



## **THIRD QUARTER 2010 REPORT**

**Condensed Financial Statements**  
**30 September 2010**

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## EDP - Energias de Portugal

### Consolidated Income Statement for the nine months periods ended 30 September 2010 and 2009

	Notes	2010	2009
		(Thousand Euros)	(Thousand Euros)
Turnover	6	10,238,609	8,855,566
Cost of consumed electricity	6	-4,947,443	-3,893,728
Cost of consumed gas	6	-627,104	-444,796
Changes in inventories and cost of raw materials and consumables used	6	-669,573	-838,239
		<u>3,994,489</u>	<u>3,678,803</u>
Other operating income / (expenses)			
Other operating income	7	190,271	158,943
Supplies and services	8	-621,633	-529,772
Personnel costs	9	-435,913	-408,303
Employee benefits	9	-89,342	-110,130
Other operating expenses	10	-387,103	-359,597
		<u>-1,343,720</u>	<u>-1,248,859</u>
		2,650,769	2,429,944
Provisions	11	-68,309	-33,956
Depreciation and amortisation expense	12	-1,096,559	-930,005
Compensation of amortisation and depreciation	12	16,796	9,093
		1,502,697	1,475,076
Gains / (losses) on the sale of financial assets	13	2,575	30,647
Other financial income	14	564,965	697,039
Other financial expenses	14	-912,864	-1,076,374
Share of profit in associates		<u>18,345</u>	<u>20,879</u>
Profit before income tax		1,175,718	1,147,267
Income tax expense	15	-305,541	-309,141
<b>Net profit for the period</b>		<u><u>870,177</u></u>	<u><u>838,126</u></u>
<b>Attributable to:</b>			
Equity holders of EDP		774,272	750,330
Minority interests	32	<u>95,905</u>	<u>87,796</u>
Net profit for the period		<u><u>870,177</u></u>	<u><u>838,126</u></u>
Earnings per share (Basic and Diluted) - Euros	29	<u><u>0.21</u></u>	<u><u>0.21</u></u>

LISBON, 4 NOVEMBER 2010

THE ACCOUNTANT  
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## EDP - Energias de Portugal

Consolidated Balance Sheet as at 30 September 2010 and 31 December 2009

	Notes	2010 (Thousand Euros)	2009 (Thousand Euros)
<b>Assets</b>			
Property, plant and equipment	16	19,658,601	18,410,363
Intangible assets	17	6,403,255	6,467,507
Goodwill	18	3,457,906	3,161,156
Investments in associates	20	137,684	175,272
Available for sale investments	21	455,237	443,117
Deferred tax assets	22	639,837	661,335
Trade receivables	24	115,228	114,821
Debtors and other assets	25	<u>2,662,992</u>	<u>2,313,227</u>
Total Non-Current Assets		<u>33,530,740</u>	<u>31,746,798</u>
Inventories	23	360,364	273,376
Trade receivables	24	2,001,687	1,893,313
Debtors and other assets	25	1,565,236	1,865,016
Tax receivable	26	578,438	557,641
Financial assets at fair value through profit or loss	27	35,784	84,852
Cash and cash equivalents	28	1,383,435	2,189,560
Assets classified as held for sale	39	<u>68,273</u>	<u>-</u>
Total Current Assets		<u>5,993,217</u>	<u>6,863,758</u>
Total Assets		<u><u>39,523,957</u></u>	<u><u>38,610,556</u></u>
<b>Equity</b>			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-117,174	-119,784
Share premium	29	501,992	501,992
Reserves and retained earnings	31	2,705,368	2,228,733
Consolidated net profit attributable to equity holders of EDP		<u>774,272</u>	<u>1,026,093</u>
Total Equity attributable to equity holders of EDP		<u>7,520,996</u>	<u>7,293,572</u>
Minority interests	32	<u>2,857,765</u>	<u>2,688,259</u>
Total Equity		<u><u>10,378,761</u></u>	<u><u>9,981,831</u></u>
<b>Liabilities</b>			
Financial debt	34	14,747,780	13,486,499
Employee benefits	35	1,831,743	1,879,704
Provisions	36	415,862	342,755
Hydrological correction account	33	84,561	112,631
Deferred tax liabilities	22	840,780	760,397
Trade and other payables	37	<u>3,649,219</u>	<u>3,152,745</u>
Total Non-Current Liabilities		<u>21,569,945</u>	<u>19,734,731</u>
Financial debt	34	2,917,814	2,794,481
Trade and other payables	37	4,090,026	5,171,507
Tax payable	38	<u>567,411</u>	<u>928,006</u>
Total Current Liabilities		<u>7,575,251</u>	<u>8,893,994</u>
Total Liabilities		<u><u>29,145,196</u></u>	<u><u>28,628,725</u></u>
Total Equity and Liabilities		<u><u>39,523,957</u></u>	<u><u>38,610,556</u></u>

LISBON, 4 NOVEMBER 2010

THE ACCOUNTANT  
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## EDP - Energias de Portugal

### Consolidated Income Statement for the three months periods from 1 July to 30 September 2010 and 2009

	<b>2010</b>	<b>2009</b>
	(Thousand Euros)	(Thousand Euros)
Turnover	3,475,990	2,965,816
Cost of consumed electricity	-1,700,734	-1,380,915
Cost of consumed gas	-211,789	-98,480
Changes in inventories and cost of raw materials and consumables used	<u>-297,936</u>	<u>-261,400</u>
	<u>1,265,531</u>	<u>1,225,021</u>
Other operating income / (expenses)		
Other operating income	64,544	45,113
Supplies and services	-217,066	-176,309
Personnel costs	-139,474	-124,464
Employee benefits	-28,496	-44,100
Other operating expenses	<u>-125,069</u>	<u>-105,836</u>
	<u>-445,561</u>	<u>-405,596</u>
	819,970	819,425
Provisions	-29,031	-15,205
Depreciation and amortisation expense	-378,695	-310,937
Compensation of amortisation and depreciation	<u>4,135</u>	<u>3,287</u>
	416,379	496,570
Gains / (losses) on the sale of financial assets	-2,234	2,763
Other financial income	123,515	208,451
Other financial expenses	-238,479	-300,561
Share of profit in associates	<u>5,206</u>	<u>7,170</u>
Profit before income tax	304,387	414,393
Income tax expense	<u>-73,627</u>	<u>-115,885</u>
<b>Net profit for the period</b>	<u><u>230,760</u></u>	<u><u>298,508</u></u>
<b>Attributable to:</b>		
Equity holders of EDP	209,481	270,980
Minority interests	<u>21,279</u>	<u>27,528</u>
Net profit for the period	<u><u>230,760</u></u>	<u><u>298,508</u></u>
Earnings per share (Basic and Diluted) - Euros	<u><u>0.06</u></u>	<u><u>0.07</u></u>

LISBON, 4 NOVEMBER 2010

THE ACCOUNTANT  
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## EDP - Energias de Portugal

### Consolidated Statement of Comprehensive Income as at 30 September 2010 and 2009

(Thousand Euros)

	2010		2009	
	Equity holders of EDP	Minority Interests	Equity holders of EDP	Minority Interests
<b>Net profit for the period</b>	<u>774,272</u>	<u>95,905</u>	<u>750,330</u>	<u>87,796</u>
Exchange differences arising on consolidation	86,050	94,702	212,664	197,905
Fair value reserve (cash flow hedge)	-81,495	-6,419	84,498	-6,996
Tax effect from the fair value reserve (cash flow hedge)	21,864	1,385	-18,813	2,242
Fair value reserve (available for sale investments)	7,683	327	123,789	-
Tax effect from the fair value reserve (available for sale investments)	-2,657	-192	-7,141	-
Actuarial gains / (losses)	-17,231	1,713	-329	1,255
Tax effect from the actuarial gains / (losses)	<u>-1,077</u>	<u>-582</u>	<u>-1,094</u>	<u>-427</u>
<b>Other comprehensive income for the period, net of income tax</b>	<u>13,137</u>	<u>90,934</u>	<u>393,574</u>	<u>193,979</u>
<b>Total comprehensive income for the period</b>	<u><u>787,409</u></u>	<u><u>186,839</u></u>	<u><u>1,143,904</u></u>	<u><u>281,775</u></u>

# EDP - Energias de Portugal

## Consolidated Statement of Changes in Equity as at 30 September 2010 and 31 December 2009

(Thousand Euros)

	Total Equity	Share capital	Share premium	Legal reserve	Reserves and retained earnings	Fair value reserve (Cash flow hedge)	Fair value reserve (AFS investments)	Exchange Differences	Treasury Stock	Equity attributable to equity holders of EDP	Minority Interests
<b>Balance as at 31 December 2008</b>	<b>8,567,425</b>	<b>3,656,538</b>	<b>501,992</b>	<b>443,838</b>	<b>1,975,487</b>	<b>-34,523</b>	<b>44,038</b>	<b>-94,018</b>	<b>-126,532</b>	<b>6,366,820</b>	<b>2,200,605</b>
Comprehensive income:											
Net profit for the period	838,126	-	-	-	750,330	-	-	-	-	750,330	87,796
Changes in the fair value reserve (cash flow hedge) net of taxes	60,931	-	-	-	-	65,685	-	-	-	65,685	-4,754
Changes in the fair value reserve (available for sale investments) net of taxes	116,648	-	-	-	-	-	116,648	-	-	116,648	-
Actuarial gains/(losses) net of taxes	-595	-	-	-	-1,423	-	-	-	-	-1,423	828
Exchanges differences arising on consolidation	410,569	-	-	-	-	-	-	212,664	-	212,664	197,905
Total comprehensive income for the period	1,425,679	-	-	-	748,907	65,685	116,648	212,664	-	1,143,904	281,775
Transfer to legal reserve	-	-	-	27,549	-27,549	-	-	-	-	-	-
Dividends Paid	-507,153	-	-	-	-507,153	-	-	-	-	-507,153	-
Dividends attributable to minority interests	-18,231	-	-	-	-	-	-	-	-	-	-18,231
Purchase and sale of treasury stock	1,383	-	-	-	-1,882	-	-	-	3,265	1,383	-
Share-based payments	2,062	-	-	-	100	-	-	-	1,962	2,062	-
Changes in minority interests resulting from acquisitions / sales and equity increases	2,300	-	-	-	-	-	-	-	-	-	2,300
Other reserves arising on consolidation	2,613	-	-	-	1,392	-	-	-	-	1,392	1,221
<b>Balance as at 30 September 2009</b>	<b>9,476,078</b>	<b>3,656,538</b>	<b>501,992</b>	<b>471,387</b>	<b>2,189,302</b>	<b>31,162</b>	<b>160,686</b>	<b>118,646</b>	<b>-121,305</b>	<b>7,008,408</b>	<b>2,467,670</b>
Comprehensive income:											
Net profit for the period	332,739	-	-	-	275,763	-	-	-	-	275,763	56,976
Changes in the fair value reserve (cash flow hedge) net of taxes	30,912	-	-	-	-	30,632	-	-	-	30,632	280
Changes in the fair value reserve (available for sale investments) net of taxes	13,822	-	-	-	-	-	13,417	-	-	13,417	405
Actuarial gains/(losses) net of taxes	-84,145	-	-	-	-82,475	-	-	-	-	-82,475	-1,670
Exchanges differences arising on consolidation	91,678	-	-	-	-	-	-	47,386	-	47,386	44,292
Total comprehensive income for the period	385,006	-	-	-	193,288	30,632	13,417	47,386	-	284,723	100,283
Dividends attributable to minority interests	-56,460	-	-	-	-	-	-	-	-	-	-56,460
Purchase and sale of treasury stock	1,462	-	-	-	-59	-	-	-	1,521	1,462	-
Sale of treasury stock - Energias do Brasil	166,621	-	-	-	-	-	-	-	-	-	166,621
Changes in minority interests resulting from acquisitions / sales and equity increases	13,038	-	-	-	-	-	-	-	-	-	13,038
Other reserves arising on consolidation	-3,914	-	-	-	-1,021	-	-	-	-	-1,021	-2,893
<b>Balance as at 31 December 2009</b>	<b>9,981,831</b>	<b>3,656,538</b>	<b>501,992</b>	<b>471,387</b>	<b>2,381,510</b>	<b>61,794</b>	<b>174,103</b>	<b>166,032</b>	<b>-119,784</b>	<b>7,293,572</b>	<b>2,688,259</b>
Comprehensive income:											
Net profit for the period	870,177	-	-	-	774,272	-	-	-	-	774,272	95,905
Changes in the fair value reserve (cash flow hedge) net of taxes	-64,665	-	-	-	-	-59,631	-	-	-	-59,631	-5,034
Changes in the fair value reserve (available for sale investments) net of taxes	5,161	-	-	-	-	-	5,026	-	-	5,026	135
Actuarial gains/(losses) net of taxes	-17,177	-	-	-	-18,308	-	-	-	-	-18,308	1,131
Exchanges differences arising on consolidation	180,752	-	-	-	-	-	-	86,050	-	86,050	94,702
Total comprehensive income for the period	974,248	-	-	-	755,964	-59,631	5,026	86,050	-	787,409	186,839
Transfer to legal reserve	-	-	-	31,501	-31,501	-	-	-	-	-	-
Dividends Paid	-561,819	-	-	-	-561,819	-	-	-	-	-561,819	-
Dividends attributable to minority interests	-21,356	-	-	-	-	-	-	-	-	-	-21,356
Purchase and sale of treasury stock	-358	-	-	-	-1,238	-	-	-	880	-358	-
Share-based payments	2,118	-	-	-	388	-	-	-	1,730	2,118	-
Changes in minority interests resulting from acquisitions / sales and equity increases	4,121	-	-	-	-	-	-	-	-	-	4,121
Other reserves arising on consolidation	-24	-	-	-	74	-	-	-	-	74	-98
<b>Balance as at 30 September 2010</b>	<b>10,378,761</b>	<b>3,656,538</b>	<b>501,992</b>	<b>502,888</b>	<b>2,543,378</b>	<b>2,163</b>	<b>179,129</b>	<b>252,082</b>	<b>-117,174</b>	<b>7,520,996</b>	<b>2,857,765</b>



## EDP - Energias de Portugal

### Consolidated and Non-Consolidated Cash Flow Statements as at 30 September 2010 and 2009

(Thousand Euros)

	Group		Company	
	Sep 2010	Sep 2009	Sep 2010	Sep 2009
<b>Operating activities</b>				
Cash receipts from customers	9,599,628	8,728,894	1,362,751	1,205,370
Proceeds from tariff adjustments securitization	-	1,204,422	-	-
Cash paid to suppliers	-6,883,629	-6,003,125	-1,208,406	-1,159,175
Cash paid to personnel	-594,138	-543,223	-37,859	-34,944
Concession rents paid	-178,731	-178,074	-	-
Other receipts / (payments) relating to operating activities	-226,350	-114,356	-70,210	86,549
<b>Net cash from operations</b>	<b>1,716,780</b>	<b>3,094,538</b>	<b>46,276</b>	<b>97,800</b>
Income tax received / (paid)	-651,759	-75,067	11,716	-2,634
<b>Net cash from operating activities</b>	<b>1,065,021</b>	<b>3,019,471</b>	<b>57,992</b>	<b>95,166</b>
<b>Investing activities</b>				
Cash receipts relating to:				
Financial assets	140,796	76,077	4,737	4,375
Property, plant and equipment and intangible assets	3,169	748	-	109
Investment grants	20,036	137,440	-	-
Interest and similar income	96,107	41,958	203,468	177,285
Dividends	32,198	30,600	342,576	699,366
	<b>292,306</b>	<b>286,823</b>	<b>550,781</b>	<b>881,135</b>
Cash payments relating to:				
Financial assets	-100,375	-67,525	-	-128,174
Changes in cash resulting from perimeter variations	4,976	3,289	-	-
Property, plant and equipment and intangible assets	-2,284,475	-2,792,024	-48,573	-12,497
	<b>-2,379,874</b>	<b>-2,856,260</b>	<b>-48,573</b>	<b>-140,671</b>
<b>Net cash from investing activities</b>	<b>-2,087,568</b>	<b>-2,569,437</b>	<b>502,208</b>	<b>740,464</b>
<b>Financing activities</b>				
Receipts / (payments) relating to loans	1,017,461	1,904,117	-427,773	1,087,072
Interest and similar costs including hedge derivatives	-390,001	-409,863	-254,079	-260,340
Share capital and share premium increases	2,540	8,318	-	-
Receipts / (payments) relating to derivative financial instruments	-48,463	87,405	3,018	80,681
Dividends paid to equity holders of EDP	-561,819	-507,153	-561,819	-507,153
Treasury stock sold / (purchased)	-496	333	1,621	333
Receipts / (payments) from wind activity institutional partnerships - USA	163,141	112,035	-	-
<b>Net cash from financing activities</b>	<b>182,363</b>	<b>1,195,192</b>	<b>-1,239,032</b>	<b>400,593</b>
<b>Changes in cash and cash equivalents</b>	<b>-840,184</b>	<b>1,645,226</b>	<b>-678,832</b>	<b>1,236,223</b>
Effect of exchange rate fluctuations on cash held	34,059	32,642	-1,540	12
Cash and cash equivalents at the beginning of the period	2,189,560	713,587	891,356	182,879
<b>Cash and cash equivalents at the end of the period (*)</b>	<b>1,383,435</b>	<b>2,391,455</b>	<b>210,984</b>	<b>1,419,114</b>

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

# EDP - Energias de Portugal, S.A.

## Company Income Statement for the nine months periods ended 30 September 2010 and 2009

	Notes	2010	2009
		(Thousand Euros)	(Thousand Euros)
Turnover	6	1,402,462	1,199,777
Cost of consumed electricity	6	-1,007,927	-859,511
Changes in inventories and cost of raw materials and consumables used	6	-249,944	-210,831
		<u>144,591</u>	<u>129,435</u>
Other operating income / (expenses)			
Other operating income	7	8,005	4,889
Supplies and services	8	-120,178	-65,978
Personnel costs	9	-9,973	-12,835
Employee benefits	9	-192	-141
Other operating expenses	10	-11,568	-15,682
		<u>-133,906</u>	<u>-89,747</u>
		10,685	39,688
Provisions	11	-13,564	-3,757
Depreciation and amortisation expense	12	-7,004	-5,020
		<u>-9,883</u>	<u>30,911</u>
Gains / (losses) on the sale of financial assets	13	6,942	-10
Other financial income	14	1,033,833	1,489,831
Other financial expenses	14	-688,554	-1,173,572
Profit before income tax		342,338	347,160
Income tax expense	15	7,847	3,446
<b>Net profit for the period</b>		<u>350,185</u>	<u>350,606</u>

LISBON, 4 NOVEMBER 2010

THE ACCOUNTANT  
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

# EDP - Energias de Portugal, S.A.

## Company Balance Sheet as at 30 September 2010 and 31 December 2009

	Notes	2010	2009
		(Thousand Euros)	(Thousand Euros)
<b>Assets</b>			
Property, plant and equipment	16	159,522	123,562
Intangible assets	17	26	33
Investments in subsidiaries	19	9,536,263	9,535,843
Investments in associates	20	-	45,398
Available for sale investments	21	271,707	238,401
Debtors and other assets	25	4,611,094	4,537,916
Total Non-Current Assets		14,578,612	14,481,153
Inventories	23	41,236	11,351
Trade receivables	24	63,588	97,432
Debtors and other assets	25	3,163,630	1,727,737
Tax receivable	26	122,012	44,545
Cash and cash equivalents	28	210,984	891,356
Assets classified as held for sale	39	48,039	-
Total Current Assets		3,649,489	2,772,421
Total Assets		18,228,101	17,253,574
<b>Equity</b>			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-111,079	-113,689
Share premium	29	501,992	501,992
Reserves and retained earnings	31	1,939,640	1,868,007
Net profit for the period		350,185	630,021
Total Equity		6,337,276	6,542,869
<b>Liabilities</b>			
Financial debt	34	1,321,655	1,962,393
Provisions	36	30,775	18,637
Hydrological correction account	33	84,561	112,631
Deferred tax liabilities	22	71,258	80,489
Trade and other payables	37	3,213,383	2,824,741
Total Non-Current Liabilities		4,721,632	4,998,891
Financial debt	34	5,999,344	4,194,840
Trade and other payables	37	1,088,457	1,032,380
Tax payable	38	81,392	484,594
Total Current Liabilities		7,169,193	5,711,814
Total Liabilities		11,890,825	10,710,705
Total Equity and Liabilities		18,228,101	17,253,574

LISBON, 4 NOVEMBER 2010

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THE EXECUTIVE BOARD OF DIRECTORS

# EDP - Energias de Portugal, S.A.

## Company Income Statement for the three months periods from 1 July to 30 September 2010 and 2009

	2010	2009
	(Thousand Euros)	(Thousand Euros)
Turnover	453,910	406,633
Cost of consumed electricity	-332,886	-286,336
Changes in inventories and cost of raw materials and consumables used	-95,441	-65,892
	<u>25,583</u>	<u>54,405</u>
Other operating income / (expenses)		
Other operating income	1,324	579
Supplies and services	-41,042	-18,442
Personnel costs	-3,580	-3,309
Employee benefits	-63	-51
Other operating expenses	-1,032	-821
	<u>-44,393</u>	<u>-22,044</u>
	-18,810	32,361
Provisions	35	-125
Depreciation and amortisation expense	-2,345	-1,735
	<u>-21,120</u>	<u>30,501</u>
Other financial income	-139,950	240,633
Other financial expenses	151,920	-250,839
Profit before income tax	-9,150	20,295
Income tax expense	20,612	4,137
<b>Net profit for the period</b>	<u>11,462</u>	<u>24,432</u>

LISBON, 4 NOVEMBER 2010

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MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

# EDP - Energias de Portugal, S.A.

## Company Statement of Changes in Equity as at 30 September 2010 and 31 December 2009

(Thousand 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
<b>Balance as at 31 December 2008</b>	<b>6,270,678</b>	<b>3,656,538</b>	<b>501,992</b>	<b>443,838</b>	<b>1,774,327</b>	<b>-8,770</b>	<b>23,190</b>	<b>-120,437</b>
Comprehensive income:								
Net profit for the period	350,606	-	-	-	350,606	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	44,374	-	-	-	-	44,374	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	32,972	-	-	-	-	-	32,972	-
Total comprehensive income for the period	427,952	-	-	-	350,606	44,374	32,972	-
Transfer to legal reserve	-	-	-	27,549	-27,549	-	-	-
Dividends paid	-507,153	-	-	-	-507,153	-	-	-
Purchase and sale of treasury stock	1,383	-	-	-	-1,882	-	-	3,265
Share-based payments	2,062	-	-	-	100	-	-	1,962
<b>Balance as at 30 September 2009</b>	<b>6,194,922</b>	<b>3,656,538</b>	<b>501,992</b>	<b>471,387</b>	<b>1,588,449</b>	<b>35,604</b>	<b>56,162</b>	<b>-115,210</b>
Comprehensive income:								
Net profit for the period	279,415	-	-	-	279,415	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	5,500	-	-	-	-	5,500	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	61,570	-	-	-	-	-	61,570	-
Total comprehensive income for the period	346,485	-	-	-	279,415	5,500	61,570	-
Transfer to legal reserve	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
Purchase and sale of treasury stock	1,462	-	-	-	-59	-	-	1,521
Share-based payments	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2009</b>	<b>6,542,869</b>	<b>3,656,538</b>	<b>501,992</b>	<b>471,387</b>	<b>1,867,805</b>	<b>41,104</b>	<b>117,732</b>	<b>-113,689</b>
Comprehensive income:								
Net profit for the period	350,185	-	-	-	350,185	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-22,568	-	-	-	-	-22,568	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	26,849	-	-	-	-	-	26,849	-
Total comprehensive income for the period	354,466	-	-	-	350,185	-22,568	26,849	-
Transfer to legal reserve	-	-	-	31,501	-31,501	-	-	-
Dividends paid	-561,819	-	-	-	-561,819	-	-	-
Purchase and sale of treasury stock	-358	-	-	-	-1,238	-	-	880
Share-based payments	2,118	-	-	-	388	-	-	1,730
<b>Balance as at 30 September 2010</b>	<b>6,337,276</b>	<b>3,656,538</b>	<b>501,992</b>	<b>502,888</b>	<b>1,623,820</b>	<b>18,536</b>	<b>144,581</b>	<b>-111,079</b>

**EDP - Energias de Portugal, S.A.**  
**Notes to the Consolidated and Company Financial Statements**  
**for the nine months period ended 30 September 2010**

**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, 6th floor. During 1994, as established by Decree-laws 7/91 and 131/94, the EDP Group (EDP Group or Group) was set up following the split up of EDP, S.A., which led to a number of directly or indirectly wholly owned subsidiaries of EDP, S.A.

The Group's businesses are currently focused on the generation, distribution and supply of electricity and distribution and supply of gas. Although complementary, the Group also operates in related areas such as engineering, laboratory tests, vocational training and property management.

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

During the nine months period ended 30 September 2010 no significant changes occurred in the economic activity of EDP Group.

**2. Accounting policies**

**a) Basis of presentation**

The accompanying condensed consolidated financial statements of EDP - Energias de Portugal, S.A. reflect the results of the company's operations and the financial position of all of its subsidiaries (EDP Group or Group) and the Group's interest in its associated companies, for the period of nine months ended 30 September 2010 and the financial position as at 30 September 2010.

EDP S.A.'s Executive Board of Directors approved the condensed consolidated and company financial statements (referred to as financial statements) on 4 November 2010. The financial statements are presented in thousand 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 to Portuguese legislation through Decree-law 35/2005 of 17 February, the company financial statements and the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies.

