first quarter 2013
report

index

edp

financial statements

annexes

a better energy, a better future, a better world.

edp in the world

Employees	33
Installed Capacity (MW)*	371
Net Generation (GWh)	216
Generation from renewable sources**	100%

renewables

Employees 29

renewables

Employees	292
Installed Capacity (MW)*	3,637
Net Generation (GWh)	2,829
Generation from renewable sources**	100%

renewables

Employees	71
Installed Capacity (MW)*	615
Net Generation (GWh)	317
Generation from renewable sources**	100%

renewables

Employees 1

Employees	19
Installed Capacity (MW)*	40
Net Generation (GWh)	19
Generation from renewable sources**	100%

renewables

Employees	2,852
Electricity Costumers	2,964,177
Installed Capacity (MW)*	2,062
Net Generation (GWh)	2,512
Generation from renewable sources**	91%
Electricity Distribution (GWh)	6,376

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renewables

Employees	1,958
Electricity Costumers	1,066,246
Gas Costumers	777,619
Installed Capacity (MW)*	6,175
Net Generation (GWh)	4,366
Generation from renewable sources**	51%
Electricity Distribution (GWh)	2,357
Gas Distribution (GWh)	14,685

hc energia

naturgas energia

renewables

Employees	6,966
Electricity Costumers	5,816,896
Gas Costumers	331,419
Installed Capacity (MW)*	9,528
Net Generation (GWh)	7,253
Generation from renewable sources**	71%
Electricity Distribution (GWh)	11,102
Gas Distribution (GWh)	1,971

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renewables

* MW EBITDA
**Includes hydro, mini-hydro, wind and biomass

vision, values e commitments

VISION

A GLOBAL ENERGY PROVIDING COMPANY, LEADER IN CREATING VALUE, INNOVATION AND SUSTAINABILITY.

VALUES

Initiative
Demonstrated through behavior and attitude of our people.

Excellence
In the way we implement.

Trust
Of shareholders, customers, suppliers and other stakeholders.

Sustainability
Aiming at improving the quality of life of current and future generations.

Innovation
With the objective of creating value within the various areas in which we operate.

COMMITMENTS

Commitments with Sustainability
We assume the social and environmental responsibilities that result from our performance thus contributing toward the development of the regions in which we are operating.

We reduce, in a sustainable manner, specific greenhouse gas emissions from the energy we produce.

We actively promote energy efficiency.

Commitments with People
We join conduct and professional rigour to enthusiasm and initiative, emphasizing team work.

We promote the development of skills and merit.

We believe that the balance between provate and professional life is fundamental in order to be successful.

Commitments with Results
We fulfil the commitments that we wmbraced in the presence of our shareholders.

We are leaders due to our capacity of anticipating and implementing.

We demand excellence in everything that we do.

Commitments with Clients
We place ourselves in our Customers' shoes whenever a decision has to be made.

We listen to our Customers and answer in a simple and clear manner.

We surprise our Customers by anticipating their needs.

recognition

Corporate

22 Jan - EDP is RobecoSAM Gold Class: For the sixth year running, EDP was considered a member of the Sustainability Yearbook and was placed in the Gold Class 2013 for the fourth consecutive year, as one of the world leaders. The Sustainability Yearbook 2013, which lists the companies with the best corporate sustainability practices, was presented at the World Economic Forum in Davos, Switzerland in January.

06 Mar - EDP recognised as one of the most ethical companies in the world: The award was given to EDP for the second year running by the Ethisphere Institute. Its scoring method includes the following criteria: ethics and compliance, reputation, leadership and innovation, governance model, corporate citizenship and social responsibility and sustainability.

14 Mar – "Universidade EDP" receives Global Council of Corporate Universities (GCCU) award: EDP received an award in the category "Best Corporate University embodying the identity, the culture and the brand of the organisation in its stakeholders", from this well-known international association (GCCU), which recognises corporate universities worldwide that have stood out thanks to their degree of excellence and the creation of strategic value for their companies, people and society as a whole.

Portugal

11 Feb - "Valuing Experience" receives award from "Associação para o Desenvolvimento Económico e Social" (Association for Economic and Social Development): EDP won an award in the Senior Talent Management category in the "Excelência SEDES 2012" awards, an initiative of the SEDES Human Capital Working Group in partnership with Human Resources Portugal magazine. The EDP programme was set up in 2010 and since then 900 employees have been involved in it and 321 initiatives set up on the basis of programme participants' ideas.

19 Feb - EDP receives 2012 Excellence at Work Award: EDP Group won first place in the Large Companies category (with more than 1,000 employees) and was also chosen in the Industry and Energy sector. The third edition of this award, which is an initiative by Heidrick & Struggles in partnership with Diário Económico newspaper and ISCTE Business School, recognised the companies that most value and invest in human resources.

Spain

31 Jan - HC Energía's good sustainability practices recognised by "Red Española de Pacto Mundial", ASEPAM: ASEPAM consulted sustainability and progress reports and compiled a series of good sustainability practices. HC Energía achieved the highest qualification level (Advanced) for the second year running.

EDP Renováveis

Mar - EDP receives award from Institutional Investor Magazine (IIM): EDP and EDP Renováveis received an award from the IIM for their investor relations. EDP Renováveis is the second best European and the best Portuguese company on the All-Europe Executive Team 2013 list. The winners were chosen from a survey involving 858 asset managers representing 460 institutional investors and 1,580 financial analysts. Find out more on: www.edp.pt> sustainability> approach to sustainability> recognition.

26 Mar - EDPR wins award as the best workplace in Poland in 2013 from Great Place to Work: EDPR was recognised in the category of companies with less than 50 employees, after an organisational culture survey that analysed equal opportunities, flexibility, integrity and work environment, among other variables. The company received the country's highest score.

Brazil

07 Jan - In Brazil, EDP shares included in Bovespa Index: EDP's shares were quoted in the Bovespa Index (Ibovespa) with a 0.645% stake as of 7 January. Ibovespa's portfolio now has 69 shares and is one of the most important share price performance indicators in the Brazilian stock market.

01 Feb - EDP among the most innovative companies in the south: EDP Brasil, through EDP Renováveis Brasil, which owns the Cenaeel Wind Farm in Santa Catarina, is once again in the 'Campeãs de Inovação' rankings placing it among the 50 most innovative companies in the south of the country, according to Amanhã magazine, which invited the 500 largest companies in the south listed in its rankings to answer a questionnaire assessing six dimensions of innovation.

18 Mar - EDP Brasil voted one of the best companies to work for: The company was recognised for the second year running in the Top Employers Brasil as having the best people management practices in accordance with criteria such as training and development, organisational culture and career development. In addition to being among the 17 companies to receive the award, EDP was voted one of the three key companies in the area of Human Capital Management. Top Employers certification is given by the CRF Institute, which is based in the Netherlands and operates in 13 countries on four continents.

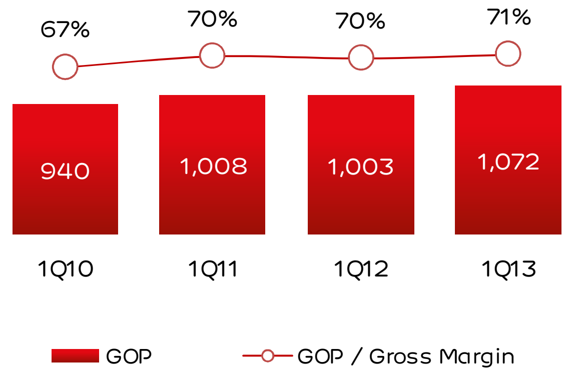
objectives and goals

Objectives	Goals
Economic and social value	
To focus on growth	EBITDA CAGR 2011-2015: ~5% per year
	Net Profit CAGR 2011-2015: low single digit
	Payout ratio between 55% and 65% of recurrent Net Profit (min. €0.185 per share)
	Annual average Operational Investment: EUR 2,000 m
	Total investment on renewable energies: 60% annual average
	Installed Capacity of 26 GW by 2015
	Clean installed capacity higher than 70% of total installed capacity by 2015
To promote internal efficiency	OPEX savings of EUR 130 m in 2015
To control risk exposure	Ratio Adjusted Net Debt/EBITDA lower than 3.0x in 2015
To improve the integration of sustainability practices in the internal management	Keep the SAM Gold Class
Eco-efficiency and environmental protection	
To focus growth on a cleaner production	Reduce CO_2 specific emissions by 70% until 2020, in comparison with 2008 values
To strenghten an appropriate environmental management of EDP's activities	Increase 426 MW of installed capacity certified by ISO 14001 in 2013
To promote the best environmental practices in the value chain	Join the Better Coal international Initiative
Innovation	
To promote competitiveness and productivity through innovation	Finance R&D and Innovation projects totalling at least EUR 20 m per year until 2015
Integrity and good governance	
To strenghten ethics in all EDP's stakeholders' culture	Keep the World Most Ethical Companies recognition of Ethisphere Institute
	Revision of EDP's Code of Ethics in 2013
	Preparation and launching of new training programmes in 2013/2014
	Initiate monitoring the performance of EDP's ethics system (according to Code of Ethics Regulations)
Transparency and dialogue	
To report transparently and ensure an open and trusting relationship with stakeholders	Publish a multifunctional and atractive Annual Report in a web format
To improve the Group's environmental performance report	Complete the report of GHG emissions, scope 3 until 2015
Human capital and diversity	
To strenghten health and safety management in all EDP's Group	Obtain and maintain a certified Corporate Safety Management System in 2013
To work towards "Zero accidents, no personal harm"	Reduce the frequency of on-duty accidents with EDP employees and service providers by 5%, compared to 2012
To keep a high level of employee's satisfaction	Keep the Global Satisfaction level of employees above 80%
To implement an action plan for the Diversity Policy	Between 10 and 15 measures in the period 2013-2015
Access to energy	
To keep or improve the quality levels of technical and commercial services provided to our customers	Ensure that ICEIT and EIDC are above the levels set by Regulators
Social development and citizenship	
To enhance a close relationship between the company and the society	Budget allocated to Fundação EDP up to 0.1% of the Group's 2012 turnover
	Extend the Volunteer Program to all EDP Group and increase the number of volunteering partnerships by 50% until 2015

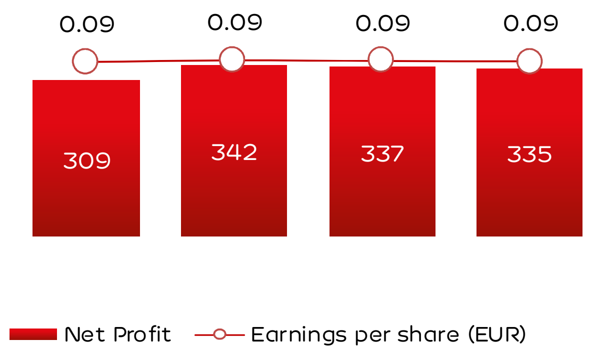
summary of key metrics

Financial Indicators	Unit	1Q13	1Q12	1Q11	1Q10
EDP Group					
Turnover	EUR thousands	4,384,531	4,412,159	4,014,972	3,494,252
Gross Operating Profit	EUR thousands	1,071,897	1,003,474	1,008,166	939,561
Operating Profit	EUR thousands	709,188	650,152	647,738	588,625
Net profit (1)	EUR thousands	334,740	337,243	342,389	309,179
Operating Cash-flow	EUR thousands	828,510	782,256	860,108	860,108
Operating investment	EUR thousands	244,673	325,014	392,652	572,560
Investment in renewables	%	63	49	60	69
Financial Investment /(Divestiture)	EUR thousands	-231,023	22,824	-6,298	35,971
Net assets	EUR thousands	42,868,893	41,328,012	40,162,721	40,080,973
Equity	EUR thousands	11,932,132	11,755,952	11,057,983	10,503,494
Net debt (2)	EUR thousands	18,132,872	16,835,481	15,986,279	14,630,945
Net debt/Gross Operating Profit	x	4.2	4.2	4.0	3.9
Adjusted Net debt/Gross Operating Profit	x	3.5	3.5	4.1	4.2
Net debt/Equity	%	152	143	145	139
Earnings per share	EUR	0.09	0.09	0.09	0.09
Market capitalisation	EUR thousands	8,783,004	7,974,909	10,117,640	10,761,190

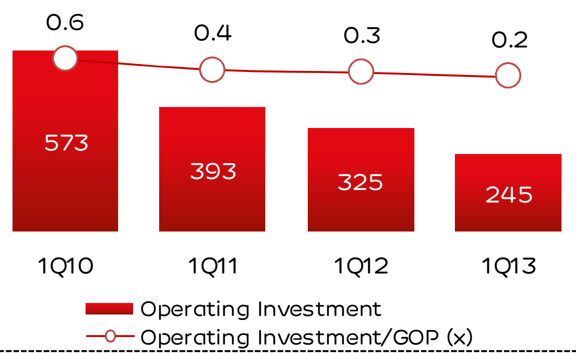
Gross Operating Profit (€M)



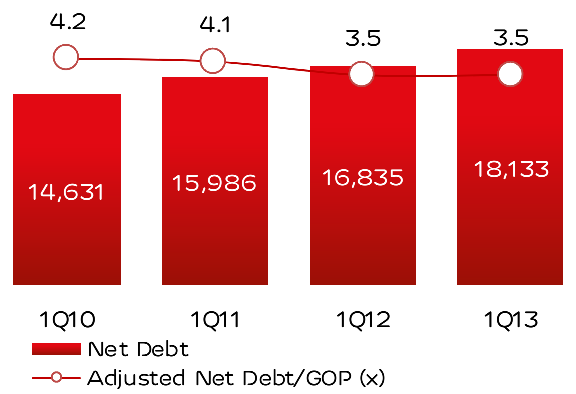
Net Profit (1) (€M)



Operating Investment (€M)



Net Debt (2) (€M)



(1) Net Profit atributable to EDP Equity holders
(2) Includes Financial Debt, Cash and equivalents, short-term assets at fair value and fair value, net investment hedges and collateral deposits related with financial debt. 2012 Net debt restated with the inclusion of collateral deposits.

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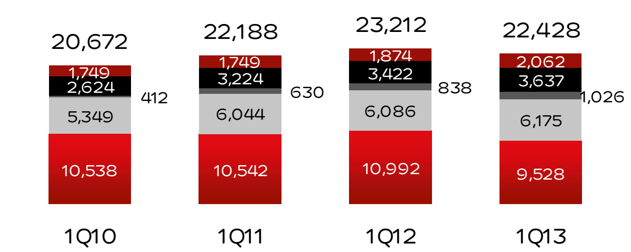
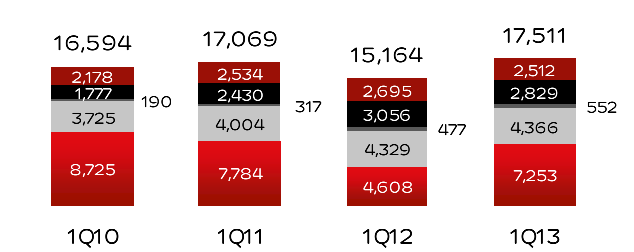
Operational Indicators (1/2)

Operational Indicators (1/2)	Unit	1Q13	1Q12	1Q11	1Q10
Installed Capacity	**MW**	**22,428**	**23,212**	**22,188**	**20,672**
Hydro	MW	7,498	7,232	6,740	6,740
Thermal	MW	6,877	8,354	8,354	7,893
Conventional Thermal (Coal and fuel)	MW	2,985	4,462	4,462	4,462
CCGT	MW	3,736	3,736	3,736	3,276
Other [1]	MW	156	156	156	156
Wind	MW	7,634	7,157	6,625	5,567
Other Renewables	MW	227	195	195	197
Other	MW	193	275	275	275
Net Electricity Generation	**GWh**	**17,511**	**15,164**	**17,069**	**16,594**
Hydro	GWh	7,134	3,882	7,404	8,453
Thermal	GWh	3,999	5,508	4,564	3,755
Conventional Thermal (Coal and fuel)	GWh	3,332	4,201	1,910	1,493
CCGT	GWh	337	973	2,341	1,959
Other [2]	GWh	331	335	313	303
Wind	GWh	5,755	5,212	4,421	3,639
Other Renewables	GWh	317	88	270	323
Other	GWh	306	473	411	424
Steam	*GWh*	445	543	541	541
Electricity Distributed	**GWh**	**19,835**	**20,355**	**20,966**	**20,716**
Portugal	GWh	11,102	11,716	12,208	12,241
Spain	GWh	2,357	2,435	2,571	2,516
Brazil	GWh	6,376	6,204	6,187	5,959
Electricity Supply Points	**'000**	**9,700,696**	**9,627,379**	**9,567,280**	**9,451,507**
Portugal	'000	6,079,151	6,118,638	6,147,809	6,126,073
Spain	'000	657,432	655,697	652,260	645,778
Brazil	'000	2,964,113	2,853,044	2,767,211	2,679,656
Installed Capacity Equivalent Interruption Time					
Portugal [3]	minutes	19	8	21	42
Spain	minutes	16	1	11	14
Brazil - Bandeirante (DEC)	hours	9.7	9.0	11.0	14.4
Brazil - Escelsa (DEC)	hours	10.7	10.5	9.2	11.6
Gas Distributed	**GWh**	**16,656**	**19,445**	**16,539**	**14,380**
Portugal	GWh	1,971	2,211	2,054	1,920
Spain	GWh	14,685	17,233	14,485	12,460
Gas Supply Points	**'000**	**1,302,970**	**1,274,194**	**1,236,644**	**1,198,531**
Portugal	'000	292,554	276,316	251,846	229,178
Spain	'000	1,010,416	997,878	984,798	969,353

Installed Capacity (MW)

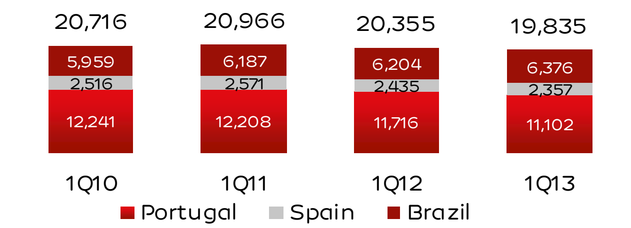


Net Generation (GWh)

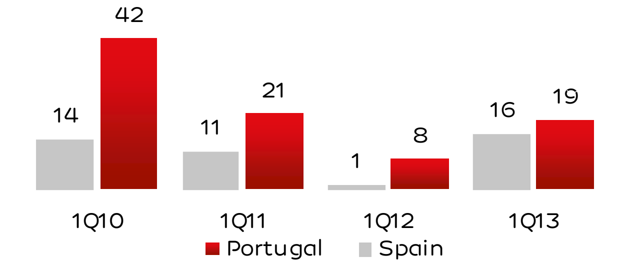


Portugal Spain Rest of Europe North America Brazil

Electricity Distributed (GWh)



ICEIT (minutes)

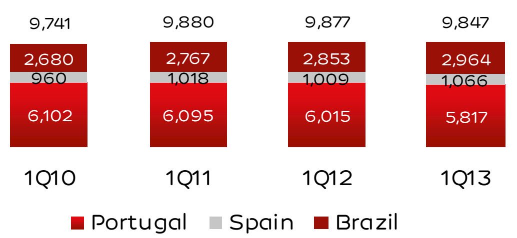


(1) Includes 156MW from Nuclear powerplant Trillo in Spain (2) Includes 331GWh from Nuclear powerplant Trillo in Spain
(3) Installed Capacity Equivalent Interruption Time in MV grid, excluding extraordinary events

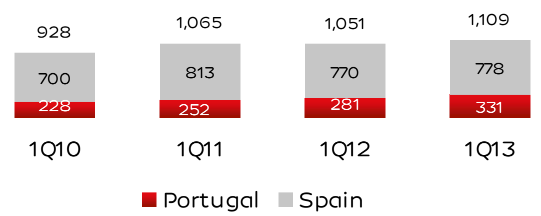
Operational Indicators (2/2)

Operational Indicators (2/2)	Unit	1Q13	1Q12	1Q11	1Q10
Electricity Supplied	**GWh**	**18,743**	**19,747**	**21,029**	**21,760**
Portugal	GWh	7,207	8,070	9,274	10,532
Free Market	GWh	2,922	2,322	2,189	2,031
Last resort supply	GWh	4,286	5,748	7,084	8,501
Spain	GWh	4,792	5,400	5,578	5,399
Free Market	GWh	4,609	5,195	5,303	5,025
Last resort supply	GWh	183	205	274	374
Brazil	GWh	6,743	6,277	6,178	5,829
Free Market	GWh	2,922	2,512	2,330	2,086
Last resort supply	GWh	3,822	3,765	3,848	3,744
Electricity Supplied - Green Tariff	**GWh**	**4,062**	**4,273**	**3,724**	**2,716**
Portugal	GWh	3	3	4	3
Spain	GWh	1,231	1,214	1,290	936
USA	GWh	2,829	3,056	2,430	1,777
Electricity Supplied - Special Needs	**GWh**	**0.4**	**0.3**	**0.3**	**0.3**
Electricity Supplied - Social Tariff	**GWh**	**102**	**74**	**116**	**102**
Portugal	GWh	35	0	0	0
Spain	GWh	0	23	38	28
Brazil	GWh	67	52	77	74
Electricity Customers	**#**	**9,847,319**	**9,877,462**	**9,879,893**	**9,741,260**
Portugal	#	5,816,896	6,015,210	6,095,176	6,101,754
Free Market	#	1,301,941	388,373	307,830	273,312
Last resort supply	#	4,514,955	5,626,837	5,787,346	5,828,442
Spain	#	1,066,246	1,008,838	1,017,519	959,811
Free Market	#	796,804	703,408	670,067	547,811
Last resort supply	#	269,442	305,430	347,452	412,000
Brazil	#	2,964,177	2,853,414	2,767,198	2,679,695
Free Market	#	287	166	89	128
Last resort supply	#	2,963,890	2,853,248	2,767,109	2,679,567
Electricity Customers - Green Tariff	**#**	**585,964**	**519,312**	**424,396**	**371,080**
Portugal	#	4,783	4,748	5,664	4,739
Spain	#	581,181	514,564	418,732	366,341
Electricity Customers - Special Needs	**#**	**819**	**895**	**783**	**833**
Portugal	#	514	585	516	588
Brazil	#	305	310	267	245
Electricity Customers - Social Tariff	**#**	**815,554**	**262,613**	**434,998**	**418,245**
Portugal	#	66,327	90,337	75,329	7,027
Spain	#	610,323	57,439	58,842	52,764
Brazil	#	138,904	114,837	300,827	358,454
Gas Supplied	**GWh**	**9,333**	**10,754**	**11,435**	**10,168**
Portugal	GWh	1,976	2,142	2,804	1,730
Free Market	GWh	1,575	1,633	2,232	998
Last resort supply	GWh	401	509	572	732
Spain	GWh	7,357	8,612	8,631	8,438
Free Market	GWh	7,208	8,444	8,366	8,158
Last resort supply	GWh	149	168	264	280
Gas Customers	**#**	**1,109,038**	**1,050,713**	**1,064,790**	**928,167**
Portugal	#	331,419	280,757	251,819	227,904
Free Market	#	116,462	6,288	657	121
Last resort supply	#	214,957	274,469	251,162	227,783
Spain	#	777,619	769,956	812,971	700,263
Free Market	#	698,064	672,070	685,707	625,169
Last resort supply	#	79,555	97,886	127,264	75,094

Electricity Costumers ('000)



Gas Costumers ('000)



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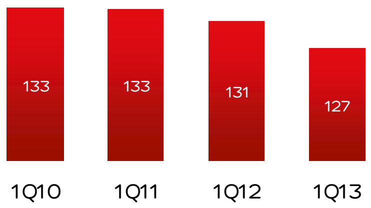
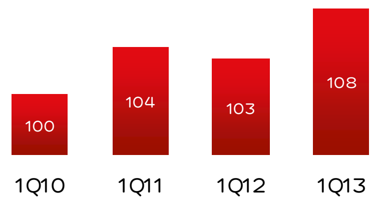
Economic Indicators	Unit	1Q13	1Q12	1Q11	1Q10
Sustainability Index (SI) [1]		**127**	**131**	**133**	**133**
Main factors (SI evolution)					
Renewable investment importance	%	49	48	58	72
Revenues from ISO 14001 certified installations	%	31	32	26	31
CO_2 specific emissions	t/MWh	0.21	0.29	0.20	0.16
NOx specific emissions	g/MWh	0.20	0.23	0.17	0.18
SO_2 specific emissions	g/MWh	0.18	0.23	0.10	0.19
Specific production of waste [2]	g/MWh	8	10	5	5
% of working women in total employees	%	23	22	22	21
Training hours/Working hours	%	1.3	1.5	1.6	1.9
Severity rate	Tg	84	130	123	108
Economic Indicators					
GVA per employee [2]	**EUR**	**108,183**	**103,263**	**104,404**	**99,823**
Direct economic value generated [3]	**EUR thousands**	**4,777,527**	**4,691,354**	**4,334,777**	**3,754,131**
Economic value distributed [3]	**EUR thousands**	**3,972,386**	**3,905,935**	**3,563,819**	**2,990,136**
Supplier costs	EUR thousands	216,324	216,280	208,265	194,203
Personnel costs [4]	EUR thousands	156,648	154,544	147,228	150,542
Current tax	EUR thousands	114,990	54,281	110,581	70,177
Economic Value Accumulated [3]	**EUR thousands**	**805,141**	**785,419**	**770,958**	**763,995**
Fines and penalties	**EUR thousands**	**11,712**	**17**	**650**	**2,647**
Support from Public Authorities	**EUR thousands**	**15.8**	**67.0**	**0.0**	**0.0**
Billing of energy services [5]	**EUR thousands**	**55,439**	**60,617**	**3,635**	**3,178**

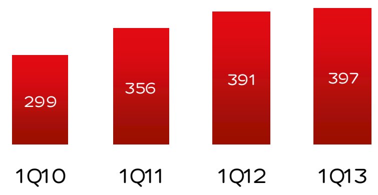
Sustainability Index base 100:2006



GVA per employee (EUR thousands)



Economic value distributed (€M)



[1] For more information about the Sustainability Index see www.edp.pt >sustainability> approach to sustainability

[2] The 2010 figure for the "GVA" indicator was revised according to what is stipulated in the Global Reporting Initiative. The 2010 and 2011 figures for the "Employees" indicator were revised due to changes in "headcount" methodology, so as to include Executive Governing Bodies.

[3] The 2010 figures for "Economic value generated, distributed and accumulated" were revised in accordance with what is stipulated in the Global Reporting Initiative. [4] The 2010 figure was adjusted to exclude the social benefits.

[5] The 2012 figure was revised due to a correction in the billing of energy services in Brazil.

