; and

   e) the communication of any relevant fact that may have influenced its activity, financial position or results.

4. Our responsibility is to verify the financial information contained in the above mentioned documents, namely if it is complete, true, current, clear, objective and fair as required by the CVM, and issue an independent report based on our work.

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., a Portuguese company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

KPMG & Associados - S.R.O.C., S.A.
Capital Social: 2.840.000 Euros - Pessoa Colectiva N° PT 502 161 078 - Inscrito na O.R.O.C. N° 189 - Inscrito na C.M.V.M. N° 9093

Matriculada na Conservatória do registo Comercial de Lisboa sob o n° 715, fls. 178 do Livro C - 2/3

KPMG

SCOPE

5. The work that we have performed was conducted with the objective of obtaining a moderate level of assurance that the financial information mentioned above is free of material misstatements. Our work was performed based on the Technical Standards and Review/Audit Guidelines issued by the 'Ordem de Revisores Oficiais de Contas', and planned in accordance with that objective and included the following procedures:

   a) mainly, inquiries and analytical procedures performed to review:

      - the feasibility of the assertions included in the interim financial information;
      - the adequacy of the accounting policies adopted, considering the circumstances and the consistency of their application;
      - application of the going concern principle;
      - the presentation of the interim financial information;
      - if the interim financial information is complete, true, current, clear, objective and fair; and

   b) substantive tests on material non current transactions.

6. Our work included also the verification of the consistency of the financial information contained in the Management Report with the remaining documents mentioned above.

7. We consider that our work provides a reasonable basis to issue the report on the interim financial information.

CONCLUSION

8. Based on our review, which was performed with the objective of obtaining moderate assurance, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the six months period ended 30 June 2009, is not free of material misstatements that affect its compliance with IAS 34 – Interim Financial Reporting and that is not complete, true, current, clear, objective and lawful as established by CVM.

Lisbon, 30 July 2009

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
Represented by
Jean-éric Gaign (ROC nr. 1013)

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

EDP – Energias de Portugal, S.A.
Executive Board of Directors

STATEMENT

With reference to the six months ended June 30, 2009, and according to N° 1 item c) of article 246° of Decree-law n.° 357-A/2007, dated of October 31, 2007, the signers hereby, acting as members of the Executive Board of Directors, declare that, to the best of their knowledge, 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 n° 2 of the above referred article.

Lisbon, July 30, 2009

António Luís Guerra Nunes Mexia, President

Ana Maria Machado Fernandes

António Fernando Melo Martins da Costa

António Manuel Barreto Pita de Abreu

João Manuel Manso Neto

Jorge Manuel Pragana da Cruz Morais

Nuno Maria Pestana de Almeida Alves

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, 2009, the information indicated in article 246°, n° 1 c), of Decree-law n.° 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 n° 2 of the above referred article.

Lisbon, July 30, 2009.

edp

Conselho Geral e de Supervisão

DECLARATION

Pursuant article 246° of Securities Code (CVM), to the best knowledge of each of the signatories, the information referred in article 246°, n.° 1, paragraph a) of CVM, on 2009 first semester, has been prepared in accordance with the accounting standards applicable, gives a true and fair view of the assets and liabilities, financial position and results of **EDP - Energias de Portugal, S.A**. and subsidiaries included in the consolidation perimeter, and that the interim management report includes a fair review of the information required pursuant to article 246°, n.° 2 of CVM, including an indication of important events that have occurred during 2009 first semester, and the impact on the respective financial statements, together with a description of the principal risks and uncertainties for the remaining six months of 2009.

Lisbon, 30th July 2009

António de Almeida - *Chairman*

Alberto João Coraceiro de Castro - *Vice-Chairman*

António Sarmento Gomes Mota

Carlos Jorge Ramalho dos Santos Ferreira

Diogo Campos Barradas de Lacerda Machado

Eduardo de Almeida Catroga

Fernando Manuel Barbosa Faria de Oliveira

José Maria Brandão de Brito

José Maria Espírito Santo Silva Ricciardi

José Manuel dos Santos Fernandes

Khalifa Abdulla Khamis Al Romaithi

Manuel Fernando de Macedo Alves Monteiro

Mohamed Meziane

Ricardo José Minotti da Cruz Filipe

Rui Eduardo Ferreira Rodrigues Pena

Vasco Maria Guimarães José de Mello

Vítor Fernando da Conceição Gonçalves