These consolidated interim financial statements were prepared in accordance with the International Financial Reporting Standard IAS 34 - Interim Financial Reporting. These financial statements for the nine months period ended 30 September 2010 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 2009.

In 2010, EDP Group adopted the IFRS 3 (revised) - Business combinations and the interpretations IFRIC 12 -Service Concession Arrangements and IFRIC 18 - Transfers of Assets from Costumers. These interpretations, which had to be applied with reference to 1 January, 2010 had impact on the assets and liabilities of the Group. According to the transition rules of these interpretations, the new disclosures required include comparative information.

These financial statements also present the third quarter income statement of 2010 with comparative figures for the third quarter of previous year.

The financial statements were prepared under the historical cost convention, modified by the application of the fair value accounting to derivative financial instruments, financial assets and liabilities at fair value through profit or loss and available-for-sale investments, except those for which fair value 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.

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

In accordance with IFRS 3 — Business Combinations, adjustments to the provisional fair values that result from purchase price allocations to assets, liabilities and contingent liabilities, with impact on the amount of goodwill determined and registered in previous periods, originate a restatement of the comparative financial information, reflecting these adjustments on the income statement and balance sheet, with effect from the date of the acquisition.

The preparation of financial statements in conformity with IFRS requires the Executive Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity, or where assumptions and estimates are considered to be significant, are presented in note 3 (Critical accounting estimates and judgments in preparing the financial statements).

**b) Basis of consolidation**

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

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Until 31 December, 2009, when the accumulated losses of a subsidiary attributable to minority interests exceed the minority 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 minority interests previously recognised by the Group have been recovered. As from 1 January, 2010, the due proportion of accumulated losses are attributed to minority interests, implying that the Group can recognise negative minority interests.

As from 1 January, 2010, on a step acquisition process resulting in the acquisition of control the revaluation of any participation previously acquired is booked against the profit and loss account, 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.

#### *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 minority interest 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 minority interests, against minority 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 minority interests and dilution*

Until 31 December 2009, in an acquisition of minority interests, the difference between the fair value of the minority interests acquired and the consideration paid, was accounted against goodwill. The acquisitions of minority interests through written put options related with investments in subsidiaries held by minority interests, were recorded as a financial liability for the present value of the best estimate of the amount payable, against minority interests. The difference between the minority 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 are recognised as an adjustment to the cost of the business combination against goodwill and the effect of the financial discount of the liability (unwinding) 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 of, without a loss in control, the difference between the sale price and the book value of the net assets held by the Group, plus the carrying value of goodwill in that subsidiary, 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 a subsidiary following a sale or capital increase in the income statement.

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

**d) 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 hedging under IAS 39 are accounted for as trading instruments.



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

- (i) At the inception of the hedge there is formal documentation of the hedge;
- (ii) The hedge is expected to be highly effective;
- (iii) The effectiveness of the hedge can be reliably measured;
- (iv) The hedge is revalued on an on-going basis and is considered to be highly effective throughout the reporting period;
- (v) The 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.

*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 also affects the income statement. 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 permits exchange differences recognised in the exchange differences consolidated reserves to be offset by the foreign exchange differences in foreign currency loans or currency forwards 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 recognised in equity are transferred to the income statement when the foreign entity is sold, as part of 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 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 in the moment that occurs.

**e) Other financial assets**

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

*Financial assets at fair value through profit or loss*

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

*Available-for-sale investments*

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

**Initial recognition, measurement and derecognition**

Purchases and sales of: (i) financial assets at fair value through profit or loss, and (ii) available-for-sale investments, are recognised on the trade date, 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 at fair value, being the gains or losses arising from changes in their fair value recorded in the income statement.

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Available-for-sale investments are also subsequently carried at fair value, however, gains and losses arising from changes in their fair value are recognised in fair value reserves until the financial assets are derecognised or impaired, being the cumulative gains or losses previously recognised in fair value reserves recognised in the income statement. Foreign exchange differences relating to these assets are also recognised in fair value reserves 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 those resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets, and every time it can be reliably measured.

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

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

If there is objective evidence of impairment on available-for-sale investments, the cumulative potential loss recognised in 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 to the income statement up to the amount of the acquisition cost, if the increase is objectively related to an event occurring after the impairment loss was recognised. In the case of equity instruments, the reversal of the impairment is recognised in equity under fair value reserves.

#### **f) Financial liabilities**

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

#### **g) Equity instruments**

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

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

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

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

#### **h) Property, plant and equipment**

Items of Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. On transition to IFRS, 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 to the income statement as incurred.

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

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

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

	Number of years
Buildings and other constructions	8 to 50
Plant and machinery:	
Hydroelectric generation	32 to 75
Thermoelectric generation	25 to 40
Renewable generation	20
Electricity distribution	10 to 40
Other plant and machinery	5 to 10
Transport equipment	4 to 25
Office equipment and tools	4 to 10
Other 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 of the year are accounted for 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 borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on those assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the outstanding borrowings during the period. The capitalisation of borrowing costs begins when expenditures for the assets are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Other expenses directly attributable to the acquisition and construction of the assets, such as cost of 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 incurred expenses are booked in income statement on a systematic basis, on the same period in which the expenses are incurred. Grants that compensate the Group for the acquisition of assets are recognised in 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 goods or services. 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 clients, recognising the assets received by its estimated construction cost against operating income. The assets are depreciated based on the economic benefits generated under the caption depreciation.

**i) Intangible assets**

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

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

*Acquisition and development of software*

The 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 software.

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 the estimated useful life of the software.

Software maintenance costs are charged to 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 depreciated on a straight-line basis over the concessions period, not exceeding 30 years.

*Concession rights to use the public hydric domain*

Concession rights to use the public hydric domain are booked as intangible assets and 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 attributed to concessions is described in note 2aa), Group concession activities.

*Industrial property and other rights*

Industrial property and other rights are depreciated 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 rise.

**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 measured by using the weighted average method.

CO2 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 being subsequently measured at amortised cost less impairment losses.

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**

### **Pensions**

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

#### *Defined benefit plans*

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

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

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

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

The Group's pension liability for each plan is calculated annually at the balance sheet date, by independent experts 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 cost in the income statement the total net amount of (i) current service cost, (ii) interest cost, (iii) estimated return of the fund assets and (iv) the effect of early retirements.

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

#### *Defined contribution plans*

In Portugal, Spain and Brazil, the companies EDP Estudos e Consultoria, HC Energia, EDP Renewables Europe and Bandeirante 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 (Escelsa) 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 balance sheet. Measurement and recognition of the medical benefits liabilities are similar to those of the defined benefit plans pension liabilities, explained above.

#### *Variable remuneration paid to employees*

In accordance with the by-laws of some Group companies, the shareholders approve in the Annual General Meeting a variable remuneration to be paid to the management and employees (bonus), following a proposal made by the Executive Board of Directors. The variable remuneration is charged to 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 or contractual obligation at the end of the assets' useful life. Therefore, such provisions have been booked in 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 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 reading or on estimated consumptions based on the historical data of each consumer. Revenues regarding the energy to be invoiced based on actual consumption not yet metered as at the balance sheet date is accrued on the basis of recent average consumptions.

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

**q) Financial results**

Financial results include interest cost on borrowings, interest income on funds invested, dividend income, foreign exchange gains and losses, 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 reverse in the foreseeable future. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available to absorb deductible temporary differences for taxation purposes.

The Group compensates, as established in IAS 12, 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 each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**s) Earnings per share**

Basic earnings per share are calculated by dividing consolidated and the company net 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.

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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.

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

**v) Cash and cash equivalents**

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

**w) Segment reporting**

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

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

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

**x) Tariff adjustments**

In regulated activities, the regulator establishes through 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 regulated companies (based on the applicable tariffs published by ERSE in December of the previous year) and the regulated revenue calculated based on real costs. The assets or liabilities resulting from the tariff adjustments are recovered or returned through the electricity tariffs charged to customers in subsequent periods.

Decree-Law 165/2008 of 21 August recognised the unconditional right of the regulated operators to recover the tariff adjustments under a regime identical to the one used for the tariff deficits. Consequently, EDP Group booked under the income statement caption Electricity sales the effects resulting from the recognition of tariff adjustments, 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.

**y) CO2 licenses and greenhouse effect gas emission**

The Group holds CO2 licenses in order to deal with gas emissions resulting from its operational activity and licenses acquired for trading. The CO2 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 on the grant date. The use of the licenses is based on actual gas emissions in the period, valued at the quoted price in the Powernext market on the date of attribution which is usually at the beginning of the year.

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

The licenses held by the Group for trading purposes are booked under inventories at acquisition cost, subsequently adjusted to the respective fair value, calculated on the basis of the Powernext market quote in the last 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 received and paid as investing and financing activities, respectively.

**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.

IFRIC 12 is applicable to the public-private concession contracts in which the public entity controls or regulates the services rendered through the utilisation of determined infrastructures as well as the price of these services and equally controls any significant residual interest in those infrastructures.

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 of the level of use of the infrastructures within the concession and results in the recognition of a financial asset, 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 infrastructures (demand risk) and results in the recognition of an intangible asset.

#### *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.

Intangible assets within concessions are depreciated 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.

The changes resulting from the application of IFRIC 12 are presented in note 45 to the condensed financial statements.

### **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 about 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 their application affects the Group's reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in note 2 to this Consolidated Financial Statements.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP, the Group's reported results could differ if a different treatment was chosen. The Executive Board of Directors believes that the choices made are appropriate and that the financial statements present fairly, in all material respects, the Group's financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

#### **Impairment of available-for-sale investments**

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

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

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

#### **Fair value of financial instruments**

Fair values are based on listed market prices, if available, otherwise fair value is determined either by the price of similar recent transactions under market conditions or 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 have produced 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 thousand 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.



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Final compensation will be calculated in accordance with the terms defined by the legislation relating to the termination of the PPAs, after termination of the revisable mechanism period (10 years).

Interest resulting from the discount rate used is booked in the period to which it relates, based on the respective implicit rate, against income for each period.

**Contractual Stability Compensation — Revisable mechanism**

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

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

In 2010 EDP Gestão de Produção, S.A. reviewed the useful lives of the hydroelectric 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 planning maintenance plan. Based on this information, new 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.

**Tariff adjustments**

Tariff adjustments represent the difference between costs and income of the National Electricity System (SEN), estimated at the beginning of each period for purposes of calculating the tariff, and the actual costs and income of the Electricity System established at the end of each period. The tariff adjustments assets or liabilities are recovered or returned through electricity tariffs for 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 Electricity sales of the period, the effects of the recognition of the tariff adjustment, against Other debtors / Other Creditors. 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 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 2007. 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 Spain, Royal Decree 1634/2006, published in December 2006, established the electricity tariff for the period starting on 1 January 2007. This Royal Decree established the method of recovering the 2006 deficit, and that as from 1 July 2007 tariffs for the sale of electric energy by distribution companies will be modified quarterly by Royal Decree. Order ITC/2794/2007 of 27 September, which revises electricity tariffs as from 1 October 2007 was issued in compliance with Royal Decree 1634/2006. As at 29 December 2007, Order ITC/3860/2007 of 28 December, revised the electricity tariffs, from 1 January 2008.

Spanish Royal Decree Law 6/2009, published on 7 May 2009 establishes, among other matters: (i) the possibility to securitise the Spanish tariff deficit supported by the electric sector companies through a State guarantee; (ii) the calendar for the elimination of the tariff deficit, such that 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 CO2 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.

EDP Group believes, based on the legislation issued, 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.

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#### **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 would result in a different level of income taxes, current and deferred, recognised in the period.

In Portugal, the Tax Authorities are entitled to review the EDP, S.A. and its subsidiaries' determination of its annual taxable earnings, for a period of four years for annual periods starting from 2010 and six years for previous annual periods in case of tax losses carried forward. 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 material tax assessments within the context of the financial statements.

#### **Pensions and other employee benefits**

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

#### **Provisions for dismantling and decommissioning of power generation units**

The EDP Group believes that there are legal or contractual obligations to dismantle and decommission property, plant and equipment assets relating to electricity generation operations. The Group records provisions with accordance to existing legal or contractual obligations to cover the present value of the estimated cost to restore the locations and land where the electricity generations units are installed. 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 judgements from those referred to can lead to different results of those considered.

### **4. Financial-risk management policies**

#### **Financial risk management**

The EDP Group's business is exposed to a variety of financial risks, including the effect of changes in market prices, foreign exchange and interest rates. The Group's exposure to financial risks 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., EDP Finance, B.V. and other EDP Group entities is undertaken centrally by the Financial Department of EDP S.A., in accordance with policies approved by the Executive Board of Directors. The Financial Department identifies, evaluates and submits to the Board for approval, hedging mechanisms appropriate to each exposure. The Executive Board of Directors is responsible for the definition of general risk management principles and the establishment of exposure limits.

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/borrowings, 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.

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EDP Group is exposed to the exchange rate risk in US Dollars (USD), British Pounds (GBP), Japanese Yen (JPY) and Brazilian Reals (BRL). Currently, the exposure to EUR/USD exchange rate risk results essentially from the acquisition of Horizon in July 2007 and from the investments in the wind parks performed in the USA since then. In order to finance this acquisition and its investment plan, EDP contracted USD loans as well as foreign exchange derivative financial instruments that convert the issued debt into USD, with the objective of mitigating the exchange rate risk related to the net assets of Horizon. The exchange rate risk on the GBP 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.

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, 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. Given the long term nature defined for the investments in the Brazilian subsidiaries, the Group has decided not to use financial instruments to hedge the exchange rate risk on the investment in these subsidiaries.

The policy implemented by the EDP Group consists of undertaking derivative financial instruments to hedge exchange rate risk with characteristics similar to those of the hedged 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.

#### **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 (swaps).

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

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 18 years. The Group's Financial Department undertakes sensitivity analyses of the fair value of financial instruments to interest rate fluctuations.

#### **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, facilitating the transfer of the instruments in the market.

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

#### **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 relating to electric energy, carbon emissions (CO<sub>2</sub>) 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 positions managed and also to benefit from arbitration or positioning within the trading limits approved by the Executive Board of Directors. The financial instruments traded include swaps (electricity, Brent and coal) and forwards to fix prices.

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

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

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

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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.

#### **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.

### **5. Consolidation perimeter**

During the nine months period ended 30 September 2010, several changes occurred in the EDP Group consolidation perimeter as described below:

#### **Companies acquired:**

- EDP Renewables Europe, S.L. (previously Nuevas Energías de Occidente, S.L.) acquired 85% of the share capital of Repano Wind S.R.L. and EDP Renewables Italia, S.R.L.;
- EDP Renewables Europe, S.L. acquired 100% of the share capital of Farma Wiatrowa Bodzanów SP ZOO, Farma Wiatrowa Starozreby SP ZOO, Farma Wiatrowa Wyszogrod SP ZOO and Karpacka Mała Energetyka SP ZOO, through its subsidiary EDP Renewables Polska SP ZOO (previously Neolica Polska SP ZOO).

Considering the existence of a written put option of 15% of the companies Repano Wind, S.R.L. and EDP Renewables Italia, S.R.L. from the minority interests, EDP Group has consolidated these companies at 100% in accordance with the accounting policy 2.b) (see note 41).

#### **Companies sold and liquidated:**

- Horizon Wind Energy L.L.C. liquidated Freeport Windpower I, L.P.\*;
- Hidrocentrals Hidroeléctrica de Fagilde, S.A. and Papresa Cogeneración AIE in April 2010;
- Naturgás Energía Grupo, S.A. sold its 100% shareholding, through its subsidiary Naturgas Participaciones, in Tecman, S.L.;
- EDP Imobiliária e Participações, S.A. sold its 34% shareholding of the subsidiary Central-E - Informação e comércio Electrónico, S.A.;

#### **Companies incorporated:**

The following companies were merged into Naturgás Comercializadora, S.A.:

- Naturgás Energía Suministro Sur, S.L.;
- Naturgás Energía Suministro, S.L.

The following companies were merged into Pebble Hydro - Consultoria, Investimento e Serviços, Lda:

- Hidroeléctrica de Fagilde, Lda;
- Minihídrica do Palhal, Lda;
- Hidroeléctrica de Penacova, Lda;
- Hidroeléctrica de Pinhel, Lda;
- Hidroeléctrica do Rabaçal Ponte, Lda.

#### **Companies incorporated:**

- Headwaters Wind Farm L.L.C.\*;
- Round Barn Wind Farm L.L.C.\*;
- Waverly Wind Farm L.L.C.\*;
- EDP - Projectos SGPS, S.A.;
- EDP Renewables Canada;
- 2010 Vento VII, L.L.C.\*;
- Horizon Wind Ventures VII, L.L.C.\*;
- ECPME-Entidade Com. Pro Mobilidade Eléctrica, S.A.;
- EDP MOP - Operação de Pontos de Carregamento de Mobilidade Eléctrica, S.A.;
- SGORME - SGO Rede Mobilidade Eléctrica, S.A.;
- Rio Blanco Wind Farm L.L.C.\*;
- Hidalgo Wind Farm L.L.C.\*;
- HC Naturgas Servicios Energeticos S.L.;
- MacColl Offshore Windfarm Limited;
- Stevenson Offshore Windfarm Limited;
- Telford Offshore Windfarm Limited.

\* EDP Group holds, through EDP Renováveis and its subsidiary Horizon, a set of subsidiaries in the United States legally incorporated without share capital and that as at 30 September 2010 do not have any assets, liabilities, or any operating activity.

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**Other changes:**

- EDP Renewables Europe, S.L. increased its shareholding from 19,6% to 36% on ENEOP - Élicas de Portugal, S.A., through its subsidiary EDP Renováveis Portugal,
- EDP Renewables Europe, S.L. increased its shareholding from 49% to 61% on Parque Eólico Altos del Voltoya, S.A. through its subsidiary Sinae, S.L.;
- Naturgás Energía Distribución, S.A.U. now holds 100% of the share capital of Naturgás Energía Distribución Cantabria, S.A., following the amortisation of the shares held by the Minority Interests.

**6. Turnover**

**Turnover** analysed by sector is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>	<b>Sep 2010</b>	<b>Sep 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Turnover:</b>				
Electricity and network accesses	9,146,782	8,030,700	1,203,037	1,123,739
Gas and network accesses	951,547	721,211	48,442	-
Advisory and management services	5,440	5,488	31,541	44,141
Information Systems and technologies	-	-	69,516	-
Other	134,840	98,167	49,926	31,897
	<b>10,238,609</b>	<b>8,855,566</b>	<b>1,402,462</b>	<b>1,199,777</b>

In 2010, on a consolidated basis, the caption Electricity and network accesses in Portugal includes a net income of 35,043 thousand Euros (cost in September 2009: 206,263 thousand Euros) regarding the tariff adjustments of the period, as described under accounting policies - note 2 x).

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

	<b>Sep 2010</b>				
	<b>Portugal</b>	<b>Spain and other European countries</b>	<b>Brazil</b>	<b>U.S.A.</b>	<b>Group</b>
Electricity and network accesses	5,176,889	2,232,093	1,543,268	194,532	9,146,782
Gas and network accesses	202,860	748,687	-	-	951,547
Advisory and management services	5,027	413	-	-	5,440
Other	90,298	14,940	29,602	-	134,840
	<b>5,475,074</b>	<b>2,996,133</b>	<b>1,572,870</b>	<b>194,532</b>	<b>10,238,609</b>

  

	<b>Sep 2009</b>				
	<b>Portugal</b>	<b>Spain and other European countries</b>	<b>Brazil</b>	<b>U.S.A.</b>	<b>Group</b>
Electricity and network accesses	5,101,938	1,609,939	1,180,159	138,664	8,030,700
Gas and network accesses	85,748	635,463	-	-	721,211
Advisory and management services	4,973	515	-	-	5,488
Other	51,202	21,371	21,089	4,505	98,167
	<b>5,243,861</b>	<b>2,267,288</b>	<b>1,201,248</b>	<b>143,169</b>	<b>8,855,566</b>

The breakdown of Revenue by segment is presented in the Segmental reporting (see note 49).

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

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>	<b>Sep 2010</b>	<b>Sep 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Cost of consumed electricity</b>	4,947,443	3,893,728	1,007,927	859,511
<b>Cost of consumed gas</b>	627,104	444,796	-	-
<b>Changes in inventories and cost of raw materials and consumables used</b>				
Fuel, steam and ashes	155,704	362,965	-	-
Gas	462,359	386,775	203,661	172,033
Cost of consumables used	16,054	128,456	-	-
CO2 licenses				
Consumptions	142,767	216,463	46,281	38,798
Government grants	-141,916	-173,058	-	-
Other	95,130	105,055	2	-
Own work capitalised	-60,525	-188,417	-	-
	<b>669,573</b>	<b>838,239</b>	<b>249,944</b>	<b>210,831</b>
	<b>6,244,120</b>	<b>5,176,763</b>	<b>1,257,871</b>	<b>1,070,342</b>

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On a company basis, Cost of consumed electricity includes costs of 519,287 thousand Euros (30 September 2009: 533,459 thousand 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. Other operating income

**Other operating income** is analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Sep 2009 Euro'000	Sep 2010 Euro'000	Sep 2009 Euro'000
Supplementary income	18,106	18,563	635	320
Operating Government grants	1,302	608	-	-
Gains on fixed assets	2,597	1,561	822	52
Reversal of impairment losses:				
- Doubtful debtors	18,404	13,372	-	-
- Debtors and other assets	2,606	847	-	-
Own work capitalised	1,890	2,214	-	-
Excess amount over customers contributions	5,281	1,462	-	-
Insurance premiums - Energia RE	10,415	6,861	-	-
Income arising from institutional partnerships - Horizon	75,058	60,422	-	-
Amortisation of the power purchase agreements fair value - Horizon	9,386	13,528	-	-
Turbine availability bonus - Horizon	723	10,914	-	-
Remeasurement to fair value of the existing interest in Parque Eólico del Voltoya	3,170	-	-	-
Other operating income	41,333	28,591	6,548	4,517
	<u>190,271</u>	<u>158,943</u>	<u>8,005</u>	<u>4,889</u>

Income arising from institutional partnerships - Horizon relates to revenue recognition arising from production and investment tax credits (PTC/ITC) and tax depreciations regarding Vento I, II, III, IV, V and VI projects, in wind farms in U.S.A.

The power purchase agreements between Horizon and its customers 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 thousand USD and recorded as a non-current liability (note 37). This liability is depreciated over the period of the agreements against other operating income. As at 30 September 2010, the amortisation for the period amounts to 9,386 thousand Euros (30 September 2009: 13,528 thousand Euros) and the variation of the period results mainly from the exchange rate variation of the American Dollar against the Euro.

At 2010, the EDP Group acquired an additional interest of 12% in the share capital of Parque Eólico Altos del Voltoya, S.A., changing the consolidation method of this company to full consolidation. Based on the preliminary purchase price allocation and according to the accounting policy of the Group, the shareholding previously held was revaluated to fair value, originating the recognition of a gain of 3,170 thousand Euros (see note 2 b)).

In accordance with IFRS 3 - Business Combinations the adjustments that result from the Purchase Price Allocation completed in the second half of 2010 for goodwill recorded in 2009 for the subsidiary Elektrownia Wiatrowa Kresy I SP ZOO, led to the restatement of comparative financial information and the increase of the caption other operating income amounting to 2,918 thousand Euros.

## 8. Supplies and services

**Supplies and services** are analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Sep 2009 Euro'000	Sep 2010 Euro'000	Sep 2009 Euro'000
<b>Subcontracts</b>	3,431	2,542	-	-
<b>Supplies and services:</b>				
Water, electricity and fuel	9,424	8,080	750	789
Tools and office material	5,090	5,115	571	208
Rents and leases	72,317	66,019	29,445	7,576
Communication	31,365	29,295	7,581	1,265
Insurance	30,085	24,664	309	451
Transportation, travelling and representation	19,780	17,372	1,585	1,044
Commission and fees	3,476	2,516	40	68
Maintenance and repairs	203,466	171,023	10,901	1,638
Advertising	19,991	17,015	5,856	3,383
Surveillance and security	8,615	7,370	312	348
Specialised works:				
- Commercial activity	95,047	64,877	4,119	-
- IT services	34,116	23,527	13,662	833
- Legal fees	15,040	12,118	2,028	1,655
- Advisory fees	17,815	17,889	4,233	2,838
- Other services	34,212	36,480	8,878	15,177
Provided personal	-	-	27,565	25,410
Other supplies and services	18,363	23,870	2,343	3,295
	<u>621,633</u>	<u>529,772</u>	<u>120,178</u>	<u>65,978</u>

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**9. Personnel costs and employee benefits expense**

**Personnel costs** are analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Sep 2009 Euro'000	Sep 2010 Euro'000	Sep 2009 Euro'000
Board of Directors remuneration	10,860	10,181	4,060	4,155
Employee's remuneration	355,306	334,704	1,234	308
Social charges on remuneration	91,130	79,336	236	189
Indemnities	4,904	2,107	-	-
Performance, assiduity and seniority bonus	54,553	60,407	3,826	7,118
Other costs	18,836	17,133	617	1,065
Own work capitalised	-99,676	-95,565	-	-
	<u>435,913</u>	<u>408,303</u>	<u>9,973</u>	<u>12,835</u>

**Employee benefits** are analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Sep 2009 Euro'000	Sep 2010 Euro'000	Sep 2009 Euro'000
Pension plans costs	53,340	53,564	97	54
Medical plans costs and other benefits	35,310	40,206	91	87
Cost of rationalising human resources	-	15,618	-	-
Other	692	742	4	-
	<u>89,342</u>	<u>110,130</u>	<u>192</u>	<u>141</u>

Pension plans costs include 42,178 thousand Euros (30 September 2009: 43,252 thousand Euros) related to defined benefit plans (see note 35) and 11,162 thousand Euros (30 September 2009: 10,312 thousand Euros) related to defined contribution plans. Medical plans costs and other employee benefits include 36,030 thousand Euros (30 September 2009: 36,859 thousand Euros) related to the charge of the period, net of the reductions of the period.