Direct impacts (some)
- 10,956,357 Customers
- 36,491 GWh Energy distributed
- 28,076 GWh Energy supplied

Indirect impacts (some)
- Micro-generation, grids and energy storage and electric vehicles
- First projects of solar photovoltaic

Economic value generated *
€4,777.5M

Direct impacts (some)
- 12,221 Employees
- €170.6M personnel costs
- €245M invested
- €8,783M Market Capitalization

Indirect impacts (some)
- Participation in External Forum for Equality in Labour and Employment
- 169,847 beneficiaries of voluntary social investment (€3M)

Economic value distributed *
€3,972.4M

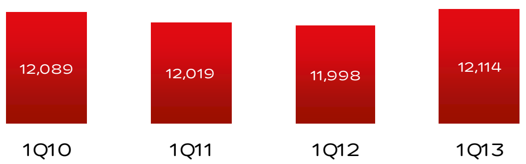
Economic value accumulated *
€805.1M

* **Economic value generated (EVG)**: Turnover + other operating income + gains/losses on the sale of financial assets + share of profit in associates + financial income
Economic value distributed (EVD): Cost of sales + operating expenses + other operating expenses + current tax + financial expenses + dividend payment
Economic value accumulated (EVA): EVG – EVD.

edp

Social Indicators [1]	Unit	1Q13	1Q12	1Q11	1Q10
Employment					
Employees [2]	#	12,114	11,998	12,019	12,089
Portugal	#	6,903	7,093	7,133	7,286
Spain	#	1,622	1,664	1,683	1,711
EDP Renováveis	#	864	813	826	747
EDP Brasil	#	2,725	2,428	2,377	2,345
Female employees [2]	#	2,727	2,641	2,591	2,537
Portugal	#	1,455	1,432	1,398	1,369
Spain	#	379	380	371	357
EDP Renováveis	#	271	256	259	247
EDP Brasil	#	622	573	563	564
Turnover	%	2.28	1.88	1.85	1.55
Employees' average age	years	46	46	46	46
Absenteeism rate	%	3.18	2.71	3.26	3.28
Personnel costs	EUR thousands	156,648	154,544	147,228	150,542
Employee benefits [3]	EUR thousands	13,936	14,970	31,719	32,777
Training					
Total training hours	hours	72,003	86,726	82,971	97,277
Total training rate [2]	h/p	5.9	7.2	6.9	8.0
Employees trained	%	29	50	33	77
Total training costs	EUR thousands	702	1,196	1,246	1758
Work productivity [4]	€/h	229	220	236	234
Prevention and safety					
On-duty accidents [5]	#	13	9	8	11
On-duty fatal accidents	#	0	0	0	0
Fatal accidents of contracted workers	#	2	5	1	1
EDP severity index [6]	Tg	84	130	123	108
EDP frequency index [4] [6]	Tf	2.35	1.60	1.45	2.06
PSE frequency index	Tf	5.58	1.31	4.17	8.25
EDP + PSE frequency index [6]	Tf	4.49	4.90	3.03	5.23
Total lost days due to accidents	#	465	707	679	575
Social Contributions (LBG Model)					
Volunteer contributions / EBITDA	%	0.34	0.26	0.26	0.24

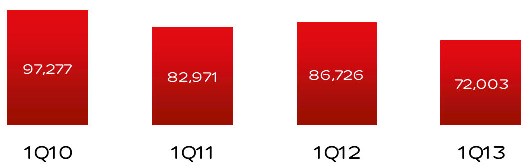
Number of employees [2]



Personnel Costs and Employee benefits [3] (€ thousands)

EDP severity and frequency indexes

Training volume (h)

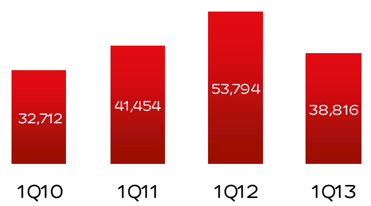


[1] Pecém Powerplant has not been considered for the purposes of detailed Human Resources information.
[2] The 2011 figure was revised due to changes in "headcount" methodology, so as to include Executive Governing Bodies.
[3] In September, 2011, financial costs from pension funds were reclassified.
[4] The amount of worked hours in Portugal in 2013 is estimated. [5] The figure for 2012 was corrected from 8 to 9.
[6] Adjustment of the value in 2012 to not include Pecém.

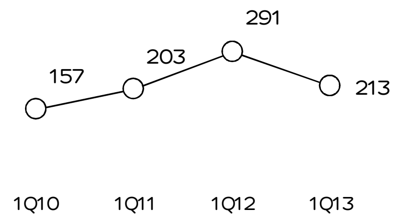
Environment Indicators [1] (1/2)

	Unit	1Q13	1Q12	1Q11	1Q10
Primary energy consumption [2]	**TJ**	**38,816**	**53,794**	**41,454**	**32,712**
Total for generation, transportation and distribution [2]	TJ	38,751	53,733	41,387	32,654
Coal	TJ	28,858	38,383	17,302	13,828
Fuel-oil	TJ	172	196	200	334
Natural gas [2]	TJ	5,962	11,365	19,658	16,177
Diesel	TJ	27	24	28	34
Forest waste	TJ	932	801	832	294
Residual gases (steel plant gas, blast furnace gas, coke gas)	TJ	2,800	2,966	3,367	1,988
Fuel for vehicle fleet	TJ	66	61	67	57
Electricity consumption					
Own consumption in generation [3]	MWh	749,583	636,708	427,249	363,491
Administrative services [4]	MWh	9,578	11,268	8,684	6,432
Grid losses	%	12.3	9.9	9.7	11.0
Atmospheric emissions					
Total Emissions					
CO_2 [5]	kt	3,717	5,002	3,515	2,637
SO_2	kt	3.1	3.9	1.7	3.1
NOx	kt	3.4	4.0	2.9	3.1
Particles	kt	0.2	0.2	0.2	0.2
Overall specific emissions					
CO_2 [6]	g/kWh	213	291	203	157
SO_2	g/kWh	0.18	0.23	0.10	0.19
NOx	g/kWh	0.20	0.23	0.17	0.18
Particles	g/kWh	0.01	0.01	0.01	0.01
Specific emissions from thermal power stations					
CO_2 [6]	g/kWh	873	802	670	591
SO_2	g/kWh	0.74	0.63	0.33	0.70
NOx	g/kWh	0.80	0.64	0.55	0.69
Particles	g/kWh	0.04	0.03	0.03	0.03
Avoided CO_2 through the use of renewable sources	kt	9,351	5,090	6,614	7,221
CO_2 intensity	g/€	848	1,134	875	755
Direct emissions (scope 1)	kt CO2 eq	3,727	5,017	3,524	2,641
Indirect emissions (scope 2) [3] [4]	kt CO2 eq	458	431	297	n.a.

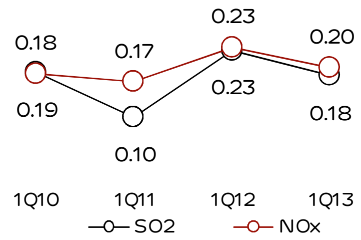
Primary energy consumption (TJ)



CO_2 specific emissions (g/kWh)



SO_2 and NOx specific emissions (g/kWh)



[1] Pecém Powerplant has not been considered for the purposes of detailed environment information due to the unavailability of data.

[2] Figure for 2011 was changed to include gas consumption in gas transportation and distribution activities.

[3] 2011 and 2012 figures were revised to include backfeed power.

[4] 2011 figure was revised because it did not include a set of buildings which changed their supplier. The values for 2011 and 2012 have been updated to include the administrative buildings of HC Generación.

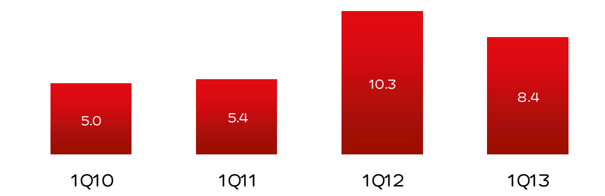
[5] Excludes vehicle fleet.

[6] Calculated for net generation, as stipulated in the Global Reporting Initiative.

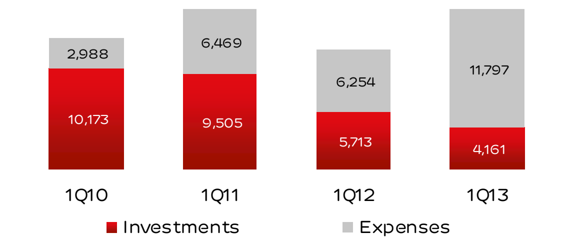
Environment Indicators [1] (2/2)

	Unit	1Q13	1Q12	1Q11	1Q10
Use of Water	$m^3 x10^3$	397,857	427,643	284,224	207,877
Cooling water	$m^3 x10^3$	396,111	425,520	282,332	206,969
Raw water	$m^3 x10^3$	1,684	2,069	1,835	854
Drinking water	$m^3 x10^3$	62	54	57	53
Waste					
Total waste	t	76,881	176,483	93,443	84,834
Total hazardous waste	t	1,375	986	19,385	723
Recovered waste	%	62	55	71	124
By-products	t	69,657	96,809	85,730	n.a.
Environmental Investments and Expenses					
Environmental expenditures	EUR thousands	15,958	11,967	15,974	13,161
Environmental income	EUR thousands	151	2,124	1,225	877
Environmental investment as a proportion of total investment	%	1.7	1.8	2.4	1.8
Environmental fines and penalties	EUR thousands	75	209	0	3
Environmental Certification (ISO 14001)					
Certified production facilities	#	234	166	106	82
Maximum net installed capacity certified	%	75	70	69	66
Certified substations	#	135	126	21	6
Installed capacity of substations certified	%	27	25	3	1
Certified gas distribution	%	100	100	100	100

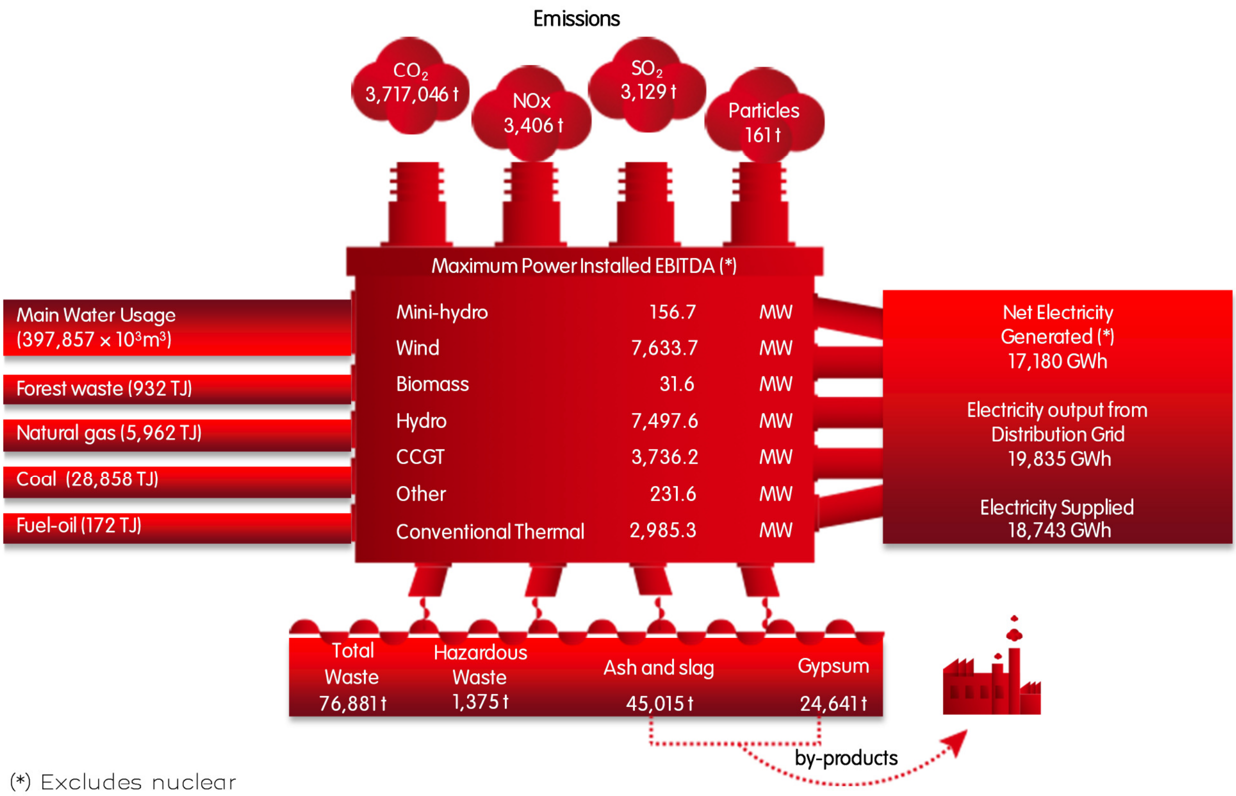
Waste per generated electricity unit (g/kWh)



Environmental Expenditures (€ thousands)



[1] Pecém Powerplant has not been considered for the purposes of detailed environment information due to the unavailability of data.



(*) Excludes nuclear

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edp group's business evolution

In the first quarter of 2013, the **EDP Group's net profit** reached EUR 335 million, compared with EUR 337 million in the first quarter of 2012.

EUR Million	1Q13	1Q12	Δ %
Gross Profit	**1.511**	**1.438**	**5%**
Supplies and services	216	216	0%
Personnel costs, employees benefits	171	170	1%
Other operating costs (net)	52	49	5%
Net Operating costs	**439**	**435**	**1%**
EBITDA	**1.072**	**1.003**	**7%**
Provisions	9	3	-
Net depreciation and amortisation	354	350	1%
EBIT	**709**	**650**	**9%**
Capital gains/(losses)	0	(0)	-
Financial results	(160)	(167)	4%
Results from associated companies	8	4	122%
Pre-tax Profit	**557**	**487**	**14%**
Income tax expense	149	79	89%
Net profit for the period	408	408	0%
Net Profit Attributable to EDP Shareholders	**335**	**337**	**-1%**
Non-controlling Interest	73	71	3%

Consolidated EBITDA rose by 7% (+EUR 69 million), to EUR 1,072 million in the first quarter of 2013, propelled by Wind operations (+EUR 64 million on capacity expansion and strong wind resources in Iberia during the first quarter of 2013), Regulated networks in Iberia (+EUR 15 million, mainly driven by a EUR 56 million gain from the disposal of gas transmission assets in Spain) and Liberalised activities (+EUR 17 million as a result of a strong rise in hydro production and by the cut of capacity payments in Portugal and generation taxes in Spain). In turn, EBITDA from Brazil declined by EUR 27 million, largely impacted by the unfavourable exchange differences (-EUR 21 million) and by a negative impact regarding the coal plant Pecém I: -EUR 27 million mainly due to the delay in the commissioning of group 2.

In the first quarter of 2013, EDP continues to diversify its portfolio geographically: Portugal accounted for 39% of the group's EBITDA, Spain for 31%, Brazil for 14%, USA for 11% and the Rest of Europe (excluding Iberia) accounted for 5% of EBITDA.

Operating costs (excluding other net operating costs) were stable at EUR 387 million, due to: (i) stable costs in Iberia, prompted by tight cost control and delivery on targets from our corporate efficiency program (as the 2014 targets have been anticipated to 2013); (ii) +11% at EDP Renováveis backed by larger scale of operations and (iii) -9% in Brazil supported by BRL depreciation versus Euro and local currency growth below inflation.

Net depreciation, amortisation and provisions were almost stable, reflecting the mixed impact from new capacity additions (mostly wind and hydro), shutdown of Setúbal plant and disposal of Soporgen cogeneration plant in Portugal.

Financial results totalled -EUR 160 million in the first quarter of 2013, mainly driven by a 7% rise in average net debt coupled with an higher average cost of debt (+10 basis points to 4.2%).

Capex totalled EUR 245 million in the first quarter of 2013 (-25% year-on-year), driven by: (i) maintenance capex 15% lower year-on-year; (ii) cash in of a EUR 91 million cash-grant related to a USA wind farm which started operations in 2012; and (iii) higher capex in new hydro in Portugal and Brazil. By March 2013, EDP had 2.3GW of new capacity under construction: new wind capacity in 3 countries, new hydro capacity in Portugal and Brazil with a total expenditure as at March 2013 totalling EUR 1.8 billion.

Net debt decreased by EUR 100 million year-to-date, to EUR 18.1billion in March 2013, mainly backed by an higher EBITDA and a lower capex in the period.

Condensed Financial Statements

31 March 2013

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EDP - Energias de Portugal

Condensed Consolidated Income Statement
for the three months period ended 31 March 2013 and 2012

Thousands of Euros	Notes	2013	2012
Turnover	6	4,384,531	4,412,159
Cost of electricity	6	-2,284,789	-2,284,342
Cost of gas	6	-336,248	-390,620
Changes in inventories and cost of raw materials and consumables used	6	-252,719	-299,554
		1,510,775	1,437,643
Revenue from assets assigned to concessions	7	69,451	94,271
Expenditure with assets assigned to concessions	7	-69,451	-94,271
		-	-
Other operating income / (expenses):			
Other operating income	8	136,192	83,109
Supplies and services	9	-216,324	-216,280
Personnel costs and employee benefits	10	-170,584	-169,513
Other operating expenses	11	-188,162	-131,485
		-438,878	-434,169
		1,071,897	1,003,474
Provisions	12	-9,440	-2,999
Depreciation, amortisation expense and impairment	13	-359,988	-357,419
Compensation of amortisation and depreciation	13	6,719	7,096
		709,188	650,152
Gains / (losses) on the sale of financial assets		12	-
Financial income	14	248,714	192,444
Financial expenses	14	-408,569	-359,272
Share of profit in associates		8,077	3,642
Profit before income tax		557,422	486,966
Income tax expense	15	-149,052	-78,999
Net profit for the period		408,370	407,967
Attributable to:			
Equity holders of EDP		334,740	337,243
Non-controlling Interests	32	73,630	70,724
Net profit for the period		408,370	407,967
Earnings per share (Basic and Diluted) - Euros	29	**0.09**	**0.09**

LISBON, 9 MAY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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

EDP - Energias de Portugal

Condensed Consolidated Statement of Comprehensive Income as at 31 March 2013 and 2012

Thousands of Euros	2013 Equity holders of EDP	2013 Non-controlling Interests	2012 Equity holders of EDP	2012 Non-controlling Interests
Net profit for the period	334,740	73,630	337,243	70,724
Exchange differences arising on consolidation	38,098	84,098	3,299	-14,730
Fair value reserve (cash flow hedge)	-11,271	2,022	-35,044	-1,894
Tax effect from the fair value reserve (cash flow hedge)	3,488	-547	10,068	484
Fair value reserve (available for sale investments)	10,570	-772	3,962	-362
Tax effect from the fair value reserve (available for sale investments)	-645	262	-142	123
Share of other comprehensive income of associates, net of taxes	2,971	320	-2,226	-118
Actuarial gains / (losses)	-5,182	-5,052	-	-
Tax effect from the actuarial gains / (losses)	1,762	1,718	-	-
Other comprehensive income for the period, net of income tax	39,791	82,049	-20,083	-16,497
Total comprehensive income for the period	374,531	155,679	317,160	54,227

LISBON, 9 MAY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated Statement of Financial Position as at 31 March 2013 and 31 December 2012

Thousands of Euros	Notes	2013	2012
Assets			
Property, plant and equipment	16	21,156,611	20,905,340
Intangible assets	17	6,578,696	6,541,862
Goodwill	18	3,321,773	3,318,457
Investments in associates	20	175,548	163,881
Available for sale investments	21	191,084	181,298
Deferred tax assets	22	344,494	340,816
Trade receivables	24	97,949	97,099
Debtors and other assets from commercial activities	25	3,069,345	2,736,902
Other debtors and other assets	26	521,208	534,573
Collateral deposits associated to financial debt	34	439,126	415,045
Total Non-Current Assets		35,895,834	35,235,273
Inventories	23	298,581	377,618
Trade receivables	24	2,462,374	2,280,104
Debtors and other assets from commercial activities	25	2,154,738	2,051,519
Other debtors and other assets	26	242,532	296,674
Current tax assets	27	330,836	435,628
Financial assets at fair value through profit or loss		517	390
Collateral deposits associated to financial debt	34	23,868	13,451
Cash and cash equivalents	28	1,459,613	1,695,336
Assets classified as held for sale	41	-	241,851
Total Current Assets		6,973,059	7,392,571
Total Assets		42,868,893	42,627,844
Equity			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-99,227	-103,706
Share premium	29	503,923	503,923
Reserves and retained earnings	31	4,168,393	3,123,116
Consolidated net profit attributable to equity holders of EDP		334,740	1,012,483
Total Equity attributable to equity holders of EDP		8,564,367	8,192,354
Non-controlling Interests	32	3,367,765	3,239,314
Total Equity		11,932,132	11,431,668
Liabilities			
Financial debt	34	16,339,342	16,715,725
Employee benefits	35	1,926,810	1,933,425
Provisions	36	386,087	382,866
Hydrological correction account	33	34,182	33,644
Deferred tax liabilities	22	890,058	852,054
Institutional partnerships in USA wind farms	37	1,698,773	1,679,753
Trade and other payables from commercial activities	38	1,462,482	1,262,771
Other liabilities and other payables	39	400,791	409,737
Total Non-Current Liabilities		23,138,525	23,269,975
Financial debt	34	3,794,647	3,807,503
Hydrological correction account	33	17,124	22,832
Trade and other payables from commercial activities	38	3,056,912	3,220,599
Other liabilities and other payables	39	391,226	368,143
Current tax liabilities	40	538,327	467,738
Liabilities classified as held for sale	41	-	39,386
Total Current Liabilities		7,798,236	7,926,201
Total Liabilities		30,936,761	31,196,176
Total Equity and Liabilities		42,868,893	42,627,844

LISBON, 9 MAY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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

EDP - Energias de Portugal

Condensed Consolidated Statement of Changes in Equity as at 31 March 2013 and 31 December 2012

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	Non-controlling Interests
Balance as at 31 December 2011	**11,386,779**	**3,656,538**	**503,923**	**539,145**	**3,385,617**	**-27,088**	**41,360**	**121,469**	**-111,430**	**8,109,534**	**3,277,245**
Comprehensive income:											
Net profit for the period	407,967	-	-	-	337,243	-	-	-	-	337,243	70,724
Changes in the fair value reserve (cash flow hedge) net of taxes	-26,386	-	-	-	-	-24,976	-	-	-	-24,976	-1,410
Changes in the fair value reserve (available for sale investments) net of taxes	3,581	-	-	-	-	-	3,820	-	-	3,820	-239
Share of other comprehensive income of associates, net of taxes	-2,344	-	-	-	-	-403	-	-1,823	-	-2,226	-118
Exchange differences arising on consolidation	-11,431	-	-	-	-	-	-	3,299	-	3,299	-14,730
Total comprehensive income for the period	371,387	-	-	-	337,243	-25,379	3,820	1,476	-	317,160	54,227
Dividends attributable to non-controlling interests	-722	-	-	-	-	-	-	-	-	-	-722
Purchase and sale of treasury stock	-955	-	-	-	-	-	-	-	-955	-955	-
Other reserves arising on consolidation	-537	-	-	-	-476	-	-	-14	-	-490	-47
Balance as at 31 March 2012	**11,755,952**	**3,656,538**	**503,923**	**539,145**	**3,722,384**	**-52,467**	**45,180**	**122,931**	**-112,385**	**8,425,249**	**3,330,703**
Comprehensive income:											
Net profit for the period	774,188	-	-	-	675,240	-	-	-	-	675,240	98,948
Changes in the fair value reserve (cash flow hedge) net of taxes	-40,268	-	-	-	-	-29,158	-	-	-	-29,158	-11,110
Changes in the fair value reserve (available for sale investments) net of taxes	-821	-	-	-	-	-	-1,238	-	-	-1,238	417
Share of other comprehensive income of associates, net of taxes	-4,513	-	-	-	-	-3,358	-	-135	-	-3,493	-1,020
Actuarial gains/(losses) net of taxes	-140,411	-	-	-	-109,847	-	-	-	-	-109,847	-30,564
Exchange differences arising on consolidation	-255,520	-	-	-	-	-	-	-96,611	-	-96,611	-158,909
Total comprehensive income for the period	332,655	-	-	-	565,393	-32,516	-1,238	-96,746	-	434,893	-102,238
Transfer to legal reserve	-	-	-	39,290	-39,290	-	-	-	-	-	-
Dividends paid	-670,549	-	-	-	-670,549	-	-	-	-	-670,549	-
Dividends attributable to non-controlling interests	-169,632	-	-	-	-	-	-	-	-	-	-169,632
Purchase and sale of treasury stock	98	-	-	-	-6,565	-	-	-	6,663	98	-
Share-based payments	2,051	-	-	-	35	-	-	-	2,016	2,051	-
Sale without loss of control of Vento II (EDPR NA)	176,122	-	-	-	3,113	-1,135	-	-2,470	-	-492	176,614
Changes resulting from acquisitions/sales and equity increases	4,311	-	-	-	-	-	-	553	-	553	3,758
Other reserves arising on consolidation	660	-	-	-	551	-	-	-	-	551	109
Balance as at 31 December 2012	**11,431,668**	**3,656,538**	**503,923**	**578,435**	**3,575,072**	**-86,118**	**43,942**	**24,268**	**-103,706**	**8,192,354**	**3,239,314**
Comprehensive income:											
Net profit for the period	408,370	-	-	-	334,740	-	-	-	-	334,740	73,630
Changes in the fair value reserve (cash flow hedge) net of taxes	-6,308	-	-	-	-	-7,783	-	-	-	-7,783	1,475
Changes in the fair value reserve (available for sale investments) net of taxes	9,415	-	-	-	-	-	9,925	-	-	9,925	-510
Share of other comprehensive income of associates, net of taxes	3,291	-	-	-	-	1,019	-	1,952	-	2,971	320
Actuarial gains/(losses) net of taxes	-6,754	-	-	-	-3,420	-	-	-	-	-3,420	-3,334
Exchange differences arising on consolidation	122,196	-	-	-	-	-	-	38,098	-	38,098	84,098
Total comprehensive income for the period	530,210	-	-	-	331,320	-6,764	9,925	40,050	-	374,531	155,679
Dividends attributable to non-controlling interests	-2,817	-	-	-	-	-	-	-	-	-	-2,817
Purchase and sale of treasury stock	2,552	-	-	-	-1,927	-	-	-	4,479	2,552	-
Changes resulting from acquisitions/sales and equity increases/decreases	-29,435	-	-	-	-4,709	-315	-	-	-	-5,024	-24,411
Other reserves arising on consolidation	-46	-	-	-	-46	-	-	-	-	-46	-
Balance as at 31 March 2013	**11,932,132**	**3,656,538**	**503,923**	**578,435**	**3,899,710**	**-93,197**	**53,867**	**64,318**	**-99,227**	**8,564,367**	**3,367,765**

LISBON, 9 MAY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated and Company Statement of Cash Flows
as at 31 March 2013 and 2012

Thousands of Euros	Group		Company	
	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Operating activities				
Cash receipts from customers	3,803,289	3,955,006	559,207	539,323
Proceeds from tariff adjustments securitization	174,454	167,936	-	-
Payments to suppliers	-2,979,813	-3,182,801	-424,879	-629,978
Payments to personnel	-185,430	-198,411	-2,586	-6,868
Concession rents paid	-13,818	-64,525	-	-
Other receipts / (payments) relating to operating activities	53,894	106,813	110,253	25,580
Net cash from operations	852,576	784,018	241,995	-71,943
Income tax received / (paid)	-24,066	-1,762	8,299	18,822
Net cash from operating activities	828,510	782,256	250,294	-53,121
Investing activities				
Cash receipts relating to:				
Assets / subsidiaries of EDP Group with loss of control	255,556	-	-	-
Other financial assets and investments	473	119	73	-
Property, plant and equipment and intangible assets	205	8,981	19	1,329
Investment grants	1,321	12,582	-	-
Interest and similar income	14,418	27,777	36,627	37,591
Dividends	135	128	86,204	147,173
	272,108	49,587	122,923	186,093
Cash payments relating to:				
Assets / subsidiaries of EDP Group	-24,930	-21,487	-	-62
Other financial assets and investments	-76	-1,456	-	-1,456
Property, plant and equipment and intangible assets	-694,090	-739,226	-7,981	-7,435
	-719,096	-762,169	-7,981	-8,953
Net cash from investing activities	-446,988	-712,582	114,942	177,140
Financing activities				
Receipts / (payments) relating to loans	-487,199	305,995	-581,679	153,416
Interest and similar costs including hedge derivatives	-234,234	-187,238	-55,746	-76,553
Governmental grants received	91,051	3,176	-	-
Share capital increases by non-controlling interests	-8,080	-	-	-
Receipts / (payments) relating to derivative financial instruments	17,787	-4,879	-1,209	5,493
Dividends paid to non-controlling interests	-3,413	-3,553	-	-
Treasury stock sold / (purchased)	2,553	-955	2,553	-955
Receipts / (payments) from wind activity institutional partnerships - USA	-11,440	-3,066	-	-
Net cash from financing activities	-632,975	109,480	-636,081	81,401
Changes in cash and cash equivalents	-251,453	179,154	-270,845	205,420
Effect of exchange rate fluctuations on cash held	15,730	-2,449	256	-288
Cash and cash equivalents at the beginning of the period	1,695,336	1,731,524	1,305,235	661,609
Cash and cash equivalents at the end of the period (*)	1,459,613	1,908,229	1,034,646	866,741

(*) See details of "Cash and cash equivalents" in note 28 of the Condensed Financial Statements.

LISBON, 9 MAY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Income Statement
for the three months period ended 31 March 2013 and 2012

Thousands of Euros	Notes	2013	2012
Turnover	6	602,698	561,150
Cost of electricity	6	-488,193	-451,059
Changes in inventories and cost of raw materials and consumables used	6	-65,626	-89,799
		48,879	20,292
Other operating income / (expenses):			
Other operating income	8	3,363	3,607
Supplies and services	9	-41,246	-41,330
Personnel costs and employee benefits	10	-4,253	-3,100
Other operating expenses	11	-1,041	-818
		-43,177	-41,641
		5,702	-21,349
Provisions	12	-1,640	-3,524
Depreciation, amortisation expense and impairment	13	-3,866	-3,429
		196	-28,302
Gains / (losses) on the sale of financial assets		12	-
Financial income	14	315,494	216,371
Financial expenses	14	-274,171	-186,532
Profit before income tax		41,531	1,537
Income tax expense	15	-333	79,037
Net profit for the period		41,198	80,574

LISBON, 9 MAY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Statement of Comprehensive Income as at 31 March 2013 and 2012

Thousands of Euros	2013	2012
Net profit for the period	41,198	80,574
Fair value reserve (cash flow hedge)	-14,735	-15,226
Tax effect from the fair value reserve (cash flow hedge)	4,308	4,461
Fair value reserve (available for sale investments)	3,859	2,909
Tax effect from the fair value reserve (available for sale investments)	-107	25
Other comprehensive income for the period, net of income tax	-6,675	-7,831
Total comprehensive income for the period	34,523	72,743

LISBON, 9 MAY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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

EDP - Energias de Portugal, S.A.

Condensed Company Statement of Financial Position as at 31 March 2013 and 31 December 2012

Thousands of Euros	Notes	2013	2012
Assets			
Property, plant and equipment	16	208,869	208,569
Intangible assets		11	8
Investments in subsidiaries	19	9,909,534	9,909,534
Investments in associates	20	-	-
Available for sale investments	21	44,202	40,461
Investment property		10,323	10,490
Deferred tax assets	22	80,381	69,799
Debtors and other assets from commercial activities		2,140	1,555
Other debtors and other assets	26	6,192,465	6,014,090
Collateral deposits associated to financial debt	34	338,348	348,713
Total Non-Current Assets		16,786,273	16,603,219
Inventories		71	103
Trade receivables	24	197,623	172,773
Debtors and other assets from commercial activities	25	222,677	269,143
Other debtors and other assets	26	2,474,802	2,294,529
Current tax assets	27	90,232	195,587
Collateral deposits associated to financial debt	34	23,097	12,732
Cash and cash equivalents	28	1,034,646	1,305,235
Total Current Assets		4,043,148	4,250,102
Total Assets		20,829,421	20,853,321
Equity			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-93,132	-97,611
Share premium	29	503,923	503,923
Reserves and retained earnings	31	2,814,759	1,990,679
Net profit for the period		41,198	832,682
Total Equity		6,923,286	6,886,211
Liabilities			
Financial debt	34	2,006,434	2,032,437
Provisions	36	19,535	27,882
Hydrological correction account	33	34,182	33,644
Trade and other payables from commercial activities		4,408	3,831
Other liabilities and other payables	39	3,077,426	3,017,085
Total Non-Current Liabilities		5,141,985	5,114,879
Financial debt	34	7,292,136	7,557,620
Hydrological correction account	33	17,124	22,832
Trade and other payables from commercial activities	38	619,723	488,086
Other liabilities and other payables	39	802,635	771,228
Current tax liabilities	40	32,532	12,465
Total Current Liabilities		8,764,150	8,852,231
Total Liabilities		13,906,135	13,967,110
Total Equity and Liabilities		20,829,421	20,853,321

LISBON, 9 MAY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Statement of Changes in Equity as at 31 March 2013 and 31 December 2012

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 2011	**6,736,785**	**3,656,538**	**503,923**	**539,145**	**2,129,829**	**2,468**	**10,217**	**-105,335**
Comprehensive income:								
Net profit for the period	80,574	-	-	-	80,574	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-10,765	-	-	-	-	-10,765	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	2,934	-	-	-	-	-	2,934	-
Total comprehensive income for the period	72,743	-	-	-	80,574	-10,765	2,934	-
Purchase and sale of treasury stock	-955	-	-	-	-	-	-	-955
Balance as at 31 March 2012	**6,808,573**	**3,656,538**	**503,923**	**539,145**	**2,210,403**	**-8,297**	**13,151**	**-106,290**
Comprehensive income:								
Net profit for the period	752,108	-	-	-	752,108	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-2,834	-	-	-	-	-2,834	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	-2,956	-	-	-	-	-	-2,956	-
Total comprehensive income for the period	746,318	-	-	-	752,108	-2,834	-2,956	-
Transfer to legal reserve	-	-	-	39,290	-39,290	-	-	-
Dividends paid	-670,829	-	-	-	-670,829	-	-	-
Purchase and sale of treasury stock	98	-	-	-	-6,565	-	-	6,663
Share-based payments	2,051	-	-	-	35	-	-	2,016
Balance as at 31 December 2012	**6,886,211**	**3,656,538**	**503,923**	**578,435**	**2,245,862**	**-11,131**	**10,195**	**-97,611**
Comprehensive income:								
Net profit for the period	41,198	-	-	-	41,198	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-10,427	-	-	-	-	-10,427	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	3,752	-	-	-	-	-	3,752	-
Total comprehensive income for the period	34,523	-	-	-	41,198	-10,427	3,752	-
Purchase and sale of treasury stock	2,552	-	-	-	-1,927	-	-	4,479
Balance as at 31 March 2013	**6,923,286**	**3,656,538**	**503,923**	**578,435**	**2,285,133**	**-21,558**	**13,947**	**-93,132**

LISBON, 9 MAY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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

NOTES TO THE CONDENSED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

1. ECONOMIC ACTIVITY OF EDP GROUP

The Group's parent company, EDP - Energias de Portugal, S.A. (EDP, S.A.), was incorporated in 1976 as a result of the nationalisation and merger of the major Portuguese companies in the electricity sector operating in mainland Portugal. EDP S.A.'s head office is located in Lisbon at Praça Marquês de Pombal, 12. 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 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 also operates in related areas such as engineering, laboratory tests, vocational training, energy services and property management.

The EDP Group operates essentially in the European (Portugal, Spain and France) and American (Brazil and the United States of America) energy sectors.

During the three months period ended 31 March 2013 the following significant changes occurred in the economic activity of the EDP Group:

Activity in the energy sector in Portugal

Electricity

Generation

On 27 February, the Law 85-A/2013 was published, approving the nominal tariff applicable to the tariff repercussion of the yearly fixed amount of the costs for maintenance of the Contractual Stability Compensation (CMEC), setting the rate at 4.72%. This rate is applicable between 1 January 2013 and 31 December 2027 and reflects a costs reduction of approximately 13 millions of Euros per year, which corresponds to a present value of 120 millions of Euros. This adjustment results from the application of the calculating mechanism of the interest rate related with the fixed portion set out in Decree-Law 240/2004, of 27 December, amended by Decree-Law 32/2013, of 26 February (point iv) of paragraph b) n. 4 of article 5. º).

Activity in the Renewable Energies Sector

Electricity

Generation

Regulatory framework for the activities in Spain

On 4 February 2013, the Spanish Government published in the Official State Gazette the Royal Decree-Law 2/2013 that includes a set of regulatory modifications applicable to the Spanish electricity sector and affecting the wind energy assets.

The main regulatory modifications that Royal Decree-Law presents towards the Royal Decree-Law 661/2007 with impact in EDP Renováveis S.A. (EDPR) effective from 1 January 2013 onwards, are as follows:

- Every energy production facilities operating under the special regime are to be remunerated according to current feed-in tariff schemes for the remaining useful life of the asset;

- Energy production facilities operating under the special regime currently remunerated according to the market option were able to chose, until 15 February 2013 and for the remaining useful life of the asset, a remuneration based on the electricity wholesale market price with no renewable energy premium, and neither cap nor floor prices;

- The index used to annually update all the regulated activities in the electricity sector is the annual inflation excluding energy products and food prices, and any impact of tax changes.

Regulatory framework for the activities in Portugal

The Portuguese Government published on 28 February 2013, the Decree Law 35/2013, that maintains the legal stability of the current contracts (Decree-Law 33-A/2005) and protects the value of the investments made by the wind energy producers in the Portuguese economy. The wind energy producers can voluntarily invest to secure further remuneration stability, through a new tariff scheme to be applied upon the actual 15 years established by law. The total investment will be used to reduce the overall costs of the Portuguese electricity system. In order to maximise the number of wind developers that voluntarily adheres to the extension of the remuneration framework, the Government proposed four alternative tariff schemes to be elected by each of the wind developers, that include the following conditions: (i) alternative cap and floor selling prices; (ii) alternative durations to the new scheme beyond the initial 15 years of the current contracts; and consequently (iii) alternative levels of investment (on a per MW basis) to adhere to the new scheme. EDPR has chosen a 7 year extension of the tariff defined as the average market price of previous twelve months, with a floor of 74€/MWh and a cap of 98€/MWh updated with inflation from 2021 onwards, in exchange for a payment of 5.800€/MW from 2013 to 2020. This decree also includes the possibility for wind farms under the new regime (i.e. ENEOP) to adhere to a similar scheme, still in negotiation.

This Decree-Law modifies the remuneration regime applicable to the production of electricity by mini hydro plants (PCH). Establishes that the PCH that were framed by a remuneration regime prior to Decree-Law 33-A/2005, of 16 February, benefit from that remuneration regime for a period of 25 years from the date they were attributed the exploration license or until the expiration date of their water use license, whichever occurs first. After this 25- year period and as longer as the above mentioned license remains valid, electricity produced by these plants will be sold at market prices.

Regulatory framework for the activities in the United States of America

On 1 January 2013, the US Congress approved "The American Taxpayer Relief Act" that includes an extension of the Production Tax Credit (PTC) for wind energy, including the possibility of a 30% Investment Tax Credit (ITC) instead of the PTC. Congress set 31 December 2013 as the new expiration date of these benefits and changed the qualification criteria (projects will only qualify as long as they are under construction by year-end 2013). The legislation also includes a depreciation bonus on new equipment placed in service which allows the depreciation of a higher percentage of the cost of the project (less 50% of the Investment Tax Credit) in the year that it is placed in service. This bonus depreciation was 100% in 2011 and 50% for 2012.

2. ACCOUNTING POLICIES

a) Basis of presentation

The accompanying condensed consolidated and company financial statements of EDP - Energias de Portugal, S.A. reflect the results of the company's operations and its subsidiaries (EDP Group or Group) and the Group's interest in its associated companies, for the three months period ended 31 March 2013 and condensed consolidated and company statement of financial position as at 31 March 2013.

EDP S.A.'s Executive Board of Directors approved the condensed consolidated and company financial statements (referred to as financial statements) on 9 May 2013. The financial statements are presented in thousands of Euros, rounded to the nearest thousand.

In accordance with Regulation (EC) 1606/2002 of the European Council and Parliament, of 19 July 2002, as transposed into Portuguese legislation through Decree-law 35/2005 of 17 February, the company's 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) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies. The EDP Group's consolidated and company condensed financial statements for the three months period ended 31 March 2013 were prepared in accordance with IFRS as adopted by the E.U. until 31 March 2013 and considering the International Financial Reporting Standard IAS 34 - Interim Financial Reporting. These financial statements 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 2012.

The new standards and interpretations recently issued but not yet effective and that the Group has not yet applied on its consolidated financial statements, can also be analysed in note 48.

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 is 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. Liabilities for defined benefit plans are recognised at the present value of the obligation net of plan assets fair value.

In accordance with IFRS 3 — Business Combinations, if the initial purchase price allocation of assets, liabilities and contingent liabilities acquired is identified as provisional, in the subsequent 12 months after the business combination transaction, the legal acquirer should make the final allocation of the purchase price related to the fair value of the assets, liabilities and contingent acquired. These adjustments with impact on the amount of goodwill determined and booked in previous periods, originates a restatement of the comparative information, which are reflected on the Statement of financial position, with effect from the date of the business combinations transactions liabilities.

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).

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

b) Basis of consolidation

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

As from 1 January 2010 onwards, the EDP Group applied IFRS 3 (revised) for the accounting of business combinations. The changes in accounting policies resulting from the application of IFRS 3 (revised) are applied prospectively.

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%.

Until 31 December 2009, when the accumulated losses of a subsidiary attributable to non-controlling interests exceed the non-controlling interests in its equity, the excess was attributed to the Group and charged to the income statement as incurred. Profits subsequently reported by the subsidiary were recognised as profits of the Group until the losses attributable to the non-controlling interests previously recognised by the Group have been recovered. As from 1 January, 2010, the due proportion of accumulated losses are attributed to non-controlling interests, implying that the Group can recognise negative non-controlling interests.

As from 1 January 2010, on a step acquisition process resulting in the acquisition of control the revaluation of any investee previously acquired is booked against the income statement when goodwill is calculated. On a partial disposal resulting in loss of control over a subsidiary, any participation retained is revalued at market value on the sale date and the gain or loss resulting from this revaluation is booked against the income statement, as well as any gain or loss resulting from the disposal.

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

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

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 not included in a disposal group 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, for acquisitions up to 31 December 2009.

As from 1 January 2010 onwards, costs directly attributable to the acquisition of a subsidiary are booked directly in the income statement.

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.

As from 1 January 2010 onwards, the EDP Group has the possibility to book non-controlling interests at fair value or at cost, implying that the full amount of goodwill can be booked in the financial statements, including the portion attributable to the non-controlling interests, against non-controlling interests, if the first option is chosen. Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the total or corresponding share of the fair value of the net assets acquired, depending on the option taken.

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 in subsidiaries is assessed annually, regardless of the existence of any impairment triggers. 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.

Until 31 December 2009, contingent acquisition prices were determined based on the best estimate of probable future payments, being the future changes in the estimate booked against goodwill. As from 1 January 2010, goodwill is no longer adjusted due to changes in the initial estimate of the contingent purchase price and the difference is booked in the income statement.

Purchases of non-controlling interests and dilution

Until 31 December 2009, in the acquisition of non-controlling interests, the difference between the fair value of the non-controlling interests acquired and the consideration paid, was accounted against goodwill. The acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, were recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. The difference between the non-controlling interests acquired and the fair value of the liability, was recorded as goodwill. The fair value of the liability was determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability were recognised as an adjustment to the cost of the business combination against goodwill and the effect of the financial discount of the liability (unwinding) was recognised as a financial expense in the consolidated income statement. This accounting treatment is maintained for all options contracted until 31 December 2009.

Until 31 December 2009, when an interest in a subsidiary was disposed, without a loss of 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, was 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. Until 31 December 2009, the Group recognised the gains or losses resulting from a dilution of the interest in a subsidiary following a sale or capital increase, in the income statement.

As from 1 January 2010 onwards, in an acquisition (dilution) of non-controlling interests not resulting in a loss of control, the difference between the fair value of the non-controlling interests acquired and the consideration paid, is accounted against reserves. The acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, are recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. 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 against the income statement as well as the effect of the financial discount of the liability (unwinding).

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 at the balance sheet date.

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

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

The income and expenses of foreign subsidiaries are translated into Euros at the approximate exchange rates at the dates of the transactions. Exchange differences from the translation into Euros of the net profit for the period, 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 extent of the Group's interest in those entities.

c) Foreign currency transactions

Foreign currency transactions are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rates at the balance sheet date. These 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 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 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 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 risk, exchange rate risk and price risk resulting from its operational and financing activities. Derivatives not qualified for hedge accounting 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. Hedge relationship exist 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 forecast transaction being hedged 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 of the hedged item.

Cash flow hedge

Changes in the fair value of derivatives qualified as cash flow hedges are recognised in reserves.

The cumulative gains or losses recognised in reserves are reclassified to the income statement when the hedged item affects the income statement.

When a hedging relation of a future transaction is discontinued, the changes in the fair value of derivative recognised in reserves remain recognised in reserves until the future hedged transaction occurs. When the future transaction is no longer expected to occur, the cumulative gains or losses recognised in reserves are recorded immediately in the income statement.

Net investment hedge

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

The accumulated foreign exchange gains and losses regarding the net investment and the related hedging instrument recognised in equity are transferred to the income statement when the foreign entity is sold, as part of the gain or loss resulting from the disposal.

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 of the hedge and prospective and retrospective tests in each balance sheet date, to demonstrate its effectiveness, showing that any adjustments to the fair value of the hedged item attributable to the risk being hedged are offset by adjustments to the fair value of the hedging instrument. Any ineffectiveness is recognised in the income statement when it occurs.

e) Other financial assets

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

Financial assets at fair value through profit or loss

This category includes: (i) financial assets at fair value through profit or loss, acquired for negotiation purposes in the short term, and (ii) other 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, which is the date on which the Group commits to purchase or sell these financial 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 the transaction costs are recognised directly in the income statement.

Financial assets are derecognised when: (i) the contractual rights to receive their future cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially, 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 out at fair value, being the gains or losses arising from changes in their fair value recorded in the income statement.

Available-for-sale investments are also subsequently carried out 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 if arising from shares, and in the income statement if arising from debt instruments. Interest, calculated using the effective interest rate method, as well as dividends received are recognised in the income statement.

The fair value of listed investments in active markets is based on current bid price. 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 assets whose fair value cannot be reliably measured are stated at cost, being any impairment loss booked against the income statement.

Reclassifications between categories

The Group does not transfer financial instruments into or out of the fair value through profit or loss category at the moment of its initial recognition being the variations recognised in the income statement (fair value option).

Impairment

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

For the financial assets taht present evidence of impairment, the respective recoverable amount is determined, and the impairment losses are 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 fair values reserves, corresponding to the difference between the acquisition cost and the fair value at the balance sheet date, less any impairment loss on that financial asset previously recognised in the income statement, is transferred to the income statement.

For debt instruments, if in a subsequent period the amount of the impairment loss decreases, the previously recognised impairment loss is reversed in 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. For equity instruments, impairment losses can not be reversed and any subsequent event which determines a fair value increase is recognised in equity under fair value reserves.

f) Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for the issuer to liquidate capital and/or interests, through delivering cash or other financial asset, regardless 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 method; or at fair value, whenever the Group chooses, on initial recognition, to designate such instruments as at fair value through profit or loss using the fair value option.

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, regardless 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 there is 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 recognised as non-controlling interests.

h) Property, plant and equipment

Property, plant and equipment is 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 the depreciated cost determined in accordance with IFRS.

Subsequent costs are recognised as property, plant and equipment only when it is probable that future economic benefits associated with the item will flow to the Group. Repair and maintenance costs are charged in the income statement as incurred, according to the accrual principle.

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 sale 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 tangible 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 75
- Thermoelectric generation	25 to 40
- Renewable generation	25
- 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 property, plant and equipment	10 to 25

According to IFRS, the estimate of the useful life of assets should be reviewed whenever a change occurs in the expected economic benefits flowing from the assets as well as when the technical use planned for the assets differs from previous estimates. Changes occurring in the depreciation charge for the year are accounted prospectively.

Borrowing costs 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 needs a substantial period of time to be ready for its intended use or sale. The amount of interest 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 outstanding borrowings during the period. The capitalisation of borrowing costs begins when expenditure for the assets is 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 consumed materials and personnel costs, are also capitalised as part of the cost of the assets.

Government grants

Government grants are initially booked as deferred revenue, under non current liabilities only when there is reasonable certainty that the grant will be received and that the Group will fulfil the grant term conditions. Grants that compensate the Group for expenses incurred are booked in the income statement on a linear basis, on the same period in which the expenses are incurred. Grants that compensate the Group for the acquisition of assets are recognised in the income statement over the related assets useful life.

Transfers of assets from customers

The International Financial Reporting Interpretations Committee (IFRIC) issued in November 2008, the interpretation IFRIC 18 - Transfers of Assets from Customers. This interpretation was approved by the European Commission on 27 November 2009, being applicable for periods beginning after 31 October 2009. For EDP Group, the first period after the approval of this interpretation is the year 2010.

IFRIC 18 is applicable for agreements in which an entity receives from a customer an item of Property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of energy. This interpretation clarifies:
- the conditions in which an asset is under this interpretation;
- recognition of the asset and its initial measurement;
- identification of the services identified (one or more services in exchange for assets transferred);
- income recognition; and
- accounting for the transfer of money from customers.

The Group adopted this interpretation for the allowances received from customers, recognising the assets received by its estimated construction cost against operating income. The assets are depreciated based on its useful life.

i) Intangible assets

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

The Group performs impairment tests whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, being any impairment recognised in the income statement. The recoverable amount is the higher of net sale 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 costs 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 asset.

Costs incurred by the Group directly related to the development of software, that are 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 its estimated useful life.

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

Concession rights on distribution of electricity and gas

The concession rights on distribution of electricity in Brazil and the concession rights related to the distribution of gas in Portugal, are recorded as intangible assets and amortised on a straight-line basis over the concessions period, not exceeding 30 and 40 years, respectively.

Concession rights to use the public hydric domain

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

The accounting policy related to intangible assets assigned to concessions is described in note 2aa), Group concession activities.

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 payments include the interest charges and the amortisation of the outstanding principal. The interest charges are recognised as costs over the lease period in order 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, by the net amount invested in the lease.

Lease payments include the financial income and the amortisation of the outstanding 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 by International Financial Reporting Interpretations Committee (IFRIC) of IFRIC 4 - Determining whether an arrangement contains a lease, applicable 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 purposes.

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 expenditures on investment property are only added to the cost of the asset when it is probable that additional future economic benefits will arise when compared to initial recognition.

l) Inventories

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

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

CO_2 licenses held by the Group for trade purposes are booked 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 measured at amortised cost less impairment losses and being presented in the statement of financial position net of impairment losses which are associated.

Impairment losses are recorded based on the regular assessment 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, being subsequently reversed through the income statement if the estimated losses decrease, in a later period.

n) Employee benefits

According with IAS 34 and IAS 19 no updated actuarial valuations are obtained for interim periods, except if there have been significant changes in the plans or unexpected significant changes in market conditions.

Pensions

Some EDP Group companies grant post-retirement benefits to employees under defined benefit and defined contribution plans, namely pension plans that grant retirement complementary benefits for 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 on 1 January 2004, to recognise the full amount of the deferred actuarial losses on that date against reserves.

The Group's pension liability for each plan is calculated annually at the balance sheet date, by independent experts individually for each plan, 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 maturity to 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 operational expenses, in the income statement, the current service cost and the effect of early retirements. Interest cost and estimated return of the fund assets are recognised as financial results.

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, some companies have defined contribution social benefit plans that complement those granted by the Social Security 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 some EDP Group companies provide medical benefits during retirement and early retirement, through complementary benefits to those provided by the Social Security System. The medical benefits plans are classified as defined benefit plans, the liability being covered by provisions booked in the Group's statement of financial position. 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 the 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 in electric power plants

The Group accounts for provisions for dismantling and decommissioning of assets when there is a legal, contractual or constructive obligation at the end of the assets' useful life. Therefore, such provisions have been booked for the electric power 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 expected future liability and are accounted for as part of the cost of the related property, plant and equipment being depreciated on a straight-line basis over the useful life of those 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.

p) Recognition of costs and revenues

Costs and revenues are recognised in the year to which they relate regardless of when paid or received, in accordance with the accrual basis. Differences between amounts received and paid and the corresponding revenue and costs 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 readings 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 costs on borrowings, interest income on funds invested, dividend income, foreign exchange gains and losses, realised gains and losses, as well as gains and losses on financial instruments and changes in the fair value of hedged risks, when applicable.

Interest is recognised in the income statement on an accrual basis. Dividend income is recognised on the date the right to receive 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 available for sale investments and cash flow hedge derivatives recognised in equity are recognised in the income statement 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 be reversed in the 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 offsets, as established in IAS 12, the deferred tax assets and liabilities if, and only if:
(i) the entity has a legally enforceable right to offset 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 future periods 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 the consolidated and the company net profit attributable to the equity holders of EDP, S.A. by the weighted average number of ordinary shares outstanding during the period, excluding the average number of shares held by the Group and by EDP, S.A., respectively.

For the diluted earnings per share calculation, 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, 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 for its subsequent resale, that are available for immediate sale and the sale is highly probable.

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 standards, immediately before their classification as held for sale. Subsequently, these assets or disposal groups are measured at the lowest between their carrying amount and fair value less costs to sell.

v) Cash and cash equivalents

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

w) Segment reporting

The Group presents the operational segments based on internal management information.

In accordance with IFRS 8, an operating segment is a Group component:
(i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
(ii) whose operating results are reviewed regularly by the entity's chief operating decision maker in order to make decisions about resources to be allocated to the segment and assess its performance; and,
(iii) for which discrete financial information is available.

x) Tariff adjustments

In regulated activities, the regulator establishes, through the tariff adjustment mechanism, the criteria to recognise gains or losses of one period in future periods. The tariff adjustments accounted for in the EDP Group financial statements represent the difference between the amounts invoiced by Portuguese regulated companies (based on the applicable tariffs published by ERSE in December of the previous year) and the regulated revenue calculated based on actual costs. The assets or liabilities resulting from the tariff adjustments are recovered or returned through the electricity and gas tariffs charged to customers in subsequent periods.

Decree-Law 165/2008 of 21 August recognised the unconditional right of the regulated operators of the electric sector to recover the tariff adjustments under a regime identical to the one used for the tariff deficits. Consequently, EDP Group booked under the income statement caption Turnover of Electricity and network accesses the effects resulting from the recognition of tariff adjustments, against Debtors and other assets. According to the referred Decree-Law, the tariff adjustments 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 to ensure that the entity entitled to these rights continues to recover the tariff adjustments until its complete payment. The Decree-Law also allows the transfer of the right to receive the tariff adjustment to third parties, in whole or in part, through future electricity tariffs.

Decree-Law 87/2011, approved on 14 April and published in Diário da República on 17 July, confirmed the unconditional right of the regulated operators of the natural gas sector to recover the tariff adjustments. Consequently, EDP Group booked under the income statement caption Turnover of Gas and network accesses the effects resulting from the recognition of tariff adjustments against Debtors and other assets and Trade and other payables, in the same terms defined for the electric sector as mentioned above.

y) CO_2 licenses and greenhouse gas emissions

The Group holds CO_2 licenses in order to deal with gas emissions resulting from its operational activity and licenses acquired for trading. The CO_2 and gas emissions licenses held for own use and attributed free of charge are booked as intangible assets against Deferred Income - Subsidies and are valued at the quoted price in the market on the grant date, usually at the beginning of each year. The use of the licenses is based on actual gas emissions in the period, valued at the quoted price on the date of attribution.

Amortisation of Deferred Income - Subsidies is made in the year in which the subsidy is granted. When the emissions of the year exceed the CO_2 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 market quote in the last working day of each month. Gains and losses resulting from these adjustments are recognised in the income statement of the period.

z) Cash Flow Statement

The Cash Flow Statement is presented under the direct method, by which gross cash flows from operating, financing and investing activities are disclosed.

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

aa) Group concession activities

The International Financial Reporting Committee (IFRIC) issued in July 2007, IFRIC 12 - Service Concession Arrangements. This interpretation was approved by the European Commission on 25 March 2009 and is applicable for the annual periods beginning after that date.