**10. Other operating expenses**

**Other operating expenses** are analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Sep 2009 Euro'000	Sep 2010 Euro'000	Sep 2009 Euro'000
Concession rents paid to local authorities	179,352	180,372	-	-
Rents from power generation units	8,299	5,807	-	-
Direct taxes	12,824	11,421	240	245
Indirect taxes	58,729	42,847	900	313
Impairment losses on doubtful debts	65,064	49,218	10	-
Impairment losses on debtors and other assets	2,441	3,190	11	65
Doubtful debts	1,244	1,994	-	-
Losses on fixed assets	2,425	2,848	150	401
Regulation costs	4,787	3,033	-	-
Return of CO2 licenses (Royal Decree - Law 11/07)	-	15,502	-	-
Operating compensations	4,372	447	-	-
Donations	15,270	7,578	7,356	6,155
Other operating costs	32,296	35,340	2,901	8,503
	<u>387,103</u>	<u>359,597</u>	<u>11,568</u>	<u>15,682</u>

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

Return of CO2 licenses (Royal Decree - Law 11/07) reflects the amount of the licenses that the Group expects to return to the Spanish Government as a result of the publication of Royal Decree - Law 11/07 in force until July 2009, which establishes that the cost relating to CO2 licenses granted free of charge by the Spanish Government will be deducted from the sector's tariff deficit in 2009.

**11. Provisions**

**Provisions** are analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Sep 2009 Euro'000	Sep 2010 Euro'000	Sep 2009 Euro'000
Charge for the year	82,795	35,327	13,943	3,757
Write-back for the year	-14,486	-1,371	-379	-
	<u>68,309</u>	<u>33,956</u>	<u>13,564</u>	<u>3,757</u>

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**12. Depreciation and amortisation expense**

Depreciation and amortisation expense are analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Sep 2009 Euro'000	Sep 2010 Euro'000	Sep 2009 Euro'000
<b>Property, plant and equipment:</b>				
Buildings and other constructions	9,433	7,717	345	352
Plant and machinery:				
Hydroelectricity generation	88,196	100,147	6	6
Thermoelectric generation	218,313	196,122	-	-
Renewable generation	305,755	215,336	-	-
Electricity distribution	54,418	38,196	-	-
Gas distribution	41,317	23,386	-	-
Other plant and machinery	2,118	1,339	11	11
Transport equipment	8,543	7,527	563	508
Office equipment and tools	45,219	37,337	5,012	3,076
Other	2,523	2,168	1,061	1,061
	<u>775,835</u>	<u>629,275</u>	<u>6,998</u>	<u>5,014</u>
<b>Intangible assets:</b>				
Industrial property and other rights	16,578	9,884	6	6
Concession rights and impairment	62,591	60,535	-	-
Intangible assets related to concessions	241,555	230,311	-	-
	<u>320,724</u>	<u>300,730</u>	<u>6</u>	<u>6</u>
	<u>1,096,559</u>	<u>930,005</u>	<u>7,004</u>	<u>5,020</u>
<b>Compensation of amortisation and depreciation:</b>				
Partially-funded property, plant and equipment	-16,796	-9,093	-	-
	<u>1,079,763</u>	<u>920,912</u>	<u>7,004</u>	<u>5,020</u>

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) on the same basis and at the same rates as the corresponding partially-funded assets.

In accordance with IFRIC 12, the depreciation of tangible fixed assets allocated to concessions and corresponding subsidies have been reclassified to the caption Amortisation of intangibles pertaining to concessions - IFRIC 12. As at 30 September 2010 the referred reclassification amounts to 318,838 thousand Euros (30 September 2009: 304,177 thousand Euros) and 77,005 thousand Euros (30 September 2009: 73,769 thousand Euros), respectively.

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

Gains / (losses) on the sale of financial assets for the Group are analysed as follows:

	Sep 2010		Sep 2009	
	Disposal %	Value Euro'000	Disposal %	Value Euro'000
<b>Available for sale investments:</b>				
Sonaecon, S.A.	-	-	0.392%	1,517
<b>Held for sale assets:</b>				
ESC90 - Telecomunicações, Lda.	-	-	48.51%	15,911
<b>Investments in subsidiaries and associates:</b>				
Ambitec Laboratório Medioambiental, S.A.	-	-	100.00%	-150
Central Térmica Ciclo Combinado Soto 4	-	-	25.00%	12,899
Ibersol E. Solar Ibérica, S.A.	-	-	50.00%	268
Oni SGPS, S.A.	-	6,942	-	-
Natargas	0.92%	-2,831	-	-
Tecman, S.L.	100.00%	-846	-	-
Cogeneration La Espina, S.L.	-	-	50.00%	367
Other	-	-690	-	-165
		<u>2,575</u>		<u>30,647</u>



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

	Sep 2010		Sep 2009	
	Disposal %	Value Euro'000	Disposal %	Value Euro'000
<b>Available for sale investments:</b>				
Pirites Alentejanas, S.A. *	-	-	-	-10
<b>Investments in subsidiaries and associates:</b>				
Oni SGPS, S.A.	-	6,942	-	-
		<u>6,942</u>		<u>-10</u>

\* Minority interest, corresponding to a total of 332 shares sold.

During the nine months period ended 30 September 2010, as a result of the settlement of a pending law suit, the sale price of the investment held by EDP, S.A. in the subsidiary ONI SGPS, S.A. was adjusted from the 96,908 thousand Euros initially established to 103,850 thousand Euros, resulting in an adjustment to the loss determined in 2007 of 6,942 thousand Euros.

On 30 June 2009 the Group sold its investment in ESC 90 Telecomunicações Ltda. ("ESC 90"), representing 48.51% of the respective share capital, to Net Serviços de Comunicação S.A. as agreed on the Sales and Purchase Private Agreement celebrated on August 2008; this operation generated a gain of 15,911 thousand Euros.

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

#### 14. Other financial income and expenses

**Other financial income and expenses** are analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Sep 2009 Euro'000	Sep 2010 Euro'000	Sep 2009 Euro'000
<b>Other financial income</b>				
Interest income from investments	55,043	32,809	216,741	267,837
Derivative financial instruments:				
Interest	72,020	156,658	42,850	163,311
Fair value	221,994	316,893	426,221	338,147
Other interest income	49,733	37,027	5,596	-
Income from equity investments	15,749	15,139	330,271	337,716
Foreign exchange gains	55,997	35,738	10,502	379,425
CMEC	60,286	61,814	-	-
Interest Income - Tariff adjustment and tariff deficit	10,785	26,718	-	-
Other financial income	23,358	14,243	1,652	3,395
	<u>564,965</u>	<u>697,039</u>	<u>1,033,833</u>	<u>1,489,831</u>
<b>Other financial expenses</b>				
Interest expense from financial debt	497,818	497,446	222,289	304,954
Capitalised interest expense from financial debt	-126,700	-86,509	-	-
Derivative financial instruments:				
Interest	29,372	118,225	16,799	135,458
Fair value	263,887	292,246	315,620	479,798
Other interest expense	6,432	8,172	3,350	10,113
Impairment of available for sale financial assets	-	29,531	-	-
Banking services	10,309	8,561	3,505	2,135
Foreign exchange losses	62,913	45,445	119,396	238,152
CMEC	15,206	19,272	-	-
Unwinding	85,411	82,641	-	-
Interest Expenses - Tariff adjustment	19,421	12,954	-	-
Other financial expenses	48,795	48,390	7,595	2,962
	<u>912,864</u>	<u>1,076,374</u>	<u>688,554</u>	<u>1,173,572</u>
Financial income / (expenses)	<u>-347,899</u>	<u>-379,335</u>	<u>345,279</u>	<u>316,259</u>

The caption Other financial Income - CMEC totalling 60,286 thousand Euros includes 44,462 thousand Euros related to interest of the initial CMEC included in the annuity for 2010 and 15,824 thousand Euros related to the financial effect considered in the calculation of the initial CMEC. Other financial expenses - CMEC, in the amount of 15,206 thousand Euros, is related to the cost on the updating of the initial CMEC, booked against Deferred Income (see note 37).

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Capitalised interest expense from financial debt 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.

The Unwinding expenses refer essentially to, (i) the financial update of the dismantling provision for the wind farms, (ii) the implied return in institutional partnership in US wind farms (see note 37), (iii) the financial expenses related to the discount of the debt associated to the concessions of Alqueva, Investco and Enerpeixe (see note 37) and (iv) the financial unwinding related to the liabilities resulting from put options of minority interests.

## 15. Income tax

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during subsequent periods. In Portugal and Spain the period is 4 years and in Brazil it is 5 years, being the last year considered as definitively settled by the tax administration the year of 2004. 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 as from the date that the income tax return is filed by the taxpayer.

Tax losses generated in each year, which are also subject to inspection and adjustment, can be deducted from taxable income during subsequent periods (4 years in Portugal since 2010, 15 years in Spain, 20 years in the United States, without an expiry date in Belgium and France and without an expiry date in Brazil, but 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.

**Income tax expense** is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>	<b>Sep 2010</b>	<b>Sep 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
Current tax	-194,080	-258,933	3,554	134,690
Deferred tax	-111,461	-50,208	4,293	-131,244
	<b>-305,541</b>	<b>-309,141</b>	<b>7,847</b>	<b>3,446</b>

The reconciliation between the nominal and the effective income tax rate for the **Group** as at 30 September 2010, is analysed as follows:

	<b>Sep 2010</b>		
	<b>Rate</b>	<b>Tax basis</b>	<b>Tax</b>
	<b>%</b>	<b>Euro '000</b>	<b>Euro '000</b>
Nominal rate and income tax	26.5%	1,175,718	311,565
Tax losses and tax credits	-0.1%	-6,392	-1,694
Dividends	1.3%	57,109	15,134
Tax benefits	-1.3%	-58,645	-15,541
Non deductible provisions and amortisations for tax purposes	-0.4%	-17,792	-4,715
Fair value of financial instruments and financial investments	0.4%	19,830	5,255
Financial investments in associates and subsidiaries	-0.5%	-23,702	-6,281
Autonomous taxation and tax benefits	-0.1%	-4,283	-1,135
Change in tax rate	-1.4%	-63,279	-16,769
State surcharge	0.9%	41,325	10,951
Other adjustments and changes in estimates	0.7%	33,098	8,771
Effective tax rate and total income tax	<b>26.0%</b>	<b>1,152,987</b>	<b>305,541</b>

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

The impact of this change in the tax rate was considered in the computation of current and deferred income tax for the nine months period ended September 2010, as disclosed under Change in tax rate (deferred tax) and State surcharge (current tax).

The reconciliation between the nominal and the effective income tax rate for the **Group** as at 30 September 2009, is analysed as follows:

	<b>Sep 2009</b>		
	<b>Rate</b>	<b>Tax basis</b>	<b>Tax</b>
	<b>%</b>	<b>Euro '000</b>	<b>Euro '000</b>
Nominal rate and income tax	26.5%	1,147,267	304,026
Tax losses and tax credits	-0.8%	-34,140	-9,047
Dividends	-1.3%	-56,494	-14,971
Tax benefits	-1.1%	-47,279	-12,529
Non deductible provisions and amortisations for tax purposes	2.5%	110,385	29,252
Fair value of financial instruments and financial investments	1.4%	61,917	16,408
Financial investments in associates and subsidiaries	-0.4%	-16,128	-4,274
Autonomous taxation and tax benefits	0.1%	2,415	640
Other adjustments and changes in estimates	0.0%	-1,374	-364
Effective tax rate and total income tax	<b>26.9%</b>	<b>1,166,569</b>	<b>309,141</b>

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The reconciliation between the nominal and the effective income tax rate for the **Company** as at 30 September 2010, is analysed as follows:

	Sep 2010		
	Rate %	Tax basis Euro '000	Tax Euro '000
Nominal rate and income tax	26.5%	342,338	90,720
Non deductible provisions and amortisations for tax purposes	0.0%	509	135
Tax losses and tax credits	-6.1%	-78,426	-20,783
Dividends	-22.8%	-293,970	-77,902
Autonomous taxation and tax benefits	0.6%	7,389	1,958
Change in tax rate	1.2%	15,453	4,095
State surcharge	0.5%	6,325	1,676
Other adjustments and changes in estimates	-2.3%	-29,233	-7,746
Effective tax rate and total income tax	-2.3%	-29,615	-7,847

The reconciliation between the nominal and the effective income tax rate for the **Company** as at 30 September 2009, is analysed as follows:

	Sep 2009		
	Rate %	Tax basis Euro '000	Tax Euro '000
Nominal rate and income tax	26.5%	347,160	91,997
Non deductible provisions and amortisations for tax purposes	1.0%	13,272	3,517
Tax losses and tax credits	-7.3%	-96,140	-25,477
Dividends	-23.8%	-312,332	-82,768
Fair value of financial instruments and financial investments	-0.5%	-6,192	-1,641
Other adjustments and changes in estimates	3.1%	41,230	10,926
Effective tax rate and total income tax	-1.0%	-13,002	-3,446

## 16. Property, plant and equipment

This caption is analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Dec 2009 Euro'000	Sep 2010 Euro'000	Dec 2009 Euro'000
<b>Cost:</b>				
Land and natural resources	157,989	150,048	46,498	46,502
Buildings and other constructions	499,927	473,608	25,061	25,252
Plant and machinery:				
Hydroelectric generation	7,800,296	7,720,225	254	254
Thermoelectric generation	7,178,217	7,161,919	-	-
Renewable generation	8,613,433	7,346,192	-	-
Electricity distribution	1,920,224	1,921,172	-	-
Gas distribution	1,205,676	1,186,579	-	-
Other plant and machinery	42,148	30,139	148	148
Transport equipment	88,920	88,356	3,967	3,788
Office equipment and tools	626,147	600,807	102,000	98,114
Other	126,034	120,080	14,246	14,246
Assets under construction	3,823,375	3,278,948	74,820	36,056
	<u>32,082,386</u>	<u>30,078,073</u>	<u>266,994</u>	<u>224,360</u>
<b>Accumulated depreciation and impairment losses:</b>				
Depreciation charge for the period	-775,835	-918,479	-6,998	-6,927
Accumulated depreciation in previous years	-11,641,828	-10,734,351	-100,474	-93,871
Impairment reversal losses for the period	-	-416	-	-
Impairment losses in previous years	-6,122	-14,464	-	-
	<u>-12,423,785</u>	<u>-11,667,710</u>	<u>-107,472</u>	<u>-100,798</u>
<b>Carrying amount</b>	<u>19,658,601</u>	<u>18,410,363</u>	<u>159,522</u>	<u>123,562</u>

As referred under accounting policies - note 2 b) above, in accordance with IFRS 3, in the twelve months period subsequent to a business combination, the acquirer may adjust the fair value of identifiable assets, liabilities or contingent liabilities, recording these adjustments with effect from the acquisition date. The final allocation of the fair value attributable to the assets, liabilities and contingent liabilities concluded in 2010, regarding the acquisition of Bon Vent de L'Ébre and Elektrownia Wiatrowa Kresy I SP ZOO in 2009, determined an increase of the fair value of Property plant and equipment of 815 thousand euros with reference to 31 December 2009.

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The movements in **Property, plant and equipment, for the Group**, for the nine months period ended 30 September 2010 are analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Exchange Differences Euro'000	Perimeter Variations/ Regularisations Euro'000	Balance at 30 September Euro'000
<b>Cost:</b>							
Land and natural resources	150,048	3,100	-236	511	5,468	-902	157,989
Buildings and other constructions	473,608	2,178	-4,040	2,388	26,142	-349	499,927
Plant and machinery	25,366,226	80,170	-15,817	1,045,565	325,543	-41,693	26,759,994
Transport equipment	88,356	4,079	-9,052	3,372	2,247	-82	88,920
Office equipment and tools	600,807	10,102	-163	16,114	2,333	-3,046	626,147
Other	120,080	4,705	-712	1,990	88	-117	126,034
Assets under construction	3,278,948	1,569,155	-1,639	-1,131,123	29,273	78,761	3,823,375
	<u>30,078,073</u>	<u>1,673,489</u>	<u>-31,659</u>	<u>-61,183</u>	<u>391,094</u>	<u>32,572</u>	<u>32,082,386</u>

	Balance at 1 January Euro'000	Charge and Impairment for the year Euro'000	Transfers for the year Euro'000	Disposals/ Write-offs Euro'000	Exchange Differences Euro'000	Perimeter Variations/ Regularisations Euro'000	Balance at 30 September Euro'000
<b>Accumulated depreciation and impairment losses:</b>							
Buildings and other constructions	135,704	9,433	-	-3,282	4,599	219	146,673
Plant and machinery	10,962,463	710,117	-30,232	-14,569	27,217	3,490	11,658,486
Transport equipment	59,074	8,543	-	-8,225	1,886	-51	61,227
Office equipment and tools	441,004	45,219	-	-65	1,882	-6,792	481,248
Other	69,465	2,523	-	-1,417	25	5,555	76,151
	<u>11,667,710</u>	<u>775,835</u>	<u>-30,232</u>	<u>-27,558</u>	<u>35,609</u>	<u>2,421</u>	<u>12,423,785</u>

The opening balances as at 1 January 2010 include the effect of the IFRIC 12 application with the reexpression of comparative amounts as of 31 December 2009, of - 5,684,190 thousand Euros (see note 45).

Transfers include 61,183 thousand Euros of cost of assets and 30,232 thousand Euros of accumulated depreciation, related to the Regulated Energy Transmission Activity in Spain, which were classified as non-current assets held for sale (see note 39).

The caption Perimeter Variations / Regularisation includes the effect of the acquisitions made by EDP Renováveis Group during the nine months period ended at 30 September 2010, namely EDP Renewables Italia, S.r.l. and Repano Wind, S.r.l. and also the integration of the assets (and liabilities) of the subsidiary Parque Eólico Altos de Voltoya, which has been consolidated under the full consolidation method, following the acquisition of an additional 12% interest.

The movement in Exchange differences in the period results mainly from the revaluation of the Brazilian Real (BRL) and the American Dollar (USD) against the Euro, for the nine months period ended 30 September 2010.

The movements in **Property, plant and equipment, for the Group**, for the nine months period ended 30 September 2009 are analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Exchange Differences Euro'000	Perimeter Variations/ Regularisations Euro'000	Balance at 30 September Euro'000
<b>Cost:</b>							
Land and natural resources	129,936	1,916	-92	2,434	11,833	-88	145,939
Buildings and other constructions	394,513	98	-215	6,357	58,887	71	459,711
Plant and machinery	21,810,979	68,015	-12,558	1,425,692	109,206	2,210	23,403,544
Transport equipment	78,078	7,656	-8,926	2,215	4,970	5	83,998
Office equipment and tools	521,145	6,988	-72	24,705	4,077	-16	556,827
Other	92,456	470	-19,991	1,099	-90	1,636	75,580
Assets under construction	3,505,873	1,934,263	-10,379	-1,462,502	-2,711	10,786	3,975,330
	<u>26,532,980</u>	<u>2,019,406</u>	<u>-52,233</u>	<u>-</u>	<u>186,172</u>	<u>14,604</u>	<u>28,700,929</u>

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	Balance at 1 January Euro'000	Charge for the year Euro'000	Impairment losses for the year Euro'000	Disposals/ Write-offs Euro'000	Exchange Differences Euro'000	Perimeter Variations/ Regularisations Euro'000	Balance at 30 September Euro'000
<b>Accumulated depreciation and impairment losses:</b>							
Buildings and other constructions	112,915	7,717	-	-185	9,638	53	130,138
Plant and machinery	10,034,822	574,526	-	-13,180	24,221	-2,354	10,618,035
Transport equipment	54,743	7,527	-	-8,207	4,204	-60	58,207
Office equipment and tools	387,109	37,337	-	-45	4,002	-2,729	425,674
Other	53,324	2,168	-	-6,982	-43	3,937	52,404
	<u>10,642,913</u>	<u>629,275</u>	<u>-</u>	<u>-28,599</u>	<u>42,022</u>	<u>-1,153</u>	<u>11,284,458</u>

The movement in Exchange differences in the period relates mainly to the appreciation of the American Dollar (USD) and the Brazilian Real (BRL) against the Euro, during the nine months period ended at 30 September 2009.

The movements in **Property, plant and equipment, for the Company**, for the nine months period ended 30 September 2010 are analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Regularisations Euro'000	Balance at 30 September Euro'000
<b>Cost:</b>						
Land and natural resources	46,502	-	-4	-	-	46,498
Buildings and other constructions	25,252	-	-1,004	-	813	25,061
Plant and machinery	402	-	-	-	-	402
Transport equipment	3,788	590	-411	-	-	3,967
Office equipment and tools	98,114	3,886	-	-	-	102,000
Other	14,246	-	-	-	-	14,246
Assets under construction	36,056	38,764	-	-	-	74,820
	<u>224,360</u>	<u>43,240</u>	<u>-1,419</u>	<u>-</u>	<u>813</u>	<u>266,994</u>

	Balance at 1 January Euro'000	Charge for the year Euro'000	Impairment losses for the year Euro'000	Disposals/ Write-offs Euro'000	Regularisations Euro'000	Balance at 30 September Euro'000
<b>Accumulated depreciation and impairment losses:</b>						
Buildings and other constructions	17,735	345	-	-808	813	18,085
Plant and machinery	122	17	-	-	-	139
Transport equipment	1,483	563	-	-329	-	1,717
Office equipment and tools	72,757	5,012	-	-	-	77,769
Other	8,701	1,061	-	-	-	9,762
	<u>100,798</u>	<u>6,998</u>	<u>-</u>	<u>-1,137</u>	<u>813</u>	<u>107,472</u>

The movements in **Property, plant and equipment, for the Company**, for the nine months period ended 30 September 2009 are analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Regularisations Euro'000	Balance at 30 September Euro'000
<b>Cost:</b>						
Land and natural resources	46,502	-	-	-	-	46,502
Buildings and other constructions	25,648	-	-41	-	39	25,646
Plant and machinery	402	-	-	-	-	402
Transport equipment	3,262	1,185	-783	-	-	3,664
Office equipment and tools	85,001	946	-	2,977	68	88,992
Other	14,246	-	-	-	-	14,246
Assets under construction	26,834	12,207	-	-2,977	-	36,064
	<u>201,895</u>	<u>14,338</u>	<u>-824</u>	<u>-</u>	<u>107</u>	<u>215,516</u>

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	Balance at 1 January Euro'000	Charge for the year Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Regularisations Euro'000	Balance at 30 September Euro'000
<b>Accumulated depreciation and impairment losses:</b>						
Buildings and other constructions	17,647	352	-	-40	39	17,998
Plant and machinery	99	17	-	-	-	116
Transport equipment	1,469	508	-	-642	-	1,335
Office equipment and tools	68,354	3,076	-	-	68	71,498
Other	7,288	1,061	-	-	-	8,349
	<u>94,857</u>	<u>5,014</u>	<u>-</u>	<u>-682</u>	<u>107</u>	<u>99,296</u>

**17. Intangible assets**

This caption is analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Dec 2009 Euro'000	Sep 2010 Euro'000	Dec 2009 Euro'000
<b>Cost:</b>				
Industrial property, other rights and other intangibles	199,800	189,570	100	100
Concession rights	14,526,856	14,126,916	-	-
CO2 licenses	209,571	287,989	-	-
Intangible assets in progress	558,194	566,909	-	-
	<u>15,494,421</u>	<u>15,171,384</u>	<u>100</u>	<u>100</u>
<b>Accumulated amortisation and impairment losses:</b>				
Amortisation of concession rights during the period	-304,146	-495,063	-	-
Amortisation of industrial property and other intangibles during the period	-16,578	-15,752	-6	-8
Accumulated amortisation in previous years	-8,770,442	-8,193,062	-68	-59
	<u>-9,091,166</u>	<u>-8,703,877</u>	<u>-74</u>	<u>-67</u>
<b>Carrying amount</b>	<u>6,403,255</u>	<u>6,467,507</u>	<u>26</u>	<u>33</u>

The concession rights over the electric energy 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 period of the concession until 2028 and 2025, respectively. The concession rights in Portugal relate to the natural gas distribution network, being amortised on a straight-line basis over the period of the concession, until 2048, as well as the concession of the public hydric domain for hydroelectric generation.