In the case of the EDP Group, the first annual period after the approval date is 2010 and, therefore, the EDP Group adopted IFRIC 12 for comparative purposes as of 1 January 2009. Under the terms of IFRIC 12, this interpretation was applied prospectively considering that the retrospective application was impracticable. The effect of the retrospective application would have a similar effect as a prospective application.

IFRIC 12 is applicable to public-private concession contracts in which the public entity controls or regulates the services rendered through the utilisation of certain infrastructure as well as the price for such services and also controls any significant residual interest in the infrastructure.

According to IFRIC 12, the infrastructures allocated to concessions are not recognised by the operator as tangible fixed assets or as financial leases, as the operator does not control the assets. These infrastructures are recognised according to one of the following accounting models, depending on the type of remuneration commitment of the operator assumed by the grantor within the terms of the contract:

Financial Asset Model

This model is applicable when the operator has an unconditional right to receive certain monetary amounts regardless the level of use of the infrastructure within the concession and results in a financial asset recognition, booked at amortised cost.

Intangible Asset Model

This model is applicable when the operator, within the concession, is remunerated on the basis of the level of use of the infrastructure (demand risk) and results in an intangible asset recognition.

Mixed Model

This model is applicable when the concession includes simultaneously guaranteed remuneration and remuneration based on the level of use of the infrastructure within the concession.

Under the terms of the concession contracts of EDP Group to which IFRIC 12 is applicable, the construction activities are outsourced to specialised entities. Therefore, EDP Group has no margin in the construction of the assets assigned to concessions, thus the revenue and the expenditure with the acquisition of these assets have equal amounts (see note 7).

Intangible assets within concessions are amortised over their respective useful lives during the concession period.

The Group carries out impairment tests to the intangible assets within concessions 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.

Grants received from customers related to assets within concessions are delivered to the Group on a definitive basis and, therefore, are not reimbursable. These grants are deducted from the value of the assets allocated to each concession.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN PREPARING THE FINANCIAL STATEMENTS

IFRS require the use of judgement and the making of estimates in the decision process regarding certain accounting treatments, with impact in total assets, liabilities, equity, costs and income. The actual effects may differ from these estimates and judgements, namely in relation to the effect of actual costs and income.

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 its 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 these Condensed Consolidated Financial Statements.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Group, the 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.

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 determined by external entities, or through valuation models that require assumptions or judgment in making the fair value estimates.

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 determined by external entities, or by pricing models based on net present value of estimated future cash flows techniques considering market conditions, time value, yield curves and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair values.

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

Contractual Stability Compensation - CMEC

Following a Portuguese Government decision to extinguish the Power Purchase Agreement (PPA), EDP and REN agreed to the early termination of the PPAs, with effect from 1 July 2007.

As a result of the PPAs termination and in accordance with the applicable legislation, a contractual stability compensation (CMEC) was granted to 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 as an account receivable of 833,467 thousands of Euros, 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. According to the applicable legislation, securitization of this amount is possible. Compensation resulting from the revisable mechanism refers to the correction of the initial compensation for each year considering the actual conditions and is recognised as a loss or gain in the year to which it relates. Final compensation will be calculated in accordance with the terms defined by the legislation relating to the termination of the PPAs, after the end 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, during a 10-year period after the termination of the PPAs, the positive and negative variations between the estimates made for the initial stability compensation calculation and the actual amounts occurred in the market for each 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 the assumptions defined in the Valorágua model, according to the current legislation. Consequently, the use of different methodologies or assumptions from the used model, could give rise to different financial results from those considered.

Review of the useful life of the assets

In 2010 EDP Gestão de Produção, S.A. reviewed the useful lives of the hydroelectric and thermoelectric generating assets which, consequently, led to a prospective change in the depreciation charge of the period.

The useful lives of the hydroelectric power plants were redefined based on an assessment performed by an external entity of the corresponding equipment, considering its current conservation state and the future maintenance plan. Based on this information, the remaining useful lives were identified for each asset, being the maximum term established at the corresponding final date of the public hydric domain associated to each hydroelectric power plant. This analysis considered the use of estimates and judgement in order to determine the useful lives of these assets.

In the second quarter of 2011 EDPR Group changed the useful life of the wind farms from 20 to 25 years. The redefinition of the useful life of the wind generation assets was based on a technical study performed by an independent entity which considered the technical availability for an additional period of 5 years of useful life of these assets. The referred study covered 95% of wind installed capacity of EDPR Group, in the different geographies (Europe and North America), considering assumptions and estimates that required judgement.

The regulatory authority of Brazil, Agência Nacional de Energia Elétrica (ANEEL) issued on 7 February 2012, the Normative Resolution 474, which revised the economic useful life of assets associated to concessions, and established new annual depreciation rates with retroactive effect from 1 January 2012 onwards. The implementation of this change in annual depreciation rates led to an increase in the average useful life of Bandeirante's and Escelsa's assets from 22 to 24 years and 20 to 22 years, respectively.

Useful lives of generation assets - Hydro independent generator in Brazil

The hydro generation assets in Brazil for Independent Generators are amortised during the estimated useful lives, considering the existing facts and circumstances at the date of preparation of the financial statements which includes, among other issues, EDP's best estimates of the useful lives of such assets, which are consistent with the useful lives defined by the regulator (ANEEL), the respective contractual residual indenisation values at the end of each concession period, as well as related technical and legal opinions. The remaining period of amortisation and the indenisation values at the end of the concessions, may be influenced by any changes in the Regulatory Legal Framework in Brazil.

Tariff adjustments

Tariff adjustments in Portugal represent the difference between costs and income of the National Electricity and Gas System, estimated at the beginning of each period for purposes of calculating the tariff, and the actual costs and income of the System established at the end of each period. The tariff adjustments assets or liabilities are recovered or returned through electricity tariffs to customers in subsequent periods.

Considering the current legislation which establishes an unconditional right of the regulated operators to recover or return the tariff adjustments, the EDP Group booked in the caption Turnover - Electricity and network access of the period, the effects of the recognition of the tariff adjustment, against Debtors and other assets from commercial activities and Trade and other payables from commercial activities. 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 electricity and gas tariffs.

Tariff deficit

In Portugal, the Decree-Law 237-B/2006, of 19 December 2006, recognised an unconditional 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 collection right to a third party. In 2008, the EDP Group sold unconditionally the tariff deficit of 2006 and part of the 2007 deficit. In 2009, the tariff deficits regarding 2008 and the remaining part of 2007 were transferred, as well as the non-regular tariff adjustment regarding the estimated overcost of the special regime production for 2009. In September 2011, the EDP Group sold unconditionally tariff adjustment for the additional cost of cogeneration for the period 2009-2011. In December 2012, in accordance with the terms of Decree-Law 109/2011, EDP Distribuição sold without recourse the right to recover 2010 annual adjustment of the compensation due for early termination of the power purchase agreements.

In Spain, the Royal Decree Law 6/2009, published on 7 May 2009 establishes, among other matters: (i) the possibility to securitise the Spanish tariff deficit supported by the electric sector companies using a State guarantee through the tariff deficit amortisation fund; (ii) the calendar for the elimination of the tariff deficit, such that on 1 January 2013, access tariffs will be enough to cover regulated activities' costs, without the creation of an ex-ante tariff deficit and, in order to ease this gradual elimination, the Royal Decree Law also 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 incorporation of CO_2 costs in markets prices, and which was to be in force until 2012; (iv) the creation of a social subsidy, which translates to 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. However, Royal Decree Law 29/2012, endorsed on 28 December 2012, abolished the regulatory requirement mentioned in paragraph (ii) above. The direct consequence of this suppression is that access tariffs will not be related to the sufficiency of the tariffs, so there may be temporary imbalances, to be recovered in a single annual fee in subsequent years.

The Royal Decree Law 14/2010, published in 2010, addressed the correction of the tariff deficit of the electricity sector. As a result, the temporal mismatch of the settlement for 2010 came to be considered as a revenue deficit of the electricity system and established a set of measures to ensure that the various industry players contribute to the reduction, including: the establishment of generation rates, financing plans for energy efficiency and savings by the generation companies, and various regulatory measures that help reduce the additional costs of certain technologies in the special regime.

In 2012, the Royal Decree Law 1/2012 was published, establishing a moratorium on adding new facilities in the pre-allocation records for remuneration and the Royal Decree Law 13/2012 which provides reductions in the remuneration for the distribution activity and an extraordinary decrease on other regulated activities. Both decrees were adopted with urgency to reduce the tariff deficit in order to achieve the limit provided for 2012 in the Royal Decree Law 14/2010.

Based on the legislation issued, EDP considers that the requirements for the recognition of tariff deficits as receivables against the income statement are accomplished.

Impairment of long term assets and Goodwill

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

On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in goodwill resulting from acquisitions of shares in subsidiaries. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management. The goodwill in associates 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 EDP 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 judgement 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 measured, 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 several transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates could 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 their annual taxable earnings for a period of four years. In case of tax losses carried forward, this period can be five years for annual periods starting from 2012, four years for annual periods of 2011 and 2010 and six years for previous annual periods. As a result, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, EDP Group and its subsidiaries believe that there will be no significant corrections to the income tax booked in 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, discount rates and pension and salary growth and other factors that can impact the cost and liability of the pension, medical plans and other benefits. Changes in the assumptions can materially affect the amounts determined.

Provisions for dismantling and decommissioning of power generation units

The EDP Group considers that there are legal, contractual or constructive obligations to dismantle and decommission of Property, plant and equipment assets allocated to electricity generation operations. The Group records provisions in accordance with existing obligations to cover the present value of the estimated cost to restore the locations and land where the electricity generations units are located. The calculation of the provisions is based on estimates of the present value of the future liabilities.

The use of different assumptions in the estimates and judgement from those referred to could lead to different financial results than those considered.

Measurement criteria of the concession financial receivables under IFRIC 12

In 2012, the Provisional Measure 579/12 was published in Brazil, meanwhile converted into Law 12.783/13, which determines the amount of the indenisation payable to the distribution companies regarding the assets not amortised or depreciated at the end of each concession, that should be determined based in the methodology of the new replacement value. This methodology determined an increase in the indenisation amount (financial asset IFRIC 12) of Bandeirante and Escelsa, booked, under IFRIC 12 terms, against other operating income. This amount corresponds to the difference between the new replacement value versus the historical cost.

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 arises 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. Derivative financial instruments are used to minimise 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. 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.

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. Financial Department is responsible for managing exchange rate risk exposure resulting from foreign currency loans, seeking to mitigate the impact of 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 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 asset or 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.

EDP Group is exposed to the exchange rate risk in US Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Swiss francs (CHF), Brazilian Reais (BRL), Romanian Leu (RON) and Zloty (PLN). Currently, the exposure to USD/EUR, PLN/EUR and RON/EUR exchange rate risk results essentially from investments of EDP Group in wind parks in the USA, Poland and Romania. These investments were financed with debt contracted in USD, PLN and RON, which allows to mitigate the exchange rate risk related to these assets.

The Brazilian subsidiaries exposed to the USD/BRL exchange rate risk as a result of their USD debt, use derivative financial instruments to hedge this risk. Additionally, investments in the Brazilian subsidiaries of EDP Energias do Brasil, whose net assets expressed in BRL are exposed to exchange rate risks, are monitored through analysis of the evolution of the BRL/EUR exchange rate. Regarding investments in wind farms of EDP Renováveis in Brazil, the Group decided to follow the strategy that has been adopted to hedge these investments in USA and Poland, by contracting a financial derivative instrument to cover the exchange rate exposure of these assets.

The exchange rate and interest rate risk on the GBP, CHF and JPY 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.

Sensitivity analysis - exchange rate

Regarding the financial instruments that result in an exchange rate risk exposure, a fluctuation of 10% in the Euro exchange rate in relation to the following currencies, as at 31 March 2013 and 31 December 2012, would lead to an increase / (decrease) in the EDP Group results and equity as follows:

	Mar 2013			
	Results		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD	17,866	-21,836	-2,237	2,734
RON	1,705	-2,084	-	-
PLN	11,738	-14,346	-	-
	31,309	-38,266	-2,237	2,734

	Dec 2012			
	Results		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD	40,462	-49,454	-27,842	34,029
RON	5,957	-7,280	-	-
PLN	11,628	-14,213	-	-
	58,047	-70,947	-27,842	34,029

This analysis assumes that all other variables, namely 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 to interest rate risk from market fluctuations through the settlement of derivative financial instruments.

In the floating rate financing context, the EDP Group engages interest rate derivative financial instruments to hedge the 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 engaged 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 engaged, as necessary, to mitigate exposure of the debt cash flows to market rate fluctuations.

All the 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 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 of financial instruments to interest rate fluctuations. After the covering effect of the derivatives 46% of the Group's liabilities are fixed rate.

Sensitivity analysis - Interest rates (excluding the Brazilian operations)

Based on the debt portfolio engaged 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 31 March 2013 and 31 December 2012 would lead to the following increases / (decreases) in equity and results of the EDP Group:

	Mar 2013			
	Results		Equity	
Thousands of Euros	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow effect:				
Hedged debt	-20,121	20,121	-	-
Unhedged debt	-77,244	77,244	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	56,318	-62,161
Trading derivatives (accounting perspective)	-2,715	1,018	-	-
	-100,080	98,383	56,318	-62,161

	Dec 2012			
	Results		Equity	
Thousands of Euros	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow effect:				
Hedged debt	-20,121	20,121	-	-
Unhedged debt	-83,238	83,238	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	53,985	-59,599
Trading derivatives (accounting perspective)	-4,016	1,355	-	-
	-107,375	104,714	53,985	-59,599

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

Counterparty credit risk management

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 instruments are credit institutions with high credit risk rating notation and therefore the risk of counterparty default is not considered to be significant. Guarantees and other collaterals are not required on these transactions.

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

Regarding the third-party debt generated by the Group's day-to-day business, the credit risk arises 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.

EDP Group believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of trade receivables and other debtors, net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exists that have not been recognised as such and provided for.

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 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 related to electric energy, carbon emissions (CO_2) and fuel (coal, fuel and gas). The portfolio is managed through the engagement of operations with financial and physical settlement on the forward energy markets. The objective of the operations is to reduce volatility of the financial impact resulting from the managed positions 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 and forwards of electricity and fuels 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, 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 a periodic review based on the evolution of the operations, in order to change the profile of the positions and adjust them to the established management objectives.

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 backtesting 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 variation of the different risk factors (price of electricity and hydrological) 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 considered.

	P@R Distribution by risk factor	
Thousands of Euros	Mar 2013	Dec 2012
Risk factor:		
Negotiation	5 000	-
Fuel	30,000	26,000
CO_2	13,000	2,000
Electricity	22,000	18,000
Hydrological	26,000	38,000
Diversification effect	-52,000	-43,000
Total	44,000	41,000

Regarding credit risk, the quantification of exposure considers the amount and type of transaction (e.g. 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 31 March 2013 and 31 December 2012 the EDP Group's exposure to credit risk rating is as follows:

	Mar 2013	Dec 2012
Credit risk rating (S&P):		
AAA to AA-	5.68%	6.63%
A+ to A-	59.72%	56.54%
BBB+ to BBB-	26.60%	33.55%
BB+ to B-	1.49%	0.59%
No rating assigned	6.51%	2.69%
Total	100.00%	100.00%

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

The summary of VaR on the operations of the Brazilian subsidiaries at 31 March 2013 and 31 December 2012 is as follows:

	VaR	
Thousands of Euros	Mar 2013	Dec 2012
Exchange rate risk	973	1,309
Interest rate risk	5,064	4,097
Covariation	-883	-1,993
Total	5,154	3,413

5. CONSOLIDATION PERIMETER

During the three months period ended 31 March 2013, the following changes occurred in the EDP Group consolidation perimeter as described below:

Companies acquired:

- EDP Renewables, SGPS, S.A. acquired 100% of the share capital of Gravitangle - Fotovoltaica Unipessoal, Lda.;
- EDP Energias do Brasil, S.A. acquired 50% of the share capital of Mabe Construções e Administração de Projetos, Lda.;
- South África Wind & Solar Power, S.L. (which was incorporated in March 2013) acquired 42,5% of the share capital of Modderfontein Wind Energy Project, Ltd.

Companies sold and liquidated:

- Millenium Energy, S.L. sold by 115,493 thousands of Euros all of its interests in the gas transmission business (Gas Transporte Span, S.L. and Naturgas Energia Transportes, S.A.U.);
- EDP Gestão da Produção de Energia, S.A. sold all of its interests in Soporgen, S.A. by the amount of 5,060 thousands of Euros;
- Arquiled - Projectos de Iluminação, S.A. liquidated Futurcompact, Lda.

Companies incorporated:

- Empresa de Energia Cachoeira Caldeirão, S.A.;
- South África Wind & Solar Power, S.L.

Other changes:

- EDP Ventures, SGPS, S.A. increased its shareholding from 40.01% to 46.22% in the share capital of Arquiled - Projectos de Iluminação, S.A.;
- Arquiled - Projectos de Iluminação, S.A. increased its shareholding to 96% in the share capital of Arquiservice - Consultoria Serviços, S.A.;
- EDP Renewables Europe, S.L. increased its shareholding to 100% in the share capital of Greenwind, S.A.;
- EDP Renewables Europe, S.L. increased its shareholding to 100% in the share capital of Relax Wind Park I, S.P. ZO.O through its subsidiary EDP Renewables Polska, S.P. ZO.O.;
- EDP Energias do Brasil, S.A. increased its shareholding to 100% in the share capital of Terra Verde Bioenergia Participações, S.A.;
- Decrease of the financial interest in Principle Power, Inc. from 50.29% to 33.46% through dilution, proceeding a share capital increase not subscribed by EDP Inovação, S.A.

6. TURNOVER

Turnover analysed by sector is as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Electricity and network access	3,903,026	3,904,486	507,309	472,894
Gas and network access	430,922	482,690	61,764	53,021
Other	50,583	24,983	33,625	35,235
	4,384,531	4,412,159	602,698	561,150

Turnover by geographical market, for the Group, is analysed as follows:

	Mar 2013					
Thousands of Euros	Portugal	Spain	Brazil	U.S.A.	Other	Group
Electricity and network access	2,190,125	854,067	692,954	103,345	62,535	3,903,026
Gas and network access	73,605	357,317	-	-	-	430,922
Other	21,023	14,485	15,023	1	51	50,583
	2,284,753	1,225,869	707,977	103,346	62,586	4,384,531

	Mar 2012					
Thousands of Euros	Portugal	Spain	Brazil	U.S.A.	Other	Group
Electricity and network access	2,229,321	899,942	617,656	106,202	51,365	3,904,486
Gas and network access	77,954	404,736	-	-	-	482,690
Other	14,653	6,938	3,348	-	44	24,983
	2,321,928	1,311,616	621,004	106,202	51,409	4,412,159

During the first quarter of 2013, on a consolidated basis, the caption Electricity and network access in Portugal includes a net revenue of 617,498 thousands of Euros (income in 31 March 2012: 452,337 thousands of Euros) regarding the tariff adjustments of the period (see notes 25 and 38), as described under accounting policy - note 2 x).

Additionally, the caption Electricity and network access includes on a consolidated basis 4,111 thousands of Euros (31 March 2012: 111,250 thousands of Euros) related to the Contractual Stability Compensation (CMEC) as a result of the Power Purchase Agreements (PPA) termination.

The breakdown of Revenue by segment is presented in the segmental reporting (see note 50).

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

	Group		Company	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Cost of electricity	2,284,789	2,284,342	488,193	451,059
Cost of gas	336,248	390,620	-	-
Changes in inventories and cost of raw materials and consumables used				
Fuel, steam and ashes	110,994	139,675	-	-
Gas	89,068	134,327	60,297	89,317
Cost of consumables used	6,585	3,041	-	-
CO_2 licenses	29,153	5,417	5,328	477
Own work capitalised	-17,100	-21,570	-	-
Other	34,019	38,664	1	5
	252,719	299,554	65,626	89,799
	2,873,756	2,974,516	553,819	540,858

On a company basis, Cost of electricity includes costs of 287,546 thousands of Euros (31 March 2012: 231,593 thousands of Euros) with the purchase of energy under the agreement for management, purchase and resale of energy signed between EDP, S.A. and EDP Gestão da Produção de Energia, S.A.

7. REVENUE FROM ASSETS ASSIGNED TO CONCESSIONS

Under the terms of concession contracts of EDP Group to which IFRIC 12 is applicable, the construction activities are outsourced to external specialised entities. Therefore, EDP Group has no margin in the construction of assets assigned to concessions. The revenue and the expenditure with the acquisition of these assets have equal amounts, being analysed as follows:

	Group	
Thousands of Euros	Mar 2013	Mar 2012
Revenue from assets assigned to concessions	69,451	94,271
Expenditure with assets assigned to concessions		
Subcontracts and other materials	-46,157	-69,717
Personnel costs capitalised (see note 10)	-20,926	-21,667
Capitalised interest expense from financial debt (see note 14)	-2,368	-2,887
	-69,451	-94,271
	-	-

The movements for the period of assets assigned to concessions are disclosed in note 17 - Intangible assets.

The Revenue from assets assigned to concessions by geographical market is analysed as follows:

	Mar 2013			Mar 2012		
Thousands of Euros	Portugal	Brazil	Total	Portugal	Brazil	Total
Revenue from assets assigned to concessions	52,081	17,370	69,451	65,297	28,974	94,271
Expenditure with assets assigned to concessions	-52,081	-17,370	-69,451	-65,297	-28,974	-94,271
	-	-	-	-	-	-

8. OTHER OPERATING INCOME

Other operating income is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Gains on fixed assets	300	8,251	19	359
Customers contributions	3,659	7,993	-	-
Income arising from institutional partnerships - EDPR NA	35,578	36,535	-	-
Gains on disposals	58,068	-	-	-
Other operating income	38,587	30,330	3,344	3,248
	136,192	83,109	3,363	3,607

Customers contributions includes the effect of the application of IFRIC 18 in the electricity and gas distribution activities in Spain in the amount of 3,524 thousands of Euros (31 March 2012: 7,691 thousands of Euros), as referred in accounting policy 2h).

Income arising from institutional partnerships - EDPR NA relates to revenue recognition arising from production and investment tax credits (PTC/ITC) and tax depreciations regarding Vento I, II, III, IV, V, VI, VII, VIII, IX and X projects, in wind farms in U.S.A. (see note 37).

Gains on disposals relates with the gain on the sale of the assets of the gas transmission business in the amount of 55,829 thousands of Euros and cogeneration activity in the amount of 2,239 thousands of Euros (see note 41).

Other operating income includes the power purchase agreements between EDPR NA and its customers which were valued based on market assumptions, at the acquisition date, using discounted cash flow models. At that date, these agreements were valued at approximately 190,400 thousands of USD and recorded as a non-current liability (see note 38). This liability is depreciated over the period of the agreements against Other operating income. As at 31 March 2013, the amortisation for the period amounts to 2,102 thousands of Euros (31 March 2012: 2,423 thousands of Euros). This caption also includes 13,885 thousands of Euros related with the indemnity received following an amendment of the power purchase agreement between Mesquite Wind, L.L.C. (subsidiary of Wind I, L.L.C) and its client.

9. SUPPLIES AND SERVICES

Supplies and services are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Consumables and communications	12,787	13,862	2,047	2,854
Rents and leases	28,958	28,650	11,437	12,189
Maintenance and repairs	75,090	74,955	4,459	3,933
Specialised works:				
- Commercial activity	38,069	38,847	875	1,338
- IT services, legal and advisory fees	19,798	18,270	5,270	4,727
- Other services	12,119	11,211	2,826	2,709
Provided personnel	-	-	11,337	11,002
Other supplies and services	29,503	30,485	2,995	2,578
	216,324	216,280	41,246	41,330

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Personnel costs				
Board of Directors remuneration	4,205	3,938	1,737	1,335
Employees' remuneration	129,921	130,052	432	287
Social charges on remuneration	32,313	35,115	93	112
Performance, assiduity and seniority bonus	21,063	18,536	1,648	1,018
Other costs	6,720	7,581	222	226
Own work capitalised:				
- Assigned to concessions (see note 7)	-20,926	-21,667	-	-
- Other	-16,648	-19,012	-	-
	156,648	154,543	4,132	2,978
Employee benefits				
Pension plans costs	6,753	7,019	68	75
Medical plans costs and other benefits	2,488	2,271	34	31
Other	4,695	5,680	19	16
	13,936	14,970	121	122
	170,584	169,513	4,253	3,100

Pension plans costs include 3,125 thousands of Euros (31 March 2012: 3,228 thousands of Euros) related to defined benefit plans (see note 35) and 3,628 thousands of Euros (31 March 2012: 3,791 thousands of Euros) related to defined contribution plans. Medical plans costs and other employee benefits include 2,488 thousands of Euros (31 March 2012: 2,271 thousands of Euros) related to the charge of the period.

11. OTHER OPERATING EXPENSES

Other operating expenses are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Concession rents paid to local authorities and others	68,942	72,683	-	-
Direct and indirect taxes	65,724	22,774	226	110
Donations	2,879	2,277	218	92
Impairment losses:				
- Trade receivables	11,669	15,129	-	-
- Debtors	3,339	376	-	11
Other operating costs	35,609	18,246	597	605
	188,162	131,485	1,041	818

The caption Concession rents paid to local authorities and others includes essentially the rents paid to the local authorities under the terms of the low tension electricity distribution concession contracts and rents paid to city councils where the power plants are located.

The caption Direct and indirect taxes, on 31 March 2013, includes the amount of 33.1 millions of Euros related to a new a rate of 7% over electricity generation in Spain from 1 January 2013, following the publication of Law 15/2012 on 27 December.

12. PROVISIONS

Provisions are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Charge for the period	12,009	8,824	1,801	3,616
Write-back for the period	-2,569	-5,825	-161	-92
	9,440	2,999	1,640	3,524

13. DEPRECIATION, AMORTISATION EXPENSE AND IMPAIRMENT

Depreciation, amortisation expense and impairment are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Property, plant and equipment				
Buildings and other constructions	4,761	3,752	711	729
Plant and machinery	227,041	229,077	7	6
Other	16,701	19,628	3,146	2,692
Impairment loss	6,647	8,971	-	-
	255,150	261,428	3,864	3,427
Intangible assets				
Concession rights and impairment	21,430	18,122	-	-
Intangible assets assigned to concessions - IFRIC 12	82,839	76,862	-	-
Other intangibles	569	1,007	2	2
	104,838	95,991	2	2
	359,988	357,419	3,866	3,429
Compensation of amortisation and depreciation				
Partially-funded property, plant and equipment	-6,719	-7,096	-	-
Impairment of Goodwill	-	-	-	-
	353,269	350,323	3,866	3,429

The partially-funded property, plant and equipment is depreciated on the same basis and at the same rates as the Group's remaining assets, being the corresponding cost compensated through the amortisation of the amounts received (registered under Trade and other payables from commercial activities) on the same basis and at the same rates as the corresponding partially-funded assets.

During the first quarter of 2013 an impairment loss of 6,647 thousands of Euros was booked on plant and machinery related to wind generation assets, as a result of the regulatory changes recently issued in Spain, particularly the ones described in the Royal Decree-Law 2/2013 (see note 16).

14. FINANCIAL INCOME AND EXPENSES

Financial income and expenses are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Financial income				
Interest income from bank deposits and other applications	10,824	16,892	5,576	7,033
Interest income from loans to subsidiaries and related parties	4,463	2,746	117,998	102,205
Interest from derivative financial instruments	31,570	34,462	10,425	4,744
Derivative financial instruments	132,173	35,484	178,858	95,024
Other interest income	12,278	15,343	265	145
Foreign exchange gains	11,010	38,398	2,372	7,204
CMEC	12,532	18,707	-	-
Other financial income	33,864	30,412	-	16
	248,714	192,444	315,494	216,371
Financial expenses				
Interest expense on financial debt	215,370	196,251	85,218	77,299
Capitalised borrowing costs:				
- Assigned to concessions (see note 7)	-2,368	-2,887	-	-
- Other	-32,493	-29,832	-	-
Interest from derivative financial instruments	25,995	29,919	6,753	6,012
Derivative financial instruments	117,811	66,573	174,087	91,593
Other interest expense	8,113	12,388	2,415	2,459
Foreign exchange losses	12,793	22,136	1,816	2,697
CMEC	4,742	4,560	-	-
Unwinding of liabilities	26,865	27,349	-	-
Unwinding of pension liabilities	7,742	11,477	-	-
Unwinding of medical liabilities and other plans	10,228	11,412	-	-
Other financial expenses	13,771	9,926	3,882	6,472
	408,569	359,272	274,171	186,532
Financial income / (expenses)	-159,855	-166,828	41,323	29,839

The caption Financial income - CMEC totalling 12,532 thousands of Euros includes 4,161 thousands of Euros related to interest of the initial CMEC (31 March 2012: 4,744 thousands of Euros) included in the annuity for 2013 and 8,371 thousands of Euros related to the financial effect considered in the calculation of the initial CMEC (31 March 2012: 13,963 thousands of Euros).