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

The movements in **Intangible assets** during the nine months period ended 30 September 2010, **for the Group**, are analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter variations/ Regularisations Euro'000	Balance at 30 September Euro'000
<b>Cost:</b>							
Industrial property, other rights and other intangibles	189,570	2,895	-	1,169	11,907	-5,741	199,800
Concession rights							
Concession rights - Brazil	1,190,694	-	-	-	39,665	-	1,230,359
Concession rights - Gas	138,354	-	-	-	-	-	138,354
Use rights Alqueva/Pedrogão	411,437	21,698	-	-	-	-	433,135
Extension of the public hydric domain	759,000	-	-	-	-	-	759,000
Concession rights - mini-hydrics	91,118	-	-	-	-	-	91,118
Other concession rights	10,827	-	-	-	-	-	10,827
CO2 licenses	287,989	211,359	-289,777	-	-	-	209,571
Intangible assets assigned to concessions	11,525,486	7	-14,280	173,789	179,061	-	11,864,063
Intangible assets assigned to concessions - in progress	254,238	226,233	-70	-253,771	6,852	-	233,482
Intangible assets not assigned to concessions - in progress	312,671	16,995	-3,720	-1,169	145	-210	324,712
	<u>15,171,384</u>	<u>479,187</u>	<u>-307,847</u>	<u>-79,982</u>	<u>237,630</u>	<u>-5,951</u>	<u>15,494,421</u>

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	Balance at 1 January Euro'000	Charge for the Year Euro'000	Accelerated depreciation/ Impairment Euro'000	Disposals/ Write-offs Euro'000	Exchange differences Euro'000	Perimeter variations/ Regularisations Euro'000	Balance at 30 September Euro'000
<b>Accumulated amortisation and impairment losses:</b>							
Industrial property and other rights	88,729	16,578	-	-	6,001	-475	110,833
Concession rights	496,217	62,591	-	-	4,786	-	563,594
Intangible assets assigned to concessions	8,118,931	241,555	-	-8,251	64,504	-	8,416,739
	<u>8,703,877</u>	<u>320,724</u>	<u>-</u>	<u>-8,251</u>	<u>75,291</u>	<u>-475</u>	<u>9,091,166</u>

Transfers includes 79,982 thousand Euros, related with Financial Assets associated with IFRIC12.

Acquisitions of CO2 Licences as at 30 September 2010 includes 209,978 thousand Euros (31 December 2009: 234,817 thousands Euros) of CO2 licences granted free of charge to the EDP Group plants operating in Portugal and in Spain. The market for CO2 licences is regulated by "Plano Nacional de Atribuição de Licenças de Emissão" (PNALE) in Portugal, and by "Plano Nacional de Assignación de Derechos de Emisión de Gases de Efecto Invernadero" (PNADE) in Spain, which covers the period 2008-2012. The disposals / write-off of CO2 licenses correspond to CO2 licenses consumed during 2009 and delivered to regulatory authorities in the amount of 247,399 thousand Euros (31 December 2009: 366,115 thousand Euros).

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

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter variations/ Regularisations Euro'000	Balance at 30 September Euro'000
<b>Cost:</b>							
Industrial property, other rights and other intangibles	145,427	265	-6,692	2,476	19,597	-12,583	148,490
Concession rights							
Concession rights - Brazil	1,082,498	-	-	-	90,885	-	1,173,383
Concession rights - Gas	152,232	-	-	-	-	-13,878	138,354
Use rights Alqueva/Pedrogão domain	377,460	26,963	-	-	-	-	404,423
Concession rights - mini-hydrics	759,000	-	-	-	-	-	759,000
Concession rights - mini-hydrics	91,118	-	-	-	-	-	91,118
Other concession rights	10,827	-	-	-	-	-	10,827
CO2 licenses	385,096	232,025	-366,115	25,917	-	-	276,923
Intangible assets assigned to concessions	10,792,886	-	-15,063	173,945	401,846	-	11,353,614
Intangible assets assigned to concessions - in progress	256,989	243,548	-	-250,648	9,436	-	259,325
Intangible assets not assigned to concessions - in progress	75,880	249,394	-	-2,476	5,585	5,191	333,574
	<u>14,129,413</u>	<u>752,195</u>	<u>-387,870</u>	<u>-50,786</u>	<u>527,349</u>	<u>-21,270</u>	<u>14,949,031</u>

	Balance at 1 January Euro'000	Charge for the Year Euro'000	Accelerated depreciation/ Impairment Euro'000	Disposals/ Write-offs Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter variations/ Regularisations Euro'000	Balance at 30 September Euro'000
<b>Accumulated amortisation and impairment losses:</b>								
Industrial property and other rights	64,953	9,884	-	-6,918	-	11,921	-18	79,822
Concession rights	365,793	60,535	-	-	-	9,237	-1,892	433,673
Intangible assets assigned to concessions	7,548,201	230,311	-	-7,199	-	223,560	-	7,994,873
	<u>7,978,947</u>	<u>300,730</u>	<u>-</u>	<u>-14,117</u>	<u>-</u>	<u>244,718</u>	<u>-1,910</u>	<u>8,508,368</u>

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**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:

	<b>Group</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>
<b>Electric business:</b>		
Hidrocontábrico Group	956,231	969,050
EDP R-EU Group	839,826	766,599
Horizon Group	580,757	550,868
Brazil Group	58,150	56,762
EDP Renováveis Brazil Group	1,624	1,501
Other (Portugal Group)	35,312	35,312
	<u>2,471,900</u>	<u>2,380,092</u>
<b>Gas Distribution business:</b>		
Naturgás Group	986,006	781,064
	<u>3,457,906</u>	<u>3,161,156</u>

During 2010, EDP Group performed the final allocation of the acquisition cost to the acquired assets, liabilities and contingent liabilities (PPA) of Bon Vent de L'Ébre and Elektrownia Wiatrowa Kresy I SP ZOO, acquired in 2009. According to IFRS 3, any adjustment of the fair value of assets, liabilities and contingent liabilities that occurred in the subsequent period of 12 months, should be adjusted to the purchase date. As a consequence, the Group reexpressed the goodwill value of EDP Renewables Europe Group, as at 31 December 2009, in the amount of 1,324 thousands Euros, with reference to 1 January 2010.

The movements in **Goodwill** during the nine months period ended 30 September 2010, are analysed as follows:

	<b>Balance at</b>	<b>Increases</b>	<b>Decreases</b>	<b>Impairment</b>	<b>Exchange</b>	<b>Regularisations</b>	<b>Balance at</b>
	<b>1 January</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>differences</b>	<b>Euro'000</b>	<b>30 September</b>
	<b>Euro'000</b>				<b>Euro'000</b>		<b>Euro'000</b>
<b>Electric business:</b>							
Hidrocontábrico Group	969,050	-	-12,819	-	-	-	956,231
EDP R-EU Group	766,599	76,998	-	-	-3,771	-	839,826
Horizon Group	550,868	-	-	-	29,889	-	580,757
Brazil Group	56,762	-	-	-	1,388	-	58,150
EDP Renováveis Brazil Group	1,501	-	-	-	123	-	1,624
Other (Portugal Group)	35,312	-	-	-	-	-	35,312
	<u>2,380,092</u>	<u>76,998</u>	<u>-12,819</u>	<u>-</u>	<u>27,629</u>	<u>-</u>	<u>2,471,900</u>
<b>Gas Distribution business</b>							
Naturgás Group	781,064	208,361	-3,419	-	-	-	986,006
	<u>3,161,156</u>	<u>285,359</u>	<u>-16,238</u>	<u>-</u>	<u>27,629</u>	<u>-</u>	<u>3,457,906</u>

The movements in **Goodwill** during the nine months period ended 30 September 2009, are analysed as follows:

	<b>Balance at</b>	<b>Increases</b>	<b>Decreases</b>	<b>Impairment</b>	<b>Exchange</b>	<b>Regularisations</b>	<b>Balance at</b>
	<b>1 January</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>differences</b>	<b>Euro'000</b>	<b>30 September</b>
	<b>Euro'000</b>				<b>Euro'000</b>		<b>Euro'000</b>
<b>Electric business:</b>							
Hidrocontábrico Group	954,196	15,211	-	-	-	-	969,407
EDP R-EU Group	735,229	3,065	-8,010	-	-	-	730,284
Horizon Group	569,777	-	-	-	-27,618	-	542,159
Brazil Group	57,288	-	-	-	3,196	-	60,484
EDP Renováveis Brazil Group	-	9,001	-	-	955	-	9,956
Other (Portugal Group)	34,137	1,178	-	-	-	-	35,315
	<u>2,350,627</u>	<u>28,455</u>	<u>-8,010</u>	<u>-</u>	<u>-23,467</u>	<u>-</u>	<u>2,347,605</u>
<b>Gas Distribution business</b>							
Naturgás Group	754,352	-	-	-	-	-	754,352
	<u>3,104,979</u>	<u>28,455</u>	<u>-8,010</u>	<u>-</u>	<u>-23,467</u>	<u>-</u>	<u>3,101,957</u>

*HC Energia Group*

During the nine months period ended 30 September 2010, the goodwill from Hidrocontábrico Group decreased by 12,819 thousand Euros as a result of the revaluation of the liability relating to the anticipated acquisition of minority interests from Cajastur, through the written put option held by this entity over 3.13% of the share capital of HC Energia, as described under accounting policies - note 2b).



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*EDP Renewables Europe Group*

The goodwill held in EDP Renewables Europe Group, with reference to 30 September 2010 and 31 December 2009, is presented as follows:

	<b>EDP Renewables Europe Group</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>
Genesa subgroup	477,522	477,522
Ceasa subgroup	117,513	117,513
Relax Wind subgroup	38,803	25,410
Neo Galia subgroup	83,160	83,160
Romania subgroup	10,253	10,931
Neo Catalunya subgroup	7,013	7,013
EDPR Portugal subgroup	41,876	41,876
Italia subgroup	60,512	-
Other	3,174	3,174
	<b>839,826</b>	<b>766,599</b>

*Relax Winds Group*

During the nine months period ended at 30 September 2010, Relax Winds Group goodwill has increased 16,487 thousand Euros, related to the acquisition of 100% of the share capital of Polish companies Farma Wiatrowa Bodzanow SP ZOO (6,071 thousand Euros), Farma Wiatrowa Starozreby SP ZOO (5,399 thousand Euros), Farma Wiatrowa Wyszogrod SP ZOO (4,715 thousand Euros) and Karpacka Mala Energetyka SP ZOO (302 thousand Euros). Additionally, goodwill has decreased 3,094 thousand Euros as a result of the exchange rate variation of PLN against the Euro.

*Italia subgroup*

On 27 January 2010, EDP Group acquired, through its subsidiary EDP Renewables Europe (EDPR EU), 85% of the share capital of EDP Renewables Italy, S.R.L. Additionally, EDP R-EU has a call option and Energia in Natura, S.R.L. has a put option over the remaining 15% of the company's share capital (see note 41). As a consequence, as at 30 September 2010, the EDP Group has consolidated 100% of EDP Renewables Italy, S.R.L., considering the put option as an anticipated acquisition of minority interests.

	<b>Euro'000</b>
Tangible fixed assets	4,758
Financial investments	200
Goodwill	15,149
Non current assets	20,107
Current assets	15
Total assets	20,122
Non current liabilities	25
Current liabilities	542
Total liabilities	567
Net assets acquired	19,555
Acquisition cost	64,872
Goodwill	45,317

The variation of 60,512 thousand Euros in the Italia subgroup goodwill during the nine months period ended at 30 September 2010 results from the acquisition of EDP Renewables Italy, S.r.l (60,466 thousand Euros), which includes the preliminary goodwill generated from the acquisition (45,317 thousand Euros) and the amount of the goodwill already included in the financial statements of the company acquired (15,149 thousand Euros) and also from the goodwill generated in the acquisition of Repano, S.r.l. (46 thousand Euros).

*Horizon Group*

Goodwill arising from the acquisition of the Horizon Group was determined in USD with reference to the acquisition date (775,251 thousand USD), corresponding to 580,757 thousand Euros as at 30 September 2010 (31 December 2009: 550,868 thousand Euros), including transaction costs of 12,723 thousand Euros. The increase in this caption is related with the effect of exchange differences EUR/USD, which amounts to 29,889 thousand Euros.

*Brazil Group*

The increase in Brazil Group goodwill results from the effect of exchange differences of 1,388 thousand Euros in goodwill expressed in BRL ensuing the revaluation of the Brazilian Real against the Euro.

*Natargas Group*

During the nine months period ended at 30 September 2010, the Natargas goodwill increased 202,613 thousand Euros as a consequence of the put option exercise by Ente Vasco de la Energia (see nota 37) over the 29.43% of Natargas Energia share capital.

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The increase in Naturgas goodwill also results from the share capital reduction of GED Cantabria originated by the amortisation of shares of minority interests. The acquisition cost of the additional shareholding in this company amounted to 9,381 thousand Euros and resulted in a goodwill of 5,562 thousand Euros.

The decrease in Naturgas goodwill is mainly related with the sale of the subsidiary Tecman (2,184 thousand Euros).

**19. Investments in subsidiaries (Company basis)**

This caption is analysed as follows:

	<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>
Historical acquisition cost	10,812,783	10,812,363
Effect of equity method (transition to IFRS)	-1,165,796	-1,165,796
Equity investments in subsidiaries	9,646,987	9,646,567
Impairment losses on equity investments in subsidiaries	-110,724	-110,724
	<b>9,536,263</b>	<b>9,535,843</b>

**20. Investments in associates**

This caption is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Associated companies:</b>				
Investments in associates	137,821	175,409	137	45,535
Adjustments in investments in associates	-137	-137	-137	-137
<b>Net book value</b>	<b>137,684</b>	<b>175,272</b>	<b>-</b>	<b>45,398</b>

**21. Available for sale investments**

This caption is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
Ampla Energia e Serviços, S.A.	200,574	163,644	200,574	163,644
Ampla Investimentos e Serviços, S.A.	16,278	15,038	16,278	15,038
Banco Comercial Português, S.A.	78,922	104,118	-	-
Denerge	17,785	15,563	-	-
EDA - Eléctrica dos Açores, S.A.	8,213	8,213	-	-
REN - Rede Eléctrica Nacional, S.A.	49,753	55,883	49,753	55,883
Sociedade Eólica de Andalucía, S.A.	11,766	11,766	-	-
Tagusparque, S.A.	2,062	2,062	-	-
Tejo Energia, S.A.	25,636	25,636	-	-
Other	44,248	41,194	5,102	3,836
	<b>455,237</b>	<b>443,117</b>	<b>271,707</b>	<b>238,401</b>

At 30 September 2010, the investments held in Ampla Energia e Serviços, S.A. and Denerge, increased by 36,930 thousand Euros and 2,222 thousand Euros, respectively, as a consequence of the positive evolution in the listed market price of these shares. This increase in the fair value was booked against fair value reserves (see note 31).

During the nine months period ending 30 September 2010, the financial investments held in Banco Comercial Português, S.A. and REN - Rede Eléctrica Nacional, S.A., decreased by 25,196 thousand Euros and 6,130 thousand Euros respectively, and were booked against fair value reserves (see note 31).

Available for sale investments are booked at fair value being the changes from the date of acquisition recorded against fair value reserves (see note 31). The fair value reserves attributable to the Group as at 30 September 2010 and 31 December 2009 are analysed as follows:

	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>
Ampla Energia e Serviços, S.A.	131,635	94,705
Ampla Investimentos e Serviços, S.A.	10,703	9,463
Banco Comercial Português, S.A.	2,840	28,036
Denerge	974	370
EDA - Electricidade dos Açores, S.A.	1,322	1,322
REN - Rede Eléctrica Nacional, S.A.	23,933	30,063
Sociedade Eólica de Andalucía, S.A.	6,671	6,671
Tagusparque	965	965
Tejo Energia, S.A.	19,281	19,281
Other	1,252	1,017
	<b>199,576</b>	<b>191,893</b>

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## 22. Deferred tax assets and liabilities

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

	Deferred tax assets		Deferred tax liabilities	
	Sep 2010 Euro'000	Sep 2009 Euro'000	Sep 2010 Euro'000	Sep 2009 Euro'000
<b>Balance as at 1 January</b>	661,335	539,878	-760,397	-675,737
Tariff adjustment for the period	-140,078	157,262	31,770	137,025
Provisions	24,759	18,944	-	-
Deferred tax over CMEC's in the period	-	-	-19,523	-76,109
Use of tax credits	-941	-159,047	-	-
Financial and available for sale investments	3,190	-12,334	-7,381	-866
Fair value of derivative financial instruments	15,952	-3,897	841	-1,377
Allocation of fair value adjustments to assets and liabilities acquired	1,329	1,633	-34,555	-39,055
Exchange differences and other	8,032	5,099	-10,111	18,611
Change in tax rate	69,430	-	-44,595	-
Netting of deferred tax assets and liabilities	-3,171	134,270	3,171	-134,270
<b>Balance as at 30 September</b>	<b>639,837</b>	<b>681,808</b>	<b>-840,780</b>	<b>-771,778</b>

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:

	Deferred tax assets		Deferred tax liabilities	
	Sep 2010 Euro'000	Sep 2009 Euro'000	Sep 2010 Euro'000	Sep 2009 Euro'000
<b>Balance as at 1 January</b>	-	60,716	-80,489	-
Tax credits	-	-84,589	-	-
Provisions	3,176	-5,659	-	-
Financial and available for sale investments	331	-3,729	-4,435	4,197
Fair value of derivative financial instruments	-662	-27,309	11,604	14,893
Other changes	-83	-587	5,443	18
Change in tax rate	-	-	-6,143	-
Netting of deferred tax assets and liabilities	-2,762	61,157	2,762	-61,157
<b>Balance as at 30 September</b>	<b>-</b>	<b>-</b>	<b>-71,258</b>	<b>-42,049</b>

## 23. Inventories

This caption is analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Dec 2009 Euro'000	Sep 2010 Euro'000	Dec 2009 Euro'000
Merchandise	70,609	24,937	-	-
Advances on account of purchases	13,750	4,650	-	-
Finished and intermediate products	12,605	10,384	-	-
Sub-products, waste, residues and scrap	16,630	13,159	-	-
Raw and subsidiary materials and consumables:				
Coal	100,494	94,780	-	-
Fuel	37,258	41,041	-	-
Nuclear fuel	14,530	13,594	-	-
Other consumables				
CO2 licenses	41,236	11,351	41,236	11,351
Other	53,252	59,480	-	-
	<b>360,364</b>	<b>273,376</b>	<b>41,236</b>	<b>11,351</b>

CO2 licenses correspond to the amount of held for trading licenses, valued at market price against the income statement, as described in accounting policy 2 y).

## 24. Trade receivables

Trade receivables are analysed as follows:

	Group		Company	
	Sep 2010 Euro'000	Dec 2009 Euro'000	Sep 2010 Euro'000	Dec 2009 Euro'000
<b>Short-term trade receivables - Current:</b>				
<b>Corporate sector and individuals :</b>				
Portugal	761,997	772,701	63,588	97,432
Spain	776,697	669,427	-	-
Brazil	344,210	332,441	-	-
U.S.A.	23,425	27,434	-	-
Other	12,167	12,429	-	-
<b>Public Sector:</b>				
Portugal				
State and official entities	16,780	16,674	-	-
Local government	37,371	33,769	-	-
Brazil				
State and official entities	7,770	8,306	-	-
Local government	21,270	20,132	-	-
	<u>2,001,687</u>	<u>1,893,313</u>	<u>63,588</u>	<u>97,432</u>
Doubtful debts	271,218	230,851	9,950	9,941
Impairment losses	<u>-271,218</u>	<u>-230,851</u>	<u>-9,950</u>	<u>-9,941</u>
	<u>2,001,687</u>	<u>1,893,313</u>	<u>63,588</u>	<u>97,432</u>
	Group		Company	
	Sep 2010 Euro'000	Dec 2009 Euro'000	Sep 2010 Euro'000	Dec 2009 Euro'000
<b>Medium and long-term trade receivables - Non-Current:</b>				
<b>Corporate sector and individuals :</b>				
Brazil	31,090	38,386	-	-
<b>Public Sector:</b>				
Portugal - Local government	138,708	142,521	-	-
Brazil - Local government	8,684	-	-	-
	<u>178,482</u>	<u>180,907</u>	<u>-</u>	<u>-</u>
Impairment losses	<u>-63,254</u>	<u>-66,086</u>	<u>-</u>	<u>-</u>
	<u>115,228</u>	<u>114,821</u>	<u>-</u>	<u>-</u>
	<u>2,116,915</u>	<u>2,008,134</u>	<u>63,588</u>	<u>97,432</u>

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**25. Debtors and other assets**

**Debtors and other assets** are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Short term debtors - Current:</b>				
Loans to subsidiaries	-	-	1,139,234	811,279
Loans to related companies	133,023	142,976	24,305	7,492
Other debtors:				
- Advances to pensioners on account of the Social Security	2,010	13,717	-	-
- Amounts receivable from staff	4,437	3,520	6	-
- Amounts receivable from the Telecommunications business	55,640	55,640	-	-
- Amounts receivable from Spanish tariff expenses	68,233	117,915	-	-
- Amounts receivable from Portuguese tariff adjustments	422,298	559,724	-	-
- Receivables from the State and concessioners	16,081	13,040	-	-
- Amounts with RTP - broadcasting charge	32,125	32,125	-	-
- Receivables relating to other goods and services	154,103	66,831	19,272	84,651
- Derivative financial instruments	157,878	230,195	142,033	216,534
- Subsidiary companies	-	-	1,667,591	524,888
- Amounts receivable relating to gas sales operations	6,671	1,402	-	-
- Amounts receivable relating to insurance and reinsurance operations	9,661	5,067	-	-
- Amounts receivable relating to the renewable operations	7,487	11,272	-	-
- Expenditure on concessions	13,420	14,284	-	-
- Insurance	16,833	10,130	12,052	6,269
- Other deferred costs	22,201	6,879	472	-
- Rents receivable of Energin lease	23,128	24,976	-	-
- Amounts receivable relating to CMEC	169,293	363,350	-	-
- Tied deposits (Horizon)	46,110	90,505	-	-
Accrued income relating to energy sales and purchase activity in the market	107,726	27,425	142,413	38,191
Sundry debtors and other operations	170,888	148,234	17,171	39,341
	<u>1,639,246</u>	<u>1,939,207</u>	<u>3,164,549</u>	<u>1,728,645</u>
Impairment losses on short-term debtors - Current	-74,010	-74,191	-919	-908
	<u>1,565,236</u>	<u>1,865,016</u>	<u>3,163,630</u>	<u>1,727,737</u>
	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Medium and long term debtors - Non Current:</b>				
Loans to subsidiaries	-	-	4,490,435	4,480,386
Loans to related companies	15,432	25,672	915	18,874
Other debtors:				
- Amounts receivable from Portuguese tariff adjustments	94,122	76,127	-	-
- Amounts receivable from Spanish tariff expenses	655,256	536,205	-	-
- Expenditure on concessioners	15,002	16,199	-	-
- Guarantees and linked deposits	152,231	126,601	1,519	1,385
- Amounts receivable relating to CMEC	1,128,020	1,026,181	-	-
- Derivative financial instruments	64,011	46,116	118,093	37,271
- O&M contract valuation - Mapple Ridge I (Horizon)	6,593	7,405	-	-
- Amounts receivable from concessioners - IFRIC 12 (see note 45)	450,239	370,257	-	-
Sundry debtors and other operations	84,940	85,303	132	-
	<u>2,665,846</u>	<u>2,316,066</u>	<u>4,611,094</u>	<u>4,537,916</u>
Impairment losses on medium and long term debtors - Non current	-2,854	-2,839	-	-
	<u>2,662,992</u>	<u>2,313,227</u>	<u>4,611,094</u>	<u>4,537,916</u>
	<u>4,228,228</u>	<u>4,178,243</u>	<u>7,774,724</u>	<u>6,265,653</u>

The amounts receivable from Spanish tariff expenses current and non-current correspond to the accumulated amount receivable from the Spanish Government of the Spanish electricity system tariff deficit as at 30 September 2010, according to the applicable legal framework (see note 3).

The amounts receivable relating to CMEC totalize 1,297,313 thousand Euros, which include 1,128,020 thousand Euros as medium and long term debts and 169,293 thousand Euros as short term debts. The amount receivable relating to the initial CMEC of 745,635 thousand Euros as medium and long term debts and 32,132 thousand Euros as short term debts, corresponds to the initial CMEC granted to EDP Produção (833,467 thousand Euros) deducted from the receivable annuity for 2007 to 2010. The remaining 382,385 thousand Euros in the medium and long term and 137,161 thousand Euros in the short term correspond to the receivable amounts through the revisibility calculation in 2008 to 2010.

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The caption Amounts receivable for concessions - IFRIC 12 in the amount of 450,239 thousand 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 and regarding the electricity transportation concession in Brazil, resulting from the application of the Financial Asset model (see note 2 aa) and note 45).