The caption Other financial income includes essentially 29,381 thousands of Euros related with interest income of tariff adjustment and tariff deficit in the national electricity system in Portugal (31 March 2013: 18,420 thousands of Euros) and 1,496 thousands of Euros (31 March 2013: 1,519 thousands of Euros) related with interest income of tariff adjustment and tariff deficit in Spain.

Capitalised borrowing costs includes the interest capitalised in assets under construction according to the accounting policy described in paragraph 2 h). The interest rates considered for the referred capitalisation are in accordance with market rates.

Financial expenses - CMEC, in the amount of 4,742 thousands of Euros (31 March 2012: 4,560 thousands of Euros), relates mainly to the unwinding of the initial CMEC, booked against Deferred Income (see note 38).

The Unwinding of liabilities refers essentially to, (i) the unwinding of the dismantling and decommissioning provision for generation assets, (ii) the unwinding related to the put option of EDP Renewables Itália, (iii) the implied financial return in institutional partnership in USA wind farms, and (iv) the financial expenses related to the discount of the debt associated to the concessions of Alqueva/Pedrógão, Investco and Enerpeixe.

15. INCOME TAX

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during subsequent periods, since the date that the annual income tax return is filed. In Portugal the limit is 4 years, or 5 or 6 years if tax losses and tax benefits have been used. In Spain the period is 4 years and in Brazil it is 5 years. In the United States of America the general Statute of Limitations for the IRS to issue additional income tax assessments for an entity is 3 years since 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 periods (5 years in Portugal since 2012, 18 years in Spain, 20 years in the United States, without an expiry date in Belgium and France and without an expiry date in Brazil, although in Brazil it is limited to 30% of the taxable income of each period). The EDP Group companies are taxed, whenever possible, on a consolidated basis as allowed by the tax legislation of the respective countries.

In August 2011, the Royal Decree-Law 9/2011 was approved, introducing a set of amendments to the Spanish income tax legislation. From 1 January 2012 onwards, the period for off setting prior years' tax losses carry forward is extended from 15 to 18 years.

The Law 64-B/2011 of 30 December (2012 State Budget Law) has extended the period to carry forward tax losses from 4 to 5 years (for tax losses generated after 1 January 2012). However, the deduction of tax losses (even if generated before 2012) cannot exceed to 75% of the taxable income earned in each tax period. This limitation does not prevent the deduction of the non-deducted losses, in the same conditions, until the end of the respective tax deductible period.

Royal Decree-Law 12/2012, published on 31 March 2012, established a set of measures aimed to reduce the public deficit, namely a general limitation for the deduction of the net financial expenses to 30% of the adjusted operational profit. The amount of financial expenses incurred with interest which exceed the above mentioned 30% may be deducted in the 18 following years, provided that this limit is not exceeded each year. Additionally, the maximum annual rate of goodwill amortisation is established at 1% for the tax years of 2012 and 2013.

The Royal Decree-Law 20/2012, which was approved in July 2012, introduced a new set of temporary measures regarding the Spanish Corporate Income Tax legislation. The main measures are related to the change of the method for the calculation of the payments on account due by large-sized companies in the years 2012 and 2013 and to the amendment of the limits to the deductibility of tax losses carried forward for the years 2012 and 2013:
- Companies whose last year income are between 20 and 60 millions of Euros, can only deduct tax losses up to 50% of the taxable income compared to the former limit of 75%; and
- Companies whose last year income exceed 60 millions of Euros, can only deduct tax losses up to 25% of the taxable income compared to the former limit of 50%.

Law 16/2012 was published on 28 December, introducing a set of tax measures aiming at the reduction of the public deficit and the expansion of the economic activity in Spain. The main measures with impact on the Group subsidiaries located in Spain are the following:
- Limit of 70% of the deductibility for tax purposes of the amortisation and depreciation of intangible and tangible assets and investment properties, on the tax years of 2013 and 2014. Therefore, the amortisation and depreciation which is not deductible for tax purposes in 2013 and 2014, may be deducted on a straight basis over a 10-year period or over the remaining useful life of the corresponding assets from the tax year of 2015 onwards; and
- Possibility of companies reevaluate their tangible assets and investment properties, based on pre defined coefficients. According to the law, the effect of the reevaluation will be taxable in 2013 at a single rate of 5% for the net increase in the asset value. The amortisation and depreciation expense of the above mentioned net increase (revaluation) will be tax deductible for the revaluated assets remaining life.

In previous years, as a result of the Portuguese Tax Authorities interpretations regarding municipal surcharge and the underlying IT systems used by the tax authorities, EDP Group paid in excess municipal surcharge on the individual taxable income of the subsidiaries forming EDP taxation group in the amount of 43.1 millions of Euros.

On 30 December 2011, the Administrative Court of Lisbon issued a favourable decision to EDP Group regarding the municipal surcharge of 2007, which resulted in the recognition of an income of 10 millions of Euros in 2011. On 24 April 2012, an additional favourable decision was issued regarding the municipal surcharge of 2010 in the amount of 12.7 millions of Euros, which was recorded as an income in the second quarter of 2012. On 31 December 2012, the Administrative Court of Lisbon formally released a decision in favour of EDP regarding the 2008 municipal surcharge and autonomous taxation, which resulted in the recognition of an income of 7.5 millions of Euros in 2012.

Following these decisions, as at 31 March 2013, the total amount of 2009 and 2011 Municipal surcharge paid in excess, regarding which EDP Group is still awaiting for a formal decision on the administrative and legal procedures, amounts to 12.6 millions of Euros.

Income tax expense is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Current tax	-114,990	-54,281	-14,069	-2,746
Deferred tax	-34,062	-24,718	13,736	81,783
	-149,052	-78,999	-333	79,037

The reconciliation between the nominal and the effective income tax rate for the Group, at 31 March 2013, is analysed as follows:

	Mar 2013		
Thousands of Euros	Rate %	Tax basis	Tax
Nominal rate and income tax	26.5%	557,422	147,717
Tax losses and tax credits	-0.1%	-2,102	-557
Tax benefits	-1.4%	-30,132	-7,985
Non deductible provisions and amortisations for tax purposes	-1.6%	-32,894	-8,717
Fair value of financial instruments and financial investments	-0.2%	-4,645	-1,231
Financial investments in associates and subsidiaries	-0.3%	-6,857	-1,817
Tax differential (includes state surcharge)	4.2%	87,849	23,280
Other adjustments and changes in estimates	-0.4%	-6,181	-1,638
Effective tax rate and total income tax	26.7%	562,460	149,052

Law 12-A/2010 issued on 30 June 2010, approved a group of additional measures aimed at the consolidation of public finances in line with the Stability and Growth Pact (PEC), namely the introduction of a State surcharge, corresponding to 2.5% of the taxable income exceeding 2 millions of Euros. Consequently, the total income tax rate applicable in Portugal to the entities with taxable income exceeding that amount, was increased to 29%.

The Law 64-A/2011 of 30 December, modified the above referred tax, where the state surcharge applies (i) at a rate of 3% over taxable income in the range of 1.5 to 10 millions of Euros, and (ii) at a rate of 5% over taxable income exceeding 10 millions of Euros. The Law 66-B/2012 of 31 December aggravated the state surcharge as follows: (i) at a rate of 3% over taxable income in the range of 1.5 to 7.5 millions of Euros, and (ii) at a rate of 5% over taxable income exceeding 7.5 millions of Euros. In accordance with n.º 4 of Article 116º of the Law 64-B/2011, such modification applies for a two year period starting in 1 January 2012. Accordingly, during 2012 and 2013, the maximum corporate income tax rate in Portugal applicable to entities with taxable income exceeding 10 and 7.5 millions of Euros, respectively, will be 31.5%.

The reconciliation between the nominal and the effective income tax rate for the Group, at March 2012, is analysed as follows:

	Mar 2012		
Thousands of Euros	Rate	Tax basis	Tax
Nominal rate and income tax	26.5%	486,966	129,046
Tax losses and tax credits	-0.4%	-7,713	-2,044
Dividends	2.4%	44,611	11,822
Tax benefits	-1.8%	-32,943	-8,730
Non deductible provisions and amortisations for tax purposes	-5.2%	-96,140	-25,477
Fair value of financial instruments and financial investments	2.7%	50,189	13,300
Financial investments in associates and subsidiaries	-14.0%	-257,891	-68,341
Tax differential (includes state surcharge)	5.0%	91,943	24,365
Other adjustments and changes in estimates	1.0%	19,087	5,058
Effective tax rate and total income tax	16.2%	298,109	78,999

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

	Group		Company	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Profit before tax	557,422	486,966	41,531	1,537
Income tax	-149,052	-78,999	-333	79,037
Effective income tax rate	26.7%	16.2%	-	-

16. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Cost				
Land and natural resources	179,716	175,796	74,569	74,569
Buildings and other constructions	676,709	654,384	93,556	93,556
Plant and machinery:				
- Hydroelectric generation	8,757,280	8,866,085	254	254
- Thermoelectric generation	7,866,816	7,672,378	-	-
- Renewable generation	11,818,164	11,565,234	-	-
- Electricity distribution	1,371,904	1,360,638	-	-
- Gas distribution	1,139,971	1,136,865	-	-
- Other plant and machinery	122,771	121,409	182	182
Other	804,210	809,611	119,937	117,155
Assets under construction	2,949,375	2,784,191	27,841	26,747
	35,686,916	35,146,591	316,339	312,463
Accumulated depreciation and impairment losses				
Depreciation charge	-248,503	-1,030,086	-3,864	-14,000
Accumulated depreciation in previous years	-14,211,378	-13,147,618	-103,606	-89,894
Impairment losses	-6,647	-54,131	-	-
Impairment losses in previous years	-63,777	-9,416	-	-
	-14,530,305	-14,241,251	-107,470	-103,894
Carrying amount	21,156,611	20,905,340	208,869	208,569

The movements in Property, plant and equipment, for the Group, for the three months period ended 31 March 2013 are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 31 March
Cost							
Land and natural resources	175,796	381	-33	-	3,570	2	179,716
Buildings and other constructions	654,384	68	-83	391	21,837	112	676,709
Plant and machinery	30,722,609	2,446	-1,361	93,432	259,771	9	31,076,906
Other	809,611	2,422	-14,923	5,374	1,689	37	804,210
Assets under construction	2,784,191	256,023	-22,729	-99,197	30,259	828	2,949,375
	35,146,591	261,340	-39,129	-	317,126	988	35,686,916

Thousands of Euros	Balance at 1 January	Charge / Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 31 March
Accumulated depreciation and impairment losses							
Buildings and other constructions	160,069	4,761	-83	-	3,661	85	168,493
Plant and machinery	13,461,264	233,688	-1,114	-	44,737	-53	13,738,522
Other	619,918	16,701	-14,414	-	1,061	24	623,290
	14,241,251	255,150	-15,611	-	49,459	56	14,530,305

Acquisitions / Increases include the investment in wind farms by the subgroups EDPR EU and EDPR NA during the first quarter of 2013 and 2012. Additionally, the EDPR EU subgroup carried out investments related with the construction of the solar photovoltaic plants in Romania. The subgroup EDP Brasil carried out investments related with the coal power plant Porto de Pecém and with the hydroelectric plant Santo Antônio do Jari. In the Portuguese generation activity, the Group is carrying out hydroelectric investments in the construction of several new power stations and power enhancement projects.

Charge / Impairment losses includes 6,647 thousands of Euros on wind generation assets in Spain, following the publication of the Royal Decree-Law 2/2013 (see note 13).

The movement in Exchange differences in the period results mainly from the appreciation of the American Dollar (USD) and Brazilian Real (BRL), and the depreciation of the Zloty (PLN) against the Euro in the first quarter of 2013.

The EDP Group has finance lease commitments and purchase obligations as disclosed in note 43.

The movements in Property, plant and equipment, for the Group, for the three months period ended 31 March 2012 are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 31 March
Cost							
Land and natural resources	176,310	2,439	-166	-114	-824	-240	177,405
Buildings and other constructions	551,944	75	-1,393	3,011	-2,544	60	551,153
Plant and machinery	29,893,469	2,249	-3,620	108,487	-166,338	-71	29,834,176
Other	775,526	1,790	-4,970	7,480	-1,013	1	778,814
Assets under construction	2,731,386	221,718	-375	-122,102	-15,251	4,985	2,820,361
	34,128,635	228,271	-10,524	-3,238	-185,970	4,735	34,161,909

Thousands of Euros	Balance at 1 January	Charge / Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 31 March
Accumulated depreciation and impairment losses							
Buildings and other constructions	155,315	3,752	-893	-	-637	11	157,548
Plant and machinery	12,699,358	237,640	-3,145	-1,712	-25,062	-306	12,906,773
Other	565,649	20,036	-4,634	-18	-553	-1	580,479
	13,420,322	261,428	-8,672	-1,730	-26,252	-296	13,644,800

During the first quarter of 2012, the EDP Group initiated the sale process for the mini-hydrics held in Spain, therefore the assets were transferred to non-current assets held for sale.

The movement in Exchange differences in the period resulted mainly from the depreciation of the Brazilian Real (BRL), American Dollar (USD) and the appreciation of the Zloty (PLN) against the Euro, during the three months period ended at 31 March 2012.

The movements in Property, plant and equipment, for the Company, for the three months period ended 31 March 2013 are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals/ Write-offs	Transfers	Regularisations	Balance at 31 March
Cost						
Land and natural resources	74,569	-	-	-	-	74,569
Buildings and other constructions	93,556	-	-	-	-	93,556
Other	117,591	1,337	-362	1,807	-	120,373
Assets under construction	26,747	2,907	-	-1,807	-6	27,841
	312,463	4,244	-362	-	-6	316,339

Thousands of Euros	Balance at 1 January	Charge / Impairment losses	Disposals/ Write-offs	Transfers	Regularisations	Balance at 31 March
Accumulated depreciation and impairment losses						
Buildings and other constructions	23,303	711	-	-	-	24,014
Other	80,591	3,153	-288	-	-	83,456
	103,894	3,864	-288	-	-	107,470

The movements in Property, plant and equipment, for the Company, for the three months period ended 31 March 2012 are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals/ Write-offs	Transfers	Regularisations	Balance at 31 March
Cost						
Land and natural resources	75,026	-	-166	-	-	74,860
Buildings and other constructions	95,906	-	-1,306	-	-	94,600
Other	109,742	339	-141	31	-	109,971
Assets under construction	12,432	1,723	-	-31	-	14,124
	293,106	2,062	-1,613	-	-	293,555

Thousands of Euros	Balance at 1 January	Charge / Impairment losses	Disposals/ Write-offs	Transfers	Regularisations	Balance at 31 March
Accumulated depreciation and impairment losses						
Buildings and other constructions	22,473	729	-878	-	-	22,324
Other	69,884	2,698	-114	-	-	72,468
	92,357	3,427	-992	-	-	94,792

17. INTANGIBLE ASSETS

This caption is analysed as follows:

Thousands of Euros	Group Mar 2013	Group Dec 2012
Cost		
Concession rights	15,637,194	15,443,537
CO_2 licenses	328,053	320,164
Other intangibles	103,192	101,616
Intangible assets in progress	572,122	551,038
	16,640,561	16,416,355
Accumulated depreciation and impairment losses		
Depreciation of concession rights	-104,269	-406,567
Depreciation of other intangibles	-569	-3,105
Accumulated depreciation in previous years	-9,957,027	-9,464,821
	-10,061,865	-9,874,493
Carrying amount	6,578,696	6,541,862

The concession rights over the electricity distribution networks in Brazil, namely Bandeirante (State of São Paulo) and Escelsa (State of Espírito Santo) are amortised on a straight-line basis over the concession period until 2028 and 2025, respectively. Concession rights in Portugal relate to the natural gas distribution network, being amortised on a straight-line basis over the concession period, until 2047, as well as the concession of the public hydric domain for hydroelectric generation.

The concession rights over electricity production in Brazil, namely for Lajeado Energia and Investco, are amortised on a straight-line basis over the concession period, until 2032.

The movements in Intangible assets during the three months period ended 31 March 2013, for the Group, are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 31 March
Cost							
Concession rights:							
- Distribution and generation Brazil	1,369,904	-	-	-	34,256	-	1,404,160
- Gas Portugal	138,354	-	-	-	-	-	138,354
- Hydric Portugal	1,400,419	6,951	-	-	-	-	1,407,370
- Other concession rights	10,827	-	-	-	-	-	10,827
CO_2 licenses	320,164	7,889	-	-	-	-	328,053
Assigned to concessions (IFRIC 12):							
- Intangible assets	12,524,033	8	-6,360	40,251	118,551	-	12,676,483
- Intangible assets in progress	160,408	69,443	-48	-56,482	3,585	-	176,906
Other intangibles	101,616	3	-	26	1,337	210	103,192
Other intangible assets in progress	390,630	3,751	-85	-26	729	217	395,216
	16,416,355	88,045	-6,493	-16,231	158,458	427	16,640,561

Thousands of Euros	Balance at 1 January	Charge	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 31 March
Accumulated depreciation and impairment losses							
Concession rights	740,426	21,430	-	-	5,991	-	767,847
Intangible assets assigned to concessions (IFRIC 12)	9,102,486	82,839	-3,989	-	80,076	-	9,261,412
Other intangibles	31,581	569	-	-	441	15	32,606
	9,874,493	104,838	-3,989	-	86,508	15	10,061,865

Transfers of intangible assets assigned to concessions of 16,231 thousands of Euros relates to increases of financial assets under to IFRIC 12, transferred to Debtors and other assets from commercial activities (see note 25).

Acquisitions / Increases of CO_2 Licences is related to licences purchased in the market.

The movements in Intangible assets during the three months period ended 31 March 2012, for the Group, are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 31 March
Cost							
Concession rights:							
- Distribution and generation Brazil	1,448,562	-	-	-	-4,984	-	1,443,578
- Gas Portugal	138,354	-	-	-	-	-	138,354
- Hydric Portugal	1,371,528	5,844	-	-	-	25	1,377,397
- Other concession rights	10,827	-	-	-	-	-	10,827
CO_2 licenses	359,058	110,767	-	-	-	-	469,825
Assigned to concessions (IFRIC 12):							
- Intangible assets	12,493,994	2	-6,317	29,350	-16,745	-	12,500,284
- Intangible assets in progress	191,760	94,269	-582	-71,419	-497	-	213,531
Other intangibles	97,157	77	-	10	-771	-	96,473
Other intangible assets in progress	371,535	5,871	-30	-120	-56	-1,861	375,339
	16,482,775	216,830	-6,929	-42,179	-23,053	-1,836	16,625,608

Thousands of Euros	Balance at 1 January	Charge	Disposals / Write-offs	Transfers	Exchange differences	erimeter variations Regularisations	Balance at 31 March
Accumulated depreciation and impairment losses							
Concession rights	675,011	18,122	-	-	-867	-	692,266
Intangible assets assigned to concessions (IFRIC 12)	8,978,242	76,862	-3,657	-	-12,053	-	9,039,394
Other intangibles	29,044	1,007	-	-42	-240	15	29,784
	9,682,297	95,991	-3,657	-42	-13,160	15	9,761,444

Transfers of intangible assets assigned to concessions includes 42,069 thousands of Euros related to the transfer to Debtors and other assets from commercial activities of the amount corresponding to the increase of financial assets related with IFRIC 12. This amount includes the effect of the useful lives extension of assets assigned to concessions, determined by the application of the new depreciation rates on the electric sector in Brazil by "Agência de Energia Eléctrica" (ANEEL), in the amount of 14,058 thousands of Euros, during the first quarter of 2012. The remaining amount refers to mini-hydrics assets in Spain, which were classified as non-current assets held for sale.

Acquisitions / Increases of CO_2 Licences as at 31 March 2012 includes 109,026 thousands of Euros of CO_2 licences granted free of charge to the EDP Group plants operating in Portugal and in Spain and 1,741 thousands of Euros of licences purchased at market. The market for CO_2 licences is regulated by "Plano Nacional de Atribuição de Licenças de Emissão" (PNALE) in Portugal, and by "Plan Nacional de Asignación de Derechos de Emisión de Gases de Efecto Invernadero" (PNADE) in Spain, which covers the period 2008-2012.

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, at the acquisition date, is analysed as follows:

	Group	
Thousands of Euros	Mar 2013	Dec 2012
HC Energia Group	1,923,514	1,919,526
EDP Renováveis Group	1,299,735	1,301,218
EDP Brasil Group	56,375	55,564
Other	42,149	42,149
	3,321,773	3,318,457

The movements in Goodwill during the three months period ended 31 March 2013, are analysed as follows:

Thousands of Euros	Balance at 1 January	Increases	Decreases	Impairment	Exchange differences	Regularisations	Balance at 31 March
HC Energia Group	1,919,526	3,988	-	-	-	-	1,923,514
EDP Renováveis Group	1,301,218	293	-19,173	-	17,397	-	1,299,735
EDP Brasil Group	55,564	-	-	-	811	-	56,375
Other	42,149	-	-	-	-	-	42,149
	3,318,457	4,281	-19,173	-	18,208	-	3,321,773

The movements in Goodwill during the three months period ended 31 March 2012, are analysed as follows:

Thousands of Euros	Balance at 1 January	Increases	Decreases	Impairment	Exchange differences	Regularisations	Balance at 31 March
HC Energia Group	1,916,548	-	-5,918	-	-	-	1,910,630
EDP Renováveis Group	1,311,133	-	-	-	-17,314	-24	1,293,795
EDP Brasil Group	57,427	-	-	-	-118	-	57,309
Other	42,149	-	-	-	-	-	42,149
	3,327,257	-	-5,918	-	-17,432	-24	3,303,883

HC Energia Group

During the first quarter of 2013, the goodwill from Hidrocantabrico Group increased by 3,988 thousands of Euros (31 March 2012: decrease of 5,918 thousands of Euros) as a result of the revaluation of the liability relating to the anticipated acquisition of non-controlling interest from Cajastur, through the put option held by this entity over 3.13% of the share capital of HC Energia, as described under accounting policies - note 2b).

EDP Renováveis Group

The goodwill held in EDP Renováveis Group, with reference to 31 March 2013 and 31 December 2012, is analysed as follows:

	EDP Renováveis Group	
Thousands of Euros	Mar 2013	Dec 2012
Goodwill in EDPR Europe Group	680,117	699,522
Goodwill in EDPR North America Group	618,152	600,302
Goodwill in EDPR Brasil Group	1,466	1,394
	1,299,735	1,301,218

The goodwill movement in EDPR Europe Group in 2013 includes an increase in the amount of 293 thousands of Euros related to the acquisition of 100% of the share capital of Gravitangle - Fotovoltaica Unipessoal, Lda., and a decrease in the amount of 19,173 thousands of Euros related to the contingent prices revision of some purchase agreements signed before 1 January 2010, date of the adoption of the revised IFRS 3 (as described in accounting policy 2b)). During the first quarter of 2013 and following the additional share capital acquisition of Relax Wind I and Greenwind, agreements were celebrated with sellers which renounced to any contingent prices associated with previous acquisitions.

19. INVESTMENTS IN SUBSIDIARIES (COMPANY BASIS)

This caption is analysed as follows:

	Company	
Thousands of Euros	Mar 2013	Dec 2012
Acquisition cost	11,012,092	11,012,092
Effect of equity method (transition to IFRS)	-902,524	-902,524
Equity investments in subsidiaries	10,109,568	10,109,568
Impairment losses on equity investments in subsidiaries	-200,034	-200,034
	9,909,534	9,909,534

On the date of transition to IFRS, EDP, S.A. ceased to apply the equity method of accounting to its investments in its unconsolidated financial statements, having considered this method in the determination of the deemed cost at transition date.

20. INVESTMENTS IN ASSOCIATES

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Investments in associates	175,685	164,018	137	137
Impairment losses in investments in associates	-137	-137	-137	-137
Carrying amount	175,548	163,881	-	-

21. AVAILABLE FOR SALE INVESTMENTS

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Banco Comercial Português, S.A.	37,165	29,653	-	-
REN - Redes Energéticas Nacionais, SGPS, S.A.	42,277	38,408	42,277	38,408
Tejo Energia, S.A.	26,246	26,246	-	-
Others	85,396	86,991	1,925	2,053
	191,084	181,298	44,202	40,461

During the three months period ended 31 March 2013, the financial investment held in REN - Redes Energéticas Nacionais, SGPS, S.A., increased by 3,869 thousands of Euros being the increase booked against fair value reserves (see note 31).

During the three months period ending 31 March 2013, the financial investment held in Banco Comercial Português, S.A., increased by 7,512 thousands of Euros being the increase booked against fair value reserves (see note 31).

The caption Other includes units of participation in a fund of stocks and bonds held by Energia RE in the amount of 48,541 thousands of Euros (31 December 2012: 48,229 thousands of Euros), as a result of its reinsurance activity.