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

	Current Euro'000	Non Current Euro'000
<b>Balance as at 1 January 2009</b>	10,444	1,435,033
Receipts through the electric energy tariff	-8,261	-
Securitisation of the non regular tariff adjustments of 2007 and 2008	-	-1,225,376
Tariff adjustment of 2008	-	34,150
Tariff adjustment for the period	7,764	577,107
Interest expense	-	18,954
Transfer from Non-Current to Current	190,400	-190,400
<b>Balance as at 30 September 2009</b>	<u>200,347</u>	<u>649,468</u>
Receipts through the electric energy tariff	-2,754	-
Securitisation of the non regular tariff adjustments of 2007 and 2008	-	-447,469
Tariff adjustment of 2008	-	15,285
Tariff adjustment for the period	-7,764	171,065
Interest expense	571	57,102
Transfer from Non-Current to Current	369,324	-369,324
<b>Balance as at 31 December 2009</b>	<u>559,724</u>	<u>76,127</u>
Receipts through the electric energy tariff	-428,503	-
Tariff adjustment of 2008	16,047	5,349
Tariff adjustment for the period	208,104	69,369
Interest expense	9,830	373
Transfer from Non-Current to Current	57,096	-57,096
<b>Balance as at 30 September 2010</b>	<u>422,298</u>	<u>94,122</u>

## 26. Tax receivable

**Tax receivable** is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	Sep 2010 Euro'000	Dec 2009 Euro'000	Sep 2010 Euro'000	Dec 2009 Euro'000
State and other public entities:				
- Income tax	270,465	144,016	75,260	14,077
- Value added tax (VAT)	250,184	334,110	46,752	30,468
- Turnover tax (Brazil)	45,275	72,786	-	-
- Social tax (Brazil)	364	288	-	-
- Other taxes	12,150	6,441	-	-
	<u>578,438</u>	<u>557,641</u>	<u>122,012</u>	<u>44,545</u>

## 27. Financial assets at fair value through profit or loss

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

	<b>Group</b>		<b>Company</b>	
	Sep 2010 Euro'000	Dec 2009 Euro'000	Sep 2010 Euro'000	Dec 2009 Euro'000
Fixed income securities:				
Listed funds	35,351	33,012	-	-
Bonds and other listed fixed income securities	-	47,749	-	-
	<u>35,351</u>	<u>80,761</u>	<u>-</u>	<u>-</u>
Variable income securities:				
Listed funds	433	4,091	-	-
	<u>433</u>	<u>4,091</u>	<u>-</u>	<u>-</u>
	<u>35,784</u>	<u>84,852</u>	<u>-</u>	<u>-</u>

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**28. Cash and cash equivalents**

**Cash and cash equivalents** are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
Cash:				
- Cash in hand	282	124	11	-
Bank deposits:				
- Current deposits	420,559	333,102	24,973	13,856
- Term deposits	341,201	613,506	-	-
- Other deposits	781	505	-	-
	<u>762,541</u>	<u>947,113</u>	<u>24,973</u>	<u>13,856</u>
Other short term investments:				
- Banks - Euros	209,713	915,156	186,000	877,500
- Banks - Other currencies	410,899	327,167	-	-
	<u>620,612</u>	<u>1,242,323</u>	<u>186,000</u>	<u>877,500</u>
Cash and cash equivalents	<u>1,383,435</u>	<u>2,189,560</u>	<u>210,984</u>	<u>891,356</u>

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

**29. Share capital and share premium**

EDP, S.A. is a company incorporated by shares in which the Portuguese State and other public entities have minority interests. The Company was incorporated as a State-owned company and started its privatisation process in 1997. The second and third phases of the privatisation process were carried out in 1998, the fourth phase in 2000, the fifth phase consisting of a capital increase in 2004 and a sixth phase in 2005. In December 2007 the State issued bonds convertible into shares of EDP, S.A. under the seventh phase of the privatisation process. The Portuguese State now holds directly and indirectly approximately 25.75% of the share capital of EDP, S.A.

The share capital amounts to 3,656,537,715 Euros and is represented by 3,656,537,715 fully paid up ordinary shares of 1 Euro each. Of this amount, 2,936,222,980 are class A shares and 720,314,735 are class B shares. The class B shares are held by Portuguese public entities.

**Share capital and Share premium** are analysed as follows:

	<b>Group and Company</b>	
	<b>Share capital</b>	<b>Share premium</b>
	<b>Euro'000</b>	<b>Euro'000</b>
Balance as at 31 December 2009	3,656,538	501,992
Movements during the period	-	-
Balance as at 30 September 2010	<u>3,656,538</u>	<u>501,992</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>	<b>Sep 2010</b>	<b>Sep 2009</b>
Net profit attributable to the equity holders of EDP (in Euros)	774,271,815	750,330,499	350,184,613	350,605,754
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	774,271,815	750,330,499		
Weighted average number of ordinary shares outstanding	3,622,827,108	3,621,124,554	3,624,340,108	3,622,637,554
Weighted average number of diluted ordinary shares outstanding	3,623,545,618	3,622,171,981	3,625,058,618	3,623,684,981
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.21	0.21		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.21	0.21		
Basic earnings per share from continuing operations (in Euros)	0.21	0.21		
Diluted earnings per share from continuing operations (in Euros)	0.21	0.21		

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.

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The average number of shares was determined as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>	<b>Sep 2010</b>	<b>Sep 2009</b>
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	-	-	-	-
<b>Average number of realised shares</b>	<b>3,656,537,715</b>	<b>3,656,537,715</b>	<b>3,656,537,715</b>	<b>3,656,537,715</b>
Effect of treasury stock	-33,710, 607	-35,413, 161	-32,197, 607	-33,900, 161
Average number of shares during the period	3,622,827,108	3,621,124,554	3,624,340,108	3,622,637,554
Effect of stock options	718,510	1,047,427	718,510	1,047,427
Diluted average number of shares during the period	3,623,545,618	3,622,171,981	3,625,058,618	3,623,684,981

### 30. Treasury stock

This caption is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
Book value of EDP, S.A. treasury stock (thousand Euros)	117,174	119,784	111,079	113,689
Number of shares	33,590,545	34,212,975	32,077,545	32,699,975
Market value per share (in Euros)	2.514	3.108	2.514	3.108
Market value of EDP, S.A.'s treasury stock (thousand Euros)	84,447	106,334	80,643	101,632
Operations performed from 1 January 2010 to 30 September 2010:	<b>EDP, S.A.</b>	<b>Energia RE</b>		
Volume acquired (number of shares)	698,719	-		
Purchase price average	2.71	-		
Volume sold (number of shares)	-1,321,149	-		
Selling price average	2.66	-		
Final position (number of shares)	32,077,545	1,513,000		
Highest market price (in Euros)	3.18	-		
Lowest market price (in Euros)	2.21	-		
Average market price (in Euros)	2.66	-		

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:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b> <b>Euro'000</b>	<b>Dec 2009</b> <b>Euro'000</b>	<b>Sep 2010</b> <b>Euro'000</b>	<b>Dec 2009</b> <b>Euro'000</b>
Legal reserve	502,888	471,387	502,888	471,387
Fair value reserve (cash flow hedge)	-1,051	80,444	26,437	56,561
Tax effect of fair value reserve (cash flow hedge)	3,214	-18,650	-7,901	-15,457
Fair value reserve (available-for-sale investments)	199,576	191,893	161,803	129,809
Tax effect of fair value reserve (available-for-sale investments)	-20,447	-17,790	-17,222	-12,077
Exchange differences arising on consolidation	252,082	166,032	-	-
Treasury stock reserve (EDP, S.A.)	111,079	113,689	111,079	113,689
Other reserves and retained earnings	1,658,027	1,241,728	1,162,556	1,124,095
	<b>2,705,368</b>	<b>2,228,733</b>	<b>1,939,640</b>	<b>1,868,007</b>



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*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 sheetdate, net of impairment losses. The changes in this consolidated caption for the year are as follows:

	Group	
	Increases Euro'000	Decreases Euro'000
<b>Balance as at 31 December 2008</b>	<b>322,565</b>	<b>-275,601</b>
Changes in fair value	125,352	-29,577
Transfer of impairment to profit or loss	-	29,531
Transfer to the income statement relating to assets sold	-1,517	-
<b>Balance as at 30 September 2009</b>	<b>446,400</b>	<b>-275,647</b>
Changes in fair value	54,404	-506
Transfer to the income statement relating to assets sold	-32,758	-
<b>Balance as at 31 December 2009</b>	<b>468,046</b>	<b>-276,153</b>
Changes in fair value	39,131	-31,371
Transfer to the income statement relating to assets sold	-77	-
<b>Balance as at 30 September 2010</b>	<b>507,100</b>	<b>-307,524</b>

Changes in fair value reserve attributable to the EDP Group during the nine months period ended 30 September 2010 are analysed as follows:

	Increases Euro'000	Decreases Euro'000
Ampla Energia e Serviços, S.A.	36,930	-
Ampla Investimentos e Serviços, S.A.	1,240	-
BCP	-	-25,196
Denerge	604	-
REN - Rede Eléctrica Nacional, S.A.	-	-6,130
Other	357	-45
	<b>39,131</b>	<b>-31,371</b>

*Exchange difference on consolidation*

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

Currency		Exchange rates at Sep 2010		Exchange rates at Dec 2009		Exchange-rate at Sep 2009	
		Closing rates	Average exchange-rate	Closing rates	Average exchange-rate	Closing rates	Average exchange-rate
Dollar	USD	1.365	1.315	1.441	1.390	1.464	1.360
Brazilian Real	BRL	2.320	2.341	2.511	2.783	2.605	2.851
Macao Pataca	MOP	10.910	10.528	11.506	11.088	11.606	10.855
Quetzal	GTQ	11.103	10.673	12.003	11.332	12.183	11.020
Zloty	PLN	3.985	4.004	4.105	4.362	4.230	4.421
Lei	RON	4.272	4.186	4.236	4.245	4.218	4.237
Pound Sterling	GBP	0.860	0.857	-	-	-	-

*Dividends*

On 16 April 2010, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders which occurred on 13 May 2010 over the net profit for the year 2009 in the amount of 566,763 thousand Euros, corresponding to a dividend of 0.155 Euros per share (including the treasury stock dividend amounting to 4,944 thousand Euros).

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**32. Minority interests**

This caption is analysed as follows:

	<b>Group</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>
Minority interests in income statement	95,905	144,772
Minority interests in reserves	2,761,860	2,543,487
	<u>2,857,765</u>	<u>2,688,259</u>

**Minority interests** , by company, are made up as follows:

	<b>Group</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>
EDP Renováveis Group	1,287,393	1,282,394
Energias do Brasil Group	1,516,533	1,346,792
Hidrocontábrico Group	26,272	35,534
Other	27,567	23,539
	<u>2,857,765</u>	<u>2,688,259</u>

During the nine months period ending 30 September 2010, EDP Group generated profits of 95,905 thousand Euros attributable to minority interests (31 December 2009: 144,772 thousand Euros).

The movement in minority interests of EDP Renováveis Group is mainly related to profits attributable to minority interests of 3,221 thousand Euros, negative exchange differences of 4,735 thousand Euros, negative variations of hedging fair value reserve (cash flow hedge) of 4,908 thousand Euros and variations resulting from acquisitions and share capital increases attributable to minority interests totalling 12,138 thousand Euros.

The movement booked in minority interests of Energias do Brasil Group includes 88,468 thousand Euros of profits attributable to minority interests, 99,486 thousand Euros from the positive exchange difference and a decrease of 19,402 thousand Euros related to dividends paid. Additionally, during the period of nine months ended at 30 September 2010, the variation of fair value reserve associated to available for sale financial assets, has originated an increase in the minority interests of 327 thousand Euros.

The movement in minority interests of the Hidrocontábrico Group includes 3,819 thousand Euros related to a share capital decrease on GED Cantabria following the amortisation of shares held by the minority interests.

The caption Other minority interests includes 26,772 thousand Euros related to the Gas subgroup subsidiaries in Portugal (31 December 2009: 22,287 thousand Euros).

**33. Hydrological account**

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

	<b>Group and Company</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>
Balance at the beginning of the period	112,631	237,822
Amounts received / (paid) during the period	-30,955	-
Financial charges	2,885	7,777
Balance at the end of the period	<u>84,561</u>	<u>245,599</u>

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**34. Financial debt**

This caption is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Short term debt and borrowings - Current</b>				
Bank loans:				
- EDP, S.A.	27,862	51,277	27,862	51,277
- EDP Energias do Brasil Group	131,744	119,661	-	-
- HC Energia Group	1,074	1,488	-	-
- Renewables Group	108,853	103,039	-	-
- Generation - Portugal	10,462	8,991	-	-
- Portgás	30,445	33,999	-	-
	<u>310,440</u>	<u>318,455</u>	<u>27,862</u>	<u>51,277</u>
Non convertible bond loans:				
- EDP, S.A.	747,352	-	747,352	-
- EDP Finance B.V.	499,512	499,861	-	-
- EDP Energias do Brasil Group	87,774	81,077	-	-
	<u>1,334,638</u>	<u>580,938</u>	<u>747,352</u>	<u>-</u>
Commercial paper:				
- EDP, S.A.	933,500	1,218,500	5,195,000	4,107,500
- EDP Energias do Brasil Group	-	91,586	-	-
- HC Energia Group	120,184	329,322	-	-
	<u>1,053,684</u>	<u>1,639,408</u>	<u>5,195,000</u>	<u>4,107,500</u>
Other loans:				
- EDP Energias do Brasil Group	7,365	5,402	-	-
- Renewables Group	3,877	4,096	-	-
- Generation - Portugal	1,228	701	-	-
	<u>12,470</u>	<u>10,199</u>	<u>-</u>	<u>-</u>
Accrued interest	206,582	245,481	29,130	36,063
	<u>2,917,814</u>	<u>2,794,481</u>	<u>5,999,344</u>	<u>4,194,840</u>
	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Medium and long term debts and borrowings - Non current</b>				
Bank loans:				
- EDP, S.A.	875,104	759,024	875,104	759,024
- EDP Finance B.V.	3,541,807	3,206,321	-	-
- EDP Energias do Brasil Group	827,353	707,426	-	-
- HC Energia Group	4,011	4,991	-	-
- Renewable Group	406,175	402,599	-	-
- Generation - Portugal	182,278	185,046	-	-
- Portgás	58,208	66,862	-	-
	<u>5,894,936</u>	<u>5,332,269</u>	<u>875,104</u>	<u>759,024</u>
Non convertible bond loans:				
- EDP, S.A.	427,662	1,174,742	427,662	1,174,742
- EDP Finance B.V.	8,023,577	6,795,215	-	-
- EDP Energias do Brasil Group	289,790	180,639	-	-
	<u>8,741,029</u>	<u>8,150,596</u>	<u>427,662</u>	<u>1,174,742</u>
Other loans:				
- Preference shares of Investco	19,465	22,494	-	-
- EDP Energias do Brasil Group	47,534	37,349	-	-
- Renewable Group	28,305	29,530	-	-
- Generation - Portugal	5,203	6,151	-	-
	<u>100,507</u>	<u>95,524</u>	<u>-</u>	<u>-</u>
	<u>14,736,472</u>	<u>13,578,389</u>	<u>1,302,766</u>	<u>1,933,766</u>
Other liabilities:				
- Fair value of the issued debt hedged risk	11,308	-91,890	18,889	28,627
	<u>14,747,780</u>	<u>13,486,499</u>	<u>1,321,655</u>	<u>1,962,393</u>
	<u>17,665,594</u>	<u>16,280,980</u>	<u>7,320,999</u>	<u>6,157,233</u>

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EDP Group, at EDP, S.A. level, has short-term credit facilities of 259,410 thousand Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, of which 244,410 thousand Euros have a firm underwriting commitment, being available 244,410 thousand Euros; as well as Commercial Paper programs of 650,000 thousand Euros with guaranteed placement, being totally available as at 30 September 2010. EDP, S.A. has a medium term Revolving Credit Facility (RCF) of 1,600,000 thousand Euros, with a firm underwriting commitment, totally available. For liquidity management needs in USD, EDP, S.A. has a RCF of 1,500,000 thousand USD with a firm underwriting commitment, which as at 30 September 2010 is totally drawn.

The Group has project finance loans with the usual guarantees for such loans, namely pledged or promissory pledges over shares, bank accounts and assets relating to the projects. As at 30 September 2010 and 31 December 2009 these loans amounted to 704,850 thousand Euros and 716,429 thousand Euros, respectively (amounts already included in the Group's consolidated debt).

The nominal value of **Bond loans issued and outstanding**, as at 30 September 2010, is analysed as follows:

Issuer	Date issued	Interest rate	Type of hedge	Conditions/ Redemption	Group Euro'000	Company Euro'000
<b>Issued by EDP S.A.</b>						
EDP, S.A.	Mar-03	Euribor 6 months + 0.5%	n.a.	Mar-13	150,000	150,000
EDP, S.A. (ii)	May-08	Variable rate (iv)	n.a.	May-18	300,000	300,000
					<u>450,000</u>	<u>450,000</u>
<b>Issued under the Euro Medium Term Notes program</b>						
EDP, S.A.	Mar-01	Fixed rate EUR 5.875%	Fair Value	Mar-11	747,352	747,352
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 4.25%	n.a.	Jun-12	500,000	-
EDP Finance B.V.	Jun-06	Fixed rate EUR 4.625%	n.a.	Jun-16	500,000	-
EDP Finance B.V.	Nov-07	Fixed rate USD 5.375 %	Net Investment	Nov-12	732,708	-
EDP Finance B.V.	Nov-07	Fixed rate USD 6.00 %	Net Investment	Feb-18	732,708	-
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) (i)	Feb-09	Fixed rate EUR 5.5%	Fair Value	Feb-14	1,000,000	-
EDP Finance B.V. (i)	Jun-09	Fixed rate JPY (iv)	Net Investment	Jun-19	76,619	-
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	732,708	-
EDP Finance B.V.	Feb-10	Variable Rate USD (iv)	Net Investment	Feb-15	73,271	-
EDP Finance B.V. (i)	Mar-10	Fixed Rate EUR 3.25%	Fair Value	Mar-15	1,000,000	-
EDP Finance B.V.	Jun-10	Variable Rate EUR (iv)	n.a.	Jun-11	500,000	-
					<u>9,379,037</u>	<u>747,352</u>
<b>Issued by the EDP Energias do Brasil Group in the Brazilian domestic market</b>						
Investco	Nov-01	IGPM + 10.5%	n.a.	Nov-11	27,866	-
Bandeirante	Apr-06	104.4% do CDI	n.a.	Mar-11	35,918	-
Bandeirante	Jul-10	CDI + 1.50%	n.a.	Jun-14	168,096	-
Escelsa	Jun-06	104.4% do CDI	n.a.	Jun-11	37,929	-
Escelsa	Jul-07	105.0% do CDI	n.a.	Jul-14	107,754	-
					<u>377,563</u>	<u>-</u>
					<u>10,206,600</u>	<u>1,197,352</u>

(i) These issues by EDP Finance BV have associated interest rate swaps and/or currency swaps.

(ii) Fixed in each year, varies during the useful life of the loan.

(iii) Part of this loan has associated interest rate swaps.

(iv) These issues correspond to private placements.

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**Debt and borrowings** by maturity, are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Bank loans and overdrafts:</b>				
Up to 1 year	329,049	324,586	28,823	52,513
From 1 to 5 years	4,564,276	4,012,942	164,777	131,155
More than 5 years	1,330,660	1,319,327	710,327	627,869
	<u>6,223,985</u>	<u>5,656,855</u>	<u>903,927</u>	<u>811,537</u>
<b>Bond loans:</b>				
Up to 1 year	1,521,848	820,699	775,471	34,726
From 1 to 5 years	4,233,232	3,232,718	146,551	891,685
More than 5 years	4,519,105	4,825,988	300,000	311,684
	<u>10,274,185</u>	<u>8,879,405</u>	<u>1,222,022</u>	<u>1,238,095</u>
<b>Commercial paper:</b>				
Up to 1 year	1,053,734	1,638,513	5,195,050	4,107,601
<b>Other loans:</b>				
Up to 1 year	13,183	10,683	-	-
From 1 to 5 years	52,625	42,921	-	-
More than 5 years	47,882	52,603	-	-
	<u>113,690</u>	<u>106,207</u>	<u>-</u>	<u>-</u>
	<u>17,665,594</u>	<u>16,280,980</u>	<u>7,320,999</u>	<u>6,157,233</u>

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

	<b>Sep 2010</b>		<b>Dec 2009</b>	
	<b>Carrying amount</b>	<b>Market value</b>	<b>Carrying amount</b>	<b>Market value</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
Short term debt and borrowings - Current	2,917,814	2,746,506	2,794,481	2,547,504
Medium/Long term debt and borrowings - Non current	14,747,780	15,358,878	13,486,499	14,110,568
	<u>17,665,594</u>	<u>18,105,384</u>	<u>16,280,980</u>	<u>16,658,072</u>

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

As at 30 September 2010, scheduled repayments of Group's debt and borrowings including interest accrued are as follows:

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Following years</b>	<b>Total</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
Medium/long term debt and borrowings	-	245,589	1,774,359	2,551,656	2,445,108	7,731,068	14,747,780
Short term debt and borrowings	1,336,802	1,581,012	-	-	-	-	2,917,814
	<u>1,336,802</u>	<u>1,826,601</u>	<u>1,774,359</u>	<u>2,551,656</u>	<u>2,445,108</u>	<u>7,731,068</u>	<u>17,665,594</u>

Future payments of capital in debt and interests and guarantees are detailed in note 41.

### 35. Employee benefits

**Employee benefits** are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
Provisions for social liabilities and benefits	1,053,124	1,109,347	-	-
Provisions for medical liabilities and other benefits	778,619	770,357	-	-
	<u>1,831,743</u>	<u>1,879,704</u>	<u>-</u>	<u>-</u>

Provisions for social liabilities and benefits as at 30 September 2010 include 1,041,285 thousand Euros relating to retirement pension defined benefit plans (31 December 2009: 1,095,981 thousand Euros) and 11,839 thousand Euros (31 December 2009: 13,366 thousand Euros) relating to the estimated cost of services rendered by third parties under the human resources rationalisation program.

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The movement in **Provisions for social liabilities and benefits** during the period of nine months ended at 30 September 2010 is analysed as follows :

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>	<b>Sep 2010</b>	<b>Sep 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
Balance at the beginning of the period	1,109,347	1,082,905	-	-
Charge for the period	42,178	47,209	-	-
Pre-retirements (curtailments)	-	10,252	-	-
Actuarial (gains)/losses	16,049	2,927	-	-
Charge-off	-120,361	-111,144	-	-
Transfers, reclassifications and exchange differences	5,911	-714	-	-
Balance at the end of the period	<u>1,053,124</u>	<u>1,031,435</u>	<u>-</u>	<u>-</u>

On September 2009, the charge for the period includes 43,252 thousand Euros related with defined benefit plans and 3,957 thousand Euros related with human resources rationalisation program and similar obligations of Hidrocontabrio Group.

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

	<b>Sep 2010</b>			
	<b>Portugal</b>	<b>Spain</b>	<b>Brazil</b>	<b>Group</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Cost for the period</b>				
Current service cost	10,019	369	-427	9,961
Interest cost	73,677	3,474	19,814	96,965
Expected return on plan assets	-44,291	-	-20,457	-64,748
<b>Net cost for the period</b>	<u>39,405</u>	<u>3,843</u>	<u>-1,070</u>	<u>42,178</u>

  

	<b>Sep 2009</b>			
	<b>Portugal</b>	<b>Spain</b>	<b>Brazil</b>	<b>Group</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Cost for the period</b>				
Current service cost	8,786	381	360	9,527
Interest cost	78,827	3,576	15,846	98,249
Expected return on plan assets	-45,817	-	-14,657	-60,474
Curtailments / Settlements	10,252	-	-	10,252
Plan participants contributions	-	-	-686	-686
Other	-	-	593	593
<b>Net cost for the period</b>	<u>52,048</u>	<u>3,957</u>	<u>1,456</u>	<u>57,461</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>	<b>Sep 2010</b>	<b>Sep 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
Balance at the beginning of the period	770,358	750,982	-	-
Charge for the period	36,030	36,859	-	-
Actuarial (gains)/losses	-531	-3,724	-	-
Charge-off	-27,530	-22,534	-	-
Transfers, reclassifications and exchange differences	292	4,014	-	-
Balance at the end of the period	<u>778,619</u>	<u>765,597</u>	<u>-</u>	<u>-</u>

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

	<b>Sep 2010</b>			<b>Sep 2009</b>		
	<b>Portugal</b>	<b>Brazil</b>	<b>Group</b>	<b>Portugal</b>	<b>Brazil</b>	<b>Group</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Cost for the period</b>						
Current service cost	5,223	108	5,331	4,965	79	5,044
Interest cost	28,218	2,481	30,699	30,856	959	31,815
<b>Net cost for the period</b>	<u>33,441</u>	<u>2,589</u>	<u>36,030</u>	<u>35,821</u>	<u>1,038</u>	<u>36,859</u>

As at 30 September 2010, 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 2009.

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**36. Provisions for liabilities and charges**

**Provisions for liabilities and charges** are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
Provision for legal and labour matters and other contingencies	106,296	94,520	-	-
Provision for customer guarantees under current operations	51,040	28,561	-	-
Provision for other liabilities and charges	258,526	219,674	30,775	18,637
	<b>415,862</b>	<b>342,755</b>	<b>30,775</b>	<b>18,637</b>

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 million Euros regarding its subsidiary, EDP Internacional SGPS, related with the tax treatment considered by the EDP Group in relation to a capital loss generated with the liquidation of a subsidiary, which main assets consists in investments in operating subsidiaries in Brazil, namely Escelsa and Enersul. As at 30 September 2010, the amount of this Tax contingency totals 195.1 million Euros.

Considering the analysis made and 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 at the date of the transaction.

Consequently, EDP Group is currently executing all available legal means to defend its interest and those of its shareholders, based on the conviction that reason is on its side, both from a legal and tax perspective. The Group intends to, at a final instance, call upon a judicial proceeding, if necessary.