Available for sale investments are booked at fair value being the changes since the date of acquisition net of impairment losses recorded against fair value reserves (see note 31). The fair value reserve attributable to the Group as at 31 March 2013 and 31 December 2012 is analysed as follows:

Thousands of Euros	Mar 2013	Dec 2012
Banco Comercial Português	12,964	5,452
REN - Redes Energéticas Nacionais	16,457	12,588
Tejo Energia	19,891	19,891
Others	6,608	7,419
	55,920	45,350

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:

	Net deferred tax assets		Net deferred tax liabilities	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Balance as at 1 January	340,816	511,414	-852,054	-954,002
Tariff adjustment for the period	5,592	-4,968	-130,614	-84,702
Provisions	3,405	-452	-	-
Property, plant and equipment, intangible assets and accounting revaluations	6,229	-10,094	-19,415	-9,771
Deferred tax over CMECs in the period	-	-	45,028	10,602
Tax losses and tax credits	68,634	11,701	-	-
Financial and available for sale investments	556	-32	-833	53,249
Other temporary differences	15,160	-6,105	-28,068	9,212
Netting of deferred tax assets and liabilities	-95,898	-26,401	95,898	26,401
Balance as at 31 March	344,494	475,063	-890,058	-949,011

On a company basis, EDP, S.A. 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:

	Net deferred tax assets		Net deferred tax liabilities	
Thousands of Euros	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Balance as at 1 January	69,799	18,344	-	-
Tax losses and tax credits	4,176	-3,591	-	-
Provisions	271	1,368	-	-
Financial and available for sale investments	1,278	25	-	67,623
Fair value of derivative financial instruments	3,670	527	1,176	4,575
Other temporary differences	6	-125	5	6
Netting of deferred tax assets and liabilities	1,181	72,204	-1,181	-72,204
Balance as at 31 March	80,381	88,752	-	-

23. INVENTORIES

This caption is analysed as follows:

	Group	
Thousands of Euros	Mar 2013	Dec 2012
Merchandise	50,116	75,307
Finished, intermediate products and sub-products	22,635	28,799
Raw and subsidiary materials and consumables (coal and fuel)	142,755	187,602
Nuclear fuel	15,873	16,905
Other consumables	67,202	69,005
	298,581	377,618

24. TRADE RECEIVABLES

Trade receivables are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Trade receivables - Current				
Corporate sector and individuals:				
- Portugal	1,005,806	1,050,200	207,581	182,731
- Spain	783,373	684,331	-	-
- Brazil	538,437	496,175	-	-
- U.S.A.	47,338	42,575	-	-
- Other	47,841	55,620	-	-
Public Sector:				
- Portugal	170,682	102,510	-	-
- Brazil	118,557	53,574	-	-
- Spain	62,118	91,327	-	-
	2,774,152	2,576,312	207,581	182,731
Impairment losses	-311,778	-296,208	-9,958	-9,958
	2,462,374	2,280,104	197,623	172,773
Trade receivables - Non-Current				
Corporate sector and individuals:				
- Brazil	12,162	11,281	-	-
Public Sector:				
- Portugal	125,455	126,501	-	-
- Brazil	8,298	8,571	-	-
	145,915	146,353	-	-
Impairment losses	-47,966	-49,254	-	-
	97,949	97,099	-	-
	2,560,323	2,377,203	197,623	172,773

25. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

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

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Amounts receivable from tariff expenses - Electricity - Spain	426,225	432,415	-	-
Amounts receivable from tariff adjustments - Electricity - Portugal	911,419	668,965	-	-
Receivables relating to other goods and services	68,592	75,366	11,151	43,078
Amounts receivable relating to CMEC	318,694	432,133	-	-
Accrued income relating to energy sales and purchase activity	94,540	111,116	171,564	163,640
Sundry debtors and other operations	352,640	347,439	40,893	63,356
	2,172,110	2,067,434	223,608	270,074
Impairment losses on debtors	-17,372	-15,915	-931	-931
	2,154,738	2,051,519	222,677	269,143

Debtors and other assets from commercial activities - Non-Current, are analysed as follows:

	Group	
Thousands of Euros	Mar 2013	Dec 2012
Amounts receivable from tariff adjustments - Electricity - Portugal	1,242,699	980,225
Amounts receivable relating to CMEC	1,006,712	944,167
Amounts receivable from concessions - IFRIC 12	738,181	706,480
Sundry debtors and other operations	85,152	109,335
	3,072,744	2,740,207
Impairment losses on debtors	-3,399	-3,305
	3,069,345	2,736,902

The amounts receivable from Spanish tariff expenses correspond to the accumulated amount receivable from the Spanish Government of the Spanish electricity system tariff deficit as at 31 March 2013, according to the applicable legal framework (see note 3). During 2013, the Spanish Electricity Deficit Amortisation Fund (FADE), launched eight bond issuances explicitly guaranteed by the Kingdom of Spain which allowed HC Energia Group to receive approximately 174,454 thousands of Euros related with tariff adjustments from previous years.

The caption Amounts receivable relating to CMEC totalize 1,325,406 thousands of Euros, and includes 1,006,712 thousands of Euros as non-current and 318,694 thousands of Euros as current. The amount receivable relating to the initial CMEC includes 672,152 thousands of Euros as non-current and 40,002 thousands of Euros as current, corresponds to the initial CMEC granted to EDP Produção (833,467 thousands of Euros) deducted from the receivable annuity for 2007 to 2013. The remaining 334,560 thousands of Euros as non-current and 278,692 thousands of Euros as current correspond to the receivable amounts through the revisibility calculation from 2011 to 2013. The remaining amount of 2011 totalling 49,942 thousand euros, despite have been received by EDP Produção during April 2013, was already reflected in the tariff adjustment for the period in EDP Distribuição as at 31 March 2013, as a result of having already been charged by REN.

The caption Amounts receivable from concessions - IFRIC 12 in the amount of 738,181 thousands of Euros relates to the financial asset to be received by the EDP Group regarding the electricity and gas concessions in Portugal and Brazil, resulting from the application of the mixed model (see note 2 aa). The variation in the period includes mainly the effect of the appreciation of Brazilian Real against Euro in the amount of 13,617 thousands of Euros and transfers from intangible assets assigned to concessions in the amount of 16,231 thousands of Euros (see note 17).

The movement for the period in Amounts receivable from Portuguese tariff adjustments - Electricity (Current and Non-current) is analysed as follows:

Thousands of Euros	Current	Non-Current
Balance as at 1 January 2012	374,859	424,787
Receipts through the electric energy tariff	-166,554	-
Tariff adjustment for the period	74,866	378,847
Interest income	8,550	9,870
Transfer from Non-Current to Current	294,140	-294,140
Balance as at 31 March 2012	585,861	519,364
Receipts through the electric energy tariff	-499,662	-
Tariff adjustment of 2011	987	-
Tariff adjustment for the period	544,149	601,160
Transfer from tariff adjustments payable	-9,491	-
Interest income	60,258	-9,870
Securitisation adjustment of cogeneration	-143,566	-
Transfer from Non-Current to Current	130,429	-130,429
Balance as at 31 December 2012	668,965	980,225
Receipts through the electric energy tariff	-192,271	-
Tariff adjustment of 2012	450	-
Tariff adjustment for the period	168,426	506,325
Transfer to tariff adjustment payable	-6,541	-842
Interest income	27,628	1,753
Transfer from Non-Current to Current	244,762	-244,762
Balance as at 31 March 2013	911,419	1,242,699

26. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Debtors and other assets - Current				
Loans to subsidiaries	-	-	1,231,206	1,036,546
Dividends	-	-	-	86,204
Loans to related parties	44,951	38,348	17,161	17,167
Receivables from the State and concessors	41,792	48,349	-	-
Derivative financial instruments	81,678	129,814	148,041	127,169
Subsidiary Companies	-	-	1,074,873	1,022,077
Guarantees and tied deposits	13,160	19,548	-	-
Sundry debtors and other operations	60,951	60,615	3,521	5,366
	242,532	296,674	2,474,802	2,294,529
Debtors and other assets - Non-Current				
Loans to subsidiaries	-	-	6,017,799	5,885,502
Loans to related parties	283,763	265,542	90	90
Guarantees and tied deposits	76,533	72,498	5	5
Derivative financial instruments	107,129	147,026	174,571	128,493
Sundry debtors and other operations	53,783	49,507	-	-
	521,208	534,573	6,192,465	6,014,090
	763,740	831,247	8,667,267	8,308,619

27. CURRENT TAX ASSETS

Current tax assets are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Income tax	147,108	168,834	67,198	81,917
Value added tax (VAT)	151,108	207,245	19,779	110,415
Turnover tax (Brazil)	7,725	17,026	-	-
Other taxes	24,895	42,523	3,255	3,255
	330,836	435,628	90,232	195,587

On a company basis, the variation of the caption Value added tax (VAT), relates essentially to the receipt in 2013 of VAT refunds, submitted by EDP S.A.

On EDP Group basis, the caption Other taxes includes the amount of 12,888 thousands of Euros (31 December 2012: 30,026 thousands of Euros) related with credits from PIS and COFINS in Brazil, resulting from the interpretation provided by the Internal Revenue Service in answer to Inquiry COSIT 27/2008 corresponding to credits calculated based on expenses with materials applied or consumed in the electricity supply activity and on the depreciation of fixed assets to be offset with debits of these contributions.

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Cash	243	60	14	-
Bank deposits				
Current deposits	562,433	416,038	27,424	26,345
Term deposits	894,422	1,052,822	353,208	601,914
Other deposits	2,219	29,149	-	-
	1,459,074	1,498,009	380,632	628,259
Operations pending cash settlement				
Current deposits	-	196,976	654,000	676,976
Other short term investments (Euros)	296	291	-	-
	1,459,613	1,695,336	1,034,646	1,305,235

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

The caption Bank deposits - Other deposits includes specific demand deposits of institutional partnerships - EDPR NA corresponding to funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 37).

On a company basis, the caption Operations pending cash settlement relate with commercial paper issued by EDP, S.A., which according to the terms of Group accounting policy is booked as financial debt at the trade date of each emission. This commercial paper was issued on 28 March 2013 and was acquired by EDP Finance B.V., but the settlement date was on 3 April 2013.

29. SHARE CAPITAL AND SHARE PREMIUM

EDP, S.A. is a company that 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.

On 11 May 2012 regarding EDP's eight reprivatisation phase, the Portuguese State sold to China Three Gorges International (Europe), S.A., through a transaction executed outside a regulated market, the ownership of 780,633,782 shares representing 21.35% of the share capital of EDP, S.A.

On 21 February 2013, Parpública — Participações Públicas (SGPS) S.A. (Parpública) notified EDP that on 19 February 2013 sold 151,517,000 shares, which correspond to 4,14% of EDP share capital. The decrease of the shareholding resulted from a private offer via an "accelerated bookbuilding" process, in which Caixa — Banco Investimento, S.A. and Morgan Stanley & Co. International plc acted as Joint Bookrunners and its corresponding settlement was held on the regulated market "Eurolist by NYSE Euronext Lisbon".

As a result of this two last transactions, Parpública no longer has a qualified shareholding position in EDP share capital.

The share capital amounts of 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	
Thousands of Euros	Share capital	Share premium
Balance as at 1 January	3,656,538	503,923
Movements during the period	-	-
Balance as at 31 March	3,656,538	503,923

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

	Group		Company	
	Mar 2013	Mar 2012	Mar 2013	Mar 2012
Net profit attributable to the equity holders of EDP (in Euros)	334,740,295	337,242,669	41,197,990	80,574,082
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	334,740,295	337,242,669		
Weighted average number of ordinary shares outstanding	3,625,280,179	3,623,839,361	3,626,793,179	3,625,352,361
Weighted average number of diluted ordinary shares outstanding	3,625,847,380	3,624,444,838	3,627,360,380	3,625,957,838
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.09	0.09		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.09	0.09		
Basic earnings per share from continuing operations (in Euros)	0.09	0.09		
Diluted earnings per share from continuing operations (in Euros)	0.09	0.09		

EDP Group calculates basic and diluted earnings per share attributable to equity holders of EDP 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	
	Mar 2013	Mar 2012	Mar 2013	Mar 2012
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	-31,257, 536	-32,698, 354	-29,744, 536	-31,185, 354
Average number of shares during the period	3,625,280,179	3,623,839,361	3,626,793,179	3,625,352,361
Effect of stock options	567,201	605,477	567,201	605,477
Diluted average number of shares during the period	3,625,847,380	3,624,444,838	3,627,360,380	3,625,957,838

30. TREASURY STOCK

This caption is analysed as follows:

	Group		Company	
	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Book value of EDP, S.A. treasury stock (thousands of Euros)	99,227	103,706	93,132	97,611
Number of shares	30,840,869	31,904,523	29,327,869	30,391,523
Market value per share (in Euros)	2.402	2.290	2.402	2.290
Market value of EDP, S.A.'s treasury stock (thousands of Euros)	74,080	73,061	70,446	69,597

Operations performed from 1 January to 31 March 2013:

	EDP, S.A.	Energia RE
Volume acquired (number of shares)	100,000	-
Average purchase price (in Euros)	2.387	-
Total purchase value (thousands of Euros)	239	-
Volume sold (number of shares)	-1,163,654	-
Selling price average (in Euros)	2.401	-
Total sale value (thousands of Euros)	2,794	-
Final position (number of shares)	29,327,869	1,513,000
Highest market price (in Euros)	2.490	-
Lowest market price (in Euros)	2.306	-
Average market price (in Euros)	2.395	-

The volume and the selling prices disclosed above include the effect of the treasury stock attributable to employees, as mentioned in note 44.

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:

Thousands of Euros	Group Mar 2013	Group Dec 2012	Company Mar 2013	Company Dec 2012
Legal reserve	578,435	578,435	578,435	578,435
Fair value reserve (cash flow hedge)	-131,403	-121,097	-30,804	-16,069
Tax effect of fair value reserve (cash flow hedge)	38,206	34,979	9,246	4,938
Fair value reserve (available for sale investments)	55,920	45,350	12,097	8,238
Tax effect of fair value reserve (available for sale investments)	-2,053	-1,408	1,850	1,957
Exchange differences arising on consolidation	64,318	24,268	-	-
Treasury stock reserve (EDP, S.A.)	93,132	97,611	93,132	97,611
Other reserves and retained earnings	3,471,838	2,464,978	2,150,803	1,315,569
	4,168,393	3,123,116	2,814,759	1,990,679

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 financial derivative 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 date, net of impairment losses. The changes in this consolidated caption for the period are as follows:

Thousands of Euros	Group Increases	Group Decreases
Balance as at 1 January 2012	485,789	-442,777
Changes in fair value	4,347	-662
Transfer of impairment to profit or loss	-	277
Transfer to the income statement relating to assets sold	-	-
Balance as at 31 March 2012	490,136	-443,162
Changes in fair value	4,327	-13,277
Transfer of impairment to profit or loss	-	7,326
Transfer to the income statement relating to assets sold	-	-
Balance as at 31 December 2012	494,463	-449,113
Changes in fair value	11,693	-1,123
Transfer of impairment to profit or loss	-	-
Balance as at 31 March 2013	506,156	-450,236

Changes in fair value reserve attributable to the EDP Group during the three months period ended 31 March 2013 are analysed as follows:

Thousands of Euros	Increases	Decreases
Banco Comercial Português, S.A.	7,512	-
REN - Redes Energéticas Nacionais, SGPS, S.A.	3,869	-
Other	312	-1,123
	11,693	-1,123

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:

Currency		Exchange rates at Mar 2013 Closing rates	Exchange rates at Mar 2013 Average exchange-rate	Exchange rates at Dec 2012 Closing rates	Exchange rates at Dec 2012 Average exchange-rate	Exchange rates at Mar 2012 Closing rates	Exchange rates at Mar 2012 Average exchange-rate
Dollar	USD	1.281	1.321	1.319	1.285	1.336	1.311
Brazilian Real	BRL	2.570	2.638	2.704	2.508	2.432	2.317
Macao Pataca	MOP	10.240	10.547	10.533	10.062	10.682	10.315
Canadian Dollar	CAD	1.302	1.331	1.314	1.284	1.331	1.313
Zloty	PLN	4.180	4.155	4.074	4.185	4.152	4.233
Romanian Leu	RON	4.419	4.387	4.445	4.459	4.382	4.353
Pound Sterling	GBP	0.846	0.851	0.816	0.811	0.834	0.834
Rand	ZAR	11.820	11.816	-	-	-	-

Treasury stock reserve (EDP, S.A.)

In accordance with the article 324.º of "Código das Sociedades Comerciais", EDP, S.A., has created an unavailable reserve with an amount equal to the book value amount of treasury stock held.

Dividends

On 6 May 2013, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders of the net profit for the year 2012 in the amount of 676,459 thousands of Euros, corresponding to a dividend of 0.185 Euros per share (including the treasury stock dividend). Considering the resolution date, the correspondent accounting of this decision was made during the second quarter of 2013.

32. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

	Group	
Thousands of Euros	Mar 2013	Dec 2012
Non-controlling interests in income statement	73,630	169,672
Non-controlling interests in equity and reserves	3,294,135	3,069,642
	3,367,765	3,239,314

Non-controlling interests, by company, are made up as follows:

	Group	
Thousands of Euros	Mar 2013	Dec 2012
EDP Renováveis Group	1,537,605	1,516,865
EDP Brasil Group	1,713,178	1,604,316
Other	116,982	118,133
	3,367,765	3,239,314

During the three months period ended 31 March 2013, EDP Group generated profits of 73,630 thousands of Euros attributable to non-controlling interests (31 December 2012: 169,672 thousands of Euros).

The movement in non-controlling interests of EDP Renováveis Group is mainly related to profits attributable to non-controlling interests of 33,906 thousands of Euros and to positive exchange differences of 5,342 thousands of Euros. In the first quarter of 2013, additional acquisitions of wind farms in Europe, without a change of control, resulted in a decrease of non-controlling interests of 12,009 thousands of Euros.

The movement booked in non-controlling interests of EDP Brasil Group includes 37,615 thousands of Euros of profits attributable to non-controlling interests and 78,762 thousands of Euros of positive exchange differences.

33. HYDROLOGICAL ACCOUNT

This caption is analysed as follows:

	Group and Company	
Thousands of Euros	Mar 2013	Dec 2012
Non-Current	34,182	33,644
Current	17,124	22,832
	51,306	56,476

The movements in the Hydrological account are analysed as follows:

	Group and Company	
Thousands of Euros	Mar 2013	Mar 2012
Balance at the beginning of the period	56,476	69,142
Amounts received / (paid) during the period	-5,708	-3,788
Financial charges	538	696
Balance at the end of the period	51,306	66,050

34. FINANCIAL DEBT

This caption is analysed as follows:

Thousands of Euros	Group Mar 2013	Group Dec 2012	Company Mar 2013	Company Dec 2012
Debt and borrowings - Current				
Bank loans:				
- EDP, S.A.	44,537	61,567	44,537	61,567
- EDP Finance B.V.	1,200,936	2,205,915	-	-
- EDP Brasil Group	206,514	113,666	-	-
- HC Energia Group	907	1,917	-	-
- EDP Renováveis Group	106,030	95,486	-	-
- EDP Produção	8,862	8,862	-	-
- Portgás	25,467	26,759	-	-
- Others	6,107	4,578	-	-
	1,599,360	2,518,750	44,537	61,567
Non-convertible bond loans:				
- EDP, S.A.	-	150,000	-	150,000
- EDP Finance B.V.	1,524,969	348,231	-	-
- EDP Brasil Group	323,824	141,521	-	-
	1,848,793	639,752	-	150,000
Commercial paper:				
- EDP, S.A.	69,000	319,500	7,226,000	7,335,000
- HC Energia Group	-	2,192	-	-
	69,000	321,692	7,226,000	7,335,000
Other loans:				
- Investco preference shares	4,041	2,847	-	-
- EDP Brasil Group	9,150	8,843	-	-
- EDP Renováveis Group	2,947	2,885	-	-
- EDP Produção	1,231	1,231	-	-
	17,369	15,806	-	-
Accrued interest	243,173	311,503	21,599	11,053
Other liabilities:				
- Fair value of the issued debt hedged risk	16,952	-	-	-
Total Debt and borrowings	3,794,647	3,807,503	7,292,136	7,557,620
Collateral Deposits - Current (*)				
Collateral deposit - BEI	-23,097	-12,732	-23,097	-12,732
Other collateral deposits	-771	-719	-	-
Total Collateral Deposits	-23,868	-13,451	-23,097	-12,732
	3,770,779	3,794,052	7,269,039	7,544,888

(*) Collateral Deposits informative note

Following EDP's downgrading in 2012 and in the course of negotiations with BEI, on 31 October 2012, EDP has constituted an escrow deposit in the amount of 361,445 thousands of Euros (338,348 thousands of Euros non-current and 23,097 thousands of Euros current), associated with several loans contracted in previous years with this entity. This escrow deposit may be reduced by the repayment of these loans. In addition, the Group has 101,549 thousands of Euros (100,778 thousands of Euros non-current and 771 thousands of Euros current) of other deposits constituted as collateral for financial guarantee.

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Debts and borrowings - Non-current				
Bank loans:				
- EDP, S.A.	1,068,077	1,097,196	1,068,077	1,097,196
- EDP Finance B.V.	4,499,155	3,653,295	-	-
- EDP Brasil Group	876,309	803,140	-	-
- HC Energia Group	1,780	2,231	-	-
- EDP Renováveis Group	809,339	792,181	-	-
- EDP Produção	150,876	150,876	-	-
- Portgás	33,094	35,609	-	-
	7,438,630	6,534,528	1,068,077	1,097,196
Non-convertible bond loans:				
- EDP, S.A.	732,678	731,942	732,678	731,942
- EDP Finance B.V.	7,526,089	8,654,038	-	-
- EDP Brasil Group	295,266	385,244	-	-
	8,554,033	9,771,224	732,678	731,942
Commercial paper:				
- EDP, S.A.	200,000	196,976	200,000	196,976
	200,000	196,976	200,000	196,976
Other loans:				
- Investco preference shares	19,058	17,263	-	-
- EDP Brasil Group	28,703	35,000	-	-
- EDP Renováveis Group	22,195	21,787	-	-
- EDP Produção	2,055	2,319	-	-
- Others	1,517	1,163	-	-
	73,528	77,532	-	-
	16,266,191	16,580,260	2,000,755	2,026,114
Accrued interest	19,248	20,056	-	-
Other liabilities:				
- Fair value of the issued debt hedged risk	53,903	115,409	5,679	6,323
Total Debt and borrowings	16,339,342	16,715,725	2,006,434	2,032,437
Collateral Deposits - Non-current (*)				
Collateral deposit - BEI	-338,348	-348,713	-338,348	-348,713
Other collateral deposits	-100,778	-66,332	-	-
Total Collateral Deposits	-439,126	-415,045	-338,348	-348,713
	15,900,216	16,300,680	1,668,086	1,683,724

The Group has project finance loans with the usual guarantees for such loans, namely pledges or promissory pledges of shares, bank accounts and assets relating to the projects. As at 31 March 2013 and 31 December 2012 these loans amounted to 1,061,324 thousands of Euros and 1,018,578 thousands of Euros, respectively (amounts already included in the Group's consolidated debt) (see note 43).

EDP Group has short-term credit facilities of 183,000 thousands of Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, and with a firm underwriting commitment, being 183,000 thousands of Euros available; as well as Commercial Paper programs of 300,000 thousands of Euros with guaranteed placement, being fully available as at 31 March 2013. EDP Group has a medium term Revolving Credit Facility (RCF) of 2,000,000 thousands of Euros, with a firm underwriting commitment, of which 1,900,000 thousands of Euros are available. For liquidity management needs in USD, EDP Group has an RCF of 1,500,000 thousands of USD with a firm underwriting commitment, which as at 31 March 2013 is totally drawn down.

In non-current debt it is presented an amount of 200,000 thousands of Euros relating to a Commercial Paper program with a firm underwriting commitment for a period exceeding one year.

The nominal value of Bond loans issued and outstanding, as at 31 March 2013, is analysed as follows:

Issuer	Date issued	Interest rate	Type of hedge	Conditions/ Redemption	Thousands of Euros Group	Company
Issued by EDP S.A.						
EDP, S.A. (ii)	May/08	Variable rate (iv)	n.a.	May/18	300,000	300,000
EDP, S.A.	Dec/11	Fixed rate EUR 6%	n.a.	Dec/14	200,000	200,000
EDP, S.A.	May/12	Fixed rate EUR 6%	n.a.	May/15	250,000	250,000
					750,000	750,000
Issued under the Euro Medium Term Notes program						
EDP Finance B.V. (i)	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	Fixed rate EUR 4.625%	n.a.	Jun/16	500,000	-
EDP Finance B.V.	Nov/07	Fixed rate USD 6.00 %	Net Investment	Feb/18	780,945	-
EDP Finance B.V. (i)	Nov/08	Fixed rate GBP 8.625%	Fair Value	Jan/24	410,314	-
EDP Finance B.V.	Nov/08	Zero coupon EUR (iv)	n.a.	Nov/23	160,000	-
EDP Finance B.V. (iii)	Feb/09	Fixed rate EUR 5.5%	n.a.	Feb/14	1,000,000	-
EDP Finance B.V. (i)	Jun/09	Fixed rate JPY (iv)	n.a.	Jun/19	82,734	-
EDP Finance B.V.	Jun/09	Fixed rate EUR 4.75%	n.a.	Sep/16	1,000,000	-
EDP Finance B.V.	Sep/09	Fixed rate USD 4.90 %	Net Investment	Oct/19	780,945	-
EDP Finance B.V.	Feb/10	Variable Rate USD (iv)	Net Investment	Feb/15	78,094	-
EDP Finance B.V. (i)	Mar/10	Fixed Rate EUR 3.25%	Fair Value	Mar/15	1,000,000	-
EDP Finance B.V.	Feb/11	Fixed Rate EUR 5.875%	n.a.	Feb/16	750,000	-
EDP Finance B.V. (i)	Feb/11	Fixed Rate CHF 3.5%	Fair Value	Feb/14	177,911	-
EDP Finance B.V.	Sep/12	Fixed Rate EUR 5.75%	n.a.	Sep/17	750,000	-
EDP Finance B.V. (i)	Nov/12	Fixed Rate CHF 4.0%	Fair Value	Nov/18	103,922	-
EDP Finance B.V.	Dec-12	Variable Rate (iv)	n.a.	Dec/13	350,000	-
					9,138,222	-
Issued by the EDP Energias do Brasil Group in the Brazilian domestic market						
Escelsa	Jul/07	105.0% of CDI	n.a.	Jul/14	64,847	-
Bandeirante	Jul/10	CDI + 1.50%	n.a.	Jun/14	151,733	-
CEJA	Oct/11	110.5% of CDI	n.a.	Oct/13	116,718	-
Energest	Apr/12	CDI + 0.98%	n.a.	Apr/17	46,687	-
Energias do Brasil	Sep/12	105.5% of CDI	n.a.	Feb/14	175,077	-
Cachoeira Caldeirão	Mar/13	106,30 of CDI%	n.a.	Oct/14	65,362	-
					620,424	-
					10,508,646	750,000

(i) These issues by EDP Finance B.V. are associated with interest rate swaps and/or currency swaps.
(ii) Fixed in each year, varies over the useful life of the loan.
(iii) Part of this loan is associated to interest rate swaps.
(iv) These issues correspond to private placements.

Loans by maturity, are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Bank loans				
Up to 1 year	1,638,122	2,558,583	45,764	64,171
From 1 to 5 years	6,008,721	5,142,798	659,126	659,126
More than 5 years	1,448,896	1,407,686	408,951	438,070
	9,095,739	9,109,067	1,113,841	1,161,367
Bond loans				
Up to 1 year	2,067,320	908,935	18,145	156,537
From 1 to 5 years	6,418,645	6,952,783	438,357	456,324
More than 5 years	2,189,554	2,937,950	300,000	281,941
	10,675,519	10,799,668	756,502	894,802
Commercial paper				
Up to 1 year	71,739	324,089	7,228,227	7,336,912
From 1 to 5 years	200,000	196,976	200,000	196,976
	271,739	521,065	7,428,227	7,533,888
Other loans				
Up to 1 year	17,466	15,896	-	-
From 1 to 5 years	65,283	52,837	-	-
More than 5 years	8,243	24,695	-	-
	90,992	93,428	-	-
	20,133,989	20,523,228	9,298,570	9,590,057

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

	Mar 2013		Dec 2012	
Thousands of Euros	Carrying amount	Market value	Carrying amount	Market value
Debt and borrowings - Current	3,794,647	3,550,701	3,807,503	3,452,211
Debt and borrowings - Non-current	16,339,342	16,835,753	16,715,725	17,164,909
	20,133,989	20,386,454	20,523,228	20,617,120

In accordance with accounting policies - note 2 d) and f), the financial liabilities risks hedged by derivative financial instruments that comply with hedge accounting requirements of IAS 39, are stated at fair value. The liabilities which the Group has considered as at fair value through profit or loss (fair value option) are also stated at fair value. The remaining financial liabilities are booked at amortised cost.

As at 31 March 2013, scheduled repayments of Group's debt and borrowings including interest accrued are as follows:

Thousands of Euros	2013	2014	2015	2016	2017	Following years	Total
Debt and borrowings - Non-current	-	2,252,000	3,359,396	3,285,644	2,464,618	4,977,684	16,339,342
Debt and borrowings - Current	2,346,000	1,448,647	-	-	-	-	3,794,647
	2,346,000	3,700,647	3,359,396	3,285,644	2,464,618	4,977,684	20,133,989

Future payments of principal and interest and guarantees are detailed in note 43.

35. EMPLOYEE BENEFITS

Employee benefits are analysed as follows:

	Group	
Thousands of Euros	Mar 2013	Dec 2012
Provisions for social liabilities and benefits	912,135	939,399
Provisions for medical liabilities and other benefits	1,014,675	994,026
	1,926,810	1,933,425

Provisions for social liabilities and benefits as at 31 March 2013 include 905,442 thousands of Euros relating to retirement pension defined benefit plans (31 December 2012: 932,194 thousands of Euros) and 6,693 thousands of Euros related to the estimated cost of services rendered by third parties under the human resources rationalisation program (31 December 2012: 7,205 thousands of Euros).