**37. Trade and other payables**

**Trade and other payables** are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Trade and other payables - Current:</b>				
Suppliers	931,031	803,457	132,741	110,501
Property, plant and equipment suppliers	607,263	901,417	987	7,217
Advances from customers	30,804	29,500	43	43
Other payables:				
- Employees	27,857	56,949	6,210	6,901
- Supply of other goods and services	168,288	193,914	25,724	9,777
- Concession rents	14,989	15,822	-	-
- Amount payable to the regulatory entity in Brazil	20,084	11,988	-	-
- Amount to be invested in research and development - Brazil	25,067	16,449	-	-
- Amounts payable for electricity transactions in MIBEL	47,306	-	47,306	-
Payables - related companies	66,196	30,481	-	-
Payables from the Regulated Activity	6,644	40,159	-	-
Energetic efficiency program - Brazil	27,223	21,056	-	-
Holiday pay, bonus and other charges	88,079	96,606	736	587
Derivative financial instruments	56,371	88,745	84,280	132,349
Government grants and co-participation in investment in fixed assets	1,302	1,322	-	-
Accrued costs - Energy management business	51,991	17,132	120,079	102,176
Accrued costs - Energy purchase (PRE)	90,176	143,280	-	-
Accrued income - supply energy	28,366	20,395	-	-
Accrued costs relating to the fix network utilization tariff	8,331	72,140	-	-
CO2 emission licenses	167,007	341,446	-	-
Accrued costs - Subcontracts (Horizon)	26,275	22,841	-	-
Deferred income - CMEC	31,460	92,446	-	-
OMIP futures (own use)	2,738	9,620	528	9,620
Amounts payable for tariff adjustments - Portugal	431,766	1,056,236	-	-
Amounts payable for tariff adjustments - Spain	-	65,231	-	-
Tariff adjustment payable	14,317	14,317	-	-
Creditors - Group companies	-	-	612,899	621,941
Put options over minority interests liabilities	303,722	710,113	-	-
Amounts payable for the acquisition of companies	413,212	-	-	-
Other creditors and sundry operations	402,161	298,445	56,924	31,268
	<b>4,090,026</b>	<b>5,171,507</b>	<b>1,088,457</b>	<b>1,032,380</b>

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	Group		Company	
	Sep 2010 Euro'000	Dec 2009 Euro'000	Sep 2010 Euro'000	Dec 2009 Euro'000
<b>Trade and other payables - Non-Current</b>				
State participation in Multipurpose hydroelectric power stations	11,906	10,893	11,906	10,893
Deposits received from customers and other debtors	35,620	37,670	3	3
Payables to associates	148,771	121,006	-	-
Suppliers of property, plant and equipment	8,988	6,789	1,832	1,888
Government grants for investment in fixed assets	405,251	413,897	-	-
Put options over minority interests liabilities	124,819	101,622	-	-
Amounts payable for tariff adjustments - Portugal	185,839	88,479	-	-
Energy sales contracts - Horizon	86,884	97,951	-	-
Deferred income - CMEC	340,185	381,278	-	-
Liability to institutional investors in corporate partnership in wind farms in the USA	1,560,258	1,353,612	-	-
Amounts payable for concessions	250,069	235,903	-	-
Derivative financial instruments	145,709	178,628	-	773
Payables - Group companies (EDP Finance BV)	-	-	3,198,139	2,809,277
Amounts payable for the acquisition of companies	209,903	21,230	-	-
Success fees payable related to companies acquisitions	81,085	50,526	-	-
Other creditors and sundry operations	53,932	53,261	1,503	1,907
	<u>3,649,219</u>	<u>3,152,745</u>	<u>3,213,383</u>	<u>2,824,741</u>

In the caption Put options over minority interests liabilities short term, as referred under Accounting policies - note 2 b) the Group books the effect of written put options related to interests held by minority interests in EDP Group subsidiaries, at the acquisition date or in a subsequent date, as an anticipated acquisition of those minority interests, booking a financial liability for the present value of the best estimate of the payable amount, regardless of the probability of the options being exercised. As at 30 September 2010 the responsibilities with options over minority interests include the put option of Caja Madrid over EDPR EU for 20% of Genesa share capital of 303,722 thousand Euros (31 December 2009: 303,722 thousand Euros).

In the caption Put options over minority interests liabilities medium / long term as at 30 September 2010 the responsibilities with options over minority interests include the put option of Cajastur over EDP for 3.13% of HC Energia share capital of 87,993 thousand Euros (31 December 2009: 100,812 thousand Euros) and the put option of Energia in Natura over EDP R-EU of 15% of EDPR Italia share capital of 36,019 thousand Euros.

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 from EVE of 29.43% of the share capital of Naturgas; (ii) HC 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 shareholder position. As a consequence of the above mentioned agreement, as at 30 September 2010 the captions amounts payable for the acquisition of companies - Current and Non current include the amounts of 413,212 thousand Euros and 209,650 thousand Euros, respectively.

At the moment of the Horizon acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flows models and market assumptions at 190,400 thousand USD, being booked as a non current liability under Energy sales contract - Horizon, which is depreciated over the useful life of the contracts under Other operational income (see note 7).

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

	Current Euro'000	Non-Current Euro'000
<b>Balance as at 1 January 2009</b>	300,073	-
Payment through the electricity tariff	-236,996	-
Tariff adjustment of 2008	-	34,150
Tariff adjustment of the period	-	783,371
Interest expense	12,673	245
Transfer from Non-Current to Current	<u>25,613</u>	<u>-25,613</u>
<b>Balance as at 30 September 2009</b>	<u>101,363</u>	<u>792,153</u>
Payments through the electric energy tariff	-78,999	-
Tariff adjustment of 2008	-	-6
Tariff adjustment for the period	-	325,881
Interest expense	3,249	1,074
Transfer from Non-Current to Current	<u>1,030,623</u>	<u>-1,030,623</u>
<b>Balance as at 31 December 2009</b>	<u>1,056,236</u>	<u>88,479</u>
Payments through the electric energy tariff	-810,357	-
Tariff adjustment of 2009	16,047	5,349
Tariff adjustment for the period	84,370	158,060
Interest expense	19,111	310
Transfer from Non-Current to Current	<u>66,359</u>	<u>-66,359</u>
<b>Balance as at 30 September 2010</b>	<u>431,766</u>	<u>185,839</u>



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**38. Tax payable**

**Tax payable** is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
State and other public entities:				
- Income tax	251,897	599,032	81,032	483,912
- Withholding tax	22,942	40,186	200	277
- Social Security contributions	9,926	9,982	19	20
- Value added tax (VAT)	37,063	42,344	141	385
- Turnover tax (Brazil)	66,230	57,179	-	-
- Social tax (Brazil)	35,958	41,402	-	-
- Other taxes	143,395	137,881	-	-
	<b>567,411</b>	<b>928,006</b>	<b>81,392</b>	<b>484,594</b>

As at 30 September 2010, Other taxes include foreign taxes regarding HC Energia Group of 55,117 thousand Euros, Naturgas Group of 33,635 thousand Euros (31 December 2009: HC Energia Group 44,225 thousand Euros and Naturgas Group of 31,671 thousand Euros) and Energia do Brazil Group of 47,047 thousand Euros (31 December 2009: 55,347 thousand Euros).

**39. Assets and liabilities classified as held for sale**

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

This caption is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
<b>Assets classified as held for sale</b>				
Electricity transport equipment - Hidrocantabrico	30,951	-	-	-
Investment held in associate Distribuidora Eléctrica de Centro America Dos ("Deca II")	37,322	-	48,039	-
	<b>68,273</b>	<b>-</b>	<b>48,039</b>	<b>-</b>

In 2010, EDP Group has reclassified to held for sale the electricity lines and substations belonging to Hidrocantabrico with a net amount of 30,951 thousand Euros. This reclassification results from the EDP Group expectations that the legal obligation to sell these electricity transport assets of Rede Eléctrica de España will occur in a 12 months period.

EDP Group has reclassified to held for sale its shareholding of 21% of DECA II share capital in the amount of 37,322 thousand Euros. This reclassification results from the decision to sell this investment, which has been concluded on 21 October 2010 with the signature of an agreement with Empresas Públicas de Medellín.

**40. 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 net investment hedge.

The fair value of the derivative financial instruments portfolio as at 30 September 2010 and 31 December 2009 is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Sep 2010</b>	<b>Dec 2009</b>	<b>Sep 2010</b>	<b>Dec 2009</b>
	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>	<b>Euro'000</b>
Derivatives held for trading	16,530	-3,716	6,293	-9,767
Fair value hedge	57,961	-27,086	140,566	67,993
Cash-flow hedge	-54,682	39,740	28,987	62,457
	<b>19,809</b>	<b>8,938</b>	<b>175,846</b>	<b>120,683</b>

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**41. Commitments**

Financial and real guarantees granted by the EDP Group, not included in the balance sheet as at 30 September 2010 and 31 December 2009, are analysed as follows:

Type	Group		Company	
	Sep 2010 Euro'000	Dec 2009 Euro'000	Sep 2010 Euro'000	Dec 2009 Euro'000
<b>Guarantees of a financial nature</b>				
EDP, S.A.	564,045	396,175	564,045	396,175
Hidrocontábrico Group	43,886	36,858	-	-
Brazil Group	12,659	46,587	-	-
EDP Renováveis Group	24,070	9,465	-	-
Other	3,711	3,720	-	-
	<u>648,371</u>	<u>492,805</u>	<u>564,045</u>	<u>396,175</u>
<b>Guarantees of an operating nature</b>				
EDP, S.A.	918,730	829,891	918,730	829,891
Hidrocontábrico Group	349,543	324,839	-	-
Brazil Group	110,688	102,732	-	-
EDP Renováveis Group	1,608,923	1,613,885	-	-
Other (Portugal)	25,080	25,191	-	-
	<u>3,012,964</u>	<u>2,896,538</u>	<u>918,730</u>	<u>829,891</u>
<b>Total</b>	<u>3,661,335</u>	<u>3,389,343</u>	<u>1,482,775</u>	<u>1,226,066</u>
<b>Real guarantees</b>	<u>12,919</u>	<u>12,504</u>	<u>-</u>	<u>-</u>

The financial guarantees contracted include, at 30 September 2010 and 31 December 2009, 536,769 thousand Euros and 452,063 thousand Euros, respectively, relating to loans obtained by Group companies and already included in the consolidated debt. These include guarantees of 337,121 thousand Euros at 30 September 2010 for loans obtained by Brazilian companies to finance the construction of hydro electrical plants, which have counter-guarantees of 125,046 thousand Euros received by EDP from partners in these projects.

EDP and its subsidiaries are required to provide bank or corporate guarantees of an operating nature for the current generation and distribution activities. The total operating guarantees outstanding include, at 30 September 2010 and 31 December 2009, 521,408 thousand Euros and 439,030 thousand Euros, respectively, of guarantees provided to market operators to enable EDP and its subsidiaries to participate in the energy markets.

The Group also has *project finance* loans with usual guarantees for these loans, namely pledged assets or promissory pledges over shares, bank accounts and assets relating to the projects. At 30 September 2010 and 31 December 2009 these loans amounted to 704,850 thousand Euros and 716,429 thousand Euros, respectively, and are included in the Group's consolidated debt.

The commitments relating to short and medium/long term financial debt, finance lease commitments and other long term commitments (included in the balance sheet) and other liabilities relating to purchases and future lease payments under operating leases (not included in the balance sheet) are disclosed, as at 30 September 2010 and 31 December 2009, by maturity, as follows:

	Sep 2010				
	Capital outstanding by maturity				
	Total Euro'000	Less than 1 year Euro'000	From 1 to 3 years Euro'000	From 3 to 5 years Euro'000	More than 5 years Euro'000
Short and long term financial debt (including interest)	21,216,765	3,388,659	4,407,795	6,338,028	7,082,283
Finance lease commitments	8,133	857	5,638	1,638	-
Operating lease commitments	538,178	33,210	68,915	65,234	370,819
Purchase obligations	38,335,391	2,534,744	6,818,106	4,118,269	24,864,272
Other long term commitments	2,482,672	278,664	519,169	465,185	1,219,654
	<u>62,581,139</u>	<u>6,236,134</u>	<u>11,819,623</u>	<u>10,988,354</u>	<u>33,537,028</u>
	Dec 2009				
	Capital outstanding by maturity				
	Total Euro'000	Less than 1 year Euro'000	From 1 to 3 years Euro'000	From 3 to 5 years Euro'000	More than 5 years Euro'000
Short and long term financial debt (including interest)	19,905,950	3,145,007	3,679,269	5,477,719	7,603,955
Finance lease commitments	7,178	2,957	3,862	359	-
Operating lease commitments	476,479	36,143	61,991	54,383	323,962
Purchase obligations	40,463,940	4,762,822	7,578,651	5,990,735	22,131,732
Other long term commitments	2,510,646	243,036	498,702	485,940	1,282,968
	<u>63,364,193</u>	<u>8,189,965</u>	<u>11,822,475</u>	<u>12,009,136</u>	<u>31,342,617</u>

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

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

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 balance sheet (note 35 — Employee benefits).

As at 30 September 2010, 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;
- Put option of Caja Madrid over EDP Renewables Europe, S.A. for 20% of its investment in Genesa. The option can be exercised between January 2010 and January 2011, being the price of exercising the option determined by an investment bank valuation process;
- EDP holds, through its subsidiary EDP Renewables Europe, S.A., a call option over Cajastur for "Quinze Mines" share capital (51% of total share capital). Cajastur has an equivalent put option over EDP. This option can be exercised between 1 January 2012 and 1 January 2013, being the price of exercising the option determined by an investment bank valuation process;
- EDP holds, through its subsidiary EDP Renewables Europe, S.A., a call option over the shares held by Cajastur for the companies "Sauvageon", "Le Mee" and "Petit Peece" (51% of total share capital). Cajastur has an equivalent put option over EDP. This option can be exercised between 1 January 2014 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.A., a call option over Copcisa for 49% of Corbera and Vilalba share capital;
- EDP holds, through its subsidiary Veinco Energia Limpia, S.L. a call option over Jorge, S.L. for 8.5% of the share capital of Apineli — Aplicaciones Industriales de Energias Limpas, S.L. This option can be exercised until 18 April 2014;
- The EDP Group, through its subsidiary EDP - Energias do Brasil, acquired an interest of 3.16% in Denerge following the asset swap transaction occurred in August 2008 with Rede Group. The acquisition contract for this investment includes an option clause, to swap Denerge shares for a subscription of Rede Group shares in a potential Initial Public Offering, or an equivalent shareholding in preferred shares of Rede Energia, S.A. at a price of 5.68 BRL per share;
- Alstom Portugal, S.A. holds a put option over EDP Produção S.A. of the investment in Soporgen (10%), exercisable at any time until six months before the final project date (30 September 2015). The price of the options corresponds to the proportion of Alstom Portugal, SA in the equity of Soporgen, SA on the date of the option;
- Soporcel holds a call option over the shares held by EDP, exercisable on 30 September 2015, with an exercise price of 5 Euros, to be paid in proportion to the shares held by Alstom Portugal, S.A. and EDP Produção S.A.;
- Soporcel holds a call option exercisable at any time of the shares held by EDP Produção, S.A. in Soporgen. This option is exercisable at any time until 31 December 2014. The exercise price is fixed depending on the date of exercise of the option;
- EDP holds, through its subsidiary EDP Renewables Europe, a call option of the remaining 15% of the share capital of EDP Renewables Italia, with an exercise price based on an independent process evaluation conducted by an independent expert. Energia in Natura, S.r.l. holds a put option for 15% of the share capital of EDP Renewables Italia, whose exercise price corresponds to 85% of the market value of this participation. The exercise period of the options is 2 years after occurrence of one of the following events:
  - Fifth anniversary of the execution of the shareholders agreement (27 January 2015);
  - When EDP Renewables Italy is able to build, develop and operate 350 MW in Italy.

#### **42. Share based payments**

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

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 Executive Board of Directors and can only be exercised after two years of service.

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

	<b>Option activity</b>	<b>Weighted average exercise price (Euros)</b>
Balance as at 31 December 2008	1,117,485	2.21
Options exercised	105,088	
Options granted	-	
Balance as at 30 September 2009	<u>1,012,397</u>	2.21
Balance as at 31 December 2009	1,012,397	2.21
Options exercised	406,920	
Options granted	-	
Balance as at 30 September 2010	<u>605,477</u>	2.22

Information regarding stock options as at 30 September 2010:

<b>Options outstanding</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining contractual life</b>	<b>Options exercisable</b>	<b>Fair value options Euro'000</b>
605,477	2.22	3.19	605,477	438,389

During the nine months period ending 30 September 2010 no stock options cost was recognised as the past service cost of granted options was recognised in prior years.

During the nine months period ended at 30 September 2010, EDP Group granted treasury stocks to employees (744,935 shares) totalling 2,118 thousand Euros.

#### **43. Related parties**

##### **Main shareholders and shares held by company officers**

EDP - Energias de Portugal S.A. shareholder structure as at 30 September 2010 is analysed as follows:

	<b>Nr. of Shares</b>	<b>% Capital</b>	<b>% Voting</b>
Parpública Group	824,564,155	22.55%	21.98%
Iberdrola - Participações, SGPS, S.A.	248,437,516	6.79%	5.00%
Caixa Geral de Depósitos Group	117,083,950	3.20%	2.72%
Caja de Ahorros de Asturias Group	183,257,513	5.01%	5.00%
José de Mello - SGPS, S.A.	176,340,958	4.82%	4.82%
Senfora, SARL	148,431,999	4.06%	4.06%
Millennium BCP Group and Pension Fund	123,553,926	3.38%	3.38%
Banco Espírito Santo Group	111,013,214	3.04%	3.04%
Sonatrach	81,713,076	2.23%	2.23%
EDP Group (Treasury stock)	33,590,545	0.92%	
Remaining shareholders	<u>1,608,550,863</u>	<u>44.00%</u>	
	<b><u>3,656,537,715</u></b>	<b><u>100.0%</u></b>	

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**Balances and transactions with subsidiaries and associates**

As at 30 September 2010, the **credits** over subsidiaries and associates, at **Company** level and eliminated in the consolidated financial statements are analysed as follows:

	Intra-Group Financial Mov. Euro'000	Loans Granted Euro'000	Other Receivables Euro'000	Total Euro'000
<b>Companies</b>				
Balwerk	4,210	265,000	6,951	276,161
EDP Produção Bioelétrica	-	12,458	132	12,590
EDP Produção	246,404	3,523,515	201,592	3,971,511
EDP Distribuição	786,096	928,125	151,517	1,865,738
EDP Comercial	61,654	51,060	33,627	146,341
EDP Finance	-	-	753,936	753,936
EDP Gas Com	-	-	11,133	11,133
EDP Imobiliária e Participações	968	175,298	1,597	177,863
EDP Inovação	1,448	4,921	547	6,916
EDP Soluções Comerciais	-	-	7,239	7,239
EDP Renováveis	-	-	120,941	120,941
EDP Renewables Europe	-	-	4,480	4,480
EDP Serviço Universal	-	-	2,469	2,469
EDP Gás	41,198	82,400	1,822	125,420
EDP Valor	-	-	4,696	4,696
Electrica Ribera del Ebro	-	-	1,985	1,985
Hidrocontábrico Distribuição Elétrica S.A.U.	-	-	891	891
Hidrocontábrico Energia	-	-	2,870	2,870
HDC Gestion de Energia	-	428,818	33	428,851
Hidroelétrica del Cantábrico	326	23,721	14,561	38,608
EDP Internacional	2,965	1,321	568	4,854
Naturgas Energía Servicios	-	-	3,023	3,023
EDP Investimentos	1,117	15,000	404	16,521
Pebble Hydro	-	-	4,471	4,471
Portgás	-	-	1,197	1,197
Other	18	-	6,309	6,327
	<u>1,146,404</u>	<u>5,511,637</u>	<u>1,338,991</u>	<u>7,997,032</u>

As at 31 December 2009, the **credits** over subsidiaries and associates, at **Company** level and eliminated in the consolidated financial statements are analysed as follows:

	Intra-Group Financial Mov. Euro'000	Loans Granted Euro'000	Other Receivables Euro'000	Total Euro'000
<b>Companies</b>				
Balwerk	17,741	265,000	1,604	284,345
EDP Produção Bioelétrica	-	13,045	94	13,139
EDP Produção	2,459	3,693,962	213,626	3,910,047
EDP Brasil	-	-	14,947	14,947
EDP Distribuição	3,960	628,125	120,967	753,052
EDP Comercial	115,409	-	50,365	165,774
EDP Finance	-	15,183	1,190	16,373
EDP Gás.Com	-	-	3,902	3,902
EDP Imobiliária e Participações	4,349	206,622	505	211,476
EDP Inovação	3,893	2,545	269	6,707
EDP Soluções Comerciais	-	-	22,828	22,828
EDP Renováveis	-	-	17,016	17,016
EDP Serviço Universal	-	-	254,574	254,574
EDP Gás	35,944	47,452	1,115	84,511
EDP Valor	-	-	13,837	13,837
Electrica Ribera del Ebro	-	-	8,443	8,443
Energin	-	-	1,135	1,135
EDP Renováveis Portugal	-	-	1,177	1,177
HDC Gestion de Energia	-	303,139	-	303,139
Hidroelétrica del Cantábrico	-	55,616	32,082	87,698
EDP Internacional	1,007	1,047	336	2,390
Labelec	-	-	2,138	2,138
EDP Investimentos	-	17,000	976	17,976
Soporgen	-	-	877	877
Other	-	-	5,910	5,910
	<u>184,762</u>	<u>5,248,736</u>	<u>769,913</u>	<u>6,203,411</u>

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As at 30 September 2010, the **debits** from subsidiaries and associates, **at Company level** and eliminated in the consolidated financial statements are analysed as follows:

	<b>Intra-Group Financial Mov. Euro'000</b>	<b>Loans Obtained Euro'000</b>	<b>Other Payables Euro'000</b>	<b>Total Euro'000</b>
<b>Companies</b>				
EDP Produção	-	-	182,707	182,707
EDP Distribuição	-	-	42,019	42,019
EDP Estudos e Consultoria	5,918	-	5,211	11,129
EDP Finance	-	3,496,180	67,829	3,564,009
EDP Gas Com	804	-	4,391	5,195
EDP Imobiliária e Participações	-	-	4,118	4,118
EDP Inovação	-	-	2,020	2,020
EDP Soluções Comerciais	75,981	-	778	76,759
EDP Renováveis	-	73,115	6	73,121
EDP Renewables Europe	-	36,974	20	36,994
EDP Serviner	1,107	-	162	1,269
EDP Serviço Universal	99,976	-	158,676	258,652
EDP Valor	18,754	-	1,758	20,512
Electrica Ribera del Ebro	-	-	12,019	12,019
Hidroeléctrica do Guadiana (Alqueva)	-	-	3,613	3,613
Hidroeléctrica del Cantábrico	-	-	28,322	28,322
Labelec	722	-	208	930
Naturgás	-	93,036	179	93,215
NQF Gás III SGPS	62,488	-	200	62,688
OPTEP	-	-	889	889
Sávida	12,394	-	165	12,559
Other	-	1	3,464	3,465
	<u>278,144</u>	<u>3,699,306</u>	<u>518,754</u>	<u>4,496,204</u>

As at 31 December 2009, the **debits** from subsidiaries and associates, **at Company level** and eliminated in the consolidated financial statements are analysed as follows:

	<b>Intra-Group Financial Mov. Euro'000</b>	<b>Loans Obtained Euro'000</b>	<b>Other Payables Euro'000</b>	<b>Total Euro'000</b>
<b>Companies</b>				
EDP Produção	-	-	102,718	102,718
EDP Distribuição	-	-	16,041	16,041
EDP Comercial	-	-	6,354	6,354
EDP Estudos e Consultoria	3,284	-	6,562	9,846
EDP Finance	-	3,337,359	36,740	3,374,099
EDP Imobiliária e Participações	-	-	6,402	6,402
EDP Inovação	-	-	4,599	4,599
EDP Soluções Comerciais	38,123	-	-	38,123
EDP Renováveis	-	37,690	-	37,690
EDP Serviner	1,304	-	24	1,328
EDP Valor	31,308	-	792	32,100
Electrica Ribera del Ebro	-	-	28,933	28,933
Energin	-	-	2,446	2,446
Hidrocantábrico Energia	-	-	1,219	1,219
Hidroeléctrica do Guadiana (Alqueva)	-	-	1,143	1,143
Hidroeléctrica del Cantábrico	4,604	-	16,545	21,149
Labelec	3,707	-	286	3,993
Naturgás	-	4,636	-	4,636
EDP Renewables Europe	-	21,554	11,377	32,931
EDP Gás III SGPS	62,147	-	381	62,528
EDP Investimentos	1,919	-	-	1,919
Sávida	12,163	-	2	12,165
Soporgen	-	-	1,507	1,507
Other	-	-	704	704
	<u>158,559</u>	<u>3,401,239</u>	<u>244,775</u>	<u>3,804,573</u>

**EDP - Energias de Portugal, S.A.**  
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**Expenses** related to intra-Group transactions as at 30 September 2010, at **Company level**, eliminated on consolidation are as follows:

	Interest on Intra-Group Financial Mov. Eur'000	Interest on Loans Obtained Eur'000	Other Costs Eur'000	Total Eur'000
<b>Companies</b>				
EDP Produção	43	-	658,213	658,256
EDP Distribuição	-	-	7,232	7,232
EDP Estudos e Consultoria	13	-	14,819	14,832
EDP Finance	-	138,006	6,398	144,404
EDP Gas Com	-	-	7,584	7,584
EDP Inovação	-	-	2,383	2,383
EDP Renováveis	-	167	1,004	1,171
EDP Renewables Europe	-	-	11,691	11,691
EDP Valor	71	-	4,397	4,468
Electrica Ribera del Ebro	-	-	19,943	19,943
Hidrocontábrico Energia	-	-	4,322	4,322
Hidroeléctrica do Guadiana (Alqueva)	-	-	21,878	21,878
Hidroeléctrica del Cantábrico	-	-	32,097	32,097
Other	113	384	2,672	3,169
	<u>240</u>	<u>138,557</u>	<u>794,633</u>	<u>933,430</u>

**Expenses** related to intra-Group transactions as at 30 September 2009, at **Company level**, eliminated on consolidation are as follows:

	Interest on Intra-Group Financial Mov. Eur'000	Interest on Loans Obtained Eur'000	Other Costs Eur'000	Total Eur'000
<b>Companies</b>				
EDP Produção	32	-	717,686	717,718
EDP Energias do Brasil	-	-	1,293	1,293
EDP Distribuição	1,314	-	6,431	7,745
EDP Estudos e Consultoria	17	-	14,978	14,995
EDP Finance	-	129,515	24,135	153,650
EDP Gas Com	-	-	1,471	1,471
EDP Imobiliária e Participações	-	-	767	767
EDP Inovação	19	-	1,470	1,489
EDP Soluções Comerciais	661	-	178	839
EDP Renováveis	-	221	103,023	103,244
EDP Valor	190	-	4,172	4,362
Electrica Ribera del Ebro	-	-	33,428	33,428
Hidrocontábrico Energia	-	-	9,989	9,989
Hidroeléctrica do Alqueva	-	-	5,337	5,337
Hidroeléctrica del Cantábrico	-	-	17,750	17,750
EDP Renewables Europe	-	-	18,692	18,692
Other	92	398	1,009	1,499
	<u>2,325</u>	<u>130,134</u>	<u>961,809</u>	<u>1,094,268</u>

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**Income** related to intra-Group transactions as at 30 September 2010, **at Company level**, eliminated on consolidation are as follows:

	Interest on Intra-Group Financial Mov. Euro'000	Interest on Loans Granted Euro'000	Other Income Euro'000	Total Euro'000
<b>Companies</b>				
Balwerk	118	5,516	78	5,712
EDP Produção	1,277	155,081	32,409	188,767
EDP Energias do Brasil	-	-	3,418	3,418
EDP Distribuição	4,433	28,499	29,664	62,596
EDP Comercial	674	872	288,388	289,934
EDP Gas Com	-	-	46,411	46,411
EDP Imobiliária e Participações	16	3,816	285	4,117
EDP Soluções Comerciais	94	-	21,330	21,424
EDP Renováveis	-	-	114,343	114,343
EDP Renewables Europe	-	-	13,975	13,975
EDP Serviço Universal	-	-	8,829	8,829
EDP Gás SGPS	231	2,688	1,358	4,277
EDP Valor	-	-	6,282	6,282
Electrica Ribera del Ebro	-	-	18,230	18,230
Hidrocontábrico Distribuição Eléctrica S.A.U.	-	-	1,889	1,889
Hidrocontábrico Energia	-	-	2,357	2,357
HC Soluções Comerciais	-	-	1,576	1,576
HDC Gestão de Energia	-	2,428	256	2,684
Hidroeléctrica do Guadiana (Alqueva)	-	-	928	928
Hidroeléctrica del Cantábrico	-	-	33,894	33,894
Naturgas Energía Servicios	-	-	3,363	3,363
Other	34	840	7,108	7,982
	<u>6,877</u>	<u>199,740</u>	<u>636,371</u>	<u>842,988</u>

**Income** related to intra-Group transactions as at 30 September 2009, **at Company level**, eliminated on consolidation are as follows:

	Interest on Intra-Group Financial Mov. Euro'000	Interest on Loans Granted Euro'000	Other Income Euro'000	Total Euro'000
<b>Companies</b>				
2007 Vento I LLC	-	-	705	705
Balwerk	54	7,219	94	7,367
EDP Produção Bioeléctrica	-	377	-	377
EDP Produção	1,843	140,283	97,356	239,482
EDP Distribuição	6,058	53,179	28,756	87,993
EDP Comercial	390	-	128,712	129,102
EDP Finance	-	89	21,287	21,376
EDP Imobiliária e Participações	110	10,341	392	10,843
EDP Investimento	-	-	777	777
EDP Soluções Comerciais	1,106	-	22,148	23,254
EDP Renováveis	-	34,334	4,174	38,508
EDP Serviço Universal	-	-	13,836	13,836
EDP Gás SGPS	199	1,037	1,313	2,549
EDP Valor	-	-	6,476	6,476
Electrica Ribera del Ebro	-	-	19,936	19,936
Hidrocontábrico Distribuição Eléctrica S.A.U.	-	-	1,000	1,000
Hidroeléctrica del Cantábrico	-	17	58,674	58,691
Other	58	891	4,574	5,523
	<u>9,818</u>	<u>247,767</u>	<u>410,210</u>	<u>667,795</u>

**Assets and Liabilities** with related companies at 30 September 2010, for the **Group** and eliminated in the consolidated financial statements are analysed as follows:

	Assets Euro'000	Liabilities Euro'000	Net Value Euro'000
Associates	109,680	4,183	105,497
Jointly controlled entities	50,256	11,513	38,743
	<u>159,936</u>	<u>15,696</u>	<u>144,240</u>



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**Assets and Liabilities** with related companies at 31 December 2009, for the **Group** and eliminated in the consolidated financial statements are analysed as follows:

	Assets Euro'000	Liabilities Euro'000	Net Value Euro'000
Associates	123,327	2,086	121,241
Jointly controlled entities	49,261	12,063	37,198
	<u>172,588</u>	<u>14,149</u>	<u>158,439</u>

**Transactions** with related companies at 30 September 2010, for the **Group** and eliminated in the consolidated financial statements are analysed as follows:

	Operating Income Euro'000	Financial Income Euro'000	Operating Expenses Euro'000	Financial Expenses Euro'000
Associates	6,601	2,788	-451	-6
Jointly controlled entities	43,944	4,499	-17,091	-446
	<u>50,545</u>	<u>7,287</u>	<u>-17,542</u>	<u>-452</u>

**Transactions** with related companies at 30 September 2009, for the **Group** and eliminated in the consolidated financial statements are analysed as follows:

	Operating Income Euro'000	Financial Income Euro'000	Operating Expenses Euro'000	Financial Expenses Euro'000
Associates	7,459	1,584	-901	-13
Jointly controlled entities	12,981	3,838	-13,150	-424
	<u>20,440</u>	<u>5,422</u>	<u>-14,051</u>	<u>-437</u>

#### 44. Fair value of financial assets and liabilities

	Group Sep 2010			Group Dec 2009		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
<b>Financial assets</b>						
Available for sale investments	455,237	455,237	-	443,117	443,117	-
Trade receivables	2,116,915	2,116,915	-	2,008,134	2,008,134	-
Derivative financial instruments	221,889	221,889	-	276,311	276,311	-
Financial assets at fair value through profit or loss	35,784	35,784	-	84,852	84,852	-
Cash and cash equivalents (assets)	<u>1,383,435</u>	<u>1,383,435</u>	-	<u>2,189,560</u>	<u>2,189,560</u>	-
	<u>4,213,260</u>	<u>4,213,260</u>	-	<u>5,001,974</u>	<u>5,001,974</u>	-
<b>Financial liabilities</b>						
Loans	17,665,594	18,105,384	439,790	16,280,980	16,658,072	377,092
Trade payables	1,538,294	1,538,294	-	1,704,874	1,704,874	-
Derivative financial instruments	<u>202,080</u>	<u>202,080</u>	-	<u>267,373</u>	<u>267,373</u>	-
	<u>19,405,968</u>	<u>19,845,758</u>	<u>439,790</u>	<u>18,253,227</u>	<u>18,630,319</u>	<u>377,092</u>

Considering that the EDP Group's structure of financial assets and liabilities booked at amortised cost has essentially a short term nature, the effect of changes in the fair value has not been considered. Fair value of EDP Group's loans was determined considering current market interest rates. The remaining financial assets and liabilities are already stated at fair value.

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

#### 45. Adoption of IFRIC 12 - Service concession arrangements

IFRIC 12 is designate to provide an accounting framework to businesses developed by operators in public-private infrastructure concessions with underlying services of public interest.

IFRIC 12 was adopted by the EU Commission on 25 March 2009 and applies to annual periods that begin after that date. In EDP, the application of this interpretation is mandatory from January 1, 2010, being mandatory the presentation of comparative information for the year of 2009.

IFRIC 12 applies to contracts of public-private concessions in which the grantor:

- Controls or regulates the type of services that can be provided using the underlying infrastructure;
- Controls or regulates the price at which services are provided;
- Controls / holds a significant interest in the infrastructure at the end of the concession.

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Under IFRIC 12, a public-private concession will present, typically, the following characteristics:

- An infrastructure underlying the grant which is used to provide services;
- An agreement / contract between the grantor and operator;
- The operator provides a range of services during the concession;
- The operator receives a fee throughout the concession contract, either directly from the grantor or the users of the infrastructure, or both;
- Infrastructures are transferred to the grantor at the end of the concession, typically for free or even for reward.

In the business of **Generation of electricity**, IFRIC 12 applies to the operation of mini-hydroelectric generation plants (with regulated electricity prices), being applicable the Intangible Assets Model, as described in accounting policy 2 aa).

In the business of **Distribution of electricity**, IFRIC 12 applies to the High / Medium Voltage (RND) and Low Voltage (Municipalities - Local Authorities) concessions of EDP Distribuição and also to the electricity distribution concessions granted to the Brazilian subsidiaries Bandeirante and Escelsa, being for all cases applied the mixed model, as described in accounting policy 2 aa).

In the business of **gas distribution**, IFRIC 12 applies to the concession attributed to EDP Gás in Portugal being applicable the mixed model, as described in accounting policy 2 aa).

In the business of **electricity transportation**, IFRIC 12 applies to the Brazilian subsidiary Êvrecy - Transmission, applying the Financial Model, as described in accounting policy 2 aa).

The impacts of the adoption of IFRIC 12 are presented as follows:

<b>Balance Sheet</b>	<b>31.12.2009 *</b>	<b>Adjustments IFRIC 12</b>	<b>31.12.2009 Adjusted</b>	<b>01.01.2009</b>	<b>Adjustments IFRIC 12</b>	<b>01.01.2009 Adjusted</b>
	(Thousand Euros)	(Thousand Euros)	(Thousand Euros)	(Thousand Euros)	(Thousand Euros)	(Thousand Euros)
<b>Assets</b>						
Property, plant and equipment	24,094,553	-5,684,190	18,410,363	21,249,965	-5,359,898	15,890,067
Intangible assets	2,806,714	3,660,793	6,467,507	2,648,792	3,501,674	6,150,466
Goodwill	3,161,156	-	3,161,156	3,104,979	-	3,104,979
Investments in associates	175,272	-	175,272	172,754	-	172,754
Available for sale investments	443,117	-	443,117	350,887	-	350,887
Deferred tax assets	661,335	-	661,335	539,878	-	539,878
Trade receivables	114,821	-	114,821	112,044	-	112,044
Debtors and other assets	1,942,970	370,257	2,313,227	2,637,703	273,420	2,911,123
<b>Total Non-Current Assets</b>	<b>33,399,938</b>	<b>-1,653,140</b>	<b>31,746,798</b>	<b>30,817,002</b>	<b>-1,584,804</b>	<b>29,232,198</b>
Inventories	273,376	-	273,376	276,800	-	276,800
Trade receivables	1,893,313	-	1,893,313	1,646,613	-	1,646,613
Debtors and other assets	1,865,016	-	1,865,016	1,632,172	-	1,632,172
Tax receivable	557,641	-	557,641	544,740	-	544,740
Financial assets at fair value through profit or loss	84,852	-	84,852	83,227	-	83,227
Cash and cash equivalents	2,189,560	-	2,189,560	713,587	-	713,587
Assets classified as held for sale	-	-	-	30,828	-	30,828
<b>Total Current Assets</b>	<b>6,863,758</b>	<b>-</b>	<b>6,863,758</b>	<b>4,927,967</b>	<b>-</b>	<b>4,927,967</b>
<b>Total Assets</b>	<b>40,263,696</b>	<b>-1,653,140</b>	<b>38,610,556</b>	<b>35,744,969</b>	<b>-1,584,804</b>	<b>34,160,165</b>
<b>Equity</b>						
Share capital	3,656,538	-	3,656,538	3,656,538	-	3,656,538
Treasury stock	-119,784	-	-119,784	-126,532	-	-126,532
Share premium	501,992	-	501,992	501,992	-	501,992
Reserves and retained earnings	2,228,733	-	2,228,733	1,243,293	-	1,243,293
Consolidated net profit attributable to equity holders of EDP	1,026,093	-	1,026,093	1,091,529	-	1,091,529
<b>Total Equity attributable to equity holders of EDP</b>	<b>7,293,572</b>	<b>-</b>	<b>7,293,572</b>	<b>6,366,820</b>	<b>-</b>	<b>6,366,820</b>
Minority interests	2,688,259	-	2,688,259	2,200,605	-	2,200,605
<b>Total Equity</b>	<b>9,981,831</b>	<b>-</b>	<b>9,981,831</b>	<b>8,567,425</b>	<b>-</b>	<b>8,567,425</b>

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	31.12.2009 *	Adjustments IFRIC 12	31.12.2009 Adjusted	01.01.2009	Adjustments IFRIC 12	01.01.2009 Adjusted
	(Thousand Euros)	(Thousand Euros)	(Thousand Euros)	(Thousand Euros)	(Thousand Euros)	(Thousand Euros)
<b>Liabilities</b>						
Financial debt	13,486,499	-	13,486,499	10,874,311	-	10,874,311
Employee benefits	1,879,704	-	1,879,704	1,833,887	-	1,833,887
Provisions	342,755	-	342,755	323,719	-	323,719
Hydrological correction account	112,631	-	112,631	237,822	-	237,822
Deferred tax liabilities	760,397	-	760,397	675,737	-	675,737
Trade and other payables	4,671,761	-1,519,016	3,152,745	4,862,651	-1,493,431	3,369,220
<b>Total Non-Current Liabilities</b>	<b>21,253,747</b>	<b>-1,519,016</b>	<b>19,734,731</b>	<b>18,808,127</b>	<b>-1,493,431</b>	<b>17,314,696</b>
Financial debt	2,794,481	-	2,794,481	3,812,014	-	3,812,014
Trade and other payables	5,305,631	-134,124	5,171,507	4,153,100	-91,373	4,061,727
Tax payable	928,006	-	928,006	388,462	-	388,462
Liabilities classified as held for sale	-	-	-	15,841	-	15,841
<b>Total Current Liabilities</b>	<b>9,028,118</b>	<b>-134,124</b>	<b>8,893,994</b>	<b>8,369,417</b>	<b>-91,373</b>	<b>8,278,044</b>
<b>Total Liabilities</b>	<b>30,281,865</b>	<b>-1,653,140</b>	<b>28,628,725</b>	<b>27,177,544</b>	<b>-1,584,804</b>	<b>25,592,740</b>
<b>Total Equity and Liabilities</b>	<b>40,263,696</b>	<b>-1,653,140</b>	<b>38,610,556</b>	<b>35,744,969</b>	<b>-1,584,804</b>	<b>34,160,165</b>

\* This column includes, under the terms of IFRS 3, the effect of the adjustments resulting from the final purchase price allocation of Bon Vent de L'Èbre and Elektrownia Wiatrowa Kresy I SP ZOO performed in 2010, which led to a reclassification of comparative financial information as of 31 December 2009, increasing the value of property plant and equipment by 815 thousand Euros, goodwill by 1,324 thousand Euros, reserves and retained earnings by 173 thousand Euros, consolidated net profit attributable to equity holders of EDP Group by 2,248 thousand Euros, noncontrolling interests by 722 thousand Euros, deferred tax liabilities by 1,504 thousand Euros and decreasing trade and other payables (non-current) by 2,508 thousand Euros.

The impact of the adoption of IFRIC 12 in EDP Group's income statement is presented as follows:

	30.09.2009	Adjustments IFRIC 12	30.09.2009 Adjusted
	(Thousand Euros)	(Thousand Euros)	(Thousand Euros)
<b>Income Statement</b>			
Turnover	8,855,663	-97	8,855,566
Cost of consumed electricity	-3,893,728	-	-3,893,728
Cost of consumed gas	-444,796	-	-444,796
Changes in inventories and cost of raw materials and consumables used	-838,239	-	-838,239
	<b>3,678,900</b>	<b>-97</b>	<b>3,678,803</b>
Other operating income / (expenses)			
Other operating income	158,943	-	158,943
Supplies and services	-529,772	-	-529,772
Personnel costs	-408,303	-	-408,303
Employee benefits	-110,130	-	-110,130
Other operating expenses	-359,597	-	-359,597
	<b>-1,248,859</b>	<b>-</b>	<b>-1,248,859</b>
Provisions	-33,956	-	-33,956
Depreciation and amortisation expense	-1,003,871	73,866	-930,005
Compensation of amortisation and depreciation	82,862	-73,769	9,093
	<b>-954,965</b>	<b>97</b>	<b>-954,868</b>
Gains / (losses) on the sale of financial assets	1,475,076	-	1,475,076
Other financial income	30,647	-	30,647
Other financial expenses	697,039	-	697,039
Share of profit in associates	-1,076,374	-	-1,076,374
	<b>20,879</b>	<b>-</b>	<b>20,879</b>
Profit before income tax	<b>1,147,267</b>	<b>-</b>	<b>1,147,267</b>
Income tax expense	-309,141	-	-309,141
<b>Net profit for the period</b>	<b>838,126</b>	<b>-</b>	<b>838,126</b>
<b>Attributable to:</b>			
Equity holders of EDP	750,330	-	750,330
Minority interests	87,796	-	87,796
<b>Net profit for the period</b>	<b>838,126</b>	<b>-</b>	<b>838,126</b>
Earnings per share (Basic and Diluted) - Euros	<b>0.21</b>	<b>-</b>	<b>0.21</b>

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In accordance with IFRS 3 - Business combinations, the adjustment that resulted from the definitive purchase price allocation performed until the third quarter of 2009 for goodwill recorded for Elektrownia Wiatrowa Kresy I SP ZOO led to the reclassification of the comparative financial information, increasing the other operating income by 2,918 thousand Euros.

The impacts of the adoption of IFRIC 12 per business are presented as follows:

	Group	
	Sep 2010 Euro'000	Dec 2009 Euro'000
Intangible assets		
Concession rights		
Portugal		
Electricity		
Distribution	2,370,925	2,424,483
Generation	120,130	122,970
Gas	280,523	263,979
Brazil		
Electricity		
Distribution and transport	855,613	849,361
Tangible and intangible fixed assets not related to concessions	-5,832,801	-5,684,190
Receivables from concessions - IFRIC 12 - Non current	450,239	370,257
<b>Total impact on assets</b>	<b>-1,755,371</b>	<b>-1,653,140</b>
Allowances and asset investment - non current	-2,851,487	-2,672,251
Allowances and investment assets - current	1,096,116	1,019,111
<b>Total impact on liabilities</b>	<b>-1,755,371</b>	<b>-1,653,140</b>

The value of grants and contributions obtained related to investment assets was considered in the gross value of intangible fixed assets allocated to concessions - IFRIC 12 and the amortisation of these grants and contributions was considered in the accumulated amortisation of intangible fixed assets allocated to concessions - IFRIC 12.

	Group	
	Sep 2010 Euro'000	Sep 2009 Euro'000
Amortisation of concession rights	241,569	230,311
Depreciation of tangible fixed assets	-318,838	-304,177
Compensation for depreciation	77,005	73,769
Other	264	97
<b>Total impact on results</b>	<b>-</b>	<b>-</b>

#### 46. Subsequent events

##### EDP sells its investment in DECA II

On 21 October 2010, EDP Group signed a stock purchase agreement for the sale of its shareholding of 21% of DECA II share capital, along with the remaining shareholders of the company, Iberdrola and TECO.

The amount paid for the shareholding of 21% of DECA II share capital was 127 million USD. Through this transaction, EDP Group will recognise a consolidated gain estimated in approximately 46 million Euros.

#### 47. Recent accounting standards and interpretations issued

In May 2009, the IASB published the Annual Improvement Project that implied changes to the standards and interpretations in force. The referred changes are in most cases applicable for the Group for 2010, as follows:

- Changes to IFRS 2 - Share based payment - effective from 1 January 2010
- Changes to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - effective from 1 January 2010
- Changes to IFRS 8 - Operating segments - effective from 1 January 2010
- Changes to IAS 1 - Presentation of Financial Statements - effective from 1 January 2010
- Changes to IAS 7 - Statement of Cash Flows - effective from 1 January 2010
- Changes to IAS 17 - Leases - effective from 1 January 2010
- Changes to IAS 36 - Impairment of Assets - effective from 1 January 2010
- Changes to IAS 38 - Intangible Assets - effective from 1 January 2010
- Changes to IAS 39 - Financial Instruments: Recognition and Measurement - effective from 1 January 2010
- Changes to IFRIC 9 - Reassessment of Embedded Derivatives - effective from 1 January 2010
- Changes to IFRIC 16 - Hedges of a Net Investment in a Foreign Operation - effective from 1 January 2010

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

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The Group has also decided against the early application of the following standards and interpretations, which are expected to be endorsed by the European Union until the end of 2010:

- Annual Improvement Project (issued in May 2010).

#### **48. 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. 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 a Coordination Committee.

The Executive Committee of EDP is composed of five permanent representatives, a Corporate General Director (Group Controller for the activities in Spain) and by first line directors of the business units in Spain, which constitute the main direction and coordination body of the Branch, being responsible for the coordination of the activities of the permanent representatives and of the Management 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 Shared Services ("Direcção de Serviços Partilhados") and IT Department ("Direcção de Sistemas de Informação") ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory. Lastly, the Generation, Distribution, Trading and Gas Coordination Committees are composed and chaired by the respective Directors from the Board of Executive Directors of EDP in order to ensure synergies with Spain and eliminate inefficiencies and redundancies.

The balance sheet of the Branch as at 30 September 2010 and 31 December 2009 is analysed as follows:

		<b>EDP Branch</b>	
		<b>Sep 2010</b>	<b>Dec 2009</b>
		<b>Euro'000</b>	<b>Euro'000</b>
Assets			
Property, plant and equipment		78	-
Investments in subsidiaries			
EDP Renováveis S.A.		2,939,889	2,939,889
Hidroeléctrica del Cantábrico S.A.		1,981,798	1,981,798
Other		60	60
Other debtors		103,180	1,478
Total Non-Current Assets		<u>5,025,005</u>	<u>4,923,225</u>
Trade receivables		36,415	16,157
Debtors and other assets		457,626	376,013
Tax receivable		10,110	10,442
Cash and cash equivalents		7,370	10,885
Total Current Assets		<u>511,521</u>	<u>413,497</u>
Total Assets		<u>5,536,526</u>	<u>5,336,722</u>
		<b>EDP Branch</b>	
		<b>Sep 2010</b>	<b>Dec 2009</b>
		<b>Euro'000</b>	<b>Euro'000</b>
Equity		<u>1,735,473</u>	<u>1,852,407</u>
Financial debt		<u>3,198,139</u>	<u>2,809,277</u>
Total Non-Current Liabilities		<u>3,198,139</u>	<u>2,809,277</u>
Financial debt		-	22,771
Trade and other payables		602,730	651,760
Tax payable		184	507
Total Current Liabilities		<u>602,914</u>	<u>675,038</u>
Total Liabilities		<u>3,801,053</u>	<u>3,484,315</u>
Total Equity and Liabilities		<u>5,536,526</u>	<u>5,336,722</u>

#### **49. Segmental reporting**

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

A geographical segment is a distinguishable component of the Group, that is engaged in providing a product or an individual service or a group of related products or services within a particular economic environment which is subject to risks and returns that are different from those of components operating in other economic environments.

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

The Group internal reporting system produces reports with business segments organised by geography and responsibility area for each member of the Board of Directors.

Based on these reports, the Board of Directors assumes the function of Chief Operating Decision Maker ("CODM"), evaluating the performance of the various segments and deciding on resource allocations to each identified segment.

The Group manages its activities based on several business segments, which involve essentially the following products/services: Electricity, Gas and Other Operations.

The segments defined by the Group are the following:

- Iberian Generation
- Iberian Distribution
- Iberian Supply
- EDP Renováveis
- EDP - Energias do Brasil
- Iberian Gas
- Other Operations

The EDP Group makes a separate analysis of the electricity generation business through renewable power sources, which is achieved in a specific segment (EDP Renováveis). Taking into consideration the specificity of the Brazilian market, the Group also makes a separate analysis of the electricity generation, distribution and supply businesses in Brazil (EDP Energias do Brasil).

The **Iberian Generation** segment corresponds to the activity of electricity generation in Portugal and Spain. This segment includes, namely, the following companies:

- EDP - Gestão da Produção de Energia, S.A.
- Pebble Hydro subgroup
- Electrica de la Ribera del Ebro, S.A.
- Hidroeléctrica Del Cantábrico, S.L.
- Central Térmica Ciclo Combinado Group 4
- Patrimonial de La Ribera del Ebro, S.L.

The **Iberian Distribution** segment corresponds to the activities of electricity distribution in Portugal and Spain and last resort supplier. This segment includes, namely, the following companies:

- EDP Distribuição de Energia, S.A.
- EDP Serviço Universal, S.A.
- EDP Soluções Comerciais, S.A.
- Fuerzas Electricas Valencianas, S.A.
- Electra de Llobregat Energía, S.L.
- HDC Explotacion Redes
- Hidrocantábrico Distribucion Eléctrica, S.A.U.

The **Iberian Supply** segment corresponds to the activity of unregulated electricity supply in Portugal and Spain. The regulated supply activity is included in the Iberian distribution activity. This segment includes, namely, the following companies:

- EDP Comercial - Comercialização de Energia, S.A.
- Hidrocantábrico Energia, S.A.U.

The EDP Renováveis segment corresponds to the power generation activity through renewable energy resources and includes all the companies of EDP Renewables Europe and Horizon Wind Energy subgroups. This segment also includes the holding company EDP Renováveis, S.A., and all the adjustments between the companies composing this segment, including consolidation adjustments.