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

	Group	
Thousands of Euros	Mar 2013	Mar 2012
Balance at the beginning of the period	939,399	1,003,943
Charge for the period	10,867	14,705
Charge-off	-41,287	-34,956
Transfers, reclassifications and exchange differences	3,156	-180
Balance at the end of the period	912,135	983,512

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

	Mar 2013			
Thousands of Euros	Portugal	Spain	Brazil	Group
Current service cost	2,774	155	196	3,125
Operational component (see note 10)	2,774	155	196	3,125
Net interest (*)	5,727	693	1,322	7,742
Financial component (see note 14)	5,727	693	1,322	7,742
	8,501	848	1,518	10,867

	Mar 2012			
Thousands of Euros	Portugal	Spain	Brazil	Group
Current service cost	3,106	141	-19	3,228
Operational component (see note 10)	3,106	141	-19	3,228
Net interest (*)	9,994	940	543	11,477
Financial component (see note 14)	9,994	940	543	11,477
	13,100	1,081	524	14,705

(*) The caption Net interest corresponds to interest cost net of expected return on plan assets.

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

	Group	
Thousands of Euros	Mar 2013	Mar 2012
Balance at the beginning of the period	994,026	819,215
Charge for the period	12,716	13,683
Actuarial (gains)/losses	10,234	-
Charge-off	-10,315	-9,777
Transfers, reclassifications and exchange differences	8,014	-561
Balance at the end of the period	1,014,675	822,560

The components of the consolidated net cost of these medical and other benefits plans recognised during the period are as follows:

	Mar 2013			Mar 2012		
Thousands of Euros	Portugal	Brazil	Group	Portugal	Brazil	Group
Current service cost	2,148	340	2,488	1,727	544	2,271
Operational component (see note 10)	2,148	340	2,488	1,727	544	2,271
Interest cost	6,841	3,387	10,228	9,040	2,372	11,412
Financial component (see note 14)	6,841	3,387	10,228	9,040	2,372	11,412
	8,989	3,727	12,716	10,767	2,916	13,683

As at 31 March 2013, current service cost, interest cost and expected return on plan assets were determined based on the estimated cost for the period in accordance with the actuarial study as of 31 December 2012.

36. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Provision for legal and labour matters and other contingencies	80,546	78,495	-	-
Provision for customer guarantees under current operations	8,421	10,121	-	-
Provisions for dismantling and decommissioning	175,214	169,402	-	-
Provision for other liabilities and charges	121,906	124,848	19,535	27,882
	386,087	382,866	19,535	27,882

EDP and its subsidiaries boards, based on the information provided by legal advisors and on the analysis of pending law suits, booked provisions to cover the losses estimated as probable, related with litigations in progress.

Provision for legal and labour matters and other contingencies, includes provisions for litigation in progress and other labour contingencies of 51,058 thousands of Euros (31 December 2012: 51,701 thousands of Euros), relates essentially to:

i) Requests for the refund of tariff increases paid by industrial consumers of the Brazilian subsidiaries Bandeirante and Escelsa of 15,534 thousands of Euros (31 December 2012: 14,722 thousands of Euros). These requests result from the application of Orders DNAEE 38 of 27 February 1986 and 45 of 4 March 1986 - Plano Cruzado effective from March to November 1986;

ii) The Municipal Council of Póvoa do Varzim has brought up a legal action, which estimated liability amounts to 2,852 thousands of Euros to be refunded by EDP of amounts of the FEF (Fundo de Equilíbrio Financeiro - Financial Stability Fund). The action has been contested by EDP;

iii) There is a litigation with the Municipal Council of Seixal relating to differences regarding taxes and other fees in connection with the use of public space for the years 2006 to 2008, amounting to 3,852 thousands of Euros.

iv) Following the decision by the arbitration court, which partially accepted Terriminas claim, and condemned EDP Produção to pay the amount of 1.3 millions of Euros regarding the price differential for 1985 and 1986, EDP Group has booked a provision to cover this contingency. Therefore, at 31 March 2013, the estimated liability amounts to 5 millions of Euros, corresponding to the initial amount updated to current prices;

v) The remaining legal litigations correspond mainly to indemnities for fires, interruption of electricity supply, electrocution, as well as for other damages caused.

As at 31 March 2013, Provision for dismantling and decommissioning includes the following situations:

I) The Group holds a provision of 32,040 thousands of Euros (31 December 2012: 29,059 thousands of Euros) to cover the cost of dismantling the Trill Nuclear Plant from the final close down until its transfer to Ernes, the company that will dismantle it;

ii) Provisions for dismantling of wind farms of 65,602 thousands of Euros (31 December 2012: 63,336 thousands of Euros) to cover the costs of returning the sites to their original state, of which 39,318 thousands of Euros refer to the wind farms of the EDPR NA Group, 25,344 thousands of Euros to the wind farms of the EDPR EU Group and 940 thousands of Euros to the wind farms of the EDPR Brasil Group;

iii) Under the current and future social/economical trends and the practices followed by the EDP Group in matters of sustainability and environment, the group accounts for provisions to cover the costs with the restoring and decontaminating land where electric power plants are located. As at 31 March 2013, the provision which amounts to 56,296 thousands of Euros (31 December 2012: 56,044 thousands of Euros) and 20,449 thousands of Euros (31 December 2012: 20,194 thousands of Euros) to the electric power plants located in Portugal and Spain, respectively. According to accounting policy referred in note 2 o), these provisions are calculated at the present value of the future liability and are accounted for as part of the cost of the related asset (increase in property, plant and equipment) and are depreciated on a straight line basis over the expected average useful life of the assets.

In the course of its normal activity, EDP Group subsidiaries are involved in several litigations and contingencies (of possible risk) of administrative, civil, tax, labour and other natures. These legal, arbitration or other actions, involve customers, suppliers, employees, administrative, central, municipal, tax, environmental or other authorities. In EDP Group's opinion and its legal advisors the risk of a loss in these actions is not probable and the outcome will not affect on a material way its consolidated financial position.

The losses of these processes were considered as possible, do not require the recognition of provisions and are periodically reassessed. At 31 March 2013, the more relevant situations considered as possible contingencies are described as follows:

i) Bandeirante is involved in a lawsuit with the client White Martins, S.A. in the amount of 30,890 thousands of Euros, on the alleged existence of reflex effects of the Administrative Order 38/86 and 45/86 of the extinguished DNAEE, in the electricity tariff charged by Bandeirante, between 1986 and 2000. EDP Group classifies the risk of loss of this lawsuit as possible, considering that customer complaint has no legal basis, in accordance with existing jurisprudence with regard to such complaints;

ii) Investco is involved in a legal action of a civil nature mostly related with indemnity claims resulting from the filling of the hydroelectric reservoir, in the amount of 34,738 thousands of Euros.

On 27 October 2009 and 5 January 2010, the EDP Group received two tax assessments regarding 2005 and 2006 taxable income for the EDP tax Group, which included an adjustment of 591 millions of Euros regarding its subsidiary, EDP International SGPS, related to the tax treatment considered by the EDP Group in relation to a capital loss generated with the liquidation of a subsidiary, whose main assets consisted of investments in operating subsidiaries in Brazil, namely Escelsa and Enersul. As at 31 March 2013, the amount of this tax contingency totals 227 millions of Euros.

Considering the analysis made, the technical advice received and a favourable binding opinion obtained from the tax authorities in relation to the nature of the transaction occurred in the year of the assessment, 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 in force at that date (actual article 81).

Consequently, EDP Group is currently using all available legal means to defend its interest and those of its shareholders, considering that reason is on its side, both from a legal and tax perspective. As a result of the administrative appeal dismissing, EDP presented a judicial claim, on 6 June 2012. which is at the moment in its initial phase.

Bandeirante, through the Union of Power Industry of the State of São Paulo - SindiEnergia, filed two claims against the Department of Finance of the State of São Paulo, seeking the suspension of the effects of Decrees 55.421/2010 and 55.867/2010. Both claims obtained a favourable decision which was confirmed by the Court of Justice of the State of São Paulo. These decisions are still subject of appeal to higher courts. The estimated value at 31 March 2013 amounts to 49,826 thousands of Euros.

37. INSTITUTIONAL PARTNERSHIPS IN USA WIND FARMS

The caption Institutional partnership in USA wind farms is analysed as follows:

	Group	
Thousands of Euros	Mar 2013	Dec 2012
Deferred income related to benefits provided	748,717	737,598
Liabilities arising from institutional partnerships in USA wind farms	950,056	942,155
	1,698,773	1,679,753

EDPR North America books the receipts of institutional investors associated with wind projects. This liability is reduced by the amount of tax benefits provided and payments made to the institutional investors during the period. The amount of tax benefits provided is booked as a non-current deferred income, recognised over the useful life of 25 years of the related projects (see note 8). Additionally this liability is increased by the estimated interest based on the liability outstanding and the expected return rate of the institutional investors (see note 14).

38. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

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

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Suppliers	1,115,151	1,169,387	387,251	236,425
Accrued costs related with supplies	405,190	391,834	146,479	175,934
Property, plant and equipment suppliers and accruals	380,379	731,769	2,721	6,708
Holiday pay, bonus and other charges with employees	157,062	142,229	8,855	7,284
CO_2 emission licenses	167,716	142,084	-	-
Amounts payable for tariff adjustments - Electricity - Portugal	118,735	144,994	-	-
Amounts payable for tariff adjustments - Electricity - Spain	102,412	8,280	-	-
Deferred income - CMEC	18,117	-	-	-
Other creditors and sundry operations	592,150	490,022	74,417	61,735
	3,056,912	3,220,599	619,723	488,086

Trade and other payables from commercial activities - Non-Current, are analysed as follows:

	Group	
Thousands of Euros	Mar 2013	Dec 2012
Government grants for investment in fixed assets	620,154	522,551
Amounts payable for tariff adjustments - Electricity - Portugal	43,050	842
Energy sales contracts - EDPR NA	45,098	49,449
Deferred income - CMEC	442,516	392,841
Amounts payable for concessions	248,224	240,051
Other creditors and sundry operations	63,440	57,037
	1,462,482	1,262,771

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

Thousands of Euros	Current	Non-Current
Balance as at 1 January 2012	67,473	12,376
Payment through the electricity tariff	-17,544	-
Tariff adjustment of the period	-	1,376
Interest expense	706	98
Transfer from Non-Current to Current	3,094	-3,094
Balance as at 31 March 2012	53,729	10,756
Payment through the electricity tariff	-52,633	-
Tariff adjustment of the period	141,202	-1,376
Interest expense	3,747	-98
Transfer to tariff adjustments receivable	-10,333	842
Transfer from Non-Current to Current	9,282	-9,282
Balance as at 31 December 2012	144,994	842
Payment through the electricity tariff	-34,507	-
Tariff adjustment of the period	14,313	42,940
Interest expense	476	110
Transfer of tariff adjustment to receive	-6,541	-842
Transfer from Non-Current to Current	-	-
Balance as at 31 March 2013	118,735	43,050

The caption CO_2 emission licenses is related with the CO_2 consumptions made during 2013 in Portugal and Spain, in the amounts of 12,125 thousands of Euros and 13,507 thousands of Euros, respectively . These licenses will be returned in 2014 to the "Instituto do Ambiente" in each country.

Government grants for investment in fixed assets non-current correspond to the subsidies for the investment of the Group, being depreciated through the recognition of a revenue in the income statement over the useful life of the related assets (see note 13).

At the moment of the EDPR North America acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousands of USD, being booked as a non-current liability under Energy sales contract - EDPR NA, which is depreciated over the useful life of the contracts in Other operating income (see note 8).

Deferred income - CMEC current and non-current in the amount of 460,633 thousands of Euros (31 December 2012: 392,841 thousands of Euros) refers to the initial CMEC amount (833,467 thousands of Euros) net of the amortisation of initial CMEC during the years 2007 to 2013 and including unwinding (see note 14).

Amounts payable for concessions refer to the non-current amounts payable related to the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA of 153,121 thousands of Euros (31 December 2012: 150,489 thousands of Euros) and to the financial compensation for the use of the public domain related to concession agreements of Investco, S.A. and Enerpeixe, S.A. in Brazil of 95,103 thousands of Euros (31 December 2012: 89,562 thousands of Euros).

The caption Other creditors and sundry operations - Current, includes 14,317 thousands of Euros related to tariff adjustment payable (31 December 2012: 14,317 thousands of Euros).

39. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Other liabilities and other payables - Current				
Payables to related companies	150,113	137,402	-	-
Derivative financial instruments	72,090	62,629	76,285	61,543
Payables - Group companies	-	-	711,035	679,503
Amounts payable for acquisitions and success fees	133,007	135,932	-	-
Other creditors and sundry operations	36,016	32,180	15,315	30,182
	391,226	368,143	802,635	771,228
Other liabilities and other payables - Non-Current				
Payables to related companies	115,216	108,850	-	-
Put options over non-controlling interest liabilities	90,891	90,371	-	-
Derivative financial instruments	152,421	145,614	-	-
Payables - Group companies	-	-	3,066,364	3,006,023
Amounts payable for acquisitions and success fees	18,445	41,735	-	-
Other creditors and sundry operations	23,818	23,167	11,062	11,062
	400,791	409,737	3,077,426	3,017,085
	792,017	777,880	3,880,061	3,788,313

The caption Payables - Group companies Current on a company basis includes 606,807 thousands of Euros (31 December 2012: 462,142 thousands of Euros) related to debt financing obtained by EDP S.A. Sucursal in Spain through EDP Finance BV and with EDP Servicios Financieros España, S.A. and also 103,334 and 730 thousands of Euros, related to debt financing obtained from EDP Renováveis and EDPR Europe, respectively (see note 45).

The caption Payables - Group companies Non-Current on a company basis, of 3,006,364 thousands of Euros, corresponds to the financing obtained through EDP Finance B.V. and granted to EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España, following EDPR NA's acquisition and for the financing of the investment plan of EDP Renováveis Group.

Following Ente Vasco de la Energia decision to exercise the Naturgas put option, an agreement was signed on 28 July 2010 between EVE and HC Energia that sets up the following terms: (i) Purchase by HC Energia from EVE of 29.43% of the share capital of Naturgas; (ii) HC Energia will have a call option to acquire from EVE the remaining 5% stake of Naturgas between 1 June 2016 and 1 June 2018, at an exercise price calculated in accordance with a pre-set formula based on expected future dividends to be distributed by Naturgas; and (iii) Change of the HC Energia/EVE shareholder agreement, with the involvement of EVE in Naturgas' strategic management to be adjusted in accordance with its shareholding position. As a consequence of the agreement mentioned above, as at 31 March 2013 the caption Amounts payable for acquisitions and success fees - current includes the amount of 103,480 thousands of Euros (31 December 2012: 109,074 thousands of Euros). Additionally, this caption includes the contingent price for the acquisition of ECE Participações, S.A. in the amount of 10,829 thousands of Euros.

The caption Put options over non-controlling interest liabilities Non-Current includes the put option of Cajastur over EDP for 3.13 % of HC Energia share capital of 87,413 thousands of Euros (31 December 2012: 83,425 thousands of Euros).

The Amounts payable for acquisitions and success fees Non-Current refers essentially to the contingent price payable arising from the acquisition of EDPR Romania Group, Greenwind, Elektrownia Wiatrowa Kresy, Bodzanow, Starozreby, Wyszorod, Elebrás and solar photovoltaic companies held by EDPR-RO-PV, S.R.L. As at 31 March 2013, this caption includes the contingent price revision associated with the additional acquisitions of Relax Wind Park I in the amount of 17,423 thousands of Euros and Greenwind in the amount of 1,750 thousands of Euros.

40. CURRENT TAX LIABILITIES

Current tax liabilities are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Income tax	166,923	103,633	31,939	9,930
Withholding tax	33,687	64,763	272	256
Value added tax (VAT)	137,588	94,461	272	2,229
Turnover tax (Brazil)	46,006	52,956	-	-
Social tax (Brazil)	15,387	41,984	-	-
Other taxes	138,736	109,941	49	50
	538,327	467,738	32,532	12,465

As at 31 March 2013, for the Group, the caption Other taxes includes essentially the foreign taxes regarding HC Energia Group of 54,207 thousands of Euros, Naturgas Group of 34,123 thousands of Euros (31 December 2012: HC Energia Group of 44,512 thousands of Euros and Naturgás Group of 29,667 thousands of Euros) and EDP Brasil Group of 13,331 thousands of Euros (31 December 2012: 12,710 thousands of Euros).

41. 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, are presented under accounting policies - note 2 u).

This caption is analysed as follows:

	Group	
Thousands of Euros	Mar 2013	Dec 2012
Assets classified as held for sale		
Assets of the business of gas transmission - Naturgas	-	212,850
Assets of the business of cogeneration	-	29,001
	-	241,851
Liabilities classified as held for sale		
Liabilities of the business of gas transmission - Naturgas	-	-23,628
Liabilities of the business of cogeneration	-	-15,758
	-	-39,386
	-	202,465

In 2012, as a result of the negotiations for the sale of the gas transmission network of Naturgás Energia, the assets and liabilities associated with this business were presented as assets and liabilities held for sale. This operation was concluded in February 2013, after obtaining of the required authorizations by the regulatory and antitrust authorities. Naturgás sold the gas transmission business to Enagás, S.A. (the Spanish gas transmission system operator) for 115,493 thousands of Euros, generating a gain of 55,829 thousands of Euros (see note 8). In this operation, Enagás also paid an intercompany debt of 129,654 thousands of Euros.

On 21 January 2013, following the exercise of a call option by Soporcel as established in the shareholders' agreement, EDP Produção sold the cogeneration assets, through the sale of 82% shareholding in Soporgen, S.A to the other shareholder, Soporcel, S.A., for 5,060 thousands of Euros, generating a gain of 2,239 thousands of Euros (see note 8). Additionally, an amount of 5,349 thousands of Euros was received related to dividends distributed by Soporgen before this operation. Simultaneously with this divestment, EDP Produção received full reimbursement of the shareholders loans granted to Soporgen, including accrued interest, in the amount of 3,281 thousands of Euros. As at 31 December 2012, the assets and liabilities associated with Soporgen were presented under assets and liabilities classified as held for sale.

42. DERIVATIVE FINANCIAL INSTRUMENTS

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

The fair value of the derivative financial instruments portfolio as at 31 March 2013 and 31 December 2012 is analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Derivatives held for trading	24,778	26,223	45,416	35,936
Fair value hedge	74,801	162,287	229,780	169,862
Cash-flow hedge	-138,474	-123,358	-28,869	-11,679
Net Investment hedge	3,191	3,445	-	-
	-35,704	68,597	246,327	194,119

43. COMMITMENTS

Financial, operating and real guarantees granted by the EDP Group, not included in the statement of financial position as at 31 March 2013 and 31 December 2012, are analysed as follows:

	Group		Company	
Thousands of Euros	Mar 2013	Dec 2012	Mar 2013	Dec 2012
Financial guarantees				
EDP, S.A.	307,833	312,237	307,833	312,237
HC Energia Group	4,005	37,539	-	-
EDP Brasil Group	1,001,268	867,623	-	-
Other	7,225	7,122	-	-
	1,320,331	1,224,521	307,833	312,237
Operating guarantees				
EDP, S.A.	689,459	745,324	689,459	745,324
HC Energia Group	365,167	334,226	-	-
EDP Brasil Group	380,668	433,613	-	-
EDP Renováveis Group	811,892	1,208,810	-	-
Other	9,262	9,272	-	-
	2,256,448	2,731,245	689,459	745,324
Total	3,576,779	3,955,766	997,292	1,057,561
Real guarantees	22,510	29,504	-	-

The financial guarantees contracted include, at 31 March 2013 and 31 December 2012, 1,261,945 thousands of Euros and 1,139,074 thousands of Euros, respectively, relating to loans obtained by Group companies and already included in the consolidated debt. These include guarantees of 125,505 thousands of Euros at 31 March 2013 for loans obtained by Brazilian companies to finance the construction of hydroelectrical power plants, which have counter-guarantees of 50,202 thousands of Euros received by EDP from partners in these projects.

EDP and its subsidiaries are required to provide bank or corporate operating guarantees for the current generation and distribution activities. The total operating guarantees outstanding include, at 31 March 2013 and 31 December 2012, 412,833 thousands of Euros and 397,266 thousands of Euros, respectively, of guarantees provided to market operators to enable EDP and its subsidiaries to participate in the energy markets.

Regarding the information disclosed above, the Group also has project finance loans with usual guarantees for these loans, namely pledges or promissory pledges over shares, bank accounts and assets relating to the projects. At 31 March 2013 and 31 December 2012 these loans amounted to 1,061,324 thousands of Euros and 1,018,578 thousands of Euros, respectively, and are included in the Group's consolidated debt (see note 34).

In addition, regarding the information disclosed above, EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, wilful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 March 2013 and 31 December 2012, EDPR's obligations under the tax equity agreements, in the amount of 920,706 thousands of Euros and 901,301 thousands of Euros, are reflected on the balance sheet Institutional Partnerships in US Wind farms.

Real guarantees, as at 31 March 2013, includes 4,529 thousands of Euros (31 December 2012: 9,615 thousands of Euros) related with guarantees provided to projects and loans obtained in Brazil.

In addition, EDP has constituted an escrow deposit in the amount of 361,445 thousand of Euros (338,348 thousand of Euros non-current and 23,097 thousand of Euros current), as presented in note 34, associated with several loans contracted with the EIB. This escrow deposit may be reduced by the repayment of these loans.

The commitments relating to short and medium/long term financial debt, finance lease commitments and other long term commitments (included in the condensed consolidated statement of financial position) and other liabilities relating to purchases and future lease payments under operating leases (not included in the condensed consolidated statement of financial position) are disclosed, as at 31 March 2013 and 31 December 2012, by maturity, as follows:

	Mar 2013				
	Capital outstanding by maturity				
Thousands of Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Short and long term financial debt (including falling due interest)	23,580,441	4,367,206	7,714,432	7,228,325	4,270,478
Finance lease commitments	7,804	3,461	3,858	485	-
Operating lease commitments	989,796	53,243	87,558	77,810	771,185
Purchase obligations	28,969,418	4,292,163	5,906,804	4,054,108	14,716,343
Other long term commitments	2,155,654	249,512	475,212	433,891	997,039
	55,703,113	8,965,585	14,187,864	11,794,619	20,755,045

	Dec 2012				
	Capital outstanding by maturity				
Thousands of Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Short and long term financial debt (including falling due interest)	23,838,923	4,265,240	8,312,603	6,176,972	5,084,108
Finance lease commitments	8,606	3,549	4,325	732	-
Operating lease commitments	977,501	53,430	88,047	73,940	762,084
Purchase obligations	24,614,933	4,067,246	6,142,932	4,034,410	10,370,345
Other long term commitments	2,149,686	249,086	475,500	433,896	991,204
	51,589,649	8,638,551	15,023,407	10,719,950	17,207,741

The Group's contractual commitments shown above relate essentially to agreements and commitments required for current business activities. Specifically, the majority of the commitments are established to guarantee adequate supply of fuel and energy to its customers in the Europe, United States of America and Brazil and to comply with medium and long term investment objectives of the Group.

The short and long term debt corresponds to the balance of borrowings and related falling due interest, contracted by the Group with bank entities, non-convertible bonds, commercial paper and other borrowings. Interest was calculated based on interest rates in force at the end of the period.

Falling due finance lease commitments relate to Property, plant and equipment acquired by the Group under finance lease contracts. These amounts include capital outstanding and interests.

Purchase obligations include essentially obligations of long term contracts relating to the supply of products and services in the normal course of the Group's operations. Prices defined under forward contracts are used in estimating the amount of contractual commitments.

Other long term commitments relate essentially to reorganisation plans established in prior years, as well as to Group's liabilities relating to pension and Medical plans and other benefits, classified as provisions in the consolidated statement of financial position (see note 35).

As at 31 March 2013, 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, this option can be exercised until 31 December 2025;
- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a call option over Cajastur for "Quinze Mines" share capital (51% of total share capital). Cajastur has an equivalent put option over EDP. This options can be exercised between 17 July 2014 and 17 July 2016, being the price of exercising the option determined by an investment bank valuation process;
- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a call option over the shares held by Cajastur for the companies "Sauvageons", "Le Mee" and "Petite Piece" (51% of total share capital). Cajastur has an equivalent put option over EDP. This options can be exercised between 1 January 2013 and 31 December 2014, being the price of exercising the option determined by an investment bank valuation process;
- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a call option over the remain shareholders of Re Plus (WPG, Galilea and Grant Partners) for 10% of its share capital. The price of exercising these options is 7,500 thousands of Euros. The options can be exercised (i) if a change occur in the shareholding structure of the remaining shareholders of Re Plus and (ii) always before the last project starts in operation;
- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousands of Euros. The exercise period is the earlier of (i) two years following the beginning of construction date or (ii) 31 December 2019;
- EDP holds, through its subsidiary EDP - Gestão da Produção de Energia, S.A., a call option of 2.67% of the share capital of Greenvouga and their supplementary capital on Martifer Renewables, S.A. exercisable at any time. Moreover, Martifer Renewables, S.A., holds a put option of 2.67% of the share capital of Greenvouga and their supplementary capital on EDP - Gestão da Produção de Energia, S.A., that can only be exercised within one year from the date of issuance of the license of Ribeirado-Ermida hydroelectric plants. The option can be exercised until 1 February 2015. The stock price and the price of supplementary capital, in the event of exercise of the options listed, corresponds to their nominal value plus an equity component possible in the amount of 1,750 thousands of Euros;
- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a call option of the remaining 40% of the share capital of J&Z Wind Farms SP. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised between 3 and 5 years after the start of construction works of the first park.

44. SHARE BASED PAYMENTS

EDP implemented a stock option programs applicable to senior management and directors, under the terms approved by the General Meeting, in order to promote the creation of value added.

EDP Group has the following three stock option plans: i) Plan for the members of the Board of Directors approved in 1999, in which options can be granted for up to 2,450,000 ordinary shares, ii) Plan for the Members of the Board of Directors and Management of the Group subsidiaries, in which options can be granted for up to 16,250,000 ordinary shares, iii) Plan for the President of the Board of Directors, Chief Executive Officer and Executive Members for the 2003/2005 period in which the options granted can be exercised up to 1/3 in each of the following three years following the grant date. Options not exercised expire eight years after being granted.

The exercise price of the options is calculated based on the market price of the company's shares at the grant date. The options maximum term is seven years for the first two plans and eight years for the third plan.

The options are granted by the EDP Group's Remunerations Committee and can only be exercised after two years of service.

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

	Option activity	Weighted average exercise price (Euros)
Balance as at 31 December 2011	605,477	2.22
Options exercised	-	
Options granted	-	
Balance as at 31 March 2012	605,477	2.22
Options exercised	-	
Options granted	-	
Options expired	38,276	
Balance as at 31 December 2012	567,201	2.21
Options exercised	-	
Options granted	-	
Options expired	-	
Balance as at 31 March 2013	567,201	2.21

Information regarding stock options as at 31 March 2013, is analysed as follows:

Options outstanding	Weighted average exercise price	Weighted average remaining contractual life	Options exercisable	Fair value options
567,201	2.21	0.80	567,201	364,774

During the three months period ended 31 March 2013 no stock options cost was recognised as the past service cost of granted options was recognised in prior years.

In the first quarter of 2013, no treasury stocks were granted to employees.

45. RELATED PARTIES

Main shareholders and shares held by company officers

EDP - Energias de Portugal S.A. shareholder structure as at 31 March 2013 is analysed as follows:

	Nr. of Shares	% Capital	% Voting
China Three Gorges	780,633,782	21.35%	21.35%
Iberdrola - Participações, SGPS, S.A.	248,437,516	6.79%	6.79%
Oppidum Capital, S.L.	226,046,616	6.18%	6.18%
José de Mello - SGPS, S.A.	168,077,151	4.60%	4.60%
Senfora, SARL	148,431,999	4.06%	4.06%
Millennium BCP Group and Pension Fund	122,667,974	3.35%	3.35%
Sonatrach	87,007,443	2.38%	2.38%
Banco Espírito Santo Group	86,865,254	2.38%	2.38%
Qatar Holding LLC	82,868,933	2.27%	2.27%
Capital Research and Management Company	73,625,043	2.01%	2.01%
BlackRock, Inc.	73,268,245	2.00%	2.00%
EDP Group (Treasury stock)	30,840,869	0.84%	
Remaining shareholders	1,527,766,890	41.79%	
	3,656,537,715	**100.00%**	

The number of shares of EDP S.A. held by company officers as at 31 December 2012 are as follows:

	2012 Nr. of shares
General and Supervisory Board	
Until 20 February:	
António de Almeida	100
Diogo Campos Barradas de Lacerda Machado	260
Ricardo José Minotti da Cruz Filipe	6,622
	6,982
From 21 February:	
Alberto João Coraceiro de Castro	4,578
Carlos Jorge Ramalho dos Santos Ferreira	40,000
Eduardo de Almeida Catroga	1,375
Fernando Masaveu Herrero	44,188,463
Luís Filipe da Conceição Pereira	1,459
Rui Eduardo Rodrigues Pena	2,945
Vasco Joaquim Rocha Vieira	3,203
Vitor Fernando da Conceição Gonçalves	3,465
	44,245,488

	2012 Nr. of shares
Executive Board of Directors	
Until 20 February:	
Jorge Manuel Pragana da Cruz Morais	100,000
	100,000
From 21 February:	
António Luís Guerra Nunes Mexia	41,000
António Fernando Melo Martins da Costa	13,299
António Manuel Barreto Pita de Abreu	34,549
João Manuel Manso Neto	1,268
João Manuel Veríssimo Marques da Cruz	3,878
Nuno Maria Pestana de Almeida Alves	125,000
Miguel Stilwell de Andrade	111,576
	330,570

Balances and transactions with subsidiaries and associates

The credits and debits over subsidiaries and associates, at Company level and eliminated in the consolidated financial statements are analysed as follows:

Credits

	March 2013			
Thousands of Euros	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
Balwerk	28,986	253,625	799	283,410
EDP Comercial	39,270	10,171	126,167	175,608
EDP Distribuição	740,675	2,378,615	14,158	3,133,448
EDP Finance BV	-	160,489	4,563	165,052
EDP Gás -SGPS	6,263	113,759	2,215	122,237
EDP Produção	111,766	4,169,702	162,583	4,444,051
EDP Imobiliária e Participações	582	97,402	398	98,382
EDP Renováveis	-	49,919	274,993	324,912
Others	68,726	23,904	196,438	289,068
	996,268	7,257,586	782,314	9,036,168

	December 2012			
Thousands of Euros	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
Balwerk	13,505	265,125	1,691	280,321
EDP Comercial	62,543	10,070	114,903	187,516
EDP Distribuição	529,322	2,339,954	13,283	2,882,559
EDP Finance BV	-	104,009	1,939	105,948
EDP Gás -SGPS	3,114	112,019	1,464	116,597
EDP Produção	314,591	3,979,577	88,037	4,382,205
EDP Imobiliária e Participações	1,870	96,733	299	98,902
EDP Renováveis	-	-	227,552	227,552
Others	31,129	23,144	308,683	362,956
	956,074	6,930,631	757,851	8,644,556

Debits

	March 2013			
Thousands of Euros	Intra-Group Financial Mov.	Loans and payable	Other Debits	Total
EDP Finance BV	-	10,222,516	8,861	10,231,377
EDP Servicios Financieros (España)	-	447,655	642	448,297
EDP Produção	-	-	371,598	371,598
EDP Renováveis	-	103,334	1,387	104,721
EDP Serviço Universal	-	-	178,363	178,363
Others	1,831	160,730	124,378	286,939
	1,831	10,934,235	685,229	11,621,295

	December 2012			
Thousands of Euros	Intra-Group Financial Mov.	Loans and payable	Other Debits	Total
EDP Finance BV	-	10,110,805	6,128	10,116,933
EDP Servicios Financieros (España)	-	213,360	-	213,360
EDP Produção	-	-	232,083	232,083
EDP Renováveis	-	189,116	3,867	192,983
EDP Serviço Universal	-	-	85,905	85,905
Others	13,930	187,744	106,777	308,451
	13,930	10,701,025	434,760	11,149,715

Expenses and income related to intra-Group transactions, at Company level, eliminated on consolidation are analysed as follows:

Expenses

	March 2013			
Thousands of Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Expenses	Total
EDP Finance BV	-	-63,460	-2,364	-65,824
EDP Produção	-	-	-297,536	-297,536
Empresa Hidroeléctrica do Guadiana	-	-	-14,348	-14,348
Others	-8	-1,644	-52,849	-54,501
	-8	-65,104	-367,097	-432,209

Thousands of Euros	March 2012 Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Expenses	Total
EDP Finance BV	-	-44,352	-1,215	-45,567
EDP Produção	-397	-	-236,467	-236,864
EDP Renováveis	-	-349	-65,482	-65,831
Others	-38	-1,013	-35,404	-36,455
	-435	-45,714	-338,568	-384,717

Income

Thousands of Euros	March 2013 Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Income	Total
EDP Comercial	130	101	172,004	172,235
EDP Distribuição	3,444	38,661	9,633	51,738
EDP Gás.Com	59	-	44,943	45,002
EDP Produção	1,451	67,135	32,047	100,633
Others	384	6,593	72,882	79,859
	5,468	112,490	331,509	449,467

Thousands of Euros	March 2012 Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Income	Total
EDP Comercial	480	410	140,402	141,292
EDP Distribuição	1,924	32,460	9,665	44,049
EDP Gás.Com	-	-	55,259	55,259
EDP Produção	-	58,246	11,378	69,624
Others	369	8,237	69,502	78,108
	2,773	99,353	286,206	388,332

Assets, liabilities and transactions with related companies, for the Group are analysed as follows:

Assets and liabilities

Thousands of Euros	March 2013 Assets	Liabilities	Net Value
Associates	288,042	1,038	287,004
Jointly controlled entities	79,277	20,121	59,156
	367,319	21,159	346,160

Thousands of Euros	December 2012 Assets	Liabilities	Net Value
Associates	268,041	539	267,502
Jointly controlled entities	39,393	12,014	27,379
	307,434	12,553	294,881

Transactions

Thousands of Euros	March 2013 Operating Income	Financial Income	Operating Expenses	Financial Expenses
Associates	4,001	3,910	-535	-
Jointly controlled entities	45,394	1,101	-7,946	-126
	49,395	5,011	-8,481	-126

Thousands of Euros	March 2012 Operating Income	Financial Income	Operating Expenses	Financial Expenses
Associates	2,101	2,572	-924	-18
Jointly controlled entities	14,821	662	-5,733	-134
	16,922	3,234	-6,657	-152

46. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of financial assets and liabilities as at 31 March 2013 and 31 December 2012 is analysed as follows:

	Group Mar 2013			Group Dec 2012		
Thousands of Euros	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available for sale investments	191,084	191,084	-	181,298	181,298	-
Trade receivables	2,560,323	2,560,323	-	2,377,203	2,377,203	-
Debtors and other assets from commercial activities	5,224,083	5,224,083	-	4,788,421	4,788,421	-
Other Debtors and other assets	574,933	574,933	-	554,407	554,407	-
Derivative financial instruments	188,807	188,807	-	276,840	276,840	-
Financial assets at fair value through profit or loss	517	517	-	390	390	-
Cash and cash equivalents	1,459,613	1,459,613	-	1,695,336	1,695,336	-
	10,199,360	10,199,360	-	9,873,895	9,873,895	-
Financial liabilities						
Financial debt	20,133,989	20,386,454	252,465	20,523,228	20,617,120	93,892
Suppliers and accruals	1,495,530	1,495,530	-	1,901,156	1,901,156	-
Institutional Partnerships in USA Wind Farms	1,698,773	1,698,773	-	1,679,753	1,679,753	-
Trade and other payables from commercial activities	2,403,710	2,403,710	-	2,059,663	2,059,663	-
Other liabilities and other payables	567,506	567,506	-	569,637	569,637	-
Derivative financial instruments	224,511	224,511	-	208,243	208,243	-
	26,524,019	26,776,484	252,465	26,941,680	27,035,572	93,892

Considering that 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 market value of loans is calculated based on the discounted cash flows at market interest rates at the balance sheet date, increased by the best estimate, at the same date, of market conditions applicable to Group's debt, based on its average term.

47. RELEVANT OR SUBSEQUENT EVENTS

Capital Income Builder notifies Qualified Shareholding position in EDP

On 1 April 2013, Capital Income Builder notified EDP that, in accordance with article 20 of the Portuguese Securities Code, it holds a qualifying shareholding of 75,401,327 ordinary shares of EDP, which corresponds to 2.0621% of EDP's share capital and 2.0621% of the respective voting rights.

The significant shareholding position resulted from the acquisition, on 28 March 2013, of 2,376,527 shares which corresponds to 0.065% of EDP's voting rights.

Capital Income Builder is a mutual fund registered in the United States under the investment Company Act 1940. Capital Income Builder is the legal owner of the shares reported.

EDP sells 150 Millions of Euros of tariff deficit in Portugal

On 26 April 2013, EDP Serviço Universal, S.A. (EDP SU), the last resort supplier of the Portuguese electric system, 100% owned by EDP Group, agreed the sale without recourse a portion of 150 millions of Euros, and the respective interests, of the 2012 tariff deficit.

The tariff deficit in 2012 resulted from the 5-year deferral of the recovery of the 2012 overcost with the acquisition of energy from special regime production (including adjustments for 2010 and 2011), with an outstanding amount at the end of 2012 of 973 millions of Euros.

Massachusetts Financial Services Company notifies qualified shareholding position in EDP

On 29 April 2013, Massachusetts Financial Services Company notified EDP that, in accordance with article 20 of the Portuguese Securities Code, it came to hold 73,696,918 ordinary shares of EDP, which corresponds to 2.02% of EDP's share capital and 2.02% of the respective voting rights. The qualified shareholding resulted from the acquisition through NYSE Euronext Lisbon of 696,653 shares on 24 April 2013.

48. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED

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

• IFRS 7 (Amended) - Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities;

No significant impact in the Group financial statements disclosures resulted from the adoption of this amendment.

• IFRS 13 - Fair Value Measurement;

No significant impact in the Group resulted from the adoption of this standard.

• IAS 1 (Amended) - Presentation of Financial Statements

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

• IAS 19 (Amended) - Employee Benefits

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

• Improvements to IFRSs (2009-2011).

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

The Group has decided not to early adopt the following standards and interpretations endorsed by the European Union:

• IFRS 10 - Consolidated Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2014;
• IFRS 11 - Joint Arrangements, with effective date of mandatory application for periods beginning on or after 1 January 2014;
• IFRS 12 - Disclosure of Interests in Other Entities, with effective date of mandatory application for periods beginning on or after 1 January 2014;
• IAS 27 (Amended) - Separate Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2014;
• IAS 28 (Amended) - Investments in Associates and Joint Ventures, with effective date of mandatory application for periods beginning on or after 1 January 2014;
• IAS 32 (Amended) - Financial Instruments: Offsetting Financial Assets and Financial Liabilities, with effective date of mandatory application for periods beginning on or after 1 January 2014.

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

• IFRS 9 - Financial Instruments;
• Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27.

49. EDP BRANCH IN SPAIN

The aim of "EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España" is to manage and coordinate the energy interests of subsidiaries depending from EDP Group in Spain, organised through managing and monitoring structures, in order to ensure the maximum synergy 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., EDP Servicios Financieros España, 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 Committee, a Management Committee and direct representation on Iberian ambit EDP Management Committee.

The Executive Committee of EDP is composed essentially 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 Committee. The Management Committee is chaired by the Corporate General Director and is composed by the natural extension of the Departments of the Corporate Centre 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 Commercial Shared Services ("Direcção de Serviços Partilhados Comerciais"), Department of Corporate Shared Services ("Direcção de Serviços Partilhados Corporativos") and IT Department ("Direcção de Sistemas de Informação") and "Share EDP Project" ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory. Lastly, the Spanish branch of EDP has direct representation on Iberian ambit EDP Management Committee particularly the Energy Planning Committees, Price and Volume, Markets, Distribution Networks, Commercial and Production.

The condensed statement of financial position of the Branch as at 31 March 2013 and 31 December 2012 is analysed as follows:

	EDP Branch	
Thousands of Euros	Mar 2013	Dec 2012
Investments in subsidiaries:		
- EDP Renováveis, S.A.	2,939,889	2,939,889
- Hidroeléctrica del Cantábrico, S.A.	1,981,798	1,981,798
- EDP Servicios Financieros España, S.A.	482,695	482,695
- EDP Investments and Services, S.L.	281,854	281,854
- Other	60	60
Deferred tax assets	58,812	54,636
Other debtors and others assets	175,072	129,006
Total Non-Current Assets	5,920,180	5,869,938
Trade receivables	10,597	10,985
Debtors and other assets	350,703	325,212
Tax receivable	27,462	43,943
Cash and cash equivalents	303	361
Total Current Assets	389,065	380,501
Total Assets	**6,309,245**	**6,250,439**
Equity	2,487,383	2,515,135
Trade and other payables	3,066,364	3,006,023
Total Non-Current Liabilities	3,066,364	3,006,023
Trade and other payables	747,527	726,998
Tax payable	7,971	2,283
Total Current Liabilities	755,498	729,281
Total Liabilities	**3,821,862**	**3,735,304**
Total Equity and Liabilities	**6,309,245**	**6,250,439**

50. SEGMENTAL REPORTING

In accordance with IFRS 8, an operating segment is a Group component:

(i) that engages in business activities from which it may earn revenues and incur expenses;
(ii) whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
(iii) for which discrete financial information is available.

The Group develops a set of regulated and liberalised activities in the energy sector, with special emphasis in generation, distribution and supply of electricity and gas.

The Group manages its activities based on several business segments, which includes the activities in Iberia. Moreover, the EDP Group also makes a separate analysis of the electricity generation business through renewable power sources, which is achieved in a specific segment (EDP Renováveis). Finally, 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 Brasil).

The Executive Board of Directors regularly reviews segmental reports, using them to assess and release each business performance, as well as to allocate resources.

The segments defined by the Group are the following:

• Long Term Contracted Generation in Iberia;
• Liberalised Activities in Iberia;
• Regulated Networks in Iberia;
• EDP Renováveis;
• EDP Brasil.

The Long Term Contracted Generation in Iberia segment corresponds to the activity of electricity generation of plants with CMEC and SRP plants in Portugal and Spain. This segment includes, namely, the following companies:

• EDP - Gestão da Produção de Energia, S.A. (CMEC and SRP generation);
• Energin, S.A.;
• EDP Produção Bioléctrica, S.A.;
• Fisigen - Empresa de Cogeração, S.A.

The Liberalised Activities segment in Iberia corresponds to the activity of unregulated generation and supply of electricity and gas in Portugal and Spain. This segment includes, namely, the following companies:

- EDP - Gestão da Produção de Energia, S.A. (liberalised generation);
- Empresa Hidroeléctrica do Guadiana, S.A.;
- Electrica de la Ribera del Ebro, S.A.;
- Hidroeléctrica Del Cantábrico, S.L.;
- Central Térmica Ciclo Combinado Grupo 4, S.A.;
- Patrimonial de La Ribera del Ebro, S.L.;
- EDP Comercial - Comercialização de Energia, S.A.;
- Hidrocantábrico Energia, S.A.U.;
- EDP Soluções Comerciais, S.A.;
- Naturgás Comercializadora, S.A.

The Regulated Networks segment in Iberia corresponds to the activities of electricity and gas 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.;
- Electra de Llobregat Energía, S.L.;
- Hidrocantábrico Distribucion Eléctrica, S.A.U.;
- Portgás - Soc. de Produção e Distribuição de Gás, S.A.;
- EDP Gás Serviço Universal, S.A.;
- Naturgás Energia Distribución, S.A.U.

The EDP Renováveis segment corresponds to the power generation activity through renewable energy resources and includes all the companies of EDPR Europe, EDPR North America, EDPR Canada and EDPR Brasil 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 Brasil segment includes the activities of electricity generation, distribution and supply in Brazil, and is composed by the Holding EDP Energias do Brasil, S.A. 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 column Corporate Activities segment includes the centralised management of financial investments, namely the centralised management of human resources, logistic platforms and shared service centres.

The column Adjustments segment includes 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 statement of financial position 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.

Nevertheless, since EDP - Gestão da Produção de Energia, S.A.'s assets belong to more than one business segment, namely the CMEC and SRP generation plants - allocated to the Long Term Contracted Generation - and the liberalised generation plants - allocated to the Liberalised Activities -, it was necessary to allocate all its gains, costs, assets and liabilities to those power plants.

Preferentially, it was used analytical accounting reports to allocate gains, costs, assets and liabilities by plant. For the remaining information, since those reports don't comprise all the costs - namely the shared costs in the Supplies and Services and Personnel Costs captions, and since the applicability of the previous criterion it's not possible, the shared costs were allocated in the proportion of costs directly allocated to each plant in the total costs and the remaining assets and liabilities were allocated following the proportion of each plant net assets in the total assets.

51. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Portuguese language version prevails.

ANNEX I

EDP Group Activity by Business Segment
31 March 2013

Thousands of Euros	Iberia: LT Contracted Generation	Iberia: Liberalised Activities	Iberia: Regulated Networks	EDP Renováveis	EDP Brasil	Other Activities	Corporate Activities	Adjustments	EDP Group
Turnover									
Electricity and network accesses	330,189	1,650,668	1,702,584	382,151	686,459	61	-	(849,086)	3,903,026
Gas and network accesses	-	441,371	88,726	-	-	-	-	(99,175)	430,922
Other	19,024	51,982	4,382	1,158	15,023	4,665	66,688	(112,339)	50,583
	349,213	2,144,021	1,795,692	383,309	701,482	4,726	66,688	(1,060,600)	4,384,531
Cost of electricity	(12,346)	(1,340,656)	(1,328,778)	(4,028)	(444,088)	(62)	-	845,169	(2,284,789)
Cost of gas	(20)	(388,866)	(16,948)	-	-	-	-	69,586	(336,248)
Change in inventories and cost of raw materials and consumables used	(105,291)	(168,543)	(2,003)	(151)	(10,730)	(1,229)	(16)	35,244	(252,719)
	(117,657)	(1,898,065)	(1,347,729)	(4,179)	(454,818)	(1,291)	(16)	949,999	(2,873,756)
	231,556	245,956	447,963	379,130	246,664	3,435	66,672	(110,601)	1,510,775
Other operating income / (expenses)									
Other operating income	4,579	1,817	69,940	55,038	7,300	2,998	6,000	(11,480)	136,192
Supplies and services	(17,351)	(66,397)	(102,625)	(61,253)	(41,839)	(2,414)	(43,101)	118,656	(216,324)
Personnel costs and employee benefits	(16,290)	(27,825)	(44,996)	(17,863)	(32,872)	(2,493)	(35,840)	7,595	(170,584)
Other operating expenses	(6,884)	(41,951)	(80,462)	(28,020)	(29,062)	(1,503)	(1,423)	1,143	(188,162)
	(35,946)	(134,356)	(158,143)	(52,098)	(96,473)	(3,412)	(74,364)	115,914	(438,878)
	195,610	111,600	289,820	327,032	150,191	23	(7,692)	5,313	1,071,897
Provisions	(630)	(313)	(246)	-	(2,152)	2	(6,100)	(1)	(9,440)
Depreciation, amortisation and impairment	(42,962)	(58,835)	(82,794)	(122,841)	(37,784)	(237)	(4,802)	(9,733)	(359,988)
Compensation of amortisation and depreciation	489	86	683	4,663	784	16	5	(7)	6,719
	152,507	52,538	207,463	208,854	111,039	(196)	(18,589)	(4,428)	709,188
Gain/(losses) on the sale of financial assets	-	-	-	-	-	-	12	-	12
Financial results	(18,757)	(20,737)	(23,744)	(64,763)	(27,998)	(681)	17,197	(20,372)	(159,855)
Share of profit in associates	360	-	36	4,489	255	2,651	-	286	8,077
Profit/(loss) before income tax	134,110	31,801	183,755	148,580	83,296	1,774	(1,380)	(24,514)	557,422
Current tax	(96,304)	(1,086)	100,902	(42,831)	(39,483)	438	(39,688)	3,062	(114,990)
Deferred tax	50,951	(11,207)	(145,432)	(995)	13,519	(458)	43,865	15,695	(34,062)
Net profit/(loss) for the period	**88,757**	**19,508**	**139,225**	**104,754**	**57,332**	**1,754**	**2,797**	**(5,757)**	**408,370**
Equity holders of EDP	88,172	23,388	139,239	90,383	34,160	1,781	5,021	(47,404)	334,740
Non-controlling interests	585	(3,880)	(14)	14,371	23,172	(27)	(2,224)	41,647	73,630
Net profit/(loss) for the period	**88,757**	**19,508**	**139,225**	**104,754**	**57,332**	**1,754**	**2,797**	**(5,757)**	**408,370**
Total assets	6,205,886	6,466,053	8,796,262	13,375,679	5,785,127	117,899	19,805,205	(17,683,218)	42,868,893
Total liabilities	3,190,600	5,747,540	7,182,713	7,535,730	3,249,843	85,127	13,328,702	(9,383,494)	30,936,761
Increase of the period:									
Property, plant and equipment	10,020	130,489	23,189	38,000	52,200	151	7,260	31	261,340
Intangible assets	196	16,803	51,885	104	17,827	-	-	1,230	88,045
Goodwill	-	-	-	293	-	-	-	3,988	4,281

EDP Group Activity by Business Segment
31 March 2012

Thousands of Euros	Iberia LT Contracted Generation	Iberia Liberalised Activities	Iberia Regulated Networks	EDP Renováveis	EDP Brasil	Other Activities	Corporate Activities	Adjustments	EDP Group
Turnover									
Electricity and network accesses	382,541	1,511,079	1,664,340	312,906	612,250	-	-	(578,630)	3,904,486
Gas and network accesses	-	478,376	105,075	-	-	-	-	(100,761)	482,690
Other	12,074	46,886	3,686	1,466	3,348	3,589	69,006	(115,072)	24,983
	394,615	2,036,341	1,773,101	314,372	615,598	3,589	69,006	(794,463)	4,412,159
Cost of electricity	(17,665)	(1,210,364)	(1,272,009)	(4,186)	(355,871)	-	-	575,753	(2,284,342)
Cost of gas	22	(434,501)	(20,764)	-	-	-	-	64,623	(390,620)
Change in inventories and cost of raw materials and consumables used	(135,752)	(197,597)	(2,161)	(540)	(248)	(743)	(33)	37,520	(299,554)
	(153,395)	(1,842,462)	(1,294,934)	(4,726)	(356,119)	(743)	(33)	677,896	(2,974,516)
	241,220	193,879	478,167	309,646	259,479	2,846	68,973	(116,567)	1,437,643
Other operating income / (expenses)									
Other operating income	2,537	5,245	22,242	42,839	13,159	3,674	7,993	(14,580)	83,109
Supplies and services	(18,487)	(64,602)	(104,362)	(57,267)	(45,891)	(2,313)	(43,407)	120,049	(216,280)
Personnel costs and employee benefits	(18,318)	(26,048)	(46,177)	(13,779)	(36,577)	(2,338)	(32,111)	5,835	(169,513)
Other operating expenses	(9,939)	(13,932)	(74,937)	(17,966)	(12,787)	(229)	(1,194)	(501)	(131,485)
	(44,207)	(99,337)	(203,234)	(46,173)	(82,096)	(1,206)	(68,719)	110,803	(434,169)
	197,013	94,542	274,933	263,473	177,383	1,640	254	(5,764)	1,003,474
Provisions	130	2,990	(88)	(1)	(2,506)	-	(3,524)	-	(2,999)
Depreciation, amortisation and impairment	(48,909)	(65,036)	(75,502)	(118,180)	(38,211)	(222)	(4,631)	(6,728)	(357,419)
Compensation of amortisation and depreciation	555	71	642	3,742	2,064	26	5	(9)	7,096
	148,789	32,567	199,985	149,034	138,730	1,444	(7,896)	(12,501)	650,152
Gain/(losses) on the sale of financial assets	-	-	-	-	-	-	-	-	-
Financial results	(16,271)	(45,541)	(31,919)	(57,852)	(17,541)	(729)	57,948	(54,923)	(166,828)
Share of profit in associates	310	-	35	1,561	(793)	1,109	-	1,420	3,642
Profit/(loss) before income tax	132,828	(12,974)	168,101	92,743	120,396	1,824	50,052	(66,004)	486,966
Current tax	(46,847)	2,820	45,660	(19,336)	(37,280)	(476)	(5,228)	6,405	(54,282)
Deferred tax	5,399	(3,223)	(98,144)	(8,029)	(3,194)	13	80,142	2,319	(24,717)
Net profit/(loss) for the period	**91,380**	**(13,377)**	**115,617**	**65,378**	**79,922**	**1,361**	**124,966**	**(57,280)**	**407,967**
Equity holders of EDP	92,825	(13,346)	110,249	62,213	59,027	1,405	126,589	(101,719)	337,243
Non-controlling interests	(1,445)	(31)	5,368	3,165	20,895	(44)	(1,623)	44,439	70,724
Net profit/(loss) for the period	**91,380**	**(13,377)**	**115,617**	**65,378**	**79,922**	**1,361**	**124,966**	**(57,280)**	**407,967**
Total assets	6,981,962	5,582,783	8,319,316	13,301,973	5,308,419	118,170	20,305,393	(17,290,172)	42,627,844
Total liabilities	3,550,191	5,314,601	6,758,443	7,553,146	2,941,590	88,378	14,076,241	(9,086,414)	31,196,176
Increase of the period:									
Property, plant and equipment	7,885	75,739	26,096	54,230	58,600	280	4,977	464	228,271
Intangible assets	56,341	65,495	65,077	-	30,311	2	-	(396)	216,830
Goodwill	-	-	-	-	-	-	-	-	-

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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 hereby present our limited review report on the interim consolidated financial report for the three month period ended 31 March 2013, of EDP – Energias de Portugal, S.A. which includes: the condensed consolidated statement of financial position (with a total assets of Euros 42,868,893 thousand and total equity attributable to the shareholders of Euros 8,564,367 thousand including a consolidated net profit of Euros 334,740 thousand) and the condensed consolidated statements of income, cash flows, changes in equity and comprehensive income for the three month period then ended and the corresponding notes to the financial statements.

2 The amounts included in the consolidated financial statements and the additional financial information were extracted 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 cash-flows, the consolidated changes in equity and the consolidated comprehensive income;

b) the preparation of historical 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 policies and criteria;

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 above mentioned consolidated financial information, 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 about whether 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 reliability 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;
- applicability 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 usual significant transactions.

6 We believe that our work provides a reasonable basis to issue the report on the interim financial information.

Conclusion

7 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 three month period ended 31 March 2013, 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.

Lisbon, 9 May 2013

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
Represented by
Vítor Manuel da Cunha Ribeirinho (ROC nr. 1081)

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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 hereby present our limited review report on the interim financial report for the three month period ended 31 March 2013, of EDP – Energias de Portugal, S.A. which includes: the condensed statement of financial position (with a total assets of Euros 20,829,421 thousand and total equity of Euros 6,923,286 thousand including a net profit of Euros 41,198 thousand) and the condensed statements of income, cash flows, changes in equity and comprehensive income for the three month period then ended and the corresponding notes to the financial statements.

2 The amounts included in the condensed financial statements and the additional financial information were extracted 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 cash-flows, the changes in equity and the comprehensive income;

b) the preparation of historical 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 policies and criteria;

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e) the communication of any relevant fact that may have influenced its activity, financial position or results.

4 Our responsibility is to verify the above mentioned financial information, 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

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- if the interim financial information is complete, true, current, clear, objective and fair; and

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