The **EDP Energias do Brasil** segment includes the activities of electricity generation, distribution and supply in Brazil, and is composed by the Holding EDP Energias do Brasil and all its subsidiaries, with the exception of EDP Renováveis Brasil which is included in the EDP Renováveis segment. As in the EDP Renováveis segment, this segment includes all the adjustments for the companies composing this segment, including consolidation adjustments.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Consolidated and Company Financial Statements**  
**for the nine months period ended 30 September 2010**

The **Gas** segment includes the gas distribution and supply activities in Portugal and Spain. This segment includes, namely, the following companies:

- EDP Gás, SGPS
- Portgás - Soc. de Produção e Distribuição de Gás, S.A.
- EDP Gás Serviço Universal, S.A.
- Gas de Euskadi Transporte de Gas, S.A.U.
- Naturgás Comercializadora, S.A.
- Naturgás Energia Distribución, S.A.U.
- Naturgás Energia Group, S.A.
- Septentrional de Gas, S.A.

The **Other operations** segment includes the centralised management of financial investments and the remaining activities not included in the businesses segments, namely the centralised management of human resources, logistic platforms and shared service centers.

The column "Adjustments" includes the elimination of dividends paid to EDP Energias de Portugal by the companies included in the segments, as well as, the adjustments related to the elimination of financial investments in the EDP Group subsidiaries and the remaining consolidation adjustments and intra-segments eliminations.

**Segment Definition**

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The balance sheet captions of each subsidiary and business unit are determined based on the amounts booked directly in the companies that compose the segment, including the elimination of balances between companies of the same segment, and excluding the allocation in the segments of the adjustments between segments.

The income statement captions for each business segment are based in the amounts booked directly in the companies financial statements and related business units, adjusted by the elimination of transactions between companies of the same segment.

**50. Explanation added for translation**

These financial statements are a translation of 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.

## EDP Group Activity by Business Segmen

Information by Business Segment — nine months period ended 30 September 201

(Amounts in thousands of Euro)

	Iberian Generation						Iberian Distribution *			Iberian Supply						EDP Renováveis				EDP Energias do Brasil						Gas				Other operations	Adjustments	EDP Group
																			Iberian Activity													
	Portugal	Spain	Adjustments	Total	Portugal	Spain	Total	Portugal	Spain	Total	Europe	U.S.A.	Other operations	Adjustments	Total	Generation	Distribution	Supply	Other operations	Adjustments	Total	Portugal	Spain	Adjustments	Total							
Turnover	1,636,419	1,305,338	-4,200	2,937,557	3,694,595	120,661	3,815,256	528,820	1,467,823	1,996,643	394,195	194,532	3,234	-600	591,361	310,522	1,180,924	219,955	1,981	-143,146	1,570,236	413,919	943,780	-155,520	1,202,179	275,716	-2,150,339	10,238,609				
Revenues from external customers	1,204,276	1,172,966	4,905	2,382,147	3,488,540	-3,417	3,485,123	524,280	1,582,736	2,107,016	130,837	194,532	2,634	-	328,003	177,692	1,178,224	213,085	1,235	-	1,570,236	200,519	880,067	-	1,080,586	-764,143	-26,554	10,215,502				
Revenues from transactions with other operating segments	432,143	132,372	-9,105	555,410	206,055	124,078	330,133	4,540	-114,913	-110,373	263,358	-	600	-600	263,358	132,830	2,700	6,870	746	-143,146	-	213,400	63,713	-155,520	121,593	1,039,879	-2,176,893	23,107				
Cost of consumed electricity	-360,561	-758,166	-	-1,118,727	-2,689,482	115	-2,689,367	-499,151	-1,374,400	-1,873,551	-162	-832	95	-1,089	-	-52,164	-722,611	-209,987	-	-143,146	-84,616	-	-136,710	-	-1,713,637	-20	-4,947,443	1,713,637				
Cost of consumed gas	-	-255	-	-255	-	-	-	-55	-4,286	-4,341	-	-	-	-	-	-	-	-	-	-	-	-343,706	-577,155	156,312	-764,549	-	-	142,041				
Change in inventories and cost of raw materials and consumables used	-376,909	-292,338	9,330	-659,917	-6,372	-56	-6,428	-3,647	-17,669	-21,316	-3,252	-	-	211	-3,041	-15	-1,160	-	-	-	-1,175	-	-5,065	-	-5,065	-346	27,715	-669,573				
	898,949	254,579	5,130	1,158,658	998,741	120,720	1,119,461	25,967	71,468	97,435	390,781	193,700	3,139	-389	587,231	258,343	457,153	9,968	1,881	-	727,445	70,213	224,850	792	295,855	275,530	-266,946	3,994,489				
Other operating income / (expenses)																																
Other operating income	6,165	2,232	-	8,397	39,184	22,287	61,471	6,679	23,369	30,048	7,559	88,109	1,217	-443	96,442	110	8,175	3,597	2,371	-61	14,192	972	2,634	-13	3,593	49,579	-73,451	190,271				
Supplies and services	73,114	-115,100	1,426	-42,560	-242,465	-39,304	-281,769	-12,013	-33,356	-45,369	-63,713	-11,945	-989	-142,843	-18,286	-17,889	-91,554	1,398	-10,724	73	-121,889	-9,866	-187,216	740	-51,563	-187,216	323,885	-621,633				
Personnel costs	-55,696	-23,795	925	-78,566	-101,629	-14,811	-116,440	-3,904	-6,639	-10,543	-14,464	-3,305	-	-46,538	-14,464	-18,747	-50,246	-1,887	-3,571	-	-69,902	-20,903	-	-	-	-24,169	-	435,913				
Employee benefits	-15,878	-1,140	-	-17,018	-54,646	-2,776	-57,422	-142	-188	-330	-217	-1,332	-100	-1,649	-	-732	-8,836	-86	-	-504	-	-10,158	-176	-390	-	-566	-9,728	7,529				
Other operating expenses	-13,157	-16,207	-	-29,165	-210,695	-3,338	-214,033	-8,777	-21,615	-30,392	-12,806	-16,873	-111	-29,737	-3,506	-7,112	-3,506	-548	-	-7,112	-74	-44,607	-3,445	-14,185	-8	-17,638	-23,207	1,374				
	-151,680	-82,322	2,852	-231,150	-570,243	-37,942	-608,185	-18,157	-38,429	-56,586	-83,643	-13,344	-17,706	599	-114,094	-33,891	-175,828	-322	-22,261	-62	-232,364	-16,028	-75,034	719	-90,343	-270,731	259,733	-1,343,720				
	747,269	172,257	7,982	927,508	428,498	82,778	511,276	7,810	33,039	40,849	307,138	180,356	-14,567	210	473,137	224,452	281,325	9,646	-20,280	-62	495,081	54,185	149,816	1,511	205,512	4,619	-7,213	2,650,769				
Provisions	-5,256	-29,607	-	-34,863	-1,742	-	-1,742	-8,813	-4,693	-13,506	65	-	65	-	65	320	-4,595	-	446	-2,289	-6,118	-10	90	-	80	-20,725	8,500	-68,309				
Depreciation and amortisation expense	-237,322	-96,930	-	-334,252	-178,569	-36,355	-214,924	-1,063	-2,129	-3,192	-151,824	-160,078	-1,371	-728	-314,001	-47,222	-58,801	-53	-6,242	1,649	-110,669	-8,622	-47,494	-	-56,116	-21,903	-41,830	-1,096,887				
Tangible and intangible assets impairment	417	29	-	446	-	-	-	-	-	-	-	-	-118	-	-118	-	-	-	-	-	-	-	-	-	-	-	-	-				
Compensation of amortisation and depreciation	5,929	340	-	6,269	-	821	821	14	-	14	851	6,401	-	-	7,252	-	-	-	-	-	-	-	2,408	-	2,408	32	-	16,796				
	511,037	46,089	7,982	565,108	248,187	47,244	295,431	-2,052	26,217	24,165	156,230	26,561	-15,938	-518	166,335	177,550	217,929	9,593	-26,076	-702	378,294	45,553	104,820	1,511	151,884	-37,977	-40,543	1,502,697				
Gain/(losses) from the sale of financial assets	-	7	-	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Other financial income	362,312	27,159	-56,309	333,162	608	327	608	8	210	218	12,192	4,520	89,405	-88,747	21,390	15,107	8,733	375	-	-	24,322	2,656	749	-	-846	-3,732	-2,575	3,486				
Interest revenue	608	5,653	-	6,261	20,671	176	20,847	608	5,622	6,230	177,54	7,255	199	-179,899	160,771	6,588	358	-	-	-	61,382	1,088	1,574	-	-405	500,010	-507,962	377,384				
Other financial expenses	-319,707	-35,017	73,940	-280,784	-385	-43	-428	-10	-208	-218	-18,016	-55,978	90,665	89,189	-75,470	-49,126	-39,005	-913	-4,016	1,319	-91,741	-2,787	-1,841	-1,511	-6,139	-167,291	135,551	-486,520				
Interest expense	-130,374	-23,806	-	-154,180	-47,156	-1,601	-48,757	-1,557	-3,251	-4,808	-165,926	4,087	-104,268	192,623	-73,484	-35,572	-32,435	-30	-332	-	-68,369	-4,365	-213	-	-4,578	-423,426	351,258	-426,544				
Share of profit of associates	-91	64	-	-27	-	-	-	-	-	-	2,853	-	-	-	2,853	-	-	-	-	-384	-384	1,829	199	-	2,028	13,490	385	-				
Profit / (loss) before tax	423,786	20,149	25,613	469,548	221,644	45,776	267,420	-3,587	23,143	19,556	-6,752	-20,342	63,325	12,648	48,879	114,577	204,340	9,383	119,499	-142,033	305,766	43,975	103,533	-	147,508	346,851	-429,810	1,175,718				
Income tax expense	-115,200	-10,248	1,323	-124,125	-25,653	-13,855	-39,508	441	-7,261	-6,820	-2,734	-	-23,254	214	-25,774	-30,029	-72,194	-3,214	3,957	-48	-101,528	-12,526	-29,688	-	-42,214	25,190	9,238	-305,541				
Net profit / (loss) for the period	308,586	9,901	26,936	345,423	195,991	31,921	227,912	-3,146	15,882	12,736	-9,486	-20,342	40,071	12,862	23,105	84,548	132,146	6,169	123,456	-142,081	204,238	31,449	73,845	-	105,294	372,041	-420,572	870,177				
Attributable to:																																
Equity holders of EDP	307,925	13,334	26,936	348,195	195,991	30,921	226,912	-2,450	15,386	12,936	-10,782	-20,342	40,453	12,862	22,191	44,450	132,146	6,169	123,456	-142,081	164,140	27,007	69,416	-	96,423	373,724	-470,249	774,272				
Minority interest	661	-3,433	-	-2,772	-	1,000	1,000	-696	496	-200	1,296	-	-382	-	914	40,098	-	-	-	-	40,098	4,442	4,429	-	8,871	-1,683	49,677	95,905				
Net profit / (loss) for the period	308,586	9,901	26,936	345,423	195,991	31,921	227,912	-3,146	15,882	12,736	-9,486	-20,342	40,071	12,862	23,105	84,548	132,146	6,169	123,456	-142,081	204,238	31,449	73,845	-	105,294	372,041	-420,572	870,177				
Assets																																
Property, plant and equipment	3,971,090	1,968,070	-	5,939,160	105,744	683,387	789,131	3,642	12,313	15,955	4,870,545	4,710,408	73,276	39,703	9,693,932	2,164,237	24,527	286	933	-61	2,189,922	2,345	793,226	-	795,571	246,893	-11,963	19,658,601				
Intangible assets + Goodwill	1,729,336	572,213	-	2,301,549	2,370,926	235,870	2,606,796	524	5	529	843,314	580,884	1,629	12,723	1,438,550	348,607	865,486	419	115,280	-	1,329,792	356,139	712,190	-	1,086,329	337,866	777,750	9,861,161				
Investments in associates	1,249	27,644	-	28,893	17	17	28,910	1,249	17	1,266	35,022	1,179	-	-	36,201	1,249	1,179	-	-	-	1,378,387	25	83,367	-	83,392	27,898	1,023	1,378,387				
Current assets	671,569	380,369	-892	1,051,046	1,565,969	113,518	1,679,487	192,739	556,495	749,234	837,460	119,611	582,899	-675,578	864,392	319,638	793,658	53,619	187,062	-173,550	1,180,427	150,628	479,393	-26,393	603,628	3,831,851	-3,966,848	5,993,217				
Equity and Liabilities																																
Equity and minority interest	2,137,526	2,079,768	-156,903	4,060,391	564,620	465,758	1,030,378	16,472	-134,670	-118,198	402,990	3,216,943	5,138,686	-3,437,886	5,320,733	1,631,678	737,467	19,979	1,580,746	-1,183,188	2,786,682	259,764	1,503,644	-	1,763,408	5,583,254	-10,047,887	10,378,761				
Current liabilities	780,453	1,291,878	-892	2,071,439	1,796,021	335,260	2,131,281	123,085	481,991	605,076	1,142,193	376,210	316,200	-680,469	1,154,134	314,145	745,927	39,610	27,908	-177,269	950,321	166,755	632,032	-25,329	775,458	9,452,696	-9,565,154	7,575,251				
Other information:																																
Increase of the period																																
Property, plant and equipment	196,399	46,986	-	243,385	6,788	39,174	45,962	636	3,160	3,796	395,748	704,069	31,606	-	1,131,423	131,169	1,771	44	160	-	133,144	436	33,525	-	33,961	81,818	-	1,673,489				
Intangible assets + Goodwill	179,626	15,175	-	194,801	151,187	329	151,516	-	1	1	77,007	2,204	-	-	79,211	1,873	48,904	-	28	-	50,805	25,334	208,361	-	233,695	54,517	-	76				

\* Include Last Resource Supply in Portugal



EDP Group Activity by Business Segment - IFRS

Information by Business Segment — nine months period ended 30 September 2009

(Amounts in thousands of Euros)

	Electricity																								Gas						EDP Group
	Iberian Generation				Iberian Distribution *				Iberian Supply			EDP Renováveis					EDP Energias do Brasil						Iberian Activity								
	Portugal	Spain	Adjustments	Total	Portugal	Spain	Adjustments	Total	Portugal	Spain	Total	Europe	U.S.A.	Other operations	Adjustments	Total	Generation	Distribution	Supply	Other operations	Adjustments	Total	Portugal	Spain	Adjustments	Total	Other operations	Adjustments			
Turnover	1,601,236	998,925	-8,337	2,591,824	3,492,889	142,999	-	3,635,888	311,821	991,039	1,302,860	296,145	143,170	931	632	440,878	246,850	886,120	209,685	879	-143,980	1,199,554	169,452	763,690	-74,176	858,966	241,120	-1,415,524	8,855,566		
Revenues from external customers	1,396,775	935,616	1,761	2,334,152	3,415,562	87,625	-	3,503,187	309,647	898,659	1,208,306	90,023	143,170	1,694	-	234,887	136,281	884,718	178,117	438	-	1,199,554	85,990	735,141	-	821,131	-626,866	13,260	8,687,611		
Revenues from transactions with other operating segments	204,461	63,309	-10,098	257,672	77,327	55,374	-	132,701	2,174	92,380	94,554	206,122	-	-763	632	205,991	110,569	1,402	31,568	441	-143,980	-	83,462	28,549	-74,176	37,835	867,986	-1,428,784	167,955		
Cost of consumed electricity	-248,878	-265,005	-12,435	-526,318	-2,495,021	-225	-	-2,495,246	-272,486	-936,817	-1,209,303	-174	-704	-51	-	-929	-37,714	-539,560	-193,782	-	143,937	-627,119	-	-104,185	-	-104,185	-24,141	1,093,513	-3,893,728		
Cost of consumed gas	-	-	-	-	-	-	-	-	-	-4,318	-4,318	-	-	-	-	-	-	-	-	-	-	-	-132,297	-451,136	75,374	-508,059	-	-	67,581		
Change in inventories and cost of raw materials and consumables used	-450,795	-388,206	8,709	-830,292	-9,094	577	-	-8,517	-4,062	-9,967	-14,029	-4,909	-	-	-	-4,909	96	-5,149	-	-30	-	-5,083	-	-3,254	-	-3,254	-87	27,932	-838,239		
	901,563	345,714	-12,063	1,235,214	988,774	143,351	-	1,132,125	35,273	39,937	75,210	291,062	142,466	880	632	435,040	209,232	341,411	15,903	849	-43	567,352	37,155	205,115	1,198	243,468	216,892	-226,498	3,678,803		
Other operating income / (expenses)																															
Other operating income	8,725	2,250	-	10,975	31,648	9,105	-	40,753	1,835	25,190	27,025	9,253	86,634	960	-881	95,966	173	7,658	23	792	-	8,646	1,288	2,683	-	3,971	51,514	-79,907	158,943		
Supplies and services	-67,718	-47,264	1,426	-113,556	-243,673	-44,043	-	-287,716	-11,451	-25,311	-36,762	-46,812	-47,542	-9,312	144	-103,522	-12,226	-62,350	-1,174	-8,318	-	-84,068	-9,643	-31,056	1,012	-39,687	-164,345	299,884	-529,772		
Personnel costs	-54,810	-24,560	-	-79,370	-101,402	-14,077	-	-115,479	-3,461	-4,828	-8,289	-10,840	-14,285	-5,188	-	-30,313	-6,865	-40,401	-1,420	-3,971	-	-54,657	-3,408	-17,072	-	-20,480	-99,715	-	-408,303		
Employee benefits	-26,430	-1,134	-	-27,564	-62,207	-2,142	-	-64,349	-125	-118	-243	-862	-1,130	-	-	-336	-1,064	-10,449	-129	-1,887	-	-13,529	-70	-365	-	-435	-9,415	5,741	-110,130		
Other operating expenses	-9,398	-23,345	1,511	-31,232	-205,904	-6,032	-	-211,936	-3,888	-14,678	-18,566	-9,745	-15,401	-360	104	-25,402	-4,402	-26,556	-3,993	-1,940	43	-36,848	-3,208	-13,546	-409	-17,163	-14,609	-3,841	-359,597		
	-149,631	-94,053	2,937	-240,747	-581,538	-57,189	-	-638,727	-17,090	-19,745	-36,835	-57,282	8,276	-	-13,968	-633	-63,607	-26,384	-132,098	-6,693	-	-15,324	43	-180,456	-15,041	-59,356	603	-73,794	-236,570	221,877	
	751,932	251,661	-9,126	994,467	407,236	86,162	-	493,398	18,183	20,192	38,375	233,780	150,742	-13,088	-1	371,433	182,848	209,313	9,210	-14,475	-	386,896	22,114	145,759	1,801	169,674	-19,678	-4,621	2,429,944		
Provisions	-1,691	-6,869	-	-8,560	54	-1,669	-	-1,615	7,048	-4,843	2,205	144	-	-	-	144	-302	-2,883	-	-4,380	-	-7,565	-415	182	-	-233	-16,610	-1,722	33,556		
Depreciation and amortisation expense	-226,750	-97,649	-	-324,399	-179,585	-23,188	-	-202,773	-832	-1,503	-2,335	-111,386	-108,545	-694	-	-220,625	-36,277	-43,754	-56	-2,907	-	-82,994	-7,730	-27,821	-	-35,551	-20,219	-41,109	-930,005		
Compensation of amortisation and depreciation	2,679	333	-	3,012	-23	3,040	-	3,017	-	-	-	610	148	-	-	758	-	-	-	-	-	-	-140	2,359	-	2,219	88	-1	9,093		
	528,170	147,476	-9,126	666,520	227,682	64,345	-	292,027	24,399	13,846	38,245	123,148	42,345	-13,782	-1	151,710	146,269	162,676	9,154	-21,762	-	296,337	13,829	120,479	1,801	136,109	-56,419	-47,453	1,475,076		
Gain/(losses) from the sale of financial assets	-	13,176	-	13,176	-	-	-	-	-	-	-	268	-	-	-	268	-	-	-	42,443	-	42,443	-	-	-	-	1,293	-26,533	30,647		
Other financial income	383,964	39,942	-72,556	351,350	394	-	-	394	46	147	193	5,883	5,029	5,449	-	16,361	3,454	6,798	237	143,176	-141,118	12,547	3,253	1,064	-657	3,660	728,327	-669,008	443,824		
Interest revenue	176	14,141	-	14,317	36,895	63	-	36,958	57	257	314	5,658	535	139,155	-131,459	13,889	4,347	28,477	673	4,239	-	36,074	729	4,209	-	4,938	504,474	-357,749	253,215		
Other financial expenses	-339,806	-43,881	71,145	-312,542	-27,772	-567	-	-28,339	-1,734	-358	-2,092	-14,486	-46,060	-5,350	1,738	-64,158	-26,575	-14,486	-378	-4,826	1,662	-39,601	-1,870	-609	-1,143	-3,622	-401,237	325,504	-526,087		
Interest expense	-120,446	-22,108	-	-142,554	-63,795	-6,364	-	-70,159	-398	-5,735	-6,133	-118,481	2,351	-41,833	131,233	-26,730	-31,989	-31,093	-16	-8,899	-	-71,997	-3,995	-203	-	-4,198	-586,353	357,837	-550,287		
Share of profit of associates	784	270	-	1,054	-	-	-	-	-	-	-	3,128	-220	-	-	2,908	-	-	-	-	-	-95	1,953	198	-	2,151	14,767	94	20,879		
Profit / (loss) before tax	450,842	149,016	-10,537	589,321	173,404	57,477	-	230,881	22,370	8,157	30,527	5,118	3,980	83,639	1,511	94,248	95,506	157,374	9,670	154,371	-141,213	275,708	13,899	125,138	1	139,038	204,852	-417,308	1,147,267		
Income tax expense	-93,412	-43,668	-	-137,080	-28,977	-17,267	-	-46,244	-6,029	-3,146	-9,175	973	-	-21,994	-288	-21,309	-25,696	-53,777	-3,248	374	-	-82,347	-3,662	-36,082	941	-38,803	14,680	11,137	-309,141		
Net profit / (loss) for the period	357,430	105,348	-10,537	452,241	144,427	40,210	-	184,637	16,341	5,011	21,352	6,091	3,980	61,645	1,223	72,939	69,810	103,597	6,422	154,745	-141,213	193,361	10,237	89,056	942	100,235	219,532	-406,171	838,126		
Attributable to:																															
Equity holders of EDP	357,233	103,157	-10,537	449,853	144,427	39,006	-	183,433	16,445	4,882	21,327	5,453	3,980	61,740	1,223	72,396	40,740	103,597	6,422	154,745	-141,213	164,291	8,989	83,804	942	93,735	225,555	-460,260	750,330		
Minority interest	197	2,191	-	2,388	-	1,204	-	1,204	-104	129	25	638	-	-95	-	543	29,070	-	-	-	-	29,070	1,248	5,252	-	6,500	-6,023	54,089	87,796		
Net profit / (loss) for the period	357,430	105,348	-10,537	452,241	144,427	40,210	-	184,637	16,341	5,011	21,352	6,091	3,980	61,645	1,223	72,939	69,810	103,597	6,422	154,745	-141,213	193,361	10,237	89,056	942	100,235	219,532	-406,171	838,126		

Information by Business Segment — 31 December 2009

(Amounts in thousands of Euros)

Assets																													
Property, plant and equipment	3,969,690	1,994,279	-	5,963,969	113,293	682,603	1,981	797,877	4,082	11,280	15,362	4,591,096	3,978,845	40,011	25,874	8,635,826	1,929,064	24,856	303	811	-122,824	1,832,210	1,825	805,049	-	806,874	212,436	145,809	18,410,363
Intangible assets + Goodwill	1,781,220	591,848	-	2,373,068	2,424,484	235,556	-	2,660,040	524	7	531	775,664	549,122	1,507	12,723	1,339,016	332,290	915,080	402	109,555	-891	1,356,436	341,129	710,403	-	1,051,532	368,030	480,010	9,628,663
Investments in associates	1,340	1,053	-	2,393	-	-	-	-	-	-	-	45,924	1,686	-	-1	47,609	8,862	-	-	10,951	-11,078	8,735	23,909	1,319	-	25,228	997,335	-906,028	175,272
Current assets	778,379	498,658	-794	1,276,243	1,326,488	114,877	-36	1,441,329	208,116	424,627	632,743	612,267	208,581	508,360	-223,852	1,105,356	231,220	621,890	58,738	192,014	-80,926	1,022,936	79,642	326,707	-2,564	403,785	4,804,190	-3,822,824	6,863,758
Equity and Liabilities																													
Equity and minority interest	2,071,977	2,259,098	-156,903	4,174,172	478,524	449,940	6,373	934,837	19,617	-150,183	-130,566	448,698	2,858,681	5,084,442	-3,061,123	5,330,698	1,415,212	658,973	20,188	1,404,703	-1,057,758	2,441,318	229,182	1,451,426	-	1,680,608	5,623,848	-10,073,084	9,981,831
Current liabilities	727,786	1,179,999	-794	1,906,991	2,075,267	393,935	-36	2,469,166	174,224	364,075	538,299	1,146,265	274,160	48,657	-223,572	1,245,510	288,772	674,150	37,707	98,856	-72,677	1,026,808	139,277	1,414,092	-2,564	750,805	4,704,639	-3,748,224	8,993,994
Other information:																													
Increase of the period																													
Property, plant and equipment	250,291	119,922	-	370,213	15,244	43,856	-	59,100	1,084	4,332	5,416	740,924	691,385	10,923	-	1,443,232	85,584	-4,592	46	80	-	81,118	169	22,046	-	22,215	38,112	-	2,019,406
Intangible assets + Goodwill	404,376	36,956	-	441,332	159,182	98	-	159,280	-	-	-	7,909	38	4,146	-	12,055	232	78,623	57	100	-	79,012	19,657	-	-	19,657	69,314	-	780,650